



**East West Bank
Hong Kong Branch**

**Key Financial Information Disclosure Statement
as of December 31, 2019**

Hong Kong Branch Key Financial Information Disclosure Statement as of December 31, 2019

Principal activities

The Branch provides a range of banking, financial and related services, including commercial banking, wealth management and transactional banking 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 issued by the Hong Kong Monetary Authority and, to the best of my knowledge and belief, it is not false or misleading in any material respect.



Brenda Wang
General Manager

May 18, 2020

Disclosure Statement Available to The Public

Copies of the Disclosure Statement may be obtained from the reception of East West Bank, Hong Kong Branch on Suite 1108, 11/F., Two International Finance Centre, 8 Finance Street, Central, Hong Kong.

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

Key Financial Information Disclosure Statement

Section A - Hong Kong Branch Information

1. Income statement

	For the year ended December 31, 2019	For the year ended December 31, 2018
	HK\$'000	HK\$'000
Interest income	302,131	274,627
Interest expense	(82,572)	(74,243)
Net interest income	219,559	200,384
Commission and fee income	17,990	14,375
Commission and fee expense	(3,395)	(3,283)
Net fees and commission income	14,595	11,092
Gains less losses arising from trading in foreign currencies	25,063	26,954
Income from investment held for trading	42	2
Other operating income	0	0
Total operating income before impairment losses and provision	25,105	26,956
Provision of impairment losses on loans and receivables	(9,917)	(1,784)
Net operating income	249,342	236,648
Staff and rental expenses	(144,069)	(128,294)
Other expenses	(32,116)	(29,342)
Reversal of impairment loss / (impairment loss) on assets	0	0
Total operating expenses	(176,185)	(157,636)
Profit before taxation	73,157	79,012
Tax expense	(11,816)	(12,797)
Profit after taxation	61,341	66,215

Key Financial Information Disclosure Statement

Section A - Hong Kong Branch Information

2. Balance sheet

	<u>December 31, 2019</u>	<u>June 30, 2019</u>
	HK\$000	HK\$000
ASSETS		
Cash and balances with banks (except for those included in amount due from overseas offices)	1,322,435	1,039,728
Placements with banks (except for those included in amount due from overseas offices)	1,795,862	1,713,091
Amount due from overseas offices	1,265,639	471,285
Trade bills	60,390	62,639
Loans to customers (net of provisions)	4,340,779	5,123,573
Government bills and notes	310,285	310,550
Investment securities	1,285,564	1,285,495
Fixed assets	19,812	22,180
Other assets	75,321	97,863
Total assets	10,476,087	10,126,404
LIABILITIES		
Deposits and balances from banks (except for those included in amount due to overseas offices)	11,968	5,162
Deposits from customers		
- demand deposits and current accounts	760,331	1,014,911
- savings deposits	3,204,431	3,557,247
- time, call and notice deposits	4,875,186	4,070,450
	8,839,948	8,642,608
Amount due to overseas offices	1,134,826	1,033,633
Other liabilities	93,162	82,591
Total liabilities	10,079,904	9,763,994
CAPITAL AND RESERVES		
Paid up capital	0	0
Reserves	334,842	331,020
Current profit	61,341	31,390
Total capital and reserves	396,183	362,410
Total liabilities and capital and reserves	10,476,087	10,126,404

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

	<u>December 31, 2019</u>	<u>June 30, 2019</u>
	HK\$000	HK\$000
Gross amount of loans to customers:		
- Hong Kong	3,033,717	3,792,687
- China	515,568	648,015
- British Virgin Islands	227,680	228,287
- Singapore	202,620	231,695
- Cayman Islands	189,655	441
- Macau	87,599	99,544
- United States	87,359	100,023
- Taiwan	75,290	85,353
- Others	0	15,692
	<u>4,419,488</u>	<u>5,201,737</u>
Trade bills	60,390	62,639
Total loans and advances to customers	<u>4,479,878</u>	<u>5,264,376</u>
Less : Impairment allowances for impaired loans and advances		
- individual impairment allowances	(32,166)	(23,076)
- collective impairment allowances	(46,543)	(55,088)
	<u>(78,709)</u>	<u>(78,164)</u>
	<u>4,401,169</u>	<u>5,186,212</u>

The individual impairment allowances are treated as specific provisions at the head office of East West Bank (EWB). Moreover, additional individual impairment allowances and country risk provisions are made by the head office against the exposures of the Hong Kong Branch on a monthly basis.

