

**ALLIED BANKING CORPORATION (HONG KONG) LIMITED**

**Pillar 3 Regulatory Disclosures**

**For the six months ended  
30 June 2020**

**(Unaudited)**

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**REGULATORY DISCLOSURES**
**Template KM1 : Key Prudential Ratios**
**30 June 2020**

(HK\$ '000)		30-Jun-20	31-Mar-20	31-Dec-19	30-Sep-19	30-Jun-19
	<b>Regulatory capital (amount)</b>					
1	Common equity Tier 1 (CET1)	441,605	431,341	426,842	421,976	416,455
2	Tier 1	445,745	435,481	433,052	428,186	422,665
3	Total capital	475,830	471,053	468,624	463,326	457,805
	<b>RWA (amount)</b>					
4	Total RWA	1,367,436	1,379,649	1,438,865	1,377,766	1,461,310
	<b>Risk-based regulatory capital ratios (as a percentage of RWA)</b>					
5	CET1 ratio (%)	32.29%	31.26%	29.67%	30.63%	28.50%
6	Tier 1 ratio (%)	32.60%	31.56%	30.10%	31.08%	28.92%
7	Total capital ratio (%)	34.80%	34.14%	32.57%	33.63%	31.33%
	<b>Additional CET1 buffer requirements (as a percentage of RWA)</b>					
8	Capital conservation buffer requirement (%)	2.500%	2.500%	2.500%	2.500%	2.500%
9	Countercyclical capital buffer requirement (%)	1.000%	1.000%	2.000%	2.500%	2.500%
10	Higher loss absorbency requirements (%) (applicable only to G-SIBS or D-SIBs)	0.00%	0.00%	0.00%	0.00%	0.00%
11	Total AI-specific CET1 buffer requirements (%)	3.50%	3.50%	4.50%	5.00%	5.00%
12	CET1 available after meeting the AI's minimum capital requirements (%)	22.30%	21.64%	20.07%	21.13%	18.83%
	<b>Basel III leverage ratio</b>					
13	Total leverage ratio (LR) exposure measure	1,641,021	1,662,881	1,689,300	1,630,245	1,802,215
14	LR (%)	27.16%	26.19%	25.63%	26.27%	23.45%
	<b>Liquidity Coverage Ratio (LCR) / Liquidity Maintenance Ratio (LMR)</b>					
	Applicable to category 1 institution only:					
15	Total high quality liquid assets (HQLA)	NA	NA	NA	NA	NA
16	total net cash outflows	NA	NA	NA	NA	NA
17	LCR (%)	NA	NA	NA	NA	NA
	Applicable to category 2 institution only:					
17a	LMR (%)	59.05%	53.33%	53.00%	45.31%	45.82%
	<b>Net Stable Funding Ratio (NSFR) / Core Funding Ratio (CFR)</b>					
	Applicable to category 1 institution only:					
18	Total available stable funding	NA	NA	NA	NA	NA
19	Total required stable funding	NA	NA	NA	NA	NA
20	NSFR (%)	NA	NA	NA	NA	NA
	Applicable to category 2A institution only:					
20a	CFR (%)	NA	NA	NA	NA	NA



# ALLIED BANKING CORPORATION (HONG KONG) LIMITED

## Template OV1: Overview of Risk-Weighted Assets (RWA)

The table below provides an overview of capital requirements in terms of a detailed breakdown of RWAs for various risks as at 30 June 2020 and 31 March 2020 respectively:

		(HK\$ '000)		
		(a)	(b)	(c)
		RWA		Minimum capital requirements
		June 2020	March 2020	June 2020
1	<b>Credit risk for non-securitization exposures</b>	<b>1,239,315</b>	<b>1,257,111</b>	<b>154,914</b>
2	Of which STC approach	0	0	0
2a	Of which BSC approach	1,239,315	1,257,111	154,914
3	Of which foundation IRB approach	0	0	0
4	Of which supervisory slotting criteria approach	0	0	0
5	Of which advanced IRB approach	0	0	0
6	Counterparty default risk and default fund contributions	<b>738</b>	<b>730</b>	<b>92</b>
7	Of which SA-CCR	NA	NA	NA
7a	Of which CEM	738	730	92
8	Of which IMM(CCR) approach	0	0	0
9	Of which others	0	0	0
10	CVA risk	0	0	0
11	Equity positions in banking book under the simple risk-weight method and internal models method	0	0	0
12	Collective investment scheme ("CIS") exposures - LTA	NA	NA	NA
13	CIS exposures - MBA	NA	NA	NA
14	CIS exposures - FBA	NA	NA	NA
14a	CIS exposures - combination of approaches	NA	NA	NA
15	Settlement risk	0	0	0
16	<b>Securitization exposures in banking book</b>	<b>0</b>	<b>0</b>	<b>0</b>
17	Of which SEC-IRBA	0	0	0
18	Of which SEC-ERBA (including IAA)	0	0	0
19	Of which SEC-SA	0	0	0
19a	Of which SEC-FBA	0	0	0
20	<b>Market risk</b>	<b>27,188</b>	<b>20,175</b>	<b>3,399</b>
21	Of which STM approach	27,188	20,175	3,399
22	Of which IMM approach	0	0	0
23	Capital charge for switch between exposures in trading book and banking book (not applicable before the revised market risk framework takes effect)	NA	NA	NA
24	Operational risk	130,200	131,638	16,275
24a	Sovereign concentration risk	0	0	0
25	Amounts below the thresholds for deduction (subject to 250% RW)	0	0	0
26	Capital floor adjustment	0	0	0
26a	<b>Deduction to RWA</b>	<b>30,005</b>	<b>30,005</b>	<b>3,751</b>
26b	Of which portion of regulatory reserve for general banking risks and collective provisions which is not included in Tier 2 Capital	0	0	0
26c	Of which portion of cumulative fair value gains arising from the revaluation of land and buildings which is not included in Tier 2 Capital	30,005	30,005	3,751
27	<b>Total</b>	<b>1,367,436</b>	<b>1,379,649</b>	<b>170,930</b>

