



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, 2021**



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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 June 30, 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

17 September, 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

	Six months ended June 30, 2021 HK\$000	Six months ended June 30, 2020 HK\$000
Interest income	62,441	113,838
Interest expense	(11,845)	(25,207)
Net interest income	50,596	88,631
Commission and fee income	17,536	10,839
Commission and fee expense	(1,779)	(1,874)
Net fees and commission income	15,757	8,965
Gains less losses arising from trading in foreign currencies	25,716	10,340
Other operating income	-	-
Total operating income before impairment losses and provision	25,716	10,340
(Increase)/decrease of provision of impairment losses on loans and receivables	(12,226)	30,872
Net operating income	79,843	138,808
Staff and rental expenses	(55,042)	(70,883)
Other expenses	(17,303)	(13,424)
Reversal of impairment loss / (impairment loss) on assets	-	-
Total operating expenses	(72,345)	(84,307)
Profit before taxation	7,498	54,501
Tax expense	(4,237)	(2,993)
Profit after taxation	3,261	51,508

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

	<u>June 30, 2021</u>	<u>December 31, 2020</u>
	HK\$000	HK\$000
ASSETS		
Cash and balances with banks (except for those included in amount due from overseas offices)	1,612,281	1,456,170
Placements with banks (except for those included in amount due from overseas offices)	-	465,105
Amount due from overseas offices	3,432,112	3,085,087
Trade bills	2,346	58,026
Loans to customers (net of provisions)	5,404,163	5,351,298
Government bills and notes	1,179,785	512,933
Investment securities	753,817	-
Fixed assets	22,466	14,338
Other assets	145,879	84,961
Total assets	12,552,849	11,027,918
LIABILITIES		
Deposits and balances from banks (except for those included in amount due to overseas offices)	7,339	13,519
Deposits from customers		
- demand deposits and current accounts	1,219,485	709,793
- savings deposits	6,037,438	3,474,638
- time, call and notice deposits	3,267,126	2,485,901
	10,524,049	6,670,332
Amount due to overseas offices	1,513,813	3,821,431
Other liabilities	113,255	88,154
Total liabilities	12,158,456	10,593,436
CAPITAL AND RESERVES		
Paid up capital	-	-
Reserves	391,132	397,388
Current profit	3,261	37,094
Total capital and reserves	394,393	434,482
Total liabilities and capital and reserves	12,552,849	11,027,918

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, 2021</u>	<u>December 31, 2020</u>
	HK\$000	HK\$000
Gross amount of loans to customers:		
- Hong Kong	3,863,448	4,334,774
- China	1,339,606	610,697
- Singapore	143,990	146,215
- Cayman Islands	67,143	64,300
- Taiwan	23,497	23,455
- Australia	21,355	-
- British Virgin Island	-	226,661
- Macau	-	-
- Others	-	-
	<u>5,459,039</u>	<u>5,406,102</u>
Trade bills	2,346	58,026
Total loans and advances to customers	<u>5,461,385</u>	<u>5,464,128</u>
Less : Impairment allowances for impaired loans and advances		
- individual impairment allowances	-	-
- collective impairment allowances	<u>(54,876)</u>	<u>(54,804)</u>
	<u>(54,876)</u>	<u>(54,804)</u>
	<u>5,406,509</u>	<u>5,409,324</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, 2021</u>	<u>December 31, 2020</u>
	HK\$000	HK\$000
- individual impairment allowances	1,085	-
- collective impairment allowances	(29,655)	(11,890)
- country risk provisions	54,142	34,956
	<u>25,572</u>	<u>23,066</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:

	June 30, 2021		December 31, 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>

	June 30, 2021	December 31, 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

	June 30, 2021	December 31, 2020
	HK\$000	HK\$000
Gross impaired loans and advances	26,192	0
Individual impairment allowances	0	0
Net impaired loans and advances	<u>26,192</u>	<u>0</u>

