



**East West Bank
Hong Kong Branch**

**Key Financial Information Disclosure Statement
as of June 30, 2017**



Hong Kong Branch Key Financial Information Disclosure Statement as of June 30, 2017

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 "Vincent Wang", with a long horizontal stroke extending to the right.

Vincent Wang
General Manager

September 22, 2017

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 for public inspection.

Key Financial Information Disclosure Statement

Section A - Hong Kong Branch Information

1. Income statement

	Six months ended June 30, 2017 (unaudited) HK\$000	Six months ended June 30, 2016 (unaudited) HK\$000
Interest income	107,492	83,327
Interest expense	(27,858)	(18,183)
Net interest income	79,634	65,144
Commission and fee income	12,382	9,218
Commission and fee expense	(1,247)	(1,252)
Net fees and commission income	11,135	7,966
Gains less losses arising from trading in foreign currencies	18,574	10,763
Other operating income	695	691
Total operating income before impairment losses and provision	19,269	11,454
Provision of impairment losses on loans and receivables	(21,302)	(3,872)
Net operating income	88,736	80,692
Staff and rental expenses	(43,875)	(39,511)
Other expenses	(10,862)	(9,133)
Net charge for other provisions	-	(129)
Total operating expenses	(54,737)	(48,773)
Profit before taxation	33,999	31,919
Tax expense	(6,732)	(4,310)
Profit after taxation	27,267	27,609

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

	June 30, 2017	December 31, 2016
	HK\$000	HK\$000
ASSETS		
Cash and balances with banks (except for those included in amount due from overseas offices)	1,115,125	363,661
Placements with banks (except for those included in amount due from overseas offices)	-	38,772
Amount due from overseas offices	318,017	-
Loans and advances to customers (net of provisions)	5,871,155	5,652,024
Government bills and notes	1,643,411	1,071,578
Investment securities	497,997	880,077
Fixed assets	4,637	7,310
Other assets	100,178	79,273
Total assets	9,550,520	8,092,695
LIABILITIES		
Deposits and balances from banks (except for those included in amount due to overseas offices)	19,524	3,568
Deposits from customers		
- demand deposits and current accounts	717,186	743,596
- savings deposits	3,659,532	2,870,187
- time, call and notice deposits	2,711,893	1,728,285
Amount due to overseas offices	7,088,611	5,342,068
Other liabilities	2,102,605	2,393,400
Total liabilities	9,355,838	7,923,299
CAPITAL AND RESERVES		
Paid up capital	-	-
Reserves	167,415	99,554
Current profit	27,267	69,842
Total capital and reserves	194,682	169,396
Total liabilities and capital and reserves	9,550,520	8,092,695

Key Financial Information Disclosure Statement

Section A - Hong Kong Branch Information

3. Additional balance sheet information

(a) Loans and advances to customers

	June 30, 2017	December 31, 2016
	HK\$000	HK\$000
Gross amount of loans and advances to customers:		
- Hong Kong	4,141,417	3,744,191
- China	1,391,724	1,552,941
- Singapore	237,583	232,635
- Taiwan	162,341	119,885
- United States	8,296	9,277
- Others	9,876	51,492
	<u>5,951,237</u>	<u>5,710,421</u>
Less : Impairment allowances for impaired loans and advances		
- individual impairment allowances	(20,569)	(1,293)
- collective impairment allowances	(59,513)	(57,104)
	<u>(80,082)</u>	<u>(58,397)</u>
	<u>5,871,155</u>	<u>5,652,024</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:

	June 30, 2017	December 31, 2016
	HK\$000	HK\$000
- individual impairment allowances	62,253	5,795
- collective impairment allowances	(41,174)	(39,774)
- country risk provisions	33,322	33,709
	<u>54,401</u>	<u>(270)</u>
Gross value of assets against which individual impairment allowances have been made	<u>177,693</u>	<u>186,801</u>

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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, 2017		December 31, 2016	
	HK\$000	%	HK\$000	%
Hong Kong:				
- more than 1 month but not more than 3 months	78,726	1.32	-	-
- more than 3 months but not more than 6 months	-	-	-	-
- more than 6 months but not more than one year	-	-	-	-
- more than one year	4,799	0.08	14,073	0.25
	<u>83,525</u>	<u>1.40</u>	<u>14,073</u>	<u>0.25</u>

