



**East West Bank  
Hong Kong Branch**

**Key Financial Information Disclosure Statement  
as of June 30, 2016**



## Hong Kong Branch Key Financial Information Disclosure Statement as of June 30, 2016

### 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 stylized flourish at the end.

Vincent Wang  
General Manager

September 30, 2016

### 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, 2016 (unaudited ) HK\$000	Six months ended June 30, 2015 (unaudited ) HK\$000
Interest income	83,327	67,378
Interest expense	(18,183)	(14,267)
Net interest income	65,144	53,111
Commission and fee income	9,218	8,305
Commission and fee expense	(1,252)	(1,050)
Net fees and commission income	7,966	7,255
Gains less losses arising from trading in foreign currencies	10,763	9,019
Other operating income	691	1,479
Total operating income before impairment losses and provision	11,454	10,498
Provision of impairment losses on loans and receivables	(3,872)	(20,712)
Net operating income	80,692	50,152
Staff and rental expenses	(39,511)	(34,618)
Other expenses	(9,133)	(8,048)
Net charge for other provisions	(129)	-
Total operating expenses	(48,773)	(42,666)
Profit before taxation	31,919	7,486
Tax expense	(4,310)	(829)
Profit after taxation	27,609	6,657

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

	June 30, 2016	December 31, 2015
	HK\$000	HK\$000
<b>ASSETS</b>		
Cash and balances with banks (except for those included in amount due from overseas offices)	509,773	707,954
Amount due from overseas offices	1	-
Loans and advances to customers (net of provisions)	4,772,264	5,364,116
Government bills and notes	745,319	348,515
Investment securities	1,310,632	1,692,107
Fixed assets	9,405	11,960
Other assets	55,042	63,870
<b>Total assets</b>	<b>7,402,436</b>	<b>8,188,522</b>
<b>LIABILITIES</b>		
Deposits and balances from banks (except for those included in amount due to overseas offices)	4,123	3,064
Deposits from customers		
- demand deposits and current accounts	1,051,199	654,621
- savings deposits	2,627,653	1,800,661
- time, call and notice deposits	1,484,314	1,549,415
	5,163,166	4,004,697
Amount due to overseas offices	1,978,476	3,973,329
Other liabilities	86,500	77,236
<b>Total liabilities</b>	<b>7,232,265</b>	<b>8,058,326</b>
<b>CAPITAL AND RESERVES</b>		
Paid up capital	-	-
Reserves	142,562	98,060
Current profit	27,609	32,136
<b>Total capital and reserves</b>	<b>170,171</b>	<b>130,196</b>
<b>Total liabilities and capital and reserves</b>	<b>7,402,436</b>	<b>8,188,522</b>

**Key Financial Information Disclosure Statement**
**Section A - Hong Kong Branch Information**
**3. Additional balance sheet information**
**(a) Loans and advances to customers**

	June 30, 2016	December 31, 2015
	HK\$000	HK\$000
Gross amount of loans and advances to customers:		
- Hong Kong	2,387,440	4,057,756
- China	1,589,103	959,423
- Singapore	193,990	155,008
- Taiwan	12,543	89,381
- United States	28,743	111,521
- Others	610,843	46,502
	<u>4,822,662</u>	<u>5,419,591</u>
Less : Impairment allowances for impaired loans and advances		
- individual impairment allowances	(2,171)	(1,279)
- collective impairment allowances	(48,227)	(54,196)
	<u>(50,398)</u>	<u>(55,475)</u>
	<u>4,772,264</u>	<u>5,364,116</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, 2016	December 31, 2015
	HK\$000	HK\$000
- individual impairment allowances	(36,185)	(34,108)
- collective impairment allowances	35,746	-
- country risk provisions	33,270	19,210
	<u>32,831</u>	<u>(14,898)</u>
Gross value of assets against which individual impairment allowances have been made	<u>670,420</u>	<u>28,652</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, 2016		December 31, 2015	
	HK\$000	%	HK\$000	%
Hong Kong:				
- more than 1 month but not more than 3 months	-	-	4,562	0.08
- more than 3 months but not more than 6 months	-	-	3,893	0.07
- more than 6 months but not more than one year	906	0.02	1,879	0.03
- more than one year	22,488	0.47	29,892	0.55
	<u>23,394</u>	<u>0.49</u>	<u>40,226</u>	<u>0.73</u>

