

未經審核之補充財務資料

Unaudited Supplementary Financial Information

1. 流動性覆蓋比率及淨穩定資金比率

1. LIQUIDITY COVERAGE RATIO AND NET STABLE FUNDING RATIO

		2023 年季度結算至 2023 quarter ended			
		12 月 31 日 31 December	9 月 30 日 30 September	6 月 30 日 30 June	3 月 31 日 31 March
流動性覆蓋比率的平均值	Average value of liquidity coverage ratio	165.02%	152.70%	152.07%	155.64%
		2022 年季度結算至 2022 quarter ended			
		12 月 31 日 31 December	9 月 30 日 30 September	6 月 30 日 30 June	3 月 31 日 31 March
流動性覆蓋比率的平均值	Average value of liquidity coverage ratio	139.36%	140.72%	143.98%	163.59%

流動性覆蓋比率的平均值是基於該季度的每個工作日終結時的流動性覆蓋比率的算術平均數及有關流動性狀況之金管局報表列明的計算方法及指示計算。

The average value of liquidity coverage ratio is calculated based on the arithmetic mean of the liquidity coverage ratio as at the end of each working day in the quarter and the calculation methodology and instructions set out in the HKMA return of liquidity position.

		2023	2022
淨穩定資金比率	Net stable funding ratio		
季末淨穩定資金比率	Quarter end value of net stable funding ratio		
– 第一季度	– First quarter	119.36%	119.25%
– 第二季度	– Second quarter	119.71%	115.11%
– 第三季度	– Third quarter	122.22%	115.16%
– 第四季度	– Fourth quarter	123.46%	118.45%

每季末的淨穩定資金比率是基於有關穩定資金狀況之金管局報表列明的計算方法及指示計算。

Quarter end value of net stable funding ratio is calculated based on the calculation methodology and instructions set out in the HKMA return of stable funding position.

流動性覆蓋比率及淨穩定資金比率是以綜合基礎計算，並根據《銀行業(流動性)規則》由本銀行及金管局指定之附屬公司組成。

The liquidity coverage ratio and net stable funding ratio are computed on the consolidated basis which comprises the positions of the Bank and the subsidiaries specified by the HKMA in accordance with the Banking (Liquidity) Rules.

未經審核之補充財務資料 Unaudited Supplementary Financial Information

2. 非銀行的內地風險承擔

對非銀行交易對手的內地相關風險承擔之分析乃參照有關內地業務之金管局報表的填報指示所列之機構類別及直接風險類別分類。此報表僅計及本銀行及其從事銀行業務之附屬公司之內地風險承擔。

2. NON-BANK MAINLAND EXPOSURES

The analysis of non-bank Mainland exposures is based on the categories of non-bank counterparties and the types of direct exposures with reference to the completion instructions for the HKMA return of Mainland activities, which includes the Mainland exposures extended by the Bank and its banking subsidiaries.

		金管局 報表項目 Items in the HKMA return	資產負債 表內的 風險承擔 On-balance sheet exposure 港幣千元 HK\$'000	2023 資產負債 表外的 風險承擔 Off-balance sheet exposure 港幣千元 HK\$'000	總風險承擔 Total exposure 港幣千元 HK\$'000
中央政府、中央政府持有的機構、其附屬公司及合資企業	Central government, central government-owned entities and their subsidiaries and joint ventures	1	74,456,082	3,278,877	77,734,959
地方政府、地方政府持有的機構、其附屬公司及合資企業	Local governments, local government-owned entities and their subsidiaries and joint ventures	2	49,671,433	12,888,347	62,559,780
中國籍境內居民或其他在境內註冊的機構、其附屬公司及合資企業	PRC nationals residing in Mainland or other entities incorporated in Mainland and their subsidiaries and joint ventures	3	85,158,131	36,394,686	121,552,817
不包括在上述第一項中央政府內的其他機構	Other entities of central government not reported in item 1 above	4	7,141,305	329,500	7,470,805
不包括在上述第二項地方政府內的其他機構	Other entities of local governments not reported in item 2 above	5	553,545	54,817	608,362
中國籍境外居民或在境外註冊的機構，其用於境內的信貸	PRC nationals residing outside Mainland or entities incorporated outside Mainland where the credit is granted for use in Mainland	6	21,863,315	2,276,761	24,140,076
其他交易對手而其風險承擔被視為非銀行的內地風險承擔	Other counterparties where the exposures are considered to be non-bank Mainland exposures	7	4,197,920	248,506	4,446,426
總計	Total	8	243,041,731	55,471,494	298,513,225
扣減準備金後的資產總額	Total assets after provision	9	567,570,212		
資產負債表內的風險承擔佔資產總額百分比	On-balance sheet exposures as percentage of total assets	10	42.82%		

未經審核之補充財務資料 Unaudited Supplementary Financial Information

2. 非銀行的內地風險承擔 (續)

