



(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, 2021**



華美銀行  
EAST WEST BANK

(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, 2021

### 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 22, 2022

### 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, 2021 HK\$000	For the year ended December 31, 2020 HK\$000
Interest income	143,776	168,551
Interest expense	(23,447)	(37,734)
<b>Net interest income</b>	<b>120,329</b>	<b>130,817</b>
Commission and fee income	28,107	26,485
Commission and fee expense	(3,484)	(3,798)
<b>Net fees and commission income</b>	<b>24,623</b>	<b>22,687</b>
Gains less losses arising from trading in foreign currencies	48,046	20,304
Income from investment held for trading	-	-
Other operating income	-	-
<b>Total operating income before impairment losses and provision</b>	<b>48,046</b>	<b>20,304</b>
(Increase)/decrease of provision of impairment losses on loans and receivables	(19,271)	27,585
<b>Net operating income</b>	<b>173,727</b>	<b>201,393</b>
Staff and rental expenses	(108,452)	(132,132)
Other expenses	(31,000)	(29,627)
<b>Total operating expenses</b>	<b>(139,452)</b>	<b>(161,759)</b>
<b>Profit before taxation</b>	<b>34,275</b>	<b>39,634</b>
Tax expense	(9,460)	(2,540)
<b>Profit after taxation</b>	<b>24,815</b>	<b>37,094</b>

**Key Financial Information Disclosure Statement**

**Section A - Hong Kong Branch Information**

**2. Balance sheet**

	<u>December 31, 2021</u>	<u>June 30, 2021</u>
	HK\$000	HK\$000
<b>ASSETS</b>		
Cash and balances with banks (except for those included in amount due from overseas offices)	1,208,901	1,612,281
Placements with banks (except for those included in amount due from overseas offices)	467,787	-
Amount due from overseas offices	4,719,729	3,432,112
Trade bills	504	2,346
Loans to customers (net of provisions)	6,576,804	5,404,163
Government bills and notes	1,136,963	1,179,785
Investment securities	756,994	753,817
Fixed assets	19,753	22,466
Other assets	99,523	145,879
<b>Total assets</b>	<b>14,986,958</b>	<b>12,552,849</b>
<b>LIABILITIES</b>		
Deposits and balances from banks (except for those included in amount due to overseas offices)	5,764	7,339
Deposits from customers		
- demand deposits and current accounts	1,076,826	1,219,485
- savings deposits	7,584,160	6,037,438
- time, call and notice deposits	2,519,054	3,267,126
	11,180,040	10,524,049
Amount due to overseas offices	3,324,838	1,513,813
Other liabilities	70,542	113,255
<b>Total liabilities</b>	<b>14,581,184</b>	<b>12,158,456</b>
<b>CAPITAL AND RESERVES</b>		
Paid up capital	-	-
Reserves	380,959	391,132
Current profit	24,815	3,261
<b>Total capital and reserves</b>	<b>405,774</b>	<b>394,393</b>
<b>Total liabilities and capital and reserves</b>	<b>14,986,958</b>	<b>12,552,849</b>

