East West Bank (China) Limited

2020 Annual Report

Note: This English translation is for reference purposes only. In the event of any discrepancy between the original Chinese version and this English translation, the original Chinese version shall prevail.

华美银行
EAST WEST BANK

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FINANCIAL PERFORMANCE SUMMARY

Total assets

Total assets amounted to RMB 10,689 million as of December 31, 2020, at an increase of RMB 148 million, or 1.40% from 2019.

Loans and advances

Loans and advances to customers outstanding totaled RMB 3,275 million as of December 31, 2020, at a decrease of RMB 982 million, or 23.08% from 2019. By the end of 2020, our loan provision ratio [1] was 2.01%. The bank had zero nonperforming loan in 2020, therefore loan provision coverage ratio is not applicable.

Deposits

Customer deposits totaled RMB 8,316 million as of December 31, 2020, at an increase of RMB 1,321 million, or 18.88% since 2019.

Total operating income decreased from RMB 215.54 million in 2019 to RMB 137.54 million in 2020 , or a decrease of 36.19% from 2019. Key reasons were lower market interest rate and foreign exchange revaluation loss from US dollar capital due to USD's depreciation against RMB during 2020.

Total operating expenses decreased from RMB 151.76 million in 2019 to RMB 136.45 million in 2020 , or a decrease of 10.09% from 2019. Total general and administration expenses decreased of RMB 18.34 million in 2020, or a decrease of 12.19% from 2019. Impairment loss was booked at RMB 2.92 million in 2020, compared to RMB 0.20 million in 2019.

Profit before taxation decreased from RMB 63.78 million in 2019 to RMB 0.62 million in 2020. Net Profit of 2020 was RMB 9.80 million, which by decrease of RMB 27.94 million from 2019.

Capital adequacy ratio was 23.84% , tier 1 capital adequacy ratio was 22.83% by the end of 2020.

Notes:[1] Loan provision ratio and loan provision coverage ratio are calculated based on reporting requirements of the CBIRC.

INTRODUCTION

East West Bank (China) Limited ("EWCN" or the "Bank") is a wholly-owned foreign bank incorporated in Shanghai, the People's Republic of China (the "PRC"), by East West Bank ("EWB"), registered in the United States of America.

East West Bancorp is a publicly owned global company with total assets over $52.2 billion and is traded on the Nasdaq Global Select Market under the symbol "EWBC." The Company's wholly owned subsidiary, East West Bank, is one of the largest independent banks headquartered in Southern California, U.S.A.

East West Bank is a premier bank focused on the United States and Greater China markets and operates over 120 locations worldwide. Our understanding of cultural and business practices on both sides of the Pacific is enabling a new generation of customers to seamlessly scale their business and investment opportunities between East and West.

The Bank was formerly known as TM International Bank ("TMIB"), a wholly foreign-owned bank that was incorporated in Shantou, Guangdong Province, China, with the approval of the People's Bank of China (the "PBOC") on June 26, 1992, by the M. Thai Group Limited and the Thai Military Bank Public Limited Company. With the approval of the PBOC on November 30, 1994, the Thai Military Bank Public Limited Company transferred its equity interest in TMIB to Kasikornbank PCL and Charoen Pokphand Group Company Limited.

With the approval of the PBOC on June 30, 1995, TMIB moved from Shantou to Shanghai, and changed its name to Business Development Bank Limited ("BDB") on July 4, 2002.

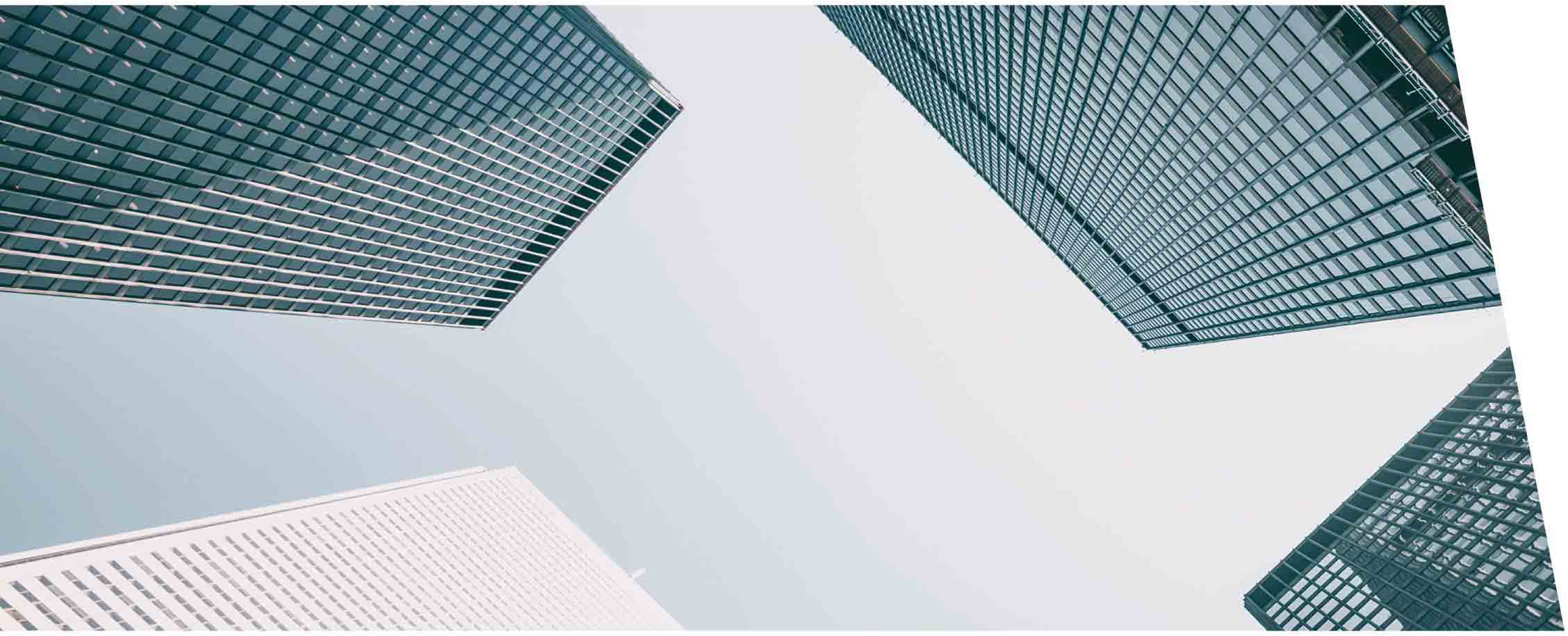
On September 28, 2003, with the approval of the former China Banking Regulatory Commission (the "CBRC") BDB increased its registered capital to the USD equivalent of RMB 521.5 million. The USD equivalent of RMB 82.7 million was contributed by DEG-Deutsche Investitions-und Entwicklungsgesellschaft mbH, and the USD equivalent of RMB 460,000 was supplemented by the difference in foreign currency capital conversion. After the additional capital injection, Charoen Pokphand Group Company Limited, M. Thai Group Limited, DEG-Deutsche Investitions-und Entwicklungsgesellschaft mbH and Kasikornbank PCL held 58.24%, 20.56%, 14.35% and 6.85% of the Bank's equity interest respectively.

With the approval of the CBRC on November 21, 2007, the former BDB shareholders, Charoen Pokphand Group Company Limited, M. Thai Group Limited, DEG-Deutsche Investitions-und Entwicklungsgesellschaft mbH and Kasikorn bank PCL, transferred all the equity interest of BDB to United Commercial Bank Limited ("UCB"). At the same time, UCB additionally injected paid-in capital equivalent to RMB 478.5 million. The registered capital increased from RMB 521.5 million equivalent to RMB 1 billion equivalent. BDB was renamed as United Commercial Bank (China) Limited ("UCB China").

On November 7, 2009, the Federal Deposit Insurance Corporation ("FDIC") announced the acquisition of UCB by East West Bank which included UCB China. With the approval of the CBRC on March 23, 2010, the shareholder of UCB China changed to East West Bank. After the acquisition, East West Bank held a 100% equity interest in UCB China, and UCB China was renamed East West Bank (China) Limited, which inherited the tax affairs, credits and debts of the former UCB China.

With the approval of the CBRC on September 30, 2010, the Bank raised its registered capital by RMB 400 million equivalent freely convertible currency. The registered capital increased to RMB 1.4 billion equivalent. On January 13, 2012, the qualification of Mr. Dominic Ng as the Legal Representative of the Bank was approved by the former CBRC.

As stated in the Bank's business license, the Bank's operating period is from June 29, 1992 to non-definite term. The Bank's scope of operations is to provide a full range of foreign currency business and RMB business to non-Chinese citizens within the following business scope: receiving deposits from the general public; granting short-term, medium-term and long-term loans; handling acceptances and discounting of negotiable instruments; buying and selling government bonds and financial bonds; buying and selling foreign currency securities other than stocks; providing letter of credit services and guarantees; handling domestic and foreign settlements; buying and selling foreign currencies and acting as an agent for the purchase and sale of foreign currencies; engaging in inter-bank lending; engaging in bank card business; providing safe deposit box services; providing credit information services and consultancy services; and engaging in other businesses approved by the China Banking and Insurance Regulatory Commission (subject to administrative permits for licensed operations).



IMPORTANT EVENTS REPORT

2020.03.25

Mr. Zhihao Zhang (Director) resigned from the Bank.

2020.05.06

Shantou Branch moved to a new location.

2020.06.02

Mr. Andy Yen (Director) was approved by the CBIRC.

2020.06.05

Ms. Cissie Cao (Head of Audit) was approved by the CBIRC.

2020.07.31

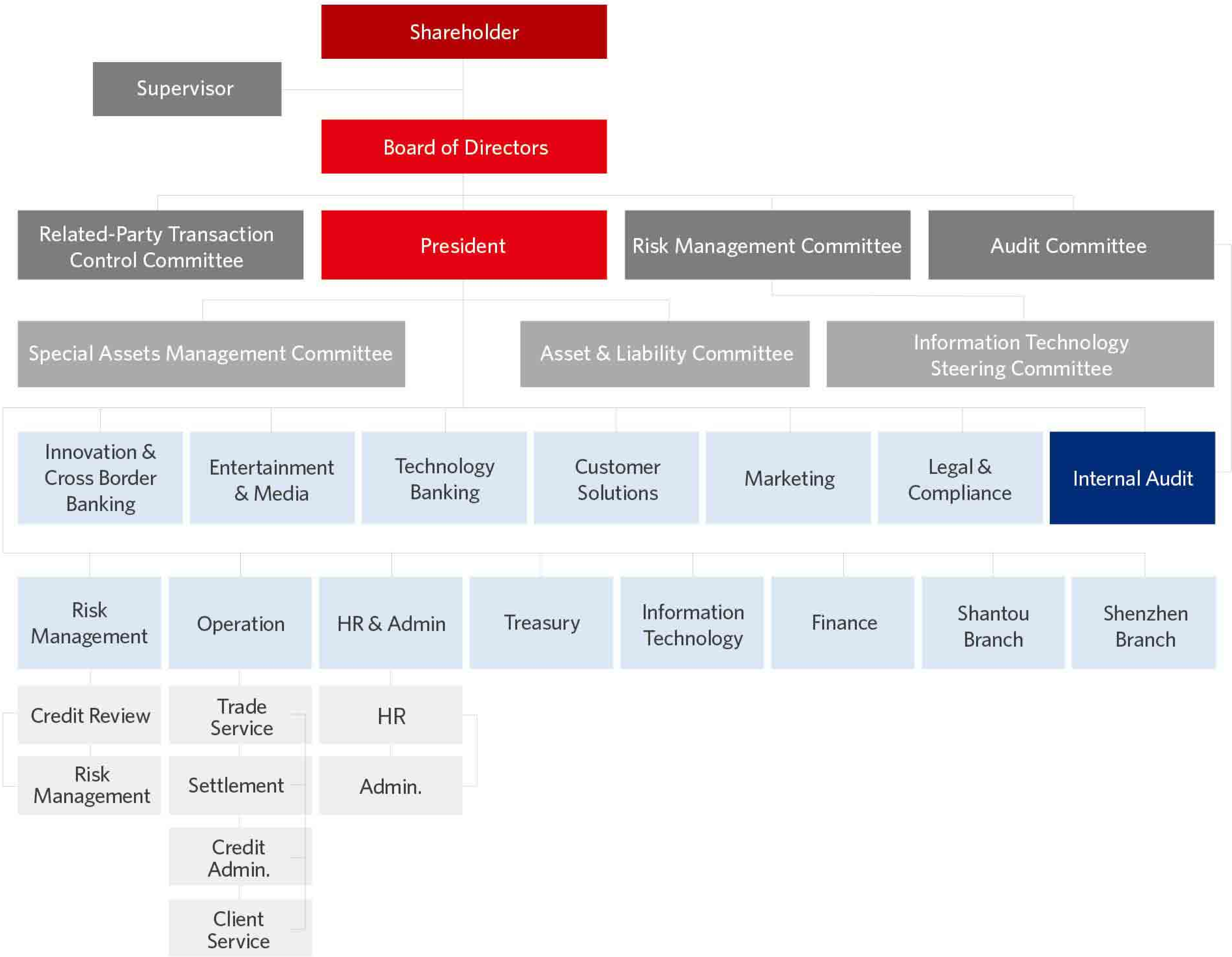
Shanghai Free Trade Zone sub-branch discontinued business.

CORPORATE GOVERNANCE

The Board of Directors of the Bank has been committed to establishing a sound and efficient corporate governance structure in recent years. Incorporating the policy and experience from the parent company, the Board of Directors established a corporate governance structure composed of the shareholder, the Board of Directors and its Board Committees, supervisor and senior management, in strict accordance with the applicable laws and regulations as well as regulatory requirements. The components of this corporate governance structure have both segregated hierarchy of authority and effective combination of authorization and supervision.

In 2020, the Bank's corporate governance was overall effective. The Board of Directors effectively fulfilled fiduciary and custodial duties. The Board of Directors and its Board Committees actively performed their duties in accordance with the corporate governance structure of the Bank, as well as in accordance with applicable laws and regulations, regulatory requirements, and provisions of the Bank's Articles of Association. The Board of Directors and its Board Committees approved important matters with proper authorization, monitored potential risks, and supervised the performance of senior management through meetings with the management team and reviews of the Bank's reports on the implementation of internal control and risk management.

As of December 31, 2020, the Bank's organizational structure was as follows:



Shareholder - Main Responsibilities and Duties

The sole shareholder of the Bank is East West Bank. Its responsibilities include:

- Determine the Bank's business and investment policies;
- Appoint and replace members of the Board of Directors (including Executive Directors, Non-Executive Directors, and Independent Directors) and the Supervisor of the Bank, and determine the remuneration of the members of the Board of Directors and the Supervisor;
- Review and approve the reports of the Board of Directors and the Supervisor;
- Review and approve the annual budget and final accounting of revenue and expenditure;
- Review and approve the annual financial statements audited by the designated external auditor;
- Review and approve the Bank's plans for profit distribution or loss recovery;
- Review and approve any increase or decrease of the registered capital of the Bank;
- Determine the Bank's listing matters;
- Determine any transfer of the Bank's equity;
- Determine the Bank's merger, spin-off, and changes to the corporate structure and dissolution of the Bank;
- When the Bank is dissolved, determine the Bank's liquidation policies and procedures, and the members of the liquidation committee;
- Review and approve the issuance of bonds;
- Review and approve any amendments to the Articles of Association;
- Review and approve the appointment or dismissal of the external auditor and Certified Public Accounting firm;
- Review and approve significant changes of shareholdings and the financial restructuring plans of the Board of Directors.

Board Of Directors - Main Responsibilities and Duties

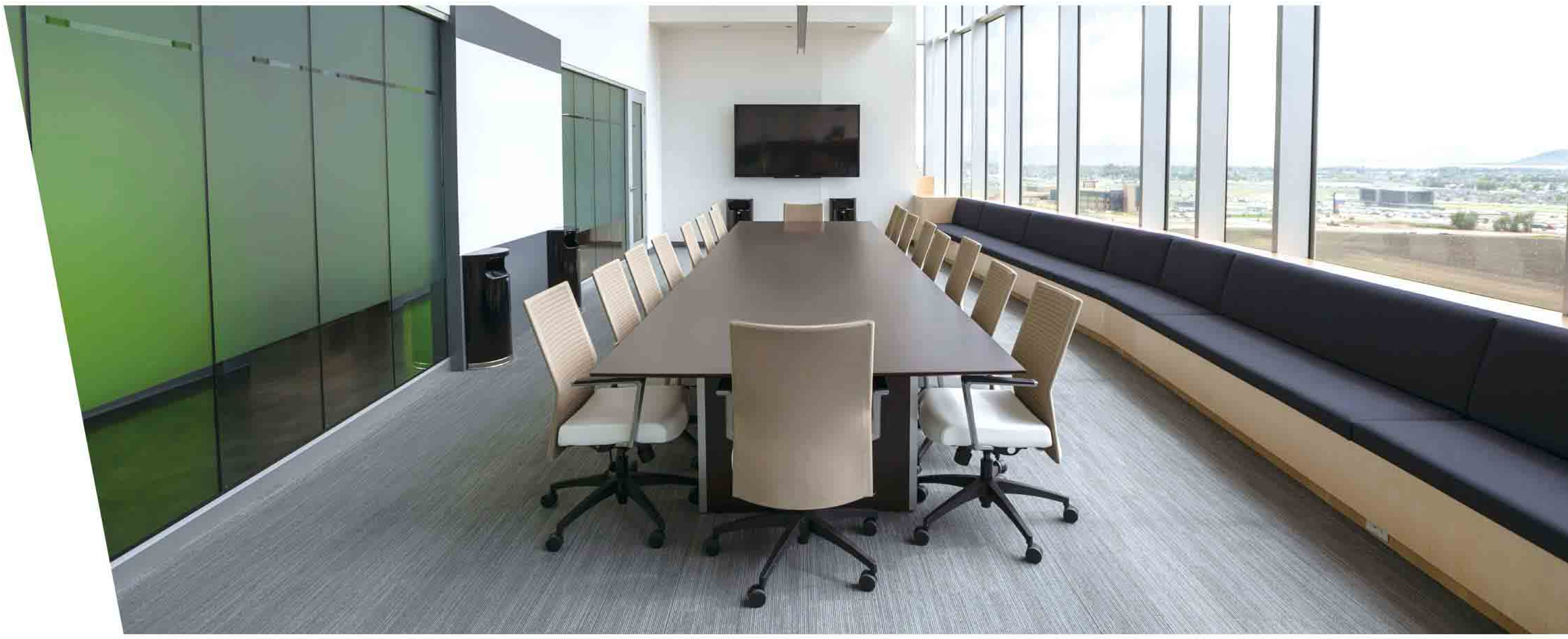
Consistent throughout our five decades of history, East West has built our reputation on delivering for our customers and communities in the most critical times.

