



Hong Kong Branch

a banking corporation (having limited liability)
incorporated in the State of California in the United States of America

**Cathay Bank
Hong Kong Branch**

Banking Disclosure Statement

June 30, 2022

(Unaudited)

Hong Kong Branch Banking Disclosure Statement as of June 30, 2022

Principal activities

The Branch provides a range of banking, financial and related services.

Chief Executive's Declaration of Compliance

I certify that the information disclosed in this statement is prepared in compliance with the Banking (Disclosure) Rules made under section 60A of the Banking Ordinance and, to the best of my knowledge and belief, it is not false or misleading in any material respect.



Tony Chi-Chiu Wong
Senior Vice President & Chief Executive
Hong Kong Branch

September 8, 2022

Disclosure Statement Available to The Public

Copies of the Disclosure Statement may be obtained from the reception of Cathay Bank, Hong Kong Branch on 3008, 30/F, Tower 2, The Gateway, 25 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong.

A copy of the Disclosure Statement has been lodged with the Hong Kong Monetary Authority's Public Registry and is available on the website <https://www.cathaybank.com/cathay-general/financial-information/regulatory-disclosures> for public inspection.

Key Financial Information Disclosure Statement
(Unaudited)

Section A - Hong Kong Branch Information

1. Income statement

	Six months ended Jun 30, 2022	Six months ended Jun 30, 2021
	HK\$000	HK\$000
Interest income	33,371	28,354
Interest expense	(5,702)	(2,631)
Net interest income	27,669	25,723
Fees and commission income	3,069	2,852
Fees and commission expense	(245)	(221)
Net fees and commission income	2,824	2,631
Gains less losses arising from trading in foreign currencies	0	0
Gains less losses arising from non-trading in foreign currencies	3,976	1,324
Gains less losses on securities held for trading purposes	0	0
Gains less losses from the disposal of property, plant and equipment and investment properties	0	0
Other operating income	0	0
Total operating income before impairment losses and provisions	34,469	29,678
Impairment losses and provisions for impaired loans and receivables	2,975	(66,581)
Net operating income / (expense)	37,444	(36,903)
Staff and rental expenses	(16,571)	(16,721)
Other expenses	(6,190)	(5,641)
Operating expenses	(22,761)	(22,362)
Profit / (Loss) before taxation	14,683	(59,265)
Tax expense	0	0
Profit / (Loss) after taxation	14,683	(59,265)

Key Financial Information Disclosure Statement
(Unaudited)

Section A - Hong Kong Branch Information

2. Balance sheet

	Jun 30, 2022	Dec 31, 2021
	HK\$000	HK\$000
ASSETS		
Cash and balances with banks (except those included in amount due from overseas offices)	82,660	98,927
Placements with banks which have a residual contractual maturity of more than one month but not more than 12 months (except those included in amount due from overseas offices)	0	0
Amount due from overseas offices	907,852	1,253,804
Trade bills	0	0
Certificates of deposit held	0	0
Loans and advances to bank	0	0
Loans and advances to customers (net of provisions)	2,408,712	2,126,237
Investment securities		
- Available-for-sale securities	141,565	152,327
- Held-to-maturity securities	0	0
Property, plant and equipment and investment properties	6,155	7,047
Other assets	59,531	136,898
Total assets	3,606,475	3,775,240
LIABILITIES		
Deposits and balances from banks (except those included in amount due to overseas offices)	0	0
Deposits from customers		
- demand deposits and current accounts	171,087	162,945
- savings deposits	459,132	368,634
- time, call and notice deposits	984,843	1,268,238
	1,615,062	1,799,817
Amount due to overseas offices	2,002,872	1,991,498
Other liabilities	(11,459)	(16,075)
Total liabilities	3,606,475	3,775,240

Key Financial Information Disclosure Statement (Unaudited)

Section A - Hong Kong Branch Information

3. Additional balance sheet information

(a) Loans and advances to customers

	Jun 30, 2022	Dec 31, 2021
	HK\$000	HK\$000
Gross amount of loans and advances to customers by countries or geographical segments after taking into account any recognized risk transfer		
- Hong Kong	1,934,968	1,805,267
- China	117,687	116,949
- British Virgin Islands	101,193	100,558
- Singapore	144,657	77,966
- Cayman Islands	129,916	47,616
	<u>2,428,421</u>	<u>2,148,356</u>
Provisions for impaired loans and advances		
- specific provisions	0	0
- collective provisions	(19,709)	(22,119)
	<u>(19,709)</u>	<u>(22,119)</u>
	<u>2,408,712</u>	<u>2,126,237</u>
Provisions made by the head office of Cathay Bank against the exposure of Hong Kong Branch as follows:		
- specific provisions	0	0
- collective provisions	0	0
	<u>0</u>	<u>0</u>
Gross value of assets against which specific provisions have been made	<u>0</u>	<u>0</u>

(b) Overdue loans and advances to customers

Gross amount of loans and advances to customers which have been overdue for more than three months and their expression as a percentage of its total amount of loans and advances to customers are as follows:

	Jun 30, 2022		Dec 31, 2021	
	HK\$000	%	HK\$000	%
Hong Kong:				
- 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	1,821	0.07	7,020	0.33
	<u>1,821</u>	<u>0.07</u>	<u>7,020</u>	<u>0.33</u>
			Jun 30, 2022	Dec 31, 2021
			HK\$000	HK\$000
- specific provisions			0	0
- covered portion of overdue loans and advances			0	0
- uncovered portion of overdue loans and advances			1,821	7,020
- current market value of collateral held against the covered portion of overdue loans and advances			<u>0</u>	<u>0</u>

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Section A - Hong Kong Branch Information

(c) Impaired loans and advances to customers

	<u>Jun 30, 2022</u>	<u>Dec 31, 2021</u>
	HK\$000	HK\$000
Gross impaired loans and advances	21,923	26,597
Specific provisions	0	0
Net impaired loans and advances	<u>21,923</u>	<u>26,597</u>
Gross impaired loans and advances as a percentage of gross loans and advances to customers	<u>0.90%</u>	<u>1.24%</u>
Specific provisions as a percentage of gross impaired loans and advances	<u>0.00%</u>	<u>0.00%</u>
Current market value of collateral related to impaired loans and advances	<u>20,102</u>	<u>19,577</u>

(d) Rescheduled loans and advances to customers

Rescheduled loans and advances to customers excluding those which have been overdue for more than 3 months and their expression as a percentage of its total amount of loans and advances to customers are as follows:

	<u>Jun 30, 2022</u>		<u>Dec 31, 2021</u>	
	HK\$000	%	HK\$000	%
Rescheduled loans and advances to customers	<u>0</u>	<u>0.00</u>	<u>0</u>	<u>0.00</u>

Key Financial Information Disclosure Statement
(Unaudited)

Section A - Hong Kong Branch Information

(e) Loans and advances to customers by industry sector

	<u>Jun 30, 2022</u>		<u>Dec 31, 2021</u>	
	HK\$000	The percentage covered by collateral %	HK\$000	The percentage covered by collateral %
Gross amount of loans and advances to customers for use in Hong Kong:				
Industrial, commercial and financial				
- property development	0	0.00	0	0.00
- property investment	850,428	100.00	513,808	100.00
- financial concerns	286,540	73.48	285,598	62.86
- stockbrokers	0	0.00	0	0.00
- wholesale and retail trade	193,835	95.95	234,413	79.42
- manufacturing	117,911	8.92	75,152	17.39
- transport and transport equipment	0	0.00	0	0.00
- Information technology	0	0.00	0	0.00
- others	181,286	94.30	187,972	89.04
	<u>1,630,000</u>	<u>87.63</u>	<u>1,296,943</u>	<u>81.73</u>
Individuals				
- loans for the purchase of flats in the Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme	0	0.00	0	0.00
- loans for the purchase of other residential properties	9,741	100.00	10,041	100.00
- credit card advances	0	0.00	0	0.00
- others	0	0.00	0	0.00
	<u>9,741</u>	<u>100.00</u>	<u>10,041</u>	<u>100.00</u>
Total loans and advances for use in Hong Kong	<u>1,639,741</u>	<u>87.71</u>	<u>1,306,984</u>	<u>81.87</u>
Trade finance	253,878	81.84	274,420	74.85
Loans and advances for use outside Hong Kong	<u>534,802</u>	<u>37.12</u>	<u>566,952</u>	<u>34.84</u>
	<u><u>2,428,421</u></u>	<u><u>75.95</u></u>	<u><u>2,148,356</u></u>	<u><u>68.56</u></u>

Key Financial Information Disclosure Statement
(Unaudited)

Section A - Hong Kong Branch Information

(f) Mainland activities

	Jun 30, 2022		
	HK\$000		
	On-balance sheet exposure	Off-balance sheet exposure	Total
1. Central government, central government-owned entities and their subsidiaries and JVs	41,325	0	41,325
2. Local governments, local government-owned entities and their subsidiaries and JVs	0	0	0
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	285,455	10,370	295,825
4. Other entities of central government not reported in item 1 above	74,056	0	74,056
5. Other entities of local governments not reported in item 2 above	0	0	0
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	10,201	0	10,201
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	333,826	15,653	349,479
Total	744,863	26,023	770,886
Total assets after provisions	3,606,475		
On-balance sheet exposures as % of total assets	20.65%		

	Dec 31, 2021		
	HK\$000		
	On-balance sheet exposure	Off-balance sheet exposure	Total
1. Central government, central government-owned entities and their subsidiaries and JVs	46,479	0	46,479
2. Local governments, local government-owned entities and their subsidiaries and JVs	0	0	0
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	256,767	112,764	369,531
4. Other entities of central government not reported in item 1 above	74,557	0	74,557
5. Other entities of local governments not reported in item 2 above	100,005	0	100,005
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	10,406	0	10,406
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	330,785	15,554	346,339
Total	818,999	128,318	947,317
Total assets after provisions	3,775,240		
On-balance sheet exposures as % of total assets	21.69%		

Key Financial Information Disclosure Statement (Unaudited)

