

China Development Bank– Hong Kong Branch

2024 Interim Results Disclosure Statement

This is the Interim Results Disclosure Statement issued by the Bank for the period ended 30 June 2024. 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 year ended 30 June 2024

Amount expressed in thousand HKD, unless otherwise stated

I. Income Statement

	For period 1 January 2024 - 30 June 2024	For period 1 January 2023 - 30 June 2023
Interest income	5,534,414	5,581,469
Interest expense	(4,648,415)	(4,207,376)
Other operating income		
- Gains less losses arising from trading in foreign currencies	(69,356)	160,928
- Gains less losses on securities measured at fair value through profit or loss	149,530	1,638
- Net fees and commission income	20,766	23,749
- <i>Fees and commission income</i>	24,832	27,773
- <i>Fees and commission expenses</i>	(4,066)	(4,024)
- Others	56,647	(198,089)
Total operating income	<u>1,043,586</u>	<u>1,362,319</u>
Operating expenses		
- Rental expenses	(32,714)	(33,144)
- Staff expenses	(70,003)	(50,076)
- Net reversal /(charge) for impairment allowances	226,443	536,533
- Other operating expenses	(17,068)	(12,035)
Total operating expenses	<u>106,658</u>	<u>441,278</u>
Profit before taxation	1,150,244	1,803,597
Tax expense	(125,075)	(141)
Profit after taxation	<u>1,025,169</u>	<u>1,803,456</u>
Other comprehensive income		
- Debt instruments at fair value through other comprehensive income reserve	12,194	198,999
Total comprehensive income for the period	<u><u>1,037,363</u></u>	<u><u>2,002,455</u></u>

China Development Bank - Hong Kong Branch

Amount expressed in thousand HKD, unless otherwise stated

II. Balance Sheet

	As at 30 June 2024	As at 31 December 2023
Assets		
Cash and balances with banks	32,285,306	43,184,993
Placements with banks which have a residual contractual maturity of more than one month but not more than 12 months	20,410,296	5,864,717
Due from Exchange Fund	1,022,995	985,279
Amount due from overseas offices	-	-
Loans and receivables and other accounts	124,847,223	167,802,683
Derivative financial instruments	44,781	87,246
Certificates of deposit held	31,911,482	25,557,059
Investment securities	19,212,056	19,778,127
Property, plant and equipment and investment properties	143,534	172,946
Total assets	<u>229,877,673</u>	<u>263,433,050</u>
Equity and liabilities		
Deposits and balances from banks	30,184,615	29,370,341
Deposits from customers	46,790,417	51,829,033
- <i>Demand deposits and current accounts</i>	-	-
- <i>Savings deposits</i>	15,821,505	24,262,792
- <i>Time, call and notice deposits</i>	30,968,912	27,566,241
Amount due to overseas offices	10,163,547	6,983,173
Amount payable under repos	-	1,248,948
Certificates of deposit issued	106,865,930	119,324,277
Issued debt securities	34,179,756	46,798,285
Derivative financial instruments	468,619	465,451
Other liabilities	207,190	585,739
Total liabilities	<u>228,860,074</u>	<u>256,605,247</u>
Reserves	1,017,599	6,827,803
Total Equity and Liabilities	<u>229,877,673</u>	<u>263,433,050</u>

Amount expressed in thousand HKD, unless otherwise stated

III. Additional Balance Sheet Information

	As at 30 June 2024	As at 31 December 2023
(i) Loans and receivables and other accounts		
- loans and advances to customers	91,637,205	141,721,475
- loans and advances to banks	44,469,570	34,840,379
- accrued interest and other accounts	1,813,699	927,604
Less: Impairment allowances		
- stage 1	(734,349)	(1,054,939)
- stage 2	(461,983)	(554,634)
- stage 3	(11,876,919)	(8,077,202)
	<u>124,847,223</u>	<u>167,802,683</u>
(ii) Impaired loans and advances to customers:		
- Loans and advances	4,026,176	4,115,671
- Impairment allowances	(3,393,201)	(3,211,300)
- Collateral value	23	61,645
- Percentage to total loans and advances to customers	4.39%	2.90%
(iii) Impaired loans and advances to banks:		
- Loans and advances	11,698,452	11,781,845
- Impairment allowances	(8,483,718)	(4,865,902)
- Collateral value		
- Percentage to total loans and advances to banks	26.31%	33.82%

