

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

2022 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 2022 to 30 June 2022 as follows:-

UNAUDITED CONSOLIDATED STATEMENT OF INCOME  
FOR THE SIX MONTHS ENDED 30 JUNE 2022

	<u>30/6/2022</u>	<u>30/6/2021</u>
	HK\$'000	HK\$'000
Interest income	26,224	26,224
Interest expenses	(1,199)	(1,225)
Net interest income	<u>25,025</u>	<u>24,999</u>
Commission income	476	687
Other operating income	3,710	3,688
Operating income	<u>29,211</u>	<u>29,374</u>
Operating expenses	(16,994)	(16,516)
Operating profit before impairment losses	<u>12,217</u>	<u>12,858</u>
Net writeback of impairment provision	53	63
Profit before tax	<u>12,270</u>	<u>12,921</u>
Income tax	1,912	2,022
Profit for the period and total comprehensive income for the period	<u><u>10,358</u></u>	<u><u>10,899</u></u>

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 2022

	NOTE	30/6/2022	31/12/2021
		HK\$'000	HK\$'000
<b>ASSETS</b>			
Cash and cash equivalents		381,387	390,650
Placements with banks and other financial institutions maturing between one and twelve months		111,807	75,289
Derivative financial instruments	6	358	461
Advances and other accounts		1,047,993	1,068,885
Trade bills		0	0
Investment property		78,000	78,000
Property and equipment		24,296	24,836
		<hr/>	<hr/>
Total assets		<u>1,643,841</u>	<u>1,638,121</u>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
Deposits and balances of banks and other financial institutions		22,002	22,924
Deposits from customers		1,018,189	1,021,717
Derivative financial instruments	6	173	28
Other accounts and provisions		15,262	16,175
Current tax liabilities		2,721	1,624
Deferred tax liabilities		1,603	1,603
		<hr/>	<hr/>
Total liabilities		<u>1,059,950</u>	<u>1,064,071</u>
<b>EQUITY</b>			
Share capital		185,700	185,700
Reserves		398,191	388,350
		<hr/>	<hr/>
Total equity		<u>583,891</u>	<u>574,050</u>
		<hr/>	<hr/>
Total liabilities and equity		<u>1,643,841</u>	<u>1,638,121</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 2022

	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 2021	185,700	7,000	5,499	356,049	368,548	554,248
Profit for the year	0	0	0	20,837	20,837	20,837
Total comprehensive income for the year	0	0	0	20,837	20,837	20,837
2021 preference shares dividend	0	0	0	(1,035)	(1,035)	(1,035)
At 31 December 2021 and 1 January 2022	185,700	7,000	5,499	375,851	388,350	574,050
Profit for the six months of 2022	0	0	0	10,358	10,358	10,358
Total comprehensive income for the six months of 2022	0	0	0	10,358	10,358	10,358
Preference shares dividend for the six months of 2022	0	0	0	(517)	(517)	(517)
At 30 June 2022	185,700	7,000	5,499	385,692	398,191	583,891

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

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS  
AS AT 30 JUNE 2022

	For the six months ended 30 June 2022	For the six months ended 30 June 2021
	HK\$'000	HK\$'000
Cash flows from operating activities		
Profit before tax	12,270	12,921
Adjustments for :		
Net writeback of impairment provision	(53)	(63)
Depreciation	563	615
	<u>12,780</u>	<u>13,473</u>
Decrease in placements with banks and other financial institutions with maturity more than three months when acquired	12,066	33,499
Increase in trade bills	0	(92)
Decrease / (Increase) in advances and other accounts	20,946	(60,999)
Decrease in derivative financial instruments	247	687
Decrease in deposits and balances of banks and other financial institutions	(922)	(4,113)
Decrease in deposits from customers	(3,528)	(23,045)
Decrease in other accounts and payables	(913)	(2,023)
	<u>40,676</u>	<u>(42,613)</u>
Hong Kong profits tax paid	(814)	(1,143)
NET CASH FLOWS USED IN OPERATING ACTIVITIES	<u>39,862</u>	<u>(43,756)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of items of property and equipment	(23)	0
Proceeds from disposal of items of property and equipment	0	0
NET CASH FLOWS USED IN INVESTING ACTIVITIES	<u>(23)</u>	<u>0</u>
 CASH FLOWS FROM FINANCING ACTIVITY		
Dividends paid to preference shareholders	(517)	(517)
NET CASH FLOWS USED IN FINANCING ACTIVITIES	<u>(517)</u>	<u>(517)</u>
 NET DECREASE IN CASH AND CASH EQUIVALENTS	39,322	(44,273)
Cash and cash equivalents at beginning of year	410,660	328,607
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u>449,982</u>	<u>284,334</u>
 ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and cash equivalents	381,394	277,052
Placements with banks and other financial institutions repayable within three months when acquired	68,588	7,282
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u>449,982</u>	<u>284,334</u>

