



華美銀行
EAST WEST BANK

(Incorporated with limited liability under the laws of California, United States of America)

**East West Bank
Hong Kong Branch**

**Key Financial Information Disclosure Statement
as of December 31, 2020**



華美銀行
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(Incorporated with limited liability under the laws of California, United States of America)

Hong Kong Branch

Key Financial Information Disclosure Statement as of December 31, 2020

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.

A handwritten signature in black ink, appearing to be 'Brenda Wang'.

Brenda Wang
General Manager

April 16, 2021

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, 2020 | For the year ended December 31, 2019 |
|---|---|---|
| | HK\$000 | HK\$000 |
| Interest income | 168,551 | 302,131 |
| Interest expense | (37,734) | (82,572) |
| Net interest income | 130,817 | 219,559 |
| Commission and fee income | 26,485 | 17,990 |
| Commission and fee expense | (3,798) | (3,395) |
| Net fees and commission income | 22,687 | 14,595 |
| Gains less losses arising from trading in foreign currencies | 20,304 | 25,063 |
| Income from investment held for trading | - | 42 |
| Other operating income | - | - |
| Total operating income before impairment losses and provision | 20,304 | 25,105 |
| Reversal of provision / (provision) of impairment losses on loans and receivables | 27,585 | (9,917) |
| Net operating income | 201,393 | 249,342 |
| Staff and rental expenses | (132,132) | (144,069) |
| Other expenses | (29,627) | (32,116) |
| Reversal of impairment loss / (impairment loss) on assets | - | - |
| Total operating expenses | (161,759) | (176,185) |
| Profit before taxation | 39,634 | 73,157 |
| Tax expense | (2,540) | (11,816) |
| Profit after taxation | 37,094 | 61,341 |

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

| | <u>December 31, 2020</u> | <u>June 30, 2020</u> |
|--|--------------------------|----------------------|
| | HK\$000 | HK\$000 |
| ASSETS | | |
| Cash and balances with banks (except for those included in amount due from overseas offices) | 1,456,170 | 742,223 |
| Placements with banks (except for those included in amount due from overseas offices) | 465,105 | 1,003,977 |
| Amount due from overseas offices | 3,085,087 | 2,182,048 |
| Trade bills | 58,026 | 23,259 |
| Loans to customers (net of provisions) | 5,351,298 | 4,872,260 |
| Government bills and notes | 512,933 | 315,342 |
| Investment securities | - | 1,994,504 |
| Fixed assets | 14,338 | 17,402 |
| Other assets | 84,961 | 85,555 |
| Total assets | <u>11,027,918</u> | <u>11,236,570</u> |
| LIABILITIES | | |
| Deposits and balances from banks (except for those included in amount due to overseas offices) | 13,519 | 6,408 |
| Deposits from customers | | |
| - demand deposits and current accounts | 709,793 | 2,553,002 |
| - savings deposits | 3,474,638 | 3,212,251 |
| - time, call and notice deposits | 2,485,901 | 2,885,449 |
| | 6,670,332 | 8,650,702 |
| Amount due to overseas offices | 3,821,431 | 2,029,032 |
| Other liabilities | 88,154 | 63,695 |
| Total liabilities | <u>10,593,436</u> | <u>10,749,837</u> |
| CAPITAL AND RESERVES | | |
| Paid up capital | - | - |
| Reserves | 397,388 | 435,225 |
| Current profit | 37,094 | 51,508 |
| Total capital and reserves | <u>434,482</u> | <u>486,733</u> |
| Total liabilities and capital and reserves | <u>11,027,918</u> | <u>11,236,570</u> |

