



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 June 30, 2020**



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 June 30, 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 read 'Brenda Wang'.

Brenda Wang
General Manager

18 September, 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

	Six months ended June 30, 2020	Six months ended June 30, 2019
	HK\$000	HK\$000
Interest income	113,838	155,939
Interest expense	(25,207)	(39,803)
Net interest income	88,631	116,136
Commission and fee income	10,839	7,793
Commission and fee expense	(1,874)	(1,714)
Net fees and commission income	8,965	6,079
Gains less losses arising from trading in foreign currencies	10,340	14,316
Income from investment held for trading	-	3
Other operating income	-	-
Total operating income before impairment losses and provision	10,340	14,319
Provision of impairment losses on loans and receivables	30,872	(13,093)
Net operating income	138,808	123,441
Staff and rental expenses	(70,883)	(71,476)
Other expenses	(13,424)	(15,400)
Reversal of impairment loss /(impairment loss) on assets	-	-
Total operating expenses	(84,307)	(86,876)
Profit before taxation	54,501	36,565
Tax expense	(2,993)	(5,175)
Profit after taxation	51,508	31,390

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

	<u>June 30, 2020</u>	<u>December 31, 2019</u>
	HK\$000	HK\$000
ASSETS		
Cash and balances with banks (except for those included in amount due from overseas offices)	742,223	1,322,435
Placements with banks (except for those included in amount due from overseas offices)	1,003,977	1,795,862
Amount due from overseas offices	2,182,048	1,265,639
Trade bills	23,259	60,390
Loans to customers (net of provisions)	4,872,260	4,340,779
Government bills and notes	315,342	310,285
Investment securities	1,994,504	1,285,564
Fixed assets	17,402	19,812
Other assets	85,555	75,321
Total assets	<u>11,236,570</u>	<u>10,476,087</u>
LIABILITIES		
Deposits and balances from banks (except for those included in amount due to overseas offices)	6,408	11,968
Deposits from customers		
- demand deposits and current accounts	2,553,002	760,331
- savings deposits	3,212,251	3,204,431
- time, call and notice deposits	2,885,449	4,875,186
	8,650,702	8,839,948
Amount due to overseas offices	2,029,032	1,134,826
Other liabilities	63,695	93,162
Total liabilities	<u>10,749,837</u>	<u>10,079,904</u>
CAPITAL AND RESERVES		
Paid up capital	-	-
Reserves	435,225	334,842
Current profit	51,508	61,341
Total capital and reserves	<u>486,733</u>	<u>396,183</u>
Total liabilities and capital and reserves	<u>11,236,570</u>	<u>10,476,087</u>

Key Financial Information Disclosure Statement

Section A - Hong Kong Branch Information

3. Additional balance sheet information

(a) Loans and advances to customers

	<u>June 30, 2020</u>	<u>December 31, 2019</u>
	HK\$000	HK\$000
Gross amount of loans to customers:		
- Hong Kong	3,535,483	3,033,717
- China	651,778	515,568
- British Virgin Island	226,613	227,680
- Cayman Islands	195,296	189,655
- Singapore	167,347	202,620
- Macau	75,563	87,599
- United States	38,751	87,359
- Taiwan	31,200	75,290
- Others	-	-
	<u>4,922,031</u>	<u>4,419,488</u>
Trade bills	23,259	60,390
Total loans and advances to customers	<u>4,945,290</u>	<u>4,479,878</u>
Less : Impairment allowances for impaired loans and advances		
- individual impairment allowances	-	(32,166)
- collective impairment allowances	(49,771)	(46,543)
	<u>(49,771)</u>	<u>(78,709)</u>
	<u>4,895,519</u>	<u>4,401,169</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>June 30, 2020</u>	<u>December 31, 2019</u>
	HK\$000	HK\$000
- individual impairment allowances	-	(31,842)
- collective impairment allowances	(4,762)	(40,412)
- country risk provisions	33,565	21,470
	<u>28,803</u>	<u>(50,784)</u>
Gross value of assets against which individual impairment allowances have been made	<u>-</u>	<u>6,178</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:

	June 30, 2020		December 31, 2019	
	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>

	June 30, 2020	December 31, 2019
	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

