

## **China Development Bank– Hong Kong Branch**

### **2021 Interim Results Disclosure Statement**

This is the Interim Results Disclosure Statement issued by the Bank for the period ended 30 June 2021. The information stated is not audited. It contains all the disclosures required by the Banking (Disclosure) Rules and the Supervisory Policy Manual:- Guideline on the Application of the Banking (Disclosure) Rules issued by the Hong Kong Monetary Authority. This statement is readily accessible at our office located at 32/F, One International Finance Centre, No. 1 Harbour View Street, Central, Hong Kong and our Head Office website ([www.cdb.com.cn/xwzx/xxgg/qtgg/](http://www.cdb.com.cn/xwzx/xxgg/qtgg/)).

**China Development Bank - Hong Kong Branch**  
**Interim Report for the period ended 30 June 2021**

Amount expressed in thousand HKD, unless otherwise stated

**I. Income Statement**

	For period 1 January 2021 - 30 June 2021	For period 1 January 2020 - 30 June 2020
Interest income	1,981,439	5,215,350
Interest expense	(1,330,207)	(4,000,520)
Other operating income		
- Gains less losses arising from trading in foreign currencies	35,695	(30,045)
- Gains less losses on securities measured at fair value through profit or loss	-	-
- Net fees and commission income	32,060	42,126
- <i>Fees and commission income</i>	36,894	51,407
- <i>Fees and commission expenses</i>	(4,834)	(9,281)
- Others	(107,963)	197,907
Total operating income	<u>611,024</u>	<u>1,424,818</u>
Operating expenses		
- Rental expenses	(38,549)	(38,079)
- Staff expenses	(71,349)	(69,300)
- Net reversal /(charge) for impairment allowances	719,649	(253,199)
- Other operating expenses	(21,242)	(28,118)
Total operating expenses	<u>588,509</u>	<u>(388,696)</u>
Profit before taxation	1,199,533	1,036,122
Tax expense	-	(207,491)
Profit after taxation	<u>1,199,533</u>	<u>828,631</u>
Other comprehensive income		
- Debt instruments at fair value through other comprehensive income reserve	49,386	7,067
Total comprehensive income for the period	<u>1,248,919</u>	<u>835,698</u>

## China Development Bank - Hong Kong Branch

Amount expressed in thousand HKD, unless otherwise stated

### II. Balance Sheet

	As at 30 June 2021	As at 31 December 2020
<b>Assets</b>		
Cash and balances with banks	44,587,519	38,004,410
Placements with banks which have a residual contractual maturity of more than one month but not more than 12 months	6,335,724	20,127,752
Due from Exchange Fund	10,006,318	6,133,531
Amount due from overseas offices	38,161	38,571
Loans and receivables and other accounts	194,056,729	224,606,192
Derivative financial instruments	1,833,908	2,521,482
Certificates of deposit held	50,921,424	54,407,857
Investment securities	10,708,678	14,406,094
Property, plant and equipment and investment properties	344,961	377,205
Total assets	<u>318,833,422</u>	<u>360,623,094</u>
<b>Equity and liabilities</b>		
Deposits and balances from banks	55,691,231	35,423,562
Deposits from customers	32,195,714	32,779,358
- Demand deposits and current accounts	-	-
- Savings deposits	18,278,031	17,846,991
- Time, call and notice deposits	13,917,683	14,932,367
Amount due to overseas offices	21,794,630	41,080,702
Certificates of deposit issued	120,568,097	170,940,231
Issued debt securities	86,531,446	77,036,810
Derivative financial instruments	275,950	300,696
Other liabilities	440,946	477,009
Total liabilities	<u>317,498,014</u>	<u>358,038,368</u>
Reserves	1,335,408	2,584,726
Total Equity and Liabilities	<u>318,833,422</u>	<u>360,623,094</u>

