

China Development Bank— Hong Kong Branch
2022 Interim Results Disclosure Statement

This is the Interim Results Disclosure Statement issued by the Bank for the period ended 30 June 2022. 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/).

China Development Bank - Hong Kong Branch
Interim Report for the period ended 30 June 2022

Amount expressed in thousand HKD, unless otherwise stated

I. Income Statement

	For period 1 January 2022 - 30 June 2022	For period 1 January 2021 - 30 June 2021
Interest income	1,751,380	1,981,439
Interest expense	(1,155,185)	(1,330,207)
Other operating income		
- Gains less losses arising from trading in foreign currencies	124,122	35,695
- Gains less losses on securities measured at fair value through profit or loss	-	-
- Net fees and commission income	31,674	32,060
- <i>Fees and commission income</i>	36,031	36,894
- <i>Fees and commission expenses</i>	(4,357)	(4,834)
- Others	271,157	(107,963)
Total operating income	<u>1,023,148</u>	<u>611,024</u>
Operating expenses		
- Rental expenses	(38,962)	(38,549)
- Staff expenses	(68,574)	(71,349)
- Net reversal /(charge) for impairment allowances	1,024,516	719,649
- Other operating expenses	(18,543)	(21,242)
Total operating expenses	<u>898,437</u>	<u>588,509</u>
Profit before taxation	1,921,585	1,199,533
Tax expense	(679)	-
Profit after taxation	<u>1,920,906</u>	<u>1,199,533</u>
Other comprehensive income		
- Debt instruments at fair value through other comprehensive income reserve	(242,922)	49,386
Total comprehensive income for the period	<u>1,677,984</u>	<u>1,248,919</u>

China Development Bank - Hong Kong Branch

Amount expressed in thousand HKD, unless otherwise stated

II. Balance Sheet

	As at 30 June 2022	As at 31 December 2021
Assets		
Cash and balances with banks	37,112,284	58,515,873
Placements with banks which have a residual contractual maturity of more than one month but not more than 12 months	4,539,532	882,983
Due from Exchange Fund	8,914,467	6,058
Amount due from overseas offices	36,191	37,340
Loans and receivables and other accounts	162,716,148	183,534,651
Derivative financial instruments	830,055	1,618,738
Certificates of deposit held	43,419,308	30,094,026
Investment securities	9,747,689	9,802,705
Property, plant and equipment and investment properties	280,833	312,737
Total assets	<u>267,596,507</u>	<u>284,805,111</u>
Equity and liabilities		
Deposits and balances from banks	41,817,349	32,440,856
Deposits from customers	51,150,421	39,332,233
- Demand deposits and current accounts	-	-
- Savings deposits	29,985,952	22,768,727
- Time, call and notice deposits	21,164,469	16,563,506
Amount due to overseas offices	10,034,437	10,301,473
Certificates of deposit issued	97,829,668	124,510,983
Issued debt securities	62,184,154	75,269,965
Derivative financial instruments	231,374	259,814
Other liabilities	393,840	412,507
Total liabilities	<u>263,641,243</u>	<u>282,527,831</u>
Reserves	3,955,264	2,277,280
Total Equity and Liabilities	<u>267,596,507</u>	<u>284,805,111</u>

China Development Bank - Hong Kong Branch
Additional Information

Amount expressed in thousand HKD, unless otherwise stated

III. Additional Balance Sheet Information

	As at 30 June 2022	As at 31 December 2021
(i) Loans and receivables and other accounts		
- loans and advances to customers	151,815,338	173,493,176
- loans and advances to banks	21,297,832	21,528,427
- accrued interest and other accounts	343,314	405,618
Less: Impairment allowances		
- stage 1	(3,481,879)	(4,037,647)
- stage 2	(198,525)	(413,954)
- stage 3	(7,059,932)	(7,440,969)
	<u>162,716,148</u>	<u>183,534,651</u>
(ii) Impaired loans and advances to customers:		
- Loans and advances	5,345,117	5,311,213
- Impairment allowances	(3,938,712)	(4,176,248)
- Collateral value	44,212	46,174
- Percentage to total loans and advances to customers	3.52%	3.06%
(iii) Impaired loans and advances to banks:		
- Loans and advances	12,484,879	13,058,884
- Impairment allowances	(3,121,220)	(3,264,721)
- Collateral value		-
- Percentage to total loans and advances to banks	58.62%	60.66%
(iv) Analysis of gross amount of loans and advances to customers:		