—— Dominic Ng. Chairman, President and CEO of East West Bank

Appointed by the shareholder, the Board of Directors has seven Directors, including a Chairman, two Independent Directors, one Executive Director, three Non-Executive Directors and one Corporate Secretary. The Chairman of the Board of Directors, Representative of the Bank, is responsible for the business strategy and the overall development of the Bank. The President of the Bank is responsible for the Bank's day-to-day management and operations. The President of the Bank, who is appointed by, and reports to the Board of Directors, carries out the responsibilities in accordance with the Articles of Association and the authorization of the Board of Directors. The roles and responsibilities of the Chairman and the President are segregated. The members of the Board of Directors are as follows:

No.	Name	Nature	Holding Positions
01	Dominic Ng	Chairman	Chairman, President and CEO of EWB
02	Andy Yen	Director	Executive Vice President of EWB/CEO of EWB Greater China Region
03	Yao Yi Zhi[2]	Executive Director	President of EWCN
04	Andrew Pan	Director	Senior Vice President, Head of China Business & Strategy of EWB
05	Bennett Chui	Director	Senior Vice President, Deputy Chief Credit Officer of EWB
06	Ted Lee	Independent Director	Managing Director of T Plus Capital Ltd
07	Brett Krause	Independent Director	Chief Strategy Officer of FunPlus
08	Elisa Bian	Corporate Secretary	Senior Vice President of EWCN

Note:[2] Mr. Yao Yi Zhi resigned on February 1, 2021.



The Main Responsibilities And Duties Of The Board Of Directors

- In accordance with the nomination of the Chairman, hire or dismiss the President, the Vice Presidents, Chief Risk Officer and key management personnel of the Bank, and determine their remuneration;
- Approve or modify annual budgets and three-year business plans, annual operation reports, and other important reports submitted by the Management;
- Develop annual budget and final accounting of revenue and expenditure;
- Develop plans for profit distribution or loss recovery;
- Develop plans for increasing or decreasing the registered capital of the Bank;
- Develop plans for the Bank's significant investments, merger or spin-off, changes in its corporate structure, and dissolution of the Bank;
- Determine the establishment or closure of branches/sub-branches of the Bank;
- Develop plans for the issuance of bonds;
- Approve the Bank's basic management system, including the setup of the Bank's internal management structure, establishment of job responsibilities, code of conduct and strategic procedures;
- Determine the appointment, hiring or dismissal of the members of Audit Committee, Risk Management Committee, Related Party Transactions Control Committee and the Head of the Internal Audit department; determine the remuneration of the Head of Internal Audit department; and determine the Bank's policy on compensation and remuneration of its employees;
- Approve the operational policy report;
- Approve any transaction that is not within the ordinary course of business but is within normal business terms and based on fair principles;
- Approve the participation of a partnership, profit sharing plan, franchise agreement, or any other similar arrangement, whereby the income or profits are shared with any third party;
- Approve the selling, transferring, leasing or disposing of any assets of more than 35% of the Bank's long-term assets (whether in a single transaction or in a series of transactions, related or otherwise);
- Approve other non-banking business or non-banking related financial services, either directly or through a subsidiary;
- Appoint or authorize any two people of the President and Senior Vice Presidents of the Bank to conduct any legally binding business of the Bank;
- Develop the capital planning (including capital supplement planning), take the ultimate responsibility for capital management;
- Develop plans for the Bank's significant changes of shareholdings and financial restructuring program;
- Determine other matters pursuant to the relevant laws of the PRC.

The Convening of The Board Of Directors

In accordance with the Articles of Association, the Board of Directors shall convene at least four times a year. Any additional meeting of the Board of Directors may be convened upon the proposal from more than one-third of all the directors. Directors shall attend at least two-thirds of the meetings every year in person. A proposal of the Committee will be approved if a committee quorum is achieved and more than 50% of the members that are present vote in favor of the proposal. Some proposals must be approved with all the Directors voting in favor. Each Board of Director's resolution shall be signed by the Directors attending the meeting and filed by the Board Secretary of the Bank. In 2020, the Board of Directors held four meetings on April 3, June 24, September 25 and November 20, during which proposals were reviewed, discussed and approved.

The Directors' Performance Evaluation

In accordance with the established guidelines for evaluating directors' performance of their duties, the Board of Directors and the Supervisor jointly evaluate the directors' performance. The evaluation focuses on the ability, regularity, adequacy and quality in the performance of duties. The evaluation of directors' performance of duties is carried out every year. The Supervisor completes the year-end review based on the preliminary report submitted by the Board of Directors.

Board Committee

Audit Committee, Risk Management Committee and Related-Party Transactions Control Committee are established under the Board of Directors.

All committees shall keep minutes of meetings. The minutes are to be signed by the directors attending the meeting and filed by the secretaries of the committees. All resolutions and voting results of the meetings shall be reported to the Board of Directors in writing.

Audit Committee

The Bank's Audit Committee is composed of Independent Directors Mr. Ted Lee and Mr. Brett Krause, and Non-Executive Director Mr. Bennett Chui. Mr. Ted Lee was appointed as the Chairman of the Committee. The main responsibilities of the Audit Committee include the following:

- Oversee the independence and objectivity of the external audit firm;
- Oversee the Internal Audit Department by organizing and guiding internal audit work;
- Assist the Board of Directors in overseeing the Bank's compliance with policies and procedures;
- Report the status and results of the audits to the Board of Directors on a quarterly basis, and notify Senior Management and Supervisor;
- Review and reassess the adequacy of the Audit Committee's Charter on an annual basis.

According to the Charter of the Audit Committee, the Committee shall meet at least quarterly. In addition to the regularly scheduled meetings, the Chairman or more than half of the members of Audit Committee may propose any additional meetings. The committee quorum is more than two-thirds of members. A proposal of the committee is approved if a committee quorum is achieved and more than 50% of the members that are present vote in favor of the proposal. In 2020, the Audit Committee held four meetings on March 31, June 12, September 11 and November 6, during which proposals and audit activities were reviewed, discussed and approved. Audit Committee reports to the Board of Directors.

Risk Management Committee

The Bank's Risk Management Committee is composed of Non-Executive Directors Mr. Andy Yen and Mr. Bennett Chui, Executive Director Mr. Yao Yi Zhi, and Independent Directors Mr. Ted Lee and Mr. Brett Krause. Mr. Ted Lee was appointed as the Chairman of the Committee. The main responsibilities of the Risk Management Committee include:

- Review and approve enterprise-wide Risk Management Policy and other risk management policies that need approval by the Board of Directors;
- Monitor the Bank's risk exposure, detailing each individual risk through a standard report, and review at each Risk Management Committee meeting;
- Assess the Bank's risk from the reports, and supervise the quality of the risk management process;
- Should an exception to the policy occur or significant risk (either internal or external) arises, provide suggestion to President of the Bank and Management; evaluate the cause or likely impact of such events, review or approve Management's remediation plan, and monitor the progress until the event is resolved or the risk is mitigated to an acceptable level;
- Unless completed by another Committee of the Board, oversee the progress of compliance to new laws, regulations and accounting standards, and oversee the progress of Management implementing the recommendations of regulators, internal auditors and external auditors;
- The Chairman of Risk Management Committee shall report the risks noticed and actions taken to the Board of Directors;
- Request special analyses or reports from Management, when necessary, in order to improve the Committee's understanding of specific risk issues;
- Review and reassess the adequacy of the Charter of the Risk Management Committee on an annual basis.

According to the Charter of the Risk Management Committee, the Committee shall meet at least quarterly. In addition to the regularly scheduled meetings, the chairman of the Board of Directors, the chairman or more than half of the members of Risk Management Committee, may propose any additional meetings. A committee quorum is more than two-thirds of committee members. A proposal of the committee is approved if a committee quorum is achieved and more than 50% of the members that are present vote in favor of the proposal. The chairman, Head of Risk Management, Head of Finance , Head of Legal and Compliance and other relevant personnel shall attend the meeting.

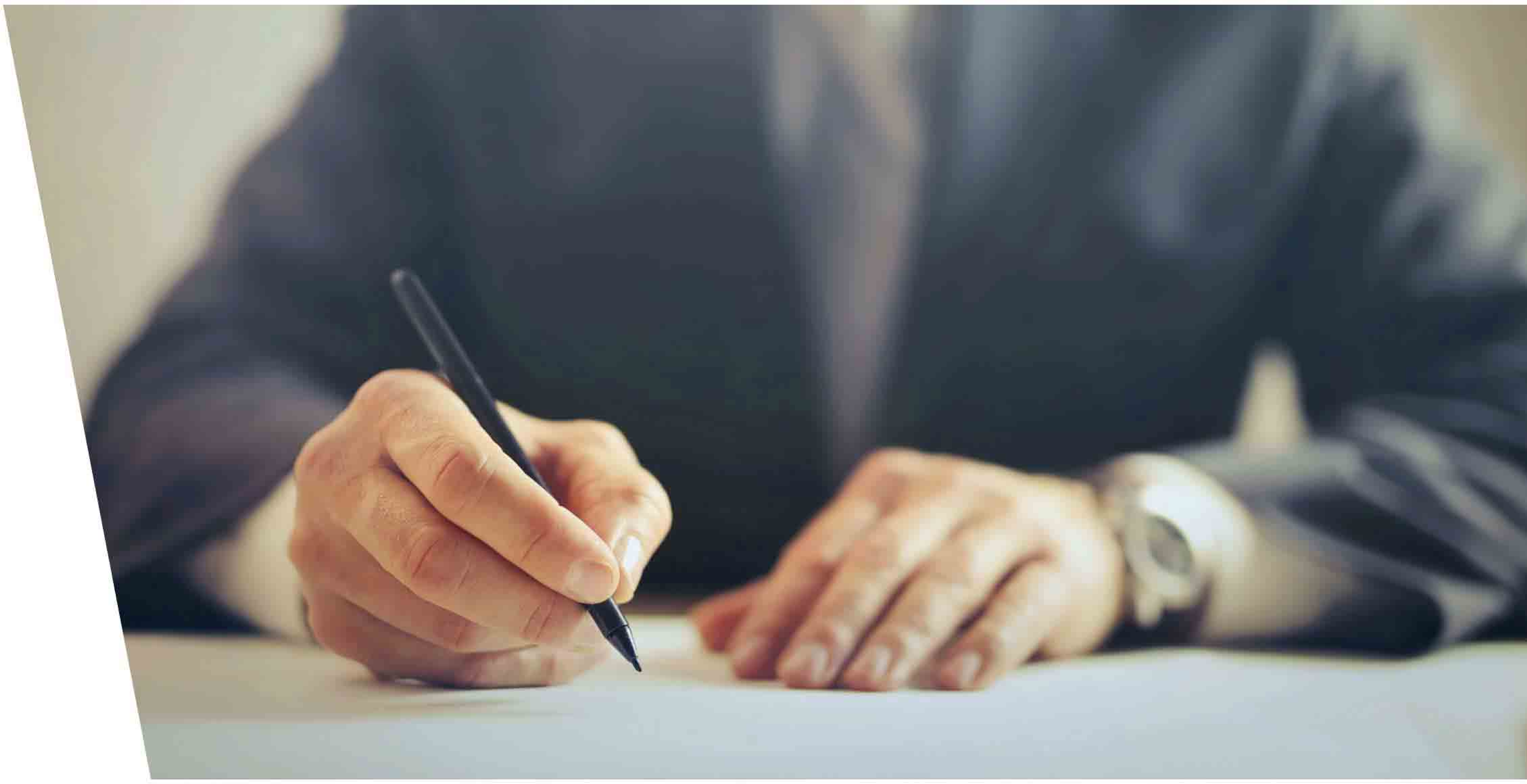
In 2020, the Risk Management Committee held four meetings on March 31, June 12, September 11, and November 6, during which proposals were reviewed, discussed and approved. The Risk Management Committee reports to the Board of Directors.

Related-Party Transactions Control Committee

The Related-Party Transactions Control Committee is composed of Independent Directors Mr. Ted Lee and Mr. Brett Krause, Non-Executive Directors Mr. Andy Yen and Mr. Andrew Pan, and Executive Director Mr. Yao Yi Zhi. Mr. Brett Krause was appointed as the Chairman of the committee. The main responsibilities of the Related-Party Transactions Control Committee include:

- Develop an annual working plan;
- Identify and confirm related-party and related-party transactions;
- Direct and supervise the Management to control and administer the risk of related-party transactions;
- Review and endorse significant related-party transactions, table them at Board meeting for final approval;
- Review and notify any general related-party transactions;
- Review internal control measures on related-party transactions;
- Confirm and report to Board of Directors with up-to-date information of related Parties and promulgate the same to the relevant operational staff;
- Reject any related-party transactions except when the transaction is sound, fair, in compliance with arms-length commercial terms and unanimously consent by all members of the Committee;
- Other matters in relation to related-party or related-party transactions as directed by the Board of Directors.

According to the Charter of the Related-Party Transaction Control Committee, the committee meeting shall be held as required. All the members shall be notified seven days before the meeting. The Chairman of Related-Party Transaction Control Committee shall chair the meeting. In the absence of the chairman, another member can be elected by the presenting members to chair the meeting. A committee quorum should be more than 50% of members. A proposal of the committee will be approved if a committee quorum is achieved and more than 50% of the members that are present vote in favor of the proposal. In 2020, Related-Party Transaction Control Committee held four meetings on 31 March, 12 June, 11 September and 6 November during which proposals were reviewed, discussed and approved. Related-Party Transaction Control Committee reports to the Board of Directors. There is no other Related-Party Transaction as of December 31, 2020, other than the transaction between EWCN and its parent bank.



Independent Directors

Independent Director Mr. Ted Lee has performed his responsibilities and duties properly. In 2020, he attended all the relevant meetings including the meetings of the Board of Directors, Audit Committee, Related-Party Transactions Control Committee and Risk Management Committee. Mr. Ted Lee participated and presided over the meetings of the Audit Committee and Risk Management Committee, discussed the possible impact of related risk management policy on the Bank's management and internal control, and made judgment independently based on the discussion and self-experience. Additionally, as the chairman of Audit Committee, Mr. Ted Lee identified the risk of the Bank and raised the corresponding rectification opinions timely. Through the examination of the qualification review of the external auditors which was conducted by Audit Committee, Mr. Ted Lee provided independent opinion on the engagement of external auditors.

Independent Director Mr. Brett Krause attended all the relevant meetings including the meetings of the Board of Directors, Audit Committee, Related-Party Transactions Control Committee and Risk Management Committee. As the chairman of Related-Party Transactions Committee, Mr. Brett Krause participated and presided over the meetings of the Related-Party Transactions Committee. Mr. Brett Krause provided independent opinion in various meetings.

Supervisor – Main Responsibilities

The Bank has one supervisor. Mr. Douglas P. Krause, appointed by the shareholder of the Bank, carries out the responsibility and the duty as the supervisor. None of the directors, members of Senior Management, or financial officers of the Bank are allowed to concurrently serve as the Supervisor. The Supervisor reports to the shareholder, and oversees the Board of Directors and Senior Management. The main responsibilities of Supervisor include:

- Oversees the financial affairs of the Bank;
- Oversees Board members or Management's performance of their job duties and proposes the dismissal of any Board member or Management in violation of laws, administrative regulations, or the Articles of Association of the Bank;
- Requires any Board members or any members of the management of the Bank to rectify any of his/her acts that are harmful to the interests of the Bank;
- Initiates legal proceedings against any Board members or any members of the management of the Bank pursuant to the relevant laws and regulations;
- Carries out other responsibilities as Supervisor authorized by the laws and regulations, statutes or shareholders.

Senior Management And Other Key Management Personnel

Yao Yi Zhi[3]	President
Wayne Zhou	Head of Treasury
Elisa Bian	Head of Operations
Chen Yi	Head of Legal & Compliance
Al Mao	Chief Risk Officer
Fred Wei	Head of Finance
Minnie Zhu	Head of Human Resources & Administration
Cissie Cao	Head of Internal Audit
Menei Zhong	Head of Information Technology
Calvin Cheng	Managing Director of Technology Banking
David Chang	Head of Innovation & Cross Border Banking
Chanell Chen	Director of Entertainment & Media
Daniel Jing	Head of Customer Solutions
Charlotte Chen	Marketing Manager
Karen Wong	Shenzhen Branch Manager
Zhou Yang Qun	Shantou Branch Manager

Note: [3] Mr. Yao Yi Zhi resigned on February 1, 2021.

Remuneration Policy

The remuneration policy of the Bank is based on the principle of fairness, competition, encouragement, economy and legality. This remuneration could give full play to motivate the corporate governance and overall control, establish and improve the mechanisms to implement the strategic targets, enhance the competitiveness as well as develop talents and control risks.

