



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

December 31, 2019

(Unaudited)

Hong Kong Branch Banking Disclosure Statement as of December 31, 2019

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

March 31, 2020

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/regulatory-disclosures> for public inspection.

Key Financial Information Disclosure Statement
(Unaudited)

Section A - Hong Kong Branch Information

1. Income statement

| | For the year ended Dec 31, 2019 | For the year ended Dec 31, 2018 |
|--|--|--|
| | HK\$000 | HK\$000 |
| Interest income | 133,183 | 104,941 |
| Interest expense | (52,728) | (40,003) |
| Net interest income | 80,455 | 64,938 |
| Fees and commission income | 8,008 | 9,260 |
| Fees and commission expense | (467) | (397) |
| Net fees and commission income | 7,541 | 8,863 |
| Gains less losses arising from trading in foreign currencies | 0 | 0 |
| Gains less losses arising from non-trading in foreign currencies | 5,463 | 5,141 |
| 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 | (4) | 0 |
| Other operating income | 0 | 0 |
| Total operating income before impairment losses and provisions | 93,455 | 78,942 |
| Impairment losses and provisions for impaired loans and receivables | (1,557) | (3,994) |
| Net operating income | 91,898 | 74,948 |
| Staff and rental expenses | (30,986) | (32,035) |
| Other expenses | (11,782) | (12,338) |
| Operating expenses | (42,768) | (44,373) |
| Profit before taxation | 49,130 | 30,575 |
| Tax expense | (8,694) | (7,005) |
| Profit after taxation | 40,436 | 23,570 |

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(Unaudited)

Section A - Hong Kong Branch Information

2. Balance sheet

| | Dec 31, 2019 | Jun 30, 2019 |
|---|---------------------|---------------------|
| | HK\$000 | HK\$000 |
| ASSETS | | |
| Cash and balances with banks (except those included in amount due from overseas offices) | 368,131 | 310,015 |
| 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 | 78,081 |
| Amount due from overseas offices | 1,402,401 | 901,357 |
| 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) | 2,353,660 | 2,321,787 |
| Investment securities | | |
| - Available-for-sale securities | 157,078 | 157,107 |
| - Held-to-maturity securities | 0 | 0 |
| Property, plant and equipment and investment properties | 5,757 | 4,667 |
| Other assets | 84,314 | 216,912 |
| Total assets | 4,371,341 | 3,989,926 |
| LIABILITIES | | |
| Deposits and balances from banks (except those included in amount due to overseas offices) | 200,000 | 150,000 |
| Deposits from customers | | |
| - demand deposits and current accounts | 692,658 | 833,297 |
| - savings deposits | 584,444 | 439,637 |
| - time, call and notice deposits | 1,554,886 | 1,363,340 |
| | 2,831,988 | 2,636,274 |
| Amount due to overseas offices | 1,208,618 | 1,092,070 |
| Other liabilities | 130,735 | 111,582 |
| Total liabilities | 4,371,341 | 3,989,926 |

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3. Additional balance sheet information

(a) Loans and advances to customers

| | Dec 31, 2019 | Jun 30, 2019 |
|--|---------------------|---------------------|
| | 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 | 1,876,111 | 1,944,277 |
| - Singapore | 144,594 | 135,768 |
| - China | 75,592 | 75,793 |
| - British Virgin Islands | 185,796 | 80,138 |
| - Cayman Islands | 95,396 | 109,313 |
| | <u>2,377,489</u> | <u>2,345,289</u> |
| Provisions for impaired loans and advances | | |
| - specific provisions | 0 | 0 |
| - collective provisions | <u>(23,829)</u> | <u>(23,502)</u> |
| | <u>2,353,660</u> | <u>2,321,787</u> |
| Provisions made by the head office of Cathay Bank against the exposure of Hong Kong Branch as follows: | | |
| - specific provisions | 16,743 | 1,189 |
| - collective provisions | <u>33,065</u> | <u>23,799</u> |
| | <u>49,808</u> | <u>24,988</u> |
| Gross value of assets against which specific provisions have been made | <u>38,937</u> | <u>61,747</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:

| | Dec 31, 2019 | | Jun 30, 2019 | |
|---|---------------------|-------------|---------------------|---------------------|
| | HK\$000 | % | HK\$000 | % |
| Hong Kong: | | | | |
| - more than 3 months but not more than 6 months | 0 | 0.00 | 6,479 | 0.28 |
| - more than 6 months but not more than one year | 0 | 0.00 | 0 | 0.00 |
| - more than one year | 0 | 0.00 | 0 | 0.00 |
| | <u>0</u> | <u>0.00</u> | <u>6,479</u> | <u>0.28</u> |
| | | | Dec 31, 2019 | Jun 30, 2019 |
| | | | 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 | 0 |
| - 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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(c) Impaired loans and advances to customers

| | <u>Dec 31, 2019</u> | <u>Jun 30, 2019</u> |
|--|---------------------|---------------------|
| | HK\$000 | HK\$000 |
| Gross impaired loans and advances | 40,137 | 68,526 |
| Specific provisions | 0 | 0 |
| Net impaired loans and advances | <u>40,137</u> | <u>68,526</u> |
| | | |
| Gross impaired loans and advances as a percentage of gross loans and advances to customers | <u>1.69%</u> | <u>2.92%</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>1,200</u> | <u>300</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>Dec 31, 2019</u> | | <u>Jun 30, 2019</u> | |
|---|---------------------|-------------|---------------------|-------------|
| | HK\$000 | % | HK\$000 | % |
| Rescheduled loans and advances to customers | <u>38,937</u> | <u>1.64</u> | <u>0</u> | <u>0.00</u> |

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(e) Loans and advances to customers by industry sector

| | Dec 31, 2019 | | Jun 30, 2019 | |
|---|-------------------------|--|-------------------------|--|
| | 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 | 135,704 | 100.00 | 115,758 | 99.96 |
| - financial concerns | 354,643 | 17.89 | 370,194 | 9.88 |
| - stockbrokers | 0 | 0.00 | 0 | 0.00 |
| - wholesale and retail trade | 378,776 | 27.15 | 431,432 | 24.56 |
| - manufacturing | 232,134 | 9.66 | 232,326 | 6.41 |
| - transport and transport equipment | 0 | 0.00 | 80,138 | 0.00 |
| - Information technology | 0 | 0.00 | 0 | 0.00 |
| - others | 115,177 | 73.76 | 117,742 | 72.67 |
| | <u>1,216,434</u> | <u>33.65</u> | <u>1,347,590</u> | <u>26.62</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 | 27,052 | 100.00 | 13,539 | 100.00 |
| - credit card advances | 0 | 0.00 | 0 | 0.00 |
| - others | 1 | 0.00 | 0 | 0.00 |
| | <u>27,053</u> | <u>100.00</u> | <u>13,539</u> | <u>100.00</u> |
| Total loans and advances for use in Hong Kong | <u>1,243,487</u> | <u>35.10</u> | <u>1,361,129</u> | <u>27.35</u> |
| Trade finance | 361,847 | 43.41 | 495,671 | 33.71 |
| Loans and advances for use outside Hong Kong | <u>772,155</u> | <u>6.99</u> | <u>488,489</u> | <u>10.34</u> |
| | <u><u>2,377,489</u></u> | <u><u>27.23</u></u> | <u><u>2,345,289</u></u> | <u><u>25.15</u></u> |

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(f) Mainland activities

| | Dec 31, 2019 | | Total |
|--|------------------------------|-------------------------------|------------------|
| | On-balance sheet exposure | Off-balance sheet exposure | |
| | HK\$000 | | |
| 1. Central government, central government-owned entities and their subsidiaries and JVs | 117,203 | 0 | 117,203 |
| 2. Local governments, local government-owned entities and their subsidiaries and JVs | 38,937 | 54,977 | 93,914 |
| 3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs | 353,498 | 246,264 | 599,762 |
| 4. Other entities of central government not reported in item 1 above | 117,155 | 0 | 117,155 |
| 5. Other entities of local governments not reported in item 2 above | 177,988 | 0 | 177,988 |
| 6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China | 35,099 | 0 | 35,099 |
| 7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures | 162,643 | 0 | 162,643 |
| Total | <u>1,002,523</u> | <u>301,241</u> | <u>1,303,764</u> |
| Total assets after provisions | 4,371,341 | | |
| On-balance sheet exposures as % of total assets | 22.93% | | |