Amount expressed in thousand HKD, unless otherwise stated

**III. Additional Balance Sheet Information**

	As at 30 June 2021	As at 31 December 2020
(i) Loans and receivables and other accounts		
- loans and advances to customers	179,790,354	210,377,642
- loans and advances to banks	24,815,123	26,898,262
- accrued interest and other accounts	1,900,213	456,700
Less: Impairment allowances		
- stage 1	(4,159,003)	(4,771,450)
- stage 2	(1,130,314)	(1,619,443)
- stage 3	(7,159,644)	(6,735,519)
	<u>194,056,729</u>	<u>224,606,192</u>
(ii) Impaired loans and advances to customers:		
- Loans and advances	5,287,872	5,774,764
- Impairment allowances	(3,951,736)	(3,494,276)
- Collateral value	45,302	601,123
- Percentage to total loans and advances to customers	2.94%	2.74%
(iii) Impaired loans and advances to banks:		
- Loans and advances	12,831,631	12,685,880
- Impairment allowances	(3,207,908)	(3,171,470)
- Collateral value	-	-
- Percentage to total loans and advances to banks	51.71%	47.16%

(iv) Analysis of gross amount of loans and advances to customers:

	As at 30 June 2021		As at 31 December 2020	
	Outstanding Balance	Covered by Collateral	Outstanding Balance	Covered by Collateral
By industry categories:				
<i>Loans and advances for use in Hong Kong</i>				
Industrial, commercial and financial sectors:				
- Property development	5,167,278	-	9,317,603	-
- Property investment	-	-	-	-
- Financial concerns	53,715,286	4,887,711	72,006,899	5,980,747
- Wholesale and retail trade	4,890,129	67,884	5,673,873	245,063
- Manufacturing	-	-	1,248,596	817,561
- Transport and transport equipment	19,119,139	8,444,349	23,644,384	9,923,331
- Stockbrokers	782,101	-	782,419	-
- Information technology	1,397,971	-	1,396,031	-
- Others	16,762,524	424,283	15,522,623	1,194,283
<i>Trade finance</i>	-	-	-	-
<i>Loans and advances for use outside Hong Kong</i>	77,955,926	13,106,315	80,785,214	11,840,839
Total	<u>179,790,354</u>	<u>26,930,542</u>	<u>210,377,642</u>	<u>30,001,824</u>

By geographical areas:

The gross amount of loans and advances to customers by countries or geographical segment is in accordance with the location of the counterparties after taking into account the transfer of risk. In general, a transfer of risk arises if the loans or advances of a customer are guaranteed by a party in a country which is different from that of the customer. A country or geographical segment, to which not less than 10% of the Branch's total amount of loans and advances to customers are attributable after taking into account any recognised risk transfer, is disclosed at below:

	As at 30 June 2021	As at 31 December 2020
China	92,957,408	102,643,956
Hong Kong	85,620,617	106,427,489
Other countries	1,212,329	1,306,197
	<u>179,790,354</u>	<u>210,377,642</u>

Amount expressed in thousand HKD, unless otherwise stated

## III. Additional Balance Sheet Information (cont'd)

## (v) Impaired loans by geographical areas

	As at 30 June 2021		As at 31 December 2020	
	Gross amount	Impairment allowances	Gross amount	Impairment allowances
Loans and advances to customers:				
China	3,311,985	(2,052,158)	3,801,727	(2,181,655)
Hong Kong	1,975,887	(1,899,578)	1,973,037	(1,312,621)
	<u>5,287,872</u>	<u>(3,951,736)</u>	<u>5,774,764</u>	<u>(3,494,276)</u>
Loans and advances to banks:				
Venezuela	12,831,631	(3,207,908)	12,685,880	(3,171,470)