The Bank's remuneration includes basic salary, performance related pay and various welfares. The Bank's remuneration is consistent with the business and development strategies. In order to ensure the efficiency of operation and enrich the internal talent pool, the raise and promotion of staff are evaluated and implemented together with an annual performance appraisal at the end of each year.

In order to maintain the sustainable development of the Bank, the Bank put Risk Management and Compliance Regulation into the scope of the overall evaluation of performance related pay, so as to ensure the remuneration is fully consistent with the Bank's overall risk management and control. The Bank's overall budget has been approved at the first Board meeting in 2020 and the actual expenditure costs were within the budget. In 2020, the total remuneration of Senior Management was RMB 24,178,566, the allowance of Independent Director was RMB 862,001 and there was no salary payment for Non-executive Directors and Supervisor of our Bank.

Protection of Consumer Rights

The Board and the management team are committed to the protection of consumer rights. In 2020, the Bank continued to institute a sound system and improve related policy and procedures in order to better protect customer's rights and interests. The Bank did not receive consumer complaints and there was no reputational risk regarding consumer rights in 2020.

RISK MANAGEMENT

The Bank faces various kinds of financial risks. The Bank analyzes, evaluates, accepts and manages a certain degree of risk or risk portfolio. The main business risks of the Bank include credit risk, market risk, liquidity risk, operational risk, reputational risk, and country risk. The market risk mainly includes interest rate risk and exchange rate risk. The details of all the above risks (except operational risk) were disclosed in note 38 on the financial statements. The following explains the management mechanisms of the Bank's operational risk, reputation risk and country risk.

The Board of Directors has the ultimate responsibility for the supervision and management of all kinds of risks of the Bank. Risk Management Committee is established under the Board of Directors to control the credit risk, market risk, liquidity risk, operational risk, reputation risk, and country risk related to the Bank's business development. The responsibilities of Risk Management Committee include the establishment of risk management policies and strategies, the monitoring of internal controls over risk management, and the examination of the effectiveness of the risk management policies. In addition, the Asset Liability Committee ("ALCO") under the President is responsible for overseeing market risk and liquidity risk.

The country risk of the Bank is relatively low and mainly from credit related business. The Bank has established related country risk management process which has been merged into the integrated risk management mechanism, and the Credit Review Department is responsible for the daily monitoring and management of the country risk.

The Board of Directors is responsible for approving the goals and strategies of the Bank's operational risk management, and takes ultimate responsibility for the effectiveness of the Bank's operational risk management. Risk Management Committee is responsible for implementing the operational risk management goals and strategies approved by the Board of Directors, and for reporting to the Board of Directors. Risk Management Division assists Risk Management Committee in managing operational risk.

Risk Management Division is responsible for monitoring the overall operation risk, supervising its proper implementation and execution, and monitoring the overall operational risk management of the Bank, according to the Enterprise-wide Risk Management Policy, the relevant division takes ultimate responsibility for the management of operational risk.

The bank has no business conducted to domestic individuals currently. The reputation risk is comparatively low based on the existing business size and products offered. Governance wise, the Board of directors and senior management are responsible for the management of Reputation risk and the president of EWCN is delegated to be responsible for Reputation risk management. The bank has established the relevant customer compliant process and Risk Management department coordinates with other departments for routine monitoring and management process.

Moreover, Internal Audit Department is responsible for the independent review on risk management and internal controls. Internal Audit Department is independent of other business departments and responsible for the Bank's internal audits of all functions at both Head Office and other branches. The Head of Internal Audit is in charge of Internal Audit Department and reports to the Audit Committee. Audit Committee reports to the Board of Directors and its responsibilities include organizing and guiding the internal audit work upon authorization of the Board of Directors, and supervising the accountability of Internal Audit Department. Internal audit covers: the Bank's business management compliance; the effectiveness and soundness of internal control; risk profile as well as the applicability and effectiveness of the procedures of risk identification, assessment and monitoring; and the plan, design, development, operation and maintenance of the information system and the operational performance of the Bank as well as of its Senior Management. Internal Audit Department audits and evaluates the Bank's operating activities, risk profiles, internal controls and corporate governance in accordance with the approved annual audit plan.

SOCIAL RESPONSIBILITY

We work to build better bridges that support thriving communities. At East West Bank, our commitment to serving the local community has always been part of our core beliefs. Consistent with our parent company's values and corporate philanthropic guidelines, East West Bank China strived to provide financial services to businesses and organizations and leveraged the power of employee volunteerism to support local economy's prosperity.

Providing Critical Financial Services to Companies in China during COVID-19

During the coronavirus outbreak, we strived to fulfill our economic and social responsibilities. We provided critical financial services to help customers who needed operational capital due to increased demands of products in this special time. For example, we provided creative financial solutions to a disposable medical products manufacturer and distributor. By working closely with our headquarters, we provided a working capital loan at a discounted loan interest rate to ensure the company had sufficient liquidity to manufacture medical products that were supplied to hospitals. In addition, as many small to-mid size businesses especially factories faced financial difficulties, we expediated cross-border foreign exchange processes to support factories reopen.

During COVID-19, we are committed to continue to serve as the financial bridge between the East and West, providing high quality financial services to ensure the stability of the local financial market.

School supplies and gifts that East West Bank China employees donated

Students in Yunan received the gifts

Helping Alleviate Poverty in Rural Area

In response to the national poverty relief program, we connected with an elementary school in the rural area of Yunnan Province through the help of Shanghai Pudong Government's targeted poverty alleviation task force in Yunnan.

The elementary school is located in a rural area where many students' family live under the poverty line. The annual household income per person is less than RMB 5,000.

East West Bank China employees were united with 30 students from disadvantaged families through a mini program developed by Pudong government on WeChat. The students made their new year wishes on this platform which gave our employees an opportunity to help purchase gifts and send cards with warm wishes and encouragement to all 30 students.

HEAD OFFICE AND BRANCHES

Head Office: Shanghai

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200121

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Shenzhen Branch

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518048

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(86755) 82709059

Shantou Branch

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515041

(86754) 88990001

(86754) 88990008

EAST WEST BANK (CHINA) LIMITED

ENGLISH TRANSLATION OF THE FINANCIAL STATEMENTS
FOR THE YEAR FROM 1 JANUARY 2020 TO 31 DECEMBER 2020
IF THERE IS ANY CONFLICT BETWEEN THE CHINESE VERSION
AND ITS ENGLISH TRANSLATION, THE CHINESE VERSION WILL PREVAIL

AUDITORS' REPORT

毕马威华振沪审字第 2100728 号

The Board of Directors of East West Bank (China) Limited:

Opinion

We have audited the accompanying financial statements of East West Bank (China) Limited ("the Bank") set out on pages 1 to 51, which comprise the Bank's balance sheet as at 31 December 2020, the Bank's income statements, the Bank's cash flow statements, the Bank's statement of changes in owner's equity for the year then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2020, and the financial performance and cash flows of the Bank for the year then ended in accordance with Accounting Standards for Business Enterprises issued by the Ministry of Finance of the People's Republic of China.

Basis for Opinion

We conducted our audit in accordance with China Standards on Auditing for Certified Public Accountants ("CSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Bank in accordance with the China Code of Ethics for Certified Public Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with CSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on The Bank’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG Huazhen LLP
Shanghai Branch

Certified Public Accountants
Registered in the People's Republic of China

Shanghai, China

Shi Haiyun

Wang Weishun

2 April 2021

2 APR 2021

East West Bank (China) Limited
Balance sheet as at 31 December 2020
(Expressed in Renminbi Yuan)

	Note	*2020*	*2019*
Assets			
Cash and deposits with central bank	6	1,873,815,120.16	2,050,100,547.72
Deposits with inter-banks	7	845,651,285.30	893,355,478.45
Placements with financial institutions	8	3,596,741,212.82	3,262,345,313.43
Interest receivable	9	41,801,972.84	29,954,056.03
Loans and advances to customers	10	3,274,592,198.36	4,256,946,912.38
Available-for-sale financial assets	11	993,216,510.00	-
Fixed assets	12	1,909,841.71	2,653,608.24
Construction in progress	13	1,230,150.91	5,626,731.75
Intangible assets	14	15,993,361.94	11,751,586.28
Deferred tax assets	15	15,298,597.76	3,160,590.29
Other assets	16	29,233,927.93	25,573,215.54
Total assets		10,689,484,179.73	10,541,468,040.11

The notes on pages 7 to 51 form part of these financial statements.

East West Bank (China) Limited
Balance sheet as at 31 December 2020 (continued)
(Expressed in Renminbi Yuan)

	Note	*2020*	*2019*
Liabilities			
Deposits from financial institutions	17	411,833,385.20	1,660,967,925.48
Borrowings from financial institutions	18	398,076,000.00	262,785,800.00
Customer deposits	19	8,316,154,218.33	6,995,135,253.94
Employee benefits payable	20	12,813,540.09	17,949,248.85
Taxes payable	5(3)	4,329,845.82	6,319,561.83
Interest payable	21	23,462,987.16	74,625,123.33
Other liabilities	22	13,013,787.00	17,304,592.61
Total liabilities		9,179,683,763.60	9,035,087,506.04
Owner's equity			
Paid-in capital	23	1,400,000,000.00	1,400,000,000.00
Other comprehensive income	24	(6,383,018.86)	-
Surplus reserve	25	15,632,401.65	14,652,111.56
General risk reserve	26	100,551,033.34	91,728,422.51
Total owner's equity		1,509,800,416.13	1,506,380,534.07
Total liabilities and owner's equity		10,689,484,179.73	10,541,468,040.11

These financial statements have been approved by the Border of Directors on 1 April 2021.

Wayne Zhou
Acting President

Fred Wei
Head of Finance

Bank Stamp

East West Bank (China) Limited
华美银行(中国)有限公司

The notes on pages 7 to 51 form part of these financial statements.

East West Bank (China) Limited
Income statement for the year ended 31 December 2020
(Expressed in Renminbi Yuan)

	Note	*2020*	*2019*
Operating income		137,540,553.62	215,535,903.77
Net interest income	28	141,642,418.91	195,115,375.64
Interest income		277,919,192.19	376,446,243.03
Interest expense		(136,276,773.28)	(181,330,867.39)
Net fees and commission income	29	4,900,146.12	6,707,107.50
Fees and commission income		5,778,181.83	7,639,793.37
Fees and commission expense		(878,035.71)	(932,685.87)
Investment income	30	11,870,736.64	-
Other income		402,118.25	401,628.93
Exchange (losses) / gains		(21,274,866.30)	13,730,487.85
Losses from asset disposals		-	(418,696.15)
Operating expenses		(136,446,052.17)	(151,759,561.87)
Tax and surcharges		(1,382,274.86)	(1,081,301.06)
General and administrative expenses	31	(132,140,606.47)	(150,482,497.72)
Impairment losses	32	(2,923,170.84)	(195,763.09)
Operating profit		1,094,501.45	63,776,341.90
Add: non-operating income		527,453.87	8,389.51
Less: non-operating expense		(1,000,000.00)	(932.22)
Profit before taxation		621,955.32	63,783,799.19
Less: income tax expense reverse / (charged)	33	9,180,945.60	(26,039,900.16)
Net profit		9,802,900.92	37,743,899.03
Other comprehensive income, net of tax		(6,383,018.86)	-
Total comprehensive income		3,419,882.06	37,743,899.03

The notes on pages 7 to 51 form part of these financial statements.

East West Bank (China) Limited
Cash flow statement for the year ended 31 December 2020
(Expressed in Renminbi Yuan)

	Note	*2020*	*2019*
Cash flows from operating activities			
Net cash inflow from deposits with central bank and inter-banks		345,526,849.34	547,288,631.61
Net cash inflow from placements with financial institutions		-	221,802,600.00
Net cash inflow from loans and advances to customers		980,216,261.70	-
Net cash inflow from deposits from financial institutions		-	471,428,372.61
Net cash inflow from borrowing from financial institutions		135,290,200.00	-
Net cash inflow from customer deposits		1,321,018,964.39	-
Interest, fees and commission received		300,491,893.92	413,124,708.96
Proceeds from other operating activities		937,692.12	858,104.73
Sub-total of cash inflows		3,083,481,861.47	1,654,502,417.91
Net cash outflow from placements with financial institutions		(530,763,800.00)	-
Net cash outflow from loans and advances to customers		-	(438,502,596.84)
Net cash outflow from deposits with inter-banks		(1,249,134,540.28)	-
Net cash outflow from borrowings from financial institutions		-	(373,886,200.00)
Net cash outflow from customer deposits		-	(1,233,965,075.32)
Interest, fees and commission paid		(188,316,945.16)	(172,135,210.62)
Payment to and for employees		(79,789,346.63)	(83,557,714.52)
Payment of various taxes		(2,408,966.19)	(26,630,640.21)
Payment for other operating activities		(65,298,827.89)	(42,201,556.11)
Sub-total of cash outflows		(2,115,712,426.15)	(2,370,878,993.62)
Net cash inflow / (outflow) from operating activities	34(1)	967,769,435.32	(716,376,575.71)

The notes on pages 7 to 51 form part of these financial statements.

East West Bank (China) Limited
Cash flow statement for the year ended 31 December 2020 (continued)
(Expressed in Renminbi Yuan)

	Note	*2020*	*2019*
Cash flows from investing activities			
Investment returns received		5,639,900.00	-
Net proceeds from disposal of fixed assets		-	1,767.73
Sub-total of cash inflows		5,639,900.00	1,767.73
Payment for acquisition of investments		(1,011,423,724.13)	-
Payment for acquisition of fixed assets, construction in progress, intangible assets and other long-term assets		(8,726,014.12)	(13,307,009.71)
Sub-total of cash outflows		(1,020,149,738.25)	(13,307,009.71)
Net cash outflow from investing activities		(1,014,509,838.25)	(13,305,241.98)
Effect of foreign exchange rate changes on cash and cash equivalents		(27,416,200.70)	38,431,536.57
Net decrease in cash and cash equivalents	34(2)	(74,156,603.63)	(691,250,281.12)
Add: cash and cash equivalents at the beginning of the year		3,448,638,733.57	4,139,889,014.69
Cash and cash equivalents at the end of the year	34(3)	3,374,482,129.94	3,448,638,733.57

The notes on pages 7 to 51 form part of these financial statements.

East West Bank (China) Limited
Statement of changes in owner's equity
for the year ended 31 December 2020 and 2019
(Expressed in Renminbi Yuan)

	Note	*Paid-in capital*	*Other comprehensive income*	*Surplus reserve*	*General risk reserve*	*Retained earnings*	*Total*
Balance at 1 January 2019		1,400,000,000.00	-	10,877,721.66	57,758,913.38	-	1,468,636,635.04
Change in equity for the year							
1.Total comprehensive income		-	-	-	-	37,743,899.03	37,743,899.03
2.Appropriation of profits							
- Appropriation for surplus reserve	25、27	-	-	3,774,389.90	-	(3,774,389.90)	-
- Appropriation for general risk preparation	26、27	-	-	-	33,969,509.13	(33,969,509.13)	-
Balance at 31 December 2019		1,400,000,000.00	-	14,652,111.56	91,728,422.51	-	1,506,380,534.07
Change in equity for the year							
1.Total comprehensive income		-	(6,383,018.86)	-	-	9,802,900.92	3,419,882.06
2.Appropriation of profits							
- Appropriation for surplus reserve	25、27	-	-	980,290.09	-	(980,290.09)	-
- Appropriation for general risk preparation	26、27	-	-	-	8,822,610.83	(8,822,610.83)	-
Balance at 31 December 2020		1,400,000,000.00	(6,383,018.86)	15,632,401.65	100,551,033.34	-	1,509,800,416.13

The notes on pages 7 to 51 form part of these financial statements.

1 General information

East West Bank (China) Limited ("EWCN" or the "Bank") is a wholly-owned foreign bank incorporated in Shanghai, the People's Republic of China (the "PRC"), by East West Bank ("EWB"), registered in the United States of America.

The Bank's scope of operations is providing a full range of foreign currency business and RMB business to non-Chinese citizens within the following business: receiving deposits from the general public; granting short-term, medium-term and long-term loans; handling acceptances and discounting of negotiable instruments; buying and selling government bonds and financial bonds; buying and selling foreign currency securities other than stocks; providing letter of credit services and guarantees; handling domestic and foreign settlements; buying and selling foreign currencies and acting as an agent for the purchase and sale of foreign currencies; engaging in inter-bank lending; engaging in bank card business; providing safe deposit box services; providing credit information services and consultancy services; and other businesses approved by the former China Banking Regulatory Commission ("CBRC") (may subject to administrative permits for licensed operations). As stated in the Bank's business license, the Bank has an undefined operating life from 29 June 1992.

2 Basis of preparation

The financial statements have been prepared on the going concern basis.

(1) Statement of compliance

The financial statements have been prepared in accordance with the requirements of Accounting Standards for Business Enterprises or referred to as China Accounting Standards ("CAS") issued by the Ministry of Finance ("MOF"). These financial statements present truly and completely the financial position of the Bank as at 31 December 2020, and the financial performance and the cash flows of the Bank for the year then ended.

(2) Accounting year

The accounting year of the Bank is from 1 January to 31 December.

(3) Functional currency and presentation currency

The Bank's functional currency is Renminbi and these financial statements are presented in Renminbi. Functional currency is determined by the Bank on the basis of the currency in which major income and costs are denominated and settled.

3 Significant accounting policies and accounting estimates

(1) Translation of foreign currencies

When the Bank receives capital in foreign currencies from investors, the capital is translated to Renminbi at the spot exchange rate at the date of the receipt. Other foreign currency transactions are, on initial recognition, translated to Renminbi at the spot exchange rates or the rates that approximate the spot exchange rates on the dates of the transactions.

Monetary items denominated in foreign currencies are translated to Renminbi at the spot exchange rate at the balance sheet date. The resulting exchange differences are generally recognized in profit or loss. Non-monetary items that are measured at historical cost in foreign currencies are translated to Renminbi using the exchange rate at the transaction date.