	June 30, 2017	December 31, 2016
	HK\$000	HK\$000
- individual impairment allowances	19,841	-
- covered portion of overdue loans and advances	4,799	14,073
- uncovered portion of overdue loans and advances	78,726	-
- current market value of collateral held against the covered portion of overdue loans and advances	<u>4,799</u>	<u>14,073</u>

(c) Impaired loans and advances to customers

	June 30, 2017	December 31, 2016
	HK\$000	HK\$000
Gross impaired loans and advances	193,021	85,614
Individual impairment allowances	<u>(20,569)</u>	<u>(1,293)</u>
Net impaired loans and advances	<u>172,452</u>	<u>84,321</u>

Gross impaired loans and advances as a percentage of gross loans and advances to customers 3.24% 1.50%

Individual impairment allowances as a percentage of gross impaired loans and advances 10.66% 1.51%

Current market value of collateral related to impaired loans and advances 84,356 80,052

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, 2017		December 31, 2016	
	HK\$000	%	HK\$000	%
Rescheduled loans and advances to customers	4,799	0.08	14,073	0.25

(e) Loans and advances to customers by industry sector

	June 30, 2017		December 31, 2016	
	HK\$000	The percentage covered by collateral	HK\$000	The percentage covered by collateral
Gross amount of loans and advances to customers for use in Hong Kong:				
Industrial, commercial and financial				
- property development	98,622	23.95	134,546	18.24
- property investment	555,951	57.81	565,893	72.59
- financial concerns	931,889	30.07	820,417	31.10
- stockbrokers	90,703	-	150,000	-
- wholesale and retail trade	1,128,643	50.63	1,544,000	67.10
- manufacturing	81,181	100.00	87,344	99.11
- transport and transport equipment	454,109	81.95	262,722	69.00
- others	484,843	100.00	311,079	100.00
	3,825,941	55.80	3,876,001	59.48
Individuals				
- loans for the purchase of flats in the Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme	-	-	-	-
- loans for the purchase of other residential properties	9,893	100.00	12,854	100.00
- credit card advances	-	-	-	-
- others	561,677	98.87	374,822	100.00
	571,570	98.89	387,676	100.00
Total loans and advances for use in Hong Kong	4,397,511	61.40	4,263,677	63.16
Trade finance	180,632	32.06	285,173	36.89
Loans and advances for use outside Hong Kong	1,374,094	32.59	1,161,571	31.06
Total	5,952,237	53.86	5,710,421	55.32

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, 2017		
	HK\$000		
	On-balance sheet exposure	Off-balance sheet exposure	Total exposures
1. Central government, central government-owned entities and their subsidiaries and JVs	663,512	-	663,512
2. Local governments, local government-owned entities and their subsidiaries and JVs	38,098	121,905	160,003
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	1,553,202	346,367	1,899,569
4. Other entities of central governments not reported in item 1 above	75,037	-	75,037
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	435,314	188,913	624,227
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	1,771,705	476,289	2,247,994
Total	4,536,868	1,133,474	5,670,342
Total assets after provisions	9,550,520		
On-balance sheet exposures as percentage of total assets	47.50%		

	December 31, 2016		
	HK\$000		
	On-balance sheet exposure	Off-balance sheet exposure	Total exposures
1. Central government, central government-owned entities and their subsidiaries and JVs	666,163	-	666,163
2. Local governments, local government-owned entities and their subsidiaries and JVs	129,573	70,476	200,049
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	1,332,645	131,263	1,463,908
4. Other entities of central governments not reported in item 1 above	75,091	-	75,091
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	518,914	95,999	614,913
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	1,867,434	242,339	2,109,773
Total	4,589,820	540,077	5,129,897
Total assets after provisions	8,092,694		
On-balance sheet exposures as percentage of total assets	56.72%		