| | Jun 30, 2019 | | Total |
|--|------------------------------|-------------------------------|------------------|
| | On-balance sheet exposure | Off-balance sheet exposure | |
| | HK\$000 | | |
| 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 | 61,746 | 51,171 | 112,917 |
| 3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs | 399,878 | 77,718 | 477,596 |
| 4. Other entities of central government not reported in item 1 above | 117,532 | 0 | 117,532 |
| 5. Other entities of local governments not reported in item 2 above | 78,155 | 0 | 78,155 |
| 6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China | 45,254 | 0 | 45,254 |
| 7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures | 168,612 | 0 | 168,612 |
| Total | <u>871,177</u> | <u>128,889</u> | <u>1,000,066</u> |
| Total assets after provisions | 3,989,926 | | |
| On-balance sheet exposures as % of total assets | 21.83% | | |

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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:

| Dec 31, 2019 | | | | | | |
|-------------------------|-------|-----------------|------------------------------------|---------------------------------|--------|-------|
| HK\$million | | | | | | |
| Non-bank private sector | | | | | | |
| | Banks | Official Sector | Non-bank financial institutions | Non-financial private sector | Others | Total |
| Offshore centres | | | | | | |
| Hong Kong | 307 | 0 | 234 | 686 | 0 | 1,227 |
| Jun 30, 2019 | | | | | | |
| HK\$million | | | | | | |
| Non-bank private sector | | | | | | |
| | Banks | Official Sector | Non-bank financial institutions | Non-financial private sector | Others | Total |
| Offshore centres | | | | | | |
| Hong Kong | 196 | 0 | 234 | 875 | 0 | 1,305 |

5. Off-balance sheet exposures and derivative transactions

| | Dec 31, 2019 | Jun 30, 2019 |
|--|---------------------|---------------------|
| | HK\$000 | HK\$000 |
| Contingent liabilities and commitments | | |
| - direct credit substitutes | 0 | 0 |
| - transaction-related contingencies | 2,690 | 5,136 |
| - trade-related contingencies | 151,342 | 131,817 |
| - other commitments | 937,863 | 839,301 |
| | <u>1,091,895</u> | <u>976,254</u> |
| | | |
| | Dec 31, 2019 | Jun 30, 2019 |
| | HK\$000 | HK\$000 |
| Derivative transactions (Notional amount) | | |
| - exchange rate contracts | 176,571 | 632,500 |
| - interest rate contracts | 0 | 0 |
| | <u>176,571</u> | <u>632,500</u> |

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| | <u>Dec 31, 2019</u> | <u>Jun 30, 2019</u> |
|---|---------------------|---------------------|
| | HK\$000 | HK\$000 |
| Derivative transactions (Fair value) | | |
| - exchange rate contracts | 31 | (774) |
| - interest rate contracts | 0 | 0 |
| | <u>31</u> | <u>(774)</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>Dec 31, 2019</u> |
|--------------------------------|---------------------------|
| | Equivalent in HK\$million |
| Non-structural position | US\$ |
| Spot assets | 3,229 |
| Spot liabilities | (3,294) |
| Forward purchases | 122 |
| Forward sales | (55) |
| Net options position | 0 |
| Net long / (short) position | <u>2</u> |
| Structural position | <u>0</u> |

| | <u>Jun 30, 2019</u> |
|--------------------------------|---------------------------|
| | Equivalent in HK\$million |
| Non-structural position | US\$ |
| Spot assets | 2,918 |
| Spot liabilities | (3,014) |
| Forward purchases | 365 |
| Forward sales | (268) |
| Net options position | 0 |
| Net long / (short) position | <u>1</u> |
| Structural position | <u>0</u> |

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 (Unaudited)

Section A - Hong Kong Branch Information
7. Liquidity information disclosure

Average liquidity maintenance ratio for the reporting period

| Quarter ended Dec 31, 2019 | Quarter ended Dec 31, 2018 |
|-------------------------------|-------------------------------|
| 42.85% | 45.23% |

