

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

2017 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 2017 to 30 June 2017 as follows:-

UNAUDITED CONSOLIDATED STATEMENT OF INCOME  
FOR THE SIX MONTHS ENDED 30 JUNE 2017

	<u>30/6/2017</u>	<u>30/6/2016</u>
	HK\$'000	HK\$'000
Interest income	29,447	26,097
Interest expenses	(3,146)	(2,673)
Net interest income	26,301	23,424
Commission income	779	629
Other operating income	5,896	5,026
Operating income	32,976	29,079
Operating expenses	(15,954)	(15,449)
Operating profit before impairment losses	17,022	13,630
Net write-back of impairment provision	71	161
Profit before taxation	17,093	13,791
Hong Kong profits tax	3,085	2,365
Profit for the period and total comprehensive income for the period	<u>14,008</u>	<u>11,426</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 2017

	NOTE	30/6/2017	31/12/2016
		HK\$'000	HK\$'000
<b>ASSETS</b>			
Cash and cash equivalents		398,300	380,123
Placements with banks and other financial institutions			
maturing between one and twelve months		129,161	145,987
Derivative financial instruments	3	1,206	47
Available-for-sale investments	4	0	0
Advances and other accounts		1,121,192	1,107,368
Trade bills		3,402	0
Investment property		58,000	58,000
Property and equipment		29,882	29,653
		<hr/>	<hr/>
Total assets		<u>1,741,143</u>	<u>1,721,178</u>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
Deposits and balances of banks and other financial institutions		37,265	36,090
Deposits from customers		1,238,395	1,232,513
Derivative financial instruments	3	118	133
Other accounts and provisions		13,120	15,758
Current tax liabilities		3,067	1,272
Deferred tax liabilities		913	638
		<hr/>	<hr/>
Total liabilities		<u>1,292,878</u>	<u>1,286,404</u>
<b>EQUITY</b>			
Share capital		185,700	185,700
Reserves		262,565	249,074
		<hr/>	<hr/>
Total equity		<u>448,265</u>	<u>434,774</u>
		<hr/>	<hr/>
Total liabilities and equity		<u>1,741,143</u>	<u>1,721,178</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 2017

	Reserves					Total HK\$'000
	Share Capital HK\$'000	General Reserve HK\$'000	Collective Impairment Reserve HK\$'000	Retained Profits HK\$'000	Total Reserves HK\$'000	
At 1 January 2016	185,700	7,000	9,101	206,941	223,042	408,742
Profit for the year	0	0	0	27,067	27,067	27,067
Total comprehensive income for the year	0	0	0	27,067	27,067	27,067
2016 preference shares dividend	0	0	0	(1,035)	(1,035)	(1,035)
At 31 December 2016	185,700	7,000	9,101	232,973	249,074	434,774
Profit for the six months of 2017	0	0	0	14,008	14,008	14,008
Total comprehensive income for six months of 2017	0	0	0	14,008	14,008	14,008
Preference shares dividend for the six months of 2017	0	0	0	(517)	(517)	(517)
At 30 June 2017	185,700	7,000	9,101	246,464	262,565	448,265

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION

	THE COMPANY	
	30/6/2017	31/12/2016
	HK\$'000	HK\$'000
1. ADVANCES AND OTHER ACCOUNTS		
Advances to customers	1,114,769	1,102,012
Individual impairment allowances against advances to customers	(21)	(25)
Collective impairment allowances	(1,896)	(1,896)
Other accounts	7,605	6,066
	<u>1,120,457</u>	<u>1,106,157</u>

ADVANCES TO CUSTOMERS

	THE COMPANY		THE COMPANY	
	30/6/2017	31/12/2016	30/6/2017	31/12/2016
	HK\$'000	HK\$'000	% of total advances to customers	% of total advances to customers
Loans for use in				
Hong Kong	1,076,221	1,069,869	96.54	97.08
Philippines	10,568	12,118	0.95	1.10
Vietnam	27,980	20,025	2.51	1.82
China	0	0	0.00	0.00
	<u>1,114,769</u>	<u>1,102,012</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	
	30/6/2017	31/12/2016	30/6/2017	31/12/2016
	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	146	158	0.01	0.01
Individual impairment allowances made against such advances	(21)	(25)		
	<u>125</u>	<u>133</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	146	158	0.01	0.01
Individual impairment allowances made against such advances	(21)	(25)		
	<u>125</u>	<u>133</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	
	30/6/2017	31/12/2016	30/6/2017	31/12/2016
	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	1,255	826	0.11	0.07
One year or less but over six months	826	0	0.07	0.00
Over one year	0	0	0.00	0.00
	<u>2,081</u>	<u>826</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>2,081</u>	<u>826</u>		

As at 30 June 2017 and 31 December 2016, 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	
	30/6/2017	31/12/2016
	HK\$'000	HK\$'000
Current market value of collateral held against the covered portion of overdue loans and advances	<u>4,150</u>	<u>1,650</u>
Covered portion of overdue loans and advances	<u>2,081</u>	<u>826</u>
Uncovered portion of overdue loans and advances	<u>0</u>	<u>0</u>

