

China Development Bank– Hong Kong Branch

2023 Interim Results Disclosure Statement

This is the Interim Results Disclosure Statement issued by the Bank for the period ended 30 June 2023. 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 2023

Amount expressed in thousand HKD, unless otherwise stated

I. Income Statement

	For period 1 January 2023 - 30 June 2023	For period 1 January 2022 - 30 June 2022
Interest income	5,581,469	1,751,380
Interest expense	(4,207,376)	(1,155,185)
Other operating income		
- Gains less losses arising from trading in foreign currencies	160,928	124,122
- Gains less losses on securities measured at fair value through profit or loss	1,638	-
- Net fees and commission income	23,749	31,674
- <i>Fees and commission income</i>	27,773	36,031
- <i>Fees and commission expenses</i>	(4,024)	(4,357)
- Others	(198,089)	271,157
Total operating income	<u>1,362,319</u>	<u>1,023,148</u>
Operating expenses		
- Rental expenses	(33,144)	(38,962)
- Staff expenses	(50,076)	(68,574)
- Net reversal /(charge) for impairment allowances	536,533	1,024,516
- Other operating expenses	(12,035)	(18,543)
Total operating expenses	<u>441,278</u>	<u>898,437</u>
Profit before taxation	1,803,597	1,921,585
Tax expense	(141)	(679)
Profit after taxation	<u>1,803,456</u>	<u>1,920,906</u>
Other comprehensive income		
- Debt instruments at fair value through other comprehensive income reserve	198,999	(242,922)
Total comprehensive income for the period	<u>2,002,455</u>	<u>1,677,984</u>

China Development Bank - Hong Kong Branch

Amount expressed in thousand HKD, unless otherwise stated

II. Balance Sheet

	As at 30 June 2023	As at 31 December 2022
Assets		
Cash and balances with banks	17,250,542	22,313,448
Placements with banks which have a residual contractual maturity of more than one month but not more than 12 months	20,314,390	21,936,795
Due from Exchange Fund	973,047	3,138,117
Amount due from overseas offices	42,787	41,949
Loans and receivables and other accounts	169,373,589	165,360,473
Derivative financial instruments	84,527	108,822
Certificates of deposit held	21,464,120	43,918,621
Investment securities	13,465,039	9,057,037
Property, plant and equipment and investment properties	199,314	252,091
Total assets	<u>243,167,355</u>	<u>266,127,353</u>
Equity and liabilities		
Deposits and balances from banks	20,206,086	26,339,947
Deposits from customers	44,304,704	51,642,983
- <i>Demand deposits and current accounts</i>	-	-
- <i>Savings deposits</i>	18,882,999	30,440,524
- <i>Time, call and notice deposits</i>	25,421,705	21,202,459
Amount due to overseas offices	6,867,125	7,032,782
Certificates of deposit issued	111,295,779	117,746,664
Issued debt securities	53,063,048	57,962,745
Derivative financial instruments	506,633	425,589
Other liabilities	300,401	355,519
Total liabilities	<u>236,543,776</u>	<u>261,506,229</u>
Reserves	6,623,579	4,621,124
Total Equity and Liabilities	<u>243,167,355</u>	<u>266,127,353</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 2023	As at 31 December 2022
(i) Loans and receivables and other accounts		
- loans and advances to customers	149,436,107	152,993,531
- loans and advances to banks	27,686,512	22,272,647
- accrued interest and other accounts	1,954,607	390,173
Less: Impairment allowances		
- stage 1	(2,295,415)	(2,897,590)
- stage 2	(108,545)	(273,811)
- stage 3	(7,299,677)	(7,124,477)
	<u>169,373,589</u>	<u>165,360,473</u>
(ii) Impaired loans and advances to customers:		
- Loans and advances	5,337,909	5,310,313
- Impairment allowances	(4,404,564)	(4,136,315)
- Collateral value	8,336,730	61,629
- Percentage to total loans and advances to customers	3.57%	3.47%
(iii) Impaired loans and advances to banks:		
- Loans and advances	11,580,450	11,952,650
- Impairment allowances	(2,895,113)	(2,988,162)
- Collateral value		
- Percentage to total loans and advances to banks	41.83%	53.67%
(iv) Analysis of gross amount of loans and advances to customers:		

