



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, 2019**



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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, 2019

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 blue ink, appearing to read "Adam Cheung".

Adam Cheung
Acting Chief Executive

September 20, 2019

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, 2019 HK\$000	Six months ended June 30, 2018 HK\$000
Interest income	155,939	125,171
Interest expense	(39,803)	(31,149)
Net interest income	116,136	94,022
Commission and fee income	7,793	7,235
Commission and fee expense	(1,714)	(1,473)
Net fees and commission income	6,079	5,762
Gains less losses arising from trading in foreign currencies	14,316	14,224
Income from investment held for trading	3	-
Other operating income	-	-
Total operating income before impairment losses and provision	14,319	14,224
Provision of impairment losses on loans and receivables	(13,093)	11,804
Net operating income	123,441	125,812
Staff and rental expenses	(71,476)	(61,572)
Other expenses	(15,400)	(13,579)
Total operating expenses	(86,876)	(75,151)
Profit before taxation	36,565	50,661
Tax expense	(5,175)	(8,524)
Profit after taxation	31,390	42,137

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

	<u>June 30, 2019</u>	<u>December 31, 2018</u>
	HK\$000	HK\$000
ASSETS		
Cash and balances with banks (except for those included in amount due from overseas offices)	1,039,728	944,614
Placements with banks (except for those included in amount due from overseas offices)	1,713,091	476,177
Amount due from overseas offices	471,285	1,390,102
Trade bills	62,639	2,068
Loans to customers (net of provisions)	5,123,573	5,080,687
Government bills and notes	310,550	998,515
Investment securities	1,285,495	739,482
Fixed assets	22,180	14,601
Other assets	97,863	98,209
Total assets	<u>10,126,404</u>	<u>9,744,455</u>
LIABILITIES		
Deposits and balances from banks (except for those included in amount due to overseas offices)	5,162	4,480
Deposits from customers		
- demand deposits and current accounts	1,014,911	848,629
- savings deposits	3,557,247	3,856,376
- time, call and notice deposits	4,070,450	3,982,554
	8,642,608	8,687,559
Amount due to overseas offices	1,033,633	657,751
Other liabilities	82,591	123,610
Total liabilities	<u>9,763,994</u>	<u>9,473,400</u>
CAPITAL AND RESERVES		
Paid up capital	-	-
Reserves	331,020	204,840
Current profit	31,390	66,215
Total capital and reserves	<u>362,410</u>	<u>271,055</u>
Total liabilities and capital and reserves	<u>10,126,404</u>	<u>9,744,455</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, 2019</u>	<u>December 31, 2018</u>
	HK\$000	HK\$000
Gross amount of loans to customers:		
- Hong Kong	3,792,687	3,806,981
- China	648,015	783,563
- Singapore	231,695	260,758
- British Virgin Islands	228,287	-
- United States	100,023	103,104
- Macau	99,544	111,595
- Taiwan	85,353	80,562
- Others	16,133	15,787
	<u>5,201,737</u>	<u>5,162,350</u>
Trade bills	62,639	2,068
Total loans and advances to customers	<u>5,264,376</u>	<u>5,164,418</u>
Less : Impairment allowances for impaired loans and advances		
- individual impairment allowances	(23,076)	(27,651)
- collective impairment allowances	(55,088)	(54,012)
	<u>(78,164)</u>	<u>(81,663)</u>
	<u>5,186,212</u>	<u>5,082,755</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, 2019</u>	<u>December 31, 2018</u>
	HK\$000	HK\$000
- individual impairment allowances	(22,589)	(26,846)
- collective impairment allowances	(51,342)	(43,469)
- country risk provisions	29,861	30,574
	<u>(44,070)</u>	<u>(39,741)</u>
Gross value of assets against which individual impairment allowances have been made	<u>12,532</u>	<u>25,002</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, 2019		December 31, 2018	
	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	28,216	0.55
	<u>-</u>	<u>0.00</u>	<u>28,216</u>	<u>0.55</u>

	June 30, 2019	December 31, 2018
	HK\$000	HK\$000
- individual impairment allowances	-	27,651
- covered portion of overdue loans and advances	-	-
- uncovered portion of overdue loans and advances	-	28,216
- 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, 2019	December 31, 2018
	HK\$000	HK\$000
Gross impaired loans and advances	207,871	28,216
Individual impairment allowances	(22,900)	(27,651)
Net impaired loans and advances	<u>184,971</u>	<u>565</u>

Gross impaired loans and advances as a percentage of gross loans and advances to customers 4.00% 0.55%

Individual impairment allowances as a percentage of gross impaired loans and advances 11.02% 98.00%

Current market value of collateral related to impaired loans and advances 113,737 -

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, 2019		December 31, 2018	
	HK\$000	%	HK\$000	%
Rescheduled loans and advances to customers	-	0.00	28,216	0.55

(e) Loans and advances to customers by industry sector

	June 30, 2019		December 31, 2018	
	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	-	0.00	28,216	0.00
- property investment	451,553	100.00	268,301	100.00
- financial concerns	987,272	43.29	1,276,020	33.21
- stockbrokers	211,643	46.84	214,690	46.18
- wholesale and retail trade	877,946	62.87	723,115	68.17
- manufacturing	130,697	15.49	151,614	13.56
- transport and transport equipment	481,713	47.89	495,715	46.60
- information technology	17,176	100.00	-	0.00
- others	211,103	100.00	340,030	100.00
	3,369,103	59.64	3,497,701	53.63
Individuals				
- loans for the purchase of flats in the Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme	-	0.00	-	0.00
- loans for the purchase of other residential properties	11,365	100.00	11,841	100.00
- credit card advances	-	0.00	-	0.00
- others	206,552	88.66	222,563	78.89
	217,917	89.25	234,404	79.95
Total loans for use in Hong Kong	3,587,020	61.44	3,732,105	55.28
Trade finance	174,885	70.98	199,815	77.86
Loans for use outside Hong Kong	1,439,832	44.64	1,230,430	48.00
	5,201,737	57.11	5,162,350	54.42