2. NON-BANK MAINLAND EXPOSURES (Cont'd)

		金管局 報表項目 Items in the HKMA return	資產負債 表內的 風險承擔 On-balance sheet exposure 港幣千元 HK\$'000	2022 資產負債 表外的 風險承擔 Off-balance sheet exposure 港幣千元 HK\$'000	總風險承擔 Total exposure 港幣千元 HK\$'000
中央政府、中央政府持有的機構、 其附屬公司及合資企業	Central government, central government-owned entities and their subsidiaries and joint ventures	1	69,228,193	4,977,677	74,205,870
地方政府、地方政府持有的機構、 其附屬公司及合資企業	Local governments, local government-owned entities and their subsidiaries and joint ventures	2	42,619,295	13,053,260	55,672,555
中國籍境內居民或其他在境內註冊 的機構、其附屬公司及合資企業	PRC nationals residing in Mainland or other entities incorporated in Mainland and their subsidiaries and joint ventures	3	88,935,781	39,134,368	128,070,149
不包括在上述第一項中央政府內的 其他機構	Other entities of central government not reported in item 1 above	4	7,170,356	658,558	7,828,914
不包括在上述第二項地方政府內的 其他機構	Other entities of local governments not reported in item 2 above	5	556,689	–	556,689
中國籍境外居民或在境外註冊的 機構，其用於境內的信貸	PRC nationals residing outside Mainland or entities incorporated outside Mainland where the credit is granted for use in Mainland	6	24,794,717	1,773,764	26,568,481
其他交易對手而其風險承擔被視為 非銀行的內地風險承擔	Other counterparties where the exposures are considered to be non-bank Mainland exposures	7	4,745,887	–	4,745,887
總計	Total	8	238,050,918	59,597,627	297,648,545
扣減準備金後的資產總額	Total assets after provision	9	554,715,901		
資產負債表內的風險承擔佔資產 總額百分比	On-balance sheet exposures as percentage of total assets	10	42.91%		

未經審核之補充財務資料

Unaudited Supplementary Financial Information

3. 風險管理

總覽

本集團業務的主要內在風險包括信貸風險、利率風險、市場風險、流動資金風險、操作風險、信譽風險、法律及合規風險、策略風險、科技風險、操守風險和氣候風險。本集團的風險管理目標是在提高股東價值的同時，確保風險控制在可接受的水平之內。

風險管理架構

本銀行董事會對本集團的整體風險管理負最終責任，並負責建立良好的風險管理文化、訂定風險管理的策略性目標及風險管理架構。

為達至本集團風險管理目標，董事會下設風險管理委員會，並有獨立非執行董事擔任成員，負責監察本集團的各類風險及審查、審批高層次風險管理政策。另外，風險管理委員會下設信貸審批委員會，負責審查、審批超總裁權限或指定權限之授信申請及信貸管理相關事項，並對信貸業務進行監控工作。

總裁下設的授信審批專責委員會負責在授權範圍內審批本管之信貸業務。另外，總裁轄下的多個管理委員會及有關部門，根據董事會訂立的風險管理策略，負責制訂及定期檢討風險管理政策及監控程序。

風險管理單位負責制訂識別、量度、評估、監察、匯報及控制信貸風險、市場風險、操作風險、信譽風險、法律及合規風險、利率風險、流動資金風險、策略風險、科技風險、操守風險和氣候風險的政策及程序，設定適當的風險限額，持續監察有關風險。

稽核部獨立查核風險管理政策和監控措施是否足夠及有效，以確保本集團依據該等既定政策、程序及限額營運。

3. RISK MANAGEMENT

The Overview

The principal types of risk inherent in the Group's businesses are credit risk, interest rate risk, market risk, liquidity risk, operational risk, reputation risk, legal and compliance risk, strategic risk, technology risk, conduct risk and climate risk. The Group's risk management objective is to enhance shareholder value by maintaining risk exposures within acceptable levels.

Risk Management Structure

The Bank's Board of Directors (the "Board") holds the ultimate responsibility for the Group's overall risk management. It establishes a sound risk culture and determines the risk management strategies and the risk management structure.

To achieve the Group's goals in risk management, the Board sets up the Risk Management Committee, which comprises of Independent Non-executive Directors, to oversee the Group's various types of risks, review and approve the high-level risk management policies. Also, Credit Approval Committee is set up under the Risk Management Committee to review or approve credit applications and credit management related matters exceeding the Chief Executive's authority or as required by the policy and monitor the credit activities of the Group.

Credit Approval Specialized Committee set up by the Chief Executive is responsible for approving credit business within the authorisation. Also, according to the risk management strategies established by the Board, risk management policies and controls are devised and reviewed regularly by relevant departments and respective management committees set up by the Chief Executive.

The risk management units develop policies and procedures for identifying, measuring, evaluating, monitoring, reporting and controlling credit risk, market risk, operational risk, reputation risk, legal and compliance risk, interest rate risk, liquidity risk, strategic risk, technology risk, conduct risk and climate risk; set appropriate risk limits; and continually monitor risks.

The Audit Department conducts independent reviews on the adequacy and effectiveness of risk management policies and controls to ensure that the Group is operating according to the established policies, procedures and limits.

未經審核之補充財務資料

Unaudited Supplementary Financial Information

3. 風險管理 (續)

風險管理架構 (續)

獨立性是施行有效風險管理的關鍵。為保證風險管理單位及稽核部的獨立性，風險管理單位及風險總監直接向風險管理委員會匯報，稽核部直接向稽核委員會匯報，該兩個委員會均為董事會下設的專責委員會，全部委員由本銀行董事擔任。

(i) 信貸風險管理

信貸風險管理詳情載於財務報表附註4內。

(ii) 流動資金風險管理

流動資金風險管理詳情載於財務報表附註4內。

(iii) 市場風險管理

市場風險管理詳情載於財務報表附註4內。

(iv) 利率風險管理

利率風險管理詳情載於財務報表附註4內。

(v) 操作風險管理

操作風險是指由不完善或有問題的內部程序、人員、系統，以及外部事件所造成損失的風險。操作風險隱藏於業務操作的各個環節，是集團在日常操作活動中面對的風險。

3. RISK MANAGEMENT (Cont'd)

Risk Management Structure (Cont'd)

Independence is crucial to effective risk management. To ensure the independence of risk management units and Audit Department, risk management units and Chief Risk Officer report directly to the Risk Management Committee and the Audit Department reports directly to the Audit Committee respectively. Both committees are specialised committees set up by the Board and all members are directors of the Bank.