	June 30, 2016	December 31, 2015
	HK\$000	HK\$000
- individual impairment allowances	-	1,279
- covered portion of overdue loans and advances	23,394	36,406
- uncovered portion of overdue loans and advances	-	3,820
- current market value of collateral held against the covered portion of overdue loans and advances	<u>23,394</u>	<u>37,638</u>

**(c) Impaired loans and advances to customers**

	June 30, 2016	December 31, 2015
	HK\$000	HK\$000
Gross impaired loans and advances	104,639	74,670
Individual impairment allowances	(2,171)	(1,279)
Net impaired loans and advances	<u>102,468</u>	<u>73,391</u>

Gross impaired loans and advances as a percentage of gross loans and advances to customers 2.17% 1.38%

Individual impairment allowances as a percentage of gross impaired loans and advances 2.07% 1.71%

Current market value of collateral related to impaired loans and advances 103,573 69,318

**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, 2016		December 31, 2015	
	HK\$000	%	HK\$000	%
Rescheduled loans and advances to customers	23,394	0.49	-	-

**(e) Loans and advances to customers by industry sector**

	June 30, 2016		December 31, 2015	
	HK\$000	The percentage covered by collateral	HK\$000	The percentage covered by collateral
<b>Gross amount of loans and advances to customers for use in Hong Kong:</b>				
<b>Industrial, commercial and financial</b>				
- property development	158,197	36.79	58,128	100.00
- property investment	954,107	83.73	987,538	81.52
- financial concerns	689,491	18.38	717,607	28.51
- stockbrokers	149,583	-	80,000	-
- wholesale and retail trade	1,483,066	65.27	2,382,644	74.09
- manufacturing	278,780	14.44	357,820	26.13
- transport and transport equipment	219,819	75.29	105,405	100.00
- others	197,856	93.51	235,603	78.74
	4,130,899	56.71	4,924,745	65.33
<b>Individuals</b>				
- 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	28,055	100.00	28,842	100.00
- credit card advances	189,267	100.00	17,466	100.00
- others	217,322	100.00	46,308	100.00
<b>Total loans and advances for use in Hong Kong</b>	<b>4,348,221</b>	<b>58.87</b>	<b>4,971,053</b>	<b>65.66</b>
<b>Trade finance</b>	<b>268,031</b>	<b>30.96</b>	<b>238,076</b>	<b>31.64</b>
<b>Loans and advances for use outside Hong Kong</b>	<b>206,410</b>	<b>100.00</b>	<b>210,462</b>	<b>94.48</b>
<b>Total</b>	<b>4,822,662</b>	<b>59.08</b>	<b>5,419,591</b>	<b>65.28</b>

**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, 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	653,603	-	653,603
2. Local governments, local government-owned entities and their subsidiaries and JVs	93,389	106,667	200,056
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	722,414	128,677	851,091
4. Other entities of central governments not reported in item 1 above	74,849	250	75,099
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	428,399	107,108	535,507
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	1,569,711	149,517	1,719,228
<b>Total</b>	<b>3,542,365</b>	<b>492,219</b>	<b>4,034,584</b>
<b>Total assets after provisions</b>	<b>7,402,436</b>		
<b>On-balance sheet exposures as percentage of total assets</b>	<b>47.85%</b>		

	December 31, 2015		
	HK\$000		
	On-balance sheet exposure	Off-balance sheet exposure	Total exposures
1. Central government, central government-owned entities and their subsidiaries and JVs	430,641	-	430,641
2. Local governments, local government-owned entities and their subsidiaries and JVs	80,060	120,000	200,060
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	1,904,880	200,082	2,104,962
4. Other entities of central governments not reported in item 1 above	-	-	-
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	504,772	32,196	536,968
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	695,979	134,322	830,301
<b>Total</b>	<b>3,616,332</b>	<b>486,600</b>	<b>4,102,932</b>
<b>Total assets after provisions</b>	<b>8,188,522</b>		
<b>On-balance sheet exposures as percentage of total assets</b>	<b>44.16%</b>		



**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, 2016
						HK\$million
	<i>Non-bank private sector</i>					
	Banks	Official Sector	Non-bank financial institutions	Non-financial private sector	Others	Total
Developed countries	23	712	1,115	29	-	1,879
- of which United States	-	712	1,115	29	-	1,856
Offshore centers	315	-	-	2,005	-	2,320
- of which Hong Kong	315	-	-	1,199	-	1,514
Developing Asia and Pacific	-	-	51	1,812	-	1,863
- of which China	-	-	-	1,800	-	1,800

