



**East West Bank  
Hong Kong Branch**

**Key Financial Information Disclosure Statement  
as of December 31, 2014**



## **Hong Kong Branch Key Financial Information Disclosure Statement as of December 31, 2014**

### **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

March 31, 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**

	<u>For the year ended December 31, 2014</u>	<u>For the year ended December 31, 2013</u>
	HK\$000	HK\$000
Interest income	103,354	94,451
Interest expense	(23,453)	(25,111)
<b>Net interest income</b>	<b>79,901</b>	<b>69,340</b>
Commission and fee income	17,964	7,760
Commission and fee expense	(2,664)	(2,481)
<b>Net fees and commission income</b>	<b>15,300</b>	<b>5,279</b>
Gains less losses arising from trading in foreign currencies	18,390	11,555
Other operating income	45,408	6,787
<b>Total operating income before impairment losses and provision</b>	<b>63,798</b>	<b>18,342</b>
(Provision)/Write back of impairment losses on loans and receivables	(48,518)	9,697
<b>Net operating income</b>	<b>110,481</b>	<b>102,658</b>
Staff and rental expenses	(73,396)	(57,651)
Other operating expenses	(16,739)	(14,225)
<b>Total operating expenses</b>	<b>(90,135)</b>	<b>(71,876)</b>
<b>Profit before taxation</b>	<b>20,346</b>	<b>30,782</b>
Tax expense	(3,360)	(4,913)
<b>Profit after taxation</b>	<b>16,986</b>	<b>25,869</b>

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

	<u>December 31, 2014</u>	<u>June 30, 2014</u>
	HK\$000	HK\$000
<b>ASSETS</b>		
Cash and balances with banks (except for those included in amount due from overseas offices)	1,271,092	1,431,555
Placements with banks (except for those included in amount due from overseas offices)	12,067	322,044
Amount due from overseas offices	13	4
Loans and advances to customers (net of provisions)	3,285,086	3,083,657
Government bills and notes	1,043,718	272,577
Investment securities	582,369	1,312,840
Fixed assets	16,992	18,830
Other assets	85,038	41,918
Total assets	<u>6,296,375</u>	<u>6,483,425</u>
<b>LIABILITIES</b>		
Deposits and balances from banks (except for those included in amount due to overseas offices)	92	337
Deposits from customers		
- demand deposits and current accounts	788,935	278,906
- savings deposits	2,255,472	2,039,434
- time, call and notice deposits	1,104,969	1,245,048
	4,149,376	3,563,388
Amount due to overseas offices	1,988,122	2,807,295
Other liabilities	57,155	26,251
Total liabilities	<u>6,194,745</u>	<u>6,397,271</u>
<b>CAPITAL AND RESERVES</b>		
Paid up capital	0	0
Reserves	84,644	76,385
Current profit	16,986	9,769
Total capital and reserves	<u>101,630</u>	<u>86,154</u>
Total liabilities and capital and reserves	<u>6,296,375</u>	<u>6,483,425</u>

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

	<b>December 31, 2014</b>	<b>June 30, 2014</b>
	HK\$000	HK\$000
Gross amount of loans and advances to customers:		
- Hong Kong	2,834,807	2,561,022
- China	361,774	434,148
- Virgin Islands	0	89,907
- Canada	46,532	0
- Taiwan	43,430	0
- Mauritius	28,508	28,491
- United States	11,308	11,337
	<u>3,326,359</u>	<u>3,124,905</u>
Less : Impairment allowances for impaired loans and advances		
- individual impairment allowances	(2,670)	(6,507)
- collective impairment allowances	(38,603)	(34,741)
	<u>(41,273)</u>	<u>(41,248)</u>
	<u>3,285,086</u>	<u>3,083,657</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:

	<b>December 31, 2014</b>	<b>June 30, 2014</b>
	HK\$000	HK\$000
- individual impairment allowances	15,091	25,074
- country risk provisions	14,874	12,710
	<u>29,965</u>	<u>37,784</u>
Gross value of assets against which individual impairment allowances have been made	<u>47,714</u>	<u>590,681</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:

	<b>December 31, 2014</b>		<b>June 30, 2014</b>	
	HK\$000	%	HK\$000	%
Hong Kong:				
- more than 3 months but not more than 6 months	11,643	0.00	39,843	0.01
- more than 6 months but not more than one year	35,966	0.01	0	0.00
- more than one year	0	0.00	0	0.00
	<u>47,609</u>	0.01	<u>39,843</u>	0.01

	<b>December 31, 2014</b>	<b>June 30, 2014</b>
	HK\$000	HK\$000
- individual impairment allowances	2,381	1,992
- covered portion of overdue loans and advances	0	0
- uncovered portion of overdue loans and advances	0	0
- current market value of collateral held against the covered portion of overdue loans and advances	<u>0</u>	<u>0</u>

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

	<b>December 31, 2014</b>	<b>June 30, 2014</b>
	HK\$000	HK\$000
Gross impaired loans and advances	50,780	129,189
Individual impairment allowances	<u>(2,670)</u>	<u>(6,507)</u>
Net impaired loans and advances	<u>48,110</u>	<u>122,682</u>

Gross impaired loans and advances as a percentage of gross loans and advances to customers	<u>1.53%</u>	<u>4.13%</u>
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Individual impairment allowances as a percentage of gross impaired loans and advances	<u>5.26%</u>	<u>5.04%</u>
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Current market value of collateral related to impaired loans and advances	<u>2,014</u>	<u>5,836</u>
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**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:

	<b>December 31, 2014</b>		<b>June 30, 2014</b>	
	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**

