

ALLIED BANKING CORPORATION (HONG KONG) LIMITED
新聯銀行(香港)有限公司

2020 Interim Report

The Directors of Allied Banking Corporation (Hong Kong) Limited are pleased to announce the unaudited consolidated results of the company and its subsidiary, ACR Nominees Limited for the period from 1 January 2020 to 30 June 2020 as follows:-

UNAUDITED CONSOLIDATED STATEMENT OF INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2020

	30/6/2020	30/6/2019
	HK\$'000	HK\$'000
Interest income	28,400	34,069
Interest expenses	(3,843)	(3,851)
Net interest income	24,557	30,218
Commission income	665	576
Other operating income	3,657	3,739
Operating income	28,879	34,533
Operating expenses	(16,576)	(18,017)
Operating profit before impairment losses	12,303	16,516
Net writeback of impairment provision	1,285	994
Profit before tax	13,588	17,510
Income tax	2,111	2,653
Profit for the period and total comprehensive income for the period	11,477	14,857

There were no recognised gains or losses other than the net profit / (loss) for the period. There were also no significant changes relating to the activities and profit / (loss) of the company during the relevant period.

ALLIED BANKING CORPORATION (HONG KONG) LIMITED
 新聯銀行(香港)有限公司

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
 AS AT 30 JUNE 2020

	NOTE	30/6/2020	31/12/2019
		HK\$'000	HK\$'000
ASSETS			
Cash and cash equivalents		267,166	294,530
Placements with banks and other financial institutions maturing between one and twelve months		185,419	116,683
Derivative financial instruments	6	6	5
Advances and other accounts		1,101,511	1,186,894
Trade bills		0	0
Investment property		81,000	81,000
Property and equipment		26,575	27,036
		<hr/>	<hr/>
Total assets		<u>1,661,677</u>	<u>1,706,148</u>
LIABILITIES AND EQUITY			
LIABILITIES			
Deposits and balances of banks and other financial institutions		27,060	25,364
Deposits from customers		1,068,804	1,123,732
Derivative financial instruments	6	629	2,096
Other accounts and provisions		14,803	13,752
Current tax liabilities		3,227	5,010
Deferred tax liabilities		1,482	1,482
		<hr/>	<hr/>
Total liabilities		<u>1,116,005</u>	<u>1,171,436</u>
EQUITY			
Share capital		185,700	185,700
Reserves		359,972	349,012
		<hr/>	<hr/>
Total equity		<u>545,672</u>	<u>534,712</u>
		<hr/>	<hr/>
Total liabilities and equity		<u>1,661,677</u>	<u>1,706,148</u>

ALLIED BANKING CORPORATION (HONG KONG) LIMITED
 新聯銀行(香港)有限公司

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 FOR THE SIX MONTHS ENDED 30 JUNE 2020

	Share Capital HK\$'000	Reserves			Total Reserves HK\$'000	Total HK\$'000
		General Reserve HK\$'000	Impairment Reserve HK\$'000	Retained Profits HK\$'000		
At 1 January 2019	185,700	7,000	10,753	303,862	321,615	507,315
Profit for the year	0	0	0	28,432	28,432	28,432
Total comprehensive income for the year	0	0	0	28,432	28,432	28,432
2019 preference shares dividend	0	0	0	(1,035)	(1,035)	(1,035)
	185,700	7,000	10,753	331,259	349,012	534,712
Transfer from retained profits			244	(244)	0	0
At 31 December 2019 and 1 January 2020	185,700	7,000	10,997	331,015	349,012	534,712
Transfer to retained profits	0	0	(5,498)	5,498	0	0
	185,700	7,000	5,499	336,513	349,012	534,712
Profit for the six months of 2020	0	0	0	11,477	11,477	11,477
Total comprehensive income for the six months of 2020	0	0	0	11,477	11,477	11,477
Preference shares dividend for the six months of 2020	0	0	0	(517)	(517)	(517)
At 30 June 2020	185,700	7,000	5,499	347,473	359,972	545,672