(i) Credit risk management

Details of credit risk management are set out in Note 4 to the Financial Statements.

(ii) Liquidity risk management

Details of liquidity risk management are set out in Note 4 to the Financial Statements.

(iii) Market risk management

Details of market risk management are set out in Note 4 to the Financial Statements.

(iv) Interest rate risk management

Details of interest rate risk management are set out in Note 4 to the Financial Statements.

(v) Operational risk management

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and system, or from external events. The risk is inherent in every aspect of business operations and confronted by the Group in its day-to-day operational activities.

未經審核之補充財務資料

Unaudited Supplementary Financial Information

3. 風險管理 (續)

風險管理架構 (續)

(v) 操作風險管理 (續)

集團實施操作風險管理「三道防線」體系：所有部門及單位為第一道防線，是操作風險管理的第一責任人，通過自我評估與自我提升來履行業務經營過程中自我風險控制職能。操作風險及法規處連同一些與操作風險管理相關的專門職能單位包括人力資源部、資訊及科技風險管理處、事務處、財務部統稱為「專門職能單位」) 為第二道防線，負責評估和監控第一道防線操作風險狀況，對其工作提供指導。專門職能單位對操作風險的一些特定的範疇或與其相關事項，履行第二道防線的牽頭管理責任，除負責本單位操作風險管理外，亦須就指定的操作風險管理範疇向其他單位提供專業意見/ 培訓並履行集團整體的操作風險牽頭管理。稽核部為第三道防線，對操作風險管理框架的有效性與充足性作獨立評估，需定期稽查集團各部門或專門職能單位操作風險管理工作的合規性和有效性，並提出整改意見。

設置適當的職責分工和授權乃集團緊守的基本原則。集團採用關鍵風險指標、自我評估、操作風險事件匯報及檢查等不同的操作風險管理工具或方法來識別、評估、監察及控制潛在於業務活動及產品內的風險，同時透過購買保險將未能預見的操作風險減低。

對支援緊急或災難事件時的業務運作備有持續業務運作計劃，並維持充足的後備設施及定期進行演練。

業務操作虧損是反映營運風險控制環境的效率及穩健與否的一項指標。截至2023年12月31日，本集團業務操作虧損淨損失金額約為港幣4,139,000元。其中，損失金額達至等值港幣1,000,000元或以上的業務操作虧損事件，屬於巴塞爾委員會業務操作虧損事件分類「外部欺詐」。上述的業務操作虧損不會對本集團的財務狀況產生重大影響。

3. RISK MANAGEMENT (Cont'd)

Risk Management Structure (Cont'd)

(v) Operational risk management (Cont'd)

The Group has implemented the "Three Lines of Defence" for its operational risk management. All departments and units as the first line of defence are the first parties responsible for operational risk management, and carry out the duties and functions of self-risk control in the process of business operation through self-assessment and self-enhancement. The Operational Risk, Legal and Compliance Division together with certain specialist functional units in relation to operational risk management within the Group, including the Human Resources Department, Information and Technology Risk Management Division, Administration Division, Finance Department (collectively known as "specialist functional units"), are the second line of defence. They are responsible for assessing and monitoring the operational risk conditions in the first line of defence, and providing them with guidance. Specialist functional units are required to carry out their managerial duties of the second line of defence with respect to some specific aspects of operational risk and its related issues. Besides taking charge of operational risk management in their own units, these units are also required to provide other units with professional advice/training in respect of certain operational risk categories and to lead the Group-wide operational risk management. Audit Department is the third line of defence which provides independent assessment to the effectiveness and adequacy of the operational risk management framework and is required to conduct periodic audit of the operational risk management activities of various departments or specialist functional units within the Group regarding their compliance and effectiveness and to put forward recommendations for remedial actions.

The Group adheres to the fundamental principle of proper segregation of duties and authorisation. The Group adopts various operational risk management tools or methodologies such as key risk indicators, self-assessment, operational risk events reporting and review to identify, assess, monitor and control the risks inherent in business activities and products, as well as purchase of insurance to mitigate unforeseeable operational risks.

Business continuity plans are established to support business operations in the event of an emergency or disaster. Adequate backup facilities are maintained and periodic drills are conducted.

Operational losses are one indicator of the effectiveness and robustness of the non-financial risk control environment. As of 31 December 2023, the net operational loss of the Group is approximately HK\$4,139,000. The operational risk loss event whose net loss equal to or more than HK\$1,000,000 falls within Basel Committee's event-type category "External fraud". The net operational loss that disclosed above does not cause a material impact on the Group's financial status.