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	
	30/6/2022	31/12/2021
	HK\$'000	HK\$'000
Advances to customers	1,034,467	1,058,959
Allowance for impairment losses	(14)	(10)
	1,034,453	1,058,949
Other accounts	10,126	8,148
	1,044,579	1,067,097

Other accounts include HK\$10,126,593 (2021: HK\$8,147,520) 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  
30/6/2022

	Stage 1	Stage 2	Stage 3	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Gross advances as at 1 January 2022	1,041,636	1,151	16,172	1,058,959
New loans/financing originated or purchased	206,258	3	0	206,261
Loans/financing derecognized or repaid	(214,607)	0	(16,206)	(230,813)
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
Recoveries	0	0	60	60
Written off	0	0	0	0
Gross advances as at 30 June 2022	1,033,287	1,154	26	1,034,467

THE COMPANY  
31/12/2021

	Stage 1	Stage 2	Stage 3	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Gross advances as at 1 January 2021	1,065,698	1,168	26,088	1,092,954
New loans/financing originated or purchased	381,598	0	41	381,639
Loans/financing derecognized or repaid	(405,660)	(17)	(10,069)	(415,746)
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
Recoveries	0	0	112	112
Written off	0	0	0	0
Gross advances as at 31 December 2021	1,041,636	1,151	16,172	1,058,959

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (continued)

1. ADVANCES AND OTHER ACCOUNTS (continued)

ADVANCES TO CUSTOMERS (continued)

	THE COMPANY		THE COMPANY	
	30/6/2022	31/12/2021	30/6/2022	31/12/2021
	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	991,538	1,015,761	95.85	95.92
Vietnam	29,940	29,842	2.89	2.82
China	12,989	13,356	1.26	1.26
	<u>1,034,467</u>	<u>1,058,959</u>	<u>100.00</u>	<u>100.00</u>

IMPAIRED ASSETS

	THE COMPANY		THE COMPANY	
	30/6/2022	31/12/2021	30/6/2022	31/12/2021
	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	26	16,172	0.00	1.53
Impairment allowance made in respect of such advances - Stage 3	(1)	(2)		
	<u>25</u>	<u>16,170</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	0	0		
	<u>0</u>	<u>0</u>		

Total impaired assets

Gross amount of impaired loans	26	16,172	0.00	1.53
Impairment allowance made in respect of such advances - Stage 3	(1)	(2)		
	<u>25</u>	<u>16,170</u>		

Fair value of collateral

	<u>0</u>	<u>21,000</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	
	30/6/2022	31/12/2021	30/6/2022	31/12/2021
	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	1,137	2,291	0.11	0.22
One year or less but over six months	1,154	0	0.11	0.00
Over one year	0	0	0.00	0.00
	<u>2,291</u>	<u>2,291</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>2,291</u>	<u>2,291</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	
	30/6/2022	31/12/2021
	HK\$'000	HK\$'000
Fair value of collaterals held against the above overdue loans and advances	<u>11,400</u>	<u>11,400</u>
Covered portion of the above overdue loans and advances	<u>2,291</u>	<u>2,291</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 2022 (31 December 2021 : Nil).

