

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

(Incorporated in China with Limited Liability)
 INTERIM FINANCIAL DISCLOSURE STATEMENT

As at 30 June 2022

SECTION A - HONG KONG BRANCH INFORMATION

I. Profit and Loss Information

	30 Jun 2022	30 Jun 2021
	<i>HKD '000</i>	<i>HKD '000</i>
Interest income	1,035,582	980,941
Interest expense	-507,432	-479,918
Other operating Income		
- Gains less losses arising from trading in foreign currencies	124,176	50,762
- Gains less losses arising from non-trading activities in foreign currencies	5,150	12,286
- Gains less losses on securities held for trading purposes	699	1,676
- Gains less losses from other trading activities	-133,641	-65,091
- Fees and commission income	184,703	294,479
- Commission expenses	-25,925	-30,042
- Other operating income	511,401	121,229
Staff expenses	-105,712	-139,455
Other operating expenses	-85,353	-93,112
Impairment losses and provisions for impaired loans and receivables	41,762	-62,488
Gains less losses from the disposal of property, plant and equipment and investment properties	0	0
Profit before taxation	1,045,410	592,167
Taxation	-170,000	-97,500
Profit after taxation	875,410	494,667

II. Balance Sheet Information

	30 Jun 2022	31 Dec 2021
	<i>HKD '000</i>	<i>HKD '000</i>
Assets		
(i) Cash and balances with banks	16,584,163	17,853,233
(ii) Placements with banks which have a residual contractual maturity of more than one month but not more than 12 months	29,048,128	17,782,782
(iii) Amount due from overseas offices of CMB	39,926,392	42,873,359
(iv) Trade bills	0	0
(v) Certificates of deposit held	4,086,104	2,861,993
(vi) Held-to-maturity investments	156,804	155,795
(vii) Securities measured at fair value through profit or loss which is designated upon initial recognition	121,180	128,587
(viii) Loans and receivables		
(A) Loans and advances to customers	30,626,175	42,783,345
(B) Loans and advances to banks	0	0
(C) Other accounts	1,788,590	1,585,153
(D) Provisions for impaired loans and receivables	-374,594	-416,356
(ix) Investment securities	23,814,261	27,321,575
(x) Other investments	0	0
(xi) Property, plant and equipment and investment property	61,450	70,489
(xii) Fair value of derivatives	442,291	205,963
(xiii) Other assets	297,998	224,017
(xiv) Total assets	146,578,942	153,429,935
Liabilities		
(i) Deposits and balances from banks	931,061	616,909
(ii) Demand deposits and current accounts	76,658,053	81,368,445
(iii) Savings accounts	825,079	926,576
(iv) Time, call and notice deposits	32,104,737	30,577,399
(v) Amount due to overseas offices of CMB	22,289,723	26,071,861
(vi) Certificates of deposit issued	1,416,294	1,408,743
(vii) Debt securities issued	9,348,868	9,290,836
(viii) Other liabilities	2,623,127	2,957,166
(ix) Provision for profits tax	382,000	212,000
(x) Total liabilities	146,578,942	153,429,935

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III. Additional Balance Sheet Information

	30 Jun 2022 HKD '000	31 Dec 2021 HKD '000
(i) Loans and receivables		
Loans and advances to customers	30,626,175	42,783,345
Loans and advances to banks	0	0
Other accounts		
- Accrued interest	396,553	410,849
- Other receivables	1,392,037	1,174,304
Provisions for impaired loans and receivables to customers		
- Collectively assessed	-174,711	-223,222
- Individually assessed	-31,069	-28,331
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 2022	% to Total Advances to customers	31 Dec 2021	% to Total Advances to customers
	HKD '000		HKD '000	
Gross impaired/non-performing loans and advances to customers	58,642	0.19%	83,336	0.19%
Impairment allowances - individually assessed/specific provision	31,069		28,331	
Market value of collateral in respect of impaired loans and advances	0		0	

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 2022 and 31 December 2021.

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 2022 HKD '000		31 Dec 2021 HKD '000	
	Gross loans	Collateral	Gross loans	Collateral
Industrial, commercial and financial				
- Property development	264,132	0	7,008,705	15,045
- Property investment	0	0	148,432	148,432
- Civil engineering works	22,869	0	843,582	0
- Hotels, boarding houses & catering	0	0	300,000	0
- Financial concerns	1,738,271	0	3,968,586	0
- Stock Brokers	0	0	0	0
- Non-stockbroking companies & individuals for the purchase of shares	0	0	0	0
- Wholesale and retail trade	235,412	0	981,810	0
- Manufacturing	1,419,529	271,400	5,472,328	1,303,000
- Transport and transport equipment	234,312	0	5,200,790	116,667
- Electricity and gas	0	0	155,967	0
- Recreational Activities	0	0	0	0
- Information Technology	0	0	0	0
- Others	235,412	0	1,216,924	359,064
Individuals				
- Others	2,735,541	0	2,651,182	0
Trade finance	0	0	0	0
Loans for use outside Hong Kong SAR	23,740,697	1,518,059	14,835,039	109,138
Total customer advances	30,626,175	1,789,459	42,783,345	2,051,346