Impairment allowances made by the head office of EWB against the exposure of Hong Kong Branch as follows:

	<u>December 31, 2019</u>	<u>June 30, 2019</u>
	HK\$000	HK\$000
- individual impairment allowances	(31,842)	(22,589)
- collective impairment allowances	(40,412)	(51,342)
- country risk provisions	21,470	29,861
	<u>(50,784)</u>	<u>(44,070)</u>
Gross value of assets against which individual impairment allowances have been made	<u>6,178</u>	<u>12,532</u>

Key Financial Information Disclosure Statement

Section A - Hong Kong Branch Information

(b) Overdue loans and advances to customers

Gross amount of loans and advances to customers which are more than one month overdue and their expression as a percentage of its total amount of loans and advances to customers are as follows:

	December 31, 2019		June 30, 2019	
	HK\$000	%	HK\$000	%
Hong Kong:				
- more than 1 month but not more than 3 months	0	0.00	0	0.00
- 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>

	December 31, 2019	June 30, 2019
	HK\$000	HK\$000
- individual impairment allowances	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	0	0
	<u>0</u>	<u>0</u>

(c) Impaired loans and advances to customers

	December 31, 2019	June 30, 2019
	HK\$000	HK\$000
Gross impaired loans and advances	160,599	207,871
Individual impairment allowances	(32,166)	(22,900)
Net impaired loans and advances	<u>128,433</u>	<u>184,971</u>
Gross impaired loans and advances as a percentage of gross loans and advances to customers	<u>3.63%</u>	<u>4.00%</u>
Individual impairment allowances as a percentage of gross impaired loans and advances	<u>20.03%</u>	<u>11.02%</u>
Current market value of collateral related to impaired loans and advances	<u>93,587</u>	<u>113,737</u>

Key Financial Information Disclosure Statement
Section A - Hong Kong Branch Information
(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:

	December 31, 2019		June 30, 2019	
	HK\$000	%	HK\$000	%
Rescheduled loans and advances to customers	160,599	3.63	0	0.00

(e) Loans and advances to customers by industry sector

	December 31, 2019		June 30, 2019	
	HK\$000	The percentage covered by collateral	HK\$000	The percentage covered by collateral
Gross amount of loans to customers for use in Hong Kong:				
Industrial, commercial and financial				
- property development	0	0.00	0	0.00
- property investment	448,027	80.63	451,553	100.00
- financial concerns	656,097	45.94	987,272	43.29
- stockbrokers	210,661	45.71	211,643	46.84
- wholesale and retail trade	656,470	48.57	877,946	62.87
- manufacturing	125,174	23.97	130,697	15.49
- transport and transport equipment	273,310	13.05	481,713	47.89
- information technology	164,715	90.08	17,176	100.00
- others	183,858	100.00	211,103	100.00
	2,718,312	54.29	3,369,103	59.64
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	2,195	100.00	11,365	100.00
- credit card advances	0	0.00	0	0.00
- others	160,672	85.46	206,552	88.66
	162,867	85.66	217,917	89.25
Total loans for use in Hong Kong	2,881,179	56.06	3,587,020	61.44
Trade finance	135,060	93.26	174,885	70.98
Loans for use outside Hong Kong	1,403,249	38.68	1,439,832	44.64
	4,419,488	51.68	5,201,737	57.11

Key Financial Information Disclosure Statement
Section A - Hong Kong Branch Information
(f) Non-bank Mainland exposures

The analysis of non-bank Mainland exposures is based on the categories of non-bank counterparties and the type of direct exposures with reference to the Completion Instruction for the HKMA return of non-bank Mainland exposures.

