



East West Bank
Hong Kong Branch

Key Financial Information Disclosure Statement
as of December 31, 2015



華美銀行
EAST WEST BANK

Hong Kong Branch

Key Financial Information Disclosure Statement as of December 31, 2015

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".

Vincent Wang
General Manager

March 31, 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

	For the year ended December 31, 2015	For the year ended December 31, 2014
	HK\$000	HK\$000
Interest income	152,942	103,354
Interest expense	(33,869)	(23,453)
Net interest income	119,073	79,901
Commission and fee income	22,865	17,964
Commission and fee expense	(2,257)	(2,664)
Net fees and commission income	20,608	15,300
Gains less losses arising from trading in foreign currencies	22,106	18,390
Other operating income	2,169	45,408
Total operating income before impairment losses and provision	24,275	63,798
(Provision)/Write back of impairment losses on loans and receivables	(20,743)	(48,518)
Net operating income	143,213	110,481
Staff and rental expenses	(72,063)	(73,396)
Other expenses	(17,514)	(16,739)
Net charge for other provisions	(11,168)	-
Total operating expenses	(100,745)	(90,135)
Profit before taxation	42,468	20,346
Tax expense	(10,332)	(3,360)
Profit after taxation	32,136	16,986

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

	December 31, 2015	June 30, 2015
	HK\$000	HK\$000
ASSETS		
Cash and balances with banks (except for those included in amount due from overseas offices)	707,954	941,466
Placements with banks (except for those included in amount due from overseas offices)	0	11,075
Amount due from overseas offices	0	6
Loans and advances to customers (net of provisions)	5,364,116	4,877,710
Government bills and notes	348,515	1,641,858
Investment securities	1,692,107	320,387
Fixed assets	11,960	14,984
Other assets	63,870	41,994
Total assets	8,188,522	7,849,480
LIABILITIES		
Deposits and balances from banks (except for those included in amount due to overseas offices)	3,064	706
Deposits from customers		
- demand deposits and current accounts	654,621	678,524
- savings deposits	1,800,661	1,937,139
- time, call and notice deposits	1,549,415	1,915,566
Amount due to overseas offices	4,004,697	4,531,229
Other liabilities	3,973,329	3,156,792
Other liabilities	77,236	43,767
Total liabilities	8,058,326	7,732,494
CAPITAL AND RESERVES		
Paid up capital	0	0
Reserves	98,060	110,329
Current profit	32,136	6,657
Total capital and reserves	130,196	116,986
Total liabilities and capital and reserves	8,188,522	7,849,480

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

	December 31, 2015	June 30, 2015
	HK\$000	HK\$000
Gross amount of loans and advances to customers:		
- Hong Kong	4,057,756	4,131,474
- China	959,423	672,465
- Canada	46,502	46,513
- Taiwan	89,381	71,910
- Singapore	155,008	0
- United States	111,521	10,801
	<u>5,419,591</u>	<u>4,933,163</u>
Less : Impairment allowances for impaired loans and advances		
- individual impairment allowances	(1,279)	(6,122)
- collective impairment allowances	<u>(54,196)</u>	<u>(49,331)</u>
	<u>(55,475)</u>	<u>(55,453)</u>
	<u>5,364,116</u>	<u>4,877,710</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:

	December 31, 2015	June 30, 2015
	HK\$000	HK\$000
- individual impairment allowances	(34,108)	(32,033)
- country risk provisions	19,210	16,234
	<u>(14,898)</u>	<u>(15,799)</u>
Gross value of assets against which individual impairment allowances have been made	<u>28,652</u>	<u>29,212</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:

	December 31, 2015		June 30, 2015	
	HK\$000	%	HK\$000	%
Hong Kong:				
- more than 1 month but not more than 3 months	4,562	0.00	0	0.00
- more than 3 months but not more than 6 months	3,893	0.00	0	0.00
- more than 6 months but not more than one year	1,879	0.00	11,638	0.00
- more than one year	29,892	0.01	27,575	0.01
	<u>40,226</u>	<u>0.01</u>	<u>39,213</u>	<u>0.01</u>

	December 31, 2015	June 30, 2015
	HK\$000	HK\$000
- individual impairment allowances	1,279	3,920
- covered portion of overdue loans and advances	36,406	33,916
- uncovered portion of overdue loans and advances	3,820	5,297
- current market value of collateral held against the covered portion of overdue loans and advances	<u>37,638</u>	<u>33,916</u>

(c) Impaired loans and advances to customers

	December 31, 2015	June 30, 2015
	HK\$000	HK\$000
Gross impaired loans and advances	74,670	77,526
Individual impairment allowances	(1,279)	(6,122)
Net impaired loans and advances	<u>73,391</u>	<u>71,404</u>

Gross impaired loans and advances as a percentage of gross loans and advances to customers 1.38% 1.57%

Individual impairment allowances as a percentage of gross impaired loans and advances 1.71% 7.90%

Current market value of collateral related to impaired loans and advances 69,318 68,860

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:

	December 31, 2015		June 30, 2015	
	HK\$000	%	HK\$000	%
Rescheduled loans and advances to customers	0	0.00	0	0.00

(e) Loans and advances to customers by industry sector

	December 31, 2015		June 30, 2015	
	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	58,128	100.00	58,142	100.00
- property investment	987,538	81.52	935,228	83.42
- financial concerns	717,607	28.51	395,252	25.67
- stockbrokers	80,000	0.00	116,190	0.00
- wholesale and retail trade	2,382,644	74.09	2,424,694	78.26
- manufacturing	357,820	26.13	143,348	41.39
- transport and transport equipment	105,405	100.00	87,523	38.00
- others	235,603	78.74	285,319	40.42
	4,924,745	65.33	4,445,696	68.50
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	28,842	100.00	29,619	100.00
- credit card advances	0	0.00	0	0.00
- others	17,466	100.00	4,543	100.00
	46,308	100.00	34,162	100.00
Total loans and advances for use in Hong Kong	4,971,053	65.66	4,479,858	68.74
Trade finance	238,076	31.64	242,369	19.49
Loans and advances for use outside Hong Kong	210,462	94.48	210,936	94.49
	5,419,591	65.28	4,933,163	67.42

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.