未經審核之補充財務資料

Unaudited Supplementary Financial Information

3. 風險管理 (續)

風險管理架構 (續)

(vi) 信譽風險管理

信譽風險指因與本集團業務經營有關的負面報導(不論是否屬實)，可能引致客戶基礎縮小、成本高昂的訴訟或收入減少等風險。信譽風險隱藏於其他風險及各業務運作環節，涉及層面廣泛。

為減低信譽風險，本集團制訂並遵循信譽風險管理政策。此政策的目的是當信譽風險事件發生時本集團能夠盡早識別和積極防範。鑒於信譽風險往往是由各種可能令公眾對本集團信任受損的操作及策略失誤所引發，本集團建立關鍵控制自我評估機制，包括相關風險評估工具，以評估各主要風險可能對本集團造成的嚴重影響，包括對本集團信譽的損害程度。

此外，本集團建立完善機制持續監測金融界所發生的信譽風險事件，以有效管理、控制及減低信譽風險事件的潛在負面影響。集團亦借助健全有效機制及時向利益相關者披露訊息，由此建立公眾信心及樹立本集團良好公眾形象。

(vii) 法律及合規風險管理

法律風險指因任何不可執行合約、訴訟或不利判決而可能使本集團運作或財務狀況出現混亂或負面影響的風險。合規風險指因未有遵守任何適用法例及規則，而可能導致本集團須承受遭法律或監管機構制裁、引致財務損失或信譽損失的風險。法律及合規風險由操作風險及法規處管理。所有法律及合規事務均由操作風險及法規處處理。法律及合規風險管理政策是集團公司治理架構的組成部分，由董事會屬下的風險管理委員會審批。

(viii) 策略風險管理

策略風險指本集團在實施各項策略，包括宏觀戰略與政策，以及為執行戰略與政策而制訂各項具體的計劃、方案和制度時，由於在策略制訂、實施及調整過程中失當，從而使本集團的盈利、資本、信譽和市場地位受到影響的風險。董事會檢討和審批策略風險管理政策。重點戰略事項均得到高級管理人員與董事會的充分評估與適當的審批。

3. RISK MANAGEMENT (Cont'd)

Risk Management Structure (Cont'd)

(vi) Reputation risk management

Reputation risk is the risk that negative publicity about the Group's business practices, whether genuine or not, will cause a potential decline in the customer base, or lead to costly litigation or revenue decrease. Reputation risk is inherent in other types of risk and every aspect of business operation and covers a wide spectrum of issues.

In order to mitigate reputation risk, the Group has formulated and duly followed its Reputation Risk Management Policy. The policy aims to identify and prevent reputation risk proactively at an early stage when an incident occurs. Since reputation risk is often caused by various types of operational and strategic issues that negatively impact the trust and perception of the Group, all operational and key risks identified are assessed through the established Key Control Self-Assessment framework, including risk assessment tools, to evaluate the severity of their impact on the Group, including the damage to reputation.

In addition, the Group has put in place a comprehensive framework to continuously monitor reputation risk incidents in the financial industry. This continuous monitoring enables the Group to effectively manage, control and mitigate any potential adverse impact from an incident. The Group also adopts robust disclosure practices to keep our stakeholders informed at all times, which helps build confidence in the Group and establish a strong public image.

(vii) Legal and compliance risk management

Legal risk refers to the risk that if any unenforceable contracts, lawsuits or adverse judgments occur then it may disrupt or otherwise negatively affect the operations or financial conditions of the Group. Compliance risk refers to the risk of legal or regulatory sanctions, financial losses or losses in reputation the Group may suffer as a result of its failure to comply with any applicable laws and regulations. Legal and compliance risks are managed by the Operational Risk, Legal and Compliance Division. All legal and compliance matters are handled by the Operational Risk, Legal and Compliance Division. As part of the Group's corporate governance framework, the policy for the management of legal and compliance risk is approved by the Risk Management Committee as delegated by the Board.

(viii) Strategic risk management

Strategic risk generally refers to the risks that may cause negative impacts on the earnings, capital, reputation and market position of the Group due to the improper process of strategy formulation, implementation and adjustment when the Group implements various strategies, including macro strategies and policies, and formulates various specific plans, programs and systems for the implementation of strategies and policies. The Board reviews and approves the strategic risk management policy. Key strategic issues have to be fully evaluated and properly endorsed by the Senior Management and the Board.

未經審核之補充財務資料

Unaudited Supplementary Financial Information

3. 風險管理 (續)

風險管理架構 (續)

(ix) 科技風險管理

科技風險指由於「資訊科技」管控措施不當或不足而給本集團造成直接或間接損失的風險。「資訊科技」指自動化發出、處理、儲存及傳輸資訊的方法，包括記錄裝置、通訊網絡、電腦系統(包括硬件與軟件組件及數據)及其他電子裝置。科技風險由資訊及科技風險管理處負責處理。科技風險管理政策是集團公司治理架構的組成部分，由董事會屬下的風險管理委員會審批。

(x) 操守風險管理

操守風險指因員工違規、不當銷售金融產品、違背誠信原則或企業價值觀要求、未符守則等操守問題而引發客戶投訴或損失、監管機構對本集團所發出的警告或罰款的風險。操守風險由人力資源部負責監控，並按季度報備予董事會屬下的提名及薪酬委員會。

本集團會因應最新市場情況及發展，定期檢討業務策略。

(xi) 氣候風險

氣候風險是指氣候變化帶來的風險，大致分為實體風險和轉型風險。實體風險是指氣候和天氣相關事件的影響和氣候的長期漸進變化，而轉型風險是指與低碳經濟調整過程相關的金融風險，例如氣候政策的改變、技術的改變或市場情緒的改變。