## (vi) Overdue or rescheduled assets

	As at 30 June 2021		As at 31 December 2020	
	Gross amount	% to total loans and advances to customers	Gross amount	% to total loans and advances to customers
(a) Loans and advances to customers:				
Overdue more than 1 month but not more than 3 months	528,306	0.29%	233,993	0.11%
Overdue more than 3 months but not more than 6 months	-	-	-	-
Overdue more than 6 months but not more than 1 year	-	-	-	-
Overdue more than 1 year	5,287,872	2.94%	5,774,764	2.74%
Total	<u>5,816,178</u>	<u>3.23%</u>	<u>6,008,757</u>	<u>2.85%</u>
Collateral value:				
Market value of collateral held against overdue loans and	1,078,626		732,174	
Secured portion of overdue loans and advances	573,608		732,174	
Unsecured portion of overdue loans and advances	5,242,570		5,276,583	
By geographical areas:				
China	3,840,291		4,035,720	
Hong Kong	1,975,887		1,973,037	
	<u>5,816,178</u>		<u>6,008,757</u>	
Impairment allowances	<u>(4,024,299)</u>		<u>(3,564,049)</u>	

	As at 30 June 2021		As at 31 December 2020	
	Gross amount	% to total loans and advances to banks	Gross amount	% to total loans and advances to banks
(b) Loans and advances to banks:				
Overdue more than 1 month but not more than 3 months	-	-	-	-
Overdue more than 3 months but not more than 6 months	-	-	12,685,880	47.16%
Overdue more than 6 months but not more than 1 year	12,831,631	51.71%	-	-
Overdue more than 1 year	-	-	-	-
Total	<u>12,831,631</u>	<u>51.71%</u>	<u>12,685,880</u>	<u>47.16%</u>
Collateral value:				
Market value of collateral held against overdue loans and advance	-		-	
Secured portion of overdue loans and advances	-		-	
Unsecured portion of overdue loans and advances	12,831,631		12,685,880	
By geographical areas:				
Venezuela	<u>12,831,631</u>		<u>12,685,880</u>	
Impairment allowances	<u>(3,207,908)</u>		<u>(3,171,470)</u>	

## (vii) Rescheduled assets

As at 30 June 2021 and 31 December 2020, there were no rescheduled assets.

Amount expressed in thousand HKD, unless otherwise stated

**IV. International Claims**

The information on international claims discloses exposures to foreign counterparties on which the ultimate risk lies, and is derived according to the location of the counterparties after taking into account any recognised risk transfer. In general, such transfer of risk takes place if the claims are guaranteed by a party in a country which is different from that of the counterparty or if the claims are on an overseas branch of a bank whose head office is located in another country. Only regions constituting 10% or more of the aggregate international claims after taking into account any recognised risk transfer are disclosed.

	<u>Banks</u>	<u>Official Sector</u>	<u>Non-bank private sector</u>		<u>Others</u>	<u>Total</u>
			Non-bank financial institutions	Non-financial private sector		
HK\$ million eqvi.						
<b>As at 30 June 2021</b>						
Developed countries	7	-	-	-	-	7
<u>Offshore centres</u>	<u>4,154</u>	<u>-</u>	<u>7,922</u>	<u>52,107</u>	<u>-</u>	<u>64,183</u>
- of which: Hong Kong	3,569	-	7,922	51,874	-	63,365
Developing Latin America and Caribbean	13,257	-	-	-	-	13,257
Developing Africa and Middle East	4,914	933	-	-	-	5,847
<u>Developing Asia and Pacific</u>	<u>112,913</u>	<u>-</u>	<u>3,755</u>	<u>89,248</u>	<u>-</u>	<u>205,916</u>
- of which: China	107,632	-	3,755	89,202	-	200,589
Total	135,245	933	11,677	141,355	-	289,210
<b>As at 31 December 2020</b>						
Developed countries	11	-	-	-	-	11
<u>Offshore centres</u>	<u>9,843</u>	<u>-</u>	<u>9,695</u>	<u>62,890</u>	<u>-</u>	<u>82,428</u>
- of which: Hong Kong	9,027	-	9,695	62,570	-	81,292
Developing Europe	1,347	-	-	-	-	1,347
Developing Latin America and Caribbean	13,110	-	-	-	-	13,110
Developing Africa and Middle East	5,148	932	-	-	-	6,080
<u>Developing Asia-Pacific</u>	<u>117,979</u>	<u>-</u>	<u>3,011</u>	<u>99,687</u>	<u>-</u>	<u>220,677</u>
- of which: China	112,278	-	3,011	99,633	-	214,922
Total	147,438	932	12,706	162,577	-	323,653