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

	THE COMPANY	
	30/6/2022	31/12/2021
	HK\$'000	HK\$'000
Advances to customers overdue for more than 3 months	2,291	2,291
Rescheduled advances to customers	0	0
	2,291	2,291
Add: Impaired advances and impaired advances which are not overdue or rescheduled	26	16,172
Advances which are overdue less than 3 months but not impaired	16,649	106
Total overdue advances and impaired advances	18,966	18,569

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 2022 and 31 December 2021.

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			
	30/6/2022			
	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	13,030	0	13,030	0
Total	13,030	0	13,030	0
Total assets after provision	1,634,138			
On-balance sheet exposures as percentage of total assets	0.80%			



UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (continued)

1. ADVANCES AND OTHER ACCOUNTS (continued)

NON-BANK MAINLAND CHINA EXPOSURES

	THE COMPANY			
	31/12/2021			
	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	13,398	0	13,398	0
	13,398	0	13,398	0
Total assets after provision	1,631,155			
On-balance sheet exposures as percentage of total assets	0.82%			

2. CASH AND CASH EQUIVALENTS

This account consists of the following:

	THE COMPANY	
	30/6/2022 HK\$'000	31/12/2021 HK\$'000
Cash and bank balances	152,087	117,912
Money at call and short notice	225,020	267,570
	377,107	385,482
Less: allowance for impairment losses	8	10
Cash and cash equivalents	377,099	385,472

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

	THE COMPANY			
	30/6/2022			
	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Total HK\$'000
Balance as of 1 January 2022	10	0	0	10
Assets derecognized or repaid during the year	(2)	0	0	(2)
Balance as of 30 June 2022	8	0	0	8

	THE COMPANY			
	31/12/2021			
	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Total HK\$'000
Balance as of 1 January 2021	8	0	0	8
Assets derecognized or repaid during the year	2	0	0	2
Balance as of 31 December 2021	10	0	0	10

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	
	30/6/2022	31/12/2021
	HK\$'000	HK\$'000
Placements with banks and financial institutions	108,818	74,297
Less: allowance for impairment losses	11	8
Placements with banks and financial institutions	<u>108,807</u>	<u>74,289</u>

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

	THE COMPANY			
	30/6/2022			
	Stage 1	Stage 2	Stage 3	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance as of 1 January 2022	8	0	0	8
Assets derecognized or repaid during the year	3	0	0	3
Balance as of 30 June 2022	<u>11</u>	<u>0</u>	<u>0</u>	<u>11</u>

	THE COMPANY			
	31/12/2021			
	Stage 1	Stage 2	Stage 3	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance as of 1 January 2021	9	0	0	9
New assets originated or purchased	(1)	0	0	(1)
Balance as of 31 December 2021	<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			
	30/6/2022			
	12-months expected credit loss	Lifetime expected credit loss not credit impaired	Lifetime expected credit loss credit impaired	Total
	Stage 1	Stage 2	Stage 3	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Net charge for / (write-back of) credit loss expenses:				
- Advances to customers	5	0	(59)	(54)
- Cash and cash equivalents	(2)	0	0	(2)
- Placements with banks and financial institutions	3	0	0	3
	<u>6</u>	<u>0</u>	<u>(59)</u>	<u>(53)</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  
31/12/2021

	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	(7)	0	(112)	(119)
- Cash and cash equivalents	2	0	0	2
- Placements with banks and financial institutions	(1)	0	0	(1)
	<u>(6)</u>	<u>0</u>	<u>(112)</u>	<u>(118)</u>