(2) Financial instruments

Financial instruments of the Bank mainly include cash and deposits with central bank, deposits with inter-banks, placements with financial institutions, loans and advances to customers, interest receivable, deposits from financial institutions, borrowings from financial institutions, customer deposits, interest payable, employee benefits payable and paid-in capital.

(a) Recognition and measurement of financial assets and financial liabilities

A financial asset or financial liability is recognized in the balance sheet when the Bank becomes a party to the contractual provisions of a financial instrument.

The Bank classifies financial assets and liabilities into different categories at initial recognition based on the purpose of acquiring assets or assuming liabilities: financial assets and financial liabilities at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets and other financial liabilities.

Financial assets and financial liabilities are measured initially at fair value. For financial assets and financial liabilities at fair value through profit or loss, any related directly attributable transaction costs are charged to profit or loss; for other categories of financial assets and financial liabilities, any related directly attributable transaction costs are included in their initial costs.

Subsequent to initial recognition, financial assets and liabilities are measured as follows:

- Financial assets and financial liabilities at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

- Receivables and held-to-maturity investments are measured at amortised cost using the effective interest method.

- Available-for-sale investments in equity instruments whose fair value cannot be measured reliably are measured at cost. Other available-for-sale financial assets are measured at fair value and changes therein are recognised in other comprehensive income, except for impairment losses and foreign exchange gains and losses from monetary financial assets which are recognised directly in profit or loss. When an investment is derecognised, the gain or loss accumulated in equity is reclassified to profit or loss. Dividend income is recognised in profit or loss when the investee approves the dividends. Interest is recognised in profit or loss using the effective interest method.

- Financial liabilities other than those at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. However, a financial guarantee issued by the Bank is subsequently measured at the higher of the amount initially recognised less accumulated amortisation and the amount of a provision determined in accordance with the principles for contingent liabilities (see Note 3(11)).

(b) Presentation of financial assets and financial liabilities

Financial assets and financial liabilities are generally presented separately in the balance sheet and are not offset. However, a financial assets and a financial liability are offset and the net amount is presented in the balance sheet when both of the following conditions are satisfied:

- the Bank currently has a legally enforceable right to set off the recognized amounts; and

- the Bank intends either to settle on a net basis, or to realize the financial assets and settle the financial liability simultaneously.

(c) Derecognition of financial assets and financial liabilities

A financial asset is derecognized when one of the following conditions is met:

- the Bank’s contractual rights to the cash flows from the financial asset expire;

- the financial asset has been transferred and the Bank transfers substantially all of the risks and rewards of ownership of the financial asset; or

- the financial asset has been transferred, although the Bank neither transfers nor retains substantially all of the risks and rewards of ownership of the financial asset, it does not retain control over the transferred asset.

Where a transfer of a financial asset in its entirely meets the criteria for derecognition, the difference between the two amounts below is recognized in profit or loss:

- the carrying amount of the financial asset transferred;

- the sum of the consideration received from the transfer and any cumulative gain or loss that has been recognized directly in shareholders’ equity.

The Bank derecognises a financial liability (or part of it) only when its contractual obligation (or part of it) is discharged or cancelled or expires.

(3) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, non-restricted balances with central banks, deposits with inter-banks, placements with financial institutions, and short-term, highly liquid investments, that are readily convertible into known amounts of cash and are subject to an insignificant risk of change in value. The "short-term" generally refers to the period from the date of purchase within 3 months due to maturity.

(4) Fixed assets and construction in progress

Fixed assets represent the tangible assets held by the Bank for administrative purposes with useful lives over one year.

Fixed assets are stated in the balance sheet at cost less accumulated depreciation and impairment losses (see Note 3(8)(b)). Construction in progress is stated in the balance sheet at cost less impairment losses (see Note 3(8)(b)).

The cost of a purchased fixed asset comprises the purchase price, related taxes, and any directly attributable expenditure for bringing the asset to working condition for its intended use. The cost of self-constructed assets includes the cost of materials, direct labour, borrowing costs to be capitalised and any other costs directly attributable to bringing the asset to working condition for its intended use.

Construction in progress is transferred to fixed assets when it is ready for its intended use. No depreciation is provided against construction in progress.

Any subsequent costs including the cost of replacing part of an item of fixed assets are recognized as assets when it is probable that the economic benefits associated with the costs will flow to the Bank, and the carrying amount of the replaced part is derecognized. The costs of the day-to-day maintenance of fixed assets are recognized in profit or loss as incurred.

Gains or losses arising from the retirement or disposal of an item of fixed asset are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognized in profit or loss on the date of retirement or disposal.

The cost of a fixed asset, less its estimated residual value and accumulated impairment losses, is depreciated using the straight-line method over its estimated useful life, unless the fixed asset is classified as held for sale. The estimated useful lives, residual value rates and depreciation rates of each class of fixed assets are as follows:

	Estimated useful life	*Residual value rate*	*Depreciation rate*
Computer equipment	3 years	5%	31.67%
Office equipment	5 years	5%	19.00%
Motor vehicles and other equipment	5 years	5%	19.00%

Useful lives, residual value and depreciation methods are reviewed at least at each year-end.

(5) Operating lease charges

Rental payments under operating leases are recognized as part of the cost of another related asset or as expenses on a straight-line basis over the lease term. Contingent rental payments are expensed as incurred.

(6) Intangible assets

Intangible assets are stated in the balance sheet at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see Note 3(8)(b)).

For an intangible asset with finite useful life, its cost less estimated value and accumulated impairment losses is amortized using the straight-line method over its estimated useful life, unless the intangible asset is classified as held for sale. At the balance sheet date, the intangible assets of the Bank is software, for which amortisation period is 5 or 10 years.

(7) Long-term deferred expenses

Expenditure incurred with beneficial period over one year is recognised as long-term deferred expenses. Long-term deferred expenses are stated in the balance sheet at cost less accumulated amortisation and impairment losses (see Note 3(8)(b)).

Long-term deferred expenses are amortised over their beneficial period. As at the balance sheet date, the long-term deferred expenses of the Bank are leasehold improvement which has an amortization period of 3 to 5 years.

(8) Impairment of assets

Except for impairment of assets set out in Note 3(15), impairment of assets is accounted for using the following principles:

(a) Impairment of financial assets

The carrying amounts of financial assets (other than those at fair value through profit or loss) are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. If any such evidence exists, an impairment loss is recognized.

Loans and receivables and held-to-maturity investments are assessed for impairment on an individual basis and on a collective group basis.

Where impairment is assessed on an individual basis, an impairment loss in respect of a loans and receivable or held-to-maturity investment is calculated as the excess of its carrying amount over the present value of the estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the original effective interest rate. Impairment losses are recognized in profit or loss.

The assessment is made collectively where loans and receivables or held-to-maturity investments share similar credit risk characteristics (including those having not been individually assessed as impaired), based on their historical loss experiences, and adjusted by the observable factors reflecting current economic conditions.

If, after an impairment loss has been recognized on loans and receivables or held-to-maturity investments, there is a recovery in the value of the financial asset which can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss. A reversal of an impairment loss will not result in the asset’s carrying amount exceeding what the amortized cost would have been had no impairment loss been recognized in prior years.

(b) Impairment of other assets

The carrying amounts of the following assets are reviewed at each balance sheet date based on the internal and external sources of information to determine whether there is any indication of impairment:

- fixed assets
- construction in progress
- intangible assets
- long-term deferred expenses

If any indication exists, the recoverable amount of the asset is estimated. In addition, the Bank estimates the recoverable amounts of intangible assets not ready for use at least annually and at each year-end, irrespective of whether there is any indication of impairment.

An asset group is composed of assets directly related to cash generation and is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or asset groups.

The recoverable amount of an asset (or asset group, set of asset groups, same as below) is the higher of its fair value (see Note 3(9)) less costs to sell and its present value of expected future cash flows.

The present value of expected future cash flows of an asset is determined by discounting the future cash flows, estimated to be derived from continuing use of the asset and from its ultimate disposal, to their present value using an appropriate pre-tax discount rate.

An impairment loss is recognized in profit or loss when the recoverable amount of an asset is less than its carrying amount. A provision for impairment loss of the asset is recognized accordingly. Impairment losses related to an asset group or a set of asset groups are allocated to reduce, the carrying amount of the assets in the asset group or set of asset groups is reduced on a pro rata basis. However, such allocation would not reduce the carrying amount of an asset below the highest of its fair value less costs to sell (if measurable), its present value of expected future cash flows (if determinable) and zero.

Once an impairment loss is recognized, it is not reversed in a subsequent period.

(9) Fair value measurement

Unless otherwise specified, the Bank measures fair value measurement as follows:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

When measuring fair value, the Bank takes into account the characteristics of the particular asset or liability (including the condition and location of the asset and restrictions, if any, on the sale or use of the asset) that market participants would consider when pricing the asset or liability at the measurement date, and uses valuation techniques that are appropriate in the circumstances and for which sufficient data and other information are available to measure fair value. Valuation techniques mainly include the market approach, the income approach and the cost approach.

(10) Employee benefits

(a) Short-term employee benefits

Employee wages or salaries, bonuses, social security contributions such as medical insurance, work injury insurance, maternity insurance and housing fund, measured at the amount incurred or accrued at the applicable benchmarks and rates, are recognized as a liability as the employee provides services, with a corresponding charge to profit or loss or included in the cost of assets where appropriate.

(b) Post-employment benefits - defined contribution plans

Pursuant to the relevant laws and regulations of the People's Republic of China, the Bank participated in a defined contribution basic pension insurance plan in the social insurance system established and managed by government organisations. The Bank makes contributions to basic pension insurance plans based on the applicable benchmarks and rates stipulated by the government. Basic pension insurance contributions payables are recognized as part of the cost of assets or charged to profit or loss as the related services are rendered by the employees.

In addition, the Bank has set up the annuity scheme in accordance with relevant PRC annuity regulations. The Bank has made annuity contributions at the applicable rate based on the employees' salaries, which are charged to profit or loss on an accrual basis.

(c) Other long-term employee benefits

During the period when employees provide services, the Bank accrues deferred payment for senior management personnel and employees who have significant influence on the Bank's risk management processes. The amount of such benefits is recognized as liability with costs or expenses recognized in relevant period.

(11) Provisions

A provision is recognized for an obligation related to a contingency if the Bank has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Where the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows.

(12) Fiduciary activities

The Bank acts in a fiduciary capacity as a custodian, trustee or an agent for its customers. Assets held by the Bank and the related undertakings to return such assets to customers are excluded from the financial statements as the risks and rewards of the assets reside with the customers.

Entrusted lending is the business where the Bank enters into entrusted loan agreements with customers, whereby the customers provide funding (the "entrusted funds") to the Bank, and the Bank grants loans to third parties (the "entrusted loans") at the instruction of the customers. As the Bank does not assume the risks and rewards of the entrusted loans and the corresponding entrusted funds, entrusted loans and funds are recorded as off-balance sheet items at their principal amounts and no impairment assessments are made for these entrusted loans.

(13) Revenue recognition

Revenue is the gross inflow of economic benefits arising in the course of the Bank's ordinary activities when those inflows result in increases in equity, other than increases relating to contributions from owners. Revenue is recognized in profit or loss when it is probable that the economic benefits will flow to the Bank, the revenue and costs can be measured reliably and the following respective conditions are met:

(a) Interest income

Interest income arising from the use by others of entity assets is recognized in the income statement based on the duration and the effective interest rate. Interest income includes the amortization of any discount or premium or differences between the initial carrying amount of an interest-bearing instrument and its amount at maturity calculated using the effective interest method.

The effective interest method is a method of calculating the amortized cost of financial assets and liabilities and of allocating the interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument, or, when appropriate, a shorter period, to the net carrying amount of the financial instrument. When calculating the effective interest rate, the Bank estimates cash flows considering all the contractual terms of the financial instrument (for example, prepayment or similar options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Interest on the impaired financial assets ("unwinding of discount") is recognized using the interest rate used to discount future cash flows for the purpose of measuring the related impairment loss.

(b) Fee and commission income

Fee and commission income is recognized in the income statement when the corresponding service is provided.

Origination or commitment fees received by the Bank which result in the creation or acquisition of a financial asset are deferred and recognized as an adjustment to the effective interest rate. If the commitment expires without the Bank making a loan, the fee is recognized as revenue on expiry.

(14) Government grants

Government grants are non-reciprocal transfers of monetary or non-monetary assets from the government to the Bank except for capital contributions from the government in the capacity as an investor in the Bank.

A government grant is recognised when there is reasonable assurance that the grant will be received and that the Bank will comply with the conditions attaching to the grant.

If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable. If a government grant is in the form of a transfer of a non-monetary asset, it is measured at fair value.

A government grant related to an asset is recognized as deferred income and amortized over the useful life of the related asset on a reasonable and systematic manner as other income or non-operating income. A grant that compensates the Bank for expenses or losses to be incurred in the future is recognized as deferred income, and included in other income or non-operating income in the periods in which the expenses or losses are recognized. Otherwise, the grant is included in other income or non-operating income directly.

(15) Income tax

Current tax and deferred tax are recognized in profit or loss except to the extent that they relate to a business combination or items recognized directly in equity (including other comprehensive income).

Current tax is the expected tax payable calculated at the applicable tax rate on taxable income for the year, plus any adjustment to tax payable in respect of previous years.

At the balance sheet date, current tax assets and liabilities are offset only if the Bank has a legally enforceable right to set them off and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases, which include the deductible tax losses and tax credits carried forward to subsequent periods. Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilized.

Deferred tax is not recognized for the temporary differences arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting profit nor taxable profit (or deductible loss).

At the balance sheet date, deferred tax is measured based on the tax consequences that would follow from the expected manner of recovery or settlement of the carrying amount of the assets and liabilities, using tax rates enacted at the reporting date that are expected to be applied in the period when the asset is recovered or the liability is settled.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date, and is reduced to the extent that it is no longer probable that the related tax benefits will be utilized. Such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

At the balance sheet date, deferred tax assets and liabilities are offset if all of the following conditions are met:

- the taxable entity has a legally enforceable right to offset current tax liabilities and assets, and

- they relate to income taxes levied by the same tax authority on either:

- the same taxable entity; or

- different taxable entities which intend either to settle the current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(16) Profit distribution to owners

Distributions of profit proposed in the profit appropriation plan to be approved after the balance sheet date are not recognized as a liability at the balance sheet date but are disclosed in the notes separately.

(17) Related parties

If a party has the power to control, jointly control or exercise significant influence over another party, or vice versa, or where two or more parties are subject to common control or joint control from another party, they are considered to be related parties. Related parties may be individuals or enterprises. Enterprises with which the Bank is under common control only from the State and that have no other related party relationships are not regarded as related parties.

(18) Segment reporting

Reportable segments are identified based on operating segments which are determined based on the structure of the Bank's internal organization, management requirements and internal reporting system after taking materiality principle into account. Two or more operating segments may be aggregated into a single operating segment if the segments have similar economic characteristics and are same or similar in respect of the nature of products and services, the nature of production processes, the types or classes of customers for the products and services, the methods used to distribute the products or provide the services, and the nature of the regulatory environment.

Inter-segment revenues are measured on the basis of the actual transaction prices for such transactions for segment reporting, and segment accounting policies are consistent with those for the consolidated financial statements.

(19) Significant accounting estimates and judgments

The preparation of financial statements requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates as well as underlying assumptions and uncertainties involved are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Notes 3(4), 3(6) and 3(7) contain information about the accounting estimates relating to depreciation and amortisation of assets such as fixed assets, intangible assets and long-term deferred expenses. Notes 7, 8, 10, 12, 13 14 and 16 contain information about the accounting estimates relating to provisions for impairment of various types of assets. Other significant accounting estimates are as follows:

(i) Note 15: Confirmation of deferred income tax assets;
(ii) Note 39: Fair value measurements of financial instruments.

4 Changes in accounting policies

The following accounting standards take effect for annual periods beginning on or after 1 January 2020 and are relevant to the Bank:

- CAS Bulletin No.13 (Caikuai [2019] No.21)
- The Accounting Treatment of COVID-19-Related Rent Concessions (Caikuai [2020] No.10)

Major impact of the adoption of the above new/revised regulations and interpretations is as follows:

(1) CAS Bulletin No.13

CAS Bulletin No.13 has further clarified that related parties of an entity also include the joint venture(s) or associate(s) of the other members (including the parent and subsidiaries) in the same group that includes the entity, and the other joint venture(s) or associate(s) of the investors who exercise joint control over the entity, etc.

CAS Bulletin No.13 takes effect on 1 January 2020. The Bank has adopted the accounting policy change prospectively. The adoption of CAS Bulletin No.13 does not have any significant effect on the financial position, financial performance or related party disclosures of the Bank.

(2) Caikuai [2020] No.10

Caikuai [2020] No.10 provides a practical expedient under certain conditions for rent concessions occurring as a direct consequence of the Covid-19 pandemic. If an entity elects to apply the practical expedient, the entity does not need to assess whether a lease modification has occurred or to reassess the lease classification.

Caikuai [2020] No.10 takes effect on 24 June 2020 (the implementation date). The entity is allowed to adjust the related rent concessions that occurred between 1 January 2020 and the implementation date. The adoption of Caikuai [2020] No.10 does not have any significant effect on the financial position or financial performance of the Bank.

5 Taxation

(1) The major types of taxes applicable to the Bank's services include value added tax (VAT), tax for maintaining and building cities, education supplementary tax, local education supplementary tax and so on.

Tax Name	Tax basis and applicable rate
VAT	Output VAT is 6% of taxable services revenue, based on tax laws. The basis for VAT payable is to deduct input VAT from the output VAT for the period.
Tax for maintaining and building cities	On the basis of 7% of the VAT actually paid
Education supplementary tax	On the basis of 3% of the VAT actually paid
Local education supplementary tax	On the basis of 2% of the VAT actually paid

(2) Income tax

The income tax rate applicable to the Bank is 25% (2019: 25%).