**V. Currency Risk**

Foreign currency exposures other than reporting currency

	As at 30 June 2021					<u>Total</u>
	<u>USD</u>	<u>GBP</u>	<u>EUR</u>	<u>CNY</u>	<u>Others</u>	
HK\$ million eqvi.						
Spot assets	237,307	2,198	12,792	21,010	21	273,328
Spot liabilities	(216,975)	(1,852)	(17,912)	(22,005)	-	(258,744)
Forward purchases	9,331	-	5,720	1,647	-	16,698
Forward sales	(20,762)	(107)	-	(3,327)	-	(24,196)
Net option position	-	-	-	-	-	-
Net long (net short) position	8,901	239	600	(2,675)	21	7,086
Net structural position	-	-	-	-	-	-
As at 31 December 2020						
	<u>USD</u>	<u>GBP</u>	<u>EUR</u>	<u>CNY</u>	<u>Others</u>	<u>Total</u>
HK\$ million eqvi.						
Spot assets	255,640	2,121	19,579	21,255	21	298,616
Spot liabilities	(225,518)	(1,788)	(18,234)	(21,222)	-	(266,762)
Forward purchases	4,270	-	-	797	-	5,067
Forward sales	(23,300)	(106)	(763)	(3,289)	-	(27,458)
Net option position	-	-	-	-	-	-
Net long (net short) position	11,092	227	582	(2,459)	21	9,463
Net structural position	-	-	-	-	-	-

Amount expressed in thousand HKD, unless otherwise stated

**VI. Non-Bank Mainland Exposures**

	On-balance sheet exposure	Off-balance sheet exposure HK\$ million equi.	Total
<b>As at 30 June 2021</b>			
(a) Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	115,339	15,800	131,139
(b) Local governments, local government-owned entities and their subsidiaries and JVs	21,054	817	21,871
(c) PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	16,608	2,009	18,617
(d) Other entities of central government not reported in item (a)	2,408	-	2,408
(e) Other entities of local governments not reported in item (b)	700	-	700
(f) PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	1,935	-	1,935
(g) Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	-	-	-
<b>Total</b>	<b>158,044</b>	<b>18,626</b>	<b>176,670</b>
Total assets after provision	318,923		
On-balance sheet exposures as percentage of total assets	49.56%		
<b>As at 31 December 2020</b>			
(a) Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	126,537	29,203	155,740
(b) Local governments, local government-owned entities and their subsidiaries and JVs	27,346	2,702	30,048
(c) PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	21,724	2,888	24,612
(d) Other entities of central government not reported in item (a)	2,315	293	2,608
(e) Other entities of local governments not reported in item (b)	710	-	710
(f) PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	2,857	-	2,857
(g) Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	1,512	217	1,729
<b>Total</b>	<b>183,001</b>	<b>35,303</b>	<b>218,304</b>
Total assets after provision	360,924		
On-balance sheet exposures as percentage of total assets	50.70%		

**VII. Off-balance Sheet Exposures (other than derivative transactions)**

	As at 30 June 2021	As at 31 December 2020
Contractual or notional amounts of other commitments		
Direct credit substitutes	7,763,797	8,049,757
Trade-related contingencies	-	209,828
Other commitments	26,383,398	40,792,194
	<b>34,147,195</b>	<b>49,051,779</b>

**VIII. Derivative Transactions**

	As at 30 June 2021	As at 31 December 2020
<i>Total contractual or notional amounts</i>		
Exchange rate-related derivative contracts	29,933,508	27,260,132
Interest rate derivative contracts	12,238,812	29,250,850
	<b>42,172,320</b>	<b>56,510,982</b>
<i>Total fair value asset</i>		
Exchange rate-related derivative contracts	12,856	35,031
Interest rate derivative contracts	1,821,052	2,486,451
	<b>1,833,908</b>	<b>2,521,482</b>
<i>Total fair value liability</i>		
Exchange rate-related derivative contracts	(274,812)	(262,624)
Interest rate derivative contracts	(1,138)	(38,072)
	<b>(275,950)</b>	<b>(300,696)</b>

The fair values of derivatives do not take into account the effects of bilateral netting arrangements.

