

2024 Results Highlights

Financial Performance

- **Operating income** increased by 5.8% year-on-year to HK\$10.58 billion. **Net interest income** rose by 0.8% to HK\$7.67 billion. **Net interest margin** was 1.79%. **Non-interest income** recorded a growth of 21.7% to HK\$2.92 billion.
- **Operating expenses** decreased by 2.2% year-on-year. Cost-to-income ratio was 38.4%.
- **Operating profit before impairment** increased by 11.5% year-on-year to HK\$6.52 billion.
- **Impaired loan ratio** was 2.13%, representing a 15 basis points decrease from the end of 2023.
- **Net profit after tax** was HK\$2.74 billion, up 6.0% year-on-year.
- **Return on average total assets** was 0.58%. **Return on average shareholders' equity** reached 5.99%.
- **Total assets** amounted to HK\$489.30 billion, representing a 4.0% increase as compared to the end of 2023. **Customer loans (including trade bills)** increased by 1.3% to HK\$229.19 billion. **Customer deposits (including certificates of deposit issued)** increased by 9.0% to HK\$373.07 billion.
- **Capital adequacy ratio** and **common equity tier 1 capital ratio** met regulatory requirements at 18.9% and 13.7% respectively.

Core Businesses

Wholesale banking business recorded a 14.1% year-on-year decrease in operating income. As of the end of 2024, customer loans reached HK\$143.93 billion, marking a 2.9% increase from the end of 2023, while the balance of special mention and non-performing loans decreased by 16.5%. The average balance of current and savings deposits increased by 8.6% year-on-year. The number of credit customers rose by 10.9% year-on-year, and the number of base customers and active customers increased by 13.4% and 13.7% year-on-year, respectively. Transaction banking income increased by 17.2% year-on-year. As per the London Stock Exchange Group, in 2024, the Group secured the eighth position on the Hong Kong and Macau Syndicated Loan League Table as a Mandated Lead Arranger and Bookrunner, and achieved fourth rank in transaction volume, reaching a total of US\$3.80 billion, a year-on-year increase of nearly US\$900 million, capturing a market share of 5.1%.

Treasury and markets business operating income increased by 24.9% year-on-year. Macro trading volumes increased by 41.8% year-on-year. As per the London Stock Exchange Group, the Group's RMB foreign exchange trading volume ranked first among Chinese financial institutions in Hong Kong as of the end of 2024. 233 public bond issuances were completed in 2024, with the total issuance volume increasing by 61.7% year-on-year. As of the end of 2024, total assets under custody reached HK\$308.38 billion, representing a 72.8% increase from the end of 2023. Total assets under trustee exceeded HK\$180 billion, an 854.9% growth. The total securities service fee income surged by 116.7% year-on-year. The total wealth management transaction volume grew by 26.7% year-on-year.

Personal and business banking business operating income increased by 30.7% year-on-year to HK\$4.18 billion, among which, non-interest income grew by nearly 40% year-on-year. Total deposits as of the end of 2024 increased by 21.5% from the end of 2023, and current and savings deposits increased by 23.9%. Diversified wealth management product solutions were developed. Cross-border business income and the number of high-net-worth customers both recorded double-digit growth year-on-year. Additionally, private banking business income achieved year-on-year growth of over 40%. Service capabilities and product solutions were enhanced by introducing the "Small Business Banking Loan" product, fostering the growth of small and medium-sized enterprise customers.



CHINA CITIC BANK INTERNATIONAL LIMITED

(Incorporated in Hong Kong with limited liability under the Companies Ordinance)

ANNOUNCEMENT OF 2024 ANNUAL RESULTS

The Board of Directors of China CITIC Bank International Limited (“the Bank”) is pleased to announce the consolidated results of the Bank and its subsidiaries (“the Group”) for the year ended 31 December 2024.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2024

(Expressed in Hong Kong dollars)

	2024 HK\$'000	2023 HK\$'000
Interest income	20,826,744	20,471,084
Interest expense	(13,161,489)	(12,866,500)
Net interest income	7,665,255	7,604,584
Fee and commission income	1,849,082	1,422,928
Fee and commission expense	(240,599)	(168,410)
Net fee and commission income	1,608,483	1,254,518
Net trading income	1,004,542	1,035,805
Net gain on financial instruments mandatorily classified at fair value through profit or loss	107,891	4,076
Net gain on disposal of financial investments at fair value through other comprehensive income	159,680	73,638
Other operating income	35,560	27,328
Operating income	10,581,411	9,999,949
Operating expenses	(4,059,893)	(4,151,415)
Operating profit before impairment	6,521,518	5,848,534
Expected credit losses on financial instruments	(3,266,635)	(2,854,333)
Impairment losses on other assets	(17,500)	—
Impairment losses	(3,284,135)	(2,854,333)
Operating profit	3,237,383	2,994,201
Net gain/(loss) on disposal of property and equipment and intangible assets	7,542	(6,735)
Revaluation (loss)/gain on investment properties	(12,762)	1,843
Profit before taxation	3,232,163	2,989,309
Income tax	(490,440)	(402,412)
Profit for the year	2,741,723	2,586,897

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2024
(Expressed in Hong Kong dollars)

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Profit for the year	2,741,723	2,586,897
Other comprehensive income/(loss) for the year		
Items that will be reclassified subsequently to consolidated income statement when specific conditions are met		
Exchange differences on translation of financial statements of foreign operations	(56,168)	(29,614)
Financial investments at fair value through other comprehensive income		
– change in the fair value of debt instruments	720,399	1,038,117
– deferred tax related to the above	(124,037)	(171,675)
– transfer to income statement on disposal	(159,680)	(73,638)
– transfer to income statement on impairment	34,489	30,989
	471,171	823,793
Items that will not be reclassified subsequently to consolidated income statement		
Property revaluation reserve		
– surplus on revaluation of other premises upon reclassification to investment properties	73,838	–
Financial investments at fair value through other comprehensive income		
– change in the fair value of equity instruments	(1,779)	808
– deferred tax related to the above	293	(134)
	(1,486)	674
Other comprehensive income for the year	487,355	794,853
Total comprehensive income for the year	3,229,078	3,381,750

CONSOLIDATED STATEMENT OF FINANCIAL POSITION**At 31 December 2024***(Expressed in Hong Kong dollars)*

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
ASSETS		
Cash and balances with banks and central banks	10,537,339	16,931,919
Placements with and advances to banks	70,361,763	55,052,186
Financial assets held under resale agreements		
– at fair value through profit or loss	2,982,785	3,101,202
– at amortised cost	3,174,582	4,592,502
Derivative financial instruments	19,365,077	19,414,161
Financial investments		
– at fair value through profit or loss	2,040,808	2,449,217
– at fair value through other comprehensive income	139,264,603	128,792,744
– at amortised cost	90,179	–
Loans and advances to customers and other accounts		
– at fair value through profit or loss	11,960,075	5,435,290
– at amortised cost	227,140,524	232,067,544
Tax recoverable	290	9,582
Right-of-use assets	820,633	979,571
Property and equipment		
– Investment properties	409,073	401,335
– Other premises and equipment	608,937	571,345
Intangible assets	537,835	401,188
Deferred tax assets	874	187,145
Total Assets	489,295,377	470,386,931
LIABILITIES AND EQUITY		
Liabilities		
Deposits and balances of banks and other financial institutions	12,141,506	11,531,352
Deposits from customers	371,313,584	340,730,699
Financial liabilities at fair value through profit or loss	99,849	8,583
Financial assets sold under repurchase agreements		
– at fair value through profit or loss	2,294,942	2,835,191
– at amortised cost	7,652,423	16,300,747
Derivative financial instruments	18,393,793	19,408,277
Certificates of deposit issued	1,760,216	1,561,841
Current tax liabilities	283,315	209,146
Deferred tax liabilities	1,648	1,194
Other liabilities	14,170,136	15,401,974
Lease liabilities	956,170	1,075,740
Loan capital	3,859,664	7,806,176
Total Liabilities	432,927,246	416,870,920
Equity		
Share capital	18,404,013	18,404,013
Reserves	28,628,722	25,776,602
Total shareholders' equity	47,032,735	44,180,615
Other equity instruments	9,335,396	9,335,396
Total Equity	56,368,131	53,516,011
Total Equity and Liabilities	489,295,377	470,386,931

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

(Expressed in Hong Kong dollars)

	Share capital <i>HK\$'000</i>	Capital reserve <i>HK\$'000</i>	General reserve <i>HK\$'000</i>	Exchange differences reserve <i>HK\$'000</i>	Property revaluation reserve <i>HK\$'000</i>	Investment revaluation reserve <i>HK\$'000</i>	Statutory reserve <i>HK\$'000</i>	Regulatory general reserve <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>	Total reserves <i>HK\$'000</i>	Other equity instruments <i>HK\$'000</i>	Total equity <i>HK\$'000</i>
At 1 January 2024	18,404,013	3,771	100,000	(110,462)	294,533	(407,964)	69,250	311,817	25,515,657	25,776,602	9,335,396	53,516,011
Changes in equity for 2024:												
Profit for the year	-	-	-	-	-	-	-	-	2,741,723	2,741,723	-	2,741,723
Other comprehensive (loss)/ income for the year	-	-	-	(56,168)	73,838	469,685	-	-	-	487,355	-	487,355
Total comprehensive income for the year	-	-	-	(56,168)	73,838	469,685	-	-	2,741,723	3,229,078	-	3,229,078
Transfer from retained profits	-	-	-	-	-	-	5,183	(750)	(4,433)	-	-	-
Distribution payment for Additional Tier 1 Capital Securities ("AT1 Capital Securities")	-	-	-	-	-	-	-	-	(376,958)	(376,958)	-	(376,958)
At 31 December 2024	18,404,013	3,771	100,000	(166,630)	368,371	61,721	74,433	311,067	27,875,989	28,628,722	9,335,396	56,368,131
At 1 January 2023	18,404,013	3,771	100,000	(80,848)	294,533	(1,196,475)	65,748	243,972	23,616,713	23,047,414	13,242,724	54,694,151
Changes in equity for 2023:												
Profit for the year	-	-	-	-	-	-	-	-	2,586,897	2,586,897	-	2,586,897
Other comprehensive (loss)/ income for the year	-	-	-	(29,614)	-	824,467	-	-	-	794,853	-	794,853
Total comprehensive income for the year	-	-	-	(29,614)	-	824,467	-	-	2,586,897	3,381,750	-	3,381,750
Transfer from retained profits	-	-	-	-	-	(43,062)	3,502	67,845	(28,285)	-	-	-
Distribution payment for AT1 Capital Securities	-	-	-	-	-	-	-	-	(656,257)	(656,257)	-	(656,257)
Redemption of AT1 Capital Securities	-	-	-	-	-	-	-	-	(3,411)	(3,411)	(3,907,328)	(3,910,739)
Other adjustments	-	-	-	-	-	7,106	-	-	-	7,106	-	7,106
At 31 December 2023	18,404,013	3,771	100,000	(110,462)	294,533	(407,964)	69,250	311,817	25,515,657	25,776,602	9,335,396	53,516,011