氣候風險可能會影響多種潛在風險的敞口，例如可能導致業務中斷，影響借款人的還款能力，從而增加認可機構的信貸風險、市場和消費者對氣候友善或環保產品、服務和商業行為的情緒變化，而面臨更高的聲譽風險。

氣候風險由操作風險及法規處管理。本集團亦根據不同層面的風險承擔者進行劃分，包括董事會及其屬下委員會、高級管理層和各單位。

本集團會因應最新監管要求及市場情況及發展，適時檢討氣候風險管理策略。

3. RISK MANAGEMENT (Cont'd)

Risk Management Structure (Cont'd)

(ix) Technology risk management

Technology risk refers to the risk of direct or indirect losses to the Group caused by improper or inaccurate controls over Information Technology (IT), which encompasses automated means of originating, processing, storing and transferring information, and covers recording devices, communication networks, computer systems (including hardware and software components and data) and other electronic devices. Information technology risks are managed by the Information and Technology Risk Management Division. As part of the Group's corporate governance framework, the policy of technology risk management is approved by the Risk Management Committee as delegated by the Board.

(x) Conduct risk management

Conduct risk refers to the risk of customer complaints or losses, warnings or penalty issued by regulatory bodies to the Group caused by staff non-compliance, improper selling of financial products, violation of integrity principles or corporate values, violation of code and other conduct issues. Conduct risk is managed by Human Resources Department and quarterly reported to the Nomination and Remuneration Committee as delegated by the Board.

The Group regularly reviews its business strategies to cope with the latest market situation and developments.

(xi) Climate risk

Climate risk refers to the risk posed by climate change and is broadly classified into physical risk and transition risk. Physical risk refers to the impacts of climate and weather-related events and long-term progressive shifts of climate, while transition risk refers to the financial risk related to the process of adjustment towards a lower-carbon economy which can be prompted by, for example, changes in climate policy, technological changes or a change in market sentiment.

Climate risk may affect the exposures to multiple inherent risks. For instance, climate risk drivers may lead to business disruption affecting the repayment ability of borrowers, thereby increasing the exposure to credit risk; a heightened reputation risk with changing market and consumer sentiment towards more climate or environmentally-friendly products, services and business practices.

Climate risks are managed by the Operational Risk, Legal and Compliance Division. Various groups of risk takers also assume their respective responsibilities for risk management, including The Board and its committees, Senior management and all related units

The Group reviews its climate risk management strategies to cope with the latest regulatory requirement and markets situation as well as developments in a timely manner.

未經審核之補充財務資料

Unaudited Supplementary Financial Information

4. 業務回顧

2023年，宏觀環境持續嚴峻，銀行業競爭日趨激烈。全球地緣衝突加劇能源價格波動，主要經濟體利率維持高位以遏制高通脹；融資成本高企抑制信貸規模增長，銀行業資產質素承壓。中國內地經濟溫和復蘇，上年第三季度以來房地產支持政策密集出台，但效果仍待顯現，行業仍然偏弱，疊加地方政府仍有一定程度化債壓力，抑制投資增長，消費復蘇則更具韌性。香港地區受益於年初與中國內地全面通關，經貿交流限制解除，訪港旅遊業和私人消費支持經濟恢復增長，但外圍環境壓制投資及出口表現。

本集團克服經營環境帶來的各項挑戰，堅定不移推進高質量發展和戰略規劃落地，取得多項突破：經營收入增長明顯，業務結構持續優化，系統建設有序推進，細分領域經營特色初步形成，市場口碑逐步建立，獲國際權威媒體《亞洲貨幣》頒發「2023年大灣區最具成長力銀行」獎項。

4. BUSINESS REVIEW

In 2023, the macroenvironment continued to be severe and the competition in the banking industry became increasingly intense. More intensive energy volatility due to geopolitical conflicts, interest rates remaining high in major economies to curb high inflation, the inhibited growth of credits against the drop of high financing cost, which all pressured on the quality of the banking sector's assets. Mainland China economy has experienced a moderate recovery. The real estate industry's performance remained sluggish despite supportive policies introduced since the third quarter last year. Economic growth was mild along the process of local government reducing leverage level, investment was somewhat conservative, while consumption was relatively resilient. Regarding Hong Kong market, economy growth came back to positive, mainly benefited from the border between the mainland and Hong Kong reopened from the beginning of 2023, which allowed cross-border trade and travel come back to normal, bringing a wave of tourists and private consumption. Meanwhile investment and export performance still lacked of momentum given uncertainties of external economic environment.

Amid economic headwind and increasingly intensive competition within banking industry, the Group continued to pursue high-quality development and strategic transformation. As a result, a number of breakthroughs have been achieved: operating revenue grew significantly, business structure has been further optimised, IT infrastructure construction was conducting prudently, competitive advantages have been established in certain business segmentations, building up solid market reputation. The Group was awarded "Rising Star in the Greater Bay Area in 2023" by Asiamoney, the influential international media.