Amount expressed in thousand HKD, unless otherwise stated

#### IX. Liquidity Risk Management

The Bank has many policies in place to manage its liquidity risk. The senior management and the functional departments perform their responsibilities to ensure the policies are effectively implemented in daily operation. The bank uses various tools for measurement of liquidity risk including liquidity ratio, stress testing, liquidity gap analysis, dynamic liquidity cashflow model and maturity ladder to monitor the risk.

The Bank maintains diverse sources of liquidity to facilitate flexibility in meeting funding requirements. It is primarily funded by debt capital market issuances, interbank borrowings and borrowing from the head office.

The Bank has implemented a forecast model and assumptions to perform cash flow analysis under normal and stressed scenarios. A contingency plan is established to assign procedures and responsibility of relevant departments to take appropriate actions based on stress test results. The Bank has also obtained consent to get ultimate fundings from the head office under severe liquidity crisis.

Liquidity maintenance ratio and the core funding ratio	From 1 Apr 2021 to 30 June 2021	From 1 Jan 2021 to 31 Mar 2021	From 1 Apr 2020 to 30 June 2020
Average liquidity maintenance ratio	87.91%	102.50%	107.96%
Average core funding ratio	91.82%	94.36%	91.68%

The average liquidity maintenance ratio is the arithmetic mean of each calendar month's average value of its liquidity maintenance ratio as reported in Part I(2) of the "Return of Liquidity Position of an Authorized Institution". The average core funding ratio is the arithmetic mean of each calendar month's average value of its core funding ratio as reported in Part I of the "Stable Funding Position of an Authorized Institution".

The liquidity information can also be accessed at our website ([www.cdb.com.cn/xwzx/xxgg/qtgg/](http://www.cdb.com.cn/xwzx/xxgg/qtgg/)).

#### X. Consolidated Bank Information

	As at 31 December 2020 <sup>1</sup>	As at 31 December 2019 <sup>2</sup>
<b>(i) Capital and Capital adequacy</b>		
Consolidated Amount of Shareholders' funds	RMB million 1,455,769	RMB million 1,370,177
Consolidated Capital Adequacy Ratio *	12.03%	11.71%
<b>(ii) Other Financial Information</b>		
Total assets	17,103,575	16,504,575
Total liabilities	15,622,983	15,110,840
Total loans and advances, gross	13,049,924	12,200,508
Total customer deposits	1,167,538	1,371,396
Pre-tax Profit	142,047	145,552

<sup>1</sup> The figures for year ended 31 December 2020 are extracted from the audited Consolidated Financial Statements of Head Office.

<sup>2</sup> The figures for year ended 31 December 2019 are extracted from the audited Consolidated Financial Statements of Head Office.

\* The consolidated capital adequacy ratio is calculated in accordance with relevant regulations including the Provisional Rule on Capital Management of Commercial Banks issued by the China Banking and Insurance Regulatory Commission. All figures relating to capital adequacy ratios are presented on a consolidated basis.



Amount expressed in thousand HKD, unless otherwise stated

**XI. Statement of Compliance**

This 2021 Interim Financial Disclosure Statement contains all disclosures required by the Banking (Disclosure) Rules and the Supervisory Policy Manual:- Guideline on the Application of the Banking (Disclosure) Rules issued by the Hong Kong Monetary Authority.

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



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*Li Xi Guang*

*Chief Executive*

*China Development Bank - Hong Kong Branch*