



**Cathay Bank**  
**Hong Kong Branch**

**Key Financial Information Disclosure Statement**  
**as of June 30, 2015**

## **Hong Kong Branch Key Financial Information Disclosure Statement as of June 30, 2015**

### **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 and the disclosure standard set out in the "Guideline on the Application of the Banking (Disclosure) Rules" (Revised) under the Supervisory Policy Manual issued by the Hong Kong Monetary Authority on August 6, 2015 and, to the best of my knowledge and belief, it is not false or misleading in any material respect.



Tony Wong  
Senior Vice President & Chief Executive  
Hong Kong Branch

September 25, 2015

### **Disclosure Statement Available to The Public**

Copies of the Disclosure Statement may be obtained from the reception of Cathay Bank, Hong Kong Branch on 503, Central Tower, 28 Queen's Road Central, Hong Kong.

A copy of the Disclosure Statement has been lodged with the Hong Kong Monetary Authority's Public Registry for public inspection.

**Key Financial Information Disclosure Statement**
**Section A - Hong Kong Branch Information**
**1. Income statement**

	Six months ended Jun 30, 2015	Six months ended Jun 30, 2014
	HK\$000	HK\$000
Interest income	37,719	39,071
Interest expense	(8,032)	(8,485)
<b>Net interest income</b>	<b>29,687</b>	<b>30,586</b>
Fees and commission income	2,842	3,276
Fees and commission expense	(179)	(198)
<b>Net fees and commission income</b>	<b>2,663</b>	<b>3,078</b>
Gains less losses arising from trading in foreign currencies	0	0
Gains less losses arising from non-trading in foreign currencies	(1,309)	2,219
Gains less losses on securities held for trading purposes	0	65
Gains less losses from the disposal of property, plant and equipment and investment properties	(51)	(2)
Other operating income	0	(167)
<b>Total operating income before impairment losses and provisions</b>	<b>30,990</b>	<b>35,779</b>
Impairment losses and provisions for impaired loans and receivables	0	775
<b>Net operating income</b>	<b>30,990</b>	<b>36,554</b>
Staff and rental expenses	(16,260)	(16,187)
Other expenses	(6,287)	(5,228)
<b>Operating expenses</b>	<b>(22,547)</b>	<b>(21,415)</b>
<b>Profit before taxation</b>	<b>8,443</b>	<b>15,139</b>
Tax expense	(1,620)	(2,578)
<b>Profit after taxation</b>	<b>6,823</b>	<b>12,561</b>

**Key Financial Information Disclosure Statement**
**Section A - Hong Kong Branch Information**
**2. Balance sheet**

	<u>Jun 30, 2015</u>	<u>Dec 31, 2014</u>
	HK\$000	HK\$000
<b>ASSETS</b>		
Cash and balances with banks (except those included in amount due from overseas offices)	427,360	426,040
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)	137,419	199,619
Amount due from overseas offices	386,682	484,891
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)	1,745,901	1,747,470
Investment securities		
- Available-for-sale securities	225,289	225,915
- Held-to-maturity securities	0	0
Property, plant and equipment and investment properties	2,226	1,752
Other assets	206,411	171,896
<b>Total assets</b>	<b><u>3,131,288</u></b>	<b><u>3,257,583</u></b>
<b>LIABILITIES</b>		
Deposits and balances from banks (except those included in amount due to overseas offices)	0	0
Deposits from customers		
- demand deposits and current accounts	238,340	698,814
- savings deposits	777,115	875,553
- time, call and notice deposits	1,363,650	1,029,735
	2,379,105	2,604,102
Amount due to overseas offices	705,433	616,905
Other liabilities	46,750	36,576
<b>Total liabilities</b>	<b><u>3,131,288</u></b>	<b><u>3,257,583</u></b>

**Key Financial Information Disclosure Statement**
**Section A - Hong Kong Branch Information**
**3. Additional balance sheet information**
**(a) Loans and advances to customers**

	Jun 30, 2015	Dec 31, 2014
	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	1,448,160	1,462,893
- China	93,049	93,182
- Philippines	155,044	132,974
- Singapore	52,997	61,772
- Macau	14,326	14,335
	<u>1,763,576</u>	<u>1,765,156</u>
Provisions for impaired loans and advances		
- specific provisions	0	0
- collective provisions	(17,675)	(17,686)
	<u>(17,675)</u>	<u>(17,686)</u>
	<u>1,745,901</u>	<u>1,747,470</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	15,582	16,204
	<u>15,582</u>	<u>16,204</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, 2015		Dec 31, 2014	
	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	0	0.00
	<u>0</u>	<u>0.00</u>	<u>0</u>	<u>0.00</u>
			Jun 30, 2015	Dec 31, 2014
			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>

