



**East West Bank  
Hong Kong Branch**

**Key Financial Information Disclosure Statement  
as of June 30, 2015**

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



Vincent Wang  
General Manager

October 6, 2015

### 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, 2015 (unaudited ) HK\$000	Six months ended June 30, 2014 (unaudited ) HK\$000
Interest income	67,378	49,893
Interest expense	(14,267)	(11,127)
<b>Net interest income</b>	<b>53,111</b>	<b>38,766</b>
Commission and fee income	8,305	4,412
Commission and fee expense	(1,050)	(1,278)
<b>Net fees and commission income</b>	<b>7,255</b>	<b>3,134</b>
Gains less losses arising from trading in foreign currencies	9,019	8,760
Other operating income	1,479	3,357
<b>Total operating income before impairment losses and provision</b>	<b>10,498</b>	<b>12,117</b>
Provision of impairment losses on loans and receivables	(20,712)	0
<b>Net operating income</b>	<b>50,152</b>	<b>54,017</b>
Staff and rental expenses	(34,618)	(34,478)
Other operating expenses	(8,048)	(7,839)
<b>Total operating expenses</b>	<b>(42,666)</b>	<b>(42,317)</b>
<b>Profit before taxation</b>	<b>7,486</b>	<b>11,700</b>
Tax expense	(829)	(1,931)
<b>Profit after taxation</b>	<b>6,657</b>	<b>9,769</b>

## Key Financial Information Disclosure Statement

### Section A - Hong Kong Branch Information

#### 2. Balance sheet

	<u>June 30, 2015</u>	<u>December 31, 2014</u>
	HK\$000	HK\$000
<b>ASSETS</b>		
Cash and balances with banks (except for those included in amount due from overseas offices)	941,466	1,271,092
Placements with banks (except for those included in amount due from overseas offices)	11,075	12,067
Amount due from overseas offices	6	13
Loans and advances to customers (net of provisions)	4,877,710	3,285,086
Government bills and notes	1,641,858	1,043,718
Investment securities	320,387	582,369
Fixed assets	14,984	16,992
Other assets	41,994	85,038
<b>Total assets</b>	<b>7,849,480</b>	<b>6,296,375</b>
<b>LIABILITIES</b>		
Deposits and balances from banks (except for those included in amount due to overseas offices)	706	92
Deposits from customers		
- demand deposits and current accounts	678,524	788,935
- savings deposits	1,937,139	2,255,472
- time, call and notice deposits	1,915,566	1,104,969
	4,531,229	4,149,376
Amount due to overseas offices	3,156,792	1,988,122
Other liabilities	43,767	57,155
<b>Total liabilities</b>	<b>7,732,494</b>	<b>6,194,745</b>
<b>CAPITAL AND RESERVES</b>		
Paid up capital	0	0
Reserves	110,329	84,644
Current profit	6,657	16,986
<b>Total capital and reserves</b>	<b>116,986</b>	<b>101,630</b>
<b>Total liabilities and capital and reserves</b>	<b>7,849,480</b>	<b>6,296,375</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, 2015	December 31, 2014
	HK\$000	HK\$000
Gross amount of loans and advances to customers:		
- Hong Kong	4,131,474	2,834,807
- China	672,465	361,774
- Canada	46,513	46,532
- Taiwan	71,910	43,430
- Mauritius	0	28,508
- United States	10,801	11,308
	<u>4,933,163</u>	<u>3,326,359</u>
Less : Impairment allowances for impaired loans and advances		
- individual impairment allowances	(6,122)	(2,670)
- collective impairment allowances	(49,331)	(38,603)
	<u>(55,453)</u>	<u>(41,273)</u>
	<u>4,877,710</u>	<u>3,285,086</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, 2015	December 31, 2014
	HK\$000	HK\$000
- individual impairment allowances	(32,033)	15,091
- country risk provisions	16,234	14,874
	<u>(15,799)</u>	<u>29,965</u>
Gross value of assets against which individual impairment allowances have been made	<u>29,212</u>	<u>47,714</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 three months overdue and their expression as a percentage of its total amount of loans and advances to customers are as follows:

	June 30, 2015		December 31, 2014	
	HK\$000	%	HK\$000	%
Hong Kong:				
- more than 3 months but not more than 6 months	0	0.00	11,643	0.00
- more than 6 months but not more than one year	11,638	0.00	35,966	0.01
- more than one year	27,575	0.01	0	0.00
	<u>39,213</u>	<u>0.01</u>	<u>47,609</u>	<u>0.01</u>

	June 30, 2015	December 31, 2014
	HK\$000	HK\$000
- individual impairment allowances	3,920	2,381
- covered portion of overdue loans and advances	33,916	0
- uncovered portion of overdue loans and advances	5,297	0
- current market value of collateral held against the covered portion of overdue loans and advances	<u>33,916</u>	<u>0</u>

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

	June 30, 2015	December 31, 2014
	HK\$000	HK\$000
Gross impaired loans and advances	77,526	50,780
Individual impairment allowances	<u>(6,122)</u>	<u>(2,670)</u>
Net impaired loans and advances	<u>71,404</u>	<u>48,110</u>
Gross impaired loans and advances as a percentage of gross loans and advances to customers	<u>1.57%</u>	<u>1.53%</u>
Individual impairment allowances as a percentage of gross impaired loans and advances	<u>7.90%</u>	<u>5.26%</u>
Current market value of collateral related to impaired loans and advances	<u>68,860</u>	<u>2,014</u>

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### 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, 2015		December 31, 2014	
	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

	June 30, 2015		December 31, 2014	
	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	58,142	100.00	58,165	80.00
- property investment	935,228	83.42	1,067,489	65.60
- financial concerns	395,252	25.67	540,238	45.60
- stockbrokers	116,190	0.00	0	0.00
- wholesale and retail trade	2,424,694	78.26	900,478	69.70
- manufacturing	143,348	41.39	124,567	71.56
- transport and transport equipment	87,523	38.00	0	0.00
- others	285,319	40.42	135,953	61.51
	4,445,696	68.50	2,826,890	63.45
<b>Individuals</b>				
- 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	29,619	100.00	30,387	100.00
- credit card advances	0	0.00	0	0.00
- others	4,543	100.00	5,099	95.42
	34,162	100.00	35,486	99.34
<b>Total loans and advances for use in Hong Kong</b>	4,479,858	68.74	2,862,376	63.89
<b>Trade finance</b>	242,369	19.49	291,319	16.66
<b>Loans and advances for use outside Hong Kong</b>	210,936	94.49	172,664	93.26
<b>Total</b>	4,933,163	67.42	3,326,359	61.28

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### 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.

	<b>June 30, 2015</b>		
	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
<b>Total</b>	<b>3,335,575</b>	<b>278,914</b>	<b>3,614,489</b>
<b>Total assets after provisions</b>	<b>7,849,480</b>		
<b>On-balance sheet exposures as percentage of total assets</b>	<b>42.49%</b>		

	<b>December 31, 2014</b>		
	HK\$000		
	On-balance sheet exposure	Off-balance sheet exposure	Total exposures
1. Central government, central government-owned entities and their subsidiaries and JVs	0	0	0
2. Local governments, local government-owned entities and their subsidiaries and JVs	0	0	0
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	155,505	0	155,505
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	157,114	0	157,114
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	128,431	0	128,431
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	0	0	0
<b>Total</b>	<b>441,050</b>	<b>0</b>	<b>441,050</b>
<b>Total assets after provisions</b>	<b>6,296,375</b>		
<b>On-balance sheet exposures as percentage of total assets</b>	<b>7%</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, 2015
						HK\$million
	Banks	Official Sector	<i>Non-bank private sector</i>		Others	Total
			Non-bank financial institutions	Non-financial private sector		
<b>Developed countries</b>						
- 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
<b>Offshore centres</b>						
- of which Hong Kong	832	125	193	2,480	0	3,630
- of which Mauritius	0	0	0	28	0	28
<b>Developing Asia and Pacific</b>						
- of which China	11	0	114	2,072	0	2,197
- of which Chinese Taipei	0	0	1	64	0	65