**Template CC1 : Composition of regulatory capital**
**As at 30 June 2020**

		<b>Amount (HK\$ '000)</b>	<b>Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation</b>
<b>CET1 capital: instruments and reserves</b>			
1	Directly issued qualifying CET1 capital instruments plus any related share premium	165,000	(5) + (6)
2	Retained earnings	324,160	(8) + (9)
3	Disclosed reserves	7,000	(11)
4	<i>Directly issued capital subject to phase out arrangements from CET1 (only applicable to non-joint stock companies)</i>	Not applicable	
5	Minority interests arising from CET1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in CET1 capital of the consolidation group)	0	
6	<b>CET1 capital before regulatory adjustments</b>	496,160	
<b>CET1 capital: regulatory deductions</b>			
7	Valuation adjustments	0	
8	Goodwill (net of associated deferred tax liabilities)	0	
9	Other intangible assets (net of associated deferred tax liabilities)	0	
10	Deferred tax assets (net of associated deferred tax liabilities)	0	
11	Cash flow hedge reserve	0	
12	Excess of total EL amount over total eligible provisions under the IRB approach	0	
13	Gain-enhancing interest-only strip, and any gain-on-sale and other increase in the CET1 capital arising from securitization transactions	0	
14	Gains and losses due to changes in own credit risk on fair valued liabilities	0	
15	Defined benefit pension fund net assets (net of associated deferred tax liabilities)	0	
16	Investments in own CET1 capital instruments (if not already netted off paid-in capital on reported balance sheet)	0	
17	Reciprocal cross-holdings in CET1 capital instruments	0	
18	Insignificant LAC investments in CET1 capital investments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	0	
19	Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	0	
20	Mortgage servicing rights (net of associated deferred tax liabilities)	Not applicable	
21	Deferred tax assets arising from temporary differences (net of associated deferred tax liabilities)	Not applicable	
22	Amount exceeding the 15% threshold	Not applicable	
23	of which: significant investments in the ordinary share of financial sector entities	Not applicable	
24	of which: mortgage servicing rights	Not applicable	
25	of which: deferred tax assets arising from temporary differences	Not applicable	
26	National specific regulatory adjustments applied to CET1 capital	54,555	
26a	Cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties)	54,555	(4)
26b	Regulatory reserve for general banking risks	0	
26c	Securitization exposures specified in a notice given by the MA	0	
26d	Cumulative losses below depreciated cost arising from the institution's holdings of land and buildings	0	
26e	Capital shortfall of regulated non-bank subsidiaries	0	
26f	Capital investment in a connected company which is a commercial entity (amount above 15% of the reporting institution's capital base)	0	
27	Regulatory deductions applied to CET1 capital due to insufficient AT1 capital and Tier 2 capital to cover deductions	0	
28	<b>Total regulatory deductions to CET1 capital</b>	54,555	
29	<b>CET1 capital</b>	441,605	
<b>AT1 capital: instruments</b>			
30	Qualifying AT1 capital instruments plus any related share premium	0	
31	of which: classified as equity under applicable accounting standards	0	
32	of which: classified as liabilities under applicable accounting standards	0	
33	<i>Capital instruments subject to phase out arrangements from AT1 capital</i>	4,140	(7)
34	AT1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in AT1 capital of the consolidation group)	0	
35	<i>of which: AT1 capital instruments issued by subsidiaries subject to phase out arrangements</i>	0	
36	<b>AT1 capital before regulatory deductions</b>	4,140	

As at 30 June 2020

		Amount (HK\$ '000)	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
<b>AT1 capital: regulatory deductions</b>			
37	Investments in own AT1 capital instruments	0	
38	Reciprocal cross-holdings in AT1 capital instruments	0	
39	Insignificant LAC investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	0	
40	Significant LAC investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	0	
41	National specific regulatory adjustments applied to AT1 capital	0	
42	Regulatory deductions applied to AT1 capital due to insufficient Tier 2 capital to cover deductions	0	
43	<b>Total regulatory deductions to AT1 capital</b>	0	
44	<b>AT1 capital</b>	4,140	
45	<b>Tier 1 capital (T1 = CET1 + AT1)</b>	445,745	
<b>Tier 2 capital: instruments and provisions</b>			
46	Qualifying Tier 2 capital instruments plus any related share premium	0	
47	<i>Capital instruments subject to phase out arrangements from Tier 2 capital</i>	0	
48	Tier 2 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in Tier 2 capital of the consolidation group)	0	
49	<i>of which: capital instruments issued by subsidiaries subject to phase out arrangements</i>	0	
50	Collective provisions and regulatory reserve for general banking risks eligible for inclusion in Tier 2 capital	5,535	(1)+(2)+(3)+(10)
51	<b>Tier 2 capital before regulatory deductions</b>	5,535	
<b>Tier 2 capital: regulatory deductions</b>			
52	Investments in own Tier 2 capital instruments	0	
53	Reciprocal cross-holdings in Tier 2 capital instruments and non-capital LAC liabilities	0	
54	Insignificant LAC investments in Tier 2 capital instruments issued by, and non-capital LAC liabilities of, financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold and, where applicable, 5% threshold)	0	
54a	Insignificant LAC investments in non-capital LAC liabilities of financial sector entities that are outside the scope of regulatory consolidation (amount formerly designated for the 5% threshold but no longer meets the conditions) (for institutions defined as "section 2 institution" under S2(1) of Schedule 4F to BCR only)	0	
55	Significant LAC investments in Tier 2 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (net of eligible short positions)	0	
55a	Significant LAC investments in non-capital LAC liabilities of financial sector entities that are outside the scope of regulatory consolidation (net of eligible short positions)	0	
56	<b>National specific regulatory adjustments applied to Tier 2 capital</b>	(24,550)	
56a	<b>Add back of cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties) eligible for inclusion in Tier 2 capital</b>	(24,550)	(4) x 45%
56b	<b>Regulatory deductions applied to Tier 2 capital to cover the required deductions falling within S48(1)(g) of BCR</b>	0	
57	<b>Total regulatory adjustments to Tier 2 capital</b>	(24,550)	
58	<b>Tier 2 capital (T2)</b>	30,085	
59	<b>Total regulatory capital (TC = T1 + T2)</b>	475,830	
60	<b>Total RWA</b>	1,367,436	