**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, 2021</u>	<u>June 30, 2021</u>
	HK\$000	HK\$000
Gross amount of loans to customers:		
- Hong Kong	4,167,745	3,863,448
- China	1,699,859	1,339,606
- Singapore	467,578	143,990
- British Virgin Islands	155,929	-
- Cayman Islands	77,965	67,143
- Australia	27,288	21,355
- Taiwan	23,590	23,497
- United States	23,389	-
- Others	-	-
	<u>6,643,343</u>	<u>5,459,039</u>
Trade bills	504	2,346
Total loans and advances to customers	<u>6,643,847</u>	<u>5,461,385</u>
Less : Impairment allowances for impaired loans and advances		
- individual impairment allowances	-	-
- collective impairment allowances	(66,539)	(54,876)
	<u>(66,539)</u>	<u>(54,876)</u>
	<u>6,577,308</u>	<u>5,406,509</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, 2021</u>	<u>June 30, 2021</u>
	HK\$000	HK\$000
- individual impairment allowances	-	1,085
- collective impairment allowances	20,299	(29,655)
- country risk provisions	29,531	54,142
	<u>49,830</u>	<u>25,572</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, 2021		June 30, 2021	
	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, 2021	June 30, 2021
	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, 2021	June 30, 2021
	HK\$000	HK\$000
Gross impaired loans and advances	10,032	26,192
Individual impairment allowances	0	0
Net impaired loans and advances	<u>10,032</u>	<u>26,192</u>
Gross impaired loans and advances as a percentage of gross loans and advances to customers	<u>0.15%</u>	<u>0.48%</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>10,032</u>	<u>26,192</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, 2021		June 30, 2021	
	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, 2021		June 30, 2021	
	HK\$000	The percentage covered by collateral	HK\$000	The percentage covered by collateral
<b>Gross amount of loans to customers for use in Hong Kong:</b>				
<b>Industrial, commercial and financial</b>				
- property development	0	0.00	637,226	100.00
- property investment	193,547	100.00	64,842	100.00
- financial concerns	1,620,891	49.34	1,272,322	26.91
- stockbrokers	0	0.00	75,000	0.00
- wholesale and retail trade	337,270	39.52	310,547	17.74
- manufacturing	187,115	87.54	108,717	100.00
- transport and transport equipment	0	0.00	0	0.00
- recreational activities	27,288	0.00	21,355	0.00
- information technology	104,747	100.00	106,214	100.00
- others	1,602,184	46.87	458,440	81.37
	4,073,042	52.69	3,054,663	55.24
<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	0	0.00	0	0.00
- credit card advances	0	0.00	0	0.00
- others	336,058	93.04	332,700	93.00
	336,058	93.04	332,700	93.00
<b>Total loans for use in Hong Kong</b>	<b>4,409,100</b>	<b>55.76</b>	<b>3,387,363</b>	<b>58.95</b>
<b>Trade finance</b>	<b>77,860</b>	<b>70.10</b>	<b>72,740</b>	<b>71.71</b>
<b>Loans for use outside Hong Kong</b>	<b>2,156,383</b>	<b>53.44</b>	<b>1,998,936</b>	<b>67.68</b>
	<b>6,643,343</b>	<b>55.18</b>	<b>5,459,039</b>	<b>62.32</b>

**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, 2021		
	HK\$000		
	On-balance sheet exposure	Off-balance sheet exposure	Total exposures
1. Central government, central government-owned entities and their subsidiaries and JVs	200,064	-	200,064
2. Local governments, local government-owned entities and their subsidiaries and JVs	485,502	55	485,557
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	1,235,282	178,725	1,414,007
4. Other entities of central governments not reported in item 1 above	362,197	12,673	374,870
5. Other entities of local governments not reported in item 2 above	104,754	-	104,754
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	519,424	163,920	683,344
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures.	614,150	377,339	991,489
Total	<u>3,521,373</u>	<u>732,712</u>	<u>4,254,085</u>
Total assets after provisions	<u>14,986,958</u>		
On-balance sheet exposures as percentage of total assets	<u>23.50%</u>		

	June 30, 2021		
	HK\$000		
	On-balance sheet exposure	Off-balance sheet exposure	Total exposures
1. Central government, central government-owned entities and their subsidiaries and JVs	200,052	-	200,052
2. Local governments, local government-owned entities and their subsidiaries and JVs	513,326	54	513,380
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	1,214,913	199,200	1,414,113
4. Other entities of central governments not reported in item 1 above	176,071	-	176,071
5. Other entities of local governments not reported in item 2 above	106,219	-	106,219
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	514,633	27,352	541,985
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures.	979,186	297,703	1,276,889
Total	<u>3,704,400</u>	<u>524,309</u>	<u>4,228,709</u>
Total assets after provisions	<u>12,552,849</u>		
On-balance sheet exposures as percentage of total assets	<u>29.51%</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:

	<b>December 31, 2021</b>					HK\$million
	Banks	Official Sector	<i>Non-bank private sector</i>		Others	Total
			Non-bank financial institutions	Non-financial private sector		
<b>Developed countries</b>	4,873	989	-	63	-	5,925
- of which United States	4,720	989	-	5	-	5,714
- of which United Kingdom	114	-	-	-	-	114
- of which Germany	26	-	-	-	-	26
- of which New Zealand	-	-	-	30	-	30
- of which Australia	11	-	-	28	-	39
<b>Offshore centres</b>	674	-	245	2,733	-	3,652
- of which Hong Kong	674	-	219	314	-	1,207
- of which Cayman Islands	-	-	26	1,470	-	1,496
- of which West Indies UK	-	-	-	360	-	360
- of which Singapore	-	-	-	468	-	468
- of which Bermuda	-	-	-	105	-	105
- of which Mauritius	-	-	-	16	-	16
<b>Developing Asia and Pacific</b>	468	-	-	2,243	-	2,711
- of which China	-	-	-	2,235	-	2,235
- of which Chinese Taipei	468	-	-	8	-	476
<b>International Organisations</b>	-	760	-	-	-	760
						<b>June 30, 2021</b>
						HK\$million
	Banks	Official Sector	<i>Non-bank private sector</i>		Others	Total
			Non-bank financial institutions	Non-financial private sector		
<b>Developed countries</b>	3,668	755	-	56	-	4,479
- of which United States	3,432	755	-	-	-	4,187
- of which United Kingdom	170	-	-	-	-	170
- of which Australia	-	-	-	21	-	21
- of which New Zealand	-	-	-	30	-	30
<b>Offshore centres</b>	943	277	240	1,295	-	2,755
- of which Hong Kong	943	277	185	474	-	1,879
- of which Cayman Islands	-	-	55	474	-	529
- of which West Indies UK	-	-	-	225	-	225
- of which Bermuda	-	-	-	106	-	106
<b>Developing Asia and Pacific</b>	2	-	-	2,290	-	2,292
- of which Vietnam	2	-	-	-	-	2
- of which China	-	-	-	2,282	-	2,282
<b>International Organisations</b>	-	757	-	-	-	757

**Key Financial Information Disclosure Statement**

**Section A - Hong Kong Branch Information**

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

	<u>December 31, 2021</u>	<u>June 30, 2021</u>
	HK\$000	HK\$000
<b>Contingent liabilities and commitments</b>		
- direct credit substitutes	135,833	62,264
- trade-related contingencies	2,275	50,962
- other commitments	1,854,425	1,065,842
	<u>1,992,533</u>	<u>1,179,068</u>
	<u>December 31, 2021</u>	<u>June 30, 2021</u>
	HK\$000	HK\$000
<b>Derivative transactions</b>		
- exchange rate contracts	4,203,426	2,847,130

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, 2021</u>	
	US dollars	HK\$million
<b>Non-structural position</b>		<b>Total</b>
Spot assets	12,307	12,307
Spot liabilities	(11,921)	(11,921)
Forward purchases	1,849	1,849
Forward sales	(2,220)	(2,220)
Net options position	-	-
Net long position	<u>15</u>	<u>15</u>
<b>Structural position</b>	<u>-</u>	<u>-</u>
	<u>June 30, 2021</u>	
	US dollars	HK\$million
<b>Non-structural position</b>		<b>Total</b>
Spot assets	9,358	9,358
Spot liabilities	(9,576)	(9,576)
Forward purchases	1,527	1,527
Forward sales	(1,295)	(1,295)
Net options position	-	-
Net short position	<u>14</u>	<u>14</u>
<b>Structural position</b>	<u>-</u>	<u>-</u>

**Key Financial Information Disclosure Statement**

**Section A - Hong Kong Branch Information**

**7. Liquidity**

		Year 2021	Year 2020
		%	%
Average liquidity maintenance ratio	for the quarter ended December 31	44.13	
	for the quarter ended December 31		46.40

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.