1. ADVANCES AND OTHER ACCOUNTS (continued)

RESCHEDULED ADVANCES

No advances to customers, banks and other financial institutions were rescheduled as at 30 June 2017 (31 December 2016 : 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			
	30/6/2017			
	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	0	0	0	0
Total	0	0	0	0
Total assets after provision	<u>1,720,462</u>			
On-balance sheet exposures as percentage of total assets	0%			

	THE COMPANY			
	31/12/2016			
	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	0	0	0	0
Total	0	0	0	0
Total assets after provision	<u>1,701,108</u>			
On-balance sheet exposures as percentage of total assets	0%			

## 2. OFF-BALANCE SHEET EXPOSURES

## A. Contingent liabilities and commitments

	THE COMPANY	
	30/6/2017	31/12/2016
	HK\$'000	HK\$'000
Contractual amounts		
Direct credit substitutes	0	0
Trade-related contingencies	8,740	1,384
Other commitments:		
With an original maturity of under one year or which are unconditionally cancellable	77,546	61,296
With an original maturity of one year and over	0	0
	<u>86,286</u>	<u>62,680</u>
Credit risk weighted amounts	<u>1,748</u>	<u>277</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	
	30/6/2017	31/12/2016
	HK\$'000	HK\$'000
Notional amounts of derivatives		
Exchange rate contracts	549,368	398,282
Credit risk weighted amounts	<u>1,556</u>	<u>845</u>
Replacement costs	<u>1,862</u>	<u>242</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	
	30/6/2017	31/12/2016
	HK\$'000	HK\$'000
Derivative financial instruments (not under hedge accounting)		
Forward foreign exchange contracts (at fair value)		
-Assets	1,206	47
-Liabilities	(118)	(133)
	<u>1,088</u>	<u>(86)</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.

4. Available-for-sale investments

No available-for-sale investments was held as at 30 June 2017 (31 December 2016 : Nil).

As at the balance sheet date, all available-for-sale financial assets (if any) are stated at fair value. Fair value of the financial assets has been determined by reference to bid prices quoted in active markets.

5. 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 30/6/2017		THE COMPANY 31/12/2016	
	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	301,104	100.00%	329,120	100.00%
- Financial concerns	0	0.00%	0	0.00%
- Stockbrokers	0	0.00%	0	0.00%
- Wholesale and retail trade	211,461	99.98%	146,488	100.00%
- Manufacturing	215,128	99.44%	212,864	99.44%
- Transport and transport equipment	21,854	100.00%	21,336	100.00%
- Recreational activities	0	0.00%	0	0.00%
- Information technology	47,002	100.00%	18,894	100.00%
- Electricity and gas	9,330	100.00%	9,331	100.00%
- Civil engineering works	14,720	100.00%	59,700	100.00%
- Hotels, boarding houses & catering	10,400	100.00%	10,478	100.00%
- Non-stockbroking companies & individuals for the purchase of shares-others	47,741	100.00%	37,238	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	107,355	100.00%	120,972	100.00%
- Credit card advances	0	0.00%	0	0.00%
- Loans for other business purposes	15,445	100.00%	15,211	100.00%
- Loans for other private purposes	49,482	99.70%	44,434	99.64%
All others	0	0.00%	14,500	91.72%
Total loans for use in Hong Kong	<u>1,051,022</u>		<u>1,040,566</u>	
Trade finance	<u>25,199</u>	98.16%	<u>29,303</u>	98.33%
Total loans for use outside Hong Kong	<u>38,548</u>	100.00%	<u>32,143</u>	100.00%
Total advances to customers	<u>1,114,769</u>		<u>1,102,012</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.

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 2017

	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	215,128	366	0	0	0	213,929	99.44%	0	0
Property investment	301,104	512	0	0	0	301,104	100.00%	0	0
Wholesale and retail trade	211,461	360	0	0	0	211,425	99.98%	0	0
Professional & private individuals - Loans for the purchase of other residential properties	107,355	183	0	0	0	107,355	100.00%	0	2,081

Advances to customers by industry sectors as at 31 December 2016

	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	212,864	366	0	0	0	211,664	99.44%	0	0
Property investment	329,120	566	0	0	0	329,120	100.00%	0	0
Wholesale and retail trade	146,488	252	0	0	0	146,483	100.00%	0	0
Professional & private individuals - Loans for the purchase of other residential properties	120,972	208	0	0	0	120,972	100.00%	0	826

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (continued)

6. 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	
	30/6/2017	30/6/2016
	%	%
Average liquidity maintenance ratio for the six-month period	45.91%	45.09%

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.

