

**China Everbright Bank Co., Ltd.
Hong Kong Branch**

Interim Financial Information Disclosure Statement 2024

Contents

Profit and loss information	2
Balance sheet information	3
Additional information	4
Consolidated financial information - China Everbright Bank Co., Ltd.	12
Other disclosures	13

Profit and loss information

China Everbright Bank Hong Kong Branch

For the half year ended 30 June 2024

In compliance with the disclosure standards set out in the “Banking (Disclosure) Rules” issued by Hong Kong Monetary Authority (“HKMA”), the following key financial information (unaudited) has been provided. The information is also available at the Branch or the Branch’s website “<http://www.hkg.cebbank.com>” and the Public Registry of HKMA.

	30 June 2024 <u>HK\$'000</u>	30 June 2023 <u>HK\$'000</u>
Interest income	4,534,786	4,427,353
Interest expense	<u>(4,016,935)</u>	<u>(3,847,631)</u>
Net interest income	<u>517,851</u>	<u>579,722</u>
Gains less losses arising from dealing in foreign currencies	116,238	187,656
Gains less losses from other trading activities	101	4,448
Gains less losses on securities held for trading purposes	8,143	7,271
Gains less losses from non-trading investment	654	5,379
Net fee and commission income		
- Fee and commission income	59,572	67,444
- Fee and commission expenses	<u>(10,067)</u>	<u>(10,290)</u>
Other operating income	<u>174,641</u>	<u>261,908</u>
Operating income	<u>692,492</u>	<u>841,630</u>
Staff expenses	(142,801)	(148,093)
Rental expenses	(28,365)	(24,920)
Other operating expenses	<u>(49,318)</u>	<u>(46,545)</u>
Operating expenses	<u>(220,484)</u>	<u>(219,558)</u>
Operating profit before impairment	<u>472,008</u>	<u>622,072</u>
Net charge for impairment allowances	(1,583,020)	(146,466)
Gains less losses from the disposal of fixed assets	<u>-</u>	<u>45</u>
(Loss) / Profit before taxation	<u>(1,111,012)</u>	<u>475,651</u>
Taxation	<u>183,595</u>	<u>(70,121)</u>
(Loss) / Profit after taxation	<u>(927,417)</u>	<u>405,530</u>

Balance sheet information

China Everbright Bank Hong Kong Branch

As at 30 June 2024

	30 June 2024	31 December 2023
	<u>HK\$'000</u>	<u>HK\$'000</u>
Assets		
Cash and balances with banks	18,381,453	19,956,284
Placements with banks maturing between one and twelve months	23,629,665	15,348,171
Amount due from overseas offices	16,818,599	23,836,665
Trade bills	591,269	699,387
Certificates of deposit held	3,477,559	4,805,412
Investment securities	57,048,383	61,783,418
Securities held for trading purposes	285,875	139,025
Advances and other accounts		
- Loans and advances to customers	63,398,818	74,363,868
- Accrued interest and other accounts	2,734,978	3,050,661
- Collectively assessed impairment allowances	(81,984)	(112,325)
- Individually assessed impairment allowances	(791,663)	(1,604,984)
Fixed assets	193,040	220,474
Deferred tax assets	354,554	334,430
Total assets	<u>186,040,546</u>	<u>202,820,486</u>
Reserves and Liabilities		
Deposits and balances from banks	46,011,223	64,471,173
Deposits from customers		
- Demand deposits and current accounts	1,200,224	2,634,327
- Savings deposits	3,245,001	2,830,407
- Time, call and notice deposits	79,532,579	85,455,033
Amount due to overseas offices	6,001,840	5,952,816
Certificates of deposit issued	19,685,961	12,058,969
Issued debt securities	16,873,143	20,008,005
Other accounts and provisions		
- Accrued interest and other provisions	8,008,139	3,390,692
Total liabilities	<u>180,558,110</u>	<u>196,801,422</u>
Reserves		
- Retained earnings and other reserves	6,409,853	5,968,066
- (Loss) / Profit for the year	(927,417)	50,998
Total reserves and liabilities	<u>186,040,546</u>	<u>202,820,486</u>

Additional information

China Everbright Bank Hong Kong Branch

As at 30 June 2024

i Impaired loans and advances to customers

	30 June 2024 <u>HK\$'000</u>	31 December 2023 <u>HK\$'000</u>
Gross impaired loans and advances to customers	2,114,909	3,921,704
As a % to total loans and advances to customers	3.34%	5.27%
Individually assessed impairment allowances	560,352	1,373,564
Market value of collateral	1,900,000	1,900,000

Impaired loans and advances to customers are individually determined to be impaired. The Head Office did not provide any impairment allowances which were allocated for the exposures maintained at the Branch.

