



**Cathay Bank  
Hong Kong Branch**

**Banking Disclosure Statement**

**December 31, 2018**

**(Unaudited)**

## **Hong Kong Branch Banking Disclosure Statement as of December 31, 2018**

### **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

April 9, 2019

### **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, 2018	For the year ended Dec 31, 2017
	HK\$000	HK\$000
Interest income	104,941	75,665
Interest expense	(40,003)	(22,967)
<b>Net interest income</b>	<b>64,938</b>	<b>52,698</b>
Fees and commission income	9,260	7,688
Fees and commission expense	(397)	(406)
<b>Net fees and commission income</b>	<b>8,863</b>	<b>7,282</b>
Gains less losses arising from trading in foreign currencies	0	0
Gains less losses arising from non-trading in foreign currencies	5,141	4,007
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	(208)
Other operating income	0	0
<b>Total operating income before impairment losses and provisions</b>	<b>78,942</b>	<b>63,779</b>
Impairment losses and provisions for impaired loans and receivables	(3,994)	(2,388)
<b>Net operating income</b>	<b>74,948</b>	<b>61,391</b>
Staff and rental expenses	(32,035)	(32,527)
Other expenses	(12,338)	(10,402)
<b>Operating expenses</b>	<b>(44,373)</b>	<b>(42,929)</b>
<b>Profit before taxation</b>	<b>30,575</b>	<b>18,462</b>
Tax expense	(7,005)	(809)
<b>Profit after taxation</b>	<b>23,570</b>	<b>17,653</b>

**Key Financial Information Disclosure Statement**  
(Unaudited)

**Section A - Hong Kong Branch Information**

**2. Balance sheet**

	<b>Dec 31, 2018</b>	<b>Jun 30, 2018</b>
	HK\$000	HK\$000
<b>ASSETS</b>		
Cash and balances with banks (except those included in amount due from overseas offices)	568,322	411,039
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	845,869	722,036
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)	2,213,947	2,161,141
Investment securities		
- Available-for-sale securities	158,819	236,493
- Held-to-maturity securities	0	0
Property, plant and equipment and investment properties	5,326	5,774
Other assets	162,186	223,457
<b>Total assets</b>	<b>3,954,469</b>	<b>3,759,940</b>
<b>LIABILITIES</b>		
Deposits and balances from banks (except those included in amount due to overseas offices)	0	156,948
Deposits from customers		
- demand deposits and current accounts	741,103	761,778
- savings deposits	521,272	432,140
- time, call and notice deposits	1,432,565	1,330,253
	2,694,940	2,524,171
Amount due to overseas offices	1,167,653	1,011,220
Other liabilities	91,876	67,601
<b>Total liabilities</b>	<b>3,954,469</b>	<b>3,759,940</b>

**Key Financial Information Disclosure Statement**  
(Unaudited)

**Section A - Hong Kong Branch Information**

**3. Additional balance sheet information**

**(a) Loans and advances to customers**

	<b>Dec 31, 2018</b>	<b>Jun 30, 2018</b>
	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	1,827,056	1,809,418
- Singapore	146,310	125,434
- British Virgin Islands	80,380	94,169
- Cayman Islands	182,600	153,936
	<u>2,236,346</u>	<u>2,182,957</u>
Provisions for impaired loans and advances		
- specific provisions	0	0
- collective provisions	(22,399)	(21,816)
	<u>(22,399)</u>	<u>(21,816)</u>
	<u>2,213,947</u>	<u>2,161,141</u>
Provisions made by the head office of Cathay Bank against the exposure of Hong Kong Branch as follows:		
- specific provisions	8	0
- collective provisions	26,236	21,604
	<u>26,244</u>	<u>21,604</u>
Gross value of assets against which specific provisions have been made	<u>160</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:

	<b>Dec 31, 2018</b>		<b>Jun 30, 2018</b>	
	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	160	0.01	8,763	0.40
- more than one year	0	0.00	0	0.00
	<u>160</u>	<u>0.01</u>	<u>8,763</u>	<u>0.40</u>
			<b>Dec 31, 2018</b>	<b>Jun 30, 2018</b>
			HK\$000	HK\$000
- specific provisions			0	0
- covered portion of overdue loans and advances			0	8,763
- 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>8,763</u>

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**(c) Impaired loans and advances to customers**