CONSOLIDATED CASH FLOW STATEMENT**For the year ended 31 December 2024***(Expressed in Hong Kong dollars)*

	2024 HK\$'000	2023 <i>HK\$'000</i>
Operating activities		
Profit before taxation	3,232,163	2,989,309
Adjustments for non-cash items:		
Expected credit losses charged on financial instruments	3,266,635	2,854,333
Impairment losses on other assets	17,500	–
Net gain on disposal of financial investments at fair value through other comprehensive income	(159,680)	(73,638)
Net (gain)/loss on disposal of property and equipment and intangible assets	(7,542)	6,735
Revaluation loss/(gain) on investment properties	12,762	(1,843)
Net gain on financial instruments mandatorily classified at fair value through profit or loss	(107,891)	(4,076)
Amortisation of deferred expenses	380,230	317,631
Amortisation of intangible assets	194,117	212,262
Depreciation on property and equipment	139,806	131,855
Depreciation on right-of-use assets	237,983	262,326
Dividend income from equity securities	(2,804)	(2,934)
Interest expense on loan capital	257,715	217,462
Foreign exchange differences	625,000	387,816
Operating profit before changes in working capital	8,085,994	7,297,238
Net (increase)/decrease in operating assets		
Placements with and advances to banks with original maturity beyond 3 months	5,593,597	(12,430,847)
Financial assets held under resale agreements	1,536,337	(4,947,164)
Treasury bills with original maturity beyond 3 months	8,183,520	(22,064,124)
Certificates of deposit held with original maturity beyond 3 months	(6,335,372)	(1,280,024)
Financial investments at fair value through profit or loss	464,192	(372,224)
Financial investments at fair value through other comprehensive income	(19,554,319)	(5,515,204)
Derivative financial instruments	49,084	4,513,405
Loans and advances to customers and other accounts	(5,209,959)	13,667,715
	(15,272,920)	(28,428,467)
Net increase/(decrease) in operating liabilities		
Deposits and balances of banks and other financial institutions	610,154	2,291,819
Deposits from customers	30,582,885	242,820
Financial liabilities at fair value through profit or loss	91,266	(240,418)
Financial assets sold under repurchase agreements	(9,188,573)	15,817,644
Derivative financial instruments	(1,014,484)	(3,947,631)
Certificates of deposit issued	202,382	405,995
Other liabilities	(1,165,892)	1,360,147
	20,117,738	15,930,376
Cash flow generated from/(used in) operating activities	12,930,812	(5,200,853)
Income tax paid		
Hong Kong profits tax paid	(281,357)	(206,710)
Taxation outside Hong Kong paid	(49,001)	(158,223)
Net cash flow generated from/(used in) operating activities	12,600,454	(5,565,786)

CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)**For the year ended 31 December 2024***(Expressed in Hong Kong dollars)*

	2024 HK\$'000	2023 <i>HK\$'000</i>
Net cash flow generated from/(used in) operating activities	12,600,454	(5,565,786)
Cash flow generated from/(used in) investing activities		
Dividends received from equity securities	2,804	2,934
Purchase of property and equipment and intangible assets	(455,772)	(450,895)
Proceeds from disposal of property and equipment and intangible assets	160	58
Net cash flow used in investing activities	(452,808)	(447,903)
Cash flow generated from/(used in) financing activities		
Proceeds from loan capital issuance	–	3,894,403
Payment for redemption of loan capital	(3,912,179)	–
Payment for redemption of AT1 Capital Securities	–	(3,907,328)
Distribution paid on AT1 Capital Securities	(376,958)	(656,257)
Payment of lease liabilities	(235,636)	(238,000)
Interest paid on loan capital	(324,396)	(181,498)
Net cash flow used in financing activities	(4,849,169)	(1,088,680)
Net increase/(decrease) in cash and cash equivalents	7,298,477	(7,102,369)
Cash and cash equivalents at 1 January	60,327,388	67,858,838
Exchange differences in respect of cash and cash equivalents	(659,599)	(429,081)
Cash and cash equivalents at 31 December	66,966,266	60,327,388
Analysis of the balances of cash and cash equivalents		
Cash and balances with banks and central banks	9,942,021	16,193,816
Placements with and advances to banks		
with original maturity within 3 months	48,409,517	27,652,285
Treasury bills and certificates of deposit held with original maturity within 3 months:		
– at fair value through other comprehensive income	8,524,546	16,481,287
– at amortised cost	90,182	–
	66,966,266	60,327,388
Cash flows from operating activities included:		
Interest received	20,475,943	19,435,318
Interest paid	(13,335,100)	(12,062,057)

NOTES:

(Expressed in Hong Kong dollars unless otherwise indicated)

1 BASIS OF PREPARATION

The financial information relating to the year ended 31 December 2024 included in this announcement of 2024 final results does not constitute the Group's statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance is as follows:

The Bank will deliver the financial statements for the year ended 31 December 2024 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance in due course.

The Bank's auditor has reported on the financial statements of the Group for the year ended 31 December 2024. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

Statutory financial statements for the year ended 31 December 2024 comply with the Banking (Disclosure) Rules and will be available from the Bank's corporate website at www.cncbinternational.com and registered office.

2 CHANGES IN ACCOUNTING POLICIES**(a) New and amended standards adopted by the Group during the year ended 31 December 2024**

This annual financial report has been prepared on a basis consistent with the accounting policies adopted in the 2023 annual financial statements, which have been prepared in accordance with HKFRSs.

Amendments to HKFRSs effective for the current accounting period do not have a material impact on the Group.

(b) New standards and interpretations not yet adopted for the year ended 31 December 2024

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2024 reporting periods and have not been early adopted by the Group. The Group is in the process of making an assessment of what the impact of these amendments, new standards and interpretations is expected to be in the period of initial application. So far there are no other standards that are not yet effective and that would be expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

3 INTEREST INCOME

	2024 HK\$'000	2023 HK\$'000
Listed securities	2,056,798	1,322,899
Unlisted securities	3,413,129	2,073,239
Balances and placements with banks and advances to banks	3,088,978	3,089,659
Advances and other accounts	12,267,839	13,985,287
Interest income on financial assets	20,826,744	20,471,084
Of which:		
Interest income on financial assets measured at amortised cost	15,419,990	17,142,536
Interest income on financial assets measured at fair value through other comprehensive income	5,406,754	3,328,548
	20,826,744	20,471,084

4 INTEREST EXPENSE

	2024 HK\$'000	2023 HK\$'000
Deposits from customers	11,381,063	11,477,061
Deposits and balances from banks and other financial institutions	1,407,961	1,051,904
Certificates of deposit issued	77,012	88,506
Loan capital issued	257,715	217,462
Lease liabilities	37,738	31,567
Interest expense on financial liabilities measured at amortised cost	13,161,489	12,866,500

5 NET FEE AND COMMISSION INCOME

	2024 HK\$'000	2023 HK\$'000
Fee and commission income:		
Loans, overdrafts and facilities fees	317,645	337,186
Trade finance and bills commission	95,413	90,855
Custody services and investment fund	49,117	23,130
Debt capital markets	64,100	37,246
Card-related income	70,117	52,713
Investment and structured investment products	336,774	264,655
Insurance brokerage	758,457	515,661
Account services, remittance and others	157,459	101,482
	1,849,082	1,422,928
Fee and commission expense	(240,599)	(168,410)
	1,608,483	1,254,518

Of which:

Net fee and commission income (other than the amounts included in determining the effective interest rate) relating to financial assets and liabilities not at fair value through profit or loss:

– Fee and commission income	483,175	464,011
– Fee and commission expense	(33,668)	(34,284)
	449,507	429,727

6 NET TRADING INCOME

	2024 HK\$'000	2023 HK\$'000
Net gain from dealing in foreign currencies	548,084	761,867
Net gain from financial investments at fair value through profit or loss	115,051	58,510
Net gain/(loss) from other dealing activities	1,531	(141,989)
Net hedging gain/(loss) on fair value hedges	1,702	(232)
Net interest income on trading activities		
– Listed	35,263	17,734
– Unlisted	302,911	339,915
	1,004,542	1,035,805

7 OTHER OPERATING INCOME

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Dividend income		
– Unlisted investments	2,804	2,934
Rental income from investment properties	8,858	7,291
Others	23,898	17,103
	<u>35,560</u>	<u>27,328</u>