	As at 30 June 2023		As at 31 December 2022	
	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	4,977,315	-	4,862,724	-
- Property investment	-	-	-	-
- Financial concerns	63,982,959	-	65,850,349	-
- Wholesale and retail trade	4,127,052	-	4,365,713	83,895
- Manufacturing	-	-	-	-
- Transport and transport equipment	10,872,783	-	6,764,476	-
- Stockbrokers	-	-	-	-
- Information technology	-	-	-	-
- Others	19,474,303	-	20,436,290	-
<i>Trade finance</i>	-	-	-	-
<i>Loans and advances for use outside Hong Kong</i>	46,001,695	8,336,730	50,713,979	7,058,667
Total	<u>149,436,107</u>	<u>8,336,730</u>	<u>152,993,531</u>	<u>7,142,562</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 2023	As at 31 December 2022
China	30,711,392	26,815,503
Hong Kong	116,221,290	120,454,631
Other countries	2,503,425	5,723,397
	<u>149,436,107</u>	<u>152,993,531</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 2023		As at 31 December 2022	
	Gross amount	Impairment allowances	Gross amount	Impairment allowances
Loans and advances to customers:				
China	3,343,326	(2,485,483)	3,326,041	(2,185,832)
Hong Kong	1,994,583	(1,919,081)	1,984,272	(1,950,483)
	<u>5,337,909</u>	<u>(4,404,564)</u>	<u>5,310,313</u>	<u>(4,136,315)</u>
Loans and advances to banks:				
Venezuela	11,580,450	(2,895,113)	11,952,650	(2,988,162)

(vi) Overdue or rescheduled assets

	As at 30 June 2023		As at 31 December 2022	
	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	5,337,909	3.57%	5,310,313	3.47%
Total	<u>5,337,909</u>	<u>3.57%</u>	<u>5,310,313</u>	<u>3.47%</u>
Collateral value:				
Market value of collateral held against overdue loans and advances	8,336,730		61,629	
Secured portion of overdue loans and advances	8,336,730		61,629	
Unsecured portion of overdue loans and advances	(2,998,821)		5,248,684	
By geographical areas:				
China	3,343,326		3,326,041	
Hong Kong	1,994,583		1,984,272	
	<u>5,337,909</u>		<u>5,310,313</u>	
Impairment allowances	<u>(4,404,564)</u>		<u>(4,136,315)</u>	

	As at 30 June 2023		As at 31 December 2022	
	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	11,580,450	41.83%	11,952,650	53.67%
Total	<u>11,580,450</u>	<u>41.83%</u>	<u>11,952,650</u>	<u>53.67%</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	11,580,450		11,952,650	
By geographical areas:				
Venezuela	<u>11,580,450</u>		<u>11,952,650</u>	
Impairment allowances	<u>(2,895,113)</u>		<u>(2,988,162)</u>	

(vii) Rescheduled assets

As at 30 June 2023 and 31 December 2022, 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 2023						
Developed countries	657	-	-	-	-	657
Offshore centres	1,884	3,987	50,084	26,304	652	82,911
- of which: Hong Kong	1,883	3,987	50,084	26,066	652	82,672
Developing Latin America and Caribbean	21,283	-	-	-	-	21,283
Developing Africa and Middle East	3,581	-	-	-	-	3,581
Developing Asia and Pacific	65,424	11	4,474	46,548	-	116,457
- of which: China	63,148	11	4,474	46,548	-	114,181
Total	92,829	3,998	54,558	72,852	652	224,889
As at 31 December 2022						
Developed countries	57	-	2,349	296	-	2,702
Offshore centres	994	-	19,494	69,385	202	90,075
- of which: Hong Kong	993	-	19,494	68,879	202	89,568
Developing Europe						
Developing Latin America and Caribbean	16,242	-	-	-	-	16,242
Developing Africa and Middle East	2,193	-	-	205	-	2,398
Developing Asia-Pacific	94,082	12	12,464	25,162	-	131,720
- of which: China	91,028	12	10,097	25,162	-	126,299
Total	113,568	12	34,307	95,048	202	243,137