	June 30, 2020	December 31, 2019
	HK\$000	HK\$000
Gross impaired loans and advances	0	160,599
Individual impairment allowances	0	-32,166
Net impaired loans and advances	<u>0</u>	<u>128,433</u>

Gross impaired loans and advances as a percentage of gross loans and advances to customers 0.00% 3.63%

Individual impairment allowances as a percentage of gross impaired loans and advances 0.00% 20.03%

Current market value of collateral related to impaired loans and advances 0 93,587

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:

	June 30, 2020		December 31, 2019	
	HK\$000	%	HK\$000	%
Rescheduled loans and advances to customers	-	0.00	160,599	3.63

(e) Loans and advances to customers by industry sector

	June 30, 2020		December 31, 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	210,000	100.00	0	0.00
- property investment	444,979	100.00	448,027	80.63
- financial concerns	916,989	35.03	656,097	45.94
- stockbrokers	132,223	42.57	210,661	45.71
- wholesale and retail trade	612,997	52.70	656,470	48.57
- manufacturing	113,270	26.49	125,174	23.97
- transport and transport equipment	222,428	0.00	273,310	13.05
- information technology	163,220	100.00	164,715	90.08
- others	321,073	43.51	183,858	100.00
	3,137,179	53.82	2,718,312	54.29
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	1,950	100.00	2,195	100.00
- credit card advances	0	0.00	0	0.00
- others	137,852	83.13	160,672	85.46
	139,802	83.37	162,867	85.66
Total loans for use in Hong Kong	3,276,981	55.08	2,881,179	56.06
Trade finance	168,831	71.18	135,060	93.26
Loans for use outside Hong Kong	1,476,219	27.83	1,403,249	38.68
	4,922,031	47.46	4,419,488	51.68

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.

	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 exposure.	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%		

	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	-	-	-
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	-	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 exposures.	1,190,183	342,959	1,533,142
Total	3,137,298	863,064	4,000,362
Total assets after provisions	10,476,087		
On-balance sheet exposures as percentage of total assets	29.95%		

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:

						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

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

Key Financial Information Disclosure Statement

Section A - Hong Kong Branch Information

5. Off-balance sheet exposures and derivative transactions

	<u>June 30, 2020</u>	<u>December 31, 2019</u>
	HK\$000	HK\$000
Contingent liabilities and commitments		
- direct credit substitutes	78,071	145,302
- trade-related contingencies	19,144	54,930
- other commitments	760,764	1,035,075
	<u>857,979</u>	<u>1,235,307</u>
	<u>June 30, 2020</u>	<u>December 31, 2019</u>
	HK\$000	HK\$000
Derivative transactions		
- exchange rate contracts	2,117,128	3,470,787

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>June 30, 2020</u>				HK\$million
	Canadian Dollars	Japanese Yen	Pound Sterling	US dollars	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 long position	<u>(1)</u>	<u>(1)</u>	<u>1</u>	<u>(1)</u>	<u>(2)</u>
Structural position	-	-	-	-	-

	<u>December 31, 2019</u>			HK\$million
	European dollars	US dollars	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	-	-	-	
Net short position	<u>1</u>	<u>6</u>	<u>7</u>	
Structural position	-	-	-	

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

	<u>Year 2020</u>	<u>Year 2019</u>
Average liquidity maintenance ratio for the quarter ended June 30	%	%
	40.45	41.29

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>June 30, 2020</u>	<u>December 31, 2019</u>
	%	%
Capital adequacy ratio	13.14	13.91

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>June 30, 2020</u>	<u>December 31, 2019</u>
	Equivalent to HK\$million	Equivalent to HK\$million
Total amount of shareholders' funds	36,310	38,837

2. Other financial information

	<u>June 30, 2020</u>	<u>December 31, 2019</u>
	Equivalent to HK\$million	Equivalent to HK\$million
Total assets	382,936	344,024
Total liabilities	346,626	305,187
Total loans and advances	283,663	268,020
Total customer deposits	319,152	292,202

	<u>Six months ended June 30, 2020</u>	<u>Six months ended June 30, 2019</u>
	Equivalent to HK\$million	Equivalent to HK\$million
Profit before taxation	2,212	3,351

Note:

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

Jun 30, 2020	7.7501
Dec 31, 2019	7.7866
Jun 30, 2019	7.8074