						December 31, 2014
						HK\$million
	Banks	Official Sector	<i>Non-bank private sector</i>		Others	Total
			Non-bank financial institutions	Non-financial private sector		
<b>Developed countries</b>						
- of which Australia	2	0	0	0	0	2
- of which Canada	1	0	0	16	0	17
- of which Switzerland	1	0	0	0	0	1
- of which United Kingdom	17	0	0	0	0	17
- of which United States	12	1,050	584	83	0	1,729
<b>Offshore centres</b>						
- of which Hong Kong	1,186	1	0	1,208	0	2,395
- of which Mauritius	0	0	0	29	0	29
- of which Singapore	0	0	0	27	0	27
<b>Developing Asia and Pacific</b>						
- of which China	0	0	0	619	0	619
- of which Chinese Taipei	0	0	0	43	0	43

## Key Financial Information Disclosure Statement

### Section A - Hong Kong Branch Information

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

	June 30, 2015	December 31, 2014
	HK\$000	HK\$000
<b>Contingent liabilities and commitments</b>		
- direct credit substitutes	70,998	16,485
- trade-related contingencies	182,688	40,972
- forward forward deposits placed	0	1,660
- other commitments	408,613	479,717
	<u>662,299</u>	<u>538,834</u>
	June 30, 2015	December 31, 2014
	HK\$000	HK\$000
<b>Derivative transactions</b>		
- exchange rate contracts	<u>7,484,484</u>	<u>9,243,791</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.

	June 30, 2015		
	HK\$million		
	US dollars	Australian dollars	Total
<b>Non-structural position</b>			
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)	0	(2,605)
Net options position	0	0	0
Net long / (short) position	<u>11</u>	<u>(1)</u>	<u>10</u>
<b>Structural position</b>	<u>0</u>	<u>0</u>	<u>0</u>
	December 31, 2014		
	HK\$million		
	US dollars	Chinese renminbi	Total
<b>Non-structural position</b>			
Spot assets	4,807	59	4,866
Spot liabilities	(5,608)	(117)	(5,725)
Forward purchases	2,046	699	2,745
Forward sales	(1,244)	(639)	(1,883)
Net options position	0	0	0
Net long position	<u>1</u>	<u>2</u>	<u>3</u>
<b>Structural position</b>	<u>0</u>	<u>0</u>	<u>0</u>

## Key Financial Information Disclosure Statement

### Section A - Hong Kong Branch Information

#### 7. Liquidity ratio

	<u>Six months ended June 30, 2015 (unaudited)</u> %	<u>Six months ended June 30, 2014 (unaudited)</u> %
Average liquidity ratio for the reporting period	N/A	53.95
Average liquidity maintenance ratio for the reporting period	51.42	N/A

#### 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, 2015</u>	<u>December 31, 2014</u>
	%	%
Capital adequacy ratio	12.3	11.84

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, 2015</u>	<u>December 31, 2014</u>
	Equivalent to HK\$million	Equivalent to HK\$million
Total amount of shareholders' funds	23,649	21,993

#### 2. Other financial information

	<u>June 30, 2015</u>	<u>December 31, 2014</u>
	Equivalent to HK\$million	Equivalent to HK\$million
Total assets	232,387	222,407
Total liabilities	208,738	200,414
Total loans and advances	172,195	169,674
Total customer deposits	199,083	187,992

	<u>Six months ended June 30, 2015</u>	<u>Six months ended June 30, 2014</u>
	Equivalent to HK\$million	Equivalent to HK\$million
Profit before taxation	2,389	1,851

Note:

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

Jun 30, 2015	7.7523
Dec 31, 2014	7.7553
Jun 30, 2014	7.7506