ALLIED BANKING CORPORATION (HONG KONG) LIMITED
 新聯銀行(香港)有限公司
 UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION

1. ADVANCES AND OTHER ACCOUNTS

	THE COMPANY	
	30/6/2020	31/12/2019
	HK\$'000	HK\$'000
Advances to customers	1,094,397	1,180,195
Allowance for impairment losses	(16)	(16)
	1,094,381	1,180,179
Other accounts	6,269	5,935
	1,100,650	1,186,114

Other accounts include HK\$6,269,389 (2019: HK\$5,935,041) of financial assets which were measured at amortised cost.

ADVANCES TO CUSTOMERS

An analysis of changes in the gross amount of advances to customers is as follows:

THE COMPANY
30/6/2020

	Stage 1	Stage 2	Stage 3	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Gross advances as at 1 January 2020	1,179,372	0	823	1,180,195
New loans/financing originated or purchased	113,648	0	11	113,659
Loans/financing derecognized or repaid	(199,445)	0	(12)	(199,457)
Transfers to Stage 1	0	0	0	0
Transfers to Stage 2	0	0	0	0
Transfers to Stage 3	0	0	0	0
Total transfer between stages	0	0	0	0
Written off	0	0	0	0
Gross advances as at 30 June 2020	1,093,575	0	822	1,094,397

THE COMPANY
31/12/2019

	Stage 1	Stage 2	Stage 3	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Gross advances as at 1 January 2019	1,177,102	0	2,110	1,179,212
New loans/financing originated or purchased	378,055	0	1	378,056
Loans/financing derecognized or repaid	(375,048)	0	(2,024)	(377,072)
Transfers to Stage 1	0	0	0	0
Transfers to Stage 2	0	0	0	0
Transfers to Stage 3	(737)	0	737	0
Total transfer between stages	(737)	0	737	0
Written off	0	0	(1)	(1)
Gross advances as at 31 December 2019	1,179,372	0	823	1,180,195

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (continued)

1. ADVANCES AND OTHER ACCOUNTS (continued)

ADVANCES TO CUSTOMERS (continued)

	THE COMPANY		THE COMPANY	
	30/6/2020	31/12/2019	30/6/2020	31/12/2019
	HK\$'000	HK\$'000	% of total advances to customers	% of total advances to customers
Loans for use in the following regions or countries				
Hong Kong	1,030,880	1,114,870	94.20	94.46
Philippines	807	2,433	0.07	0.21
Vietnam	28,217	28,172	2.58	2.39
China	34,493	34,720	3.15	2.94
	<u>1,094,397</u>	<u>1,180,195</u>	<u>100.00</u>	<u>100.00</u>

IMPAIRED ASSETS

	THE COMPANY		THE COMPANY	
	30/6/2020	31/12/2019	30/6/2020	31/12/2019
	HK\$'000	HK\$'000	% of total advances to customers	% of total advances to customers

Loans for use in Hong Kong

Gross amount of impaired loans	822	823	0.08	0.07
Impairment allowance made in respect of such advances - Stage 3	<u>(6)</u>	<u>(8)</u>		
	<u>816</u>	<u>815</u>		

Loans for use in People's Republic of China

Gross amount of impaired loans	0	0	0.00	0.00
Impairment allowances made in respect of such advances - Stage 3	<u>0</u>	<u>0</u>		
	<u>0</u>	<u>0</u>		

Total impaired assets

Gross amount of impaired loans	822	823	0.08	0.07
Impairment allowance made in respect of such advances - Stage 3	<u>(6)</u>	<u>(8)</u>		
	<u>816</u>	<u>815</u>		

Fair value of collateral

	<u>4,000</u>	<u>2,200</u>		
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UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (continued)