	December 31, 2019		
	HK\$'000		
	On-balance sheet exposure	Off-balance sheet exposure	Total exposures
1. Central government, central government-owned entities and their subsidiaries and JVs	200,186	140,159	340,345
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	1,240,505	343,705	1,584,210
4. Other entities of central governments not reported in item 1 above	63,818	32,900	96,718
5. Other entities of local governments not reported in item 2 above	110,356	0	110,356
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	332,250	3,341	335,591
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposure.	<u>1,190,183</u>	<u>342,959</u>	<u>1,533,142</u>
Total	<u>3,137,298</u>	<u>863,064</u>	<u>4,000,362</u>
Total assets after provisions	<u>10,476,087</u>		
On-balance sheet exposures as percentage of total assets	<u>29.95%</u>		

	June 30, 2019		
	HK\$'000		
	On-balance sheet exposure	Off-balance sheet exposure	Total exposures
1. Central government, central government-owned entities and their subsidiaries and JVs	341,366	26	341,392
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	1,662,923	141,810	1,804,733
4. Other entities of central governments not reported in item 1 above	63,851	11,250	75,101
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	179,531	77,454	256,985
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures.	<u>1,469,132</u>	<u>155,608</u>	<u>1,624,740</u>
Total	<u>3,716,803</u>	<u>386,148</u>	<u>4,102,951</u>
Total assets after provisions	<u>10,126,404</u>		
On-balance sheet exposures as percentage of total assets	<u>36.70%</u>		

Key Financial Information Disclosure Statement
Section A - Hong Kong Branch Information
4. International claims (by ultimate nation)

International claims are on-balance sheet exposures to counterparties based on the location of the counterparties after taking into account the transfer of risk and by types of counterparties. For a claim guaranteed by a party situated in a country different from the counterparty, risk will be transferred to the country of the guarantor. For a claim on the branch of a bank or other financial institution, the risk will be transferred to the country where its head office is situated. Claims on individual countries or areas, after risk transfer, are shown as follows:

						December 31, 2019
						HK\$million
	<i>Non-bank private sector</i>					
	Banks	Official Sector	Non-bank financial institutions	Non-financial private sector	Others	Total
Developed countries	2,428	276	0	362	0	3,066
- of which United States	1,266	276	0	333	0	1,875
- of which France	606	0	0	0	0	606
- of which United Kingdom	473	0	0	0	0	473
Offshore centres	1,130	0	82	1,526	0	2,738
- of which Hong Kong	1,022	0	68	447	0	1,537
- of which Cayman Islands	0	0	14	582	0	596
- of which West Indies UK	0	0	0	215	0	215
- of which Singapore	108	0	0	59	0	167
- of which Macau	0	0	0	88	0	88
- of which Mauritius	0	0	0	24	0	24
Developing Asia and Pacific	661	1	0	1,225	0	1,887
- of which China	60	1	0	1,217	0	1,278
- of which Chinese Taipei	601	0	0	8	0	609
International Organisations	0	1,291	0	0	0	1,291

						June 30, 2019
						HK\$million
	<i>Non-bank private sector</i>					
	Banks	Official Sector	Non-bank financial institutions	Non-financial private sector	Others	Total
Developed countries	1,131	279	0	287	0	1,697
- of which United States	471	279	0	287	0	1,037
- of which France	534	0	0	0	0	534
Offshore centres	584	0	158	1,629	0	2,371
- of which Hong Kong	465	0	65	617	0	1,147
- of which Cayman Islands	0	0	93	539	0	632
- of which West Indies UK	0	0	0	255	0	255
- of which Singapore	119	0	0	88	0	207
Developing Asia and Pacific	642	0	5	2,014	0	2,661
- of which China	60	0	5	2,002	0	2,067
- of which Chinese Taipei	582	0	0	12	0	594
International Organisations	0	1,291	0	0	0	1,291

Key Financial Information Disclosure Statement

Section A - Hong Kong Branch Information

5. Off-balance sheet exposures and derivative transactions

	<u>December 31, 2019</u>	<u>June 30, 2019</u>
	HK\$000	HK\$000
Contingent liabilities and commitments		
- direct credit substitutes	145,302	57,818
- trade-related contingencies	54,930	15,646
- other commitments	1,035,075	920,075
	<u>1,235,307</u>	<u>993,539</u>
	<u>December 31, 2019</u>	<u>June 30, 2019</u>
	HK\$000	HK\$000
Derivative transactions		
- exchange rate contracts	3,470,787	2,990,105

The contract amounts of the above instruments indicate the volume of transactions outstanding as of the balance sheet date. They do not represent amounts at risk. The above instruments are used for position squaring or hedging purposes and there are no replacement costs reported.