8 OPERATING EXPENSES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
(a) Staff costs		
Salaries and other staff costs	2,276,541	2,379,179
Retirement costs	167,095	160,619
	<u>2,443,636</u>	<u>2,539,798</u>
(b) Depreciation and amortisation		
Depreciation – property and equipment	139,806	131,855
Depreciation – right-of-use assets	237,983	262,326
Amortisation – intangible assets	194,117	212,262
	<u>571,906</u>	<u>606,443</u>
(c) Other operating expenses		
Property and equipment expenses (excluding depreciation)	448,225	410,393
Auditor's remuneration		
– Audit fee	6,213	6,213
– Assurance related services fee	1,440	867
– Others	1,194	1,838
Advertising	64,404	67,302
Communication, printing and stationery	195,396	193,581
Electronic data processing	173,335	165,593
Legal and professional fees	45,097	50,647
Others	109,047	108,740
	<u>1,044,351</u>	<u>1,005,174</u>
Total operating expenses	<u>4,059,893</u>	<u>4,151,415</u>

9 EXPECTED CREDIT LOSSES ON FINANCIAL INSTRUMENTS

Expected credit losses (“ECL”) charged/(reversed) on financial instruments

	2024			
	Stage 1 <i>HK\$'000</i>	Stage 2 <i>HK\$'000</i>	Stage 3 <i>HK\$'000</i>	Total <i>HK\$'000</i>
Balances with banks and central banks	–	–	–	–
Placements with and advances to banks	(3,158)	–	–	(3,158)
Financial investments at fair value through other comprehensive income	12,921	–	21,568	34,489
Financial investments at amortised cost	3	–	–	3
Loans and advances to customers and other accounts	163,187	(416,458)	3,853,214	3,599,943
Loan commitments and guarantees	(5,429)	15,525	–	10,096
	<u>167,524</u>	<u>(400,933)</u>	<u>3,874,782</u>	<u>3,641,373</u>
Recoveries				(374,738)
				<u>3,266,635</u>
	2023			
	Stage 1 <i>HK\$'000</i>	Stage 2 <i>HK\$'000</i>	Stage 3 <i>HK\$'000</i>	Total <i>HK\$'000</i>
Balances with banks and central banks	(1,807)	–	–	(1,807)
Placements with and advances to banks	(6,395)	–	–	(6,395)
Financial investments at fair value through other comprehensive income	(1,388)	–	32,377	30,989
Financial investments at amortised cost	(3)	–	–	(3)
Loans and advances to customers and other accounts	(377,826)	221,475	3,228,365	3,072,014
Loan commitments and guarantees	(41,670)	(759)	–	(42,429)
	<u>(429,089)</u>	<u>220,716</u>	<u>3,260,742</u>	<u>3,052,369</u>
Recoveries				(198,036)
				<u>2,854,333</u>

10 INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT
(a) Income tax in the consolidated income statement

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Current tax – Hong Kong Profits Tax		
Provision for the year	391,396	208,809
Under/(over)-provision in respect of prior years	7,258	(9,083)
	<u>398,654</u>	<u>199,726</u>
Current tax – Taxation outside Hong Kong		
Provision for the year	65,988	158,004
Over-provision in respect of prior years	(35,028)	(20,101)
	<u>30,960</u>	<u>137,903</u>
Deferred tax		
Origination of temporary differences	60,826	64,783
	<u>490,440</u>	<u>402,412</u>

The provision for Hong Kong Profits Tax for 2024 is calculated at 16.5% (2023: 16.5%) of the estimated assessable profits for the year. Taxation for overseas branches and subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries.

(b) Reconciliation between tax expense and accounting profit at applicable tax rates

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Profit before tax	<u>3,232,163</u>	<u>2,989,309</u>
Notional tax on profit before tax, calculated at a taxation rate of 16.5% and the different taxation rates in other countries/regions	495,799	483,883
Tax effect of non-deductible expenses	353,930	256,663
Tax effect of non-taxable revenue	(261,902)	(204,858)
Tax effect of distribution payment of AT1 Capital Securities	(62,198)	(108,282)
Over-provision in prior years	(27,770)	(29,184)
Others	(7,419)	4,190
Actual tax expense	<u>490,440</u>	<u>402,412</u>

11 FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS

	2024 HK\$'000	2023 HK\$'000
By types of counterparty		
Banks	1,034,443	2,574,895
Non-bank financial institutions	1,948,342	526,307
Carrying amount at fair value through profit or loss	2,982,785	3,101,202
Banks	635,671	–
Non-bank financial institutions	2,538,911	4,592,502
Gross amount at amortised cost	3,174,582	4,592,502
Expected credit losses allowances	–	–
Net amount at amortised cost	3,174,582	4,592,502
Total amount	6,157,367	7,693,704

By types of collateral

As at 31 December 2024 and 2023, the Group's types of collateral for financial assets held under resale agreements are all bonds.

12 FINANCIAL INVESTMENTS

(a) At fair value through profit or loss

	2024 HK\$'000	2023 HK\$'000
Debt securities	696,786	1,060,285
Equity securities	40,240	–
Other investment	1,303,782	1,388,932
	2,040,808	2,449,217
Issued by:		
Sovereigns	88,135	524,599
Banks and other financial institutions	411,080	460,518
Corporate entities	1,523,079	1,464,100
Public entities	18,514	–
	2,040,808	2,449,217
Listed	640,360	1,046,789
Unlisted	1,400,448	1,402,428
	2,040,808	2,449,217

12 FINANCIAL INVESTMENTS (CONTINUED)
(b) At fair value through other comprehensive income

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Debt securities		
Certificates of deposit held	12,119,811	5,216,357
Treasury bills	35,173,720	64,767,618
Other debt securities	91,897,329	58,732,952
	<u>139,190,860</u>	<u>128,716,927</u>
Equity securities	73,743	75,817
	<u>139,264,603</u>	<u>128,792,744</u>
Issued by:		
Sovereigns	49,796,694	76,457,895
Banks and other financial institutions	63,681,134	37,034,055
Corporate entities	13,557,912	10,978,955
Public entities	12,228,863	4,321,839
	<u>139,264,603</u>	<u>128,792,744</u>
 Listed	 59,214,684	 40,342,518
Unlisted	80,049,919	88,450,226
	<u>139,264,603</u>	<u>128,792,744</u>

(c) At amortised costs

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Debt securities		
Treasury bills	90,182	—
Expected credit losses allowances – Stage 1	(3)	—
	<u>90,179</u>	<u>—</u>
Issued by:		
Sovereigns	90,179	—
	<u>90,179</u>	<u>—</u>
 Unlisted	 90,179	 —
	<u>90,179</u>	<u>—</u>

13 LOANS AND ADVANCES TO CUSTOMERS AND OTHER ACCOUNTS

(a) Loans and advances to customers and other accounts less expected credit losses

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Loans and advances to customers at amortised cost		
Gross loans and advances to customers	217,229,934	220,850,976
– Expected credit losses allowances	(2,494,528)	(1,193,248)
	214,735,406	219,657,728
Loans and advances to customers at fair value through profit and loss	11,960,075	5,435,290
	226,695,481	225,093,018
Other accounts	13,565,821	13,222,978
– Expected credit losses allowances	(1,143,203)	(813,162)
– Other impairment allowances	(17,500)	–
	12,405,118	12,409,816
	239,100,599	237,502,834

(b) Loans and advances to customers analysed by industry sectors

The following economic sector analysis is based on categories and definitions used by the Hong Kong Monetary Authority (“HKMA”).

	2024		2023	
	Gross loans and advances to customers <i>HK\$'000</i>	Impaired loans and advances to customers <i>HK\$'000</i>	Gross loans and advances to customers <i>HK\$'000</i>	Impaired loans and advances to customers <i>HK\$'000</i>
Industrial, commercial and financial				
– Property development	6,566,953	988,181	7,042,615	1,160,060
– Property investment	22,837,176	156,345	22,474,814	149,585
– Financial concerns	25,982,832	51,382	22,989,260	51,382
– Stockbrokers	1,966,095	–	1,497,664	–
– Wholesale and retail trade	8,716,204	322,834	8,761,242	371,978
– Manufacturing	5,566,953	34,983	5,904,061	124,833
– Transport and transport equipment	3,298,519	–	3,385,442	–
– Recreational activities	205,698	–	660,273	–
– Information technology	600,865	–	598,783	–
– Others	12,638,358	80,945	9,596,138	79,738
Individuals				
– Loans for the purchase of flats under the Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme	13,767	–	13,970	–
– Loans for the purchase of other residential properties	24,382,678	71,640	22,343,811	49,289
– Credit card advances	864,995	6,167	619,417	4,851
– Others	14,784,675	39,103	16,951,606	90,927
Gross loans and advances for use in Hong Kong	128,425,768	1,751,580	122,839,096	2,082,643
Trade finance	7,153,152	41,957	5,524,125	103,156
Gross loans and advances for use outside Hong Kong	93,611,089	3,084,778	97,923,045	2,981,621
Gross loans and advances to customers	229,190,009	4,878,315	226,286,266	5,167,420

13 LOANS AND ADVANCES TO CUSTOMERS AND OTHER ACCOUNTS (CONTINUED)

(c) Impaired loans and advances to customers

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Gross impaired loans and advances to customers	4,878,315	5,167,420
Expected credit losses allowances – Stage 3	(1,778,743)	(224,673)
	<u>3,099,572</u>	<u>4,942,747</u>
Gross impaired loans and advances as a % of total loans and advances to customers	<u>2.13%</u>	<u>2.28%</u>

As at 31 December 2024, the secured gross impaired loans and advances to customers amounts to HK\$3,110,251,000 (2023: HK\$3,374,297,000) are backed by collateral, collateral mainly comprises mortgages on residential or commercial properties and cash placed with the Group.

14 CAPITAL AND RESERVES

(a) Share capital

(i) Ordinary shares, issued and fully paid:

	2024		2023	
	No. of shares	Share capital HK\$'000	No. of shares	Share capital HK\$'000
At 1 January/31 December	12,111,121,568	18,404,013	12,111,121,568	18,404,013

In accordance with section 135 of the Hong Kong Companies Ordinance, the ordinary shares of the Company do not have a par value.

(ii) Shares issued during the year

The Bank did not issue any shares during the year ended 31 December 2024 (2023: Nil).

(b) Dividend

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings of the Bank. All ordinary shares rank equally with regard to the Bank's residual assets.

