

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

2015 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 2015 to 30 June 2015 as follows:-

UNAUDITED CONSOLIDATED STATEMENT OF INCOME
 FOR THE SIX MONTHS ENDED 30 JUNE 2015

	<u>30/6/2015</u>	<u>30/6/2014</u>
	HK\$'000	HK\$'000
Interest income	23,879	21,011
Interest expenses	(2,784)	(2,909)
Net interest income	21,095	18,102
Commission income	947	702
Other operating income	7,467	4,703
Operating income	29,509	23,507
Operating expenses	(15,334)	(14,365)
Operating profit before impairment losses	14,175	9,142
Net write-back of impairment provision	115	207
Profit before taxation	14,290	9,349
Hong Kong profits tax	990	-
Profit for the period	<u>13,300</u>	<u>9,349</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 COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2015

	<u>30/6/2015</u>	<u>30/6/2014</u>
	HK\$'000	HK\$'000
Profit for the period	13,300	9,349
Other comprehensive income		
Changes in fair value of available-for-sale investments	<u>0</u>	<u>(19)</u>
Total comprehensive income for the period	<u>13,300</u>	<u>9,330</u>

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 2015

	NOTE	30/6/2015 HK\$'000	31/12/2014 HK\$'000
ASSETS			
Cash and cash equivalents		394,711	274,630
Placements with banks and other financial institutions maturing between one and twelve months		215,255	256,885
Derivative financial instruments	3	0	108
Advances and other accounts		980,271	1,037,810
Deferred tax asset		1,393	1,393
Investment property		50,000	50,000
Property and equipment		31,203	31,650
		<hr/>	<hr/>
Total assets		<u>1,672,833</u>	<u>1,652,476</u>
LIABILITIES AND EQUITY			
LIABILITIES			
Deposits and balances of banks and other financial institutions		38,674	39,294
Deposits from customers		1,229,681	1,220,340
Derivative financial instruments	3	69	111
Other accounts and provisions		10,205	11,309
		<hr/>	<hr/>
Total liabilities		<u>1,278,629</u>	<u>1,271,054</u>
EQUITY			
Share capital		185,700	185,700
Reserves		208,504	195,722
		<hr/>	<hr/>
Total equity		<u>394,204</u>	<u>381,422</u>
		<hr/>	<hr/>
Total liabilities and equity		<u>1,672,833</u>	<u>1,652,476</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 2015

	Issued Capital HK\$'000	General Reserve HK\$'000	Investment Revaluation Reserve HK\$'000	Collective Impairment Reserve HK\$'000	Retained Profits HK\$'000	Total HK\$'000
At 1 January 2014	185,700	7,000	1	9,233	160,842	362,776
Profit for the year	0	0	0	0	19,682	19,682
Other comprehensive income for the year :						
Change in fair value of AFS investments, net of tax	0	0	(1)	0	0	(1)
Total comprehensive income for the year	0	0	(1)	0	19,682	19,681
2014 preference shares dividend	0	0	0	0	(1,035)	(1,035)
Transfer to retained profits	0	0	0	(132)	132	0
At 31 December 2014	185,700	7,000	0	9,101	179,621	381,422
Profit for the six months of 2015	0	0	0	0	13,300	13,300
Other comprehensive income for the year :						
Change in fair value of AFS investments, net of tax	0	0	0	0	0	0
Total comprehensive income for the year	0	0	0	0	13,300	13,300
2015 preference shares dividend	0	0	0	0	(518)	(518)
At 30 June 2015	185,700	7,000	0	9,101	192,403	394,204

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION

	THE COMPANY	
	30/6/2015 HK\$'000	31/12/2014 HK\$'000
1. ADVANCES AND OTHER ACCOUNTS		
Advances to customers	975,761	1,035,267
Individual impairment allowances against advances to customers	(36)	(41)
Collective impairment allowances	(1,896)	(1,896)
Other accounts	4,454	3,938
	<u>978,283</u>	<u>1,037,268</u>

ADVANCES TO CUSTOMERS

	THE COMPANY		THE COMPANY	
	30/6/2015 HK\$'000	31/12/2014 HK\$'000	30/6/2015 % of total advances to customers	31/12/2014 % of total advances to customers
Loans for use in				
Hong Kong	938,660	996,505	96.20	96.26
Philippines	16,958	18,581	1.74	1.79
Vietnam	20,143	20,181	2.06	1.95
China	0	0	0.00	0.00
	<u>975,761</u>	<u>1,035,267</u>	<u>100.00</u>	<u>100.00</u>

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (continued)

1. ADVANCES AND OTHER ACCOUNTS (continued)

IMPAIRED ASSETS

	THE COMPANY		THE COMPANY	
	30/6/2015	31/12/2014	30/6/2015	31/12/2014
	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	194	206	0.02	0.02
Individual impairment allowances made against such advances	(36)	(40)		
	<u>158</u>	<u>166</u>		
<u>Loans for use in People's Republic of China</u>				
Gross amount of impaired loans	0	0	0.00	0.00
Individual impairment allowances made against such advances	0	0		
	<u>0</u>	<u>0</u>		
<u>Total impaired assets</u>				
Gross amount of impaired loans	194	206	0.02	0.02
Individual impairment allowances made against such advances	(36)	(40)		
	<u>158</u>	<u>166</u>		
Fair value of collateral	<u>0</u>	<u>0</u>		