**Key Financial Information Disclosure Statement**
**Section A - Hong Kong Branch Information**
**(c) Impaired loans and advances to customers**

	<u>Jun 30, 2015</u>	<u>Dec 31, 2014</u>
	HK\$000	HK\$000
Gross impaired loans and advances	0	0
Specific provisions	<u>0</u>	<u>0</u>
Net impaired loans and advances	<u>0</u>	<u>0</u>
Gross impaired loans and advances as a percentage of gross loans and advances to customers	<u>0.00%</u>	<u>0.00%</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>0</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, 2015</u>		<u>Dec 31, 2014</u>	
	HK\$000	%	HK\$000	%
Rescheduled loans and advances to customers	<u>3,699</u>	<u>0.21</u>	<u>0</u>	<u>0</u>

**Key Financial Information Disclosure Statement**
**Section A - Hong Kong Branch Information**
**(e) Loans and advances to customers by industry sector**

	Jun 30, 2015		Dec 31, 2014	
	HK\$000	The percentage covered by collateral %	HK\$000	The percentage covered by collateral %
<b>Gross amount of loans and advances to customers for use in Hong Kong:</b>				
<b>Industrial, commercial and financial</b>				
- property development	0	0.00	0	0.00
- property investment	109,009	99.82	166,588	99.92
- financial concerns	172,344	0.00	170,066	0.00
- stockbrokers	0	0.00	0	0.00
- wholesale and retail trade	710,152	37.93	609,516	43.57
- manufacturing	94,223	16.64	107,943	14.58
- transport and transport equipment	0	0.00	0	0.00
- Information technology	6,281	16.25	6,373	15.95
- others	30,136	99.98	29,418	100.00
	1,122,145	37.87	1,089,904	43.88
<b>Individuals</b>				
- 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	2,946	100.00	3,027	100.00
- credit card advances	0	0.00	0	0.00
- others	483	100.00	565	100.00
	3,429	100.00	3,592	100.00
<b>Total loans and advances for use in Hong Kong</b>	1,125,574	38.06	1,093,496	44.06
<b>Trade finance</b>	318,516	51.35	352,665	45.74
<b>Loans and advances for use outside Hong Kong</b>	319,486	4.81	318,995	3.45
	<u>1,763,576</u>	<u>34.44</u>	<u>1,765,156</u>	<u>37.06</u>

**Key Financial Information Disclosure Statement**
**Section A - Hong Kong Branch Information**
**(f) Mainland activities**

	Jun 30, 2015		
	On-balance sheet exposure	Off-balance sheet exposure	Total
	HK\$000		
1. Central government, central government-owned entities and their subsidiaries and JVs	318,277	0	318,277
2. Local governments, local government-owned entities and their subsidiaries and JVs	77,731	0	77,731
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	19,865	41,061	60,926
4. Other entities of central government not reported in item 1 above	85,626	0	85,626
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	10,679	0	10,679
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	45,028	2,040	47,068
<b>Total</b>	<b>557,206</b>	<b>43,101</b>	<b>600,307</b>
Total assets after provisions	3,131,288		
On-balance sheet exposures as % of total assets	17.79%		

	Dec 31, 2014		
	On-balance sheet exposure	Off-balance sheet exposure	Total
	HK\$000		
1. Central government, central government-owned entities and their subsidiaries and JVs	326,646	0	326,646
2. Local governments, local government-owned entities and their subsidiaries and JVs	0	77,568	77,568
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	24,812	67,283	92,095
4. Other entities of central government not reported in item 1 above	85,680	0	85,680
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	38,958	0	38,958
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	0	0	0
<b>Total</b>	<b>476,096</b>	<b>144,851</b>	<b>620,947</b>
Total assets after provisions	3,257,583		
On-balance sheet exposures as % of total assets	14.62%		

**Key Financial Information Disclosure Statement**
**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, 2015				Total
	Banks	Official sector	Non-bank private sector	Other	
HK\$million					
<b>Offshore centres</b>					
Hong Kong	341	0	1,069	0	1,410
<b>Developing Asia and Pacific</b>					
China	305	0	0	0	305