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, 2020</u> | <u>June 30, 2020</u> |
|--|--------------------------|----------------------|
| | HK\$000 | HK\$000 |
| Gross amount of loans to customers: | | |
| - Hong Kong | 4,334,774 | 3,535,483 |
| - China | 610,697 | 651,778 |
| - British Virgin Islands | 226,661 | 226,613 |
| - Singapore | 146,215 | 167,347 |
| - Cayman Islands | 64,300 | 195,296 |
| - Taiwan | 23,455 | 31,200 |
| - Macau | - | 75,563 |
| - United States | - | 38,751 |
| - Others | - | - |
| | <u>5,406,102</u> | <u>4,922,031</u> |
| Trade bills | 58,026 | 23,259 |
| Total loans and advances to customers | <u>5,464,128</u> | <u>4,945,290</u> |
| Less : Impairment allowances for impaired loans and advances | | |
| - individual impairment allowances | - | - |
| - collective impairment allowances | (54,804) | (49,771) |
| | <u>(54,804)</u> | <u>(49,771)</u> |
| | <u>5,409,324</u> | <u>4,895,519</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, 2020</u> | <u>June 30, 2020</u> |
|---|--------------------------|----------------------|
| | HK\$000 | HK\$000 |
| - individual impairment allowances | - | - |
| - collective impairment allowances | (11,890) | (4,762) |
| - country risk provisions | 34,956 | 33,565 |
| | <u>23,066</u> | <u>28,803</u> |
| Gross value of assets against which individual impairment allowances have been made | <u>-</u> | <u>-</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, 2020 | | June 30, 2020 | |
|---|-------------------|-------------|---------------|-------------|
| | HK\$000 | % | HK\$000 | % |
| Hong Kong: | | | | |
| - more than 1 month but not more than 3 months | - | 0.00 | - | 0.00 |
| - more than 3 months but not more than 6 months | - | 0.00 | - | 0.00 |
| - more than 6 months but not more than one year | - | 0.00 | - | 0.00 |
| - more than one year | - | 0.00 | - | 0.00 |
| | <u>-</u> | <u>0.00</u> | <u>-</u> | <u>0.00</u> |

| | December 31, 2020 | June 30, 2020 |
|---|-------------------|---------------|
| | HK\$000 | HK\$000 |
| - individual impairment allowances | - | - |
| - covered portion of overdue loans and advances | - | - |
| - uncovered portion of overdue loans and advances | - | - |
| - current market value of collateral held against the covered portion of overdue loans and advances | - | - |
| | <u>-</u> | <u>-</u> |

(c) Impaired loans and advances to customers

| | December 31, 2020 | June 30, 2020 |
|-----------------------------------|-------------------|---------------|
| | HK\$000 | HK\$000 |
| Gross impaired loans and advances | 0 | 0 |
| Individual impairment allowances | 0 | 0 |
| 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> |
|--|--------------|--------------|

| | | |
|---|--------------|--------------|
| Individual impairment allowances 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> |
|---|----------|----------|

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, 2020 | | June 30, 2020 | |
|---|-------------------|------|---------------|------|
| | HK\$000 | % | HK\$000 | % |
| Rescheduled loans and advances to customers | - | 0.00 | - | 0.00 |

(e) Loans and advances to customers by industry sector

| | December 31, 2020 | | June 30, 2020 | |
|---|-------------------|--------------------------------------|---------------|--------------------------------------|
| | 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 | 504,259 | 100.00 | 210,000 | 100.00 |
| - property investment | 442,577 | 100.00 | 444,979 | 100.00 |
| - financial concerns | 719,252 | 32.28 | 916,989 | 35.03 |
| - stockbrokers | 308,490 | 75.38 | 132,223 | 42.57 |
| - wholesale and retail trade | 516,653 | 71.13 | 612,997 | 52.70 |
| - manufacturing | 107,793 | 27.83 | 113,270 | 26.49 |
| - transport and transport equipment | 186,817 | 8.71 | 222,428 | 0.00 |
| - information technology | 107,666 | 100.00 | 163,220 | 100.00 |
| - others | 727,879 | 71.35 | 321,073 | 43.51 |
| | 3,621,386 | 67.72 | 3,137,179 | 53.82 |
| 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 | 0 | 0.00 | 1,950 | 100.00 |
| - credit card advances | 0 | 0.00 | 0 | 0.00 |
| - others | 284,863 | 91.84 | 137,852 | 83.13 |
| | 284,863 | 91.84 | 139,802 | 83.37 |
| Total loans for use in Hong Kong | 3,906,249 | 69.48 | 3,276,981 | 55.08 |
| Trade finance | 140,168 | 100.00 | 168,831 | 71.18 |
| Loans for use outside Hong Kong | 1,359,685 | 54.63 | 1,476,219 | 27.83 |
| | 5,406,102 | 66.54 | 4,922,031 | 47.46 |