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

	As at 30 June 2024		As at 31 December 2023	
	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	2,989,309	-	4,979,007	-
- Property investment	-	-	-	-
- Financial concerns	32,393,521	-	68,550,812	-
- Wholesale and retail trade	4,026,176	23	4,115,671	61,645
- Manufacturing	-	-	-	-
- Transport and transport equipment	6,600,374	-	6,461,456	-
- Stockbrokers	-	-	-	-
- Information technology	-	-	-	-
- Others	33,527,556	-	30,960,107	-
<i>Trade finance</i>	-	-	-	-
<i>Loans and advances for use outside Hong Kong</i>	12,100,269	-	26,654,422	-
Total	<u>91,637,205</u>	<u>23</u>	<u>141,721,475</u>	<u>61,645</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 2024	As at 31 December 2023
China	17,417,537	28,398,342
Hong Kong	70,097,354	109,057,955
Other countries	4,122,314	4,265,180
	<u>91,637,205</u>	<u>141,721,476</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 2024		As at 31 December 2023	
	Gross amount	Impairment allowances	Gross amount	Impairment allowances
Loans and advances to customers:				
China	3,245,311	(2,612,336)	3,334,106	(2,502,800)
Hong Kong	780,865	(780,865)	781,565	(708,500)
	<u>4,026,176</u>	<u>(3,393,201)</u>	<u>4,115,671</u>	<u>(3,211,300)</u>
Loans and advances to banks:				
Venezuela	11,698,452	(8,483,718)	11,781,845	(4,865,902)

(vi) Overdue or rescheduled assets

	As at 30 June 2024		As at 31 December 2023	
	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	4,026,176	4.39%	4,115,671	2.90%
Total	<u>4,026,176</u>	<u>4.39%</u>	<u>4,115,671</u>	<u>2.90%</u>

Collateral value:

Market value of collateral held against overdue loans and advances	23	61,645
Secured portion of overdue loans and advances	23	61,645
Unsecured portion of overdue loans and advances	4,026,153	4,054,026

By geographical areas:

China	3,245,311	3,334,106
Hong Kong	780,865	781,565
	<u>4,026,176</u>	<u>4,115,671</u>

Impairment allowances

	<u>(3,393,201)</u>	<u>(3,211,300)</u>
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	As at 30 June 2024		As at 31 December 2023	
	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	11,698,452	26.31%	11,781,845	33.82%
Total	<u>11,698,452</u>	<u>26.31%</u>	<u>11,781,845</u>	<u>33.82%</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	11,698,452	11,781,845

By geographical areas:

Venezuela	<u>11,698,452</u>	<u>11,781,845</u>
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Impairment allowances

	<u>(8,483,718)</u>	<u>(4,865,902)</u>
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(vii) Rescheduled assets

	As at 30 June 2024		As at 31 December 2023	
	Gross amount	% to total loans and advances to customers	Gross amount	% to total loans and advances to customers
Rescheduled advances to customers	-	-	1,207,518	-

At 30 June 2024, 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>Total</u>
			<u>Non-bank financial institutions</u>	<u>Non-financial private sector</u>	<u>Others</u>	
HK\$ million eqvi.						
As at 30 June 2024						
Developed countries	622	-	-	-	-	622
Offshore centres	9,011	663	20,967	15,027	239	45,907
- of which: Hong Kong	9,010	663	20,967	15,027	239	45,906
Developing Latin America and Caribbean	30,608	-	-	-	-	30,608
Developing Africa and Middle East	11,045	-	-	-	-	11,045
Developing Asia and Pacific	87,299	11	1,974	33,512	86	122,882
- of which: China	85,024	11	1,974	33,513	86	120,608
Total	138,585	674	22,941	48,539	325	211,064
As at 31 December 2023						
Developed countries	637	-	-	-	-	637
Offshore centres	1,633	-	55,632	12,316	-	69,581
- of which: Hong Kong	1,632	-	55,632	12,079	-	69,343
Developing Europe						
Developing Latin America and Caribbean	26,842	-	-	-	-	26,842
Developing Africa and Middle East	5,165	-	-	-	-	5,165
Developing Asia-Pacific	82,487	675	3,548	52,175	102	138,987
- of which: China	80,208	675	3,548	52,175	102	136,708
Total	116,764	675	59,180	64,491	102	241,212