Analysis of impaired loans and advances to customers by geographical segments:

Hong Kong	1,909,550	3,528,553
Mainland China	205,359	322,410
Others	-	70,741

ii Loans and advances to customers

(a) Breakdown by industry sectors

	30 June 2024		31 December 2023	
	<u>HK\$'000</u>	<u>% covered by collateral</u>	<u>HK\$'000</u>	<u>% covered by collateral</u>
Loans and advances for use in Hong Kong				
Industrial, commercial and financial				
- Property development	7,425,831	11	7,278,789	9
- Property investment	4,509,323	60	4,435,243	63
- Civil engineering works	180,000	-	190,000	-
- Financial concerns	22,813,869	14	30,504,843	13
- Wholesale and retail trade	847,855	35	1,206,024	36
- Manufacturing	746,752	-	501,863	8
- Electricity and gas	484,030	-	356,233	-
- Hotels, boarding houses & catering	2,430,755	47	1,467,719	29
- Transport and transport equipment	630,500	-	870,000	-
- Information Technology	234,239	-	234,349	-
- Others	5,159,633	-	4,892,255	3
Individuals				
- Others	1,129,233	100	1,129,233	100
Trade finance	1,365,683	3	896,092	6
Loans and advances for use outside Hong Kong	15,441,115	2	20,401,225	1
	<u>63,398,818</u>	<u>15</u>	<u>74,363,868</u>	<u>13</u>

Additional information

China Everbright Bank Hong Kong Branch

As at 30 June 2024

ii Loans and advances to customers (continued)

(b) Breakdown by geographical segments

	30 June 2024 HK\$'000	31 December 2023 HK\$'000
Hong Kong	52,353,953	60,209,176
Mainland China	7,710,356	8,091,015
Others	3,334,509	6,063,677
	<u>63,398,818</u>	<u>74,363,868</u>

The above analysis is based on the location of the counterparties after taking into account the transfer of risk. In general, the transfer of risk applies when an advance is guaranteed by a party in a country which is different from that of the counterparty.

iii Overdue, rescheduled and repossessed assets

(a) Overdue loans and advances to customers

	30 June 2024	31 December 2023
	HK\$'000	HK\$'000
	% of total	% of total
	loans to	loans to
	customers	customers
Overdue loans and advances to customers		
- more than 3 months but not more than 6 months	9,550	519,191
- more than 6 months but not more than 1 year	-	203,103
- more than 1 year	2,105,359	3,199,410
Total overdue loans and advances to customers	<u>2,114,909</u>	<u>3,921,704</u>
	<u>HK\$'000</u>	<u>HK\$'000</u>
Individually assessed impairment allowances made on overdue loans and advances to customers	560,352	1,373,564
Market value of collateral	1,900,000	1,900,000

Where collateral values are greater than the gross loan amount, only the amount of collateral up to the gross loan is included.

Covered portion of overdue loans and advances to customers	1,900,000	1,900,000
Uncovered portion of overdue loans and advances to customers	214,909	2,021,704

Analysis of gross overdue loans and advances to customers by geographical segments:

Mainland China	205,359	322,410
Hong Kong	1,909,550	3,325,450
Others	-	273,844

Additional information

China Everbright Bank Hong Kong Branch

As at 30 June 2024

iii Overdue, rescheduled and repossessed assets (continued)

(b) Overdue debt securities

	30 June 2024 <u>HK\$'000</u>	31 December 2023 <u>HK\$'000</u>
Overdue debt securities		
- more than 3 months but not more than 6 months	-	-
- more than 6 months but not more than 1 year	10,953	-
- more than 1 year	327,691	326,341

(c) Rescheduled and repossessed assets

As at 30 June 2024 and 31 December 2023, the Branch has no rescheduled advances, and no repossessed assets.