V. Currency Risk

Foreign currency exposures other than reporting currency

	USD	GBP	As at 30 June 2023			Total
			EUR	CNY	Others	
HK\$ million eqvi.						
Spot assets	163,926	1,436	12,321	21,473	17	199,173
Spot liabilities	(149,030)	(2,085)	(12,588)	(24,990)	-	(188,693)
Forward purchases	761	893	1,025	1,812	-	4,491
Forward sales	(8,076)	-	-	(1,453)	-	(9,529)
Net option position	-	-	-	-	-	-
Net long (net short) position	7,581	244	758	(3,158)	17	5,442
Net structural position	-	-	-	-	-	-
As at 31 December 2022						
	USD	GBP	EUR	CNY	Others	Total
HK\$ million eqvi.						
Spot assets	177,576	2,063	17,858	23,229	16	220,742
Spot liabilities	(164,998)	(1,836)	(17,316)	(28,260)	-	(212,410)
Forward purchases	1,006	-	-	2,654	-	3,660
Forward sales	(2,839)	-	-	(723)	-	(3,562)
Net option position	-	-	-	-	-	-
Net long (net short) position	10,745	227	542	(3,100)	16	8,430
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 equivalent	Total
As at 30 June 2022			
(a) Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	123,318	9,060	132,378
(b) Local governments, local government-owned entities and their subsidiaries and JVs	11,131	-	11,131
(c) PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	4,536	226	4,762
(d) Other entities of central government not reported in item (a)	905	-	905
(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	-	-	-
(g) Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	-	-	-
Total	139,891	9,286	149,177
Total assets after provision	244,902		
On-balance sheet exposures as percentage of total assets	57.12%		
As at 31 December 2022			
(a) Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	117,241	13,632	130,873
(b) Local governments, local government-owned entities and their subsidiaries and JVs	16,538	-	16,538
(c) PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	4,982	341	5,323
(d) Other entities of central government not reported in item (a)	2,035	-	2,035
(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	-	-	-
(g) Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	-	-	-
Total	140,796	13,973	154,769
Total assets after provision	268,560		
On-balance sheet exposures as percentage of total assets	52.43%		

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

	As at 30 June 2023	As at 31 December 2022
Contractual or notional amounts of other commitments		
Direct credit substitutes	-	-
Trade-related contingencies	-	-
Other commitments	14,834,360	19,335,996
	14,834,360	19,335,996

VIII. Derivative Transactions

	As at 30 June 2023	As at 31 December 2022
<i>Total contractual or notional amounts</i>		
Exchange rate-related derivative contracts	9,452,984	3,529,669
Interest rate derivative contracts	10,439,471	10,921,251
	19,892,455	14,450,920
<i>Total fair value asset</i>		
Exchange rate-related derivative contracts	75,279	61,393
Interest rate derivative contracts	9,248	47,429
	84,527	108,822
<i>Total fair value liability</i>		
Exchange rate-related derivative contracts	(120,057)	(67,149)
Interest rate derivative contracts	(386,576)	(358,440)
	(506,633)	(425,589)

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 2023 to 30 June 2023	From 1 Jan 2023 to 31 Mar 2023	From 1 Apr 2022 to 30 June 2022
Average liquidity maintenance ratio	79.69%	84.73%	76.02%
Average core funding ratio	120.95%	132.65%	117.59%

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 2022 ¹	As at 31 December 2021 ²
(i) Capital and Capital adequacy		
	RMB million	RMB million
Consolidated Amount of Shareholders' funds	1,579,826	1,514,446
Consolidated Capital Adequacy Ratio *	11.37%	11.66%
(ii) Other Financial Information		
Total assets	18,243,083	17,167,941
Total liabilities	16,637,502	15,629,661
Total loans and advances, gross	14,474,924	13,262,498
Total customer deposits	1,167,724	1,079,196
Pre-tax Profit	97,147	93,082

¹The figures for year ended 31 December 2022 are extracted from the audited Consolidated Financial Statements of Head Office.

²The figures for year ended 31 December 2021 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 2023 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