Gross impaired loans and advances as a percentage of gross loans and advances to customers 0.48% 0.00%

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

Current market value of collateral related to impaired loans and advances 26,192 0

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, 2021		December 31, 2020	
	HK\$000	%	HK\$000	%
Rescheduled loans and advances to customers	-	0.00	0	0.00

(e) Loans and advances to customers by industry sector

	June 30, 2021		December 31, 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	637,226	100.00	504,259	100.00
- property investment	64,842	100.00	442,577	100.00
- financial concerns	1,272,322	26.91	719,252	32.28
- stockbrokers	75,000	0.00	308,490	75.38
- wholesale and retail trade	310,547	17.74	516,653	71.13
- manufacturing	108,717	100.00	107,793	27.83
- transport and transport equipment	0	0.00	186,817	8.71
- recreational activities	21,355	0.00	0	0.00
- information technology	106,214	100.00	107,666	100.00
- others	458,440	81.37	727,879	71.35
	3,054,663	55.24	3,621,386	67.72
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	0	0.00
- credit card advances	0	0.00	0	0.00
- others	332,700	93.00	284,863	91.84
	332,700	93.00	284,863	91.84
Total loans for use in Hong Kong	3,387,363	58.95	3,906,249	69.48
Trade finance	72,740	71.71	140,168	100.00
Loans for use outside Hong Kong	1,998,936	67.68	1,359,685	54.63
	5,459,039	62.32	5,406,102	66.54

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, 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	3,704,400	524,309	4,228,709
Total assets after provisions	12,552,849		
On-balance sheet exposures as percentage of total assets	29.51%		

	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 exposures.	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%		

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, 2021
						HK\$million
	Banks	Official Sector	<i>Non-bank private sector</i>		Others	Total
			Non-bank financial institutions	Non-financial private sector		
Developed countries	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
Offshore centres	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
Developing Asia and Pacific	2	-	-	2,290	-	2,292
- of which Vietnam	2	-	-	-	-	2
- of which China	-	-	-	2,282	-	2,282
International Organisations	-	757	-	-	-	757

						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

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

	<u>June 30, 2021</u>	<u>December 31, 2020</u>
	HK\$000	HK\$000
Contingent liabilities and commitments		
- direct credit substitutes	62,264	120,292
- trade-related contingencies	50,962	26,652
- other commitments	1,065,842	799,869
	<u>1,179,068</u>	<u>946,813</u>

	<u>June 30, 2021</u>	<u>December 31, 2020</u>
	HK\$000	HK\$000
Derivative transactions		
- exchange rate contracts	2,847,130	5,915,218

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, 2021</u>	
	HK\$million	
	US dollars	Total
Non-structural position		
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 long position	<u>14</u>	<u>14</u>
Structural position	<u>-</u>	<u>-</u>

	<u>December 31, 2020</u>	
	HK\$million	
	US dollars	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 short position	<u>11</u>	<u>11</u>
Structural position	<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 June 30	%	%
	46.22	40.45

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, 2021</u>	<u>December 31, 2020</u>
	%	%
Capital adequacy ratio	13.43	13.37

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, 2021</u>	<u>December 31, 2020</u>
	Equivalent to HK\$million	Equivalent to HK\$million
Total amount of shareholders' funds	41,464	39,138

2. Other financial information

	<u>June 30, 2021</u>	<u>December 31, 2020</u>
	Equivalent to HK\$million	Equivalent to HK\$million
Total assets	464,679	404,842
Total liabilities	423,215	365,704
Total loans and advances	314,322	295,131
Total customer deposits	411,440	351,497

	<u>Six months ended June 30, 2021</u>	<u>Six months ended June 30, 2020</u>
	Equivalent to HK\$million	Equivalent to HK\$million
Profit before taxation	3,965	2,212

Note:

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

Jun 30, 2021	7.7655
Dec 31, 2020	7.7518
Jun 30, 2020	7.7501