iv International claims

	30 June 2024				Total <u>HK\$'000</u>
	<u>Banks</u> <u>HK\$'000</u>	<u>Official</u> <u>sector</u> <u>HK\$'000</u>	<u>Non-bank</u> <u>financial</u> <u>institutions</u> <u>HK\$'000</u>	<u>Non-</u> <u>financial</u> <u>private</u> <u>sector</u> <u>HK\$'000</u>	
Developing Asia and Pacific					
of which Mainland China	54,073,261	359,107	7,315,981	23,370,517	85,118,866
Offshore centres					
of which Hong Kong	2,810,130	81,365	16,697,783	14,816,512	34,405,790
	31 December 2023				
	<u>Banks</u> <u>HK\$'000</u>	<u>Official</u> <u>sector</u> <u>HK\$'000</u>	<u>Non-bank</u> <u>financial</u> <u>institutions</u> <u>HK\$'000</u>	<u>Non-</u> <u>financial</u> <u>private</u> <u>sector</u> <u>HK\$'000</u>	<u>Total</u> <u>HK\$'000</u>
Developing Asia and Pacific					
of which Mainland China	57,344,364	368,449	8,201,421	25,111,324	91,025,558
Offshore centres					
of which Hong Kong	952,303	83,712	23,523,974	16,010,418	40,570,407

International claims by types of counterparties after risk transfer, amounting to 10% or more of the total aggregate international claims, are disclosed. For a claim guaranteed by a party situated in a country different from the counterparty, the risk will be transferred to the country of the guarantor. For a claim on an overseas branch of a bank whose head office is located in another country, the risk will be transferred to the country where its head office is located.

Additional information

China Everbright Bank Hong Kong Branch

As at 30 June 2024

v Non-bank Mainland exposures

	30 June 2024			
	On-balance sheet exposures <u>HK\$'000</u>	Off-balance sheet exposures <u>HK\$'000</u>	Total <u>HK\$'000</u>	Individually assessed impairment allowances <u>HK\$'000</u>
1. Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	37,441,529	2,006,972	39,448,501	-
2. Local governments, local government-owned entities and their subsidiaries and JVs	13,836,829	706,837	14,543,666	-
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	11,781,738	1,052,691	12,834,429	788,798
4. Other entities of central government not reported in item 1 above	2,630,586	125,263	2,755,849	2,865
5. Other entities of local governments not reported in item 2 above	1,729,341	-	1,729,341	-
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	417,042	174,703	591,745	-
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	1,336,725	-	1,336,725	-
Total	<u>69,173,790</u>	<u>4,066,466</u>	<u>73,240,256</u>	<u>791,663</u>
Total assets after provisions	186,040,546			
On-balance sheet exposures as percentage of total assets	37.18%			

Additional information

China Everbright Bank Hong Kong Branch

As at 30 June 2024

v Non-bank Mainland exposures (continued)

	31 December 2023			
	On-balance sheet exposures <u>HK\$'000</u>	Off-balance sheet exposures <u>HK\$'000</u>	Total <u>HK\$'000</u>	Individually assessed impairment allowances <u>HK\$'000</u>
1. Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	43,133,221	1,231,148	44,364,369	21,222
2. Local governments, local government-owned entities and their subsidiaries and JVs	15,534,961	727,446	16,262,407	-
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	15,123,445	622,552	15,745,997	1,363,278
4. Other entities of central government not reported in item 1 above	4,844,517	59,973	4,904,490	55,658
5. Other entities of local governments not reported in item 2 above	998,597	-	998,597	-
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	566,581	174,786	741,367	164,826
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	1,838,108	8,874	1,846,982	-
Total	<u>82,039,430</u>	<u>2,824,779</u>	<u>84,864,209</u>	<u>1,604,984</u>
Total assets after provisions	202,820,486			
On-balance sheet exposures as percentage of total assets	40.45%			

Additional information

China Everbright Bank Hong Kong Branch

As at 30 June 2024

vi Currency risk

30 June 2024

	USD	CNY	EUR	Total
	<u>HK\$'000</u>	<u>HK\$'000</u>	<u>HK\$'000</u>	<u>HK\$'000</u>
Spot assets	94,577,685	28,081,469	7,873,623	130,532,777
Spot liabilities	(97,223,456)	(38,982,251)	(909,221)	(137,114,928)
Forward purchases	32,743,088	25,386,657	705,979	58,835,724
Forward sales	(30,443,657)	(14,239,829)	(7,710,636)	(52,394,122)
Net options position	(3,433)	3,433	-	-
Net long (short) position	<u>(349,773)</u>	<u>249,479</u>	<u>(40,255)</u>	<u>(140,549)</u>
Net structural position	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