(3) Taxes payable

	2020	*2019*
VAT payable	2,709,763.19	4,293,549.99
Withholding income tax payable	1,620,082.63	2,026,011.84
Total	4,329,845.82	6,319,561.83

6 Cash and deposits with central bank

	Note	*2020*	*2019*
Statutory deposit reserves	*(1)*	609,993,384.70	585,710,234.04
Surplus deposit reserves	*(2)*	1,263,821,735.46	1,464,390,313.68
Total		1,873,815,120.16	2,050,100,547.72

(1) Statutory deposit reserves represent reserve deposits placed with the The People's Bank Of China ("PBOC") in accordance with the *Administrative Regulation* and relevant regulations, which are not available for use in the Bank's daily business. As at balance sheet date, the statutory deposit reserves ratios of the Bank are as follows:

	2020	*2019*
Deposit reserve ratio for RMB deposits	10%	10.5%-11%
Deposit reserve ratio for foreign currency deposits	5%	5%

(2) The surplus deposit reserves placed with the PBOC are mainly for settlement purpose.

7 Deposits with inter-banks

(1) Analyzed by counterparty

	Note	*2020*	*2019*
Domestic banks		516,688,272.41	654,111,103.85
Overseas banks		330,635,522.07	240,088,916.04
Sub-total		847,323,794.48	894,200,019.89
Less: Impairment provision	*(2)*	(1,672,509.18)	(844,541.44)
Total		845,651,285.30	893,355,478.45

(2) Movement of impairment provision

	Note	*2020*	*2019*
Balance at the beginning of the year		844,541.44	1,830,985.50
Accruals / (Reversals) during the year	*32*	839,445.26	(987,640.17)
Exchange difference		(11,477.52)	1,196.11
Balance at the end of the year		1,672,509.18	844,541.44

8 Placements with financial institutions

(1) Analyzed by counterparty

	Note	*2020*	*2019*
Domestic banks		868,444,200.00	724,405,000.00
Domestic non-bank financial institutions		1,852,915,300.00	1,392,501,000.00
Overseas banks		880,861,500.00	1,151,073,000.00
Sub-total		3,602,221,000.00	3,267,979,000.00
Less: Impairment provision	*(2)*	(5,479,787.18)	(5,633,686.57)
Total		3,596,741,212.82	3,262,345,313.43

(2) Movement of impairment provision

	Note	*2020*	*2019*
Balance at the beginning of the year		5,633,686.57	4,860,491.97
(Reversals) / Accruals during the year	*32*	(19,138.26)	741,995.64
Exchange difference		(134,761.13)	31,198.96
Balance at the end of the year		5,479,787.18	5,633,686.57

9 Interest receivable

The movement of interest receivable for the year is as follows:

	2020			
	Balance at 1 January 2020	*Additions during the year*	*Collection during the year*	*Balance at 31 December 2020*
Interest receivable	29,954,056.03	288,315,448.66	(276,467,531.85)	41,801,972.84

10 Loans and advances to customers

(1) Analyzed by nature

	Note	2020	2019
Corporate loans and advances			
- Loans		3,309,618,635.18	4,281,342,806.64
- Trade finance		32,283,945.76	35,614,001.20
- Bills discounted		-	4,816,707.27
Gross loans and advances		3,341,902,580.94	4,321,773,515.11
Less: Impairment provision	(5)	(67,310,382.58)	(64,826,602.73)
Including: Individually assessed		-	-
Collectively assessed		(67,310,382.58)	(64,826,602.73)
Net loans and advances to customers		3,274,592,198.36	4,256,946,912.38

(2) Analyzed by industry

	Note	2020 Amount	2020 Percentage (%)	2019 Amount	2019 Percentage (%)
Information transmission, IT service and software		852,386,920.15	25%	957,820,290.83	22%
Manufacturing		654,387,040.45	20%	1,577,203,421.13	36%
Leasing and business services		530,297,093.69	16%	410,848,432.76	10%
Culture, sports and entertainment		526,782,370.38	16%	775,784,681.13	18%
Wholesale and retail trade		405,048,226.67	12%	334,825,732.91	8%
Finance service		105,522,385.56	3%	20,000,000.00	0%
Real estate		-	-	41,244,289.63	1%
Others		267,478,544.04	8%	204,046,666.72	5%
Gross loans and advances		3,341,902,580.94	100%	4,321,773,515.11	100%
Less: Impairment provision	(5)	(67,310,382.58)		(64,826,602.73)	
Including: Individually assessed		-		-	
Collectively assessed		(67,310,382.58)		(64,826,602.73)	
Net loans and advances to customers		3,274,592,198.36		4,256,946,912.38	

(3) Analyzed by security type

	Note	*2020*	*2019*
Secured loans		1,433,957,125.97	2,074,561,471.69
Guaranteed loans		1,075,087,056.50	1,643,651,266.95
Unsecured loans		832,858,398.47	603,560,776.47
Gross loans and advances		3,341,902,580.94	4,321,773,515.11
Less: Impairment provision	*(5)*	(67,310,382.58)	(64,826,602.73)
Including: Individually assessed		-	-
Collectively assessed		(67,310,382.58)	(64,826,602.73)
Net loans and advances to customers		3,274,592,198.36	4,256,946,912.38

(4) Overdue loans analyzed by overdue period

At 31 December 2020 and 2019, the Bank had no overdue loans.

Overdue loans represent loans and advances to customers, of which the whole or part of the principal or interest was overdue for more than 1 day. The whole balance of an installment loan is classified as overdue loans if there is one or several numbers of installments overdue.

(5) Movements of impairment provision

	Note	*2020*		
		Collectively assessed provision	*Individually assessed provision*	*Total*
Balance as at 1 January 2020		64,826,602.73	-	64,826,602.73
Accruals / (Reversals) for the year	*32*	2,794,523.64	(1,414,553.69)	1,379,969.95
Written-off loans recovered		-	1,414,553.69	1,414,553.69
Exchange difference		(310,743.79)	-	(310,743.79)
Balance as at 31 December 2020		67,310,382.58	-	67,310,382.58

	Note	*2019*		
		Collectively assessed provision	*Individually assessed provision*	*Total*
Balance as at 1 January 2019		99,096,473.26	-	99,096,473.26
(Reversals) / Accruals for the year	*32*	(34,484,603.25)	39,280,000.00	4,795,396.75
Write-off for the year		-	(39,280,000.00)	(39,280,000.00)
Exchange difference		214,732.72	-	214,732.72
Balance as at 31 December 2019		64,826,602.73	-	64,826,602.73

On 31 December 2020, the Bank's Loan provision ratio is 2.01% (2019: 1.5%). On 31 December 2020, there is no non-performing loans, provision coverage ratio is not applicable accordingly (2019: not applicable).

Loan provision ratio refers to the proportion of loan loss provision to the total amount of loans and advances to customers at balance sheet date. Provision coverage ratio refers to the proportion of loan loss provision to the non-performing loan at balance sheet date. According to the *Guidelines on Loan Risk Classification (Yinjianfa [2007] No. 54)* issued by the CBRC, non-performing loans refer to grade substandard, doubtful and loss in CBIRC's five-tier grading.

11 Available-for-sale financial assets

	Note	*2020*	*2019*
Measured at fair value			
-Government bonds		993,216,510.00	-

12 Fixed assets

	Computer equipment	*Office equipment*	*Motor vehicles and others*	*Total*
Cost:				
As at 1 January 2019	11,000,264.50	3,411,465.17	1,495,712.14	15,907,441.81
Additions	1,633,215.77	231,116.99	-	1,864,332.76
Disposals	(7,452,626.31)	(892,929.32)	(24,910.47)	(8,370,466.10)
As at 31 December 2019	5,180,853.96	2,749,652.84	1,470,801.67	9,401,308.47
Additions	382,598.96	19,212.29	-	401,811.25
Disposals	-	-	-	-
As at 31 December 2020	5,563,452.92	2,768,865.13	1,470,801.67	9,803,119.72
Less: Accumulated depreciation				
As at 1 January 2019	(9,275,087.63)	(2,628,246.54)	(1,408,926.48)	(13,312,260.65)
Charge for the year	(965,646.48)	(416,765.84)	(3,029.48)	(1,385,441.80)
Written off on disposal	7,079,177.33	846,752.44	24,072.45	7,950,002.22
As at 31 December 2019	(3,161,556.78)	(2,198,259.94)	(1,387,883.51)	(6,747,700.23)
Charge for the year	(958,666.88)	(183,661.29)	(3,249.61)	(1,145,577.78)
Written off on disposal	-	-	-	-
As at 31 December 2020	(4,120,223.66)	(2,381,921.23)	(1,391,133.12)	(7,893,278.01)
Carrying amount:				
As at 31 December 2020	1,443,229.26	386,943.90	79,668.55	1,909,841.71
As at 31 December 2019	2,019,297.18	551,392.90	82,918.16	2,653,608.24

As at 31 December 2020, management considered that no impairment of fixed assets was necessary (2019: Nil).

13 Construction in progress

	Software and others
Balance as at 1 January 2019	9,989,064.14
Additions	6,590,401.35
Transfer to intangible assets	(3,607,509.57)
Transfer to others	(7,345,224.17)
Balance as at 31 December 2019	5,626,731.75
Additions	2,243,344.26
Transfer to intangible assets	(2,474,015.98)
Transfer to others	(4,165,909.12)
Balance as at 31 December 2020	1,230,150.91

As at 31 December 2020, management considered that no impairment of construction in progress was necessary (2019: Nil)

14 Intangible assets

	Software
Cost	
As at 1 January 2019	45,454,997.82
Additions	2,018,772.90
Transferred from construction in progress	3,607,509.57
As at 31 December 2019	51,081,280.29
Additions	6,080,858.61
Transferred from construction in progress	2,474,015.98
As at 31 December 2020	59,636,154.88
Less: Accumulated amortization	
As at 1 January 2019	(35,562,109.67)
Charge for the year	(3,767,584.34)
As at 31 December 2019	(39,329,694.01)
Charge for the year	(4,313,098.93)
As at 31 December 2020	(43,642,792.94)
Carrying amounts	
As at 31 December 2020	15,993,361.94
As at 31 December 2019	11,751,586.28

As at 31 December 2020, management considered that no impairment of intangible assets was necessary (2019: Nil).

15 Deferred tax assets

	Deferred tax assets			
	Balance at the beginning of the year	*Current year increase / decrease charged to profit or loss*	*Current year increase/ decrease recognised directly in equity*	*Balance at the end of the year*
Unapproved written-off loans	-	9,577,210.75	-	9,577,210.75
Changes in fair value	-	-	2,127,672.94	2,127,672.94
Impairment provision	941,861.02	594,428.34	-	1,536,289.36
Employee benefits payable	1,488,120.72	(125,233.23)	-	1,362,887.49
Depreciation and amortization	730,608.55	(376,569.73)	-	354,038.82
Other unpaid payables	-	340,498.40	-	340,498.40
Total	3,160,590.29	10,010,334.53	2,127,672.94	15,298,597.76

16 Other assets

	2020	*2019*
For settlement and clearing	10,386,109.09	400,953.37
Long-term deferred expenses	5,008,860.19	7,230,135.48
Refundable deposits	4,881,465.69	5,129,304.55
prepayments	3,921,394.55	3,087,320.86
Tax to be deducted	4,610,459.78	9,471,468.59
Others	425,638.63	254,032.69
Total	29,233,927.93	25,573,215.54

17 Deposits from financial institutions

	2020	*2019*
Domestic banks	-	763,175,000.00
Overseas banks	250,703,726.56	746,427,290.61
Domestic non-bank financial institutions	161,129,658.64	151,365,634.87
Total	411,833,385.20	1,660,967,925.48

18 Borrowings from financial institutions

	2020	*2019*
Domestic banks	137,080,000.00	200,000,000.00
Overseas banks	260,996,000.00	62,785,800.00
Total	398,076,000.00	262,785,800.00

19 Customers deposits

	2020	*2019*
Current deposits		
- Corporate customers	3,592,568,283.03	2,322,191,831.36
- Personal customers	45,080,255.23	47,769,653.82
Sub-total of current deposits	3,637,648,538.26	2,369,961,485.18
Time deposits (including call deposits)		
- Corporate customers	1,507,921,950.27	1,486,952,438.06
- Personal customers	64,114,881.38	71,661,473.29
Sub-total of time deposits	1,572,036,831.65	1,558,613,911.35
Other deposits		
- Margin deposits	3,106,468,848.42	3,066,559,857.41
Total	8,316,154,218.33	6,995,135,253.94

20 Employee benefits payable

	Note	*2020*	*2019*
Short-term employee benefits	*(1)*	6,492,416.27	11,036,632.38
Post-employment benefits			
- defined contribution plans	*(2)*	4,743,852.54	4,810,611.70
Other long-term employee benefits	*(3)*	1,577,271.28	2,102,004.77
Total		12,813,540.09	17,949,248.85

(1) Short-term employee benefits

	2020			
	Balance at 1 January 2020	*Accrued during the year*	*Paid during the year*	*Balance at 31 December 2020*
Salaries, bonuses, allowances	11,036,632.38	58,683,807.18	(63,228,023.29)	6,492,416.27
Staff welfare	-	2,965,299.33	(2,965,299.33)	-
Social insurance				
Medical insurance	-	2,319,705.62	(2,319,705.62)	-
Work-related injury insurance	-	3,498.88	(3,498.88)	-
Maternity insurance	-	45,624.83	(45,624.83)	-
Housing fund	-	4,209,926.11	(4,209,926.11)	-
Labor union fee	-	1,113,726.27	(1,113,726.27)	-
Total	11,036,632.38	69,341,588.22	(73,885,804.33)	6,492,416.27

	2019			
	Balance at 1 January 2019	*Accrued during the year*	*Paid during the year*	*Balance at 31 December 2019*
Salaries, bonuses, allowances	8,499,992.00	65,773,179.85	(63,236,539.47)	11,036,632.38
Staff welfare	-	3,818,741.45	(3,818,741.45)	-
Social insurance				
Medical insurance	-	2,427,527.90	(2,427,527.90)	-
Work-related injury insurance	-	36,094.18	(36,094.18)	-
Maternity insurance	-	256,952.88	(256,952.88)	-
Housing fund	-	3,816,933.88	(3,816,933.88)	-
Labor union fee	-	1,129,502.07	(1,129,502.07)	-
Total	8,499,992.00	77,258,932.21	(74,722,291.83)	11,036,632.38

(2) Post-employment benefits - defined contribution plans

	2020			
	Balance at 1 January 2020	*Accrued during the year*	*Paid during the year*	*Balance at 31 December 2020*
Basic pension insurance	-	486,467.76	(486,467.76)	-
Unemployment insurance	-	242,886.55	(242,886.55)	-
Annuity	4,810,611.70	4,124,434.43	(4,191,193.59)	4,743,852.54
Total	4,810,611.70	4,853,788.74	(4,920,547.90)	4,743,852.54

	2019			
	Balance at 1 January 2019	*Accrued during the year*	*Paid during the year*	*Balance at 31 December 2019*
Basic pension insurance	-	4,692,049.91	(4,692,049.91)	-
Unemployment insurance	-	327,389.09	(327,389.09)	-
Annuity	3,948,227.91	4,081,467.12	(3,219,083.33)	4,810,611.70
Total	3,948,227.91	9,100,906.12	(8,238,522.33)	4,810,611.70

(3) Other long-term employee benefits

Other long-term employee benefits include deferred payment of employee benefits, which are measured at amortised cost using the effective interest method.

21 Interest payable

The movement of interest payable for the year is as follows:

	2020			
	Balance at 1 January 2020	*Additions during the year*	*Payment for the year*	*Balance at 31 December 2020*
Interest payable	74,625,123.33	136,276,773.28	(187,438,909.45)	23,462,987.16

22 Other liabilities

	2020	*2019*
Other Payables	5,547,526.43	5,269,088.31
Deferred income	4,398,284.73	2,541,553.20
Provisions	1,123,714.32	438,059.21
Collection and payment	1,073,912.08	997,120.76
For settlement and clearing	870,349.44	8,058,771.13
Total	13,013,787.00	17,304,592.61

23 Paid-in capital

Registered capital and paid-in capital

	2020 and 2019	
	Amount RMB	*Percentage %*
EWB	1,400,000,000.00	100%

Capital contributions in foreign currency were translated into Renminbi at the exchange rates at the dates of each contribution as quoted by the PBOC.

Paid-in capital were verified by Certified Public Accountants with the related capital verification reports issued.

24 Other comprehensive income

	Gains or losses arising from changes in fair value of available-for-sale financial assets
Balance at 31 December 2019	-
Decrease during the year before tax	(8,510,691.80)
Tax impact	2,127,672.94
Balance at 31 December 2020	(6,383,018.86)

25 Surplus reserve

	Statutory surplus reserve
Balance at 1 January 2019	10,877,721.66
Profit appropriation	3,774,389.90
Balance at 31 December 2019	14,652,111.56
Profit appropriation	980,290.09
Balance at 31 December 2020	15,632,401.65

26 General risk reserve

	Appropriation to general risk reserve in accordance with the regulations issued by the MOF
Balance at 1 January 2019	57,758,913.38
Profit appropriation	33,969,509.13
Balance at 31 December 2019	91,728,422.51
Profit appropriation	8,822,610.83
Balance at 31 December 2020	100,551,033.34

According to the Notice on Administrative Measures on Accrual of Provisions by Financial Enterprises (Cai Jin [2012] No.20) ("the Administrative Measures") issued by the MOF, a financial enterprise shall appropriate from net profits an amount of not less than 1.5% of its risk-bearing assets at the year-end as general reserve. Where the general provision ratio cannot attain 1.5% one-off, it may attain the ratio over a period of not more than five years in principle.