14 CAPITAL AND RESERVES (CONTINUED)

(c) Reserves

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Capital reserve	3,771	3,771
General reserve	100,000	100,000
Exchange differences reserve	(166,630)	(110,462)
Property revaluation reserve	368,371	294,533
Investment revaluation reserve	61,721	(407,964)
Statutory reserve	74,433	69,250
Regulatory general reserve	311,067	311,817
Retained profits*	27,875,989	25,515,657
Total	<u>28,628,722</u>	<u>25,776,602</u>

* A regulatory reserve is maintained to satisfy the provisions of the Hong Kong Banking Ordinance for prudential supervision purposes by earmarking amounts in respect of impairment losses recognised which the Bank will or may incur on loans and advances. Movements in the reserve are earmarked directly through retained profits and in consultation with the HKMA. At 31 December 2024, HK\$2,512,256,000 (2023: HK\$2,219,486,000) was included in the retained profits in this respect, which is distributable to equity holders of the Bank subject to consultation with the HKMA.

15 CREDIT RELATED COMMITMENTS AND FINANCIAL GUARANTEES, OTHER COMMITMENTS AND CONTINGENT LIABILITIES

The following is a summary of the contractual amounts of each significant class of credit related commitments and financial guarantees, other commitments and contingent liabilities and is prepared with reference to the completion instructions for the HKMA return of capital adequacy ratio.

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Direct credit substitutes	1,560,250	449,180
Transaction-related contingencies	1,011,734	957,848
Trade-related contingencies	7,187,213	10,225,885
Forward forward deposits placed	2,000,000	122,761
Other commitments:		
– which are unconditionally cancellable or automatically cancellable due to deterioration in the creditworthiness of the borrower	132,255,646	120,841,630
– with an original maturity of not more than 1 year	5,815,156	3,612,805
– with an original maturity of more than 1 year	11,346,399	10,065,860
	<u>161,176,398</u>	<u>146,275,969</u>
Credit risk-weighted amounts	<u>10,110,006</u>	<u>7,925,419</u>

The risk weights used in the computation of credit risk-weighted amounts range from 0% to 150% (2023: 0% to 150%).

16 DERIVATIVE FINANCIAL INSTRUMENTS

(a) Notional amounts of derivatives

Derivatives refer to financial contracts whose value depends on the value of one or more underlying assets or indices. The notional amounts of these investments indicate the volume of outstanding transactions and do not represent amounts at risk.

The following is a summary of the notional amounts of each significant type of derivative entered into by the Group:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Currency derivatives		
Forwards	72,890,484	68,190,274
Swaps	1,067,992,496	1,108,997,386
Options purchased	79,419,924	71,129,225
Options written	78,184,366	65,478,211
Interest rate derivatives		
Forwards/Futures	3,376,883	554,454
Swaps	1,128,669,080	1,036,122,182
Options purchased	4,152,630	1,000,000
Options written	4,340,410	1,000,000
	2,439,026,273	2,352,471,732

At 31 December 2024, the interest rate swaps held for hedging amounted to HK\$5,626,387,000 (2023: HK\$788,730,000).

Trading includes the Group's principal risk taking positions in financial instruments, positions which arise from the execution of trade orders from customers and market making, and positions taken in order to hedge other elements of the trading book.

(b) Fair value of derivatives

	2024		2023	
	Fair value assets <i>HK\$'000</i>	Fair value liabilities <i>HK\$'000</i>	Fair value assets <i>HK\$'000</i>	Fair value liabilities <i>HK\$'000</i>
Currency derivatives	11,631,471	10,738,994	10,974,026	11,104,705
Interest rate derivatives	7,733,606	7,654,799	8,440,135	8,303,572
	19,365,077	18,393,793	19,414,161	19,408,277

17 CURRENCY RISK

The Group's foreign exchange risk stems from taking foreign exchange positions from commercial dealings, investments in foreign currency securities, and operations of the Group and its overseas branches and subsidiaries. The Group's foreign exchange positions are subject to exposure limits approved by the MRC. Methods adopted to measure foreign currency risk exposure against corresponding limits include individual currency positions, overall foreign exchange positions and sensitivities such as Greeks (for foreign exchange options). For the year ended 31 December 2024, the Group's average daily trading profit and loss from foreign exchange positions was a loss of HK\$278,000 (2023: a gain of HK\$760,000) with a standard deviation of HK\$10,813,000 (2023: HK\$15,661,000).

Significant foreign currency exposures at the end of the reporting period were as follows:

Equivalent in HK\$'000	2024				2023			
	USD	RMB	Others	Total	USD	RMB	Others	Total
Spot assets	170,889,603	44,942,428	34,224,418	250,056,449	163,866,606	38,667,648	32,370,316	234,904,570
Spot liabilities	(158,744,716)	(34,614,920)	(14,823,524)	(208,183,160)	(183,282,438)	(35,419,889)	(14,247,147)	(232,949,474)
Forward purchases	566,094,879	361,108,987	45,061,281	972,265,147	597,655,659	362,751,221	68,659,310	1,029,066,190
Forward sales	(572,979,872)	(369,138,473)	(65,365,374)	(1,007,483,719)	(568,170,894)	(369,306,138)	(88,628,791)	(1,026,105,823)
Net options position	(2,629,235)	(1,546,167)	1,077,900	(3,097,502)	(7,155,375)	4,067,009	2,056,612	(1,031,754)
Net long/(short) position	<u>2,630,659</u>	<u>751,855</u>	<u>174,701</u>	<u>3,557,215</u>	<u>2,913,558</u>	<u>759,851</u>	<u>210,300</u>	<u>3,883,709</u>
Net structural position	<u>-</u>	<u>636,053</u>	<u>145,526</u>	<u>781,579</u>	<u>-</u>	<u>659,869</u>	<u>48,497</u>	<u>708,366</u>

18 SEGMENT REPORTING

Segment information is prepared consistently with reportable segments. Information is regularly reported to the chief operating decision-maker, including management committee members, to allocate resources to the segments and to assess their performance. The Group has identified the following five reportable segments:

Wholesale banking mainly comprises corporate lending and syndicated loans, trade financing, deposit account services and cash management in Hong Kong and at overseas branches.

Personal and business banking mainly comprises retail deposit account services, residential mortgages, other consumer lending, credit card services, Small and Medium Enterprises ("SMEs") banking business, wealth management services and private banking in Hong Kong and at overseas branches.

Treasury and markets covers the provision of foreign exchange services, money market activities, the management of investment securities and central funding management in Hong Kong and at overseas branches.

Mainland subsidiary is the Bank's wholly owned banking subsidiary operating in Mainland China.

Others mainly comprises unallocated revenue and expenses as well as corporate expenses.

18 SEGMENT REPORTING (CONTINUED)

For the purpose of segment reporting, the allocation of operating income reflects the benefits of funding resources allocated to the business segments based on the internal funds transfer pricing mechanism. Cost allocation is based on the direct costs incurred by the respective business segments and the apportionment of overheads on a reasonable basis to the business segments. Rental charges at the market rate for the use of bank premises are reflected as inter-segment income for the 'Others' segment and inter-segment expenses for the respective business segments.

Income and cost allocation amongst reportable segments are reviewed from time to time as management deems fit and in the event of change, corresponding segment reporting information will be updated to conform with latest allocation basis.

(a) Reportable segments

	2024							
	Wholesale banking HK\$'000	Personal and business banking HK\$'000	Treasury and markets HK\$'000	Mainland subsidiary HK\$'000	Others HK\$'000	Subtotal HK\$'000	Elimination and consolidation adjustments HK\$'000	Consolidated HK\$'000
Net interest income	3,195,841	2,742,193	(207,416)	318,101	1,616,536	7,665,255	–	7,665,255
Other operating income	663,348	1,432,849	646,602	139,423	(29,876)	2,852,346	(95,870)	2,756,476
Net gain on disposal of financial investments at fair value through other comprehensive income	–	–	153,908	5,712	60	159,680	–	159,680
Operating income	3,859,189	4,175,042	593,094	463,236	1,586,720	10,677,281	(95,870)	10,581,411
Operating expenses	(403,495)	(1,276,340)	(314,094)	(235,128)	(1,911,239)	(4,140,296)	80,403	(4,059,893)
Inter-segment (expenses)/income	(143,268)	(644,300)	(117,074)	–	904,642	–	–	–
Operating profit/(loss) before impairment	3,312,426	2,254,402	161,926	228,108	580,123	6,536,985	(15,467)	6,521,518
Expected credit losses on financial instruments	(2,589,648)	(358,592)	(23,961)	(294,614)	180	(3,266,635)	–	(3,266,635)
Impairment losses on other assets	–	(17,500)	–	–	–	(17,500)	–	(17,500)
Operating profit/(loss)	722,778	1,878,310	137,965	(66,506)	580,303	3,252,850	(15,467)	3,237,383
Net gain/(loss) on disposal of property and equipment and intangible assets	7,440	(86)	–	328	(140)	7,542	–	7,542
Revaluation deficit on investment properties	–	–	–	–	(12,762)	(12,762)	–	(12,762)
Profit/(loss) before taxation	730,218	1,878,224	137,965	(66,178)	567,401	3,247,630	(15,467)	3,232,163
Income tax								(490,440)
Profit for the year								2,741,723
Other segment items:								
Depreciation and amortisation	20,776	138,528	11,622	29,574	371,406	571,906	–	571,906
Segment assets	145,661,950	72,129,871	265,632,456	21,499,284	8,427,945	513,351,506	(24,056,129)	489,295,377
Segment liabilities	117,778,734	248,872,576	64,004,919	19,770,485	7,142,537	457,569,251	(24,642,005)	432,927,246
Capital expenditure incurred during the year	8,696	33,794	–	5,731	407,551	455,772	–	455,772