As at 30 June 2020

		Amount (HK\$ '000)	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
<b>Capital ratios (as a percentage of RWA)</b>			
61	<b>CET1 capital ratio</b>	32.2944%	
62	<b>Tier 1 capital ratio</b>	32.5971%	
63	<b>Total capital ratio</b>	34.7972%	
64	<b>Institution-specific buffer requirement (capital conservation buffer plus countercyclical capital buffer plus higher loss absorbency requirements)</b>	3.50%	
65	<i>of which: capital conservation buffer requirement</i>	2.500%	
66	<i>of which: bank specific countercyclical buffer requirement</i>	1.000%	
67	<i>of which: higher loss absorbency requirement</i>	0.00%	
68	CET1 (as a percentage of RWA) available after meeting minimum capital requirement	22.297%	
<b>National minima (if different from Basel 3 minimum)</b>			
69	National CET1 minimum ratio	Not applicable	
70	National Tier 1 minimum ratio	Not applicable	
71	National Total capital minimum ratio	Not applicable	
<b>Amounts below the thresholds for deduction (before risk weighting)</b>			
72	Insignificant LAC investments in CET1, AT1 and Tier 2 capital instruments issued by, and non-capital LAC liabilities of, financial sector entities that are outside the scope of regulatory consolidation	0	
73	Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	0	
74	Mortgage servicing rights (net of associated related tax liabilities)	Not applicable	
75	Deferred tax assets arising from temporary differences (net of associated related tax liabilities)	Not applicable	
<b>Applicable caps on the inclusion of provisions in Tier 2 capital</b>			
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to the BSC approach, or the STC approach and SEC-ERBA, SEC-SA and SEC-FBA (prior to application of cap)	0	
77	Cap on inclusion of provisions in Tier 2 under the BSC approach, or the STC approach, and SEC-ERBA, SEC-SA and SEC-FBA	0	
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to the IRB approach and SEC-IRBA (prior to application of cap)	0	
79	Cap for inclusion of provisions in Tier 2 under the IRB approach and SEC-IRBA	0	
<b>Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022)</b>			
80	<i>Current cap on CET1 capital instruments subject to phase out arrangements</i>	Not applicable	
81	<i>Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)</i>	Not applicable	
82	<i>Current cap on AT1 capital instruments subject to phase out arrangements</i>	0	
83	<i>Amount excluded from AT1 capital due to cap (excess over cap after redemptions and maturities)</i>	0	
84	<i>Current cap on Tier 2 capital instruments subject to phase out arrangements</i>	0	
85	<i>Amount excluded from Tier 2 capital due to cap (excess over cap after redemptions and maturities)</i>	0	

As at 30 June 2020

**Notes to the template:**

Elements where a more conservative definition has been applied in the BCR relative to that set out in Basel III capital standards:

Description	Hong Kong basis (HK\$ '000)	Basel III basis (HK\$ '000)
<b>Other intangible assets (net of associated deferred tax liabilities)</b>	0	0
<p><u>Explanation</u></p> <p>9 As set out in paragraph 87 of the Basel III text issued by the Basel Committee (December 2010), mortgage servicing rights (MSRs) may be given limited recognition in CET1 capital (and hence be excluded from deduction from CET1 capital up to the specified threshold). In Hong Kong, an AI is required to follow the accounting treatment of including MSRs as part of intangible assets reported in the AI's financial statements and to deduct MSRs in full from CET1 capital. Therefore, the amount to be deducted as reported in row 9 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 9 (i.e. the amount reported under the "Hong Kong basis") adjusted by reducing the amount of MSRs to be deducted to the extent not in excess of the 10% threshold set for MSRs and the aggregate 15% threshold set for MSRs, DTAs arising from temporary differences and significant investments in CET1 capital instruments issued by financial sector entities (excluding those that are loans, facilities or other credit exposures to connected companies) under Basel III.</p>		
<b>Deferred tax assets (net of associated deferred tax liabilities)</b>	0	0
<p><u>Explanation</u></p> <p>10 As set out in paragraphs 69 and 87 of the Basel III text issued by the Basel Committee (December 2010), DTAs of the bank to be realized are to be deducted, whereas DTAs which relate to temporary differences may be given limited recognition in CET1 capital (and hence be excluded from deduction from CET1 capital up to the specified threshold). In Hong Kong, an AI is required to deduct all DTAs in full, irrespective of their origin, from CET1 capital. Therefore, the amount to be deducted as reported in row 10 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 10 (i.e. the amount reported under the "Hong Kong basis") adjusted by reducing the amount of DTAs to be deducted which relate to temporary differences to the extent not in excess of the 10% threshold set for DTAs arising from temporary differences and the aggregate 15% threshold set for MSRs, DTAs arising from temporary differences and significant investments in CET1 capital instruments issued by financial sector entities (excluding those that are loans, facilities and other credit exposures to connected companies) under Basel III.</p>		
<b>Insignificant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)</b>	0	0
<p><u>Explanation</u></p> <p>18 For the purpose of determining the total amount of insignificant LAC investments in CET1 capital instruments issued by financial sector entities, an AI is required to aggregate any amount of loans, facilities or other credit exposures provided by it to any of its connected companies, where the connected company is a financial sector entity, as if such loans, facilities or other credit exposures were direct holdings, indirect holdings or synthetic holdings of the AI in the capital instruments of the financial sector entity, except where the AI demonstrates to the satisfaction of the Monetary Authority that any such loan was made, any such facility was granted, or any such other credit exposure was incurred, in the ordinary course of the AI's business. Therefore, the amount to be deducted as reported in row 18 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 18 (i.e. the amount reported under the "Hong Kong basis") adjusted by excluding the aggregate amount of loans, facilities or other credit exposures to the AI's connected companies which were subject to deduction under the Hong Kong approach.</p>		



As at 30 June 2020

	Description	Hong Kong basis (HK\$ '000)	Basel III basis (HK\$ '000)
	<b>Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)</b>	0	0
19	<p><u>Explanation</u></p> <p>For the purpose of determining the total amount of significant LAC investments in CET1 capital instruments issued by financial sector entities, an AI is required to aggregate any amount of loans, facilities or other credit exposures provided by it to any of its connected companies, where the connected company is a financial sector entity, as if such loans, facilities or other credit exposures were direct holdings, indirect holdings or synthetic holdings of the AI in the capital instruments of the financial sector entity, except where the AI demonstrates to the satisfaction of the Monetary Authority that any such loan was made, any such facility was granted, or any such other credit exposure was incurred, in the ordinary course of the AI's business. Therefore, the amount to be deducted as reported in row 19 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 19 (i.e. the amount reported under the "Hong Kong basis") adjusted by excluding the aggregate amount of loans, facilities or other credit exposures to the AI's connected companies which were subject to deduction under the Hong Kong approach.</p>		
	<b>Insignificant LAC investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)</b>	0	0
39	<p><u>Explanation</u></p> <p>The effect of treating loans, facilities or other credit exposures to connected companies which are financial sector entities as CET1 capital instruments for the purpose of considering deductions to be made in calculating the capital base (see note re row 18 to the template above) will mean the headroom within the threshold available for the exemption from capital deduction of other insignificant LAC investments in AT1 capital instruments may be smaller. Therefore, the amount to be deducted as reported in row 39 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 39 (i.e. the amount reported under the "Hong Kong basis") adjusted by excluding the aggregate amount of loans, facilities or other credit exposures to the AI's connected companies which were subject to deduction under the Hong Kong approach.</p>		
	<b>Insignificant LAC investments in Tier 2 capital instruments issued by, and non-capital LAC Liabilities of, financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold and, where applicable, 5% threshold)</b>	0	0
54	<p><u>Explanation</u></p> <p>The effect of treating loans, facilities or other credit exposures to connected companies which are financial sector entities as CET1 capital instruments for the purpose of considering deductions to be made in calculating the capital base (see note re row 18 to the template above) will mean the headroom within the threshold available for the exemption from capital deduction of other insignificant LAC investments in Tier 2 capital instruments and non-capital LAC liabilities may be smaller. Therefore, the amount to be deducted as reported in row 54 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 54 (i.e. the amount reported under the "Hong Kong basis") adjusted by excluding the aggregate amount of loans, facilities or other credit exposures to the AI's connected companies which were subject to deduction under the Hong Kong approach.</p>		
<p>Remarks:</p> <p>The amount of the 10% threshold and 5% threshold mentioned above is calculated based on the amount of CET1 capital determined in accordance with the deduction methods set out in BCR Schedule 4F. The 15% threshold is referring to paragraph 88 of the Basel III text issued by the Basel Committee (December 2010) and has no effect to the Hong Kong regime.</p>			