27 Profit distribution

	Note	*2020*	*2019*
Appropriation for surplus reserve	(1)	980,290.09	3,774,389.90
Appropriation for General risk preparation	(2)	8,822,610.83	33,969,509.13

(1) Appropriation for surplus reserve

In accordance with the Company Law of the People's Republic of China and the Bank's Articles of Association, the Bank is required to appropriate 10% of its net profit to the statutory surplus reserve after having made up previous years' losses until the balance reaches 50% of its registered capital.

(2) Appropriation for general risk preparation

According to the *Notice on Administrative Measures on Accrual of Provisions by Financial Enterprises (Cai Jin [2012] No.20)* issued by the MOF, the appropriation for general risk preparation constitutes part of the owner's equity of the Bank, and is appropriated from the net profits after statutory surplus reserve.

28 Net interest income

	2020	*2019*
Interest income:		
Loans and advances to customers	167,207,790.73	206,296,749.29
- Loans	165,733,310.56	203,051,924.42
- Trade finance	1,453,660.62	3,209,259.06
- Bills discounted	20,819.55	35,565.81
Placements with financial institutions	84,816,010.61	116,655,759.31
Deposits with financial institutions	15,699,100.12	41,510,270.55
Deposits with central bank	10,196,290.73	11,983,463.88
Sub-total of interest income	277,919,192.19	376,446,243.03
Interest expense:		
Customer deposits	(95,769,359.04)	(119,561,525.84)
Deposits from financial institutions	(20,372,312.95)	(44,478,082.45)
Borrowings from financial institutions	(20,135,101.29)	(17,291,259.10)
Sub-total of interest expense	(136,276,773.28)	(181,330,867.39)
Net interest income	141,642,418.91	195,115,375.64

29 Net fees and commission income

	2020	*2019*
Fees and commission income		
Guarantee fees	3,414,589.32	4,843,079.15
Settlement and clearance fees	1,208,249.82	1,537,555.97
Credit related fees	840,518.55	785,390.81
Customer service fee	231,639.23	401,618.48
Others	83,184.91	72,148.96
Sub-total of fees and commission income	5,778,181.83	7,639,793.37
Fees and commission expense		
Inter-bank transaction fees	(878,035.71)	(932,685.87)
Net fees and commission income	4,900,146.12	6,707,107.50

30 Investment income

	2020	*2019*
Gains or losses from financial instruments		
-Available-for-sale financial assets	11,870,736.64	-

31 General and administrative expenses

	2020	*2019*
Staff costs		
Short-term employee benefits	69,341,588.22	77,258,932.21
Post-employment benefits		
- defined contribution plans	4,853,788.74	9,100,906.12
Other long-term employee benefits	458,260.91	1,023,743.03
Sub-total of staff cost	74,653,637.87	87,383,581.36
Rental and property management expenses	15,597,231.91	18,932,241.71
Depreciation and amortization	9,973,014.44	9,563,638.89
Consulting expenses	8,936,257.89	5,491,294.02
Communication expenses	6,519,106.37	6,193,235.84
Maintenance expenses	6,402,190.89	5,571,236.01
Office expenses and consumables	3,108,225.61	5,995,569.24
Business entertainment expenses	1,040,649.80	1,602,268.44
Travelling expenses	953,464.71	3,062,311.90
Others	4,956,826.98	6,687,120.31
Total	132,140,606.47	150,482,497.72

32 Impairment losses

	Note	*2020*	*2019*
Impairment losses accrual / (reversal) for deposit with inter-banks	*7*	839,445.26	(987,640.17)
Impairment losses (reversal) / accrual for placements with financial institutions	*8*	(19,138.26)	741,995.64
Impairment losses accrual for loans and advances to customers	*10*	1,379,969.95	4,795,396.75
Impairment losses accrual / (reversal) for Off-Balance-Sheet Business		722,893.89	(4,353,989.13)
Total		2,923,170.84	195,763.09

33 Income tax expense (reverse) / charged

(1) Composition of current year income tax

	2020	*2019*
Current year income tax	1,035,724.04	1,743,702.18
Changes in deferred tax assets	(10,010,334.53)	25,036,164.69
Tax filling differences	(206,335.11)	(739,966.71)
Total	(9,180,945.60)	26,039,900.16

(2) Reconciliation between income tax expense and accounting profit is as follows:

	2020	*2019*
Profit before tax	621,955.32	63,783,799.19
Expected income tax expense at tax rate	155,488.83	15,945,949.81
Add / (less) the tax effect as follows:		
- Effect of using the deductible losses for which no deferred tax asset was recognised in previous years	(9,577,210.75)	-
- Non-deductible expenses	923,877.27	10,696,697.17
- Additional deductible expenses	(379,684.88)	(136,895.63)
- Adjustment in respect of deferred tax of prior years	(97,080.96)	274,115.52
- Tax filling differences	(206,335.11)	(739,966.71)
Income tax expense (reverse) / charged	(9,180,945.60)	26,039,900.16

34 Supplemental to cash flow statement

(1) Reconciliation of net profit to cash flows from operating activities:

	2020	*2019*
Net profit	9,802,900.92	37,743,899.03
Add: Impairment losses	2,923,170.84	195,763.09
Depreciation of fixed assets	1,145,577.78	1,385,441.80
Amortisation of intangible assets	4,313,098.93	3,767,584.34
Amortisation of other long-term assets	4,514,337.73	4,410,612.75
Losses on disposal of fixed assets	-	418,696.15
Unrealized exchange losses / (gains)	26,921,979.48	(6,749,099.59)
Investment income	(11,870,736.64)	-
(Increase) / Decrease of deferred tax assets	(10,010,334.53)	25,036,164.69
Decrease in operating receivables	787,321,438.12	351,825,322.98
Increase / (Decrease) in operating payables	152,708,002.69	(1,134,410,960.95)
Net cash inflow / (outflow) from operating activities	967,769,435.32	(716,376,575.71)

(2) Change in cash and cash equivalents:

	2020	*2019*
Cash and cash equivalents at the end of the year	3,374,482,129.94	3,448,638,733.57
Less: Cash and cash equivalents at the beginning of the year	(3,448,638,733.57)	(4,139,889,014.69)
Net decrease in cash and cash equivalents	(74,156,603.63)	(691,250,281.12)

(3) Cash and cash equivalents held by the Bank are as follows:

	2020	*2019*
Central bank deposits available on demand	1,263,821,735.46	1,464,390,313.68
Deposits with inter-banks with a maturity of 3 months or less	836,323,794.48	513,390,019.89
Placements with financial institutions with a maturity of 3 months or less	1,274,336,600.00	1,470,858,400.00
Total	3,374,482,129.94	3,448,638,733.57

35 Capital management

The capital management of the Bank covers the calculation and reporting of capital adequacy ratio (“CAR”), capital assessment and capital planning. The CAR of the Bank represents its abilities of stable operations and risk resistance. The CAR management of the Bank aims to ensure the Bank holds adequate capital, which is appropriate to risk exposure and consistent with risk assessment results of the Bank, to meet the demand of business operation and the regulatory requirements. The capital planning aims to set a target CAR which satisfies the Bank with the demand of future business development strategy, risk appetite, risk management, external business environment, short-term and long-term sustainability of various capital sources.

The prudent and solid concept of capital management ensures the Bank to retain its capital at an adequate level to support business development under all conditions and to adjust CAR to a reasonable level timely and effectively, if necessary. The Bank calculates and monitors the utilisation of CAR according to the requirements of the regulation, and reports relevant information to the China Banking and Insurance Regulatory Commission (CBIRC) on a quarterly basis.

The adequacy ratio of core tier one capital, the adequacy ratio of tier one capital and the capital adequacy ratio as at 31 December 2020 calculated in accordance with regulatory requirements are as follows:

	2020	*2019*
Net core tier one capital	1,493,608,689.95	1,494,628,947.79
Net tier one capital	1,493,608,689.95	1,494,628,947.79
Net capital	1,559,719,289.95	1,563,705,947.79
Total risk assets	6,542,674,395.00	6,913,098,800.00
Adequacy ratio of core tier one capital	22.83%	21.62%
Adequacy ratio of tier one capital	22.83%	21.62%
Capital adequacy ratio	23.84%	22.62%

36 Related party relationships and transactions

(1) Information on the parent of the Bank as at 31 December 2020 is listed as follows:

Company name	*Registered place*	*Principal activities*	*Paid-in capital*	*Shareholding percentage*	*Proportion of voting rights*
East West Bank	United States	Banking and financial services	USD 1,859 million	100%	100%

The Bank's ultimate controlling party is East West Bancorp, Inc.

(2) Transactions between the Bank and its key management personnel

(a) Transactions with key management personnel:

	2020	*2019*
Remuneration of key management personnel	24,178,566.00	24,380,278.50

(b) The balances of transactions with key management personnel at 31 December are set out as follows:

	2020	*2019*
Customer deposits	324,670.85	323,520.52

Related parties of the Bank include close family members of key management personnel of the Bank, key management personnel of the Bank's parent and close family members of such individuals, other enterprises that are controlled or jointly controlled by key management personnel of the Bank, or close family members of such individuals. The transactions between the Bank and related parties above were not significant, hence the Bank didn't disclose them separately.

(3) Transactions with the related parties other than key management personnel

(a) Transactions with the related parties:

	2020	*2019*
Interest income	1,403,381.31	3,442,621.42
Interest expense	(10,737,624.78)	(15,761,760.22)
Fees and commission expense	(257,088.80)	(389,467.93)

The transactions between the Bank and related parties comply with normal commercial terms and relevant agreements.

(b) The balances of transactions with the related parties at 31 December are set out as follows:

	2020	*2019*
Deposits with inter-banks	310,921,396.66	217,372,636.80
Deposits from financial institutions	(250,703,726.56)	(746,427,290.61)
Borrowings from financial institutions	(260,996,000.00)	(62,785,800.00)
Interest payable	(216,796.59)	(1,036,933.01)

(c) The relationship between the Bank and the related parties mentioned in Notes (3)(a) and (b)

Name	*Relationship with the Bank*
The subsidiaries and branches of East West Bank	Subsidiaries and branches of the parent bank

(4) Annuity plan

Apart from the obligations for defined contributions to the annuity plan, no other transactions were conducted between the Bank and the annuity plan during the reporting period.

37 Segment reporting

(1) Business segments

The primary business of the Bank is corporate banking business, which is treated as a single business segment based on the Bank's internal organisation structure, management requirement and internal reporting system, therefore, no business segments information is presented.

(2) Geographic information

The following table sets out information about the geographic location of the Bank's revenue from external customers and the Banks' non-current assets (excluding financial instruments, same as below). The geographic location of customers is based on the location at which the customers are registered. The geographic location of the specified non-current assets is based on the physical location of the assets, in case of fixed assets, or the location of the operation to which they are allocated.

	Revenue from external customers		*Specified non-current assets*	
	2020	*2019*	*2020*	*2019*
Mainland China	277,686,611.45	289,196,412.58	24,142,214.75	27,262,061.75
Other countries or regions	23,528,612.39	102,272,641.01	-	-
Total	301,215,223.84	391,469,053.59	24,142,214.75	27,262,061.75

(3) Main customers

Income from each individual customer of the Bank is below 10% of the Bank's total income in both 2020 and 2019.

38 Risk management

The Bank is exposed to many financial risks due to its operating activities. The Bank analyzes, evaluates, accepts and manages risks, or risk portfolios at different levels. The Bank's main operating risks include credit risk, market risk and liquidity risk. Market risks include interest rate risk and exchange rate risk. The Bank's objective is to reach an appropriate balance between risks and rewards, while minimizing the negative impact on its financial statements.

The Bank's risk management policies aim to identify and analyze risks to establish appropriate risk limits and control measures.

The Bank's Board of Directors ("BOD") is responsible for establishing the Bank's risk management strategy. The Bank's Risk Management Department is responsible for establishing risk management policies and procedures, including risk management policies for credit risk, interest rate risk and exchange rate risks based on the risk management strategy, which are performed by different departments upon approval from the BOD. The internal audit department of the Bank is responsible for independently inspecting risk management and internal control.

(1) Credit risk

Credit risk is the risk of loss arising from the potential failure of a borrower to fulfil its liability in full amount when due. Credit risk is greater when loans are concentrated in certain borrowers or borrowers are concentrated in a single industry or geographic location. In treasury transactions, credit risk refers to the possibility that the value of the assets held by the Bank may decrease due to a fall in the rating of the debtor.

Credit risk management policy

The Bank has established a strict credit management policy, which covers credit approval, credit operation and monitoring, monitoring of abnormal loans, loan loss provisioning policy and write-off and restructuring policy.

The Bank has also set up the Risk Management Committee. The committee has regular meetings and adjusts credit policies upon the changes in domestic economic environment, monetary policies and regulatory requirements to ensure the credit risk is under well control in the complex economic environment.

Credit approval procedure

A Commercial Credit Request ("CCR") should be prepared before any new loan being approved, which covers analysis of all aspects of the applicant including the market position, operation management, financial status, loan usage, cash flows, repayment ability and collateral information. The CCR needs to be endorsed by Heads of business departments and Credit Reviewer Manager, and then approved by Chief Risk Officer and delegated authorities based on the credit policy.

Credit grading monitoring

According to the *Guidelines on Loan Risk Classification (Yinjianfa [2007] No. 54)*, the Bank classifies loans into normal (tier 1-5), special mention (tier 6), substandard (tier 7-8), doubtful (tier 9) and loss (tier 10). The classification of the Bank's internal credit grading is consistent with the CBIRC's five-tier grading.

The first two grades of loans and advances in the five-tier grading should assess the provision for impairment collectively, and based on the bank's historical loss experience of loans and advances with similar credit risk characteristics. When the bank lacks relevant historical data or experience, the management obtains and adjusts the provision for impairment with reference to the peer-related observable loss data released by the regulatory authority. The last three grades of the CBIRC's five-tier grading ("non-performing loans") are regarded as impaired loans and advances. If there is any indication of objective evidence that impairment and impairment loss has occurred, the loan is classified as impaired loans and advances. The provision for impairment of impaired loans and advances shall be assessed individually.

Credit quality review

The Bank conducts Post Approval Check ("PAC") on a quarterly basis for normal loans, which covers the borrower's operation status, financial performance and repayment ability. Normal loans with borrowers in good operation condition are subjected to an annual review by the Bank. Relationship managers or credit analysts will prepare the CCR which timely update the borrowers' operation condition, financial performance, industry risk, management quality, account conduct, compliance with the terms and conditions. The loans to those qualified borrowers will be renewed. The authorization limit for renewal is consistent with that for initial granting.

For loans classified as special mention and below, Credit Portfolio Management prepares Problem Loan Report ("PLR") to analyze the repayment ability of the borrowers and evaluate the recoverability of the loans, and to determine if adjustment of the risk rating and individual loan loss provision are necessary.

In addition, for non-performing loans, the Special Asset Task Force ("SATF") holds conference, attended by President of the Bank, Chief Risk Officer, Portfolio Managers, Relationship Managers and relevant staff, to discuss the current status of non-performing loans and follow-up actions.

Credit risk distribution

Industry risk

For the effective control of industry risk, the Bank's credit policy sets up a concentration limit to control the proportion of credit balances of each sector. At present, the credit scales of each sector have been maintained within limit.

Customer concentration risk

According to the relevant articles of *Administrative Measures on Large Risk Exposure of Commercial*, the loan balance offered by a commercial bank to a single non-peer customer shall not exceed 10% of the bank's net capital, and the risk exposure to a single non-peer customer shall not exceed 15% of the bank's tier one net capital. The risk exposure of a commercial bank to a group of non-peer connected customers shall not exceed 20% of the bank's tier one net capital. Non-peer related customers shall include non-peer group customers, and economically dependent customers. On December 31, 2020, the bank's loan balance to a single non-peer customer and the total amount of credit granted to non-bank related customers met this requirement. In the process of facility application and approval, the bank needs to confirm that the applied credit line is within the scope specified above. The bank monitors the credit risk concentration of the single borrowers on a monthly basis and non-peer related customers on a quarterly basis to ensure that they are within the range.

Credit risk on treasury business

The Bank sets credit limits based on the credit risk inherent in the products, counterparties. The system closely monitors the credit exposure on a real-time basis. The Bank regularly reviews its credit limit policies and routinely updates the credit limits.

(a) Maximum credit risk exposure

The maximum exposure to credit risk at the balance sheet date without taking into consideration any collateral held or other credit enhancement is represented by the carrying amount of each financial asset in the balance sheet after deducting any impairment allowance. The maximum exposure to credit risk in respect of the credit commitments given by the Bank at the balance sheet date is disclosed in Note 40(1).

(b) Loans and advances to customers analyzed by credit quality

	Note	*2020*	*2019*
Neither past due nor impaired loans		3,341,902,580.94	4,321,773,515.11
Allowance for impairment	*(i)*	(67,310,382.58)	(64,826,602.73)
Aggregate carrying amount		3,274,592,198.36	4,256,946,912.38

(i) The balances represent collectively assessed allowances of impairment losses.

(c) Receivables from inter-banks analyzed by credit rating

Receivables from inter-banks include deposits and placements with financial institutions. At the balance sheet date, book value of receivables from inter-banks in terms of credit quality with reference to the external rating agency Standard & Poors' are as follows:

	2020	*2019*
Neither overdue nor impaired		
- grade A to AAA	3,450,487,436.30	2,233,538,038.10
- grade B to BBB	528,130,981.80	357,607,212.20
- unrated	470,926,376.38	1,571,033,769.59
Total carrying amount	4,449,544,794.48	4,162,179,019.89

(2) Market risk

Market risk management involves an overall process of market risks identification, measurement, monitoring and control. Market risk refers to the risk of financial instruments' fair value or future cash flow fluctuations due to changes in market prices, including foreign exchange risk, interest rate risk and other price risk. Foreign exchange risk refers to the risk of financial instruments' fair value or future cash flow fluctuations due to changes in foreign exchange rates; interest rate risk refers to the risk of financial instruments' fair value or future cash flow fluctuations due to changes in interest rates; other price risk refers to the market risks other than foreign exchange risk and interest rate risk.