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, 2020 | | |
|--|------------------------------|-------------------------------|------------------|
| | HK\$'000 | | |
| | On-balance sheet exposure | Off-balance sheet exposure | Total exposures |
| 1. Central government, central government-owned entities and their subsidiaries and JVs | 200,066 | - | 200,066 |
| 2. Local governments, local government-owned entities and their subsidiaries and JVs | 59,687 | - | 59,687 |
| 3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs | 1,129,375 | 195,888 | 1,325,263 |
| 4. Other entities of central governments not reported in item 1 above | 160,527 | 14,531 | 175,058 |
| 5. Other entities of local governments not reported in item 2 above | 107,676 | - | 107,676 |
| 6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China | 376,056 | 2,029 | 378,085 |
| 7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposure. | 1,457,256 | 71,042 | 1,528,298 |
| Total | 3,490,643 | 283,490 | 3,774,133 |
| Total assets after provisions | 11,027,918 | | |
| On-balance sheet exposures as percentage of total assets | 31.65% | | |

| | June 30, 2020 | | |
|--|------------------------------|-------------------------------|------------------|
| | HK\$'000 | | |
| | On-balance sheet exposure | Off-balance sheet exposure | Total exposures |
| 1. Central government, central government-owned entities and their subsidiaries and JVs | 200,069 | - | 200,069 |
| 2. Local governments, local government-owned entities and their subsidiaries and JVs | - | - | - |
| 3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs | 1,183,947 | 390,786 | 1,574,733 |
| 4. Other entities of central governments not reported in item 1 above | 365,707 | 28,439 | 394,146 |
| 5. Other entities of local governments not reported in item 2 above | 109,096 | - | 109,096 |
| 6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China | 315,192 | 8,137 | 323,329 |
| 7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures. | 1,112,958 | 6,334 | 1,119,292 |
| Total | 3,286,969 | 433,696 | 3,720,665 |
| Total assets after provisions | 11,236,570 | | |
| On-balance sheet exposures as percentage of total assets | 29.25% | | |

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, 2020 | | | | | HK\$million |
|------------------------------------|--------------------------|-----------------|---------------------------------|------------------------------|--------|-------------|
| | Banks | Official Sector | <i>Non-bank private sector</i> | | Others | Total |
| | | | Non-bank financial institutions | Non-financial private sector | | |
| Developed countries | 3,394 | 279 | - | 93 | - | 3,766 |
| - of which United States | 3,085 | 279 | - | 63 | - | 3,427 |
| - of which United Kingdom | 187 | - | - | - | - | 187 |
| - of which Germany | 108 | - | - | - | - | 108 |
| - of which New Zealand | - | - | - | 30 | - | 30 |
| - of which Australia | 10 | - | - | - | - | 10 |
| Offshore centres | 551 | - | 371 | 1,301 | - | 2,223 |
| - of which Hong Kong | 551 | - | 298 | 438 | - | 1,287 |
| - of which Cayman Islands | - | - | 73 | 380 | - | 453 |
| - of which West Indies UK | - | - | - | 230 | - | 230 |
| - of which Singapore | - | - | - | 130 | - | 130 |
| - of which Bermuda | - | - | - | 108 | - | 108 |
| - of which Mauritius | - | - | - | 15 | - | 15 |
| Developing Asia and Pacific | 521 | - | - | 1,620 | - | 2,141 |
| - of which China | 55 | - | - | 1,612 | - | 1,667 |
| - of which Chinese Taipei | 465 | - | - | 8 | - | 473 |
| International Organisations | - | - | - | - | - | 0 |