	<u>Dec 31, 2018</u>	<u>Jun 30, 2018</u>
	HK\$000	HK\$000
Gross impaired loans and advances	2,060	11,313
Specific provisions	<u>0</u>	<u>0</u>
Net impaired loans and advances	<u>2,060</u>	<u>11,313</u>
Gross impaired loans and advances as a percentage of gross loans and advances to customers	<u>0.09%</u>	<u>0.52%</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>1,900</u>	<u>11,313</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, 2018</u>		<u>Jun 30, 2018</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>

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**Section A - Hong Kong Branch Information**

**(e) Loans and advances to customers by industry sector**

	<b>Dec 31, 2018</b>		<b>Jun 30, 2018</b>	
	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	94,733	100.00	114,091	100.00
- financial concerns	492,290	9.11	439,846	14.82
- stockbrokers	0	0.00	0	0.00
- wholesale and retail trade	331,131	27.98	370,721	32.84
- manufacturing	247,875	5.73	163,177	10.95
- transport and transport equipment	80,380	0.00	94,169	0.00
- Information technology	0	0.00	0	0.00
- others	100,515	66.05	87,114	76.50
	1,346,924	23.23	1,269,118	30.38
<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	13,997	100.00	14,357	100.00
- credit card advances	0	0.00	0	0.00
- others	0	0.00	0	0.00
	13,997	100.00	14,357	100.00
<b>Total loans and advances for use in Hong Kong</b>	1,360,921	24.02	1,283,475	31.16
<b>Trade finance</b>	443,258	42.32	487,354	45.20
<b>Loans and advances for use outside Hong Kong</b>	432,167	11.78	412,128	12.44
	<u>2,236,346</u>	<u>25.28</u>	<u>2,182,957</u>	<u>30.76</u>

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**Section A - Hong Kong Branch Information**

**(f) Mainland activities**

	<b>Dec 31, 2018</b>		
	On-balance sheet exposure	HK\$000 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	23,335	126,051	149,386
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	123,950	228,427	352,377
4. Other entities of central government not reported in item 1 above	78,605	0	78,605
5. Other entities of local governments not reported in item 2 above	78,478	0	78,478
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	53,474	0	53,474
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	182,792	0	182,792
<b>Total</b>	<b>540,634</b>	<b>354,478</b>	<b>895,112</b>
Total assets after provisions	3,954,469		
On-balance sheet exposures as % of total assets	13.67%		

	<b>Jun 30, 2018</b>		
	On-balance sheet exposure	HK\$000 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	38,423	133,013	171,436
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	109,779	48,718	158,497
4. Other entities of central government not reported in item 1 above	78,734	0	78,734
5. Other entities of local governments not reported in item 2 above	78,672	0	78,672
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	53,849	0	53,849
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	154,107	0	154,107
<b>Total</b>	<b>513,564</b>	<b>181,731</b>	<b>695,295</b>
Total assets after provisions	3,759,940		
On-balance sheet exposures as % of total assets	13.66%		



**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:

	<b>Dec 31, 2018</b>				Total
	Banks	Official sector	Non-bank private sector	Other	
	HK\$million				
<b>Offshore centres</b>					
Hong Kong	564	0	1,221	0	1,785

  

	<b>Jun 30, 2018</b>				Total
	Banks	Official sector	Non-bank private sector	Other	
	HK\$million				
<b>Offshore centres</b>					
Hong Kong	406	0	1,206	0	1,612

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

	<b>Dec 31, 2018</b>	<b>Jun 30, 2018</b>
	HK\$000	HK\$000
<b>Contingent liabilities and commitments</b>		
- direct credit substitutes	7,049	7,063
- transaction-related contingencies	5,167	5,143
- trade-related contingencies	269,362	229,377
- other commitments	686,204	637,261
	<u>967,782</u>	<u>878,844</u>

  

	<b>Dec 31, 2018</b>	<b>Jun 30, 2018</b>
	HK\$000	HK\$000
<b>Derivative transactions (Notional amount)</b>		
- exchange rate contracts	469,859	433,958
- interest rate contracts	0	0
	<u>469,859</u>	<u>433,958</u>

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	<b>Dec 31, 2018</b>	<b>Jun 30, 2018</b>
<b>Derivative transactions (Fair value)</b>	HK\$000	HK\$000
- exchange rate contracts	66	(188)
- interest rate contracts	0	0
	<u>66</u>	<u>(188)</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.