18 SEGMENT REPORTING (CONTINUED)
(a) Reportable segments (continued)

	2023							
	Wholesale banking HK\$'000	Personal and business banking HK\$'000	Treasury and markets HK\$'000	Mainland subsidiary HK\$'000	Others HK\$'000	Subtotal HK\$'000	Elimination and consolidation adjustments HK\$'000	Consolidated HK\$'000
Net interest income	3,883,341	2,155,789	(176,462)	280,909	1,463,754	7,607,331	(2,747)	7,604,584
Other operating income	610,625	1,038,179	581,206	106,298	45,352	2,381,660	(59,933)	2,321,727
Net gain on disposal of financial investments at fair value through other comprehensive income	–	–	70,028	3,610	–	73,638	–	73,638
Operating income	4,493,966	3,193,968	474,772	390,817	1,509,106	10,062,629	(62,680)	9,999,949
Operating expenses	(408,032)	(1,262,279)	(348,004)	(230,328)	(1,964,053)	(4,212,696)	61,281	(4,151,415)
Inter-segment (expenses)/income	(142,262)	(582,746)	(110,902)	–	835,910	–	–	–
Operating profit/(loss) before impairment	3,943,672	1,348,943	15,866	160,489	380,963	5,849,933	(1,399)	5,848,534
Expected credit losses on financial instruments	(2,571,862)	(221,398)	(61,542)	269	200	(2,854,333)	–	(2,854,333)
Impairment losses on other assets	–	–	–	–	–	–	–	–
Operating profit/(loss)	1,371,810	1,127,545	(45,676)	160,758	381,163	2,995,600	(1,399)	2,994,201
Net loss on disposal of property and equipment and intangible assets	(52)	(166)	(13)	(50)	(6,454)	(6,735)	–	(6,735)
Revaluation surplus on investment properties	–	–	–	–	1,843	1,843	–	1,843
Profit/(loss) before taxation	1,371,758	1,127,379	(45,689)	160,708	376,552	2,990,708	(1,399)	2,989,309
Income tax								(402,412)
Profit for the year								2,586,897
Other segment items:								
Depreciation and amortisation	20,712	130,481	13,712	29,939	411,599	606,443	–	606,443
Segment assets	141,110,553	72,727,048	256,394,264	19,877,993	10,149,503	500,259,361	(29,872,430)	470,386,931
Segment liabilities	129,470,043	210,486,287	77,606,473	18,029,599	11,275,116	446,867,518	(29,996,598)	416,870,920
Capital expenditure incurred during the year	4,430	4,453	1,584	4,770	435,658	450,895	–	450,895

(b) Geographical information

The geographical information analysis is based on the location of the principal operations of the subsidiaries, or in the case of the Bank itself, of the location of the branches responsible for reporting the results or booking the assets and liabilities.

2024					
	Profit/(loss) before taxation HK\$'000	Total assets HK\$'000	Total liabilities HK\$'000	Operating income HK\$'000	Credit related commitments and financial guarantees, other commitments and contingent liabilities HK\$'000
Hong Kong	3,528,665	457,303,082	401,374,452	9,681,578	119,035,193
Mainland China	(72,809)	20,357,765	19,885,256	458,666	2,978,518
United States	(234,636)	15,180,440	15,411,201	206,783	4,353,590
Singapore	16,675	14,278,207	14,272,689	299,712	32,279,168
Others	(5,732)	3,001,289	2,974,228	14,710	2,529,929
Inter-segment items	–	(20,825,406)	(20,990,580)	(80,038)	–
	<u>3,232,163</u>	<u>489,295,377</u>	<u>432,927,246</u>	<u>10,581,411</u>	<u>161,176,398</u>
2023					
	Profit/(loss) before taxation HK\$'000	Total assets HK\$'000	Total liabilities HK\$'000	Operating income HK\$'000	Credit related commitments and financial guarantees, other commitments and contingent liabilities HK\$'000
Hong Kong	2,561,957	431,973,571	379,144,093	9,115,423	106,364,731
Mainland China	155,559	21,667,334	19,954,556	391,693	3,591,961
United States	(112,796)	16,500,733	16,861,135	324,556	4,700,619
Singapore	380,288	22,304,857	21,840,705	335,467	30,591,081
Others	4,309	2,410,842	2,355,930	39,600	1,027,577
Inter-segment items	(8)	(24,470,406)	(23,285,499)	(206,790)	–
	<u>2,989,309</u>	<u>470,386,931</u>	<u>416,870,920</u>	<u>9,999,949</u>	<u>146,275,969</u>

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION

(Expressed in Hong Kong dollars unless otherwise indicated)

(A) REGULATORY DISCLOSURE STATEMENTS AVAILABLE ON THE BANK'S CORPORATE WEBSITE

The Group's regulatory disclosure information is published by using standard disclosure templates as specified by the HKMA ('Regulatory Disclosure Statement') and that can be viewed in the Regulatory Disclosures section of our Bank's corporate website www.cncbinternational.com. The Bank's Regulatory Disclosure Statement, together with the disclosures in the annual report, contained all the disclosures required by the Banking (Disclosure) Rules issued by the HKMA. Certain comparatives have been revised in order to align with the latest books and records and banking returns submitted to the HKMA.

(B) CAPITAL ADEQUACY

(i) Capital base

Capital adequacy ratios ("CARs") are complied in accordance with the Banking (Capital) Rules issued by the HKMA. The CARs are computed on a consolidated basis covering the Bank and some of its subsidiaries as required by the HKMA. The Bank has adopted the "standardised approach" for calculating the risk-weighted amount for credit risk and market risk and the "basic indicator approach" for calculating operational risk.

	2024 HK\$'000	2023 HK\$'000
Common Equity Tier 1 ("CET1") capital instruments and reserves		
Directly issued qualifying CET1 capital instruments plus any related share premium	18,058,853	18,058,853
Retained earnings	27,885,636	25,588,691
Disclosed reserves	748,319	194,057
CET1 capital before regulatory deductions	46,692,808	43,841,601
CET1 capital: regulatory deductions		
Deferred tax assets in excess of deferred tax liabilities	874	187,145
Other intangible assets (net of related deferred tax liability)	537,835	401,188
Cumulative fair value gains arising from the revaluation of land and buildings (own use and investment properties)	315,706	294,930
Regulatory reserve for general banking risks	2,512,256	2,219,486
Valuation adjustments	20,951	50,357
Debt valuation adjustments in respect of derivative contracts	3,178	3,538
Total regulatory deductions to CET1 capital	3,390,800	3,156,644
CET1 capital	43,302,008	40,684,957
Additional Tier 1 ("AT1") capital		
AT1 capital	9,335,396	9,335,396
Tier 1 capital	52,637,404	50,020,353
Tier 2 capital instruments and provisions		
Qualifying Tier 2 capital instruments plus any related share premium	3,881,475	7,809,206
Reserve attributable to fair value gains on revaluation of holdings of land and buildings	142,068	132,719
Collective impairment allowances and regulatory reserve for general banking risks eligible for inclusion in Tier 2 capital	3,334,382	3,287,942
Tier 2 capital base before deductions	7,357,925	11,229,867
Tier 2 capital: regulatory deductions		
Regulatory deductions to Tier 2 capital	—	—
Tier 2 capital	7,357,925	11,229,867
Total capital	59,995,329	61,250,220

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

(B) CAPITAL ADEQUACY (CONTINUED)

(ii) Risk-weighted assets

	2024 HK\$'000	2023 HK\$'000
– Credit risk	282,271,140	270,835,420
– Market risk	16,246,300	16,806,075
– Operational risk	18,155,213	16,669,988
	316,672,653	304,311,483

(iii) Capital adequacy ratios

	2024	2023
– CET1 capital ratio	13.7%	13.4%
– Tier 1 capital ratio	16.6%	16.4%
– Total capital ratio	18.9%	20.1%

(iv) Capital instruments

The following is a summary of the Group's CET1, Additional Tier 1 Capital Securities and Tier 2 capital instruments.

	2024 HK\$'000	2023 HK\$'000
CET1 capital instruments issued by the Bank		
Ordinary shares:		
12,111,121,568 issued and fully paid ordinary shares	18,404,013	18,404,013

	2024 HK\$'000	2023 HK\$'000
Additional Tier 1 Capital Securities		
Undated non-cumulative subordinated capital securities with US\$600 million (issued in 2021)	4,647,489	4,647,489
Undated non-cumulative subordinated capital securities with US\$600 million (issued in 2022)	4,687,907	4,687,907
	9,335,396	9,335,396

	2024 HK\$'000	2023 HK\$'000
Tier 2 capital instruments		
Issued by the Bank		
– US\$500 million Subordinated Fixed Rate Notes at 4.625% (due in 2029)	–	3,903,198
– US\$500 million Subordinated Fixed Rate Notes at 6.00% (due in 2033)	3,859,664	3,902,978
	3,859,664	7,806,176

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

(C) LIQUIDITY RATIOS

Under the Banking (Liquidity) Rules, the Group being a Category 1 institution is required to maintain a Liquidity Coverage Ratio (“LCR”) and Net Stable Funding Ratio (“NSFR”) above the statutory minimum requirements.

	Weighted amount (average value)				
	For quarter ended 31 December 2024	For quarter ended 30 September 2024	For quarter ended 30 June 2024	For quarter ended 31 March 2024	For quarter ended 31 December 2023
Average LCR	227%	198%	217%	195%	241%
NSFR	Quarter ended 31 December 2024	Quarter ended 30 September 2024	Quarter ended 30 June 2024	Quarter ended 31 March 2024	Quarter ended 31 December 2023
	149%	142%	142%	142%	157%

For the purposes of compliance with Banking (Disclosure) Rules, information relating to the Group’s liquidity are published by using standard disclosure templates as specified by the HKMA and they can be viewed in the Regulatory Disclosures section of our Bank’s corporate website at www.cncbinternational.com.

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

(D) FURTHER ANALYSIS ON LOANS AND ADVANCES TO CUSTOMERS

Loans and advances to customers analysed by the coverage of collateral, overdue amount and the impairment allowance is as follows. The economic sector analysis is based on the categories and definitions used by the HKMA.