1. ADVANCES AND OTHER ACCOUNTS (continued)

OVERDUE AND RESCHEDULED ASSETS

OVERDUE ADVANCES

	THE COMPANY		THE COMPANY	
	30/6/2020	31/12/2019	30/6/2020	31/12/2019
	HK\$'000	HK\$'000	% of total advances to customers	% of total advances to customers
<u>Loans for use in Hong Kong</u>				
Gross amount of advances which have been overdue for:				
Six months or less but over three months	16,174	1,188	1.48	0.10
One year or less but over six months	8,973	0	0.82	0.00
Over one year	0	0	0.00	0.00
	<u>25,147</u>	<u>1,188</u>		
<u>Loans for use in China</u>				
Gross amount of advances which have been overdue for:				
Six months or less but over three months	0	0	0.00	0.00
One year or less but over six months	0	0	0.00	0.00
Over one year	0	0	0.00	0.00
	<u>0</u>	<u>0</u>		
Total overdue advances	<u>25,147</u>	<u>1,188</u>		
Individual impairment allowance made in respect of the overdue advances	<u>0</u>	<u>0</u>		

The value of collateral held in respect of the overdue loans and advances and the split between the portion of the overdue loans and advances covered by credit protection (covered portion) and the remaining portion (uncovered portion) are as follows:

	THE COMPANY	
	30/6/2020	31/12/2019
	HK\$'000	HK\$'000
Fair value of collaterals held against the above overdue loans and advances	<u>43,500</u>	<u>2,500</u>
Covered portion of the above overdue loans and advances	<u>25,147</u>	<u>1,188</u>
Uncovered portion of the above overdue loans and advances	<u>0</u>	<u>0</u>

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (continued)

1. ADVANCES AND OTHER ACCOUNTS (continued)

RESCHEDULED ADVANCES

No advances to customers, banks and other financial institutions were rescheduled as at 30 June 2020 (31 December 2019 : Nil).

The analysis of overdue advances and impaired advances is as follows:

	THE COMPANY	
	30/6/2020	31/12/2019
	HK\$'000	HK\$'000
Advances to customers overdue for more than 3 months	25,147	1,188
Rescheduled advances to customers	0	0
	<u>25,147</u>	<u>1,188</u>
Add: Impaired advances and impaired advances which are not overdue or rescheduled	822	823
Advances which are overdue less than 3 months but not impaired	81,349	38,847
Total overdue advances and impaired advances	<u>107,318</u>	<u>40,858</u>

ADVANCES TO BANKS AND OTHER FINANCIAL INSTITUTIONS

There are no individually impaired and overdue loans and advances to banks and other financial institutions at at 30 June 2020 and 31 December 2019.

NON-BANK MAINLAND CHINA EXPOSURES

The following table illustrates the disclosure required to be made in respect of the Company's Mainland exposures to non-bank counterparties :

	THE COMPANY			
	30/6/2020			
	On-balance sheet exposure	Off-balance sheet exposure	Total exposure	Individual impairment allowance
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<u>Type of counterparties</u>				
PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	34,543	0	34,543	0
Total	<u>34,543</u>	<u>0</u>	<u>34,543</u>	<u>0</u>
Total assets after provision			<u>1,630,589</u>	
On-balance sheet exposures as percentage of total assets				2.12%

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (continued)

1. ADVANCES AND OTHER ACCOUNTS (continued)

NON-BANK MAINLAND CHINA EXPOSURES

	THE COMPANY			
	31/12/2019			
	On-balance sheet exposure HK\$'000	Off-balance sheet exposure HK\$'000	Total exposure HK\$'000	Individual impairment allowance HK\$'000
<u>Type of counterparties</u>				
PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	34,784	0	34,784	0
	34,784	0	34,784	0
Total assets after provision	1,679,661			
On-balance sheet exposures as percentage of total assets	2.07%			

2. CASH AND CASH EQUIVALENTS

This account consists of the following:

	THE COMPANY	
	30/6/2020 HK\$'000	31/12/2019 HK\$'000
Cash and bank balances	97,603	61,482
Money at call and short notice	162,419	230,341
	260,022	291,823
Less: allowance for impairment losses	6	9
Cash and cash equivalents	260,016	291,814

