

China Merchants Bank Co., Ltd. - Hong Kong Branch

(Incorporated in China with Limited Liability)
 INTERIM FINANCIAL DISCLOSURE STATEMENT
 As at 30 June 2021

SECTION A - HONG KONG BRANCH INFORMATION

I. Profit and Loss Information

	30 Jun 2021	30 Jun 2020
	<i>HKD '000</i>	<i>HKD '000</i>
Interest income	980,941	1,995,592
Interest expense	-479,018	-1,100,412
Other operating Income		
- Gains less losses arising from trading in foreign currencies	50,762	33,461
- Gains less losses arising from non-trading activities in foreign currencies	12,286	8,582
- Gains less losses on securities held for trading purposes	1,676	3,047
- Gains less losses from other trading activities	-65,091	172,860
- Fees and commission income	294,479	351,664
- Commission expenses	-30,042	-24,468
- Other operating income	121,229	-86,504
Staff expenses	-139,455	-141,508
Other operating expenses	-93,112	-92,898
Impairment losses and provisions for impaired loans and receivables	-62,488	-151,733
Gains less losses from the disposal of property, plant and equipment and investment properties	0	0
Profit before taxation	592,167	967,683
Taxation	-97,500	-183,657
Profit after taxation	494,667	784,026

II. Balance Sheet Information

	30 Jun 2021	31 Dec 2020
	<i>HKD '000</i>	<i>HKD '000</i>
Assets		
(i) Cash and balances with banks	20,834,154	23,708,463
(ii) Placements with banks which have a residual contractual maturity of more than one month but not more than 12 months	3,535,793	3,217,759
(iii) Amount due from overseas offices of CMB	39,091,374	51,891,848
(iv) Trade bills	0	0
(v) Certificates of deposit held	2,850,318	4,783,993
(vi) Held-to-maturity investments	155,094	154,784
(vii) Securities measured at fair value through profit or loss which is designated upon initial recognition	271,999	630,055
(viii) Loans and receivables		
(A) Loans and advances to customers	58,130,349	65,800,390
(B) Loans and advances to banks	0	0
(C) Other accounts	2,251,023	2,042,167
(D) Provisions for impaired loans and receivables	-461,692	-408,402
(ix) Investment securities	26,368,113	20,800,343
(x) Other investments	0	0
(xi) Property, plant and equipment and investment property	81,203	91,631
(xii) Fair value of derivatives	224,967	315,280
(xiii) Other assets	499,151	329,076
(xiv) Total assets	153,831,846	173,357,387
Liabilities		
(i) Deposits and balances from banks	793,814	2,916,131
(ii) Demand deposits and current accounts	72,569,309	67,202,766
(iii) Savings accounts	922,944	742,492
(iv) Time, call and notice deposits	35,977,575	35,460,893
(v) Amount due to overseas offices of CMB	25,798,502	41,668,193
(vi) Certificates of deposit issued	2,032,485	4,381,444
(vii) Debt securities issued	12,426,456	16,282,634
(viii) Other liabilities	2,999,667	4,560,646
(ix) Provision for profits tax	311,094	142,188
(x) Total liabilities	153,831,846	173,357,387

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III. Additional Balance Sheet Information

	30 Jun 2021 HKD '000	31 Dec 2020 HKD '000
(i) Loans and receivables		
Loans and advances to customers	58,130,349	65,800,390
Loans and advances to banks	0	0
Other accounts		
- Accrued interest	429,784	372,464
- Other receivables	1,821,240	1,669,703
Provisions for impaired loans and receivables to customers		
- Collectively assessed	-304,405	-117,639
- Individually assessed	-48,450	-52,857
Provisions for impaired loans and receivables to banks		
- Collectively assessed	0	0
- Individually assessed	0	0

No impairment allowance made on other accounts.

	30 Jun 2021	31 Dec 2020
	HKD '000	HKD '000
	% to Total Advances to customers	% to Total Advances to customers
(ii) Impaired/Non-performing Loans and Advances to Customers		
Gross impaired/non-performing loans and advances to customers	283,801	289,923
Impairment allowances - individually assessed/specific provision	48,450	52,857
Market value of collateral in respect of impaired loans and advances	220,570	217,233

The impaired loans and advances to customers are individually determined to be impaired.
 There is no loans and advances to banks as at 30 June 2021 and 31 December 2020.

No provision for loans and advances or other exposures of China Merchants Bank, Hong Kong Branch is maintained at China Merchants Bank, Head Office.