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>December 31, 2019</u>		
	European dollars	US dollars	HK\$million Total
Non-structural position			
Spot assets	82	7,472	7,554
Spot liabilities	(82)	(7,407)	(7,489)
Forward purchases	7	1,700	1,707
Forward sales	(6)	(1,759)	(1,765)
Net options position	0	0	0
Net long position	<u>1</u>	<u>6</u>	<u>7</u>
Structural position	<u>0</u>	<u>0</u>	<u>0</u>
	<u>June 30, 2019</u>		
	Singapore dollars	Chinese Renminbi	HK\$million Total
Non-structural position			
Spot assets	144	1,012	1,156
Spot liabilities	(9)	(1,063)	(1,072)
Forward purchases	1	460	461
Forward sales	(137)	(410)	(547)
Net options position	0	0	0
Net short position	<u>(1)</u>	<u>(1)</u>	<u>(2)</u>
Structural position	<u>0</u>	<u>0</u>	<u>0</u>

Key Financial Information Disclosure Statement**Section A - Hong Kong Branch Information****7. Liquidity**

		<u>Year 2019</u>	<u>Year 2018</u>
		%	%
Average liquidity maintenance ratio	for the quarter ended December 31	40.05	
	for the quarter ended December 31		44.76

The Branch's average liquidity maintenance ratio for the period is the simple average of each calendar month's average liquidity maintenance ratio. The liquidity maintenance ratio is computed in accordance with the Banking (Liquidity) Rules with effect from 1 January 2015. The liquidity ratio is computed in accordance with the Fourth Schedule of the Hong Kong Banking Ordinance.

Please refer to the Appendix of this disclosure statement for the details of Liquidity Risk Management of the Branch.

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 EWB head office, hence it is not separately disclosed by EWB HK Branch.

Key Financial Information Disclosure Statement
Section B - Bank Information
1. Capital and capital adequacy

	<u>December 31, 2019</u>	<u>June 30, 2019</u>
	%	%
Capital adequacy ratio	13.91	13.42

The 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>December 31, 2019</u>	<u>June 30, 2019</u>
	Equivalent to HK\$million	Equivalent to HK\$million
Total amount of shareholders' funds	38,837	36,826

2. Other financial information

	<u>December 31, 2019</u>	<u>June 30, 2019</u>
	Equivalent to HK\$million	Equivalent to HK\$million
Total assets	344,024	334,738
Total liabilities	305,187	297,913
Total loans and advances	268,020	260,794
Total customer deposits	292,202	286,299

	<u>For the year ended December 31, 2019</u>	<u>For the year ended December 31, 2018</u>
	Equivalent to HK\$million	Equivalent to HK\$million
Profit before taxation	6,745	6,519

Note:

a) The exchange rates for translation of US\$ against HK\$:

Dec 31, 2019	7.7866
Jun 30, 2019	7.8074
Dec 31, 2018	7.8312

LIQA: Liquidity Risk Management

LIQA: 流動性風險管理

This document is corresponding to Banking (Disclosure) Rules section 16FJ, 103(4A) and templates which provide by HKMA. It is to enable Pillar three data users to make an informed judgement about the soundness of East West Bank Co., Ltd. Hong Kong Branch's (EWHK) risk management framework and liquidity position.

這份文件所述係按照<銀行業(披露)規則>條文第 16FJ, 103(4A)及香港金管公佈的範例所編製。第三支柱使用者得以就此資訊對華美銀行香港分行的風險管理及流動部位得到充分的資訊判斷。

The framework and quantitative figure of liquidity risk management are demonstrated as follows:

整體香港分行的流動性質化框架及量化資料說明如下:

Qualitative disclosures 質化披露

(a) Governance of liquidity risk management, including
流動性風險管理治理

1) Risk tolerance
風險承受度

EWHK's liquidity risk tolerance follows HKMA's regulations on liquidity management. Risk management division of EWHK has established liquidity risk tolerance, including "Liquidity Management Policy", "Contingency Funding Plan", "Liquidity Stress Testing" and "Recovery Plan". When setting the liquidity limits, EWHK has taken into consideration of related requirement of HKMA and Head Office located in U.S. In the meantime, EWHK regularly monitors risk indicator and report to Head Office in Asset and Liability Management Committee (ALCO). EWHK risk capacity is reviewed and approved in ALCO on a monthly basis. To avoid any unexpected shortage of cash flow, EWHK has calculated daily liquidity maintenance ratio and mismatch reports on a daily basis and conducted stressed liquidity testing on a quarterly basis to ensure the appropriateness and keep abreast of EWHK's strategy, business growth and regulatory requirement.