An analysis of changes in the ECL allowances for money at call and short notice:

THE COMPANY
30/6/2020

	Stage 1	Stage 2	Stage 3	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance as of 1 January 2020	9	0	0	9
Assets derecognized or repaid during the year	(3)	0	0	(3)
Balance as of 30 June 2020	6	0	0	6

THE COMPANY
31/12/2019

	Stage 1	Stage 2	Stage 3	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance as of 1 January 2019	110	0	0	110
Assets derecognized or repaid during the year	(101)	0	0	(101)
Balance as of 31 December 2019	9	0	0	9

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (continued)

3. PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS MATURING BETWEEN ONE AND TWELVE MONTHS

This account consists of the following:

	THE COMPANY	
	30/6/2020	31/12/2019
	HK\$'000	HK\$'000
Placements with banks and financial institutions	161,362	92,699
Less: allowance for impairment losses	19	8
Placements with banks and financial institutions	<u>161,343</u>	<u>92,691</u>

An analysis of changes in the ECL allowances for placement with banks and other financial institutions:

THE COMPANY
30/6/2020

	Stage 1	Stage 2	Stage 3	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance as of 1 January 2020	8	0	0	8
Assets derecognized or repaid during the year	11	0	0	11
Balance as of 30 June 2020	<u>19</u>	<u>0</u>	<u>0</u>	<u>19</u>

THE COMPANY
31/12/2019

	Stage 1	Stage 2	Stage 3	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance as of 1 January 2019	61	0	0	61
New assets originated or purchased	(53)	0	0	(53)
Balance as of 31 December 2019	<u>8</u>	<u>0</u>	<u>0</u>	<u>8</u>

4. CREDIT LOSS EXPENSES / IMPAIRMENT ALLOWANCES

The following table shows the changes in ECL on financial instruments for the year recorded in the profit or loss.

THE COMPANY
30/6/2020

	12-months expected credit loss Stage 1 HK\$'000	Lifetime expected credit loss not credit impaired Stage 2 HK\$'000	Lifetime expected credit loss credit impaired Stage 3 HK\$'000	Total HK\$'000
Net charge for / (write-back of) credit loss expenses:				
- Advances to customers	3	0	(1,296)	(1,293)
- Cash and cash equivalents	(3)	0	0	(3)
- Placements with banks and financial institutions	11	0	0	11
	<u>11</u>	<u>0</u>	<u>(1,296)</u>	<u>(1,285)</u>

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (continued)

4. CREDIT LOSS EXPENSES / IMPAIRMENT ALLOWANCES (continued)

The following table shows the changes in ECL on financial instruments for the year recorded in the profit or loss.

THE COMPANY
31/12/2019

	12-months expected credit loss Stage 1 HK\$'000	Lifetime expected credit loss not credit impaired Stage 2 HK\$'000	Lifetime expected credit loss credit impaired Stage 3 HK\$'000	Total HK\$'000
Net charge for / (write-back of) credit loss expenses:				
- Advances to customers	(266)	0	(652)	(918)
- Cash and cash equivalents	(101)	0	0	(101)
- Placements with banks and financial institutions	(54)	0	0	(54)
	<u>(421)</u>	<u>0</u>	<u>(652)</u>	<u>(1,073)</u>

5. OFF-BALANCE SHEET EXPOSURES

A. Contingent liabilities and commitments

	THE COMPANY	
	30/6/2020	31/12/2019
	HK\$'000	HK\$'000
Contractual amounts		
Direct credit substitutes	300	0
Trade-related contingencies	3,028	1,641
Other commitments:		
With an original maturity of under one year or which are unconditionally cancellable	58,081	51,095
With an original maturity of one year and over	0	0
	<u>61,409</u>	<u>52,736</u>
Credit risk weighted amounts	<u>606</u>	<u>328</u>

Contingent liabilities and commitments are credit-related instruments which include acceptances, letters of credit, guarantees and commitments to extend credit. The contractual amounts represent the amounts at risk should the contract be fully drawn upon and the client default.