**Abbreviations:**

CET1: Common Equity Tier 1

AT1: Additional Tier 1


**Template CC2 : Reconciliation of regulatory capital to balance sheet**

Balance Sheet Reconciliation	Balance sheet as in published audited financial statements	Under regulatory scope of consolidation	Cross reference to Definition of Capital Components
	as at 30/6/2020	as at 30/6/2020	
	HK\$ '000	HK\$ '000	
<b>ASSETS</b>			
Cash and cash equivalents	267,166	260,016	
<i>of which : collective impairment allowances reflected in regulatory capital</i>		(6)	(1)
Placements with banks and other financial institutions maturing between one and twelve months	185,419	161,343	
<i>of which : collective impairment allowances reflected in regulatory capital</i>		(19)	(2)
Derivative financial instruments	6	6	
Advances and other accounts	1,101,511	1,100,650	
<i>of which : collective impairment allowances reflected in regulatory capital</i>		(11)	(3)
Trade bills	0	0	
Investment in a subsidiary	0	1,000	
Investment property	81,000	81,000	
<i>of which : cumulative revaluation gains on land and buildings</i>		54,555	(4)
Property and equipment	26,575	26,575	
<b>Total assets</b>	<b>1,661,677</b>	<b>1,630,590</b>	
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
Deposits and balances of banks and other financial institutions	27,060	27,060	
Deposits from customers	1,068,804	1,068,804	
Derivative financial instruments	629	629	
Other accounts and provisions	14,803	7,326	
Current tax liabilities	3,227	2,930	
Deferred tax liabilities	1,482	1,482	
<b>Total liabilities</b>	<b>1,116,005</b>	<b>1,108,231</b>	
<b>EQUITY</b>			
Share capital	185,700	185,700	
<i>of which : fully paid up share capital</i>		124,209	(5)
<i>partly paid up share capital</i>		40,791	(6)
<i>non-cumulative and non-redeemable preference shares</i>		20,700	(7)
Reserves	359,972	336,659	
<i>of which : retained earnings</i>		314,896	(8)
<i>unaudited profit of the current financial year</i>		9,264	(9)
<i>collective impairment reserve</i>		5,499	(10)
<i>general reserve</i>		7,000	(11)
Total equity	545,672	522,359	
<b>Total liabilities and equity</b>	<b>1,661,677</b>	<b>1,630,590</b>	

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**Table CCA : Main features of regulatory capital instruments**

Main Features Template			
1	Issuer	Allied Banking Corporation (HK) Limited	Allied Banking Corporation (HK) Limited
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	NA	NA
3	Governing law(s) of the instrument	Hong Kong Law	Hong Kong Law
	<i>Regulatory treatment</i>		
4	Transitional Basel III rules <sup>#</sup>	NA	NA
5	Post-transitional Basel III rules <sup>+</sup>	NA	NA
6	Eligible at solo*/group/group & solo	Solo*	Solo*
7	Instrument type (types to be specified by each jurisdiction)	Ordinary Shares	Non-cumulative and Non-redeemable Preference Shares
8	Amount recognised in regulatory capital (Currency in million, as of most recent reporting date)	[HK\$ in million] [HK\$165million]	[HK\$ in million] [HK\$4.14million]
9	Par value of instrument	[12,420,925 ordinary shares of HK\$10 each fully paid] [6,500,000 ordinary shares of HK\$10 each with HK\$6.2755 each paid up]	[2,070,000 5% non-cumulative and non-redeemable preference shares of HK\$10 each]
10	Accounting classification	Shareholders' equity	Shareholders' equity
11	Original date of issuance	[1 ordinary shares - 9 October 1978] [10,835,924 ordinary shares - 28 September 1978] [8,085,000 ordinary shares - 22 July 1986]	[2,070,000 non-cumulative and non-redeemable preference shares - 22 July 1986]
12	Perpetual or dated	Perpetual	Perpetual
13	Original maturity date	no maturity	no maturity
14	Issuer call subject to prior supervisory approval	NA	NA
15	Optional call date, contingent call dates and redemption amount	NA	NA
16	Subsequent call dates, if applicable	NA	NA
	<i>Coupons / dividends</i>		
17	Fixed or floating dividend/coupon	NA	Fixed
18	Coupon rate and any related index	NA	5% on non-cumulative and non-redeemable preference shares
19	Existence of a dividend stopper	No	Yes
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary	Mandatory
21	Existence of step up or other incentive to redeem	NA	NA
22	Noncumulative or cumulative	Noncumulative	Noncumulative
23	Convertible or non-convertible	Non-convertible	Non-convertible
24	If convertible, conversion trigger (s)	NA	NA
25	If convertible, fully or partially	NA	NA
26	If convertible, conversion rate	NA	NA
27	If convertible, mandatory or optional conversion	NA	NA
28	If convertible, specify instrument type convertible into	NA	NA
29	If convertible, specify issuer of instrument it converts into	NA	NA
30	Write-down feature	No	No
31	If write-down, write-down trigger(s)	NA	NA
32	If write-down, full or partial	NA	NA
33	If write-down, permanent or temporary	NA	NA
34	If temporary write-down, description of write-up mechanism	NA	NA
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	NA	NA
36	Non-compliant transitioned features	No	No
37	If yes, specify non-compliant features	NA	NA

**Footnote:**

- <sup>#</sup> Regulatory treatment of capital instruments subject to transitional arrangements provided for in Schedule 4H of the Banking (Capital) Rules
- <sup>+</sup> Regulatory treatment of capital instruments not subject to transitional arrangements provided for in Schedule 4H of the Banking (Capital) Rules
- \* Include solo-consolidated

**Template CCyB1 : Geographical distribution of credit exposures used in countercyclical capital buffer ("CCyB")**

The following table presents the geographical breakdown of risk-weighted amounts (RWA) in relation to private sector credit exposures as at 30 June 2020

		a	b	c	d
	<b>Geographical breakdown by Jurisdiction (J)</b>	<b>Applicable JCCyB ratio in effect</b>	<b>RWA used in computation of CCyB ratio</b>	<b>AI-specific CCyB ratio</b>	<b>CCyB amount</b>
		<b>%</b>	<b>HK\$ '000</b>	<b>%</b>	<b>HK\$ '000</b>
1	Hong Kong SAR	1.000%	1,046,755		
	Sum of above		1,046,755		
	<b>Total</b>		<b>1,046,755</b>	<b>1.000%</b>	<b>10,468</b>