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, 2017
						HK\$million
	Banks	Official Sector	<i>Non-bank private sector</i>		Others	Total
			Non-bank financial institutions	Non-financial private sector		
Developed countries	350	1,611	373	270	-	2,604
- of which United States	318	1,611	373	270	-	2,572
Offshore centers	169	-	279	2,316	-	2,764
- of which Hong Kong	169	-	236	1,061	-	1,466
- of which Samoa	-	-	38	-	-	38
- of which West Indies UK	-	-	-	647	-	647
- of which Singapore	-	-	-	205	-	205
- of which Cayman Islands	-	-	5	374	-	379
- of which Mauritius	-	-	-	29	-	29
Developing Africa and Middle East	-	-	-	78	-	78
- of which Seychelles	-	-	-	78	-	78
Developing Asia and Pacific	-	125	118	1,620	-	1,863
- of which China	-	125	118	1,605	-	1,848
- of which China Taipei	-	-	-	14	-	14

						December 31, 2016
						HK\$million
	Banks	Official Sector	<i>Non-bank private sector</i>		Others	Total
			Non-bank financial institutions	Non-financial private sector		
Developed countries	461	1,040	313	264	-	2,078
- of which United States	445	1,040	313	264	-	2,062
Offshore centers	260	-	276	1,985	-	2,521
- of which Hong Kong	260	-	140	1,166	-	1,566
Developing Asia and Pacific	43	-	206	1,983	-	2,232
- of which China	43	-	195	1,972	-	2,210

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

	June 30, 2017	December 31, 2016
	HK\$000	HK\$000
Contingent liabilities and commitments		
- direct credit substitutes	189,999	88,862
- trade-related contingencies	22,289	41,602
- forward deposits placed	-	-
- other commitments	1,070,181	675,268
	<u>1,282,469</u>	<u>805,732</u>
	June 30, 2017	December 31, 2016
	HK\$000	HK\$000
Derivative transactions		
- exchange rate contracts	6,459,541	3,347,320

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.

	June 30, 2017				
	HK\$million				
Non-structural position	Chinese renminbi	Euro	Pound Sterling	US dollars	Total
Spot assets	22	12	2	7,052	7,088
Spot liabilities	(243)	(64)	(130)	(6,759)	(7,196)
Forward purchases	1,948	273	430	3,057	5,708
Forward sales	(1,728)	(222)	(301)	(3,342)	(5,593)
Net options position	-	-	-	-	-
Net long / (short) position	<u>(1)</u>	<u>(1)</u>	<u>1</u>	<u>8</u>	<u>7</u>
Structural position	-	-	-	-	-

	December 31, 2016			
	HK\$million			
Non-structural position	Singaporean dollars	Canadian dollars	US dollars	Total
Spot assets	0	-	6,555	6,555
Spot liabilities	(9)	(15)	(6,856)	(6,880)
Forward purchases	8	14	1,818	1,840
Forward sales	0	-	(1,522)	(1,522)
Net options position	0	-	-	-
Net long position	<u>(1)</u>	<u>(1)</u>	<u>(5)</u>	<u>(7)</u>
Structural position	-	-	-	-

Key Financial Information Disclosure Statement

Section A - Hong Kong Branch Information

7. Liquidity maintenance ratio

	Six months ended June 30, 2017 (unaudited) %	Six months ended June 30, 2016 (unaudited) %
Average liquidity maintenance ratio for the reporting period	37.09	38.74

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, 2017</u>	<u>December 31, 2016</u>
	%	%
Capital adequacy ratio	<u>12.52</u>	<u>12.35</u>

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, 2017</u>	<u>December 31, 2016</u>
	Equivalent to HK\$million	Equivalent to HK\$million
Total amount of shareholders' funds	<u>29,103</u>	<u>27,505</u>

2. Other financial information

	<u>June 30, 2017</u>	<u>December 31, 2016</u>
	Equivalent to HK\$million	Equivalent to HK\$million
Total assets	280,105	269,473
Total liabilities	251,003	241,968
Total loans and advances	210,554	196,117
Total customer deposits	<u>244,148</u>	<u>232,376</u>

	<u>Six months ended June 30, 2017</u>	<u>Six months ended June 30, 2016</u>
	Equivalent to HK\$million	Equivalent to HK\$million
Profit before taxation	<u>3,067</u>	<u>2,328</u>

Note:

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

Jun 30, 2017	7.8053
Dec 31, 2016	7.7545
Jun 30, 2016	7.7596