The replacement costs and credit risk weighted amounts of the above off-balance sheet exposures do not take into account the effects of bilateral netting arrangements.

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (continued)

5. OFF-BALANCE SHEET EXPOSURES (continued)

B. Derivatives

	THE COMPANY	
	30/6/2020	31/12/2019
	HK\$'000	HK\$'000
Notional amounts of derivatives		
Exchange rate contracts	368,444	417,691
Credit risk weighted amounts	738	836
Replacement costs	5	4

The notional amounts of these derivatives indicate the volume of transactions outstanding at the balance sheet date, but they do not represent amounts at risk. No hedge accounting was adopted.

The replacement costs and credit risk weighted amounts of the above derivatives do not take into account the effects of bilateral netting arrangements.

6. DERIVATIVE FINANCIAL INSTRUMENTS

	THE COMPANY	
	30/6/2020	31/12/2019
	HK\$'000	HK\$'000
Derivative financial instruments (not under hedge accounting)		
Forward foreign exchange contracts (at fair value)		
-Assets	6	5
-Liabilities	(629)	(2,096)
	(623)	(2,091)

The Company utilises currency derivatives to hedge significant future transactions and cash flows. The Company is a party to a variety of foreign currency forward contracts for the sake of management of its exchange rate exposures. The instruments purchased are primarily denominated in the currencies of the Company's principal markets.

As at the balance sheet date, all derivatives are stated at fair value. Fair value is determined based on valuation techniques.

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (continued)

7. SEGMENTAL INFORMATION

The company's total operating income, profit / (loss) before taxation, total assets, total liabilities and contingent liabilities and commitments are derived predominantly from Hong Kong.

The Company's gross advances to customers analysed and reported by industry sectors are as follows :

	THE COMPANY 30/6/2020		THE COMPANY 31/12/2019	
	Gross advances HK\$'000	% of gross advances covered by collateral	Gross advances HK\$'000	% of gross advances covered by collateral
<u>Loans for use in Hong Kong</u>				
Industrial, commercial and financial :				
- Property development	0	0.00%	0	0.00%
- Property investment	222,754	100.00%	274,797	100.00%
- Financial concerns	0	0.00%	0	0.00%
- Stockbrokers	0	0.00%	0	0.00%
- Wholesale and retail trade	251,291	100.00%	263,343	100.00%
- Manufacturing	212,305	100.00%	225,424	99.47%
- Transport and transport equipment	23,154	100.00%	21,184	100.00%
- Recreational activities	0	0.00%	0	0.00%
- Information technology	18,143	100.00%	16,678	100.00%
- Electricity and gas	0	0.00%	0	0.00%
- Civil engineering works	1,627	100.00%	1,727	100.00%
- Hotels, boarding houses & catering	2,170	100.00%	34,355	100.00%
- Non-stockbroking companies & individuals for the purchase of shares-others	93,245	100.00%	59,197	100.00%
Professional & private individuals				
- Loans for purchase of flats in the Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme or their respective successor schemes	0	0.00%	0	0.00%
- Loans for the purchase of other residential properties	98,729	100.00%	106,460	100.00%
- Credit card advances	0	0.00%	0	0.00%
- Loans for other business purposes	11,000	100.00%	11,034	100.00%
- Loans for other private purposes	46,987	99.84%	51,380	99.83%
All others	26,633	100.00%	26,540	100.00%
Total loans for use in Hong Kong	<u>1,008,038</u>		<u>1,092,119</u>	
Trade finance	<u>22,842</u>	100.00%	<u>22,752</u>	100.00%
Total loans for use outside Hong Kong	<u>63,517</u>	100.00%	<u>65,324</u>	100.00%
Total advances to customers	<u>1,094,397</u>		<u>1,180,195</u>	

The advances are predominantly made to customers in Hong Kong. No geographical analysis is disclosed as the Company derives the majority of its income from its commercial banking business where the customers' principal operations are in Hong Kong.