31 December 2023

	USD	CNY	EUR	Total
	<u>HK\$'000</u>	<u>HK\$'000</u>	<u>HK\$'000</u>	<u>HK\$'000</u>
Spot assets	100,057,465	36,453,105	12,550,136	149,060,706
Spot liabilities	(109,628,622)	(38,252,271)	(1,851,915)	(149,732,808)
Forward purchases	45,137,474	30,989,290	157,573	76,284,337
Forward sales	(36,347,829)	(29,060,715)	(10,882,106)	(76,290,650)
Net options position	-	-	-	-
Net long (short) position	<u>(781,512)</u>	<u>129,409</u>	<u>(26,312)</u>	<u>(678,415)</u>
Net structural position	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The net position in particular foreign currency is disclosed if the net position (in absolute terms) constitutes 10% or more of the total net position in all foreign currencies. The net options position is calculated using the delta equivalent approach. As at 30 June 2024 and 31 December 2023, there was no structural position.

Additional information

China Everbright Bank Hong Kong Branch

As at 30 June 2024

vii Off-balance sheet exposures

(a) Contingent liabilities and commitments

	30 June 2024	31 December 2023
	<u>HK\$'000</u>	<u>HK\$'000</u>
Trade-related contingencies	958,787	792,355
Other commitments	21,766,567	17,673,196
Others	780,795	-

(b) Derivatives

	30 June 2024	31 December 2023
	<u>HK\$'000</u>	<u>HK\$'000</u>
Contract amount		
- Exchange rate contracts	57,487,070	77,799,772
- Interest rate contracts	18,352,269	17,052,534
Fair value		
- Exchange rate contracts	72,230	(236,735)
- Interest rate contracts	485,484	244,499

The contract amounts of derivatives indicate the volume of transactions outstanding as at the balance sheet date, they do not represent amounts at risk.

The above exposures do not take into account the effects of bilateral netting arrangements.

Additional information

China Everbright Bank Hong Kong Branch

As at 30 June 2024

viii Liquidity information

	For the quarter ended 30 June 2024	For the quarter ended 30 Jun 2023
Average liquidity maintenance ratio	<u>69.81%</u>	<u>59.25%</u>
Average core funding ratio	<u>190.22%</u>	<u>158.89%</u>

The average liquidity maintenance ratio and average core funding ratio is the simple average of each calendar month's average liquidity maintenance ratio and average core funding ratio respectively, and as reported in the return relating to the Liquidity Position and the Stable Funding Position submitted by the Branch to HKMA pursuant to Section 63 of the Banking Ordinance in respect of the reporting period.

Liquidity information disclosures: Approach to liquidity risk management

Following the Head Office's policies and procedures whereby the centralized and decentralized ways of monitoring and management structure are set out, the Branch's Liquidity Risk Management Policy is formulated to outline the liquidity strategy and goals specific to the local business environment and conditions. The Branch also follows the guidance set forth by the HKMA in Supervisory Policy Manual ("SPM") LM-2 "Sound Systems and Controls for Liquidity Risk Management".

The local liquidity risk management framework is determined by the local Asset and Liability Committee which comprises the senior management key members and conducts meeting on a regular and when necessary basis to review and deliberate important liquidity risk management matters.

The liquidity and funding requirements are managed in a manner that ensures the Branch meets all local statutory requirements, internal risk limits and guidelines.

Net funding exposures are managed through regular reviews of projected cash flows. Cumulative cash flow profiles under normal and stress conditions across different horizons are monitored against limits for each of these scenarios. The Policy also provides a framework for the management of market access and contingency planning to withstand a liquidity crisis.

Consolidated financial information – China Everbright Bank Co., Ltd.

I Capital adequacy ratio and Shareholders' funds

	30 June 2024 <u>RMB million</u>	31 December 2023 <u>RMB million</u>
Capital adequacy ratio	13.87%	13.50%
Equity attributable to equity holders of the Bank	568,391	552,391

The capital adequacy ratio above is calculated in accordance with the guidelines issued by the China Banking and Insurance Regulatory Commission, and is not calculated according to the documents as stated in Section 105(a) of the Banking (Disclosure) Rules.