香港分行流動性承受度是遵照香港金管局之流動性管理規範製定。香港分行風險管理部門負責建立風險承受限額，其中包含流動性管理政策，應變融資計劃，流動性壓力測試及復原計劃。當建立流動性限額時，已充份考量香港當地規範及美國總行相對應政策之一致性。同時，香港分行會定期性監視各項風險指標，並且陳報至資產負債管理委員會及總行單位。資產負債管理委員會每月負責監視及批准所有的風險承受度。為避免任何非預期性資金短缺，香港分行每日估算流動維持比率與現金流部位不對稱

報表及每季會執行流動性壓力測試，以確保資金管理適當性及確保資金部位與分行政策，業務規模及當地規範具一致性。

2) Structure and responsibilities for liquidity risk management

流動性風險管理框架及職責

EWHK has established Liquidity Management Policy to prudently manage and monitor liquidity risk and to ensure sufficient liquidity pool. EWHK also has implemented Contingency Funding Plan, Liquidity Stress Testing and Recovery Plan into the scope of risk management. The structure and respective responsibilities for EWHK's liquidity risk management are stated as follows,

香港分行已建立流動性管理政策以健全性管理監督流動性風險，並確保隨時均具有充足的流動性資金池。其中包含應急融資計劃，流動性壓力測試及復原計劃。其管理框架及相對應的流動性管理權責說明如下，

i. Risk and Treasury management team in Head Office:

總行風險及財務管理單位

Enterprise risk management and treasury department in Head Office will be in charge of supervising the overall risk tolerances of EWHK and reviewing the effectiveness of liquidity management and updated of policy and procedures.

總行風險和財務單位負責監督香港分行所有的風險承受部位及檢視流動性管理的有效性及其相關政策。

ii. Asset and Liability Management Committee (ALCO):

資產負債管理委員會

EWHK will conduct ALCO with Head Office Treasury on a monthly basis to take the responsibilities of maintaining and conducting the liquidity control.

香港分行與總行每月定期召開資產負債委員會，該委員會承擔起維持及執行流動性管控責任。

iii. Risk management department:

香港分行風險管理單位

Risk management department is an independent division for evaluating EWHK's liquidity position, cash flow situation, and conducting liquidity stress testing to monitor branch-wide liquidity limits. Risk department also will participate in ALCO and raise any liquidity related issues for further discussion. For the results of stress testing, risk team will discuss and escalate to Committee to decide if an ad-hoc contingency funding plan or recovery plan should be activated or if the Crisis Management Team (CMT) should be gathered.

香港分行風險管理單位具獨立性，負責評估流動性部位、現金流情況及執行流動性壓力測試，以達監控分行流動性限額。風管單位亦參與資產負債委員會並提出流動

性相關議題進行討論。就壓力測試結果，亦會提出討論以決定是否啟動應急融資計劃或復原計劃，或者是否成立危機管理小組。

3) Internal Liquidity Reporting

內部流動性陳報

EWHK has built many liquidity reports for the purpose to manage the internal liquidity risk. Those reporting will be sent out for management review in branch and Head Office and controlled by risk management department. It will be discussed at ALCO meeting monthly.