| | June 30, 2020 | | | | | HK\$million |
|------------------------------------|----------------------|-----------------|---------------------------------|------------------------------|--------|-------------|
| | Banks | Official Sector | <i>Non-bank private sector</i> | | Others | Total |
| | | | Non-bank financial institutions | Non-financial private sector | | |
| Developed countries | 3,353 | 1,504 | - | 93 | - | 4,950 |
| - of which United States | 2,205 | 1,504 | - | 63 | - | 3,772 |
| - of which United Kingdom | 610 | - | - | - | - | 610 |
| - of which France | 499 | - | - | - | - | 499 |
| Offshore centres | 304 | - | 307 | 1,823 | - | 2,434 |
| - of which Hong Kong | 304 | - | 268 | 489 | - | 1,061 |
| - of which Cayman Islands | - | - | 39 | 803 | - | 842 |
| - of which West Indies UK | - | - | - | 171 | - | 171 |
| - of which Singapore | - | - | - | 152 | - | 152 |
| - of which Bermuda | - | - | - | 109 | - | 109 |
| Developing Asia and Pacific | 23 | - | - | 1,030 | - | 1,053 |
| - of which China | 23 | - | - | 1,023 | - | 1,046 |
| International Organisations | - | 782 | - | - | - | 782 |

Key Financial Information Disclosure Statement
Section A - Hong Kong Branch Information
5. Off-balance sheet exposures and derivative transactions

| | <u>December 31, 2020</u> | <u>June 30, 2020</u> |
|---|--------------------------|----------------------|
| | HK\$000 | HK\$000 |
| Contingent liabilities and commitments | | |
| - direct credit substitutes | 120,292 | 78,071 |
| - trade-related contingencies | 26,652 | 19,144 |
| - other commitments | 799,869 | 760,764 |
| | <u>946,813</u> | <u>857,979</u> |
| | | |
| | <u>December 31, 2020</u> | <u>June 30, 2020</u> |
| | HK\$000 | HK\$000 |
| Derivative transactions | | |
| - exchange rate contracts | 5,915,218 | 2,117,128 |

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, 2020</u> | |
|--------------------------------|--------------------------|----------------------|
| | US dollars | HK\$million Total |
| Non-structural position | | |
| Spot assets | 7,468 | 7,468 |
| Spot liabilities | (8,910) | (8,910) |
| Forward purchases | 3,665 | 3,665 |
| Forward sales | (2,212) | (2,212) |
| Net options position | - | - |
| Net long position | <u>11</u> | <u>11</u> |
| Structural position | <u>-</u> | <u>-</u> |

| | <u>June 30, 2020</u> | | | | |
|--------------------------------|----------------------|--------------|----------------|------------|----------------------|
| | Canadian Dollars | Japanese Yen | Pound Sterling | US dollars | HK\$million Total |
| Non-structural position | | | | | |
| Spot assets | 4 | 27 | 94 | 8,528 | 8,653 |
| Spot liabilities | (16) | (26) | (93) | (9,639) | (9,774) |
| Forward purchases | 11 | - | - | 1,612 | 1,623 |
| Forward sales | - | (2) | - | (502) | (504) |
| Net options position | - | - | - | - | - |
| Net short position | <u>(1)</u> | <u>(1)</u> | <u>1</u> | <u>(1)</u> | <u>(2)</u> |
| Structural position | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |

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

| | | Year 2020 | Year 2019 |
|-------------------------------------|-----------------------------------|-----------|-----------|
| | | % | % |
| Average liquidity maintenance ratio | for the quarter ended December 31 | 46.40 | |
| | for the quarter ended December 31 | | 40.05 |

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.

Assets and Liability Committee ("ALCO") is mainly responsible for the liquidity risk management in our branch. The management of liquidity is in compliance with the branch's Liquidity Management Policy to ensure compliance with local regulatory requirements and limits set by ALCO.

Liquidity is managed on a daily basis by establishing liquidity risk management indicators and limits to identify, measure, monitor and control the liquidity risk. The branch also performs cash flow forecast and stress testing regularly to identify liquidity risk exposures and possible impact.