# ALLIED BANKING CORPORATION (HONG KONG) LIMITED

As at 30 June 2020

## Template LR1 : Summary comparison of accounting assets against Leverage Ratio ("LR") exposure measure

	Item	Value under Leverage Ratio framework HK\$ '000
1	Total consolidated assets as per published financial statements	1,630,618
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	0
3	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting standard but excluded from the leverage ratio exposure measure	0
4	Adjustments for derivative contracts	3,689
5	Adjustment for securities financing transactions (i.e. repos and similar secured lending)	0
6	Adjustment for off-balance sheet ("OBS") items (i.e. conversion to credit equivalent amounts of OBS exposures)	6,714
6a	Adjustment for specific and collective provisions that are allowed to be excluded from exposure measure	0
7	Other adjustments	0
8	<b>Leverage ratio exposure measure</b>	<b>1,641,021</b>

**Template LR2 : Leverage ratio ("LR")**
**30 June 2020**

		<b>Leverage Ratio framework (HK\$ '000)</b>	
		<b>As at 30 Jun 2020</b>	<b>As at 31 Mar 2020</b>
<b>On-balance sheet exposures</b>			
1	On-balance sheet exposures (excluding those arising from derivatives contracts and SFTs, but including collateral)	1,630,618	1,653,602
2	Less: Asset amounts deducted in determining Tier 1 capital	0	0
3	<b>Total on-balance sheet exposures (excluding derivatives contracts and SFTs)</b>	1,630,618	1,653,602
<b>Exposures arising from derivative contracts</b>			
4	Replacement cost associated with all derivatives contracts (where applicable net of eligible cash variation margin and/or with bilateral netting)	0	0
5	Add-on amounts for PFE associated with all derivatives contracts	3,689	3,650
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework	0	0
7	Less: Deductions of receivables assets for cash variation margin provided under derivatives contracts	0	0
8	Less: Exempted CCP leg of client-cleared trade exposures	0	0
9	Adjusted effective notional amount of written credit derivatives contracts	0	0
10	Less: Adjusted effective notional offsets and add-on deductions for written credit derivatives contracts	0	0
11	<b>Total exposures arising from derivative contracts</b>	3,689	3,650
<b>Exposures arising from securities financing transactions (SFTs)</b>			
12	Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	0	0
13	Less: Netted amounts of cash payables and cash receivables of gross SFT assets	0	0
14	CCR exposure for SFT assets	0	0
15	Agent transaction exposures	0	0
16	<b>Total exposures arising from SFTs</b>	0	0
<b>Other off-balance sheet exposures</b>			
17	Off-balance sheet exposure at gross notional amount	6,714	5,629
18	Less: Adjustments for conversion to credit equivalent amounts	0	0
19	<b>Off-balance sheet items</b>	6,714	5,629
<b>Capital and total exposures</b>			
20	<b>Tier 1 capital</b>	445,745	435,481
20a	<b>Total exposures before adjustments for specific and collective provisions</b>	1,641,021	1,662,881
20b	<b>Adjustments for specific and collective provisions</b>	0	0
21	<b>Total exposures after adjustments for specific and collective provision</b>	1,641,021	1,662,881
<b>Leverage ratio</b>			
22	<b>Leverage ratio</b>	<b>27.16%</b>	<b>26.19%</b>

**Template CR1: Credit quality of exposures**

The table below provides an overview of the credit quality of on- and off-balance sheet exposures as at 30 June 2020

		( a )	( b )	( c )	( d )	( e )	( f )	( g )
		Gross carrying amounts of		Allowances / impairments	of which ECL accounting provisions for credit losses on STC approach exposures		of which ECL accounting provisions for credit losses on IRB approach exposures	Net values ( a+b-c )
(HK\$ '000)		Defaulted exposures	Non-defaulted exposures		Allocated in regulatory category of specific provisions	Allocated in regulatory category of collective provisions		
1	Loans	25,895	1,068,502	16	0	0	0	1,094,381
2	Debt securities	0	0	0	0	0	0	0
3	Off-balance sheet exposures	0	61,409	0	0	0	0	61,409
<b>4</b>	<b>Total</b>	<b>25,895</b>	<b>1,129,911</b>	<b>16</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,155,790</b>

**Template CR2: Changes in defaulted loans and debt securities**

The table below provides information on the changes in defaulted loans and debt securities, including any changes in the amount of defaulted exposures, movements between non-defaulted and defaulted exposures, and reductions in the defaulted exposures due to write-offs as at 30 June 2020 and 31 December 2019 respectively:

(HK\$ '000)		(a)
		Amount
<b>1</b>	<b>Defaulted loans and debt securities at end of the previous reporting period (31 December 2019)</b>	<b>1,925</b>
2	Loans and debt securities that have defaulted since the last reporting period	23,984
3	Returned to non-defaulted status	0
4	Amounts written off	0
5	Other changes *	(14)
<b>6</b>	<b>Defaulted loans and debt securities at end of the current reporting period (30 June 2020)</b>	<b>25,895</b>

\* Other changes include loan repayment



**Template CR3: Overview of recognized credit risk mitigation**

The following table presents the extent of credit risk exposures covered by different types of recognized CRM as at 30 June 2020 :