II Other financial information

	30 June 2024 <u>RMB million</u>	31 December 2023 <u>RMB million</u>
Total assets	6,796,694	6,772,796
Total liabilities	6,225,829	6,218,011
Total loans and advances	3,893,444	3,786,954
Total customer deposits	3,919,764	4,094,528
	30 June 2024 <u>RMB million</u>	30 June 2023 <u>RMB million</u>
Pre-tax profit	29,815	29,413

1 RMB = 1.06974339 HKD at 30 June 2024

1 RMB = 1.10041838 HKD at 31 December 2023

1 RMB = 1.07619453 HKD at 30 June 2023

Other disclosures

China Everbright Bank Hong Kong Branch

As at 30 June 2024

Remuneration

China Everbright Bank Co., Ltd., Hong Kong Branch ("Hong Kong Branch") is governed by the remuneration policy and principles stipulated by China Everbright Bank Head Office ("Head Office"). In determining the remuneration details for Hong Kong Branch, various factors such as but not limited to the Hong Kong Branch's Master Remuneration Policy, principles and budget cascaded from Head Office, business plan in Hong Kong Branch, local market practice, supply and potential of local talents, and related risk factors have been taken into account. In compliance with the Hong Kong Branch and Head Office's deferral policy and the relevant requirements, deferral payment for variable remuneration is in place for employees whose activities during the course of their employment (individually or collectively) could have a material impact on the Bank's risk profile and financial soundness, such as senior management, key personnel, employees within risk control functions, department heads and other personnel who are considered by the branch management to have a material risk impact to the Hong Kong Branch.

In Hong Kong Branch, the variable remuneration is linked to branch-wide, departmental and individual performance and achievement. As stipulated by Head Office, the balanced scorecard approach is adopted to measure the performance on a branch and individual level, covering financial and non-financial factors. In the branch-wide scorecard, key performance parameters such as Net Profit, Return on Asset, Operating Income, Non-Performing Loan, Operating Expenses, Risk and Internal Control and Non-compliance cases. In the individual performance scorecard, key performance parameters include Financial, Customers, Operational Effectiveness & Control and Learning & Growth. Hong Kong Branch will conduct periodic performance review with individual staff and determine their variable remuneration based on the agreed performance objectives and actual achievements.

There was no guaranteed bonus/sign-on award/severance payment for our senior management and key personnel in Hong Kong Branch during the first half of 2024 and 2023. The aggregate amounts of fixed and variable remuneration of senior management and key personnel for the half year ended 30 June 2024 and 30 June 2023 are set out in the table below:

For 4 Senior Management & 6 Key Personnel		
Period: 1 January 2024 – 30 June 2024		
Total value of remuneration awards for the half year ended 30 June 2024	Non-deferred HK\$'000	Deferred HK\$'000
Fixed remuneration ⁽¹⁾		
• Cash-based	9,391	N/A
Variable remuneration ⁽²⁾		
• Cash-based	4,170	1,761 (vested) 4,953 (unvested)

Other disclosures

China Everbright Bank Hong Kong Branch

As at 30 June 2024

Remuneration (continued)

For 4 Senior management and 4 Key Personnel Period: 1 January 2023 – 30 June 2023		
Total value of remuneration awards for the half year ended 30 June 2023	Non-deferred HK\$'000	Deferred HK\$'000
Fixed remuneration ⁽¹⁾		
• Cash-based	9,047	N/A
Variable remuneration ⁽²⁾		
• Cash-based	4,683	1,691 (vested) 3,004 (unvested)

Remarks:

- (1) Fixed remuneration includes base salary and allowance only.
- (2) Variable remuneration includes performance bonus and incentives only, and subject to deferment according to the Hong Kong Branch and Head Office's deferral policy and the relevant requirements.

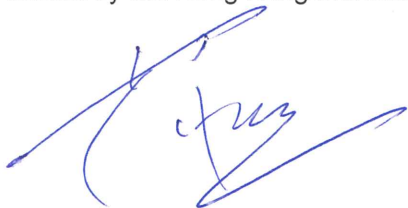
Other disclosures

China Everbright Bank Hong Kong Branch

As at 30 June 2024

Statement of Compliance

In preparing the Interim Financial Information Disclosure Statement 2024, China Everbright Bank Co., Ltd. Hong Kong Branch has fully complied with the disclosure standards and guidance as set out respectively in the Banking (Disclosure) Rules and SPM CA-D-1 "Guideline on the Application of the Banking (Disclosure) Rules" issued by the Hong Kong Monetary Authority.



Cai Mingjie
Chief Executive
China Everbright Bank Co., Ltd. Hong Kong Branch

30 September 2024