	2024		2023	
	Gross loans and advances to customers HK\$'000	% of gross loans and advances to customers covered by collateral	Gross loans and advances to customers HK\$'000	% of gross loans and advances to customers covered by collateral
Industrial, commercial and financial				
– Property development	6,566,953	61	7,042,615	79
– Property investment	22,837,176	93	22,474,814	98
– Financial concerns	25,982,832	6	22,989,260	5
– Stockbrokers	1,966,095	20	1,497,664	31
– Wholesale and retail trade	8,716,204	81	8,761,242	84
– Manufacturing	5,566,953	28	5,904,061	28
– Transport and transport equipment	3,298,519	20	3,385,442	13
– Recreational activities	205,698	–	660,273	4
– Information technology	600,865	7	598,783	7
– Others	12,638,358	55	9,596,138	75
Individuals				
– Loans for the purchase of flats under the Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme	13,767	100	13,970	100
– Loans for the purchase of other residential properties	24,382,678	100	22,343,811	100
– Credit card advances	864,995	–	619,417	–
– Others	14,784,675	88	16,951,606	87
Gross loans and advances for use in Hong Kong	128,425,768	63	122,839,096	68
Trade finance	7,153,152	20	5,524,125	22
Gross loans and advances for use outside Hong Kong	93,611,089	24	97,923,045	22
Gross loans and advances to customers	229,190,009	46	226,286,266	47

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

(D) FURTHER ANALYSIS ON LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

The analysis of impaired loans and advances to customers of the individual loan usage category, which accounted for 10% or more of the gross loans and advances to customers, is as follows:

	2024						
	Overdue loans and advances to customers <i>HK\$'000</i>	Impaired loans and advances to customers <i>HK\$'000</i>	Stage 1 ECL allowances <i>HK\$'000</i>	Stage 2 ECL allowances <i>HK\$'000</i>	Stage 3 ECL allowances <i>HK\$'000</i>	Expected credit losses on income statement during the year <i>HK\$'000</i>	Written off during the year <i>HK\$'000</i>
Financial concerns	<u>51,382</u>	<u>51,382</u>	<u>33,966</u>	<u>–</u>	<u>35,977</u>	<u>18,840</u>	<u>–</u>
Loans for the purchase of other residential properties	<u>65,692</u>	<u>71,640</u>	<u>1,989</u>	<u>873</u>	<u>6,422</u>	<u>5,508</u>	<u>1,023</u>
Gross loans and advances for use outside Hong Kong	<u>2,856,458</u>	<u>3,084,777</u>	<u>302,472</u>	<u>103,350</u>	<u>1,259,706</u>	<u>2,243,488</u>	<u>1,525,361</u>
	2023						
	Overdue loans and advances to customers <i>HK\$'000</i>	Impaired loans and advances to customers <i>HK\$'000</i>	Stage 1 ECL allowances <i>HK\$'000</i>	Stage 2 ECL allowances <i>HK\$'000</i>	Stage 3 ECL allowances <i>HK\$'000</i>	Expected credit losses on income statement during the year <i>HK\$'000</i>	Written off during the year <i>HK\$'000</i>
Financial concerns	<u>51,382</u>	<u>51,382</u>	<u>28,739</u>	<u>4,175</u>	<u>18,189</u>	<u>11,168</u>	<u>–</u>
Gross loans and advances for use outside Hong Kong	<u>2,459,613</u>	<u>2,981,621</u>	<u>215,761</u>	<u>596,181</u>	<u>26,285</u>	<u>2,427,416</u>	<u>2,518,497</u>

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)
(D) FURTHER ANALYSIS ON LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)
By geographical areas

	2024					
	Loans and advances to customers <i>HK\$'000</i>	Overdue loans and advances to customers <i>HK\$'000</i>	Impaired loans and advances to customers <i>HK\$'000</i>	Stage 1 ECL allowances <i>HK\$'000</i>	Stage 2 ECL allowances <i>HK\$'000</i>	Stage 3 ECL allowances <i>HK\$'000</i>
Hong Kong	158,824,591	3,553,529	3,659,871	248,056	88,722	1,427,603
Mainland China	37,919,904	534,170	627,141	147,019	7,880	105,157
United States	11,648,946	127,191	262,417	43,814	50,910	85,270
Singapore	7,673,249	247,723	247,723	25,448	–	120,369
Others	13,123,319	81,163	81,163	23,388	80,512	40,380
	<u>229,190,009</u>	<u>4,543,776</u>	<u>4,878,315</u>	<u>487,725</u>	<u>228,024</u>	<u>1,778,779</u>
	2023					
	Loans and advances to customers <i>HK\$'000</i>	Overdue loans and advances to customers <i>HK\$'000</i>	Impaired loans and advances to customers <i>HK\$'000</i>	Stage 1 ECL allowances <i>HK\$'000</i>	Stage 2 ECL allowances <i>HK\$'000</i>	Stage 3 ECL allowances <i>HK\$'000</i>
Hong Kong	159,004,495	3,139,502	3,716,065	164,664	344,564	195,537
Mainland China	36,274,617	481,778	599,441	70,682	169,881	2,957
United States	10,364,300	580,515	580,515	50,762	19,370	–
Singapore	7,471,950	244,140	244,140	18,046	73,898	26,179
Others	13,170,904	2,567	27,259	19,939	36,769	–
	<u>226,286,266</u>	<u>4,448,502</u>	<u>5,167,420</u>	<u>324,093</u>	<u>644,482</u>	<u>224,673</u>

The above geographical analysis is classified by the location of the counterparties after taking into account the transfer of risk. For a claim guaranteed by a party situated in a country different from the counterparty, risk will be transferred to the country of the guarantor.

Overdue loans and advances are loans that have been overdue for more than three months.

Impaired loans and advances are individually assessed loans which exhibit objective evidence of impairment on an individual basis.

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

(E) OVERDUE ASSETS

Overdue loans and advances to customers

	2024		2023	
	<i>HK\$'000</i>	% of total loans and advances to customers	<i>HK\$'000</i>	% of total loans and advances to customers
The gross amount of loans and advances has been overdue for periods of:				
– 6 months or less but over 3 months	146,793	0.06	631,341	0.28
– 1 year or less but over 6 months	574,044	0.25	1,322,114	0.58
– over 1 year	3,822,939	1.67	2,495,047	1.10
	4,543,776	1.98	4,448,502	1.96
Secured overdue loans and advances	2,873,547		3,136,342	
Unsecured overdue loans and advances	1,670,229		1,312,160	
	4,543,776		4,448,502	
Market value of collateral held against the secured overdue loans and advances	5,662,075		5,193,325	
Expected credit losses allowances	1,666,275		197,775	

Loans and advances with specific repayment dates are classified as overdue when the principal or interest is overdue and remains unpaid at the year end. Loans repayable on demand are classified as overdue either when a demand for repayment has been served on the borrower but repayment has not been made in accordance with the demand notice, and/or when the loans have remained continuously outside the approved limit advised to the borrower for more than the overdue period in question.

Eligible collateral, which is held in respect of the overdue loans and advances, is 'Eligible Physical Collateral' which mainly comprises real estate properties. The eligible collateral should generally satisfy the following:

- The market value of the asset is readily determinable or can be reasonably established and verified.
- The asset is marketable and there exists a readily available secondary market for disposal of the asset.
- The Bank's right to repossess the asset is legally enforceable and without impediment.
- The Bank is able to secure control over the asset if necessary.

There were no advances to banks and other financial institutions and trade bills which were overdue for over three months at 31 December 2024 and 2023.

Other overdue assets

There was financial assets at fair value through other comprehensive income amounted HK\$15,619,000, which were overdue for over three months at 31 December 2024 (2023: HK\$43,363,000).

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

(F) RESCHEDULED LOANS

	2024		2023	
	<i>HK\$'000</i>	% of total loans and advances to customers	<i>HK\$'000</i>	% of total loans and advances to customers
Rescheduled loans	12,973	0.006	154,445	0.068

Rescheduled loans are those advances which have been restructured or renegotiated because of a deterioration in the financial position of the borrower, or the inability of the borrower to meet the original repayment schedule and for which the revised repayment terms are non-commercial to the Group. Rescheduled loans to customers are stated net of any advances that have subsequently become overdue for over three months and are reported as overdue advances in note (E).

There were no advances to banks and other financial institutions which were rescheduled at 31 December 2024 and 2023.

(G) REPOSSESSED ASSETS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Included in loans and advances to customers and other accounts	291,517	285,257

The amount represents the estimated market value of the repossessed assets at 31 December 2024 and 2023.

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

(H) INTERNATIONAL CLAIMS

International claim refers to the sum of cross-border claims in all currencies and local claims in foreign currencies determined as based on the calculation methodology specified in the HKMA's Return of International Banking Statistics. International claims are on-balance sheet exposures of counterparties which attributable to the country or segment, after taking into account risk recognised transfer, constitute to not less than 10% of the aggregate claims are disclosed as follows.

	2024				
	Non-bank private sector				
	Banks	Official	Non-bank	Non-financial	Total
	HK\$'000	Sector	financial	private sector	HK\$'000
	HK\$'000	HK\$'000	institutions	HK\$'000	HK\$'000
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Developed countries	55,433,609	30,368,019	3,312,593	7,979,660	97,093,881
Offshore centres	15,009,555	334,382	30,460,977	50,237,721	96,042,635
of which Hong Kong	3,828,147	333,806	26,300,803	41,236,699	71,699,455
Developing Asia-Pacific	47,613,314	2,142,062	8,222,522	34,523,169	92,501,067
of which Mainland China	43,292,092	2,141,677	7,241,476	27,576,267	80,251,512
	2023				
	Non-bank private sector				
	Banks	Official	Non-bank	Non-financial	Total
	HK\$'000	Sector	financial	private sector	HK\$'000
	HK\$'000	HK\$'000	institutions	HK\$'000	HK\$'000
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Developed countries	35,366,170	28,616,141	1,953,132	3,742,970	69,678,413
Offshore centres	13,182,262	429,752	25,379,500	44,945,252	83,936,766
of which Hong Kong	3,572,608	429,223	22,464,099	33,528,626	59,994,556
Developing Asia-Pacific	45,466,135	2,515,369	5,109,123	30,458,781	83,549,408
of which Mainland China	41,119,763	2,514,485	4,751,233	26,484,499	74,869,980

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

(I) MAINLAND ACTIVITIES

Mainland Activities are Mainland China exposures to non-bank counterparties and their categories and the type of direct exposures defined by the HKMA's Return of Mainland Activities.