The Bank's interest rate risk includes the risks arising from mismatches of the term structures of assets and liabilities related to banking business. The Bank calculates its interest rate risk exposure according to the maturity dates of its major interest-bearing assets and liabilities, and performs interest rate sensitivity stress testing at the next repricing dates (or maturity dates, whichever are earlier) at the end of each quarter. Meanwhile, by closely observing interest rate trends and market interest rate changes, the Bank conducts proper scenario analysis and makes timely adjustments to the loan and deposit interest rates in line with the benchmark interest rates to reduce its interest rate risk.

The Bank's foreign currency risk exposures mainly arise from on balance sheet assets and liabilities dominated in foreign currencies. The Bank's main principle of currency risk control is to match the assets and liabilities in different currencies to a maximum level, and to control the currency risk within limits set by the Bank. The Bank doesn't have foreign currency risk arising from positions held for proprietary trading.

(a) Interest rate risk

Interest rate risk is the internal risk of most business of the Bank, mainly arising from mismatches of the re-pricing characteristics of assets and liabilities.

The Bank monitors the interest rate risk periodically. In the respect of management and measurement of the interest rate risk, the Bank estimates the interest rate re-pricing gap to analyze the potential adverse impact from the changes in interest rates.

(i) The analysis of the expected next re-pricing dates (or maturity dates, whichever are earlier) of the Bank's financial assets and financial liabilities as at the balance sheet date is set out

	2020				
	Non-accrual	*Due within 3 months*	*Due within 3 months to 1 year*	*Due after 1 year*	*Total*
Assets					
Cash and deposits with central bank	98,760,036.00	1,775,055,084.16	-	-	1,873,815,120.16
Deposits with inter-banks	42,629,100.36	792,043,897.54	10,978,287.40	-	845,651,285.30
Placements with financial institutions	-	2,377,177,968.94	1,089,263,760.65	130,299,483.23	3,596,741,212.82
Available for sale financial assets	-	-	100,114,000.00	893,102,510.00	993,216,510.00
Loans and advances to customers	-	718,545,582.91	2,146,926,196.08	409,120,419.37	3,274,592,198.36
Other assets	57,495,186.25	-	-	-	57,495,186.25
Total assets	198,884,322.61	5,662,822,533.55	3,347,282,244.13	1,432,522,412.60	10,641,511,512.89
Liabilities					
Deposits from financial institutions	-	(411,833,385.20)	-	-	(411,833,385.20)
Borrowings from financial institutions	-	(398,076,000.00)	-	-	(398,076,000.00)
Customer deposits	(3,869,940.08)	(5,162,774,221.68)	(1,426,984,895.34)	(1,722,525,161.23)	(8,316,154,218.33)
Other liabilities	(43,768,315.20)	-	-	-	(43,768,315.20)
Total liabilities	(47,638,255.28)	(5,972,683,606.88)	(1,426,984,895.34)	(1,722,525,161.23)	(9,169,831,918.73)
Long / (short) positions	151,246,067.33	(309,861,073.33)	1,920,297,348.79	(290,002,748.63)	1,471,679,594.16

	2019				
	Non-accrual	*Due within 3 months*	*Due within 3 months to 1 year*	*Due after 1 year*	*Total*
Assets					
Cash and deposits with central bank	101,525,588.80	1,948,574,958.92	-	-	2,050,100,547.72
Deposits with inter-banks	40,009,676.54	472,895,463.97	380,450,337.94	-	893,355,478.45
Placements with financial institutions	-	2,183,112,621.33	1,079,232,692.10	-	3,262,345,313.43
Loans and advances to customers	-	1,679,461,519.57	2,494,351,392.81	83,134,000.00	4,256,946,912.38
Other assets	35,738,346.93	-	-	-	35,738,346.93
Total assets	177,273,612.27	6,284,044,563.79	3,954,034,422.85	83,134,000.00	10,498,486,598.91
Liabilities					
Deposits from financial institutions	-	(1,177,792,925.48)	(483,175,000.00)	-	(1,660,967,925.48)
Borrowings from financial institutions	-	(62,785,800.00)	(200,000,000.00)	-	(262,785,800.00)
Customer deposits	-	(4,213,927,533.44)	(1,611,309,460.38)	(1,169,898,260.12)	(6,995,135,253.94)
Other liabilities	(106,899,352.38)	-	-	-	(106,899,352.38)
Total liabilities	(106,899,352.38)	(5,454,506,258.92)	(2,294,484,460.38)	(1,169,898,260.12)	(9,025,788,331.80)
Long / (short) positions	70,374,259.89	829,538,304.87	1,659,549,962.47	(1,086,764,260.12)	1,472,698,267.11

(ii) Sensitivity analysis on net interest income

To measure the overall interest rate risk of financial assets and liabilities, the Bank performs sensitivity analysis on future net interest income resulting from changes in interest rates based on the assumption that the yield curves have no asymmetric movement and the current assets / liabilities structure remain unchanged. Based on the data of 31 December 2020, the sensitivity analysis shows that the net interest income of next 12 months will increase by RMB 8.98 million (2019: RMB 26.96 million) if all yield curves increase by 200 bps. And the net interest income of next 12 months will decrease by RMB 17.78 million (2019: RMB 41.06 million) if all yield curves decrease by 200 bps (or when interest rate comes to 0%).

The sensitivity analysis is based on simplified situation for the purpose of illustration only. The figures above shows the changes of expected net interest income under the assumption of yield curves and current interest risk of the Bank. The potential impact of the actions taken by Treasury Department or other departments of the Bank to reduce the interest risk is not considered in the analysis. In practice, the Treasury Department will be devoted to reducing the loss and increasing the profit in the fluctuations of interest rates. The estimated values above assume all-year interest rates changes at the same level, therefore, the impact of non-symmetric interest fluctuations are not reflected in the analysis. The model of the analysis also includes assumptions such as all the positions are held up to the maturity date.

(b) Foreign exchange risk

(i) Net foreign exchange risk position of the Bank's financial assets and financial liabilities as at the balance sheet date is set out below:

	2020			
	RMB	*USD translated into RMB*	*Other currencies translated into RMB*	*Total translated into RMB*
Assets				
Cash and deposits with central bank	1,775,055,084.16	98,734,786.80	25,249.20	1,873,815,120.16
Deposits with inter-banks	141,312,747.65	663,538,142.15	40,800,395.50	845,651,285.30
Placements with financial institutions	1,705,787,095.69	1,890,954,117.13	-	3,596,741,212.82
Loans and advances to customers	2,812,560,292.95	462,031,905.41	-	3,274,592,198.36
Available for sale financial assets	993,216,510.00	-	-	993,216,510.00
Other assets	47,296,092.24	10,199,094.01	-	57,495,186.25
Total assets	7,475,227,822.69	3,125,458,045.50	40,825,644.70	10,641,511,512.89
Liabilities				
Deposits from financial institutions	(398,463,732.97)	(13,369,652.23)	-	(411,833,385.20)
Borrowings from financial institutions	(137,080,000.00)	(260,996,000.00)	-	(398,076,000.00)
Customer deposits	(5,867,587,748.43)	(2,415,132,472.74)	(33,433,997.16)	(8,316,154,218.33)
Other liabilities	(5,991,033.10)	(37,776,688.47)	(593.63)	(43,768,315.20)
Total liabilities	(6,409,122,514.50)	(2,727,274,813.44)	(33,434,590.79)	(9,169,831,918.73)
Net position	1,066,105,308.19	398,183,232.06	7,391,053.91	1,471,679,594.16
Credit commitments and contingent liabilities	113,404,212.54	1,757,662,335.76	577,416,880.54	2,448,483,428.84

	2019			
	RMB	*USD translated into RMB*	*Other currencies translated into RMB*	*Total translated into RMB*
Assets				
Cash and deposits with central bank	1,948,574,958.92	101,489,757.60	35,831.20	2,050,100,547.72
Deposits with inter-banks	152,193,656.04	707,638,331.27	33,523,491.14	893,355,478.45
Placements with financial institutions	1,206,136,248.13	2,056,209,065.30	-	3,262,345,313.43
Loans and advances to customers	3,952,991,386.62	303,955,525.76	-	4,256,946,912.38
Other assets	23,243,020.29	12,495,326.64	-	35,738,346.93
Total assets	7,283,139,270.00	3,181,788,006.57	33,559,322.34	10,498,486,598.91
Liabilities				
Deposits from financial institutions	(951,032,314.80)	(709,935,610.68)	-	(1,660,967,925.48)
Borrowings from financial institutions	(200,000,000.00)	(62,785,800.00)	-	(262,785,800.00)
Customer deposits	(5,002,995,680.75)	(1,966,871,416.90)	(25,268,156.29)	(6,995,135,253.94)
Other liabilities	(43,427,679.15)	(60,166,876.85)	(3,304,796.38)	(106,899,352.38)
Total liabilities	(6,197,455,674.70)	(2,799,759,704.43)	(28,572,952.67)	(9,025,788,331.80)
Net position	1,085,683,595.30	382,028,302.14	4,986,369.67	1,472,698,267.11
Credit commitments and contingent liabilities	128,897,942.81	1,845,618,298.73	128,976,386.50	2,103,492,628.04

(ii) Sensitivity analysis:

Assuming all other risk variables remained constant, a 1% strengthening of the Renminbi against the US dollar and other currencies at 31 December would have decreased the Bank's equity and net profit by the amount shown below, whose effect is in Renminbi and translated using the spot rate at the year-end date:

	Movement of equity	*Movement of net profit*
As at 31 December 2020	(3,041,807.15)	(3,041,807.15)
As at 31 December 2019	(2,902,610.04)	(2,902,610.04)

A 1% weakening of the Renminbi against the US dollar and other currencies at 31 December would have had the equal but opposite effect to the amounts shown above, on the basis that all other variables remained constant.

The sensitivity analysis above assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Banks which expose the Banks to foreign currency risk at the balance sheet date.

(3) Liquidity risk

Liquidity risk occurs when the Bank will encounter difficulty in meeting obligations that are settled by delivering cash or another financial asset due to lack of funds caused by mismatches between the amounts and maturity dates of assets and liabilities.

The bank has adopted liquidity risk management measures upon the demands of supervision and prudent principle. These measures include:

- adopt prudent strategy to ensure liquidity meet the demand of payment at all time;
- establish a rational structure of assets and liabilities, maintain a stable and diversified source of funding and hold a certain percentage of assets portfolio with high credit rating, strong liquidity as a liquidity reserve;
- centralize the management and usage of the liquidity of the Bank.

By keeping appropriate cash and holding short-term funds, the bank maintains adequate liquidity to handle the liquidity risk and meet the demand of short-term financing. The Bank also conducts regular stress testing of liquidity to ensure the Bank is able to maintain the liquidity when the market is unstable.

The following tables provide an analysis of the contractual undiscounted cash flows of the Bank's financial assets and financial liabilities:

	2020						
	Carrying amount	*Contractual undiscounted cash flows*	*Undated / Repayable on demand*	*Within one month*	*Between one month and three months*	*Between three months and one year*	*Between one year and five years*
Liabilities							
Deposits from financial institutions	(411,833,385.20)	(412,023,040.12)	(412,023,040.12)	-	-	-	-
Borrowings from financial institutions	(398,076,000.00)	(403,671,813.26)	-	(338,083,096.12)	(26,422.44)	(118,901.00)	(65,443,393.70)
Customer deposits	(8,316,154,218.33)	(8,397,601,239.19)	(3,854,009,744.24)	(1,119,703,030.46)	(195,565,025.65)	(1,451,533,752.87)	(1,776,789,685.97)
Other liabilities	(20,305,328.04)	(20,305,328.04)	(20,305,328.04)	-	-	-	-
Total liabilities	(9,146,368,931.57)	(9,233,601,420.61)	(4,286,338,112.40)	(1,457,786,126.58)	(195,591,448.09)	(1,451,652,653.87)	(1,842,233,079.67)

	2019						
	Carrying amount	*Contractual undiscounted cash flows*	*Undated / Repayable on demand*	*Within one month*	*Between one month and three months*	*Between three months and one year*	*Between one year and five years*
Liabilities							
Deposits from financial institutions	(1,660,967,925.48)	(1,685,774,575.35)	(409,458,925.48)	-	(777,035,607.86)	(499,280,042.01)	-
Borrowings from financial institutions	(262,785,800.00)	(269,573,604.19)	-	(62,912,642.25)	(121,600.83)	(206,539,361.11)	-
Customer deposits	(6,995,135,253.94)	(7,133,822,075.38)	(2,965,950,428.03)	(663,206,052.38)	(595,919,350.80)	(1,650,444,606.87)	(1,258,301,637.30)
Other liabilities	(32,274,229.05)	(32,274,229.05)	(32,274,229.05)	-	-	-	-
Total liabilities	(8,951,163,208.47)	(9,121,444,483.97)	(3,407,683,582.56)	(726,118,694.63)	(1,373,076,559.49)	(2,356,264,009.99)	(1,258,301,637.30)

39 Fair value of financial instruments

(1) Assets and liabilities measured at fair value

(a) Levels of assets and liabilities measured at fair value

The following table presents the fair value information and the fair value levels, at the end of the current reporting period, of the Bank's assets and liabilities which are measured at fair value at each balance sheet date on a recurring basis. The level in which fair value measurement is categorised is determined by the lowest level input that is significant to the entire fair value measurement. The levels of inputs are defined as follows:

Level 1 inputs: unadjusted quoted prices in active markets that are observable at the measurement date for identical assets or liabilities;

Level 2 inputs: inputs other than Level 1 inputs that are either directly or indirectly observable for underlying assets or liabilities;

Level 3 inputs: inputs that are unobservable for underlying assets or liabilities.

The following table presents the fair value of the Bank's financial instruments measured at fair value at balance sheet date by three levels:

	2020年12月31日			
	Level 1 fair value measurements	Level 2 fair value measurements	Level 3 fair value measurements	Total
Recurring fair value measurements				
Assets				
Available-for-sale financial assets				
- Government bonds	-	993,216,510.00	-	993,216,510.00

(b) Level 2 fair value measurement

The fair value of available-for-sale financial assets invested in government bonds is determined using the quotation of the valuation system of the relevant securities clearing institutions. In the process of forming the quotation, the relevant institutions adopt the observable inputs reflected the market.

(2) Assets and liabilities not measured at fair value

The Bank's financial assets not measured at fair value mainly include deposits with the central bank, deposits with inter-banks, placements with financial institutions and loans and advances to customers. Except for loans and advances, most of the financial assets are due within one year, and their book value is close to the fair value.

Loans and advances present at amortized cost less provision for impairment (Note 3 (8) (a)). Since the interest rates of loans and advances are adjusted in time with the interest rates stipulated by the people's Bank of China, and the provision of impaired loans has been deducted to reflect their recoverable amount, the fair value of loans and advances is close to the book value.

The bank's financial liabilities not measured at fair value mainly include deposits from financial institutions, borrowings from financial institutions and customer deposits. The book value of these financial liabilities is close to the fair value at the balance sheet date.

The above assumptions and methods provide a unified basis for the calculation of the fair value of the bank's assets and liabilities. However, other institutions may use different methods and assumptions, and the fair values disclosed by financial institutions are not necessarily comparable.

40 Commitments and contingent liabilities

(1) Credit commitments

The Bank provides financial guarantees and letters of credit to guarantee the performance of customers to third parties. Acceptances comprise undertakings by the Bank to pay bills of exchange drawn by customers. The Bank expects most acceptances to be settled simultaneously with reimbursement from customers. The amounts for loan commitments in below table represent the total amounts if the Bank makes full payments. The amounts for standby letters of credit and guarantee letters issued represent the maximum potential loss that would be recognised if counterparties failed to completely perform as contracted.

Contractual amount	*2020*	*2019*
Standby letters of credit and guarantee letters issued	2,414,563,643.30	2,054,079,112.23
Bank acceptances	33,919,785.54	49,413,515.81
Total	2,448,483,428.84	2,103,492,628.04

The Bank may be exposed to credit risk in these credit businesses. The Bank periodically assesses credit risk and makes allowances for any probable losses. As the facilities may expire without being drawn upon, the total of the contractual amounts shown above is not representative of expected future cash outflows.

(2) Credit risk weighted amount

	2020	*2019*
Credit risk weighted amount of credit commitments	533,700,270.00	615,181,250.00

The credit risk-weighted assets refers to the amount as computed in accordance with *the Administrative Measures on Capitals of Commercial Banks (For Trial Implementation)* and depends on the status of the counterparty and the maturity characteristics.

(3) Operating lease commitments

As at 31 December, the total future minimum lease payments under non-cancellable operating leases of the Bank are payable as follows:

	2020	*2019*
Within 1 year (inclusive)	14,000,372.64	15,004,978.41
After 1 year but within 2 years (inclusive)	4,046,088.90	10,053,823.41
After 2 years but within 3 years (inclusive)	2,402,371.32	243,456.70
After 3 years	833,888.69	662,542.23
Total	21,282,721.55	25,964,800.75

(4) Capital commitments

As at 31 December, there is no capital commitments of the Bank.