	<b>December 31, 2014</b>		<b>June 30, 2014</b>	
	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	58,165	80.00	58,129	80.00
- property investment	1,067,489	65.60	804,705	86.39
- financial concerns	540,238	45.60	448,775	34.54
- stockbrokers	0	0.00	0	0.00
- wholesale and retail trade	900,478	69.70	798,762	68.86
- manufacturing	124,567	71.56	232,617	66.02
- transport and transport equipment	0	0.00	15,591	100.00
- others	135,953	61.51	246,380	26.83
	2,826,890	63.45	2,604,959	64.85
<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	30,387	100.00	25,927	100.00
- credit card advances	0	0.00	0	0.00
- others	5,099	95.42	5,293	100.00
	35,486	99.34	31,220	100.00
<b>Total loans and advances for use in Hong Kong</b>	2,862,376	63.89	2,636,179	64.06
<b>Trade finance</b>	291,319	16.66	327,376	13.25
<b>Loans and advances for use outside Hong Kong</b>	172,664	93.26	161,350	100.00
	3,326,359	61.28	3,124,905	60.78

**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.

Comparative figures for 30 June 2014 are not available as the scope of the reporting has been changed.

	<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
<b>Total</b>	<b>441,050</b>	<b>0</b>	<b>441,050</b>
Total assets after provisions			<b>6,296,375</b>
On-balance sheet exposures as percentage of total assets			<b>7%</b>

	<b>June 30, 2014</b>		
	HK\$000		
	On-balance sheet exposure	Off-balance sheet exposure	Total exposures
Mainland entities	507,016	0	507,016
Companies and individuals outside Mainland where the credit is granted for use in Mainland	206,562	1,784	208,346
	<b>713,578</b>	<b>1,784</b>	<b>715,362</b>

**4. Cross-border claims**

Claims on individual countries or geographical areas after risk transfer (excluding branches and subsidiaries) are shown as follows:

	<b>December 31, 2014</b>			
	HK\$million			
	Banks	Public Sector	Others	Total
<b>Asia and Pacific excluding Hong Kong</b>				
Australia	2	0	0	2
China	1	0	620	621
Singapore	0	0	27	27
Taiwan	0	0	43	43
	3	0	690	693
<b>Africa</b>				
Mauritius	0	0	29	29
	0	0	29	29
<b>North America</b>				
Canada	1	0	17	18
United States	13	1,012	705	1,730
	14	1,012	722	1,748
<b>Europe</b>				
Switzerland	1	0	0	1
United Kingdom	17	0	0	17
	18	0	0	18
	<b>35</b>	<b>1,012</b>	<b>1,441</b>	<b>2,488</b>



**Key Financial Information Disclosure Statement**

**Section A - Hong Kong Branch Information**

**Key Financial Information Disclosure Statement**
**Section A - Hong Kong Branch Information**
**4. Cross-border claims (continued)**

	<b>June 30, 2014</b>			
	HK\$million			
	Banks	Public Sector	Others	Total
<b>Asia and Pacific excluding Hong Kong</b>				
China	317	0	355	672
Singapore	0	0	27	27
Taiwan	0	0	43	43
	317	0	425	742
<b>Africa</b>				
Mauritius	0	0	28	28
	0	0	28	28
<b>North America</b>				
Canada	1	0	16	17
United States	1,914	238	803	2,955
	1,915	238	819	2,972
<b>Europe</b>				
Switzerland	1	0	0	1
United Kingdom	18	0	0	18
	19	0	0	19
	<u>2,251</u>	<u>238</u>	<u>1,272</u>	<u>3,761</u>

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

	<b>December 31, 2014</b>	<b>June 30, 2014</b>
	HK\$000	HK\$000
<b>Contingent liabilities and commitments</b>		
- direct credit substitutes	16,485	34,708
- trade-related contingencies	40,972	75,143
- forward deposits placed	1,660	4,639
- other commitments	479,717	272,089
	<u>538,834</u>	<u>386,579</u>
<b>Derivative transactions</b>		
- exchange rate contracts	<u>9,243,791</u>	<u>11,652,612</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.

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

	<b>December 31, 2014</b>		
	HK\$million		
	<b>US dollars</b>	<b>Chinese renminbi</b>	<b>Total</b>
<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>

	<b>June 30, 2014</b>	
	HK\$million	
	<b>Euro</b>	<b>Total</b>
<b>Non-structural position</b>		
Spot assets	9	9
Spot liabilities	(32)	(32)
Forward purchases	570	570
Forward sales	(549)	(549)
Net options position	0	0
Net short position	<u>(2)</u>	<u>(2)</u>
<b>Structural position</b>	<u>0</u>	<u>0</u>

**7. Liquidity**

	<b>For the year ended December 31, 2014</b>	<b>For the year ended December 31, 2013</b>
	%	%
Average liquidity ratio for the reporting period	<u>59.61</u>	<u>69.73</u>

**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, 2014</u>	<u>June 30, 2014</u>
	%	%
Capital adequacy ratio	11.84	11.73

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, 2014</u>	<u>June 30, 2014</u>
	Equivalent to HK\$million	Equivalent to HK\$million
Total amount of shareholders' funds	21,993	20,519

**2. Other financial information**

	<u>December 31, 2014</u>	<u>June 30, 2014</u>
	Equivalent to HK\$million	Equivalent to HK\$million
Total assets	222,407	212,609
Total liabilities	200,414	192,091
Total loans and advances	169,674	159,864
Total customer deposits	187,992	178,857

	<u>For the year ended December 31, 2014</u>	<u>For the year ended December 31, 2013</u>
	Equivalent to HK\$million	Equivalent to HK\$million
Profit before taxation	3,623	3,446

Note:

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

Dec 31, 2014	7.7553
Jun 30, 2014	7.7506
Dec 31, 2013	7.7538