



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, 2021

(Unaudited)

**Hong Kong Branch
Banking Disclosure Statement as of June 30, 2021**

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 10, 2021

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, 2021	Six months ended Jun 30, 2020
	HK\$000	HK\$000
Interest income	28,354	57,088
Interest expense	(2,631)	(21,209)
Net interest income	25,723	35,879
Fees and commission income	2,852	2,692
Fees and commission expense	(221)	(210)
Net fees and commission income	2,631	2,482
Gains less losses arising from trading in foreign currencies	0	0
Gains less losses arising from non-trading in foreign currencies	1,324	102
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	29,678	38,463
Impairment losses and provisions for impaired loans and receivables	(66,581)	(39,692)
Net operating income / (expense)	(36,903)	(1,229)
Staff and rental expenses	(16,721)	(17,868)
Other expenses	(5,641)	(6,017)
Operating expenses	(22,362)	(23,885)
Profit / (Loss) before taxation	(59,265)	(25,114)
Tax expense	0	(2,715)
Profit / (Loss) after taxation	(59,265)	(27,829)

Key Financial Information Disclosure Statement
(Unaudited)

Section A - Hong Kong Branch Information

2. Balance sheet

	Jun 30, 2021	Dec 31, 2020
	HK\$000	HK\$000
ASSETS		
Cash and balances with banks (except those included in amount due from overseas offices)	57,497	82,764
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	998,711	1,001,669
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)	2,099,772	2,152,782
Investment securities		
- Available-for-sale securities	154,680	154,389
- Held-to-maturity securities	0	0
Property, plant and equipment and investment properties	7,432	5,880
Other assets	65,910	23,761
Total assets	3,384,002	3,421,245
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	205,259	194,691
- savings deposits	611,750	428,362
- time, call and notice deposits	866,809	1,141,575
	1,683,818	1,764,628
Amount due to overseas offices	1,717,292	1,603,504
Other liabilities	(17,108)	53,113
Total liabilities	3,384,002	3,421,245

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, 2021	Dec 31, 2020
	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	1,853,917	1,828,749
- Singapore	88,132	108,916
- China	81,531	77,520
- British Virgin Islands	0	93,024
- Cayman Islands	101,777	65,892
	<u>2,125,357</u>	<u>2,174,101</u>
Provisions for impaired loans and advances		
- specific provisions	0	(1)
- collective provisions	(25,585)	(21,318)
	<u>(25,585)</u>	<u>(21,319)</u>
	<u>2,099,772</u>	<u>2,152,782</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	33,117
	<u>0</u>	<u>33,117</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, 2021		Dec 31, 2020	
	HK\$000	%	HK\$000	%
Hong Kong:				
- more than 3 months but not more than 6 months	0	0.00	43,200	1.99
- more than 6 months but not more than one year	17,446	0.82	0	0.00
- more than one year	0	0.00	0	0.00
	<u>17,446</u>	<u>0.82</u>	<u>43,200</u>	<u>1.99</u>
			Jun 30, 2021	Dec 31, 2020
			HK\$000	HK\$000
- specific provisions			0	0
- covered portion of overdue loans and advances			0	0
- uncovered portion of overdue loans and advances			17,446	43,200
- 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, 2021</u>	<u>Dec 31, 2020</u>
	HK\$000	HK\$000
Gross impaired loans and advances	17,446	43,700
Specific provisions	0	1
Net impaired loans and advances	<u>17,446</u>	<u>43,699</u>
Gross impaired loans and advances as a percentage of gross loans and advances to customers	<u>0.82%</u>	<u>2.01%</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>0</u>	<u>500</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, 2021</u>		<u>Dec 31, 2020</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, 2021		Dec 31, 2020	
	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	328,348	100.00	139,676	97.79
- financial concerns	342,805	46.56	354,420	44.81
- stockbrokers	0	0.00	0	0.00
- wholesale and retail trade	274,402	67.58	354,600	51.40
- manufacturing	87,227	14.84	175,929	11.56
- transport and transport equipment	0	0.00	0	0.00
- Information technology	0	0.00	0	0.00
- others	183,851	91.09	171,472	87.86
	1,216,633	70.18	1,196,097	54.23
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	10,338	100.00	26,113	100.00
- credit card advances	0	0.00	0	0.00
- others	5,782	100.00	5,864	100.00
	16,120	100.00	31,977	100.00
Total loans and advances for use in Hong Kong	1,232,753	70.57	1,228,074	55.42
Trade finance	318,106	58.85	335,433	57.73
Loans and advances for use outside Hong Kong	574,498	17.00	610,594	1.92
	2,125,357	54.33	2,174,101	40.75

Key Financial Information Disclosure Statement
(Unaudited)