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

Qualitative disclosures
a. Governance of liquidity risk management

The Board of Directors of Cathay Bank head office delegates the responsibility for managing the overall liquidity of Cathay Bank Hong Kong Branch (CBHK) to CBHK's Assets and Liabilities Committee (ALCO). The ALCO formulates both the long-term strategy for funding sources and short-term tactics to address prevailing conditions. CBHK manages its liquidity risk in accordance with Liquidity Risk Management Policy which provides a set of guidelines for the prudent management of liquidity in the normal course of business. It also sets out the responsibilities of the ALCO and functional units for liquidity risk monitoring, control and reporting.

b. Funding strategy

CBHK maintains an appropriate mix of high quality liquid assets as a source of liquidity cushion for meeting emergency funding needs. The amount and composition of such assets should be determined with reference to the business need and liquidity risk profile. In managing the funding strategy, CBHK establishes a clear strategy for holding liquid assets, determines the appropriate volume, tenor and mix of such holdings.

c. Liquidity risk mitigation techniques

To mitigate the liquidity risk, CBHK maintains an adequate cushion of unencumbered, high quality liquid assets that can be reliably sold in the markets to obtain funds to meet CBHK's liquidity needs at all times, even in periods of severe idiosyncratic and market stress. The size of the liquidity cushion reflects CBHK's established risk tolerance and should be sufficient to cover funding gaps generated from the liquidity stress scenarios.

d. Stress testing

CBHK conducts regular stress tests on cash flows by applying various "what if" scenarios on the liquidity positions for all currencies in aggregate so as to ensure that CBHK has adequate liquidity to withstand stressed conditions. These stress tests are separately conducted for positions in HKD, USD and other foreign currencies in which CBHK has significant positions. To ensure that liquidity is managed in line with the risk tolerance, the type of scenarios and survival period are set for monitoring and control.

e. Contingency funding plan

CBHK's Liquidity Contingency Policy defines the framework and basic principles of liquidity contingency management and stipulates the tools and procedures for the application of these principles. It provides guidance for the monitoring of liquidity positions and identification of liquidity contingency issues occur and identifies the tools for managing liquidity contingency situations.

Quantitative disclosures
f. Cash flow maturity mismatch analysis

| HK\$000 (#) | Up to 7 days | 7 days to 1 month | 1 to 3 months | 3 to 6 months | 6 to 12 months |
|------------------------|------------------|----------------------|------------------|------------------|-------------------|
| Dec 31, 2019 | | | | | |
| Net liquidity mismatch | (283,700) | (53,404) | (321,559) | (118,825) | 147,356 |
| Cumulative mismatch | <u>(283,700)</u> | <u>(337,104)</u> | <u>(658,663)</u> | <u>(777,488)</u> | <u>(630,132)</u> |
| Jun 30, 2019 | | | | | |
| Net liquidity mismatch | (220,106) | 219,762 | (255,547) | (22,248) | (585,865) |
| Cumulative mismatch | <u>(220,106)</u> | <u>(344)</u> | <u>(255,891)</u> | <u>(278,139)</u> | <u>(864,004)</u> |

(#) Positive indicates a position of liquidity surplus. Negative indicates a liquidity shortfall that has to be funded.

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Section A - Hong Kong Branch Information

g. Sources of funding

CBHK's source of funding is mainly from customer deposits and borrowing from Cathay Bank head office/other banks.

| | Dec 31, 2019 | | Jun 30, 2019 | |
|--|------------------|------------|------------------|------------|
| | HK\$000 | % | HK\$000 | % |
| Customer deposits | 2,831,988 | 67 | 2,636,274 | 68 |
| Borrowing from Cathay Bank head office/other banks | 1,408,618 | 33 | 1,242,070 | 32 |
| | <u>4,240,606</u> | <u>100</u> | <u>3,878,344</u> | <u>100</u> |

h. Liquidity exposures and funding needs at the level of individual legal entities, foreign branches and subsidiaries

This item is not applicable to CBHK

i. Liquidity gap (HK\$000)

The table below analyses the on- and off-balance sheet items, broken down into maturity buckets of CBHK.

