



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, 2023

(Unaudited)

Hong Kong Branch Banking Disclosure Statement as of June 30, 2023

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.



Louis Hsien-Chen Fong
Senior Vice President & Chief Executive
Hong Kong Branch

August 31, 2023

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, 2023	Six months ended Jun 30, 2022
	HK\$000	HK\$000
Interest income	93,356	33,371
Interest expense	(70,888)	(5,702)
Net interest income	22,468	27,669
Fees and commission income	2,601	3,069
Fees and commission expense	(273)	(245)
Net fees and commission income	2,328	2,824
Gains less losses arising from trading in foreign currencies	0	0
Gains less losses arising from non-trading in foreign currencies	7,278	3,976
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	32,074	34,469
(Provisions) / reversal for impaired loans and receivables	(29,497)	2,975
Net operating income	2,577	37,444
Staff and rental expenses	(16,676)	(16,571)
Other expenses	(6,481)	(6,190)
Net charge for other provisions	(619)	0
Operating expenses	(23,776)	(22,761)
(Loss) / Profit before taxation	(21,199)	14,683
Tax expense	0	0
(Loss) / Profit after taxation	(21,199)	14,683

Key Financial Information Disclosure Statement
(Unaudited)

Section A - Hong Kong Branch Information

2. Balance sheet

	Jun 30, 2023	Dec 31, 2022
	HK\$000	HK\$000
ASSETS		
Cash and balances with banks (except those included in amount due from overseas offices)	155,816	161,931
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)	235,038	0
Amount due from overseas offices	833,814	1,084,526
Trade bills	0	0
Certificates of deposit held	0	0
Loans and advances to bank	0	0
Loans and advances to customers (net of allowance for loan losses)	2,728,778	2,504,199
Investment securities		
- Available-for-sale securities	238,081	136,909
- Held-to-maturity securities	0	0
Property, plant and equipment and investment properties	3,446	5,244
Other assets	36,262	96,464
Total assets	4,231,235	3,989,273
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	92,049	148,919
- savings deposits	115,316	238,511
- time, call and notice deposits	1,232,864	1,052,082
	1,440,229	1,439,512
Amount due to overseas offices	2,808,192	2,544,788
Other liabilities	(17,186)	4,973
Total liabilities	4,231,235	3,989,273

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, 2023	Dec 31, 2022
	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	2,172,867	1,969,500
- China	86,181	116,958
- British Virgin Islands	240,964	232,374
- Singapore	73,449	79,190
- Cayman Islands	210,050	130,278
	<u>2,783,511</u>	<u>2,528,300</u>
Allowance for loan losses		
- specific provisions	0	0
- collective provisions	(54,733)	(24,101)
	<u>(54,733)</u>	<u>(24,101)</u>
	<u>2,728,778</u>	<u>2,504,199</u>
Allowance 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, 2023		Dec 31, 2022	
	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	0	0.00	1,821	0.07
	<u>0</u>	<u>0.00</u>	<u>1,821</u>	<u>0.07</u>
			Jun 30, 2023	Dec 31, 2022
			HK\$000	HK\$000
- specific provisions			0	0
- covered portion of overdue loans and advances			0	0
- uncovered portion of overdue loans and advances			0	1,821
- current market value of collateral held against the covered portion of overdue loans and advances			<u>0</u>	<u>0</u>

Key Financial Information Disclosure Statement
(Unaudited)

Section A - Hong Kong Branch Information

(c) Impaired loans and advances to customers

	<u>Jun 30, 2023</u>	<u>Dec 31, 2022</u>
	HK\$000	HK\$000
Gross impaired loans and advances	20,912	57,333
Specific provisions	0	0
Net impaired loans and advances	<u>20,912</u>	<u>57,333</u>
Gross impaired loans and advances as a percentage of gross loans and advances to customers	<u>0.75%</u>	<u>2.27%</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>20,912</u>	<u>20,512</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, 2023</u>		<u>Dec 31, 2022</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