Section A - Hong Kong Branch Information

(f) Mainland activities

	Jun 30, 2021		
	HK\$000		
	On-balance sheet exposure	Off-balance sheet exposure	Total
1. Central government, central government-owned entities and their subsidiaries and JVs	48,323	0	48,323
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	385,399	117,548	502,947
4. Other entities of central government not reported in item 1 above	36,403	0	36,403
5. Other entities of local governments not reported in item 2 above	154,398	0	154,398
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	11,429	0	11,429
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	256,916	6,932	263,848
Total	<u>892,868</u>	<u>124,480</u>	<u>1,017,348</u>
Total assets after provisions	3,384,002		
On-balance sheet exposures as % of total assets	26.38%		

	Dec 31, 2020		
	HK\$000		
	On-balance sheet exposure	Off-balance sheet exposure	Total
1. Central government, central government-owned entities and their subsidiaries and JVs	99,843	0	99,843
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	427,443	117,980	545,423
4. Other entities of central government not reported in item 1 above	37,321	0	37,321
5. Other entities of local governments not reported in item 2 above	165,950	0	165,950
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	11,715	0	11,715
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	165,380	10,223	175,603
Total	<u>907,652</u>	<u>128,203</u>	<u>1,035,855</u>
Total assets after provisions	3,421,245		
On-balance sheet exposures as % of total assets	26.53%		

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, 2021					
	HK\$million					
	Banks	Official Sector	Non-bank private sector		Others	Total
financial institutions			Non-financial private sector			
Developed countries						
United States	0	0	155	0	0	155
Offshore centres						
Hong Kong	41	0	153	590	0	784
Developing Asia and Pacific						
China	116	0	82	0	0	198

	Dec 31, 2020					
	HK\$million					
	Banks	Official Sector	Non-bank private sector		Others	Total
financial institutions			Non-financial private sector			
Developed countries						
France	154	0	0	0	0	154
Offshore centres						
Hong Kong	75	0	154	636	0	865
Developing Asia and Pacific						
China	116	0	78	0	0	194

5. Off-balance sheet exposures and derivative transactions

	Jun 30, 2021	Dec 31, 2020
	HK\$000	HK\$000
Contingent liabilities and commitments		
- direct credit substitutes	0	0
- transaction-related contingencies	215	465
- trade-related contingencies	101,346	130,627
- other commitments	507,970	528,926
	<u>609,531</u>	<u>660,018</u>

	Jun 30, 2021	Dec 31, 2020
	HK\$000	HK\$000
Derivative transactions (Notional amount)		
- exchange rate contracts	897,750	835,430
- interest rate contracts	0	0
	<u>897,750</u>	<u>835,430</u>

Key Financial Information Disclosure Statement (Unaudited)

Section A - Hong Kong Branch Information

	<u>Jun 30, 2021</u>	<u>Dec 31, 2020</u>
	HK\$000	HK\$000
Derivative transactions (Fair value)		
- exchange rate contracts	34	(59)
- interest rate contracts	0	0
	<u>34</u>	<u>(59)</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, 2021</u>
	Equivalent in HK\$million
No open position for all foreign currencies as of Jun 30, 2021	Not applicable

	<u>Dec 31, 2020</u>	US\$
	Equivalent in HK\$million	
Non-structural position		
Spot assets		2,439
Spot liabilities		(3,140)
Forward purchases		767
Forward sales		(65)
Net options position		0
Net long / (short) position		<u>1</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, 2021</u>	<u>Jun 30, 2020</u>
	<u>44.72%</u>	<u>42.10%</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 17 - 32 of the Cathay General Bancorp 2021 Proxy Statement.

Key Financial Information Disclosure Statement (Unaudited)

Section B - Bank Information (Consolidated Basis)

1. Capital and capital adequacy

	<u>Jun 30, 2021</u>	<u>Dec 31, 2020</u>
Capital adequacy ratio	15.18%	14.99%

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, 2021</u>	<u>Dec 31, 2020</u>
	Equivalent in HK\$million	Equivalent in HK\$million
Total amount of shareholders' funds	19,628	19,129

2. Other financial information

	<u>Jun 30, 2021</u>	<u>Dec 31, 2020</u>
	Equivalent in HK\$million	Equivalent in HK\$million
Total assets	150,101	147,475
Total liabilities	130,473	128,346
Total loans and advances	120,906	120,190
Total customer deposits	128,616	125,274
	<u>Six months ended Jun 30, 2021</u>	<u>Six months ended Jun 30, 2020</u>
	Equivalent in HK\$million	Equivalent in HK\$million
Pre-tax profit	1,561	923

Note:

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

Jun 30, 2021	7.7649
Dec 31, 2020	7.7520
Jun 30, 2020	7.7503