未經審核之補充財務資料

Unaudited Supplementary Financial Information

4. 業務回顧 (續)

財務摘要

截至2023年12月底，本集團總資產為港幣5,551.49億元，按年上升2.49%；客戶存款為港幣3,943.90億元，按年上升7.92%；克服有效信貸需求萎縮的挑戰，客戶貸款為港幣2,983.06億元，按年上升1.55%。年內，本集團積極化解存量風險，資產質素整體穩健。截至2023年12月底，本集團特定分類或減值貸款比率為2.32%，按年有所上升，整體趨勢與香港銀行業相若。

本集團全年經營溢利為港幣37.11億元。年內，本集團強化資產負債結構管理，積極把握市場利率上升機遇，淨利息收入為港幣80.02億元，按年上升11.57%；非利息收入為港幣25.12億元，按年上升1.38%。受IT新系統建設、營運外包回收等基礎設施建設投資影響，以及內房風險引致的撥備大幅增加，稅後盈利按年下跌11.92%至港幣34.42億元。平均總資本回報率為5.14%，平均總資產回報率為0.63%。

4. BUSINESS REVIEW (Cont'd)

Financial Review

As at the end of December 2023, total assets of the Group amounted to HK\$555,149 million, increased by 2.49% year-on-year; deposits from customers achieved HK\$394,390 million, increased by 7.92% year-on-year; and gross advances to customers recorded HK\$298,306 million, rose 1.55% year-on-year, by overcoming the challenge brought by the plunge in effective demand for domestic credits. During the year, the Group proactively resolved the historical risks and consolidated its asset quality. As at the end of December 2023, classified or impaired loan ratio of the Group rose to 2.32%, the trend was similar to the Hong Kong banking industry.

The Group reported operating profit of HK\$3,711 million for 2023. During the year, the Group mainly attributable to the strengthened asset and liability structure management and the proactively seized opportunities from rising market interest rate, net interest income amounted to HK\$8,002 million, increased by 11.57% year-on-year, and non-interest income amounted to HK\$2,512 million, increased by 1.38% year-on-year. Negatively impacted by factors, such as infrastructure investments regarding new IT system project and operational outsourcing services, as well as a significant increase in impairment allowances of loans to the real estate industry in the mainland, profit after tax dropped by 11.92% year-on-year to HK\$3,442 million. The return on average total equity and the return on average total assets was 5.14% and 0.63% respectively.

未經審核之補充財務資料

Unaudited Supplementary Financial Information

4. 業務回顧 (續)

業務回顧

個人銀行業務

截至2023年12月底，個人銀行業務提取減值準備前之淨經營收入為港幣24.55億元，按年上升39.66%。本集團堅持差異化定位，圍繞客戶、產品、渠道打造特色化競爭優勢，穩步由產品銷售向財富顧問轉型。年內，本集團積極把握市場機遇，深挖跨境優勢，推動跨境客戶數量快速增長，人壽保險業務表現突出；積極拓展超高淨值客戶，私人銀行實現試營業。在產品開發方面，本集團聚焦客戶需求，解決客戶痛點，創新推出「大灣區購房直匯通」，進一步豐富特色產品體系；延伸服務場景，建立NCB Life非金融服務平台，滿足客戶跨境醫療、購物、通訊、出行等多元化需求。深化線上線下渠道融合，啟用香港西九龍高鐵站跨境理財中心；拓展跨境理財通合作夥伴，成為本地具有最多合作夥伴的銀行之一；南商e+ App功能持續迭代升級，客戶體驗、電子渠道交易滲透率進一步提升，榮獲《香港01》頒發的「傑出手機銀行應用程式」獎項。

4. BUSINESS REVIEW (Cont'd)

Business Review

Personal banking

As at the end of December 2023, net operating income before impairment allowances in Personal Banking amounted to HK\$2,455 million, increased by 39.66% year-on-year. The Group adhered to its differentiated positioning and forged its distinctive advantages on customers, products and channels, with steadily facilitating the transformation from a product sales-oriented business to a wealth consultancy services-oriented business. During the year, the Group recorded rapid growth in the number of cross-border customers, and achieved outstanding performance in the life insurance business, via actively seizing market opportunities and fully exerting advantages on cross-border business. The Group soft launched its private banking to actively expanded the base of ultra-high-net-worth customers. In terms of product development, the Group continuously enriched its specialty product portfolio with focusing on customers' needs and resolving customers' pain points, and launched the "Greater Bay Area Property Purchase Direct Remittance Service". The Group extended its service scene to non-financial sectors and established the non-financial service platform NCB Life to meet customers' diversified needs in cross-boundary healthcare, shopping, communications and transport. The Group deepened the integration of its online and offline channels and activated the cross-border wealth management centre at the Hong Kong West Kowloon High Speed Rail Station. The Group expanded its partnership networks under the Cross-Boundary Wealth Management Connect Scheme and became one of the banks owning a leading number of such partners in Hong Kong. It continued to iterate and upgrade the NCB e+ Mobile App, to enhance customer experience and promote e-channel transactions, which was awarded the "Outstanding Mobile Banking App" organised by "HK01".