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (continued)

7. SEGMENTAL INFORMATION (continued)

The Company's gross and impaired loans and advances to customers, impairment allowances, impaired loans and advances written off and collateral are analysed by industry sectors pursuant to the HKMA's guidelines as follows:

Advances to customers over 10% of the total advances by industry sectors as at 30 June 2020

THE COMPANY									
	Gross loans and advances HK\$'000	Collective impairment allowances HK\$'000	Individual impairment allowances HK\$'000	New impairment allowances charged to income statement HK\$'000	Amount of impaired loans and advances written off HK\$'000	Collateral HK\$'000	Percentage of gross advances covered by collateral HK\$'000	Impaired loans and advances HK\$'000	Loans and advances overdue for more than three months HK\$'000
Manufacturing	212,305	0	0	1	0	212,305	100.00%	0	0
Property investment	222,754	0	0	1	0	222,754	100.00%	0	0
Wholesale and retail trade	251,291	3	0	1	0	251,291	100.00%	0	15,000

Advances to customers over 10% of the total advances by industry sectors as at 31 December 2019

THE COMPANY									
	Gross loans and advances HK\$'000	Collective impairment allowances HK\$'000	Individual impairment allowances HK\$'000	New impairment allowances charged to income statement HK\$'000	Amount of impaired loans and advances written off HK\$'000	Collateral HK\$'000	Percentage of gross advances covered by collateral HK\$'000	Impaired loans and advances HK\$'000	Loans and advances overdue for more than three months HK\$'000
Manufacturing	225,424	8	0	0	0	224,223	99.47%	0	0
Property investment	274,797	0	0	0	0	274,797	100.00%	0	0
Wholesale and retail trade	263,343	0	0	0	0	263,343	100.00%	0	0

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (continued)

8. LIQUIDITY RISK MANAGEMENT

Liquidity risk is the risk that the Company is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. The consequence may be the failure to meet obligations to repay depositors and fulfil commitments to lend.

ALCO is responsible for monitoring the Company's liquidity position through periodic review of statutory liquidity ratio, maturity profile of assets and liabilities, loan-to-deposit ratio and inter-bank transactions. Liquidity policy is monitored by ALCO and reviewed regularly by the Board of Directors of the Company. The Company's policy is to maintain a conservative level of liquid funds on a daily basis so that the Company is prepared to meet its obligations when they fall due in the normal course of business, to satisfy statutory liquidity ratio requirements, and to deal with any funding crises that may arise. Limits are set on the minimum proportion of maturing funds to be maintained in order to meet all the calls on cash resources such as overnight deposits, current accounts, maturing deposits, loan draw-downs and guarantees, margin calls and other calls on cash-settled derivatives. Limits are also set on the minimum level of inter-bank and other borrowing facilities that should be in place to cover withdrawals at an unexpected level of demand.

	THE COMPANY	
	30/6/2020	30/6/2019
	%	%
Average liquidity maintenance ratio for the six-month period	56.19%	44.94%

The Liquidity Ratio specified under section 102 of the Banking Ordinance, which was replaced by the liquidity maintenance ratio ("LMR") on 1 January 2015. LMR was complied in accordance with the Banking (Liquidity) Rules issued by the HKMA with effective from 1 January 2015 for the implementation of the Basel III capital framework.

The average ratio is calculated based on the arithmetic mean of the average value of its liquidity position return for each month during the reporting period.