By industry categories:	As at 30 June 2022		As at 31 December 2021	
	Outstanding Balance	Covered by Collateral	Outstanding Balance	Covered by Collateral
<i>Loans and advances for use in Hong Kong</i>				
<i>Industrial, commercial and financial sectors:</i>				
- Property development	5,507,072	-	4,952,039	-
- Property investment	-	-	-	-
- Financial concerns	57,519,519	-	58,924,886	-
- Wholesale and retail trade	6,051,115	66,528	6,373,199	68,791
- Manufacturing	-	-	5,810	-
- Transport and transport equipment	7,715,685	-	17,367,048	5,360,763
- Stockbrokers	67,217	-	66,679	-
- Information technology	-	-	1,404,193	-
- Others	14,338,108	-	14,299,275	124,283
<i>Trade finance</i>	-	-	-	-
<i>Loans and advances for use outside Hong Kong</i>	60,616,622	10,770,469	70,100,047	11,178,346
Total	<u>151,815,338</u>	<u>10,836,997</u>	<u>173,493,176</u>	<u>16,732,183</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 2022	As at 31 December 2021
China	35,737,734	75,728,510
Hong Kong	107,042,475	95,333,090
Other countries	9,035,129	2,431,576
	<u>151,815,338</u>	<u>173,493,176</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 2022		As at 31 December 2021	
	Gross amount	Impairment allowances	Gross amount	Impairment allowances
Loans and advances to customers:				
China	3,347,840	(1,975,447)	3,326,605	(2,225,865)
Hong Kong	1,997,277	(1,963,265)	1,984,608	(1,950,383)
	<u>5,345,117</u>	<u>(3,938,712)</u>	<u>5,311,213</u>	<u>(4,176,248)</u>
Loans and advances to banks:				
Venezuela	12,484,879	(3,121,220)	13,058,884	(3,264,721)

(vi) Overdue or rescheduled assets

	As at 30 June 2022		As at 31 December 2021	
	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	-	-	-	-
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	5,345,117	3.52%	5,311,213	3.06%
Total	<u>5,345,117</u>	<u>3.52%</u>	<u>5,311,213</u>	<u>3.06%</u>
Collateral value:				
Market value of collateral held against overdue loans and advances	44,212		46,174	
Secured portion of overdue loans and advances	44,212		46,174	
Unsecured portion of overdue loans and advances	5,300,905		5,265,039	
By geographical areas:				
China	3,347,840		3,326,605	
Hong Kong	1,997,277		1,984,608	
	<u>5,345,117</u>		<u>5,311,213</u>	
Impairment allowances	<u>(3,938,712)</u>		<u>(4,176,248)</u>	
	As at 30 June 2022		As at 31 December 2021	
	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	-	-	-	-
Overdue more than 6 months but not more than 1 year	-	-	-	-
Overdue more than 1 year	12,484,879	58.62%	13,058,884	60.66%
Total	<u>12,484,879</u>	<u>58.62%</u>	<u>13,058,884</u>	<u>60.66%</u>
Collateral value:				
Market value of collateral held against overdue loans and advances	-		-	
Secured portion of overdue loans and advances	-		-	
Unsecured portion of overdue loans and advances	12,484,879		13,058,884	
By geographical areas:				
Venezuela	<u>12,484,879</u>		<u>13,058,884</u>	
Impairment allowances	<u>(3,121,220)</u>		<u>(3,264,721)</u>	

(vii) Rescheduled assets

As at 30 June 2022 and 31 December 2021, 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.

	Banks	Official Sector	Non-bank private sector		Others	Total
			Non-bank financial institutions	Non-financial private sector		
HK\$ million eqvi.						
As at 30 June 2022						
Developed countries	66	-	-	5,908	-	5,974
Offshore centres	7,035	-	9,781	69,796	339	86,951
- of which: Hong Kong	7,034	-	9,781	69,560	339	86,714
Developing Latin America and Caribbean	16,800	-	-	-	-	16,800
Developing Africa and Middle East	2,202	-	-	205	-	2,407
Developing Asia and Pacific	88,433	-	-	38,435	-	126,868
- of which: China	86,923	-	-	35,750	-	122,673
Total	114,536	-	9,781	114,344	339	239,000
As at 31 December 2021						
Developed countries	12	-	-	-	-	12
Offshore centres	36,526	-	9,772	63,123	-	109,421
- of which: Hong Kong	36,329	-	8,368	62,408	-	107,105
Developing Europe						
Developing Latin America and Caribbean	13,485	-	-	-	-	13,485
Developing Africa and Middle East	2,772	313	-	-	-	3,085
Developing Asia-Pacific	60,964	-	1,565	74,177	-	136,706
- of which: China	56,668	-	1,565	74,177	-	132,410
Total	113,759	313	11,337	137,300	-	262,709