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (continued)

1. ADVANCES AND OTHER ACCOUNTS (continued)

OVERDUE AND RESCHEDULED ASSETS

OVERDUE ADVANCES

	THE COMPANY		THE COMPANY	
	30/6/2015	31/12/2014	30/6/2015	31/12/2014
	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	0	0	0.00	0.00
One year or less but over six months	0	5,823	0.00	0.56
Over one year	6,000	0	0.61	0.00
	<u>6,000</u>	<u>5,823</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>6,000</u>	<u>5,823</u>		

As at 30 June 2015 and 31 December 2014, there were no advances to banks and other financial institutions which were overdue for three months or less.

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	
	30/6/2015	31/12/2014
	HK\$'000	HK\$'000
Current market value of collateral held against the covered portion of overdue loans and advances	<u>31,000</u>	<u>31,000</u>
Covered portion of overdue loans and advances	<u>6,000</u>	<u>5,823</u>
Uncovered portion of overdue loans and advances	<u>0</u>	<u>0</u>

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (continued)

1. ADVANCES AND OTHER ACCOUNTS (continued)

RESCHEDULED ADVANCES

All rescheduled advances to customers were made to customers who are located in Hong Kong.

	THE COMPANY		THE COMPANY	
	30/6/2015	31/12/2014	30/6/2015	31/12/2014
	HK\$'000	HK\$'000	% of total advances to customers	% of total advances to customers
Rescheduled advances to	0	0	0	0

As at 30 June 2015 and 31 December 2014, there were no rescheduled advances to banks and other financial institutions.

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 :

	30/6/2015			
	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	0	0	0	0
Total	0	0	0	0
Total assets after provision	1,663,923			
On-balance sheet exposures as percentage of total assets	0%			

	31/12/2014			
	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	0	0	0	0
Total	0	0	0	0
Total assets after provision	1,644,042			
On-balance sheet exposures as percentage of total assets	0%			

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (continued)

2. OFF-BALANCE SHEET EXPOSURES

A. Contingent liabilities and commitments

	THE COMPANY	
	30/6/2015	31/12/2014
	HK\$'000	HK\$'000
Contractual amounts		
Direct credit substitutes	0	0
Trade-related contingencies	2,554	749
Other commitments:		
With an original maturity of under one year or which are unconditionally cancellable	27,579	50,798
With an original maturity of one year and over	0	0
	<u>30,133</u>	<u>51,547</u>
Credit risk weighted amounts	<u>511</u>	<u>150</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.

B. Derivatives

	THE COMPANY	
	30/6/2015	31/12/2014
	HK\$'000	HK\$'000
Notional amounts of derivatives		
Exchange rate contracts	<u>304,798</u>	<u>362,724</u>
Credit risk weighted amounts	<u>530</u>	<u>591</u>
Replacement costs	<u>13</u>	<u>92</u>

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.

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (continued)

3. DERIVATIVE FINANCIAL INSTRUMENTS

	THE COMPANY	
	30/6/2015	31/12/2014
	HK\$'000	HK\$'000
Derivative financial instruments (not under hedge accounting)		
Forward foreign exchange contracts (at fair value)		
-Assets	0	108
-Liabilities	<u>(69)</u>	<u>(111)</u>
	<u>(69)</u>	<u>(3)</u>

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)

4. 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 :

	30/6/2015		31/12/2014	
	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	279,626	100.00%	308,713	100.00%
- Financial concerns	0	0.00%	0	0.00%
- Stockbrokers	0	0.00%	0	0.00%
- Wholesale and retail trade	146,646	100.00%	139,582	100.00%
- Manufacturing	155,641	96.14%	185,935	96.77%
- Transport and transport equipment	17,524	100.00%	15,314	100.00%
- Recreational activities	0	0.00%	0	0.00%
- Information technology	0	0.00%	0	0.00%
- Civil engineering works	62,043	100.00%	58,809	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	138,563	100.00%	143,627	100.00%
- Credit card advances	0	0.00%	0	0.00%
- Loans for other business purposes	23,699	100.00%	24,545	100.00%
- Loans for other private purposes	71,521	99.73%	75,330	99.73%
Total loans for use in Hong Kong	<u>895,263</u>		<u>951,855</u>	
Trade finance	<u>43,397</u>	82.16%	<u>44,650</u>	65.91%
Total loans for use outside Hong Kong	<u>37,101</u>	100.00%	<u>38,762</u>	100.00%
Total advances to customers	<u>975,761</u>		<u>1,035,267</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)

5. 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 by industry sectors as at 30 June 2015

	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	155,641	302	0	0	0	149,641	96.14%	0	0
Property investment	279,626	543	0	0	0	279,626	100.00%	0	0
Wholesale and retail trade	146,646	285	0	0	0	146,646	100.00%	0	5,255
Professional & private individuals - Loans for the purchase of other residential properties	138,562	269	0	0	0	138,562	100.00%	0	745

Advances to customers by industry sectors as at 31 December 2014

	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	185,935	317	0	24	0	179,935	96.77%	0	0
Property investment	308,713	526	0	39	0	308,713	100.00%	0	0
Wholesale and retail trade	139,582	238	0	19	0	139,582	100.00%	0	5,091
Professional & private individuals - Loans for the purchase of other residential properties	143,627	245	0	18	0	143,627	100.00%	0	732

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (continued)

6. LIQUIDITY INFORMATION

	THE COMPANY	
	30/6/2015	30/6/2014
	%	%
Average liquidity maintenance ratio for the six-month period	54.54%	N.A.
Average liquidity ratio for the six-month period	N.A.	69.97%

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.