5. OFF-BALANCE SHEET EXPOSURES

A. Contingent liabilities and commitments

	THE COMPANY	
	30/6/2022 HK\$'000	31/12/2021 HK\$'000
Contractual amounts		
Direct credit substitutes	300	300
Trade-related contingencies	0	1,110
Other commitments:		
With an original maturity of under one year or which are unconditionally cancellable	74,021	68,593
With an original maturity of one year and over	<u>0</u>	<u>0</u>
	<u>74,321</u>	<u>70,003</u>
Credit risk weighted amounts	<u>0</u>	<u>222</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	
	30/6/2022	31/12/2021
	HK\$'000	HK\$'000
Notional amounts of derivatives		
Exchange rate contracts	319,266	339,721
Credit risk weighted amounts	19,178	3,943
Replacement costs	3,836	493

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	
	30/6/2022	31/12/2021
	HK\$'000	HK\$'000
Derivative financial instruments (not under hedge accounting)		
Forward foreign exchange contracts (at fair value)		
-Assets	358	461
-Liabilities	(173)	(28)
	185	433

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 30/6/2022		THE COMPANY 31/12/2021	
	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	25,000	100.00%	20,000	100.00%
- Property investment	146,189	100.00%	183,820	100.00%
- Financial concerns	0	0.00%	0	0.00%
- Stockbrokers	0	0.00%	0	0.00%
- Wholesale and retail trade	396,164	100.00%	331,152	100.00%
- Manufacturing	156,761	100.00%	210,401	100.00%
- Transport and transport equipment	20,940	100.00%	20,841	100.00%
- Recreational activities	0	0.00%	0	0.00%
- Information technology	23,222	100.00%	24,550	100.00%
- Electricity and gas	0	0.00%	0	0.00%
- Civil engineering works	1,204	100.00%	1,313	100.00%
- Hotels, boarding houses & catering	6,880	100.00%	5,620	100.00%
- Non-stockbroking companies & individuals for the purchase of shares-others	62,028	100.00%	62,204	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	74,234	100.00%	77,713	100.00%
- Credit card advances	0	0.00%	0	0.00%
- Loans for other business purposes	22,001	100.00%	11,000	100.00%
- Loans for other private purposes	36,406	99.93%	32,086	99.88%
All others	3,600	100.00%	8,753	100.00%
Total loans for use in Hong Kong	<u>974,629</u>		<u>989,453</u>	
Trade finance	<u>16,909</u>	100.00%	<u>26,308</u>	100.00%
Total loans for use outside Hong Kong	<u>42,929</u>	100.00%	<u>43,198</u>	100.00%
Total advances to customers	<u>1,034,467</u>		<u>1,058,959</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 2022

THE COMPANY

	Gross loans and advances HK\$'000	Impairment allowances Stage 1 & Stage 2 HK\$'000	Impairment allowances Stage 3 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	156,761	3	0	3	0	156,761	100.00%	0	0
Property investment	146,189	0	0	0	0	146,189	100.00%	0	0
Wholesale and retail trade	396,164	8	0	2	0	396,164	100.00%	0	0

Advances to customers over 10% of the total advances by industry sectors as at 31 December 2021

THE COMPANY

	Gross loans and advances HK\$'000	Impairment allowances Stage 1 & Stage 2 HK\$'000	Impairment allowances Stage 3 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	210,402	0	0	0	0	210,402	100.00%	0	0
Property investment	183,819	0	0	0	0	183,819	100.00%	10,981	0
Wholesale and retail trade	331,152	6	0	0	0	331,152	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	
	30/6/2021	30/6/2021
	%	%
Average liquidity maintenance ratio for the six-month period	118.55%	70.27%

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	
	30/6/2022	31/12/2021
	%	%
Leverage ratio	29.59%	29.27%

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](http://www.abchkl.com.hk)

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (continued)

10. CURRENCY RISK

THE COMPANY

30/6/2022

	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
Spot assets	1,200	930	260	9,455	0	4,070	0	289,132	305,047
Spot liabilities	(965)	(776)	(5,639)	(9,236)	0	(3,688)	0	(598,417)	(618,721)
Forward purchases	0	0	5,235	0	0	0	0	313,895	319,130
Forward sales	0	0	0	0	0	0	0	(5,371)	(5,371)
Net long / (short) position	235	154	(144)	219	0	382	0	(761)	85