	Jun 30, 2023		Dec 31, 2022	
	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	1,044,308	100.00	985,752	100.00
- financial concerns	123,300	75.67	113,795	69.24
- stockbrokers	0	0.00	0	0.00
- wholesale and retail trade	267,356	98.61	180,731	97.18
- manufacturing	91,754	9.22	134,679	9.97
- transport and transport equipment	0	0.00	0	0.00
- Information technology	0	0.00	0	0.00
- others	250,484	96.93	190,897	91.99
	<u>1,777,202</u>	<u>92.98</u>	<u>1,605,854</u>	<u>89.00</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	9,142	100.00	9,438	100.00
- credit card advances	0	0.00	0	0.00
- others	0	0.00	0	0.00
	<u>9,142</u>	<u>100.00</u>	<u>9,438</u>	<u>100.00</u>
Total loans and advances for use in Hong Kong	<u>1,786,344</u>	<u>93.02</u>	<u>1,615,292</u>	<u>89.06</u>
Trade finance	<u>368,378</u>	<u>67.36</u>	<u>246,118</u>	<u>76.60</u>
Loans and advances for use outside Hong Kong	<u>628,789</u>	<u>63.20</u>	<u>666,890</u>	<u>59.72</u>
	<u><u>2,783,511</u></u>	<u><u>82.89</u></u>	<u><u>2,528,300</u></u>	<u><u>80.11</u></u>

Key Financial Information Disclosure Statement
(Unaudited)

Section A - Hong Kong Branch Information

(f) Mainland activities

	Jun 30, 2023		
	HK\$000		
	On-balance sheet exposure	Off-balance sheet exposure	Total
1. Central government, central government-owned entities and their subsidiaries and JVs	0	0	0
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	140,953	2,555	143,508
4. Other entities of central government not reported in item 1 above	288,686	18,755	307,441
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	803	0	803
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	502,262	12,609	514,871
Total	932,704	33,919	966,623
Total assets after provisions	4,231,235		
On-balance sheet exposures as % of total assets	22.04%		

	Dec 31, 2022		
	HK\$000		
	On-balance sheet exposure	Off-balance sheet exposure	Total
1. Central government, central government-owned entities and their subsidiaries and JVs	0	0	0
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	165,101	2,889	167,990
4. Other entities of central government not reported in item 1 above	168,687	21,598	190,285
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	6,402	0	6,402
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	435,893	23,144	459,037
Total	776,083	47,631	823,714
Total assets after provisions	3,989,273		
On-balance sheet exposures as % of total assets	19.45%		

Key Financial Information Disclosure Statement (Unaudited)

Section A - Hong Kong Branch Information

	<u>Jun 30, 2023</u>	<u>Dec 31, 2022</u>
	HK\$000	HK\$000
Derivative transactions (Fair value)		
- exchange rate contracts	(631)	(2,569)
- interest rate contracts	0	0
	<u>(631)</u>	<u>(2,569)</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, 2023</u>
	Equivalent in HK\$million
No open position for all foreign currencies as of Jun 30, 2023	Not applicable

	<u>Dec 31, 2022</u>	US\$
	Equivalent in HK\$million	
Non-structural position		
Spot assets		2,321
Spot liabilities		(3,441)
Forward purchases		1,185
Forward sales		(67)
Net options position		0
Net long / (short) position		<u>(2)</u>
Structural position		<u>0</u>

7. Liquidity information disclosure

Average liquidity maintenance ratio for the reporting period

	<u>Quarter ended</u>	<u>Quarter ended</u>
	<u>Jun 30, 2023</u>	<u>Jun 30, 2022</u>
	<u>63.68%</u>	<u>49.21%</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 21 - 36 of the Cathay General Bancorp 2023 Proxy Statement.

Key Financial Information Disclosure Statement (Unaudited)

Section B - Bank Information (Consolidated Basis)

1. Capital and capital adequacy

	<u>Jun 30, 2023</u>	<u>Dec 31, 2022</u>
Capital adequacy ratio	13.69%	13.60%

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, 2023</u>	<u>Dec 31, 2022</u>
	Equivalent in HK\$million	Equivalent in HK\$million
Total amount of shareholders' funds	20,951	20,010

2. Other financial information

	<u>Jun 30, 2023</u>	<u>Dec 31, 2022</u>
	Equivalent in HK\$million	Equivalent in HK\$million
Total assets	180,223	171,338
Total liabilities	159,272	151,328
Total loans and advances	147,860	141,427
Total customer deposits	149,799	144,412
	<u>Six months ended Jun 30, 2023</u>	<u>Six months ended Jun 30, 2022</u>
	Equivalent in HK\$million	Equivalent in HK\$million
Pre-tax profit	1,632	1,658

Note:

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

Jun 30, 2023	7.8346
Dec 31, 2022	7.7972
Jun 30, 2022	7.8458