香港分行已建立多層面管理性報表，以全面性掌握分行內部流動性風險。該報表會陳報分行及總行管理單位檢視，並且會於資產管理委員會進行討論。

4) Communication of liquidity risk strategy, policies and practices across business lines and with the Board of Directors

與業務單位及董事會間，就流動性風險策略、政策及措施之溝通

EWHK has built a communication plan between internal business units and Head Office. All the procedures are written in Liquidity Management Policy, ALCO policy and Recovery Plan. All of those policies have sent to Head Office for approval and review. The approved policies will be reviewed and circulated to all the business department in EWHK. The plan ensures the consistent understanding regarding liquidity management and cash flow projection and reporting. In case of recovery plan is triggered, a CMT will be formed immediately and an ad-hoc ALCO hosted by CEO or GM will be held to discuss remedial action. Any remedial action regarding liquidity crisis will be reported to Head Office at the same time.

香港分行已建立分行內部間及與總行間之溝通計劃。所有執行流程述明在相關政策中，該等政策亦由總行檢視並核准。該核定計劃會呈報於內部管理委員會並公告各相關單位，以取得一致性關於流動性管理及現金流預測的認知。另外，如復原計劃被啟動，危機管理小組將立即組成，臨時資產負債委員會將被召開，並由分行最高管理者主持及討論後續行動，該行動亦會立即陳報總行單位。

(b) Funding Strategy

融資策略

EWHK's funding strategy is based on diversification principle aiming to diversify funding sources and the use of funds to avoid high concentration risk. EWHK intends to hold high-quality liquefiable assets and keep vigilant on the funding sources diversification to cope with market-wide volatility. As of current, most of our funding sources are driven by customer deposits, most of them are USD and HKD denominated. The usage of funds are mainly allocated in loans, highly-rated debt securities and term placement to Head Office or Hong Kong money market. To avoid over-reliance on certain groups or clients, EWHK will monitor and report the concentration of deposits and loans to ALCO and track the movement on a daily basis and report to ALCO monthly. In terms of non-USD currency management, EWHK majorly will involve in FXSWAP market with other liquidity

provider which get pre-approved limits from Head Office. Overall to funding strategy, it is decentralized from Head Office's perspective and this strategy will be reviewed and discussed at ALCO with Head Office on a monthly basis to commensurate with EWHK's business scale.

香港行分融資策略是基於分散原則，力求多方面融資來源，資金使用方面則是避免高度集中風險。香港分行致力於持有高度流動性資產，對於融資分散持續保持高度警覺性，以面對市場波動衝擊。目前為止，大多數的資金來自原客戶的美元和港幣存款。資金使用則以放款、高評級債券和同業拆款為主。為避免高度集中於某客戶，定期監視及陳報存放款集中度及其變動於資產負債委員會。關於非美元貨幣管理，則以換匯交易為主要管理工具，該等限額亦事先經總行核定。整體而言，該分散化融資及資金使用政策，會定期於分行內部及與總行間討論，以適合香港分行業務規模。

(c) Liquidity risk mitigation techniques

流動性風險減低措施

In order to identify potential liquidity risk, EWHK will conduct liquidity stress testing on a quarterly basis and report to Head Office for their further review. EWHK has built up a Contingency Funding Plan (CFP) to real test our funding capacity in one day from outside funding sources, excluding funds from Head Office, to deal with unexpected deposit run-off of top 3 customers. The CFP includes REPO transactions, borrowing in money market and intraday sweeping borrowing from certain counterparty. In addition, EWHK has set up many early warning indicators and tolerance limits to monitor possible risk. Once triggered, the corresponding remedial action will be discussed at ad-hoc ALCO, or a Crisis Management Team will be built to sustain normal function. Recovery plan includes REPO transaction, sell of debt securities, sell of syndication loan and borrowing from Head Office as a final measure.

為確認潛在流動性風險，香港分行會每季執行流動性壓力測試，並陳報總行檢視。另外，亦會每年進行實際應急融資計劃，以測試如果前三大存款戶無預警提款時，香港分行是否具備一天內取得足夠資金應對。該應急融資工具包含債券回購交易、同業借款及與簽訂當日融資協議交易對日進行應急借款。另外，香港分行亦建立多項事預警指標及風險承受限額進行風險管理。一旦被觸發，相對應的復原行動將啟動，其中包含債券回購交易、債券售出交易、銀團貸款售出及最終手段向總行進行融資。

(d) An explanation of stress testing used

流動性壓力測試

For the stress testing of liquidity, EWHK will review daily position mismatch report and set risk limit for all position and significant currency, such as USD. It can assess the adequacy of funding capacity or mitigate potential cash flow shortfall that may occur as forecasted in the cash flow movements across successive time buckets. Otherwise, EWHK has built a liquidity stress testing model to test potential shortfall under different parameters and scenarios, such as institution-specific, market-wide and combined stress scenarios. The testing can assess EWHK's vulnerability when deposit run-off increase, asset deterioration and unexpected loans drawdown by committed facility or rollover increase. The testing result will send to Head Office for review and report to ALCO for

discussion on a quarterly basis. The parameters of the testing also will be reviewed by Head Office to evaluate the adequacy of model.