THE COMPANY

31/12/2021

	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
Spot assets	1,271	934	6,420	10,453	0	4,421	0	309,805	333,304
Spot liabilities	(1,008)	(780)	(5,998)	(10,213)	0	(4,019)	0	(646,563)	(668,581)
Forward purchases	0	0	1,924	0	0	0	0	337,760	339,684
Forward sales	0	0	(2,436)	0	0	0	0	(1,925)	(4,361)
Net long / (short) position	263	154	(90)	240	0	402	0	(923)	46

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					
	30/6/2022					
	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	120,088	0	0	0	0	120,088
Offshore Centres	319,071	0	0	1,045,389	0	1,364,460
- of which : Hong Kong	319,071	0	0	1,045,389	0	1,364,460
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	47,328	0	0	0	0	47,328
International Organisations	0	0	0	0	0	0
Unallocated	0	0	0	0	0	0
<b>Total</b>	<b>486,487</b>	<b>0</b>	<b>0</b>	<b>1,045,389</b>	<b>0</b>	<b>1,531,876</b>

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (continued)

11. INTERNATIONAL CLAIMS (continued)

	THE COMPANY					
	31/12/2021					
	Banks	Official	Non-bank	Non-bank	Others	Total
	HK\$'000	Sector	Financial	financial	HK\$'000	HK\$'000
		HK\$'000	Institutions	Private		
			HK\$'000	Sector	HK\$'000	HK\$'000
<b>Counterparty country/jurisdiction</b>						
Developed Countries	92,648	0	0	0	0	92,648
Offshore Centres	328,379	0	0	1,068,148	0	1,396,527
- of which : Hong Kong	250,397	0	0	1,068,148	0	1,318,545
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	39,170	0	0	0	0	39,170
International Organisations	0	0	0	0	0	0
Unallocated	0	0	0	0	0	0
<b>Total</b>	<b>460,197</b>	<b>0</b>	<b>0</b>	<b>1,068,148</b>	<b>0</b>	<b>1,528,345</b>

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 2022 and 31 December 2021 are reported to the Hong Kong Monetary Authority are as follows :

	THE COMPANY	
	30/6/2022	31/12/2021
	%	%
Common Equity Tier 1 capital ratio	36.62%	35.45%
Tier 1 capital ratio	36.62%	35.61%
Total capital ratio	38.83%	37.79%

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 2022 and 31 December 2021 and reported to the Hong Kong Monetary Authority are as follows:

	THE COMPANY	
	30/6/2022	31/12/2021
	HK\$'000	HK\$'000
Category 1 - Common Equity Tier 1 ("CET1") capital		
CET1 capital instruments	165,000	165,000
Retained earnings	355,649	347,688
Disclosed reserves	7,000	7,000
CET1 capital before deductions	527,649	519,688
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)	51,555	51,555
Total regulatory deductions to CET1 capital	51,555	51,555
CET1 capital after deductions	476,094	468,133
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)	0	2,070
Additional Tier 1 capital	0	2,070
Tier 1 capital after deductions	476,094	470,203
Category III - Tier 2 capital		
Reserves attributable to fair value gains on revaluation of holdings of land and buildings	23,200	23,200
Collective provisions	5,531	5,524
Tier 2 capital	28,731	28,724
Tier 2 capital after deductions	28,731	28,724
Total capital base	504,825	498,927

To comply with the Banking (Disclosure) Rules, a section "Regulatory Disclosures" will be available on the Company's website at [www.abchkl.com.hk](http://www.abchkl.com.hk) on 30 September 2022 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	
	30/6/2022	31/12/2021
	%	%
CCyB ratio	1.000%	1.000%

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](http://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 30 June 2022 and 31 December 2021.

15. PILLAR 3 REGULATORY DISCLOSURES

The Pillar 3 regulatory disclosures for 30 June 2022 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](http://www.abchkl.com.hk).

16. REPOSSESSED ASSETS

No repossessed assets of the company was held as at 30 June 2022 (31 December 2021 : 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.