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## Key Financial Information Disclosure Statement

### Section B - Bank Information

#### 1. Capital and capital adequacy

	<u>December 31, 2021</u>	<u>June 30, 2021</u>
	%	%
Capital adequacy ratio	13.23	13.43

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, 2021</u>	<u>June 30, 2021</u>
	Equivalent to HK\$million	Equivalent to HK\$million
Total amount of shareholders' funds	43,870	41,464

#### 2. Other financial information

	<u>December 31, 2021</u>	<u>June 30, 2021</u>
	Equivalent to HK\$million	Equivalent to HK\$million
Total assets	474,411	464,679
Total liabilities	430,541	423,215
Total loans and advances	328,787	314,322
Total customer deposits	419,079	411,440

	<u>For the year ended December 31, 2021</u>	<u>For the year ended December 31, 2020</u>
	Equivalent to HK\$million	Equivalent to HK\$million
Profit before taxation	8,315	5,426

Note:

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

Dec 31, 2021	7.7965
Jun 30, 2021	7.7655
Dec 31, 2020	7.7518

**LIQA: Liquidity Risk Management****LIQA: 流動性風險管理**

This document is prepared pursuant to section 16FJ, 103(4A) of the Banking (Disclosure) Rules and templates provided by the 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 "Liquidity Management Policy and Procedure", "Contingency Funding Plan", "Liquidity Stress Testing" and "Recovery Plan". When setting the liquidity limits, EWHK has taken into consideration of the related requirement of the 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) meeting. EWHK risk capacity is reviewed and approved in ALCO meeting on a monthly basis. To avoid any unexpected shortage of cash flow, EWHK calculates daily liquidity maintenance ratio and mismatch reports on a daily basis and conducts liquidity stress test on a quarterly basis to ensure the appropriateness and keeps 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 Liquidity Management Policy and Procedure to prudently manage and monitor liquidity risk and to ensure sufficient liquidity pool. EWHK also has implemented Contingency Funding Plan, Liquidity Stress Test and Recovery Plan into the scope of risk management. The structure and respective responsibilities for EWHK's liquidity risk management are stated as below:

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 is in-charge of supervising the overall risk tolerances of EWHK and reviewing the effectiveness of liquidity management and updating 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 holds ALCO with Treasury of Head Office on a monthly basis to take the responsibilities of providing oversight and making necessary decisions in relation to 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 test to monitor branch-wide liquidity limits. Risk Management also participates in ALCO and raises any liquidity related issues for further discussion. In response to the results of stress testing that warrant further attention and decision, Risk Management will discuss and escalate to Committee to determine 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。風險管理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 established and on a regular basis prepares liquidity reports for the purpose of managing the internal liquidity risk. Those reporting will be circulated 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 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 and Procedure, 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 a 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 chaired by Risk Management Department will be held to discuss if any remedial actions are required. 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，並由風險管理單位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 contributed by customer deposits where 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 monitors and reports the concentration of deposits and loans to ALCO and track the movement daily. 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 be commensurate with EWHK's business scale.

EWHK Treasury is responsible for managing the fundings of EWHK which encompass interbank market taking and placement, customer deposit usage, etc. It closely coordinates with Head Office Treasury and will seek support if necessary. EWHK also maintains an appropriate liquidity cushion by holding highly liquefiable marketable securities which include 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。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 test on a quarterly basis and report to ALCO for further review. EWHK has built up a Contingency Funding Plan (CFP) to test funding capacity in one day from outside funding sources, excluding funds from Head Office or subsidiary, to deal with unexpected deposit run-off of top 3 customers. The CFP includes REPO transactions, borrowing from money market and intraday sweeping borrowing from certain counterparty. In addition, EWHK has set up early warning indicators and Risk limits to monitor potential risk. Once triggered, the corresponding remedial action will be discussed at ad-hoc ALCO meeting, or a Crisis Management Team will be built to sustain normal function. Recovery options includes REPO transaction, sell of debt securities, sell of syndication loan, reduction of loans funding, and borrowing from Head Office as a last resort.

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、縮減貸款及最終手段向總行進行融資。

(d) An Explanation of Stress Test Used

流動性壓力測試

For the stress test of liquidity, EWHK will review daily position mismatch report and set risk limits for all position and significant currency, such as USD and HKD. It assesses the adequacy of funding capacity or mitigates 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 test model to test potential shortfall under different parameters and scenarios, such as institution-specific, market-wide and combined stress scenarios. The test can assess EWHK's vulnerability amid different scenarios like deposit run-off increase, asset deterioration and unexpected loans drawdown by committed facility or rollover increase. The test result will be sent 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 ALCO to evaluate the adequacy of models. The contingency funding plan and liquidity tolerance should be adjusted according to the results of liquidity stress test.