	2020	*2019*
Participated in and not fulfilled or not fully fulfilled	29,021,229.24	49,510,057.31

41 Entrusted loans and deposits

As at the balance sheet date, the entrusted loans and deposits of the Bank are listed as follows:

	2020	*2019*
Entrusted loans	64,504,344.93	20,848,540.93
Entrusted funds	64,504,344.93	20,848,540.93

42 Non-adjusting post balance sheet date events

Possible impacts of standards issued but not yet effective

As of the approval date of this financial statements, the Ministry of finance has issued several new standard amendments. As of December 31, 2020, the Bank has not implemented these revised standards. The following revised standards may be related to the financial statements of the Bank in the future period:

- CAS No.14 – Revenue (Revised) ("New Revenue standard")
- CAS No.22 – Financial Instruments: Recognition and Measurement (Revised); CAS No.23 – Transfer of Financial Assets (Revised); CAS No.37 – Presentation and Disclosure of Financial Instruments (Revised) ("New Financial Instruments standards")
- CAS No.21 – Leases ("New Leases standard")

The bank plans to implement the new revenue standard, new financial instruments standards and new leases standard in 2021.

The Bank is in the process of evaluating the impact of the new financial instruments standards revision on the expected period of initial adoption. Up to now, the Bank assesses some aspects of the new financial instruments standards may have an impact on the bank's financial statements. As the evaluation completed so far is based on the information available to the Bank, the actual impact of the first adoption of the above criteria may be different. Further impacts may be identified and the accounting policies may be changed before the Bank first adopts the revised standards. The expected impact of the new financial instruments standards is demonstrated below.

The new financial instruments standards introduce new rules in classification and measurement of financial assets, including new provisions on the measurement of impairment of financial instruments. On the other hand, the new financial instruments standards retain the classification and measurement of financial liabilities.

The new financial instruments standards require enterprises to make retrospective adjustment on the first execution date, and include relevant transitional adjustment into the beginning undistributed profit or other comprehensive income of the annual report period of the first execution date.

The expected impact of the new financial instruments standards on the bank's financial statements is as follows:

(a) Classification and measurement

The new financial instruments standards divides financial assets into three basic categories: (I) financial assets measured at amortised cost; (II) financial assets measured at fair value through other comprehensive income (FVOCI) ; and (III) financial assets measured at fair value through profits and losses (FVTPL):

- The classification of debt instrument investment is determined based on the business model of the enterprise managing financial assets and the contractual cash flow characteristics of the assets. If the debt instrument investment is classified as a financial asset measured at fair value through other comprehensive income, the interest income, impairment and disposal income / loss will be recognized through profit and loss.

- No matter what kind of business model an enterprise adopts, equity instrument investment is generally classified as FVTPL. The only exception is if the security is not held for trading and the enterprise irrevocably chooses to designate the security as FVOCI. If an equity instrument investment is designated as FVOCI, only the dividend income of the security can be recognised through profit and loss. The gains / losses from the disposal of the securities shall be recognised through other comprehensive income and shall not be carried forward and included in the current profits and losses.

The bank will classify its financial assets according to the relevant requirements of the new financial instruments standards.

(b) Impairment

The new financial instrument standards replaces the "incurred loss" impairment model under the original "accounting standards for Business Enterprises No. 22 - recognition and measurement of financial instruments" with a new "expected credit loss" impairment model. According to the expected credit loss model, enterprises do not need to wait for the loss event to confirm the impairment loss. On the contrary, according to different assets and relevant facts and circumstances, enterprises should confirm and measure the expected credit loss in the next 12 months or the expected credit loss in the whole duration. The Bank expects that the application of the expected credit loss model will result in the Bank confirming credit losses earlier.

In accordance with the new financial instruments standards, the bank retroactively adjusts the classification and measurement (including impairment) of financial instruments not terminated on the first implementation date of the new financial instruments standard. The Bank did not adjust the comparative financial statement data, and included the difference between the original book value of financial instruments and the new book value on the first implementation date of the new financial instruments standards into the retained earnings or other comprehensive income at the beginning of the year when the new financial instruments standard was first implemented.

43 Comparative figures

The reclassification of some comparative figures has been made in order to be accord with the presentation requirement for the current year.

East West Bank (China) Limited
Balance sheet as at 31 December 2020
(Expressed in Renminbi Yuan)

	2020			*2019*		
	RMB business	*FCY business*	*Total*	*RMB business*	*FCY business*	*Total*
Assets						
Cash and deposits with central bank	1,775,055,084.16	98,760,036.00	1,873,815,120.16	1,948,574,958.92	101,525,588.80	2,050,100,547.72
Deposits with inter-banks	141,312,747.65	704,338,537.65	845,651,285.30	152,193,656.04	741,161,822.41	893,355,478.45
Placements with financial institutions	1,705,787,095.69	1,890,954,117.13	3,596,741,212.82	1,206,136,248.13	2,056,209,065.30	3,262,345,313.43
Interest receivable	31,886,258.53	9,915,714.31	41,801,972.84	17,635,986.30	12,318,069.73	29,954,056.03
Loans and advances to customers	2,812,560,292.95	462,031,905.41	3,274,592,198.36	3,953,008,734.44	303,938,177.94	4,256,946,912.38
Available for sale assets	993,216,510.00	-	993,216,510.00			
Fixed assets	1,823,445.40	86,396.31	1,909,841.71	2,526,837.98	126,770.26	2,653,608.24
Construction in progress	1,230,150.91	-	1,230,150.91	4,845,397.35	781,334.40	5,626,731.75
Intangible assets	15,798,677.26	194,684.68	15,993,361.94	11,502,888.72	248,697.56	11,751,586.28
Deferred tax assets	15,298,597.76	-	15,298,597.76	3,160,590.29	-	3,160,590.29
Other assets	32,898,859.23	(3,664,931.30)	29,233,927.93	28,086,587.87	(2,513,372.33)	25,573,215.54
Total assets	7,526,867,719.54	3,162,616,460.19	10,689,484,179.73	7,327,671,886.04	3,213,796,154.07	10,541,468,040.11

This form is for reference only and is not part of the audited financial statements.

East West Bank (China) Limited
Balance sheet as at 31 December 2020 (continued)
(Expressed in Renminbi Yuan)

	2020			*2019*		
	RMB business	*FCY business*	*Total*	*RMB business*	*FCY business*	*Total*
Liabilities						
Deposits from financial institutions	398,463,732.97	13,369,652.23	411,833,385.20	951,032,314.80	709,935,610.68	1,660,967,925.48
Borrowings from financial institutions	137,080,000.00	260,996,000.00	398,076,000.00	200,000,000.00	62,785,800.00	262,785,800.00
Customer deposits	5,867,587,748.43	2,448,566,469.90	8,316,154,218.33	5,002,995,680.75	1,992,139,573.19	6,995,135,253.94
Employee benefits payable	12,813,540.09	-	12,813,540.09	17,949,248.85	-	17,949,248.85
Taxes payable	813,217.64	3,516,628.18	4,329,845.82	3,080,733.71	3,238,828.12	6,319,561.83
Interest payable	22,321,115.18	1,141,871.98	23,462,987.16	63,632,932.44	10,992,190.89	74,625,123.33
Other liabilities	(24,307,822.42)	37,321,609.42	13,013,787.00	(30,531,326.96)	47,835,919.57	17,304,592.61
Total liabilities	6,414,771,531.89	2,764,912,231.71	9,179,683,763.60	6,208,159,583.59	2,826,927,922.45	9,035,087,506.04

This form is for reference only and is not part of the audited financial statements.

East West Bank (China) Limited
Balance sheet as at 31 December 2020 (continued)
(Expressed in Renminbi Yuan)

	2020			*2019*		
	RMB business	*FCY business*	*Total*	*RMB business*	*FCY business*	*Total*
Owner's equity						
Paid-in capital	1,072,000,000.00	328,000,000.00	1,400,000,000.00	1,072,000,000.00	328,000,000.00	1,400,000,000.00
Surplus reserve	10,470,294.68	5,162,106.97	15,632,401.65	9,490,004.59	5,162,106.97	14,652,111.56
General risk reserve	82,909,360.12	17,641,673.22	100,551,033.34	77,259,394.66	14,469,027.85	91,728,422.51
Other comprehensive income	(6,383,018.86)	-	(6,383,018.86)	-	-	-
(accumulated losses) / Retained earnings	(46,900,448.29)	46,900,448.29	-	(39,237,096.80)	39,237,096.80	-
Total owner's equity	1,112,096,187.65	397,704,228.48	1,509,800,416.13	1,119,512,302.45	386,868,231.62	1,506,380,534.07
Total liabilities and owner's equity	7,526,867,719.54	3,162,616,460.19	10,689,484,179.73	7,327,671,886.04	3,213,796,154.07	10,541,468,040.11

This form is for reference only and is not part of the audited financial statements.

East West Bank (China) Limited

Income statement for the year ended 31 December 2020

(Expressed in Renminbi Yuan)

	2020			2019		
	RMB business	*FCY business*	*Total*	*RMB business*	*FCY business*	*Total*
Operating income	126,440,689.49	11,099,864.13	137,540,553.62	144,268,969.90	71,266,933.87	215,535,903.77
Net interest income	107,674,842.71	33,967,576.20	141,642,418.91	136,067,115.75	59,048,259.89	195,115,375.64
Interest income	221,150,655.29	56,768,536.90	277,919,192.19	275,357,692.62	101,088,550.41	376,446,243.03
Interest expense	(113,475,812.58)	(22,800,960.70)	(136,276,773.28)	(139,290,576.87)	(42,040,290.52)	(181,330,867.39)
Net fees and commission income	845,878.71	4,054,267.41	4,900,146.12	1,180,067.84	5,527,039.66	6,707,107.50
Fees and commission income	1,289,654.77	4,488,527.06	5,778,181.83	1,603,686.82	6,036,106.55	7,639,793.37
Fees and commission expense	(443,776.06)	(434,259.65)	(878,035.71)	(423,618.98)	(509,066.89)	(932,685.87)
Investment income	11,870,736.64	-	11,870,736.64	-	-	-
Exchange gains / (losses)	5,647,113.18	(26,921,979.48)	(21,274,866.30)	6,981,388.26	6,749,099.59	13,730,487.85
Gains / (losses) from asset disposals	-	-	-	(361,230.88)	(57,465.27)	(418,696.15)
Other income	402,118.25	-	402,118.25	401,628.93	-	401,628.93

This form is for reference only and is not part of the audited financial statements.

East West Bank (China) Limited
Income statement for the year ended 31 December 2020 (continued)
(Expressed in Renminbi Yuan)

	2020			2019		
	RMB business	*FCY business*	*Total*	*RMB business*	*FCY business*	*Total*
Operating expenses	(127,479,383.93)	(8,966,668.24)	(136,446,052.17)	(118,550,481.10)	(33,209,080.77)	(151,759,561.87)
Tax and surcharges	(1,382,274.86)	-	(1,382,274.86)	(1,081,301.06)	-	(1,081,301.06)
General and administrative expenses	(124,977,267.06)	(7,163,339.41)	(132,140,606.47)	(107,451,329.95)	(43,031,167.77)	(150,482,497.72)
Impairment (losses) / reversal	(1,119,842.01)	(1,803,328.83)	(2,923,170.84)	(10,017,850.09)	9,822,087.00	(195,763.09)
Operating profit / (losses)	(1,038,694.44)	2,133,195.89	1,094,501.45	25,718,488.80	38,057,853.10	63,776,341.90
Add: non-operating income	266.14	527,187.73	527,453.87	7,420.25	969.26	8,389.51
Less non-operating expense	(1,000,000.00)	-	(1,000,000.00)	(932.22)	-	(932.22)
Profit / (losses) before taxation	(2,038,428.30)	2,660,383.62	621,955.32	25,724,976.83	38,058,822.36	63,783,799.19
income tax expense	5,704,544.46	3,476,401.14	9,180,945.60	(26,039,900.16)	-	(26,039,900.16)
Net profit	3,666,116.16	6,136,784.76	9,802,900.92	(314,923.33)	38,058,822.36	37,743,899.03
Other comprehensive income, net of tax	(6,383,018.86)	-	(6,383,018.86)	-	-	-
Total comprehensive income	(2,716,902.70)	6,136,784.76	3,419,882.06	(314,923.33)	38,058,822.36	37,743,899.03

This form is for reference only and is not part of the audited financial statements.

East West Bank (China) Limited
Balance sheet as at 31 December 2020
(Expressed in Renminbi Yuan)

	Shanghai Branch	*Shenzhen Branch*	*Shantou Branch*	*Total*
Assets				
Cash and deposits with central bank	1,873,815,120.16	-	-	1,873,815,120.16
Deposits with inter-banks	843,060,522.22	883,313.43	1,707,449.65	845,651,285.30
Placements with financial institutions	3,596,741,212.82	-	-	3,596,741,212.82
Interest receivable	40,455,248.87	1,154,739.88	191,984.09	41,801,972.84
Loans and advances to customers	2,877,098,209.82	294,522,715.49	102,971,273.05	3,274,592,198.36
Available for sale assets	993,216,510.00	-	-	993,216,510.00
Fixed assets	1,599,514.87	211,694.80	98,632.04	1,909,841.71
Construction in progress	1,230,150.91	-	-	1,230,150.91
Intangible assets	15,982,926.35	5,307.39	5,128.20	15,993,361.94
Deferred tax assets	15,298,597.76	-	-	15,298,597.76
Other assets	26,765,872.21	1,125,720.47	1,342,335.25	29,233,927.93
Domestic deposit from correspondent banks (Net)	(330,283,254.46)	287,512,997.65	42,770,256.81	-
Total assets	9,954,980,631.53	585,416,489.11	149,087,059.09	10,689,484,179.73

This form is for reference only and is not part of the audited financial statements.

East West Bank (China) Limited
Balance sheet as at 31 December 2020 (continued)
(Expressed in Renminbi Yuan)

	Shanghai Branch	*Shenzhen Branch*	*Shantou Branch*	*Total*
Liabilities				
Deposits from financial institutions	411,025,656.02	807,729.18	-	411,833,385.20
Borrowings from financial institutions	398,076,000.00	-	-	398,076,000.00
Customer deposits	7,843,572,853.35	453,969,911.79	18,611,453.19	8,316,154,218.33
Employee benefits payable	12,210,230.93	402,211.77	201,097.39	12,813,540.09
Taxes payable	4,472,259.20	(155,131.46)	12,718.08	4,329,845.82
Interest payable	21,861,304.42	1,204,990.90	396,691.84	23,462,987.16
Other liabilities	12,421,378.94	285,344.35	307,063.71	13,013,787.00
Total liabilities	8,703,639,682.86	456,515,056.53	19,529,024.21	9,179,683,763.60

This form is for reference only and is not part of the audited financial statements.

East West Bank (China) Limited
Balance sheet as at 31 December 2020 (continued)
(Expressed in Renminbi Yuan)

	Shanghai Branch	*Shenzhen Branch*	*Shantou Branch*	*Total*
Owner's equity				
Paid-in capital	1,200,000,000.00	100,000,000.00	100,000,000.00	1,400,000,000.00
Surplus reserve	15,632,401.65	-	-	15,632,401.65
General risk reserve	42,091,565.88	28,901,432.58	29,558,034.88	100,551,033.34
Other comprehensive income	(6,383,018.86)	-	-	(6,383,018.86)
Total owner's equity	1,251,340,948.67	128,901,432.58	129,558,034.88	1,509,800,416.13
Total liabilities and owner's equity	9,954,980,631.53	585,416,489.11	149,087,059.09	10,689,484,179.73

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East West Bank (China) Limited
Income statement for the year ended 31 December 2020
(Expressed in Renminbi Yuan)

	Shanghai Branch	*Shenzhen Branch*	*Shantou Branch*	*Total*
Operating income	120,583,534.28	19,721,483.70	(2,764,464.36)	137,540,553.62
Net interest income	117,420,294.76	18,667,908.18	5,554,215.97	141,642,418.91
Interest income	249,047,668.56	23,014,025.40	5,857,498.23	277,919,192.19
Interest expense	(131,627,373.80)	(4,346,117.22)	(303,282.26)	(136,276,773.28)
Net fees and commission income	4,195,439.22	653,433.15	51,273.75	4,900,146.12
Fees and commission income	5,068,564.16	654,011.15	55,606.52	5,778,181.83
Fees and commission expense	(873,124.94)	(578.00)	(4,332.77)	(878,035.71)
Investment income	11,870,736.64	-	-	11,870,736.64
Exchange (losses) / gains	(13,277,992.63)	375,875.69	(8,372,749.36)	(21,274,866.30)
Other income	375,056.29	24,266.68	2,795.28	402,118.25

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East West Bank (China) Limited
Income statement for the year ended 31 December 2020 (continued)
(Expressed in Renminbi Yuan)

	Shanghai Branch	*Shenzhen Branch*	*Shantou Branch*	*Total*
Operating expenses	(119,864,633.42)	(12,990,507.77)	(3,590,910.98)	(136,446,052.17)
Tax and surcharges	(1,120,610.09)	(233,921.36)	(27,743.41)	(1,382,274.86)
General and administrative expenses	(115,820,852.49)	(12,756,586.41)	(3,563,167.57)	(132,140,606.47)
Impairment (losses)	(2,923,170.84)	-	-	(2,923,170.84)
Operating profit / (losses)	718,900.86	6,730,975.93	(6,355,375.34)	1,094,501.45
Add: non-operating income	527,453.87	-	-	527,453.87
Less: non-operating expense	(1,000,000.00)	-	-	(1,000,000.00)

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East West Bank (China) Limited
Income statement for the year ended 31 December 2020 (continued)
(Expressed in Renminbi Yuan)

	Shanghai Branch	*Shenzhen Branch*	*Shantou Branch*	*Total*
Profit / (losses) before taxation	246,354.73	6,730,975.93	(6,355,375.34)	621,955.32
Income tax expense	(8,439,080.20)	(605,639.72)	(136,225.68)	(9,180,945.60)
Net profit / (losses)	8,685,434.93	7,336,615.65	(6,219,149.66)	9,802,900.92
Other comprehensive income, net of tax	(6,383,018.86)	-	-	(6,383,018.86)
Total comprehensive income	2,302,416.07	7,336,615.65	(6,219,149.66)	3,419,882.06

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