(iii) Analysis of Loans and Advances to Customers in Industry Categories

Gross amount of loans and advances for use in Hong Kong SAR

	30 Jun 2021 HKD '000		31 Dec 2020 HKD '000	
	Gross loans	Collateral	Gross loans	Collateral
Industrial, commercial and financial				
- Property development	8,048,713	0	8,048,960	0
- Property investment	206,111	153,777	180,907	0
- Civil engineering works	842,444	0	784,973	0
- Hotels, boarding houses & catering	5,736,575	0	14,731,907	0
- Financial concerns	5,918,810	0	4,385,837	0
- Stock Brokers	0	0	0	0
- Non-stockbroking companies & individuals for the purchase of shares	0	0	0	0
- Wholesale and retail trade	1,447,315	0	1,148,897	0
- Manufacturing	7,116,519	1,303,000	5,862,981	0
- Transport and transport equipment	4,616,034	116,667	2,946,420	116,667
- Electricity and gas	155,331	0	436,500	436,500
- Recreational Activities	0	0	0	0
- Information Technology	1,553,307	0	0	0
- Others	2,164,842	0	2,328,807	0
Individuals				
- Others	2,126,340	0	2,101,324	0
Trade finance	0	0	5,530	0
Loans for use outside Hong Kong SAR	18,198,008	287,260	22,837,347	818,364
Total customer advances	58,130,349	1,860,704	65,800,390	1,371,531

Collateral includes deposits, shares, mortgages over properties and charges over fixed and movable assets.
 Where collateral values are greater than the gross loan amount, only the amount of collateral up to the gross loan is included.

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(iv) International Claims by Countries or Geographical Segments

Breakdown of the international claims by countries where it constitutes 10% or more of the total international claims after taking into consideration of transfer of risks, according to the location of the counterparties and the type of counterparties.

	30 Jun 2021					
	HKD Million					
	Banks	Non-Bank		Others	Total	
Official Sectors		Financial Institutions	Non-financial Private Sector			
<i>Offshore Centres</i>						
Hong Kong	32,266	0	389	25,166	0	57,821
<i>Developing Asia and Pacific</i>						
China	48,806	217	0	28,633	0	77,656

	31 Dec 2020					
	HKD Million					
	Banks	Non-Bank		Others	Total	
Official Sectors		Financial Institutions	Non-financial Private Sector			
<i>Offshore Centres</i>						
Hong Kong	25,711	7,948	18,310	14,995	0	66,964
<i>Developing Asia and Pacific</i>						
China	48,815	334	6,311	23,398	0	78,858

(v) Gross Loans and Advances to Customers by Countries or Geographical Segments

The analysis of loans and advances to customers by major countries or geographical segments in accordance with the location of the counterparties, to which not less than 10% of total loans and advances to customers are attributable after taking into account any recognized risk transfer is as follows:

	30 Jun 2021	31 Dec 2020
	HKD Million	
Gross amount of loans and advances to customers		
- China	28,629	47,144
- Hong Kong	25,031	18,104
Total	53,660	65,248
Overdue loans and impaired loans and advances which are individually determined to be impaired		
- China	221	218
- Hong Kong	63	73
Total	284	291

(vi) Foreign Currency Exposures

The foreign currency exposures, of which the net positions (in absolute terms) constitute not less than 10% of the total net position in all foreign currencies, are shown as follows:

	30 Jun 2021			31 Dec 2020		
	HKD Million			HKD Million		
	USD	CNY	Total	USD	CNY	Total
Spot assets	81,385	22,215	103,600	100,150	10,868	111,018
Spot liabilities	95,363	22,360	117,723	116,913	13,903	130,816
Forward purchases	107,048	95,311	202,359	78,646	62,842	141,488
Forward sales	92,803	95,131	187,934	60,796	60,590	121,386
Net option position	0	0	0	157	-157	0
Net long/(short) position	267	35	302	1,244	-940	304
Net structural position	0	0	0	0	0	0

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(vii) Analysis of Gross Amount of Overdue or Rescheduled Loans and Advances to Customers

	30 Jun 2021		31 Dec 2020	
	HKD '000	% to Total Advances to customers	HKD '000	% to Total Advances to customers
Overdue loans and advances to customers				
- More than 1 month but not more than 3 months	0	0.00%	0	0.00%
- More than 3 months but not more than 6 months	0	0.00%	0	0.00%
- More than 6 months but not more than one year	0	0.00%	0	0.00%
- More than one year	220,570	0.38%	217,233	0.33%
Rescheduled loans and advances to customers (excluding those which have been overdue for more than 3 months)	63,231		72,690	
Gross overdue and rescheduled loans and advances to customers	283,801		289,923	
Current market value of collateral held against the covered portion of overdue loans and advances	0		0	
Covered portion of overdue loans and advances	220,570		217,233	
Uncovered portion of overdue loans and advances	0		0	
Impairment allowances made on overdue loans and advances	22,089		18,770	

Except the above-mentioned, no other asset is overdue or rescheduled.

(viii) Repossessed Assets

The Bank did not have any repossessed assets as at 30 June 2021 and 31 December 2020.