V. Currency Risk

Foreign currency exposures other than reporting currency

	USD	GBP	As at 30 June 2022		Others	Total
			EUR	CNY		
HK\$ million eqvi.						
Spot assets	184,908	1,873	12,599	23,225	17	222,622
Spot liabilities	(169,250)	(1,644)	(10,398)	(23,037)	-	(204,329)
Forward purchases	7,430	-	1,639	784	-	9,853
Forward sales	(13,212)	-	(3,278)	(3,992)	-	(20,482)
Net option position	-	-	-	-	-	-
Net long (net short) position	9,876	229	562	(3,020)	17	7,664
Net structural position	-	-	-	-	-	-
As at 31 December 2021						
	USD	GBP	EUR	CNY	Others	Total
HK\$ million eqvi.						
Spot assets	211,871	2,073	14,514	19,031	17	247,506
Spot liabilities	(197,101)	(1,830)	(13,916)	(19,409)	-	(232,256)
Forward purchases	6,703	-	-	820	-	7,523
Forward sales	(12,295)	-	-	(3,386)	-	(15,681)
Net option position	-	-	-	-	-	-
Net long (net short) position	9,178	243	598	(2,944)	17	7,092
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 eqvi.	Total
As at 30 June 2022			
(a) Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	105,744	16,629	122,373
(b) Local governments, local government-owned entities and their subsidiaries and JVs	22,022	3,000	25,022
(c) PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	5,774	553	6,327
(d) Other entities of central government not reported in item (a)	2,172	-	2,172
(e) Other entities of local governments not reported in item (b)	-	-	-
(f) PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	271	-	271
(g) Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	-	-	-
Total	135,983	20,182	156,165
Total assets after provision	268,672		
On-balance sheet exposures as percentage of total assets	50.61%		
As at 31 December 2021			
(a) Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	124,142	21,817	145,959
(b) Local governments, local government-owned entities and their subsidiaries and JVs	17,903	1,506	19,409
(c) PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	11,880	2,323	14,203
(d) Other entities of central government not reported in item (a)	2,795	-	2,795
(e) Other entities of local governments not reported in item (b)	-	-	-
(f) PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	297	-	297
(g) Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	-	-	-
Total	157,017	25,646	182,663
Total assets after provision	284,928		
On-balance sheet exposures as percentage of total assets	55.11%		

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

	As at 30 June 2022	As at 31 December 2021
Contractual or notional amounts of other commitments		
Direct credit substitutes	7,847,847	7,798,068
Trade-related contingencies	-	-
Other commitments	26,673,286	31,807,242
	34,521,133	39,605,310

VIII. Derivative Transactions

	As at 30 June 2022	As at 31 December 2021
<i>Total contractual or notional amounts</i>		
Exchange rate-related derivative contracts	21,204,989	18,788,394
Interest rate derivative contracts	11,501,716	11,855,529
	32,706,705	30,643,923
<i>Total fair value asset</i>		
Exchange rate-related derivative contracts	115,561	28,760
Interest rate derivative contracts	714,494	1,589,978
	830,055	1,618,738
<i>Total fair value liability</i>		
Exchange rate-related derivative contracts	(190,570)	(257,238)
Interest rate derivative contracts	(40,804)	(2,576)
	(231,374)	(259,814)

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 2022 to 30 June 2022	From 1 Jan 2022 to 31 Mar 2022	From 1 Apr 2021 to 30 June 2021
Average liquidity maintenance ratio	76.02%	76.26%	87.91%
Average core funding ratio	117.59%	101.26%	91.82%

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/).

X. Consolidated Bank Information

	As at 31 December 2021 ¹	As at 31 December 2020 ²
(i) Capital and Capital adequacy		
	RMB million	RMB million
Consolidated Amount of Shareholders' funds	1,514,446	1,455,769
Consolidated Capital Adequacy Ratio *	11.66%	12.03%
(ii) Other Financial Information		
Total assets	17,167,941	17,103,575
Total liabilities	15,629,661	15,622,983
Total loans and advances, gross	13,262,498	13,049,924
Total customer deposits	1,079,196	1,167,538
Pre-tax Profit	93,082	142,047

¹The figures for year ended 31 December 2021 are extracted from the audited Consolidated Financial Statements of Head Office.

²The figures for year ended 31 December 2020 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 2022 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.



Li Xi Guang

Chief Executive

China Development Bank - Hong Kong Branch