未經審核之補充財務資料

Unaudited Supplementary Financial Information

4. 業務回顧 (續)

業務回顧 (續)

企業銀行業務

截至2023年12月底，公司貸款為港幣2,474.39億元，按年上升4.11%。企業銀行淨利息收入為港幣33.27億元，提取減值準備前之淨經營收入為港幣46.26億元，按年下降7.77%。年內，本集團加大目標客群拓展力度，優化客戶結構和收入結構，目標客群貸款餘額佔比、營收佔比進一步上升。圍繞客戶需求，本集團完善特色產品服務體系，金融管家綜合服務能力不斷提升。面對本地有效信貸需求萎縮的挑戰，積極把握人民幣業務機遇，對公人民幣貸款餘額大幅增長。加速發力綠色金融，綠色貸款餘額同比大幅度增長。持續拓展「投行+商行」生態圈，升級合作場景，優質商機引流效果顯著，投商行業務專業能力不斷提升，形成具有南商特色的「投行+商行」業務模式，蟬聯《資本雜誌》頒發的「資本卓越投商行服務大獎」獎項。

4. BUSINESS REVIEW (Cont'd)

Business Review (Cont'd)

Corporate banking

As at the end of December 2023, corporate loans and advances amounted to HK\$247,439 million, increased by 4.11% year-on-year. Net interest income in Corporate Banking was HK\$3,327 million, and net operating income before impairment allowances in Corporate Banking amounted to HK\$4,626 million, decreased by 7.77% year-on-year. During the year, the Group stepped up its efforts to expand its target corporate customer base and optimised its corporate customer structure and revenue structure, resulting in increasingly larger share of the balance of loans to and the revenue from the target corporate customers. Orienting to customers' needs, the Group continued to reinforce its position as a customers' financial stewardship with refining its characteristic product and service system. Faced with the challenge of shrinking effective demand for domestic credits, the Group proactively seized opportunities from RMB business and achieved a significant increase in the balance of RMB loans to corporate customers. It accelerated the development of green finance, with a considerate rise in the balance of green loans. The Group continued to expand the "investment bank + commercial bank" ecosystem and upgrade the cooperation scenarios, which achieved remarkable results in attracting high-quality business opportunities, and formed the "investment bank + commercial bank" business model with the characteristics of NCB, which was awarded "Best Investment and Commercial Banking Services" organised by "CAPITAL Magazine" for the second consecutive year.

未經審核之補充財務資料

Unaudited Supplementary Financial Information

4. 業務回顧 (續)

業務回顧 (續)

財資業務

截至2023年12月底，財資業務提取減值準備前之淨經營收入為港幣34.37億元，按年上升25.79%。堅持貫徹「人民幣第一」策略，積極主動應對市場變化，聚焦產品和業務創新，打造具有市場競爭力的跨境人民幣產品組合，全面滿足客戶利率管理、匯率管理的個性化、差異化需求，推動本集團財資業務在極具挑戰性的市場環境中創造佳績，人民幣兌換交易量、兌換收益均實現大幅增長，帶動外匯交易量創歷史新高，業績表現領跑市場，榮獲《頭條日報》頒發的「No.1 跨境銀行人民幣理財服務」、《星島日報》頒發的「人民幣金融服務大獎」等獎項。

年內，債務資本市場業務逆市增長，並取得多項突破：首次取得明珠債（自貿區債券市場）及蓮花債（澳門特別行政區債券市場）承銷資格，首次參與境外人民幣國債和境外歐元綠色債券發行，在國家財政部於澳門發行的50億元人民幣國債項目中擔任聯席牽頭行及聯席簿記行，榮獲《亞洲銀行及財金》「香港地區年度債券交易獎」、「香港地區年度離岸分銷創新獎」等獎項。

4. BUSINESS REVIEW (Cont'd)

Business Review (Cont'd)

Treasury

As at the end of December 2023, net operating income by Treasury before impairment allowances amounted to HK\$3,437 million, increased by 25.79% year-on-year. The Group adhered to its “RMB First” strategy and proactively responded to market changes, with focusing on product and business innovations and thereby building a competitive cross-border RMB product portfolio to fully satisfy the customers’ individualised and differentiated needs in interest rate and exchange rate management. These factors drove the Group’s treasury business to achieve excellent results in the challenging market environment. Both the volume and the related exchange gains of RMB exchange transactions grew substantially and outperformed the market average, which contributed to the new high of the volume of foreign exchange transactions. The Group’s RMB business was awarded “No.1 Cross Border Banking RMB Services” organized by “Headline Daily” and “RMB Financial Services Award” organized by “Sing Tao Daily”.

During the year, the Group’s debt capital market business grew against the market trend and achieved a number of breakthroughs: obtaining the qualification as underwriter in the issuance of “Pearl Bonds” (Free Trade Zone bond market) and “Lotus Bonds” (Macao bond market) for the first time, participating in the issuance of offshore Euro Green Bonds for the first time, and acting as one of the joint managers and joint bookrunners for the 5 billion RMB sovereign bonds issued by the Ministry of Finance of the People’s Republic of China in Macao. The Group’s treasury business was awarded “Debt Deal of the Year 2023 – Hong Kong” and “Offshore Distribution Initiative of the Year 2023 – Hong Kong” organized by “Asian Banking & Finance”.

未經審核之補充財務資料

Unaudited Supplementary Financial Information

4. 業務回顧 (續)

業務回顧 (續)

內地業務

面對全球經濟增速放緩，中國內地經濟處於「弱復甦」階段，以及內地房地產行業風險仍未出清等諸多不利因素，內地銀行業整體面臨淨息差收窄、盈利能力下滑、同業競爭更加激烈等挑戰。本集團積極融入國家戰略，緊盯高質量發展目標，堅定推進戰略轉型，在轉型中求發展。年內，業務結構不斷優化，綠色信貸、戰略性新興行業佔比不斷提升，普惠小微客戶數量和貸款餘額實現雙增，重點風險項目化解取得進展，金融科技賦能業務發展的質量和效率大幅提升。同時，本集團進一步完善內地重點區域網點佈局，在2022年開設重慶分行基礎上，2023年增開南京分行，不斷增強重點區域金融服務能力及與信達集團的協同對客服務能力。