9. LEVERAGE RATIO

	THE COMPANY	
	30/6/2020	31/12/2019
	%	%
Leverage ratio	27.16%	25.63%

To comply with the Banking (Disclosure) Rules, all additional information in relation to the Company's leverage ratio are published by using the standard disclosure templates, as specified by the HKMA under the "Regulatory Disclosures" section on the Company's website www.abchkl.com.hk

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (continued)

10. CURRENCY RISK

	THE COMPANY								
	30/6/2020								
	AUD	CAD	EUR	GBP	JPY	NZD	SGD	USD	Total
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Spot assets	19,024	9,694	5,395	9,449	18	4,100	0	275,998	323,678
Spot liabilities	(10,786)	(9,506)	(5,907)	(9,519)	0	(3,739)	0	(639,575)	(679,032)
Forward purchases	0	0	1,495	0	0	0	0	365,257	366,752
Forward sales	(8,022)	0	(1,104)	0	0	0	0	(1,503)	(10,629)
Net long / (short) position	216	188	(121)	(70)	18	361	0	177	769

	THE COMPANY								
	31/12/2019								
	AUD	CAD	EUR	GBP	JPY	NZD	SGD	USD	Total
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Spot assets	19,486	10,165	5,551	10,110	2,264	4,302	0	222,441	274,319
Spot liabilities	(19,164)	(10,010)	(5,962)	(10,212)	(10)	(3,930)	0	(637,798)	(687,086)
Forward purchases	0	0	920	0	666	0	0	416,104	417,690
Forward sales	0	0	(593)	0	(2,909)	0	0	(1,583)	(5,085)
Net long / (short) position	322	155	(84)	(102)	11	372	0	(836)	(162)

There was no structural position in a particular foreign currency as at the balance sheet date.

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (continued)

11. INTERNATIONAL CLAIMS

The Company's country risk exposures in the tables below are prepared in according to the location and types of the counterparties as defined by the HKMA under the Banking (disclosure) Rules with reference to the HKMA's Return of International Banking Statistics. International claims are on-balance sheet exposures to counterparties based on the location of the counterparties after taking into account the transfer of risk, and represent the sum of cross-border claims in all currencies and local claims in foreign currencies. International claims attributable to individual countries or areas not less than 10% of the Company's total international claims, after recognised risk transfer, are shown as follows :

	THE COMPANY					
	30/6/2020					
	Non-bank Private Sector					Total HK\$'000
Counterparty country/jurisdiction	Banks HK\$'000	Official Sector HK\$'000	Non-bank Financial Institutions HK\$'000	Non- financial Private Sector HK\$'000	Others HK\$'000	
Developed Countries	67,380	0	0	0	0	67,380
Offshore Centres	323,854	0	0	1,100,648	0	1,424,502
- of which : Hong Kong	247,904	0	0	1,037,398	0	1,285,302
Developing Europe	0	0	0	0	0	0
Developing Latin America and Caribbean	0	0	0	0	0	0
Developing Africa and Middle East	0	0	0	0	0	0
Developing Asia and Pacific	31,175	0	0	0	0	31,175
International Organisations	0	0	0	0	0	0
Unallocated	0	0	0	0	0	0
Total	422,409	0	0	1,100,648	0	1,523,057

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (continued)

11. INTERNATIONAL CLAIMS (continued)

	THE COMPANY					
	31/12/2019					
	Banks	Official	Non-bank Private Sector		Others	Total
	HK\$'000	Sector	Financial	financial	HK\$'000	HK\$'000
		HK\$'000	Institutions	Private		
			HK\$'000	Sector	HK\$'000	HK\$'000
Counterparty country/jurisdiction						
Developed Countries	131,205	0	0	0	0	131,205
Offshore Centres	246,203	0	0	1,186,309	0	1,432,512
- of which : Hong Kong	206,451	0	0	1,127,302	0	1,333,753
Developing Europe	0	0	0	0	0	0
Developing Latin America and	0	0	0	0	0	0
Developing Africa and Middle East	0	0	0	0	0	0
Developing Asia and Pacific	7,940	0	0	0	0	7,940
International Organisations	0	0	0	0	0	0
Unallocated	0	0	0	0	0	0
Total	385,348	0	0	1,186,309	0	1,571,657

12. CAPITAL DISCLOSURES

The company has adopted the foundation basic approach (BSC approach) to calculate the credit risk capital charge for all on-balance sheet exposures and off-balance sheet exposures. The Company has adopted the standardised (market risk) (STM approach) to calculate the market risk capital charge for foreign exchange and interest rate exposures. The company has adopted the standardised (operational risk) STO approach to calculate the minimum capital charge for operational risk.