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, 2020</u> | <u>June 30, 2020</u> |
|------------------------|--------------------------|----------------------|
| | % | % |
| Capital adequacy ratio | 13.37 | 13.14 |

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, 2020</u> | <u>June 30, 2020</u> |
|-------------------------------------|------------------------------|------------------------------|
| | Equivalent to HK\$million | Equivalent to HK\$million |
| Total amount of shareholders' funds | 39,138 | 36,310 |

2. Other financial information

| | <u>December 31, 2020</u> | <u>June 30, 2020</u> |
|--------------------------|------------------------------|------------------------------|
| | Equivalent to HK\$million | Equivalent to HK\$million |
| Total assets | 404,842 | 382,936 |
| Total liabilities | 365,704 | 346,626 |
| Total loans and advances | 295,131 | 283,663 |
| Total customer deposits | 351,497 | 319,152 |

| | <u>For the year ended December 31, 2020</u> | <u>For the year ended December 31, 2019</u> |
|------------------------|---|---|
| | Equivalent to HK\$million | Equivalent to HK\$million |
| Profit before taxation | 5,426 | 6,745 |

Note:

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

| | |
|--------------|--------|
| Dec 31, 2020 | 7.7518 |
| Jun 30, 2020 | 7.7501 |
| Dec 31, 2019 | 7.7866 |

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 of EWHK has established liquidity risk tolerance, including "Cash Flow and Liquidity Management Policy", "Contingency Funding Plan", "Liquidity Stress Testing" and "Recovery Plan". When setting the liquidity limits, EWHK has taken into consideration of related requirements of HKMA and Head Office located in U.S. In the meantime, EWHK regularly monitors risk indicators and reports to Head Office in Asset and Liability 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制定。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 cash flow and 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 Management and Treasury 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 Committee (ALCO):

資產負債管理委員會

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

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 of EWHK:

香港分行風險管理單位

Risk Management 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 Management also will participate in ALCO and raise any liquidity related issues for further discussion. For the results of stress testing, Risk Management 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 monitored by Risk Management. 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 Cash Flow and Liquidity Management Policy, ALCO charter and Recovery Plan. All of those policies have sent to Head Office and discussed in ALCO for approval and review regularly. 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 activated, a CMT will be formed immediately and an ad-hoc ALCO hosted by 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(CMT)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 and Liquidity Cushion
融資策略與流動性緩衝

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 liquefiable debt securities and term placement to Head Office or Hong Kong interbank 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.

EWHK Treasury is responsible for managing the funding of EWHK which encompass interbank market taking and placement, customer deposit usage, etc and highly coordinate with Head Office Treasury to seek support if necessary. EWHK also will maintain an appropriate liquidity cushion by holding highly liquefiable marketable securities which including but not limited to Hong Kong Exchange Fund Bills, US Treasury Bills/Notes and other liquefiable securities issued by other institution with high credit rating. The liquidity cushion will be reviewed regularly to be commensurate with EWHK's business scale and seek approval in ALCO.

香港分行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。

香港分行財務單位負責資金管理，包含同業資金拆借、客戶存款有效使用，以及與總行財務單位連繫並尋找支持。香港分行亦持有高度流動性資產以維持適當的流動性緩衝，包含(但不限於)香港政府債券、美國國債及其他具高度信用評級的機構所發行的具市場性債券。流動性緩衝會定期被檢視且被資產負債管理委員會通過以符合香港分行的業務規模。

(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 ALCO for further review. EWHK has built up a Contingency Funding Plan (CFP) to real test 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，並陳報資產負債管理委員會檢視。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 limits for all position and significant currency, such as USD. It can assesses 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 at least annually, and initiated by Risk Management, performed by Treasury staff and actually settled by operation. Should there be an immediate liquidity crisis at EWHK to meet its obligations, General Manager will notify Head Office supervisor, Treasurer, and HKMA. GM also will call for the formation of a Crisis Management Team immediately. The CMT will consist of Head Office supervisor, General Manager, Heads of Commercial Banking, Wealth Management, Operation, Finance, Risk Management, 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。