	<b>Dec 31, 2018</b>	
	Equivalent in HK\$million	<b>US\$</b>
<b>Non-structural position</b>		
Spot assets		3,130
Spot liabilities		(3,268)
Forward purchases		305
Forward sales		(165)
Net options position		0
Net long / (short) position		<u>2</u>
<b>Structural position</b>		<u>0</u>

	<b>Jun 30, 2018</b>	
	Equivalent in HK\$million	<b>US\$</b>
<b>Non-structural position</b>		
Spot assets		2,922
Spot liabilities		(3,238)
Forward purchases		376
Forward sales		(58)
Net options position		0
Net long / (short) position		<u>2</u>
<b>Structural position</b>		<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 Dec 31</u>
- 2018	<u>45.23%</u>
	<u>Twelve months ended Dec 31</u>
- 2017	<u>48.18%</u>

The average liquidity maintenance ratio disclosed for 2018 is a 3 months' average for each quarter based on the requirement of the Banking (Disclosure) (Amendment) Rules 2018.

The average liquidity maintenance ratio disclosed for 2017 is a 12 months' average for the first 12-month based on the pre-amended Banking (Disclosure) Rules requirement.

**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 <sup>(#)</sup>	Up to 7 days	7 days to 1 month	1 to 3 months	3 to 6 months	6 to 12 months
<b>Dec 31, 2018</b>					
Net liquidity mismatch	(178,053)	281,058	19,970	6,486	(179,039)
Cumulative mismatch	<u>(178,053)</u>	<u>103,005</u>	<u>122,975</u>	<u>129,461</u>	<u>(49,578)</u>
<b>Jun 30, 2018</b>					
Net liquidity mismatch	(214,705)	153,982	(320,163)	253,760	85,142
Cumulative mismatch	<u>(214,705)</u>	<u>(60,723)</u>	<u>(380,886)</u>	<u>(127,126)</u>	<u>(41,984)</u>

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

## Key Financial Information Disclosure Statement (Unaudited)

### 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, 2018		Jun 30, 2018	
	HK\$000	%	HK\$000	%
Customer deposits	2,694,940	70	2,524,171	68
Borrowing from Cathay Bank head office/other banks	1,167,653	30	1,168,168	32
	<u>3,862,593</u>	<u>100</u>	<u>3,692,339</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, 2018

<b>On-balance sheet assets</b>	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)	568,322	0	0	0	0	0	0	0	0	0	568,322
Amount due from overseas offices	845,869	0	0	0	0	0	0	0	0	0	845,869
Loans and advances to customers	70,385	636,278	460,367	214,171	98,604	317,548	304,740	38,926	95,327	0	2,236,346
Investment securities											
- Available-for-sale securities	0	0	0	0	0	0	158,819	0	0	0	158,819
Property, plant and equipment and investment properties	0	0	0	0	0	0	0	0	0	5,326	5,326
Other assets	149,369	1,638	2,147	19	0	0	0	0	0	9,013	162,186
Impairment allowance	0	0	0	0	0	0	0	0	0	(22,399)	(22,399)
	<u>1,633,945</u>	<u>637,916</u>	<u>462,514</u>	<u>214,190</u>	<u>98,604</u>	<u>317,548</u>	<u>463,559</u>	<u>38,926</u>	<u>95,327</u>	<u>(8,060)</u>	<u>3,954,469</u>
<b>On-balance sheet liabilities</b>											
Deposits and balances from banks (except those included in amount due to overseas offices)	0	0	0	0	0	0	0	0	0	0	0
Deposits from customers	1,262,375	741,528	440,653	129,374	121,010	0	0	0	0	0	2,694,940
Amount due to overseas offices	188,690	0	0	78,317	156,634	744,012	0	0	0	0	1,167,653
Other liabilities	559	4,314	3,616	1,020	6,970	0	0	0	0	75,397	91,876
	<u>1,451,624</u>	<u>745,842</u>	<u>444,269</u>	<u>208,711</u>	<u>284,614</u>	<u>744,012</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>75,397</u>	<u>3,954,469</u>
<b>Off-balance sheet claims</b>											
Irrevocable loan commitments or facilities received	195,793	0	0	0	0	0	0	0	0	0	195,793
	<u>195,793</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>195,793</u>
<b>Off-balance sheet obligations</b>											
Direct credit substitutes	0	0	0	0	0	0	0	0	0	7,049	7,049
Transaction-related contingencies	0	0	0	0	0	0	0	0	0	5,167	5,167
Trade-related contingencies	0	138,685	117,031	4,085	0	0	0	0	0	9,561	269,362
Other commitments	0	143,561	194,170	159,469	151,823	37,181	0	0	0	0	686,204
	<u>0</u>	<u>282,246</u>	<u>311,201</u>	<u>163,554</u>	<u>151,823</u>	<u>37,181</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>21,777</u>	<u>967,782</u>
<b>Net liquidity gaps</b>	<u>378,114</u>	<u>(390,172)</u>	<u>(292,956)</u>	<u>(158,075)</u>	<u>(337,833)</u>	<u>(463,645)</u>	<u>463,559</u>	<u>38,926</u>	<u>95,327</u>	<u>(105,234)</u>	<u>(771,989)</u>