	2024		Total HK\$'000
	On-statement of financial position exposure HK\$'000	Off-statement of financial position exposure HK\$'000	
(1) Central government, central government-owned entities and their subsidiaries and joint ventures ("JVs")	50,735,511	6,710,950	57,446,461
(2) Local governments, local government-owned entities and their subsidiaries and JVs	21,331,316	2,858,839	24,190,155
(3) PRC national residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	32,639,689	3,554,406	36,194,095
(4) Other entities of central government not reported in item 1 above	4,074,784	595,242	4,670,026
(5) Other entities of local governments not reported in item 2 above	158,659	–	158,659
(6) PRC national residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	20,083,114	1,234,816	21,317,930
(7) Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	6,118,373	22,529	6,140,902
Total	135,141,446	14,976,782	150,118,228
Total assets after provision	469,413,321		
On-balance sheet exposures as percentage of total assets	28.8%		

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

(I) MAINLAND ACTIVITIES (CONTINUED)

	2023		
	On-statement of financial position exposure <i>HK\$'000</i>	Off-statement of financial position exposure <i>HK\$'000</i>	Total <i>HK\$'000</i>
(1) Central government, central government-owned entities and their subsidiaries and joint ventures ("JVs")	41,070,652	1,880,540	42,951,192
(2) Local governments, local government-owned entities and their subsidiaries and JVs	19,155,037	2,359,642	21,514,679
(3) PRC national residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	31,897,446	4,409,326	36,306,772
(4) Other entities of central government not reported in item 1 above	3,185,422	593,691	3,779,113
(5) Other entities of local governments not reported in item 2 above	1,183,888	–	1,183,888
(6) PRC national residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	22,779,817	1,453,676	24,233,493
(7) Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	6,420,088	147,011	6,567,099
Total	<u>125,692,350</u>	<u>10,843,886</u>	<u>136,536,236</u>
Total assets after provision	<u>444,615,600</u>		
On-balance sheet exposures as percentage of total assets	<u>28.3%</u>		

REPORT OF THE CHIEF EXECUTIVE OFFICER

I am deeply honoured and feel a great sense of responsibility to have been appointed as the Executive Director and Chief Executive Officer of China CITIC Bank International Limited (“CNCBI” or “the Bank”) in December 2024. I extend my sincere gratitude to the Bank’s shareholders and Board of Directors for their trust, as well as to the management team and staff of the Bank and its subsidiaries (together “the Group”) for their unwavering dedication. The year 2024 marked the initiation of the Group’s new three-year Strategic Plan. Despite facing complex onshore and offshore challenges, and intensified competitions, the Group’s employees, under the leadership of China CITIC Bank Corporation Limited (“CNCB”), the Board of Directors, and the management, steadfastly pursued goals. Efforts included building a value-driven bank, consistently promoting business, Fintech and Agile Culture transformations, fortifying risk and compliance awareness, reducing costs and increasing productivity to optimise operational efficiency, deepening collaboration, and integrating businesses with high quality sustainable development. The commendable results of these operations and management efforts in 2024 allowed for the successful achievement of annual business goals.

FINANCIAL REVIEW

In 2024, the Group recorded profit attributable to shareholders of HK\$2.74 billion, representing a 6.0% year-on-year increase. Operating income was HK\$10.58 billion, increasing by 5.8%. Net interest income increased by 0.8% to HK\$7.67 billion, mainly driven by asset growth. Net interest margin decreased by 2 basis points to 1.79%. Non-interest income recorded a growth of 21.7% to HK\$2.92 billion, mainly driven by higher net fee and commission income from investment and insurance products and services.

Operating expenses amounted to HK\$4.06 billion, reflecting a 2.2% year-on-year decrease. Cost-to-income ratio improved further, lowering by 3.1 percentage points to 38.4%. The Group promoted cost reduction and efficiency improvement, optimised its cost structure, and continued to invest in strategically important areas.

The Group continued to strengthen credit risk management and intensify efforts on resolving non-performing loans. The quality of credit assets improved with impaired loan ratio of 2.13% at the end of 2024, representing a 15 basis points decrease from the end of 2023.

Amid a complex and challenging operating environment, the Group remained committed to enhancing asset-liability management, controlling funding costs and improving capital efficiency. As of the end of 2024, total assets of the Group amounted to HK\$489.30 billion, representing a 4.0% increase as compared to the end of 2023. Customer loans (including trade bills) increased by 1.3% to HK\$229.19 billion. Customer deposits (including certificates of deposit issued) increased by 9.0% to HK\$373.07 billion. The loan-to-deposit ratio was 61.4%, dropping by 4.7 percentage points, and remained at a healthy level.

The Group maintained a solid capital base, with total capital ratio, tier 1 capital ratio and common equity tier 1 capital ratio meeting regulatory requirements while maintaining adequate liquidity.

BUSINESS REVIEW

Wholesale Banking Business

Impacted by a reduction in average loan size and a decline in loan interest rate spreads, the wholesale banking business recorded a 14.1% year-on-year decrease in operating income. In response to an unfavourable credit market environment, the wholesale banking business foundation was fortified. While actively optimising the credit portfolio and rapidly reducing high-risk assets, new business opportunities were explored, and the investment in high-quality assets was increased. As of the end of 2024, customer loans reached HK\$143.93 billion, marking a 2.9% increase from the end of 2023, while the balance of special mention and non-performing loans decreased by 16.5%. By continuing to optimise liability structure and expanding settlement deposits through product lines, such as transaction banking and securities services, the average balance of current and savings deposits increased by 8.6% year-on-year. Through actively expanding and consolidating a high-quality customer base, the number of credit customers rose by 10.9% year-on-year, and the number of base customers and active customers increased by 13.4% and 13.7% year-on-year, respectively.

The development momentum of the transaction banking business continued to grow. Settlement scenarios, core products, and service channels were optimised to establish a comprehensive product service system that caters to customer needs. Significant breakthroughs and rapid growth were achieved in settlement businesses such as wealth management connect, custody, Hong Kong stock dividend payments, payroll services, etc., resulting in a 17.2% year-on-year increase in transaction banking income.

Structured finance business was witnessing substantial growth. As per the London Stock Exchange Group, in 2024, the Group secured the eighth position on the Hong Kong and Macau Syndicated Loan League Table as a Mandated Lead Arranger and Bookrunner, and achieved fourth rank in transaction volume, reaching a total of US\$3.80 billion, a year-on-year increase of nearly US\$900 million, capturing a market share of 5.1%.

The wholesale banking business is dedicated to the principle of “One CITIC, One Customer”. By leveraging the complementary strengths of CNCB’s offshore platform and financial licences, the collaboration mechanism has been optimised, and the implementation of collaboration businesses has been accelerated. Moving forward, the Group aims to deepen industry-finance, finance-finance, and cross-border collaborations, enhancing overall benefits and achieving win-win results for all stakeholders.

Treasury and Markets Business

Treasury and markets business achieved steady growth, with operating income increasing by 24.9% year-on-year. Macro trading volumes increased by 41.8% year-on-year. In December 2024, the Group was approved by the China Foreign Exchange Trade System as one of the first offshore institutions and liquidity providers for RMB foreign exchange business in the Free Trade Zone. Additionally, in October 2024, the Hong Kong Monetary Authority designated the Group as one of the 11 Hong Kong RMB Primary Liquidity Providers. As per the London Stock Exchange Group, the Group’s RMB foreign exchange trading volume ranked first among Chinese financial institutions in Hong Kong as of the end of 2024.

For the debt capital markets business, the Group completed 233 public bond issuances in 2024, with the total issuance volume increasing by 61.7% year-on-year. With its professional and comprehensive service capabilities in the offshore RMB bond sector, the Group won the “Best Bond Deal Award” at the “FinanceAsia” Achievement Awards 2024.

Securities services business experienced rapid growth. As of the end of 2024, total assets under custody reached HK\$308.38 billion, representing a 72.8% increase from the end of 2023. Total assets under trustee exceeded HK\$180 billion, an 854.9% growth. The total securities service fee income surged by 116.7% year-on-year.

Wealth management product shelf was further expanded, now featuring a diverse array of products including bonds, structured deposits, and structured notes. As of the end of 2024, the total wealth management transaction volume grew by 26.7% year-on-year.

The Group’s expertise in bond investment continued to be recognised by the industry. It was selected by the authoritative magazine “The Asset” as the “Top Investment House in Asian G3 Bonds”, achieving a second place ranking among banks in Hong Kong. Notably, it was the only bank in the top three in Hong Kong for four consecutive years. Additionally, the Group secured the second position in the Hong Kong banking category of “Top Investment Houses in Asian Local Currency Bonds” in 2024, reflecting its professional strength in local currency bond investment.

Personal and Business Banking Business

Personal and business banking business maintained strong momentum, with multiple financial indicators reaching record highs. Operating income increased by 30.7% year-on-year to HK\$4.18 billion. The liability structure was continually optimised, with total deposits as of the end of 2024 increasing by 21.5% from the end of 2023, and current and savings deposits increasing by 23.9%.

Diversified wealth management product solutions were developed, including the launch of special products such as Cross-boundary Wealth Management Connect 2.0 services and the New Capital Investment Entrant Scheme. Additionally, by deepening the “Bancassurance and Insurance Broker” collaboration model, non-interest income grew by nearly 40% year-on-year.