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、港幣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資產負債管理委員會核定。應急融資計劃和流動性容忍度亦必須依照流動性壓力測試結果進行必要性調整。

(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 outlines key management actions to be taken in managing liquidity crisis. The following could be served as contingent facilities: REPO transaction, sale of debt securities, borrowing from intraday sweeping account with certain counterparty, and sale of syndication loans. The contingency funding plan should be conducted regularly, and initiated by Risk Management, performed by Treasury staff and actually settled by operation. The triggering events of CFP are reviewed in EWHK ALCO and documented on the CFP report. As the result of CFP is one of the triggers in Recovery Plan, if the result of CFP fails, the Recovery Plan should be referred to as a next action.

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。該計劃定期由風險管理單位發動，並由交易及交割單位執行交易。應急融資計劃觸發事件會經由資產負債管理委員會核定並紀錄在冊。應急融資計劃的測試結果亦是復原計劃的其中一項觸發條件，如果該測試結果失敗，後續將依照復原計劃程序進行。

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, 2021 are as below, 於 2021 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 餘額	
		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	11,186,733	8,757,313	905,755	343,458	623,779	487,629	68,819	0	0	0	0	0	0
2 Amount payable arising from derivative contracts 應付衍生工具合約的金額	20,567	84,611	905,755	326,558	568,345	373,545	22,070	0	0	0	0	0	0
3 Due to banks 結欠銀行同業的金額	3,332,075	726,593	194,968	935,924	1,474,590	0	0	0	0	0	0	0	0
4 Other liabilities 其他負債	894,224	22,996	828,987	2,691	8,368	0	0	0	0	0	0	0	31,182
5 Capital and reserves 資本及儲備	405,774	0	0	0	0	0	0	0	0	0	0	0	405,774
6 Total 資產負債表內之總負債	15,839,373	9,526,024	2,617,742	2,217,664	2,283,241	801,052	77,242	0	0	0	0	0	436,956

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	1,854,425	0	0	0	0	0	0	0	0	0	0	0	0	1,854,425
8 Other Off-balance sheet obligations 其他負債表外之承擔	138,108	0	0	0	0	0	0	0	0	0	0	0	0	138,108
9 Total 資產負債表外之總承擔	1,992,533	0	0	0	0	0	0	0	0	0	0	0	0	1,992,533

On-balance sheet assets  
資產負債表內之資產

	Total amount 總額	現金流按到期日分析										Balancing amount 餘額	
		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		
10 Currency notes and coins 現金	0	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	26,173	19,492	689,100	937,039	178,382	318,335	8,571	0	0	0	0	0	0
12 Due from MA for a/c of Exchange Fund 存於外匯基金款項	366,583	366,583	0	0	0	0	0	0	0	0	0	0	0
13 Due from banks 應收銀行回業款項	6,029,918	5,562,047	233,930	233,941	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	1,898,556	1,898,556	0	0	0	0	0	0	0	0	0	0	0
15 Acceptances and bills of exchange held 承兌及匯票	504	0	0	504	0	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	6,754,421	652,757	154,093	1,432,342	1,184,603	1,123,744	336,088	1,185,044	618,997	56,924	9,829	0	0
17 Other assets 其他資產	922,276	43,681	828,989	0	305	0	0	0	0	0	0	0	49,301
18 Total 資產負債表內之總資產	15,998,431	8,543,116	1,906,112	2,603,826	1,363,290	1,442,079	344,659	1,185,044	618,997	56,924	9,829	0	49,301

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	0	0
20 Contractual Maturity Mismatch 淨流動資金錯	(982,908)	(711,630)	386,162	(919,951)	641,027	267,417	1,185,044	618,997	56,924	9,829	0	0	0
21 Cumulative Contractual Maturity Mismatch 累計錯配	(982,908)	(1,694,538)	(1,308,376)	(2,228,327)	(1,587,300)	(1,319,883)	(134,839)	484,158	541,082	550,911	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	14,986,958	100.0
Customers deposits 客戶存款	11,180,040	74.6
which: from top 10 depositors 其中：首十大存戶	3,911,966	26.1
Balance from banks 銀行存款	3,330,602	22.2