Section A - Hong Kong Branch Information

4. International claim

International claims by major countries or geographical segments with not less than 10% of the total international claims after taking into account any recognized risk transfer (excluding claims arising between branches and subsidiaries) are shown as follows:

Jun 30, 2022						
HK\$million						
Non-bank private sector						
	Banks	Official Sector	Non-bank financial institutions	Non-financial private sector	Others	Total
Developed countries						
United States	0	0	142	0	0	142
Offshore centres						
Hong Kong	79	0	74	445	0	598
Singapore	0	0	0	145	0	145
Developing Asia and Pacific						
China	118	0	118	0	0	236

Dec 31, 2021						
HK\$million						
Non-bank private sector						
	Banks	Official Sector	Non-bank financial institutions	Non-financial private sector	Others	Total
Developed countries						
United States	0	0	152	0	0	152
Offshore centres						
Hong Kong	94	0	74	474	0	642
Developing Asia and Pacific						
China	117	0	117	0	0	234

5. Off-balance sheet exposures and derivative transactions

	Jun 30, 2022	Dec 31, 2021
	HK\$000	HK\$000
Contingent liabilities and commitments		
- direct credit substitutes	0	0
- transaction-related contingencies	217	216
- trade-related contingencies	146,131	96,967
- other commitments	380,047	574,120
	<u>526,395</u>	<u>671,303</u>
Derivative transactions (Notional amount)		
- exchange rate contracts	996,529	1,062,914
- interest rate contracts	0	0
	<u>996,529</u>	<u>1,062,914</u>

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Section A - Hong Kong Branch Information

	<u>Jun 30, 2022</u>	<u>Dec 31, 2021</u>
	HK\$000	HK\$000
Derivative transactions (Fair value)		
- exchange rate contracts	557	3,191
- interest rate contracts	0	0
	<u>557</u>	<u>3,191</u>

The contractual amounts of the above instruments indicate the volume of transactions outstanding as of balance sheet date, they do not represent amount at risk. The contractual amount and fair value above do not take into account the effect of bilateral netting arrangements.

6. Currency risk

Foreign currency exposures with net position (in absolute terms) constituting not less than 10% of the total net positions in all foreign currencies are disclosed.

	<u>Jun 30, 2022</u>
	Equivalent in HK\$million
Non-structural position	US\$
Spot assets	2,139
Spot liabilities	(2,984)
Forward purchases	921
Forward sales	(75)
Net options position	0
Net long / (short) position	<u>1</u>
Structural position	<u>0</u>

	<u>Dec 31, 2021</u>
	Equivalent in HK\$million
Non-structural position	US\$
Spot assets	2,478
Spot liabilities	(3,116)
Forward purchases	851
Forward sales	(210)
Net options position	0
Net long / (short) position	<u>3</u>
Structural position	<u>0</u>

Key Financial Information Disclosure Statement
(Unaudited)

Section A - Hong Kong Branch Information

7. Liquidity information disclosure

Average liquidity maintenance ratio for the reporting period

<u>Quarter ended Jun 30, 2022</u>	<u>Quarter ended Jun 30, 2021</u>
<u>49.21%</u>	<u>44.72%</u>

The average liquidity maintenance ratio disclosed is a 3 months' average for each quarter based on the requirement of the Banking (Disclosure) Rules.

8. Remuneration system

With reference to HKMA Supervisory Policy Manual CG-5, "Guideline on a sound remuneration system", remuneration information for senior management and key personnel is disclosed by Cathay Bank head office, hence it is not separately disclosed by Cathay Bank Hong Kong Branch. For details on head office remuneration information, please refer to pages 19 - 34 of the Cathay General Bancorp 2022 Proxy Statement.

Key Financial Information Disclosure Statement (Unaudited)

Section B - Bank Information (Consolidated Basis)

1. Capital and capital adequacy

	<u>Jun 30, 2022</u>	<u>Dec 31, 2021</u>
Capital adequacy ratio	13.46%	14.21%

The consolidated capital adequacy ratio of the Bank is computed in accordance with the Basel Capital Accord. The ratio compares the capital base of the Bank with on and off balance sheet assets, weighted for risk. Such ratio incorporates an allowance for market risk.

	<u>Jun 30, 2022</u>	<u>Dec 31, 2021</u>
	Equivalent in HK\$million	Equivalent in HK\$million
Total amount of shareholders' funds	19,582	19,732

2. Other financial information

	<u>Jun 30, 2022</u>	<u>Dec 31, 2021</u>
	Equivalent in HK\$million	Equivalent in HK\$million
Total assets	166,487	162,735
Total liabilities	146,905	143,003
Total loans and advances	138,695	126,412
Total customer deposits	143,788	140,957
	<u>Six months ended Jun 30, 2022</u>	<u>Six months ended Jun 30, 2021</u>
	Equivalent in HK\$million	Equivalent in HK\$million
Pre-tax profit	1,658	1,561

Note:

The exchange rate for translation of US\$ against HK\$:

Jun 30, 2022	7.8458
Dec 31, 2021	7.7966
Jun 30, 2021	7.7649