By leveraging the strength of CITIC Group and CNCB, and positioning as CNCB's "offshore wealth management platform for high-net-worth customers", regional synergy advantages were further consolidated, making cross-border wealth management a new engine for revenue growth. As a result, income generated from cross-border business recorded double-digit growth year-on-year. Additionally, private banking business income achieved year-on-year growth of over 40%. Through strengthening customer segmentation with a central focus on acquiring high-net-worth customers, the number of high-net-worth customers recorded double-digit growth year-on-year.

To fully support financial inclusion, mobile payment services for Hong Kong taxis were launched. Service capabilities and product solutions were enhanced by offering convenient account opening services and introducing the "Small Business Banking Loan" product, fostering the growth of small and medium-sized enterprise customers.

FINTECH TRANSFORMATION

In response to the Hong Kong Monetary Authority's "Fintech 2025" initiative, the Group is accelerating its Fintech transformation. A strategic approach to project investment has been adopted, aiming to optimise the input-output efficiency of technological resources, and thereby enhance transformation effectiveness and banking service capabilities.

For the wholesale banking business, Transaction Banking customer channels have been established with the launch of Application Programming Interface. Additionally, Customer Relationship Management System 2.0 has been promoted to overseas branches, improving customer experience and enhancing cross-selling capabilities. This led to a 29.0% year-on-year increase in e-channel corporate customers. For the treasury and markets business, the Electronic Trading Platform has been continuously improved, providing customers with competitive foreign exchange quotations in a timely manner. For the personal and business banking business, digital transformation has been accelerated, with over 90% of transactions conducted through digital channels. The number of inMotion customers increased by nearly 30% year-on-year. The Group has also become one of the first banks to provide an e-CNY wallet top-up service and support Interbank Account Data Sharing. As a result, the Group has been awarded "Financial Technology Innovation Awards 2024 – Best Big Data and Analytics Infrastructure Implementation" from "The Asian Banker".

The Group has effectively reduced cyber security risks and maintained the security of banking systems and data by strengthening data backup, security drills, and system upgrades. As of the end of 2024, the data coverage rate was increased to 36.8% through improved data governance capabilities, data value tapping, and digital transformation. A technology subsidiary in Shenzhen commenced operations in January 2025, supporting the Group in enhancing its information technology research and development capabilities, operational capabilities, and automation levels. A joint working group with relevant departments of CNCB has been established to fully promote core banking system upgrades.

RISK MANAGEMENT AND INTERNAL CONTROL

The Group emphasises the importance of rigorous corporate governance and risk management, and strives to maintain robust risk management and internal control systems. As part of its efforts to implement regulatory requirements, risk management capabilities were bolstered and a number of risk management enhancement initiatives were pursued, including fulfilling CNCB's risk prevention and control requirements, implementing the "Basel III" Reform Package and Operational Resilience work arrangement, and completing a new round of Cyber Resilience Assessment. An effective climate risk management framework was implemented to strengthen resilience against climate-related risks.

In addition, the Group actively promotes the development of RegTech, integrates the existing well-established three lines of defence and management framework, and continuously strengthens internal control and compliance management capabilities to cope with the ever-changing business environment and new regulatory rules. By organising various publicity, education, and training activities, employees' awareness and understanding of financial crimes and compliance culture were enhanced. The Group continued to implement its medium- and long-term anti-money laundering work plan, optimise the financial crime compliance management system and processes, and improve the level of anti-money laundering risk management.

HUMAN RESOURCES DEVELOPMENT

The Group consistently prioritises growth together with its employees, and actively promotes the development of bank culture and Agile Culture transformation. Initiatives such as “Leading in an Agile Workplace”, “Agile Tools Workshops” and “Agile Week 2024” were organised to encourage employees to learn, share and practice Agile Culture, enhancing efficiency and customer experience. By strengthening integration and collaboration with CITIC Group and CNCB, various training and exchange programs were conducted to deepen employees’ understanding of Mainland China.

The Group is deeply committed to the well-being of its employees and places great importance on their opinions and suggestions. During the year, a new human resources system was launched to streamline and enhance the entire management process, simplifying procedures and improving the employee experience. A comprehensive review of employee benefits was conducted to optimise medical insurance and improve employee medical check-up arrangements. Regular wellness refreshments and health talks were organised, along with large-scale team-building activities such as “CNCBI Team Power Obstacle Challenge cum Family Fun Day” and various family-friendly events. These initiatives aimed to foster team cohesion and underscore the Group’s commitment to being a family-friendly employer. The 2024 Employee Engagement Survey saw an impressive participation rate of 97%, with highly encouraging scores. This demonstrates the employee’s strong recognition of the Group and their trust in management. The workforce remains stable.

The Group also cares about youth development. Various tertiary institution career fairs and summer internship programs for university students were engaged. Diversified training programs such as the Trainee Programs of Wholesale Banking Group and Treasury and Markets Group, “Fintech Associate Program” with Personal and Business Banking Group were provided to recruit young talents and ensure a diverse talent pool for the Group.

ESG AND SUSTAINABLE DEVELOPMENT

The Group diligently adhered to the Hong Kong Monetary Authority’s “Planning for Net-Zero Transition” guidelines and CNCB’s ESG work requirements. By integrating ESG principles into its strategic planning, the Group promoted sustainable development and successfully achieved its annual objectives.

In the realm of business development, green and sustainable finance related loans saw remarkable growth, with the balance reaching HK\$15.09 billion, marking a 66.9% increase from the end of 2023. The green and sustainable bond underwriting business also experienced expansion. Throughout the year, 65 green and sustainable bonds were underwritten in the open market, representing an increase of 42 bonds from the previous year, with a total scale of US\$19.61 billion, an increase of 152.1% year-on-year. As of the end of 2024, a total of 33 ESG funds, 43 ESG bonds and 11 ESG insurance products were listed, enabling customers to tap into opportunities within the sustainable financial development sector. The Group’s outstanding performance and professional services in green finance earned market recognition, resulting in several awards from “The Assets”, “Asian Banking and Finance”, the Hong Kong Quality Assurance Agency, etc.

For climate risk management, the Group successfully completed the climate risk stress test, developed quantitative indicators of climate risk, and integrated them into climate risk appetites and credit strategies, continually monitored and managed the credit portfolios of industries with high emissions and pollution levels.

In terms of green operations, the Tsim Sha Tsui ESG flagship branch was inaugurated in March 2024, and the operational model was extended to the Tuen Mun and North Point branches. Additionally, other green initiatives include gradually transitioning old-fuel vehicles to electric vehicles, employing energy-efficient devices in office spaces, expanding the use of electronic forms across all branches, etc., demonstrating the Group’s dedication to daily carbon reduction efforts.

Regarding corporate social responsibility, the Group organised a number of activities, such as “Building Tomorrow Together”, “Draw Hong Kong”, “Community Care Plan”, “Bank Office and Branch Tour”, etc. Such social contributions have garnered recognition from all sectors.

OUTLOOK

In 2025, international trade performance will likely be influenced by the new U.S. administration's tariff policy. Mainland China's monetary policy is expected to remain loose in view of the country's stable consumer prices, with room for interest rate and reserve requirement ratio cuts to support the property market and economic growth. In Hong Kong, the Federal Reserve's rate cuts may, in theory, help boost the financial market's activity level. However, positive impacts on economic activities, banking sector asset quality, and the property market will take time to materialise. Meanwhile, private consumption is expected to improve in light of Hong Kong's healthy labour market and rising income levels.

Under the guidance of CITIC Group and CNCB, the Group will adhere to the principles of "stability" and "innovation" in pursuit of steady progress and innovative breakthroughs, while fully complying with regulatory requirements. Anchoring its strategic position as CNCB's major platform for offshore business and channel for cross-border collaboration, the Group will focus on integration, collaboration, quality, and efficiency. The Group will spare no effort in expediting capability-building and achieving high-quality development to further unleash its potential.

Firstly, closer integration. The Group will seek to deepen integration into the bigger ecosystem of CITIC Group and CNCB from a higher and broader perspective. Comprehensive integration across philosophy, culture, strategy, human resources, and business will be implemented in alignment with CITIC Group's Hong Kong and Macao development strategy and CNCB's international development strategy. The Group will broaden its integrated cross-border financial service capabilities and increase its value contribution to CNCB. Simultaneously, the Group will strive to integrate into Hong Kong's overall development, supporting major government initiatives such as the Northern Metropolis Development.

Secondly, deeper collaboration. The Group will discharge its duties as Chairman of the "CITIC Group Collaboration Committee – Hong Kong and Macao Regional Branch", aligning with CITIC Group's Hong Kong and Macao business development strategy, to strengthen markets, resources and information connection and exchange, with the aim of implementing and completing major initiatives. The Group upholds the belief of steadfast development through collaboration, emphasising the importance of collaboration and efficiency, and leveraging the Group's geographical advantage, resources, and unique capabilities to drive cross-border business development.

Thirdly, greater quality enhancement. Emphasis will be on the continued enhancement of asset and liability structures, improving asset quality, and resolving non-performing assets through strengthened credit risk, compliance and internal control management. The Group remains customer-centric, focusing on building a strong customer base, creating customer value, and managing loan growth-price balance.

Fourthly, further efficiency enhancement. The Group will focus on increasing revenue and reducing costs to improve the effectiveness of its cost reduction measures and drive efficiency and productivity. This includes optimising funding, risk, operational, tax, and capital costs to support profit growth.

The year 2025 marks the final year of the National "14th Five-Year Plan" and a critical juncture for the Group as it transitions to a new three-year Strategic Plan. The Group prioritises Fintech and light-capital transformation, with a strong emphasis on cost reduction and efficiency improvement, striving for both growth and progress. Concurrently, efforts will be intensified to deepen collaboration with the parent bank and enhance integration into the CITIC ecosystem, with increased contribution to CNCB's "Five Leading" bank strategic goal, while remaining committed to integrated operations and pursuing high-quality development. Meanwhile, the Group continues to support Hong Kong in reinforcing its status as an international financial hub with long-term prosperity and stability.

SHEN Qiang

Executive Director & Chief Executive Officer

24 March 2025