



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, 2023



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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, 2023

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

22 September, 2023

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, 2023	Six months ended June 30, 2022
	HK\$000	HK\$000
Interest income	399,820	132,344
Interest expense	(222,274)	(20,492)
Net interest income	177,546	111,852
Commission and fee income	11,781	10,600
Commission and fee expense	(1,510)	(1,649)
Net fees and commission income	10,271	8,951
Gains less losses arising from trading in foreign currencies	28,307	19,751
Income from investment held for trading	72	-
Other operating income	20	-
Total operating income before impairment losses and provision	28,399	19,751
(Increase)/decrease of provision of impairment losses on loans and receivables	12,906	(9,558)
Net operating income	229,122	130,996
Staff and rental expenses	(56,580)	(55,837)
Other expenses	(14,394)	(13,295)
Reversal of impairment loss / (impairment loss) on assets	-	-
Total operating expenses	(70,974)	(69,132)
Profit before taxation	158,148	61,864
Tax expense	(25,643)	(10,007)
Profit after taxation	132,505	51,857

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

	June 30, 2023	December 31, 2022
	HK\$'000	HK\$'000
ASSETS		
Cash and balances with banks (except for those included in amount due from overseas offices)	986,608	523,443
Placements with banks (except for those included in amount due from overseas offices)	1,696,722	1,001,034
Amount due from overseas offices	1,928,350	5,768,628
Trade bills	-	-
Loans to customers (net of provisions)	6,922,605	7,495,760
Government bills and notes	2,349,482	1,528,302
Investment securities	691,696	669,160
Fixed assets	18,447	22,026
Other assets	179,440	180,054
Total assets	14,773,350	17,188,407
LIABILITIES		
Deposits and balances from banks (except for those included in amount due to overseas offices)	13,536	16,411
Deposits from customers		
- demand deposits and current accounts	1,079,119	1,699,914
- savings deposits	3,637,318	4,996,301
- time, call and notice deposits	6,008,098	5,620,411
	10,724,535	12,316,626
Amount due to overseas offices	3,283,794	4,306,277
Other liabilities	231,442	187,391
Total liabilities	14,253,307	16,826,705
CAPITAL AND RESERVES		
Paid up capital	-	-
Reserves	387,538	173,551
Current profit	132,505	188,151
Total capital and reserves	520,043	361,702
Total liabilities and capital and reserves	14,773,350	17,188,407

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, 2023</u>	<u>December 31, 2022</u>
	HK\$000	HK\$000
Gross amount of loans to customers:		
- Hong Kong	4,157,179	4,243,939
- China	1,624,276	2,013,985
- Singapore	640,902	681,714
- Cayman Islands	226,030	390,050
- British Virgin Island	156,693	155,957
- Guernsey	108,902	-
- Australia	39,173	38,989
- United States	23,504	23,393
- Taiwan	15,871	15,797
- Others	-	7,798
	<u>6,992,530</u>	<u>7,571,622</u>
Trade bills	-	-
Total loans and advances to customers	<u>6,992,530</u>	<u>7,571,622</u>
Less : Impairment allowances for impaired loans and advances		
- individual impairment allowances	-	-
- collective impairment allowances	<u>(69,925)</u>	<u>(75,862)</u>
	<u>6,922,605</u>	<u>7,495,760</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, 2023</u>	<u>December 31, 2022</u>
	HK\$000	HK\$000
- individual impairment allowances	-	-
- collective impairment allowances	10,787	20,211
- country risk provisions	47,339	38,890
	<u>58,126</u>	<u>59,101</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, 2023		December 31, 2022	
	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, 2023	December 31, 2022
	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, 2023	December 31, 2022
	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>
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Individual impairment allowances as a percentage of gross impaired loans and advances	<u>0.00%</u>	<u>0.00%</u>
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Current market value of collateral related to impaired loans and advances	<u>0</u>	<u>0</u>
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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, 2023		December 31, 2022	
	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, 2023		December 31, 2022	
	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	375,000	96.09	288,962	94.92
- property investment	167,870	100.00	185,426	100.00
- financial concerns	3,057,216	27.28	3,072,590	27.42
- stockbrokers	0	0.00	0	0.00
- wholesale and retail trade	15,669	0.00	70,930	78.01
- manufacturing	219,223	100.00	349,567	96.90
- transport and transport equipment	0	0.00	0	0.00
- recreational activities	39,173	0.00	38,989	0.00
- information technology	100,752	100.00	101,983	100.00
- others	1,297,826	19.11	1,428,173	44.00
	5,272,729	36.61	5,536,620	43.83
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	389,894	93.97	382,056	93.88
	389,894	93.97	382,056	93.88
Total loans for use in Hong Kong	5,662,623	40.56	5,918,676	47.06
Trade finance	79,429	52.21	83,196	88.53
Loans for use outside Hong Kong	1,250,478	95.14	1,569,750	91.63
	6,992,530	50.45	7,571,622	56.76

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, 2023		
	HK\$000		
	On-balance sheet exposure	Off-balance sheet exposure	Total exposures
1. Central government, central government-owned entities and their subsidiaries and JVs	-	-	-
2. Local governments, local government-owned entities and their subsidiaries and JVs	240,349	-	240,349
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	867,673	144,793	1,012,466
4. Other entities of central governments not reported in item 1 above	221,287	-	221,287
5. Other entities of local governments not reported in item 2 above	100,792	-	100,792
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	589,706	774,775	1,364,481
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposure.	1,719,414	1,112,741	2,832,155
Total	<u>3,739,221</u>	<u>2,032,309</u>	<u>5,771,530</u>
Total assets after provisions	<u>14,773,350</u>		
On-balance sheet exposures as percentage of total assets	<u>25.31%</u>		