To comply with the Banking (Disclosure) Rules, liquidity information disclosure is published under "Regulatory Disclosures" section on the Company's website [www.abchkl.com.hk](http://www.abchkl.com.hk)

7. LEVERAGE RATIO

	THE COMPANY	
	30/6/2017	31/12/2016
	%	%
Leverage ratio	21.57%	21.43%

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)

8. FOREIGN CURRENCY POSITION

	THE COMPANY							
	30/6/2017							
	AUD	CAD	EUR	GBP	JPY	NZD	SGD	USD
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Spot assets	24,054	10,087	2,685	9,960	3,703	4,476	65	460,700
Spot liabilities	(23,658)	(10,044)	(6,278)	(10,156)	(243)	(4,155)	0	(863,448)
Forward purchases	38,426	0	4,194	0	0	0	0	475,521
Forward sales	(38,406)	0	(545)	0	(3,421)	0	0	(73,785)
Net long / (short) position	416	43	56	(196)	39	321	65	(1,012)

	THE COMPANY							
	31/12/2016							
	AUD	CAD	EUR	GBP	JPY	NZD	SGD	USD
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Spot assets	21,986	9,652	759	9,341	249	4,192	63	467,086
Spot liabilities	(21,692)	(9,616)	(5,753)	(9,524)	(232)	(3,902)	0	(856,640)
Forward purchases	0	0	5,080	0	0	0	0	393,201
Forward sales	0	0	0	0	0	0	0	(5,050)
Net long / (short) position	294	36	86	(183)	17	290	63	(1,403)

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 :

Counterparty country/jurisdiction	THE COMPANY					
	30/6/2017					
	Banks	Official	Non-bank Private Sector		Others	Total
HK\$'000	Sector HK\$'000	Financial Institution s HK\$'000	Non- financial Private Sector HK\$'000	HK\$'000	HK\$'000	
Developed Countries	231,667	135	0	0	0	231,802
Offshore Centres	279,631	132	0	1,122,932	0	1,402,695
- of which : Hong Kong	212,981	132	0	1,026,711	0	1,239,824
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	0	0	0	0	0	0
International Organisations	0	0	0	0	0	0
Unallocated	0	0	0	0	0	0
<b>Total</b>	<b>511,298</b>	<b>267</b>	<b>0</b>	<b>1,122,932</b>	<b>0</b>	<b>1,634,497</b>

9. INTERNATIONAL CLAIMS (continued)

	THE COMPANY					
	31/12/2016					
	Banks	Official	Non-bank Private Sector		Others	Total
HK\$'000	Sector	Financial	Non-			
	HK\$'000	Institution	financial			
		HK\$'000	Private			
			HK\$'000		HK\$'000	HK\$'000
<b>Counterparty country/jurisdiction</b>						
Developed Countries	276,172	0	0	0	0	276,172
Offshore Centres	207,100	0	0	1,108,666	0	1,315,766
- of which : Hong Kong	171,925	0	0	1,010,481	0	1,182,406
Developing Europe	0	0	0	0	0	0
Developing Latin America and	0	0	0	0	0	0
Developing Africa and Middle	0	0	0	0	0	0
Developing Asia and Pacific	23,438	0	0	0	0	23,438
International Organisations	0	0	0	0	0	0
Unallocated	0	0	0	0	0	0
Total	506,710	0	0	1,108,666	0	1,615,376

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 2017 and 31 December 2016 reported to the Hong Kong Monetary Authority are as follows :

	THE COMPANY	
	30/6/2017	31/12/2016
	%	%
Common Equity Tier 1 capital ratio	27.80%	28.42%
Tier 1 capital ratio	28.57%	29.40%
Total capital ratio	30.45%	31.38%

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 2017 and 31 December 2016 and reported to the Hong Kong Monetary Authority are as follows:

	THE COMPANY	
	30/6/2017	31/12/2016
	HK\$'000	HK\$'000
Common Equity Tier 1 capital : instruments and reserves		
Directly issued qualifying Common Equity Tier 1 capital instruments plus any related share premium	165,000	165,000
Retained earnings	232,669	220,736
Disclosed reserves	7,000	7,000
Common Equity Tier 1 capital before regulatory deductions	404,669	392,736
Common Equity Tier 1 capital : regulatory deductions		
Deferred tax assets net of deferred tax liabilities	0	0
Cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties)	31,555	31,555
Total regulatory deductions to Common Equity Tier 1 capital	31,555	31,555
Common Equity Tier 1 capital	373,114	361,181
Additional Tier 1 capital : instruments		
Capital instruments subject to phase out arrangements from Additional Tier 1 capital	10,350	12,420
Additional Tier 1 capital	10,350	12,420
Tier 1 capital	383,464	373,601
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	10,997	10,997
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	(14,200)	(14,200)
Total regulatory deductions to Tier 2 capital	(14,200)	(14,200)
Tier 2 capital	25,197	25,197
Total capital	408,661	398,798

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 2017 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)

11. COUNTERCYCLICAL CAPITAL BUFFER (CCyB) RATIO

	THE COMPANY	
	<u>30/6/2017</u>	<u>31/12/2016</u>
	%	%
CCyB ratio	1.250%	0.625%

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)

12. REPOSSESSED ASSETS

No repossessed assets of the company was held as at 30 June 2017 (31 December 2016 : Nil).

13. 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.