As of Dec 31, 2019

| | On demand | Up to 1 month | Between 1 and 3 months | Between 3 and 6 months | Between 6 and 12 months | Between 1 and 2 years | Between 2 and 3 years | Between 3 and 5 years | Over 5 years | Balancing figure | Total |
|--|------------------|------------------|------------------------------|------------------------------|-------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------|---------------------|------------------|
| On-balance sheet assets | | | | | | | | | | | |
| Cash and balances with banks (except those included in amount due from overseas offices) | 251,320 | 116,811 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 368,131 |
| Amount due from overseas offices | 1,402,401 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,402,401 |
| Loans and advances to customers | 78,113 | 658,100 | 347,392 | 160,193 | 387,055 | 463,582 | 146,732 | 31,352 | 104,970 | 0 | 2,377,489 |
| Investment securities | | | | | | | | | | | |
| - Available-for-sale securities | 0 | 0 | 0 | 0 | 0 | 157,078 | 0 | 0 | 0 | 0 | 157,078 |
| Property, plant and equipment and investment properties | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 5,757 | 5,757 |
| Other assets | 67,546 | 3,078 | 1,666 | 15 | 0 | 0 | 0 | 0 | 0 | 12,009 | 84,314 |
| Impairment allowance | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (23,829) | (23,829) |
| | <u>1,799,380</u> | <u>777,989</u> | <u>349,058</u> | <u>160,208</u> | <u>387,055</u> | <u>620,660</u> | <u>146,732</u> | <u>31,352</u> | <u>104,970</u> | <u>(6,063)</u> | <u>4,371,341</u> |
| On-balance sheet liabilities | | | | | | | | | | | |
| Deposits and balances from banks (except those included in amount due to overseas offices) | 0 | 150,000 | 50,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 200,000 |
| Deposits from customers | 1,277,103 | 977,807 | 354,267 | 134,967 | 87,844 | 0 | 0 | 0 | 0 | 0 | 2,831,988 |
| Amount due to overseas offices | 196,256 | 155,748 | 272,559 | 155,748 | 233,622 | 194,685 | 0 | 0 | 0 | 0 | 1,208,618 |
| Other liabilities | 550 | 3,474 | 2,887 | 709 | 9,706 | 0 | 0 | 0 | 0 | 113,409 | 130,735 |
| | <u>1,473,909</u> | <u>1,287,029</u> | <u>679,713</u> | <u>291,424</u> | <u>331,172</u> | <u>194,685</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>113,409</u> | <u>4,371,341</u> |
| Off-balance sheet claims | | | | | | | | | | | |
| Irrevocable loan commitments or facilities received | 545,118 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 545,118 |
| | <u>545,118</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>545,118</u> |
| Off-balance sheet obligations | | | | | | | | | | | |
| Direct credit substitutes | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transaction-related contingencies | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2,691 | 2,691 |
| Trade-related contingencies | 0 | 21,630 | 122,841 | 0 | 0 | 0 | 0 | 0 | 0 | 6,871 | 151,342 |
| Other commitments | 0 | 219,693 | 154,475 | 214,610 | 349,086 | 0 | 0 | 0 | 0 | 0 | 937,864 |
| | <u>0</u> | <u>241,323</u> | <u>277,316</u> | <u>214,610</u> | <u>349,086</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>9,562</u> | <u>1,091,897</u> |
| Net liquidity gaps | 870,589 | (750,363) | (607,971) | (345,826) | (293,203) | 425,975 | 146,732 | 31,352 | 104,970 | (129,034) | (546,779) |

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i. Liquidity gap (HK\$000) (continued)