4. BUSINESS REVIEW (Cont'd)

Business Review (Cont'd)

Mainland business

In the face of a number of unfavorable factors such as the slowdown in global economic growth, more moderate than it expected economic recovery in the mainland and the continuous risk exposures to the real estate industry, the banking industry in the mainland as a whole struggled with challenges such as narrower of net interest margins, declining profitability and intensified peers' competition. The Group proactively aligned with the country's national strategies and priorities, and resolutely pushed forward the strategic transformation to serve the goal of high-quality development. During the year, the business structure continued to be optimised with increasingly larger share of green loans and the loans to strategic emerging industries. In addition, the number of small and micro-sized enterprises the Group severing and the balance of inclusive loans to such enterprises both achieved increase. Progress was made in the resolution of major risks, and the quality and efficiency of fintech empowering the business development was significantly improved. Meanwhile, the Group further expanded its branch network in key regions in the mainland by opening a branch in Chongqing in 2022 and a branch in Nanjing in 2023, to keep enhancing its financial services capability in such key regions and its ability to provide synergistic customer services with Cinda Group.

未經審核之補充財務資料

Unaudited Supplementary Financial Information

4. 業務回顧 (續)

業務回顧 (續)

風險管理

本集團秉持審慎經營的風險理念，持續完善風險管理架構，全面落實監管要求，發揮「三道防線」在風險管理和防範方面的作用。動態評估內外部環境變化和影響，及時調整優化風險管理政策、制度和流程。本集團優化授信審批，嚴格落實客戶及項目准入要求。加強貸後監管，完成多項風險項目排查工作，不斷夯實資產質量。加大金融科技在風險管理中的運用，強化風險早期識別、糾正機制，提升風險管理能力和效率。強化全體員工風險意識，嚴守風險底綫，培育風險合規文化。

年內，本集團加大存量歷史風險化解力度，積極探索化解渠道和途徑，主動壓降高風險資產，進一步築牢高質量發展基礎。

4. BUSINESS REVIEW (Cont'd)

Business Review (Cont'd)

Risk management

The Group adhered to the prudent operation and risk management philosophy, and continuously improved its risk management framework, with fully implementing regulatory requirements and utilizing the “three lines of defence” in risk management and prevention mechanism. The Group dynamically assessed the changes and their impacts occurring in the internal and external environments, and responded by timely adjusting and optimising its risk management policies, systems and procedures. The Group has optimised the credit approval and strictly applied the eligibility criteria of customers and projects. The Group has also enhanced its post-loan monitoring and practiced a series of risky projects screening exercises to continuously strengthen the quality of its assets. The Group has increased the application of fintech in risk management to promote the effectiveness and efficiency of risk management, which strengthened the mechanism of identifying and mitigating risks at an early stage. The Group has also reinforced the risk awareness of all employees, strictly adhered to the bottom-line mindset in risk management and cultivated a strong compliance culture.

During the year, the Group stepped up efforts to address its historical risks, with actively exploring resolution channels and solutions, and continued to proactively suppress high-risk assets to further strengthen the foundation for high-quality development.

未經審核之補充財務資料

Unaudited Supplementary Financial Information

4. 業務回顧 (續)

業務回顧 (續)

前景展望

展望2024年，海外通脹延續回落趨勢，市場預期美國聯儲局的緊縮貨幣政策將轉向寬鬆，預計年內將進入降息週期，但降息幅度和節奏尚不明確。受地緣政治、利率環境、全球需求等因素影響，全球範圍經濟增速或將下降。中國內地經濟增長方面，在積極的財政政策和穩健的貨幣政策作用下，經濟發展有望保持一定增長速度，但經濟復蘇的基礎仍待進一步穩固。其中，在財政發力的情況下，投資將主要由政府基建帶動，房地產行業有望企穩，消費或將呈現溫和復蘇態勢。

面對複雜多變的市場環境和激烈的行業競爭，本集團將保持戰略定力，堅持高質量發展理念，走內涵式發展道路；進一步融入國家戰略，推動戰略轉型實現提質增效；深化一體化經營管理，強化全面風險管理，高質量完成IT新系統建設，打造具備核心競爭力、特色化專業銀行。

4. BUSINESS REVIEW (Cont'd)

Business Review (Cont'd)

Outlook

Looking forward to 2024, with overseas inflation continuing its downward trend, the market expects the U.S. Federal Reserve to end its tightening monetary and initiate a new cycle of interest rate cuts during the year. However, the magnitude and pace of the interest rate cuts are not yet clear. Impacted by factors such as geopolitics, interest rates condition, global demand; global economic growth may slow down. In the mainland, proactive fiscal policies and prudent monetary policies will provide strong support to stabilise the economic growth at a reasonable rate, while the foundation for economic recovery still needs to be further fostered. In particular, with the positive effects of the fiscal measures, investment is projected to be mainly driven by government infrastructure, the prospects of the real estate industry are expected to be stable, and consumption is estimated to show a moderate recovery.

In the face of the complex and volatile business environment and fierce competition in the industry, the Group will insist its established strategic plan, adhere to the goal of high-quality development and take the path of internal development. The Group will further embrace the national strategies and promote strategic transformation to achieve quality and efficiency. The Group will also deepen integrated operation and management, strengthen comprehensive risk management, and complete the construction of the new IT system project in a high quality, to build a specialty bank with core competitiveness and characteristic advantages.