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 2022					Total
	HKD Million					
	Banks	Non-Bank		Others	Total	
Official Sectors		Financial Institutions	Non-financial Private Sector			
<i>Offshore Centres</i>						
Hong Kong	37,542	0	0	12,151	0	49,693
<i>Developing Asia and Pacific</i>						
China	45,495	269	39	15,837	0	61,640

	31 Dec 2021					Total
	HKD Million					
	Banks	Non-Bank		Others	Total	
Official Sectors		Financial Institutions	Non-financial Private Sector			
<i>Offshore Centres</i>						
Hong Kong	39,314	0	319	18,112	0	57,745
<i>Developing Asia and Pacific</i>						
China	46,903	273	33	21,506	0	68,715

(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 2022	31 Dec 2021
	HKD Million	HKD Million
Gross amount of loans and advances to customers		
- China	15,837	21,499
- Hong Kong	11,844	18,188
Total	27,681	39,687
Overdue loans and impaired loans and advances which are individually determined to be impaired		
- China	21	21
- Hong Kong	38	63
Total	59	84

(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 2022			31 Dec 2021		
	HKD Million			HKD Million		
	USD	CNY	Total	USD	CNY	Total
Spot assets	91,986	18,644	110,630	82,247	21,995	104,242
Spot liabilities	95,933	15,184	111,117	90,708	20,905	111,613
Forward purchases	39,410	33,504	72,914	85,667	78,440	164,107
Forward sales	34,455	37,667	72,122	76,198	80,258	156,456
Net option position	0	0	0	0	0	0
Net long/(short) position	1,008	-703	305	1,008	-728	280
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 2022		31 Dec 2021	
	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	20,821	0.07%	20,692	0.05%
Rescheduled loans and advances to customers (excluding those which have been overdue for more than 3 months)	<u>37,821</u>		<u>62,644</u>	
Gross overdue and rescheduled loans and advances to customers	58,642		83,336	
Current market value of collateral held against the covered portion of overdue loans and advances	0		0	
Covered portion of overdue loans and advances	0		0	
Uncovered portion of overdue loans and advances	20,821		20,692	
Impairment allowances made on overdue loans and advances	15,293		2,202	

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 2022 and 31 December 2021.

(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 2022			31 Dec 2021		
	<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	4,365	0	4,365	4,352	0	4,352
- Local governments, local government-owned entities and their subsidiaries and JVs	7,392	0	7,392	11,954	0	11,954
- PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	13,337	0	13,337	20,431	265	20,696
- Other entities of central government not reported in the 1st item above	123	0	123	469	0	469
- Other entities of local government not reported in the 2nd item above	436	0	436	142	0	142
- PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	676	63	739	980	220	1,200
- Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	<u>1,325</u>	<u>145</u>	<u>1,470</u>	<u>3,122</u>	<u>199</u>	<u>3,321</u>
Total	27,654	208	27,862	41,450	684	42,134
Total assets after provisions	146,579			153,430		
On-balance sheet exposures as % of total assets	18.87%			27.02%		

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IV. Off Balance Sheet Exposures

	30 Jun 2022	31 Dec 2021
	<i>HKD '000</i>	<i>HKD '000</i>
(i) Contractual Amount of Contingent Liabilities and Commitments		
- Direct credit substitutes	316,875	620,693
- Transaction related contingencies	0	0
- Trade related contingencies	107,072	160,671
- Note issuance and revolving underwriting facilities	0	0
- Other commitments	849,052	729,762
- Others	0	0
(ii) Contractual Amount of Derivatives		
- Exchange rate-related derivative contracts	73,374,845	164,186,353
- Interest rate derivative contracts	3,808,469	3,927,280
- Others	0	0
(iii) Fair Value of Derivatives		
- Exchange rate-related derivative contracts	585,919	1,796,033
- Interest rate derivative contracts	9,574	135,805
- 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 2022	Quarter ended 30 Jun 2021
Average LMR (%)	57.38%	56.12%
	Quarter ended 30 Jun 2022	Quarter ended 30 Jun 2021
Average CFR (%)	574.66%	321.42%

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 2022</u>	<u>31 Dec 2021</u>
	<i>RMB Million</i>	<i>RMB Million</i>
Capital adequacy ratio	14.03%	14.71%
Aggregate amount of shareholders funds	888,032	858,745

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 2022</u>	<u>31 Dec 2021</u>
	<i>RMB Million</i>	<i>RMB Million</i>
- Total assets	9,724,996	9,249,021
- Total liabilities	8,829,330	8,383,340
- Total advances	5,931,807	5,570,034
- Total customer deposits	7,037,185	6,347,078

	<u>30 Jun 2022</u>	<u>30 Jun 2021</u>
	<i>RMB Million</i>	<i>RMB Million</i>
- Pre-tax profit	83,624	76,323

1 RMB = 1.171907 HKD at 30/06/2022
 1 RMB = 1.223346 HKD at 31/12/2021
 1 RMB = 1.201728 HKD at 30/06/2021

Statement of Compliance

This 2022 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