As of Jun 30, 2019

| On-balance sheet assets | On demand | Up to 1 month | Between 1 and 3 months | Between 3 and 6 months | Between 6 and 12 months | Between 1 and 2 years | Between 2 and 3 years | Between 3 and 5 years | Over 5 years | Balancing figure | Total |
|--|------------------|------------------|------------------------------|------------------------------|-------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------|---------------------|------------------|
| Cash and balances with banks (except those included in amount due from overseas offices) | 153,853 | 156,162 | 78,081 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 388,096 |
| Amount due from overseas offices | 901,357 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 901,357 |
| Loans and advances to customers | 56,517 | 672,169 | 380,415 | 225,268 | 128,535 | 442,937 | 304,143 | 40,515 | 94,790 | 0 | 2,345,289 |
| Investment securities | | | | | | | | | | | |
| - Available-for-sale securities | 0 | 0 | 0 | 0 | 0 | 157,107 | 0 | 0 | 0 | 0 | 157,107 |
| Property, plant and equipment and investment properties | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 4,667 | 4,667 |
| Other assets | 202,547 | 3,497 | 1,996 | 42 | 0 | 0 | 0 | 0 | 0 | 8,830 | 216,912 |
| Impairment allowance | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (23,502) | (23,502) |
| | <u>1,314,274</u> | <u>831,828</u> | <u>460,492</u> | <u>225,310</u> | <u>128,535</u> | <u>600,044</u> | <u>304,143</u> | <u>40,515</u> | <u>94,790</u> | <u>(10,005)</u> | <u>3,989,926</u> |
| On-balance sheet liabilities | | | | | | | | | | | |
| Deposits and balances from banks (except those included in amount due to overseas offices) | 0 | 0 | 150,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 150,000 |
| Deposits from customers | 1,272,934 | 614,313 | 479,685 | 169,387 | 99,955 | 0 | 0 | 0 | 0 | 0 | 2,636,274 |
| Amount due to overseas offices | 194,138 | 0 | 78,081 | 78,081 | 585,608 | 156,162 | 0 | 0 | 0 | 0 | 1,092,070 |
| Other liabilities | 554 | 3,291 | 2,953 | 8,405 | 2,714 | 4,257 | 0 | 0 | 0 | 89,408 | 111,582 |
| | <u>1,467,626</u> | <u>617,604</u> | <u>710,719</u> | <u>255,873</u> | <u>688,277</u> | <u>160,419</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>89,408</u> | <u>3,989,926</u> |
| Off-balance sheet claims | | | | | | | | | | | |
| Irrevocable loan commitments or facilities received | 663,688 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 663,688 |
| | <u>663,688</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>663,688</u> |
| Off-balance sheet obligations | | | | | | | | | | | |
| Direct credit substitutes | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transaction-related contingencies | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 5,136 | 5,136 |
| Trade-related contingencies | 0 | 29,623 | 71,511 | 23,934 | 0 | 0 | 0 | 0 | 0 | 6,749 | 131,817 |
| Other commitments | 0 | 234,962 | 354,524 | 181,614 | 68,201 | 0 | 0 | 0 | 0 | 0 | 839,301 |
| | <u>0</u> | <u>264,585</u> | <u>426,035</u> | <u>205,548</u> | <u>68,201</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>11,885</u> | <u>976,254</u> |
| Net liquidity gaps | <u>510,336</u> | <u>(50,361)</u> | <u>(676,262)</u> | <u>(236,111)</u> | <u>(627,943)</u> | <u>439,625</u> | <u>304,143</u> | <u>40,515</u> | <u>94,790</u> | <u>(111,298)</u> | <u>(312,566)</u> |

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 2019 Proxy Statement.

Key Financial Information Disclosure Statement (Unaudited)

Section B - Bank Information (Consolidated Basis)

1. Capital and capital adequacy

| | <u>Dec 31, 2019</u> | <u>Jun 30, 2019</u> |
|------------------------|---------------------|---------------------|
| Capital adequacy ratio | 13.81% | 14.02% |

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>Dec 31, 2019</u> | <u>Jun 30, 2019</u> |
|-------------------------------------|------------------------------|------------------------------|
| | Equivalent in HK\$million | Equivalent in HK\$million |
| Total amount of shareholders' funds | 18,419 | 18,204 |

2. Other financial information

| | <u>Dec 31, 2019</u> | <u>Jun 30, 2019</u> |
|--------------------------|--|--|
| | Equivalent in HK\$million | Equivalent in HK\$million |
| Total assets | 140,691 | 137,230 |
| Total liabilities | 122,272 | 119,026 |
| Total loans and advances | 116,802 | 113,553 |
| Total customer deposits | 114,675 | 112,394 |
| | <u>For the year ended Dec 31, 2019</u> | <u>For the year ended Dec 31, 2018</u> |
| | Equivalent in HK\$million | Equivalent in HK\$million |
| Pre-tax profit | 2,779 | 2,771 |

Note:

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

| | |
|--------------|--------|
| Dec 31, 2019 | 7.7874 |
| Jun 30, 2019 | 7.8081 |
| Dec 31, 2018 | 7.8317 |