(ix) Non-bank Mainland Exposures

Non-bank counterparties are identified in accordance with the method set out in the return of "Quarterly Analysis of Loans & Advances and Provisions" issued by the HKMA.

	30 Jun 2021			31 Dec 2020		
	<i>HKD Million</i>			<i>HKD Million</i>		
	On-balance sheet exposure	Off-balance sheet exposure	Total	On-balance sheet exposure	Off-balance sheet exposure	Total
- Central government, central government-owned entities and their subsidiaries and JVs	9,860	0	9,860	20,961	0	20,961
- Local governments, local government-owned entities and their subsidiaries and JVs	14,092	0	14,092	12,398	2	12,400
- PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	25,284	260	25,544	23,277	257	23,534
- Other entities of central government not reported in the 1st item above	469	0	469	752	0	752
- Other entities of local government not reported in the 2nd item above	0	0	0	0	0	0
- PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	768	1,199	1,967	1,333	1,227	2,560
- Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	5,421	162	5,583	5,851	119	5,970
Total	55,894	1,621	57,515	64,572	1,605	66,177
Total assets after provisions	153,832			173,357		
On-balance sheet exposures as % of total assets	36.33%			37.25%		

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IV. Off Balance Sheet Exposures

	30 Jun 2021 <i>HKD '000</i>	31 Dec 2020 <i>HKD '000</i>
(i) Contractual Amount of Contingent Liabilities and Commitments		
- Direct credit substitutes	1,494,957	1,520,744
- Transaction related contingencies	0	0
- Trade related contingencies	161,890	121,131
- Note issuance and revolving underwriting facilities	0	0
- Other commitments	1,182,020	1,054,897
- Others	0	0
(ii) Contractual Amount of Derivatives		
- Exchange rate-related derivative contracts	204,341,088	147,542,399
- Interest rate derivative contracts	8,418,033	9,358,853
- Others	0	0
(iii) Fair Value of Derivatives		
- Exchange rate-related derivative contracts	3,510,339	3,082,100
- Interest rate derivative contracts	215,436	304,610
- Others	0	0

The amount of exchange rate-related derivative contracts does not include any forward foreign exchange contracts arising from swap deposit arrangements.

Fair value represents the cost of replacing all contracts which have a positive value when marked to market. The fair values of derivatives do not take into account the effects of bilateral netting arrangements.

V. Liquidity Information Disclosure

(i) Liquidity Ratios

The Branch complies with the minimum requirement of Liquidity Maintenance Ratio ("LMR") and Core Funding Ratio ("CFR") in accordance with the Banking (Liquidity) Rules issued by the Hong Kong Monetary Authority ("HKMA").

	Quarter ended 30 Jun 2021	Quarter ended 30 Jun 2020
Average LMR (%)	56.12%	42.87%
	Quarter ended 30 Jun 2021	Quarter ended 30 Jun 2020
Average CFR (%)	321.42%	232.83%

The average LMR and CFR are calculated as the simple average of each month's average corresponding ratio.

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SECTION B - CHINA MERCHANTS BANK CO., LTD. INFORMATION

I. Consolidated Capital Adequacy Ratio and Shareholders Funds

	<u>30 Jun 2021</u>	<u>31 Dec 2020</u>
	<i>RMB Million</i>	<i>RMB Million</i>
Capital adequacy ratio	13.38%	13.79%
Aggregate amount of shareholders funds	754,875	723,750

The capital adequacy ratio is prepared in accordance with the guideline "Measures for the Management of Capital of Commercial Banks (Trial Version)" issued by the China Banking Regulatory Commission in 2012 and other relevant requirements.

II. Other Consolidated Financial Information

	<u>30 Jun 2021</u>	<u>31 Dec 2020</u>
	<i>RMB Million</i>	<i>RMB Million</i>
- Total assets	8,885,886	8,361,448
- Total liabilities	8,124,318	7,631,094
- Total advances	5,382,998	5,029,128
- Total customer deposits	5,980,165	5,628,336

	<u>30 Jun 2021</u>	<u>30 Jun 2020</u>
	<i>RMB Million</i>	<i>RMB Million</i>
- Pre-tax profit	76,323	62,838

1 RMB = 1.201728 HKD at 30/06/2021

1 RMB = 1.185312 HKD at 31/12/2020

1 RMB = 1.095574 HKD at 30/06/2020

Statement of Compliance

This 2021 Interim Financial Disclosure Statement contains all disclosures required by the Banking (Disclosure) Rules and Supervisory Policy Manual:

- Guideline on the Application of the Banking (Disclosure) Rules issued by the HKMA.

The information contained in the disclosure statement is not false or misleading in any respect, and that the operations of the Branch are clearly explained.

The information is also available at China Merchants Bank Company Limited Hong Kong Branch and the Public Registry of the Hong Kong Monetary Authority.



Chen Jianghe, River
Chief Executive