The capital ratios of the Company as at 30 June 2020 and 31 December 2019 are reported to the Hong Kong Monetary Authority are as follows :

	THE COMPANY	
	30/6/2020	31/12/2019
	%	%
Common Equity Tier 1 capital ratio	32.29%	29.67%
Tier 1 capital ratio	32.60%	30.10%
Total capital ratio	34.80%	32.57%

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (continued)

12. CAPITAL DISCLOSURES (continued)

The components of the company's total capital base after deductions used in the calculation of the above capital ratios as at 30 June 2020 and 31 December 2019 and reported to the Hong Kong Monetary Authority are as follows:

	THE COMPANY	
	30/6/2020	31/12/2019
	HK\$'000	HK\$'000
Category 1 - Common Equity Tier 1 ("CET1) capital		
CET1 capital instruments	165,000	165,000
Retained earnings	324,160	309,397
Disclosed reserves	7,000	7,000
CET1 capital before deductions	496,160	481,397
CET1 capital : regulatory deductions		
Deferred tax assets in excess of deferred tax liabilities	0	0
Cumulative fair value gains arising from the revaluation of land and buildings (covering both own-use and investment properties)	54,555	54,555
Total regulatory deductions to CET1 capital	54,555	54,555
CET1 capital after deductions	441,605	426,842
Category II - Additional Tier 1 capital		
Additional Tier 1 capital instruments issued and share premium if any (subject to phase out arrangements from AT1 capital)	4,140	6,210
Additional Tier 1 capital	4,140	6,210
Tier 1 capital after deductions	445,745	433,052
Category III - Tier 2 capital		
Reserves attributable to fair value gains on revaluation of holdings of land and buildings	24,550	24,550
Collective provisions	5,535	11,022
Tier 2 capital	30,085	35,572
Tier 2 capital after deductions	30,085	35,572
Total capital base	475,830	468,624

To comply with the Banking (Disclosure) Rules, a section "Regulatory Disclosures" will be available on the Company's website at www.abchkl.com.hk on 30 September 2020 onwards and include the following information:

- A detailed breakdown of the Company's capital base and regulatory deductions, using the standard template as specified by the Hong Kong Monetary Authority.
- A reconciliation of capital components to the Company's balance sheet, using the standard template as specified by the Hong Kong Monetary Authority.
- A description of the main features and the full terms and conditions of the Company's issued capital instruments.

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (continued)

13. COUNTERCYCLICAL CAPITAL BUFFER (CCyB) RATIO

	THE COMPANY	
	30/6/2020	31/12/2019
	%	%
CCyB ratio	1.000%	2.000%

To comply with the Banking (Disclosure) Rules, all additional information in relation to the Company's CCyB ratio are published by using the standard disclosure templates, as specified by the HKMA under the "Regulatory Disclosures" section on the Company's website www.abchkl.com.hk

14. CAPITAL CONSERVATION BUFFER RATIO

Under section 3M of the Capital Rules, the capital conservation buffer ratio for calculating the Company's buffer level are 2.5% for 2020 and 2019.

15. PILLAR 3 REGULATORY DISCLOSURES

The Pillar 3 regulatory disclosures for 30 June 2020 which are prepared in accordance with the Banking (Disclosure) Rules and disclosure templates issued by the HKMA can be found under the "Regulatory Disclosures" Section on the company's website at www.abchkl.com.hk.

16. REPOSSESSED ASSETS

No repossessed assets of the company was held as at 30 June 2020 (31 December 2019 : Nil).

17. STATEMENT OF COMPLIANCE

The Interim Results together with the Supplementary Financial Information is prepared in accordance with and complies fully with the requirements set out in the Banking (Disclosure) Rules issued by the Hong Kong Monetary Authority.

Note : In the event of any difference in interpretation or meaning between the Chinese and English version of this Statement, the English version shall prevail.