						December 31, 2015
						HK\$million
	<i>Non-bank private sector</i>					
	Banks	Official Sector	Non-bank financial institutions	Non-financial private sector	Others	Total
Developed countries	141	-	-	-	-	141
- of which United Kingdom	-	315	1,600	110	-	2,025
- of which United States	-	-	-	-	-	-
Offshore centers	428	-	259	851	-	1,538
- of which Hong Kong	-	-	-	310	-	310
- of which West Indies UK	-	-	-	-	-	-
Developing Asia and Pacific	-	-	-	2,416	-	2,416
- of which China	-	-	3	13	-	16
- of which Chinese Taipei	-	-	-	-	-	-

## Key Financial Information Disclosure Statement

### Section A - Hong Kong Branch Information

#### 5. Off-balance sheet exposures and derivative transactions

	June 30, 2016 HK\$000	December 31, 2015 HK\$000
<b>Contingent liabilities and commitments</b>		
- direct credit substitutes	82,198	62,804
- trade-related contingencies	54,734	176,337
- forward deposits placed	-	-
- other commitments	644,509	466,988
	<u>781,441</u>	<u>706,129</u>
	June 30, 2016 HK\$000	December 31, 2015 HK\$000
<b>Derivative transactions</b>		
- exchange rate contracts	2,424,861	3,049,353

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, 2016 HK\$million				
	Singaporean dollars	Australian dollars	Japanese yen	US dollars	Total
<b>Non-structural position</b>					
Spot assets	1	-	-	5,744	5,745
Spot liabilities	(9)	(11)	(2)	(6,220)	(6,242)
Forward purchases	7	75	3	1,401	1,486
Forward sales	-	(65)	-	(926)	(991)
Net options position	-	0	-	-	-
Net long / (short) position	<u>(1)</u>	<u>(1)</u>	<u>1</u>	<u>(1)</u>	<u>(2)</u>
<b>Structural position</b>					
	-	-	-	-	-

	December 31, 2015 HK\$million		
	Canadian dollars	US dollars	Japanese yen
<b>Non-structural position</b>			
Spot assets	1	6,532	3
Spot liabilities	(11)	(7,315)	(3)
Forward purchases	14	1,544	-
Forward sales	(3)	(755)	(1)
Net options position	-	0	-
Net long position	<u>1</u>	<u>6</u>	<u>(1)</u>
<b>Structural position</b>			
	-	-	-

	Singaporean dollars	Australian dollars	New Zealand dollars	Total
<b>Non-structural position</b>				
Spot assets	1	5	1	6,543
Spot liabilities	(8)	(16)	(1)	(7,354)
Forward purchases	8	40	1	1,607
Forward sales	-	(28)	-	(787)
Net options position	-	-	-	-
Net long position	<u>1</u>	<u>1</u>	<u>1</u>	<u>9</u>
<b>Structural position</b>				
	-	-	-	-

## Key Financial Information Disclosure Statement

### Section A - Hong Kong Branch Information

#### 7. Liquidity ratio

	Six months ended June 30, 2016 (unaudited ) %	Six months ended June 30, 2015 (unaudited ) %
Average liquidity maintenance ratio for the reporting period	38.74	51.42

#### 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, 2016</u>	<u>December 31, 2015</u>
	%	%
Capital adequacy ratio	<u>12.07</u>	<u>12.10</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, 2016</u>	<u>December 31, 2015</u>
	Equivalent to HK\$million	Equivalent to HK\$million
Total amount of shareholders' funds	<u>26,065</u>	<u>24,204</u>

#### 2. Other financial information

	<u>June 30, 2016</u>	<u>December 31, 2015</u>
	Equivalent to HK\$million	Equivalent to HK\$million
Total assets	255,267	250,733
Total liabilities	229,203	226,529
Total loans and advances	186,430	183,620
Total customer deposits	<u>219,856</u>	<u>212,950</u>

	<u>Six months ended June 30, 2016</u>	<u>Six months ended June 30, 2015</u>
	Equivalent to HK\$million	Equivalent to HK\$million
Profit before taxation	<u>2,328</u>	<u>2,389</u>

Note:

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

Jun 30, 2016	7.7596
Dec 31, 2015	7.7504
Jun 30, 2015	7.7523