7. LEVERAGE RATIO

	THE COMPANY	
	30/6/2015	31/12/2014
	%	%
Leverage ratio	20.49%	19.06%

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 Bank's website www.abchkl.com.hk

8. FOREIGN CURRENCY POSITION

	THE COMPANY	
	30/6/2015	31/12/2014
	HK\$'000	HK\$'000
US Dollars		
Spot assets	582,267	505,576
Spot liabilities	(841,652)	(859,768)
Forward purchases	282,955	355,989
Forward sales	(21,808)	(6,785)
Net long / (short) position	<u>1,762</u>	<u>(4,988)</u>
New Zealand Dollars		
Spot assets	3,946	4,458
Spot liabilities	(3,695)	(4,202)
Forward purchases	0	0
Forward sales	0	0
Net long position	<u>251</u>	<u>256</u>

The company's net positions in other foreign currencies respectively constitute less than 10% of the total net position in all foreign

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

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (continued)

9. 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 :

	30/6/2015					Total HK\$'000
	Banks HK\$'000	Official Sector HK\$'000	Non-bank Financial Institutions HK\$'000	Non- financial Private Sector HK\$'000	Others HK\$'000	
Counterparty country/jurisdiction						
Developed Countries	377,366	47	0	0	0	377,413
Offshore Centres	193,509	296	0	982,294	0	1,176,099
- of which : Hong Kong	166,373	296	0	965,319	0	1,131,988
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	31,140	0	0	0	0	31,140
International Organisations	0	0	0	0	0	0
Unallocated	0	0	0	0	0	0
Total	602,015	343	0	982,294	0	1,584,652

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (continued)

9. INTERNATIONAL CLAIMS (continued)

	31/12/2014 *			
	Banks and other financial institutions HK\$'000	Public sector entities HK\$'000	Others HK\$'000	Total HK\$'000
<u>Asia Pacific excluding Hong Kong</u>				
Australia	80,055	0	0	80,055
<u>North America</u>				
United States	36,770	0	0	36,770
<u>Europe</u>				
United Kingdom	54,729	0	0	54,729
Netherlands	102,395	0	0	102,395

* There are changes of reporting basis and the categorisation on the types of counterparties as required by the HKMA in 2015, hence the disclosures reported during the year of 2014 are not directly comparable.

10. 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 2015 and 31 December 2014 are reported to the Hong Kong Monetary Authority are as follows :

	30/6/2015	31/12/2014
	%	%
CET1 capital ratio	29.23	27.49
Tier 1 capital ratio	30.50	28.91
Total capital ratio	32.40	30.76

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (continued)

10. 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 2015 and 31 December 2014 and reported to the Hong Kong Monetary Authority are as follows:

	30/6/2015	31/12/2014
	HK\$'000	HK\$'000
CET1 capital : instruments and reserves		
Directly issued qualifying CET1 capital instruments plus any related share premium	165,000	165,000
Retained earnings	185,799	174,244
Disclosed reserves	7,000	7,000
CET1 capital before regulatory deductions	<u>357,799</u>	<u>346,244</u>
CET1 capital : regulatory deductions		
Deferred tax assets net of deferred tax liabilities	1,393	1,393
Cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties)	23,555	23,555
Total regulatory deductions to CET1 capital	<u>24,948</u>	<u>24,948</u>
CET1 capital	<u>332,851</u>	<u>321,296</u>
AT1 capital : instruments		
Capital instruments subject to phase out arrangements from AT1 capital	14,490	16,560
AT1 capital	<u>14,490</u>	<u>16,560</u>
Tier 1 capital	<u>347,341</u>	<u>337,856</u>
Tier 2 capital : instruments and provisions		
Collective impairment allowances and regulatory reserve for general banking risks eligible for inclusion in Tier 2 capital	10,997	10,997
Tier 2 capital before regulatory deductions	<u>10,997</u>	<u>10,997</u>
Tier 2 capital : regulatory deductions		
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	(10,600)	(10,600)
Total regulatory deductions to Tier 2 capital	<u>(10,600)</u>	<u>(10,600)</u>
Tier 2 capital	<u>21,597</u>	<u>21,597</u>
Total capital	<u>368,938</u>	<u>359,453</u>

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 2015 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.

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (continued)

11. REPOSSESSED ASSETS

There was no repossessed assets of the company as at 30 June 2015 and 31 December 2014.

12. 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