(HK\$ '000)		(a)	(b1)	(b)	(d)	(f)
		Exposures unsecured : carrying amount	Exposures to be secured	Exposures secured by recognized collateral	Exposures secured by recognized guarantees	Exposures secured by recognized credit derivative contracts
1	Loans	1,091,613	2,768	2,768	0	0
2	Debt securities	0	0	0	0	0
<b>3</b>	<b>Total</b>	<b>1,091,613</b>	<b>2,768</b>	<b>2,768</b>	<b>0</b>	<b>0</b>
4	of which defaulted	25,895	0	0	0	0

**Template CR4: Credit risk exposures and effects of recognized credit risk mitigation - for BSC approach**

The following table illustrates the effect of any recognized credit risk mitigation (including recognized collateral based on the comprehensive approach or the simple approach or both) on the calculation of credit risk capital requirements under BSC approach as at 30 June 2020 :

	Exposure Classes	(a)	(b)	(c)	(d)	(e)	(f)
		Exposures pre-CCF and pre-CRM		Exposures post-CCF and post-CRM		RWA and RWA density	
		On-balance sheet amount (HK\$ '000)	Off-balance sheet amount (HK\$ '000)	On-balance sheet amount (HK\$ '000)	Off-balance sheet amount (HK\$ '000)	RWA (HK\$ '000)	RWA density %
1	Sovereign exposures	0	0	0	0	0	0.00%
2	PSE exposures	0	0	0	0	0	0.00%
3	Multilateral development bank exposures	0	0	0	0	0	0.00%
4	Bank exposures	421,586	0	421,586	0	84,317	20.00%
5	Cash items	0	0	2,768	0	0	0.00%
6	Exposures in respect of failed delivery on transactions entered into on a basis other than a delivery-versus-payment basis	0	0	0	0	0	0.00%
7	Residential mortgage loans	166,815	0	166,815	0	114,943	68.90%
8	Other exposures	1,042,217	61,409	1,039,449	906	1,040,055	99.97%
9	Significant exposures to commercial entities	0	0	0	0	0	0.00%
<b>10</b>	<b>Total</b>	<b>1,630,618</b>	<b>61,409</b>	<b>1,630,618</b>	<b>906</b>	<b>1,239,315</b>	<b>75.96%</b>

**Template CR5 : Credit risk exposures by asset classes and by risk weights - for BSC approach**

The following table presents a breakdown of credit risk exposures under BSC approach by asset classes and by risk weights as at 30 June 2020 :

	(HK\$ '000)	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
	Risk Weight									Total credit risk exposures amount (post CCF and post CRM)
	Exposure class	0%	10%	20%	35%	50%	100%	250%	Others	
1	Sovereign exposures	0	0	0	0	0	0	0	0	0
2	PSE exposures	0	0	0	0	0	0	0	0	0
3	Multilateral development bank exposures	0	0	0	0	0	0	0	0	0
4	Bank exposures	0	0	421,586	0	0	0	0	0	421,586
5	Cash items	2,768	0	0	0	0	0	0	0	2,768
6	Exposures in respect of failed delivery on transactions entered into on a basis other than a delivery-versus-payment basis	0	0	0	0	0	0	0	0	0
7	Residential mortgage loans	0	0	0	0	103,745	63,070	0	0	166,815
8	Other exposures	300	0	0	0	0	1,040,055	0	0	1,040,355
9	Significant exposures to commercial entities	0	0	0	0	0	0	0	0	0
<b>10</b>	<b>Total</b>	<b>3,068</b>	<b>0</b>	<b>421,586</b>	<b>0</b>	<b>103,745</b>	<b>1,103,125</b>	<b>0</b>	<b>0</b>	<b>1,631,524</b>

**Template CCR1: Analysis of counterparty default risk exposures (other than those to CCPs) by approaches**

The following table presents a comprehensive breakdown of counterparty default risk exposures (other than those to CCPs), RWAs, and , where applicable, main parameters under the approaches used to calculate default risk exposures in respect of derivative contracts and SFTs as at 30 June 2020 :

		(a)	(b)	(c)	(d)	(e)	(f)
		Replacement cost (RC) (HK\$ '000)	PFE (HK\$ '000)	Effective EPE (HK\$ '000)	Alpha used for computing default risk exposure	Default risk exposure after CRM (HK\$ '000)	RWA (HK\$ '000)
1	SA-CCR (for derivative contracts)	0	0		1.4	0	0
1a	CEM	5	3,684		N/A	3,689	738
2	IMM (CCR) Approach			0	N/A	0	0
3	Simple Approach (for SFTs)					0	0
4	Comprehensive Approach (for SFTs)					0	0
5	VaR (for SFTs)					0	0
<b>6</b>	<b>Total</b>						<b>738</b>

**Template CCR3: Counterparty default risk exposures (other than those to CCPs) by asset classes and by risk weights - for BSC approach**

The following table presents a breakdown of default risk exposures as at 30 June 2020, other than those to CCPs, in respect of derivative contracts and SFTs that are subject to the BSC approach, by asset classes and risk-weights, irrespective of the approach used to determine the amount of default risk exposures:

	(HK\$ '000)	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
	Exposure class	0%	10%	20%	35%	50%	100%	250%	Others	Total default risk exposure after CRM
1	Sovereign exposures	0	0	0	0	0	0	0	0	0
2	PSE exposures	0	0	0	0	0	0	0	0	0
3	Multilateral development bank exposures	0	0	0	0	0	0	0	0	0
4	Bank exposures	0	0	3,689	0	0	0	0	0	3,689
5	CIS exposures	0	0	0	0	0	0	0	0	0
6	Other exposures	0	0	0	0	0	0	0	0	0
7	Significant exposures to commercial entities	0	0	0	0	0	0	0	0	0
<b>8</b>	<b>Total</b>	<b>0</b>	<b>0</b>	<b>3,689</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,689</b>