  

	Dec 31, 2014				Total
	Banks	Official sector	Non-bank private sector	Other	
HK\$million					
<b>Offshore centres</b>					
Hong Kong	355	0	1,022	0	1,377
<b>Developing Asia and Pacific</b>					
China	355	0	0	0	355

**5. Off-balance sheet exposures and derivative transactions**

	Jun 30, 2015	Dec 31, 2014
	HK\$000	HK\$000
<b>Contingent liabilities and commitments</b>		
- direct credit substitutes	4,651	4,654
- transaction-related contingencies	20,095	18,447
- trade-related contingencies	65,056	128,017
- other commitments	617,411	554,044
	<u>707,213</u>	<u>705,162</u>
	Jun 30, 2015	Dec 31, 2014
	HK\$000	HK\$000
<b>Derivative transactions (Notional amount)</b>		
- exchange rate contracts	636,952	991,577
- interest rate contracts	0	0
	<u>636,952</u>	<u>991,577</u>

**Key Financial Information Disclosure Statement**
**Section A - Hong Kong Branch Information**

	<u>Jun 30, 2015</u>	<u>Dec 31, 2014</u>
	HK\$000	HK\$000
<b>Derivative transactions (Fair value)</b>		
- exchange rate contracts	(2,098)	1,501
- interest rate contracts	0	0
	<u>(2,098)</u>	<u>1,501</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, 2015</u>	
	Equivalent in HK\$million	
	US\$	
<b>Non-structural position</b>		
Spot assets	2,339	
Spot liabilities	(2,534)	
Forward purchases	414	
Forward sales	(220)	
Net options position	0	
Net long / (short) position	<u>(1)</u>	
<b>Structural position</b>		<u>0</u>

	<u>Dec 31, 2014</u>	
	Equivalent in HK\$million	
	US\$	EUR
<b>Non-structural position</b>		
Spot assets	2,388	3
Spot liabilities	(2,660)	(21)
Forward purchases	629	19
Forward sales	(361)	0
Net options position	0	0
Net long / (short) position	<u>(4)</u>	<u>1</u>
<b>Structural position</b>	<u>0</u>	<u>0</u>

## Key Financial Information Disclosure Statement

### Section A - Hong Kong Branch Information

#### 7. Liquidity information

	Under Liquidity maintenance ratio Six months ended Jun 30, 2015	Under Liquidity ratio Six months ended Jun 30, 2014
Average liquidity maintenance ratio and liquidity ratio for the reporting period	<u>57.01%</u>	<u>53.11%</u>

#### Liquidity risk management

Cathay Bank Hong Kong branch manages its liquidity risk in accordance with Liquidity Risk Management Policy, which is governed by a set of principles approved by the Investment Committee and Board of Directors of Cathay Bank head office. The Policy provides a set of guidelines for the prudent management of liquidity in the normal course of business. The Branch also follows the guideline set forth by the HKMA in Supervisory Policy Manual LM-2, "Sound systems and controls for liquidity risk management".

Net funding exposures are managed through regular reviews of projected cash flows. Cumulative cashflow profiles under normal and stress conditions across different horizons are monitored against limits for each of these scenarios. The Policy also provides a framework for the management of market access and contingency planning to withstand a liquidity crisis.

#### 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 20 - 34 of the Cathay General Bancorp 2015 Proxy Statement.

## Key Financial Information Disclosure Statement

### Section B - Bank Information (Consolidated Basis)

#### 1. Capital and capital adequacy

	<u>Jun 30, 2015</u>	<u>Dec 31, 2014</u>
Capital adequacy ratio	15.28%	15.68%

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, 2015</u> Equivalent in HK\$million	<u>Dec 31, 2014</u> Equivalent in HK\$million
Total amount of shareholders' funds	13,409	12,935

#### 2. Other financial information

	<u>Jun 30, 2015</u> Equivalent in HK\$million	<u>Dec 31, 2014</u> Equivalent in HK\$million
Total assets	92,146	89,117
Total liabilities	78,737	76,182
Total loans and advances	72,393	67,797
Total customer deposits	72,633	68,373
	<u>Six months ended Jun 30, 2015</u> Equivalent in HK\$million	<u>Six months ended Jun 30, 2014</u> Equivalent in HK\$million
Pre-tax profit	945	781

Note:

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

Jun 30, 2015	7.7522
Dec 31, 2014	7.7568
Jun 30, 2014	7.7507