	December 31, 2022		
	HK\$000		
	On-balance sheet exposure	Off-balance sheet exposure	Total exposures
1. Central government, central government-owned entities and their subsidiaries and JVs	-	-	-
2. Local governments, local government-owned entities and their subsidiaries and JVs	309,812	-	309,812
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	1,360,027	216,319	1,576,346
4. Other entities of central governments not reported in item 1 above	219,951	-	219,951
5. Other entities of local governments not reported in item 2 above	156,683	1,608	158,291
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	601,915	786,026	1,387,941
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures.	2,087,241	996,161	3,083,402
Total	<u>4,735,629</u>	<u>2,000,114</u>	<u>6,735,743</u>
Total assets after provisions	<u>17,188,407</u>		
On-balance sheet exposures as percentage of total assets	<u>27.55%</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:

						June 30, 2023
						HK\$million
	Banks	Official Sector	<i>Non-bank private sector</i>		Others	Total
			Non-bank financial institutions	Non-financial private sector		
Developed countries	4,045	2,207	-	101	-	6,353
- of which United States	1,933	2,207	-	-	-	4,140
- of which France	1,697	-	-	-	-	1,697
- of which United Kingdom	337	-	-	-	-	337
- of which Australia	15	-	-	40	-	55
- of which Luxembourg	-	-	-	61	-	61
Offshore centres	323	-	264	4,568	-	5,155
- of which Cayman Islands	-	-	31	3,008	-	3,039
- of which Hong Kong	323	-	233	504	-	1,060
- of which Singapore	-	-	-	591	-	591
- of which West Indies UK	-	-	-	240	-	240
- of which Guernsey	-	-	-	109	-	109
- of which Bermuda	-	-	-	101	-	101
Developing Asia and Pacific	-	-	-	1,036	-	1,036
- of which China	-	-	-	1,036	-	1,036
International Organisations	-	697	-	-	-	697

						December 31, 2022
						HK\$million
	Banks	Official Sector	<i>Non-bank private sector</i>		Others	Total
			Non-bank financial institutions	Non-financial private sector		
Developed countries	6,909	1,385	-	134	-	8,428
- of which United States	5,769	1,385	-	4	-	7,158
- of which France	1,003	-	-	-	-	1,003
- of which Luxembourg	-	-	-	90	-	90
- of which United Kingdom	73	-	-	-	-	73
- of which Australia	14	-	-	40	-	54
- of which Germany	34	-	-	-	-	34
- of which Canada	15	-	-	-	-	15
Offshore centres	180	-	302	4,156	-	4,638
- of which Cayman Islands	-	-	24	2,793	-	2,817
- of which Hong Kong	180	-	278	239	-	697
- of which Singapore	-	-	-	683	-	683
- of which West Indies UK	-	-	-	239	-	239
- of which Bermuda	-	-	-	177	-	177
- of which Mauritius	-	-	-	16	-	16
Developing Asia and Pacific	-	-	-	1,606	-	1,606
- of which China	-	-	-	1,606	-	1,606
International Organisations	-	674	-	-	-	674

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

	<u>June 30, 2023</u>	<u>December 31, 2022</u>
	HK\$000	HK\$000
Contingent liabilities and commitments		
- direct credit substitutes	0	62,383
- trade-related contingencies	1,031	3,109
- forward forward deposits placed	0	0
- other commitments	5,447,402	5,069,057
	<u>5,448,433</u>	<u>5,134,549</u>
	<u>June 30, 2023</u>	<u>December 31, 2022</u>
	HK\$000	HK\$000
Derivative transactions		
- exchange rate contracts	3,776,561	2,307,065
- interest rate contracts	391,733	0
	<u>4,168,294</u>	<u>2,307,065</u>

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, 2023</u>		
	HK\$million		
	Chinese renminbi	US dollars	Total
Non-structural position			
Spot assets	1,808	11,190	12,998
Spot liabilities	(810)	(12,697)	(13,507)
Forward purchases	1,060	2,664	3,724
Forward sales	(2,057)	(1,121)	(3,178)
Net options position	-	-	-
Net long position	<u>1</u>	<u>36</u>	<u>37</u>
Structural position	<u>-</u>	<u>-</u>	<u>-</u>

	<u>December 31, 2022</u>	
	HK\$million	
	US dollars	Total
Non-structural position		
Spot assets	13,910	13,910
Spot liabilities	(15,403)	(15,403)
Forward purchases	1,914	1,914
Forward sales	(417)	(417)
Net options position	-	-
Net short position	<u>4</u>	<u>4</u>
Structural position	<u>-</u>	<u>-</u>

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

	Year 2023	Year 2022
	%	%
Average liquidity maintenance ratio for the quarter ended June 30	49.99	45.06

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, 2023</u>	<u>December 31, 2022</u>
	%	%
Capital adequacy ratio	14.08	13.51

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, 2023</u>	<u>December 31, 2022</u>
	Equivalent to HK\$million	Equivalent to HK\$million
Total amount of shareholders' funds	49,662	45,928

2. Other financial information

	<u>June 30, 2023</u>	<u>December 31, 2022</u>
	Equivalent to HK\$million	Equivalent to HK\$million
Total assets	536,742	499,748
Total liabilities	487,080	453,820
Total loans and advances	385,432	371,682
Total customer deposits	438,690	438,809

	<u>Six months ended June 30, 2023</u>	<u>Six months ended June 30, 2022</u>
	Equivalent to HK\$million	Equivalent to HK\$million
Profit before taxation	6,169	5,073

Note:

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

Jun 30, 2023	7.83465
Dec 31, 2022	7.79785
Jun 30, 2022	7.84615