就流動性壓力而言，香港分行每日檢視現金流部位不相稱報表，並就全部位及美元部位分別設定風險限額。該管理報表可評估融資能量適當性或減少各天期間之現金流不足情況發生。另外，香港分行所發展之流動性壓力測試模型，可以測試在各種情境及參數下潛在現金流不足問題，其情境包含香港分行本身、市場整體及綜合考量等三類。該測試可以衡量各種參數下之香港分行弱點，參數包含存款流失、資產惡化及非預期性放款增加。該等測試及其參數會陳報總行核定。

(e) An outline of Contingency Funding Plan (CFP)

流動性應變融資計劃

EWHK's objective in contingency funding management is to ensure that there is sufficient liquidity to meet customers' obligations in the first working day and tide EWHK over the crises. It also outline key management action to be taken in managing a liquidity crisis. Followings could be served as contingent facilities: REPO transaction, sell of debt securities, borrowing from intraday sweeping account with certain counterparty and sell of syndication loans. The contingency funding plan should be conducted annually, and launched by Risk management, exercised by Treasury staff and actually settled by back office staff. Should there be an immediate liquidity crisis at EWHK to meet its obligations, General Manager will notify CEO of Greater China, Head Office Treasurer and HKMA and will call for the formation of a Crisis Management Team ("CMT") immediately. The CMT will consist of CEO of Greater China ("Chairperson"), General Manager, Heads of Commercial Banking, Wealth Management, Operation, Finance, Risk and Treasury Department.

香港分行應急融資計劃目標是確保於一個營業日內有足夠流動性資金滿足客戶提款需求以渡過危機。應急融資工具包含債券回購交易、同業借款及與簽訂當日融資協議交易對日進行應急借款。該計劃每年由風險管理單位發動，並由交易及交割單位執行交易。萬一立即性流動性危機存在，由香港分行管理高層及各單位負責人所組成之危機管理小組將立即組成並通知香港金管局。



華美銀行
EAST WEST BANK

Appendix 附件

Quantitative disclosures 量化披露

(f) Cash flow maturity mismatch

現金流部位不對稱

The on- and off-balance items broken down into maturity buckets of the branch as of December 31, 2019 are as below,
於 2019 年 12 月 31 日，香港分行資產負債表內及表外項目按到期日分析如下

On-balance sheet liabilities
資產負債表內之負債

(HK\$'000)
港幣千元

	Total amount 總額	現金流按到期日分析										
		Next day 翌日	2 to 7 days 2 至 7 日	8 days to 1 month 8 日至 1 個月	Over 1 month, up to 3 months 1 個月以上至 3 個月	Over 3 months, up to 6 months 3 個月以上至 6 個月	Over 6 months, up to 1 year 6 個月以上至 1 年	Over 1 year up to 2 years 1 年以上至 2 年	Over 2 years up to 3 years 2 年以上至 3 年	Over 3 years up to 5 years 3 年以上至 5 年	Over 5 years 超過 5 年	
1 Deposits from non-bank customers 非銀行客戶存款	8,850,584	4,283,979	1,280,350	2,111,800	737,212	299,503	137,740	0	0	0	0	0
2 Amount payable arising from derivative contracts 應付衍生工具合約的金額	14,685	388,400	776,997	249,316	378,867	58,692	0	0	0	0	0	0
3 Due to banks 結欠銀行同業的金額	1,147,697	710,744	0	0	436,953	0	0	0	0	0	0	0
4 Other liabilities 其他負債	74,423	14,551	8,575	2,249	10,786	15,528	0	0	0	0	0	0
5 Capital and reserves 資本及儲備	396,183	0	0	0	0	0	0	0	0	0	0	0
6 Total 資產負債表內之總負債	10,483,572	5,397,674	2,065,922	2,636,364	1,563,818	373,723	137,740	0	0	0	0	0