V. Currency Risk

Foreign currency exposures other than reporting currency

	As at 30 June 2024					
	<u>USD</u>	<u>GBP</u>	<u>EUR</u>	<u>CNY</u>	<u>Others</u>	<u>Total</u>
HK\$ million eqvi.						
Spot assets	136,613	2,451	12,501	30,919	16	182,500
Spot liabilities	(125,930)	(2,379)	(7,077)	(44,535)	-	(179,921)
Forward purchases	977	287	-	4,522	-	5,786
Forward sales	(5,243)	(101)	(4,984)	-	-	(10,328)
Net option position	-	-	-	-	-	-
Net long (net short) position	6,417	258	440	(9,094)	16	(1,963)
Net structural position	-	-	-	-	-	-
As at 31 December 2023						
	<u>USD</u>	<u>GBP</u>	<u>EUR</u>	<u>CNY</u>	<u>Others</u>	<u>Total</u>
HK\$ million eqvi.						
Spot assets	163,789	2,561	20,032	23,751	17	210,150
Spot liabilities	(148,394)	(2,217)	(14,082)	(30,291)	-	(194,984)
Forward purchases	5,049	-	1,561	1,292	-	7,902
Forward sales	(11,640)	(101)	(7,198)	-	-	(18,939)
Net option position	-	-	-	-	-	-
Net long (net short) position	8,804	243	313	(5,248)	17	4,129
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
As at 30 June 2024			
(a) Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	72,741	15,950	88,691
(b) Local governments, local government-owned entities and their subsidiaries and JVs	10,329	230	10,559
(c) PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	85	-	85
(d) Other entities of central government not reported in item (a)	679	-	679
(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	83,834	16,180	100,014
Total assets after provision	231,412		
On-balance sheet exposures as percentage of total assets	36.23%		
As at 31 December 2023			
(a) Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	119,665	15,100	134,765
(b) Local governments, local government-owned entities and their subsidiaries and JVs	11,581	-	11,581
(c) PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	924	226	1,150
(d) Other entities of central government not reported in item (a)	680	-	680
(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	132,850	15,326	148,176
Total assets after provision	264,876		
On-balance sheet exposures as percentage of total assets	50.16%		

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

	As at 30 June 2024	As at 31 December 2023
Contractual or notional amounts of other commitments		
Direct credit substitutes	-	-
Trade-related contingencies	-	-
Other commitments	29,301,469	24,546,169
	29,301,469	24,546,169

VIII. Derivative Transactions

	As at 30 June 2024	As at 31 December 2023
<i>Total contractual or notional amounts</i>		
Exchange rate-related derivative contracts	10,288,121	18,668,404
Interest rate derivative contracts	10,592,467	11,146,899
	20,880,588	29,815,303
<i>Total fair value asset</i>		
Exchange rate-related derivative contracts	39,275	13,989
Interest rate derivative contracts	5,506	73,257
	44,781	87,246
<i>Total fair value liability</i>		
Exchange rate-related derivative contracts	(78,397)	(213,885)
Interest rate derivative contracts	(390,223)	(251,566)
	(468,619)	(465,451)

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 2024 to 30 June 2024	From 1 Jan 2024 to 31 Mar 2024	From 1 Apr 2023 to 30 June 2023
Average liquidity maintenance ratio	76.25%	79.78%	79.69%
Average core funding ratio	106.77%	109.90%	120.95%

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 2023 ¹	As at 31 December 2022 ¹
(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

¹ The figures for year ended 31 December 2023 are extracted from the audited Consolidated Financial Statements of Head Office.

² The figures for year ended 31 December 2022 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 2024 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