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, 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	341,366	26	341,392
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	1,662,923	141,810	1,804,733
4. Other entities of central governments not reported in item 1 above	63,851	11,250	75,101
5. Other entities of local governments not reported in item 2 above	-	-	-
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	179,531	77,454	256,985
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposure.	1,469,132	155,608	1,624,740
Total	3,716,803	386,148	4,102,951
Total assets after provisions	10,126,404		
On-balance sheet exposures as percentage of total assets	36.70%		
	December 31, 2018		
	HK\$000		
	On-balance sheet exposure	Off-balance sheet exposure	Total exposures
1. Central government, central government-owned entities and their subsidiaries and JVs	338,346	-	338,346
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	1,929,709	316,973	2,246,682
4. Other entities of central governments not reported in item 1 above	67,649	7,500	75,149
5. Other entities of local governments not reported in item 2 above	-	-	-
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	253,797	76,556	330,353
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures.	1,006,425	525,971	1,532,396
Total	3,595,926	927,000	4,522,926
Total assets after provisions	9,744,455		
On-balance sheet exposures as percentage of total assets	36.90%		

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, 2019					
	HK\$million					
	<i>Non-bank private sector</i>					
	Banks	Official Sector	Non-bank financial institutions	Non-financial private sector	Others	Total
Developed countries	1,131	279	-	287	-	1,697
- of which United States	471	279	-	287	-	1,037
- of which France	534	-	-	-	-	534
Offshore centres	584	-	158	1,629	-	2,371
- of which Hong Kong	465	-	65	617	-	1,147
- of which Cayman Islands	-	-	93	539	-	632
- of which West Indies UK	-	-	-	255	-	255
- of which Singapore	119	-	-	88	-	207
Developing Asia and Pacific	642	-	5	2,014	-	2,661
- of which China	60	-	5	2,002	-	2,067
- of which Chinese Taipei	582	-	-	12	-	594
International Organisations	-	1,291	-	-	-	1,291

	December 31, 2018					
	HK\$million					
	<i>Non-bank private sector</i>					
	Banks	Official Sector	Non-bank financial institutions	Non-financial private sector	Others	Total
Developed countries	1,429	966	-	309	-	2,704
- of which United States	1,390	966	-	309	-	2,665
- of which United Kingdom	34	-	-	-	-	34
Offshore centres	978	-	407	1,538	-	2,923
- of which Hong Kong	978	-	271	605	-	1,854
- of which Cayman Islands	-	-	136	511	-	647
- of which West Indies UK	-	-	-	162	-	162
- of which Singapore	-	-	-	118	-	118
- of which Macau	-	-	-	112	-	112
- of which Mauritius	-	-	-	29	-	29
Developing Asia and Pacific	-	-	-	1,893	-	1,893
- of which China	-	-	-	1,881	-	1,881
- of which Chinese Taipei	-	-	-	12	-	12
International Organisations	-	740	-	-	-	740

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

	<u>June 30, 2019</u>	<u>December 31, 2018</u>
	HK\$000	HK\$000
Contingent liabilities and commitments		
- direct credit substitutes	57,818	60,662
- trade-related contingencies	15,646	107,076
- other commitments	920,075	1,389,299
	<u>993,539</u>	<u>1,557,037</u>

	<u>June 30, 2019</u>	<u>December 31, 2018</u>
	HK\$000	HK\$000
Derivative transactions		
- exchange rate contracts	2,990,105	2,356,892

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, 2019</u>		
	HK\$million		
	Singapore Dollars	Chinese Renminbi	Total
Non-structural position			
Spot assets	144	1,012	1,156
Spot liabilities	(9)	(1,063)	(1,072)
Forward purchases	1	460	461
Forward sales	(137)	(410)	(547)
Net options position	-	-	-
Net long position	<u>(1)</u>	<u>(1)</u>	<u>(2)</u>
Structural position	<u>-</u>	<u>-</u>	<u>-</u>

	<u>December 31, 2018</u>	
	HK\$million	
	US dollars	Total
Non-structural position		
Spot assets	7,703	7,703
Spot liabilities	(7,135)	(7,135)
Forward purchases	903	903
Forward sales	(1,461)	(1,461)
Net options position	-	-
Net short position	<u>10</u>	<u>10</u>
Structural position	<u>-</u>	<u>-</u>

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

		Year 2019	Year 2018
		%	%
Average liquidity maintenance ratio	for the quarter ended June 30	41.29	33.78
	for the quarter ended March 31	38.14	36.24

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, 2019</u>	<u>December 31, 2018</u>
	%	%
Capital adequacy ratio	13.42	13.10

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

	<u>June 30, 2019</u>	<u>December 31, 2018</u>
	Equivalent to HK\$million	Equivalent to HK\$million
Total amount of shareholders' funds	36,826	34,349

2. Other financial information

	<u>June 30, 2019</u>	<u>December 31, 2018</u>
	Equivalent to HK\$million	Equivalent to HK\$million
Total assets	334,738	321,216
Total liabilities	297,913	286,866
Total loans and advances	260,794	251,727
Total customer deposits	286,299	279,087

	<u>Six months ended June 30, 2019</u>	<u>Six months ended June 30, 2018</u>
	Equivalent to HK\$million	Equivalent to HK\$million
Profit before taxation	3,351	3,259

Note:

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

Jun 30, 2019	7.8074
Dec 31, 2018	7.8312
Jun 30, 2018	7.8470