	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	0	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	0	0	0
5. Other entities of local governments not reported in item 2 above	0	0	0
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 exposure.	695,979	134,322	830,301
Total	3,616,332	486,600	4,102,932
Total assets after provisions	8,188,522		
On-balance sheet exposures as percentage of total assets	44.16%		

	June 30, 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	325,862	0	325,862
2. Local governments, local government-owned entities and their subsidiaries and JVs	116,273	83,810	200,083
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	1,889,674	147,588	2,037,262
4. Other entities of central governments not reported in item 1 above	0	0	0
5. Other entities of local governments not reported in item 2 above	0	0	0
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	544,953	23,369	568,322
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures.	458,813	24,147	482,960
Total	3,335,575	278,914	3,614,489
Total assets after provisions	7,849,480		
On-balance sheet exposures as percentage of total assets	42.49%		

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:

	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						
- of which United Kingdom	141	0	0	0	0	141
- of which United States	0	315	1,600	110	0	2,025
Offshore centres						
- of which Hong Kong	428	0	259	851	0	1,538
- of which West Indies UK	0	0	0	310	0	310
Developing Asia and Pacific						
- of which China	0	0	0	2,416	0	2,416
- of which Chinese Taipei	0	0	3	13	0	16

	June 30, 2015					HK\$million
	<i>Non-bank private sector</i>					
	Banks	Official Sector	Non-bank financial institutions	Non-financial private sector	Others	Total
Developed countries						
- of which Australia	1	0	0	0	0	1
- of which Canada	1	0	0	15	0	16
- of which Switzerland	1	0	0	0	0	1
- of which United Kingdom	0	14	0	0	0	14
- of which United States	9	1,622	188	116	0	1,935
Offshore centres						
- of which Hong Kong	832	125	193	2,480	0	3,630
- of which Mauritius	0	0	0	28	0	28
Developing Asia and Pacific						
- of which China	11	0	114	2,072	0	2,197
- of which Chinese Taipei	0	0	1	64	0	65

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

	December 31, 2015	June 30, 2015
	HK\$000	HK\$000
Contingent liabilities and commitments		
- direct credit substitutes	62,804	70,998
- trade-related contingencies	176,337	182,688
- other commitments	466,988	408,613
	<u>706,129</u>	<u>662,299</u>
	December 31, 2015	June 30, 2015
	HK\$000	HK\$000
Derivative transactions		
- exchange rate contracts	3,049,353	7,484,484

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.

	December 31, 2015			
	HK\$million			
	Canadian dollars	US dollars	Japanese yen	
Non-structural position				
Spot assets	1	6,532	3	
Spot liabilities	(11)	(7,315)	(3)	
Forward purchases	14	1,544	0	
Forward sales	(3)	(755)	(1)	
Net options position	0	0	0	
Net long position	<u>1</u>	<u>6</u>	<u>(1)</u>	
Structural position	<u>0</u>	<u>0</u>	<u>0</u>	
	Singaporean dollars	Australian dollars	New Zealand dollars	Total
Non-structural position				
Spot assets	1	5	1	6,543
Spot liabilities	(8)	(16)	(1)	(7,354)
Forward purchases	8	40	1	1,607
Forward sales	0	(28)	0	(787)
Net options position	0	0	0	0
Net long position	<u>1</u>	<u>1</u>	<u>1</u>	<u>9</u>
Structural position	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	June 30, 2015			
	HK\$million			
	US dollars	Australian dollars	Total	
Non-structural position				
Spot assets	6,295	1	6,296	
Spot liabilities	(6,937)	(12)	(6,949)	
Forward purchases	3,258	10	3,268	
Forward sales	(2,605)	-	(2,605)	
Net options position	0	0	0	
Net short position	<u>11</u>	<u>(1)</u>	<u>10</u>	
Structural position	<u>0</u>	<u>0</u>	<u>0</u>	

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

	For the year ended December 31, 2015	For the year ended December 31, 2014
Average liquidity maintenance ratio for the reporting period	%	%
	48.04	N/A
Average liquidity ratio for the reporting period	N/A	59.61

The Branch's average liquidity maintenance ratio and liquidity ratio for the period are the simple average of each calendar month's average liquidity 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.

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>December 31, 2015</u>	<u>June 30, 2015</u>
	%	%
Capital adequacy ratio	12.1	12.3

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>December 31, 2015</u>	<u>June 30, 2015</u>
	Equivalent to HK\$million	Equivalent to HK\$million
Total amount of shareholders' funds	24,204	23,649

2. Other financial information

	<u>December 31, 2015</u>	<u>June 30, 2015</u>
	Equivalent to HK\$million	Equivalent to HK\$million
Total assets	250,733	232,387
Total liabilities	226,529	208,738
Total loans and advances	183,620	172,195
Total customer deposits	212,950	199,083

	<u>For the year ended December 31, 2015</u>	<u>For the year ended December 31, 2014</u>
	Equivalent to HK\$million	Equivalent to HK\$million
Profit before taxation	4,485	3,623

Note:

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

Dec 31, 2015	7.7504
Jun 30, 2015	7.7523
Dec 31, 2014	7.7553