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, 2020 are as below,
於 2020 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 | | | | | | | | | | Balancing amount 余額 | |
|---|--------------------|------------------|------------------------|--------------------------------|--|---|--|---|--|--|------------------------|------------------------|----------------|
| | | 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 | 6,675,725 | 4,555,168 | 270,756 | 380,234 | 1,302,182 | 100,507 | 66,878 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 Amount payable arising from derivative contracts 應付衍生工具合約的金額 | 11,456 | 5,655 | 49,993 | 397,470 | 1,803,631 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Due to banks 結欠銀行同業的金額 | 3,837,769 | 509,454 | 349,017 | 1,319,227 | 1,660,071 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 4 Other liabilities 其他負債 | 95,871 | 47,824 | 18,173 | 3,731 | 12,527 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 13,616 |
| 5 Capital and reserves 資本及儲備 | 434,483 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 434,483 |
| Total 資產負債表內之總負債 | 11,055,304 | 5,118,101 | 687,939 | 2,100,662 | 4,778,411 | 100,507 | 66,878 | 0 | 0 | 0 | 0 | 0 | 448,099 |

Off-balance sheet obligations
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 | 782,107 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 782,107 |
| 8 Other Off-balance sheet obligations 其他負債表外之承擔 | 146,944 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 146,944 |
| Total 資產負債表外之總承擔 | 929,051 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 929,051 |

On-balance sheet assets
 資產負債表內之資產

| | | 現金流按到期日分析 | | | | | | | | | | Total amount | Balancing amount |
|----|--|------------------|----------------|-------------------|------------------------------|-------------------------------|-----------------------------|---------------------------|----------------------------|----------------------------|---------------|--------------|------------------|
| | | Next day | 2 to 7 days | 8 days to 1 month | Over 1 month, up to 3 months | Over 3 months, up to 6 months | Over 6 months, up to 1 year | Over 1 year up to 2 years | Over 2 years up to 3 years | Over 3 years up to 5 years | Over 5 years | | |
| | | 翌日 | 2至7日 | 8日至1個月 | 1個月以上至3個月 | 3個月以上至6個月 | 6個月以上至1年 | 1年以上至2年 | 2年以上至3年 | 3年以上至5年 | 超過5年 | | 餘額 |
| 10 | Currency notes and coins 現金 | 0 | 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 | 2,323 | 50,000 | 397,543 | 1,794,095 | 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 | 579,289 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 13 | Due from banks 應收銀行同業款項 | 3,961,968 | 465,210 | 0 | 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 | 514,070 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 15 | Acceptances and bills of exchange held 承兌及匯票 | 4,804 | 2,049 | 15,816 | 31,414 | 4,080 | 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 | 219,012 | 129,659 | 1,405,346 | 1,098,267 | 664,376 | 729,533 | 609,742 | 430,442 | 126,151 | 61,613 | 0 | 0 |
| 17 | Other assets 其他資產 | 46,938 | 18,171 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 44,213 |
| 18 | Total 資產負債表內之總資產 | 5,328,404 | 665,089 | 1,818,705 | 2,923,776 | 668,456 | 729,533 | 609,742 | 430,442 | 126,151 | 61,613 | 0 | 44,213 |

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 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 132,649 |
| 20 | Contractual Maturity Mismatch 淨流動資金錯 | 210,303 | (22,850) | (281,957) | (1,854,635) | 567,949 | 662,655 | 609,742 | 430,442 | 126,151 | 61,613 | 0 | 0 |
| 21 | Cumulative Contractual Maturity Mismatch 累計錯配 | 210,303 | 187,453 | (94,504) | (1,949,139) | (1,381,190) | (718,535) | (108,793) | 321,649 | 447,800 | 509,413 | 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 | 11,027,918 | 100.0 |
| Customers deposits 客戶存款 | 6,670,332 | 60.5 |
| which: from top 10 depositors 其中：首十大存戶 | 2,307,562 | 20.9 |
| Balance from banks 銀行存款 | 3,834,950 | 34.8 |