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(Unaudited)**
**Section A - Hong Kong Branch Information**
**i. Liquidity gap (HK\$000) (continued)**
**As of Jun 30, 2018**

<b>On-balance sheet assets</b>	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)	411,039	0	0	0	0	0	0	0	0	0	411,039
Amount due from overseas offices	722,036	0	0	0	0	0	0	0	0	0	722,036
Loans and advances to customers	59,524	553,660	324,149	277,812	308,046	137,713	285,367	135,127	101,559	0	2,182,957
Investment securities											
- Available-for-sale securities	0	0	0	0	0	0	236,493	0	0	0	236,493
Property, plant and equipment and investment properties	0	0	0	0	0	0	0	0	0	5,774	5,774
Other assets	199,761	2,437	2,533	49	0	0	0	0	0	18,677	223,457
Impairment allowance	0	0	0	0	0	0	0	0	0	(21,816)	(21,816)
	<b>1,392,360</b>	<b>556,097</b>	<b>326,682</b>	<b>277,861</b>	<b>308,046</b>	<b>137,713</b>	<b>521,860</b>	<b>135,127</b>	<b>101,559</b>	<b>2,635</b>	<b>3,759,940</b>
<b>On-balance sheet liabilities</b>											
Deposits and balances from banks (except those included in amount due to overseas offices)	0	0	156,948	0	0	0	0	0	0	0	156,948
Deposits from customers	1,193,918	674,554	487,125	61,435	107,139	0	0	0	0	0	2,524,171
Amount due to overseas offices	187,243	0	0	0	78,474	745,503	0	0	0	0	1,011,220
Other liabilities	245	2,834	3,988	1,023	563	2,205	0	0	0	56,743	67,601
	<b>1,381,406</b>	<b>677,388</b>	<b>648,061</b>	<b>62,458</b>	<b>186,176</b>	<b>747,708</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>56,743</b>	<b>3,759,940</b>
<b>Off-balance sheet claims</b>											
Irrevocable loan commitments or facilities received	353,133	0	0	0	0	0	0	0	0	0	353,133
	<b>353,133</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>353,133</b>
<b>Off-balance sheet obligations</b>											
Direct credit substitutes	0	0	0	0	0	0	0	0	0	7,063	7,063
Transaction-related contingencies	0	0	0	0	0	0	0	0	0	5,143	5,143
Trade-related contingencies	0	72,776	121,485	30,430	0	0	0	0	0	4,686	229,377
Other commitments	0	252,617	204,403	98,803	67,222	14,216	0	0	0	0	637,261
	<b>0</b>	<b>325,393</b>	<b>325,888</b>	<b>129,233</b>	<b>67,222</b>	<b>14,216</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>16,892</b>	<b>878,844</b>
<b>Net liquidity gaps</b>	<b>364,087</b>	<b>(446,684)</b>	<b>(647,267)</b>	<b>86,170</b>	<b>54,648</b>	<b>(624,211)</b>	<b>521,860</b>	<b>135,127</b>	<b>101,559</b>	<b>(71,000)</b>	<b>(525,711)</b>

**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 16 - 31 of the Cathay General Bancorp 2018 Proxy Statement.

## Key Financial Information Disclosure Statement (Unaudited)

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

#### 1. Capital and capital adequacy

	<u>Dec 31, 2018</u>	<u>Jun 30, 2018</u>
Capital adequacy ratio	14.55%	14.54%

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, 2018</u>	<u>Jun 30, 2018</u>
	Equivalent in HK\$million	Equivalent in HK\$million
Total amount of shareholders' funds	17,939	17,247

#### 2. Other financial information

	<u>Dec 31, 2018</u>	<u>Jun 30, 2018</u>
	Equivalent in HK\$million	Equivalent in HK\$million
Total assets	131,303	126,929
Total liabilities	113,364	109,682
Total loans and advances	108,826	104,103
Total customer deposits	107,475	103,422
	<u>For the year ended Dec 31, 2018</u>	<u>For the year ended Dec 31, 2017</u>
	Equivalent in HK\$million	Equivalent in HK\$million
Pre-tax profit	2,771	2,547

Note:

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

Dec 31, 2018	7.8317
Jun 30, 2018	7.8474
Dec 31, 2017	7.8158