**Template MR1: Market risk under Standardized (market risk) approach (STM approach)**

The table below provides the components of the market risk capital requirements calculated using the STM approach exposures as at 30 June 2020 :

	(HK\$ '000)	(a) RWA
	Outright product exposures	
1	Interest rate exposures (general and specific risk)	26,400
2	Equity exposures (general and specific risk)	0
3	Foreign exchange (including gold) exposures	788
4	Commodity exposures	0
	Option exposures	
5	Simplified approach	0
6	Delta-plus approach	0
7	Other approach	0
8	Securitization exposures	0
<b>9</b>	<b>Total</b>	<b>27,188</b>



# ALLIED BANKING CORPORATION (HONG KONG) LIMITED

## 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					Total HK\$'000
	30/6/2020					
Counterparty country/jurisdiction	Banks HK\$'000	Official Sector HK\$'000	Non-bank Private Sector		Others HK\$'000	Total HK\$'000
			Non-bank Financial Institutions HK\$'000	Non- financial Private Sector 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
<b>Total</b>	<b>422,409</b>	<b>0</b>	<b>0</b>	<b>1,100,648</b>	<b>0</b>	<b>1,523,057</b>



# ALLIED BANKING CORPORATION (HONG KONG) LIMITED

## INTERNATIONAL CLAIMS (continued)

THE COMPANY  
31/12/2019

Counterparty country/jurisdiction	Banks HK\$'000	Official Sector HK\$'000	Non-bank Private Sector		Others HK\$'000	Total HK\$'000
			Non-bank Financial Institutions HK\$'000	financial Private Sector HK\$'000		
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	0	0	0	0	0	0
Developing Africa and Middle	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
<b>Total</b>	<b>385,348</b>	<b>0</b>	<b>0</b>	<b>1,186,309</b>	<b>0</b>	<b>1,571,657</b>



**ADVANCES TO CUSTOMERS BY INDUSTRY SECTORS**

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.

**ADVANCES TO CUSTOMERS BY INDUSTRY SECTORS (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

**ADVANCES TO CUSTOMERS BY GEOGRAPHICAL AREA OF LOAN USAGE**

	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>

**OVERDUE AND RESCHEDULED ASSETS**
**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
<u>Loans for use in Hong Kong</u>				
Gross amount of impaired loans	822	823	0.08	0.07
Impairment allowance made in respect of such advances - Stage 3	(6)	(8)		
	<u>816</u>	<u>815</u>		
<u>Loans for use in People's Republic of China</u>				
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>		
<u>Total impaired assets</u>				
Gross amount of impaired loans	822	823	0.08	0.07
Impairment allowance made in respect of such advances - Stage 3	(6)	(8)		
	<u>816</u>	<u>815</u>		
Fair value of collateral	<u>4,000</u>	<u>2,200</u>		

**OVERDUE AND RESCHEDULED ASSETS (continued)**
**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>

**OVERDUE AND RESCHEDULED ASSETS (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><u>107,318</u></u>	<u><u>40,858</u></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.

**REPOSSESSED ASSETS**

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

**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				
<u>Type of counterparties</u>	On-balance sheet exposure HK\$'000	Off-balance sheet exposure HK\$'000	Total exposure HK\$'000	Individual impairment allowance HK\$'000
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	34,543	0	34,543	0
Total assets after provision	1,630,589			
On-balance sheet exposures as percentage of total assets	2.12%			

THE COMPANY 31/12/2019				
<u>Type of counterparties</u>	On-balance sheet exposure HK\$'000	Off-balance sheet exposure HK\$'000	Total exposure HK\$'000	Individual impairment allowance HK\$'000
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
Total	34,784	0	34,784	0
Total assets after provision	1,679,661			
On-balance sheet exposures as percentage of total assets	2.07%			

**CURRENCY RISK**

	THE COMPANY								Total
	30/6/2020								
	AUD	CAD	EUR	GBP	JPY	NZD	SGD	USD	
	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								Total
	31/12/2019								
	AUD	CAD	EUR	GBP	JPY	NZD	SGD	USD	
	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.

## Disclosure on liquidity information

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.



## Glossary

<u>Abbreviations</u>	<u>Descriptions</u>
AT1	Additional Tier 1
BSC	Basic Approach
CCF	Credit Conversion Factor
CCP	Central Counterparty
CCR	Counterparty Credit Risk
CCyB	Countercyclical Capital Buffer
CEM	Current Exposure Method
CET1	Common Equity Tier 1
CIS	Collective Investment Scheme
CRM	Credit Risk Mitigation
CVA	Credit Valuation Adjustment
EPE	Expected Positive Exposure
IMM	Internal Models Method
IRB	Internal Ratings-Based
JCCyB	Jurisdictional countercyclical Capital Buffer
LMR	Liquidity Maintenance Ratio
PFE	Potential Future Exposure
PSE `	Public Sector Entity
RWA	Risk Weighted Asset
SA-CCR	Standardized Approach (Counterparty Credit Risk)
SEC-IRBA	Securitization Internal Ratings-based Approach
SEC-ERBA	Securitization External Ratings-Based Approach
SEC-SA	Securitization Standardized Approach
SFT	Securities Financing Transaction
STC	Standardized (Credit Risk)
STM	Standardized (Market Risk)
STO	Standardized (Operational Risk)
VaR	Value-At-Risk