Off-balance sheet obligations
資產負債表外之承擔

7 Irrevocable loan commitments or facilities granted 授予的不可撤回的貸款承諾	807,237	0	0	0	0	0	0	0	0	0	0	0
8 Other Off-balance sheet obligations 其他資產負債表外之承擔	317,254	0	0	0	0	0	0	0	0	0	0	0
9 Total 資產負債表外之總承擔	1,124,491	0	0	0	0	0	0	0	0	0	0	0

On-balance sheet assets
資產負債表內之資產 (HK\$'000)
港幣千元

	Total amount 總額	現金流按到期日分析												
		Next day 翌日	2 to 7 days 2 至 7 日	8 days to 1 month 8 日至 1 個月	Over 1 month, up to 3 months 1 個月以上至 3 個月	Over 3 months, up to 6 months 3 個月以上至 6 個月	Over 6 months, up to 1 year 6 個月以上至 1 年	Over 1 year up to 2 years 1 年以上至 2 年	Over 2 years up to 3 years 2 年以上至 3 年	Over 3 years up to 5 years 3 年以上至 5 年	Over 5 years 超過 5 年			
10 Currency notes and coins 現金	279	273	6	0	0	0	0	0	0	0	0	0	0	0
11 Amount receivable arising from derivative contracts 應收衍生工具合約款項	12,546	389,145	779,124	252,403	376,871	57,947	0	0	0	0	0	0	0	0
12 Due from MA for a/c of Exchange Fund 存於外匯基金款項	120,137	120,137	0	0	0	0	0	0	0	0	0	0	0	0
13 Due from banks 應收銀行同業款項	4,260,951	2,461,780	93,535	1,256,720	448,916	0	0	0	0	0	0	0	0	0
14 Debt securities, prescribed instruments and structured financial instruments held (net of short positions) 債務證券	1,602,436	1,602,436	0	0	0	0	0	0	0	0	0	0	0	0
15 Acceptances and bills of exchange held 承兌及匯票	198,152	0	0	117,808	62,735	17,609	0	0	0	0	0	0	0	0
16 Loans and advances to non-bank customers 非銀行客戶貸款及墊款	4,459,406	61,203	106,259	593,764	352,898	147,717	536,246	1,801,868	598,229	16,195	90,143	0	0	0
17 Other assets 其他資產	72,478	11,543	8,575	0	0	0	0	0	0	0	0	0	0	0
18 Total 資產負債表內之總資產	10,726,385	4,646,517	987,499	2,220,695	1,241,420	223,273	536,246	1,801,868	598,229	16,195	90,143	0	0	0

Off-balance sheet claims
資產負債表外之債權

19 Total 資產負債表外之總債權	195,245	0	0	0	0	0	0	0	0	0	0	0	0	0
20 Contractual Maturity Mismatch 淨流動資金錯		(751,157)	(1,078,423)	(142,669)	(322,398)	(150,450)	398,506	1,801,868	598,229	16,195	90,143	0	0	0
21 Cumulative Contractual Maturity Mismatch 累計錯配		(751,157)	(1,829,580)	(1,972,249)	(2,294,647)	(2,445,097)	(2,046,591)	(244,723)	353,506	369,701	459,844	0	0	0

(g) Concentration on collateral and sources of funding

抵押品及資金來源集中

The Branch holds highly-rated debt securities which can be qualified as collateral for Repo transactions. The major funding sources for the branch were customer deposits. The analysis of source of funding and concentration are as below,

香港分行持有的高評級債券可作為抵押品用於債券回購交易上。香港分行的資金主要來源為客戶存款。有關香港分行的資金來源以及集中程度如下：

	Amount 金額 (HK\$000)	Percentage to total liabilities 佔總負債百分比 (%)
Total liabilities 總負債	10,476,087	100.0
Customers deposits 客戶存款	8,839,948	84.4
which: from top 10 depositors 其中：首十大存戶	3,660,434	34.9
Balance from banks 銀行存款	1,146,794	10.9