

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

2018 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 2018 to 30 June 2018 as follows:-

UNAUDITED CONSOLIDATED STATEMENT OF INCOME
 FOR THE SIX MONTHS ENDED 30 JUNE 2018

	30/6/2018	30/6/2017
	HK\$'000	HK\$'000
Interest income	30,616	29,447
Interest expenses	(2,663)	(3,146)
Net interest income	27,953	26,301
Commission income	607	779
Other operating income	3,407	5,896
Operating income	31,967	32,976
Operating expenses	(16,926)	(15,954)
Operating profit before impairment losses	15,041	17,022
(Impairment losses on) / Recovery from loans and advances	(62)	71
Profit before taxation	14,979	17,093
Hong Kong profits tax	2,030	3,085
Profit for the period and total comprehensive income for the period	12,949	14,008

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 2018

	NOTE	30/6/2018 HK\$'000	31/12/2017 HK\$'000
ASSETS			
Cash and cash equivalents		278,927	310,772
Placements with banks and other financial institutions maturing between one and twelve months		202,546	142,201
Derivative financial instruments	3	296	515
Available-for-sale investments	4	0	0
Advances and other accounts		1,118,442	1,124,593
Trade bills		0	0
Investment property		70,000	70,000
Property and equipment		28,672	29,276
		<hr/>	<hr/>
Total assets		<u>1,698,883</u>	<u>1,677,357</u>
LIABILITIES AND EQUITY			
LIABILITIES			
Deposits and balances of banks and other financial institutions		25,861	33,284
Deposits from customers		1,180,795	1,156,888
Derivative financial instruments	3	32	17
Other accounts and provisions		12,729	12,073
Current tax liabilities		2,897	1,778
Deferred tax liabilities		1,058	1,137
		<hr/>	<hr/>
Total liabilities		<u>1,223,372</u>	<u>1,205,177</u>
EQUITY			
Share capital		185,700	185,700
Reserves		289,811	286,480
		<hr/>	<hr/>
Total equity		<u>475,511</u>	<u>472,180</u>
		<hr/>	<hr/>
Total liabilities and equity		<u>1,698,883</u>	<u>1,677,357</u>

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 FOR THE SIX MONTHS ENDED 30 JUNE 2018

	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 2017	185,700	7,000	9,101	232,973	249,074	434,774
Profit for the year	0	0	0	38,441	38,441	38,441
Total comprehensive income for the year	0	0	0	38,441	38,441	38,441
2017 preference shares dividend	0	0	0	(1,035)	(1,035)	(1,035)
At 31 December 2017 and 1 January 2018	185,700	7,000	9,101	270,379	286,480	472,180
Profit for the six months of 2018	0	0	0	12,949	12,949	12,949
Total comprehensive income for six months of 2018	0	0	0	12,949	12,949	12,949
Preference shares dividend for the six months of 2018	0	0	0	(517)	(517)	(517)
	185,700	7,000	9,101	282,811	298,912	484,612
Transfer to CIA	0	0	(9,101)	0	(9,101)	(9,101)
At 30 June 2018	185,700	7,000	0	282,811	289,811	475,511

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION

	THE COMPANY	
	30/6/2018	31/12/2017
	HK\$'000	HK\$'000
1. ADVANCES AND OTHER ACCOUNTS		
Advances to customers	1,119,917	1,117,840
Individual impairment allowances against advances to customers	(15)	(18)
Collective impairment allowances	(11,121)	(1,896)
Other accounts	9,042	7,601
	<u>1,117,823</u>	<u>1,123,527</u>

ADVANCES TO CUSTOMERS

	THE COMPANY		THE COMPANY	
	30/6/2018	31/12/2017	30/6/2018	31/12/2017
	HK\$'000	HK\$'000	% of total advances to customers	% of total advances to customers
Loans for use in				
Hong Kong	1,070,509	1,080,877	95.59	96.69
Philippines	7,357	8,958	0.66	0.80
Vietnam	28,051	28,005	2.50	2.51
China	14,000	0	1.25	0.00
	<u>1,119,917</u>	<u>1,117,840</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	
	30/6/2018	31/12/2017	30/6/2018	31/12/2017
	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	122	134	0.01	0.01
Individual impairment allowances made against such advances	(15)	(18)		
	<u>107</u>	<u>116</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	122	134	0.01	0.01
Individual impairment allowances made against such advances	(15)	(18)		
	<u>107</u>	<u>116</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	
	30/6/2018	31/12/2017	30/6/2018	31/12/2017
	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	3,541	0	0.32	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>3,541</u>	<u>0</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>3,541</u>	<u>0</u>		

As at 30 June 2018 and 31 December 2017, 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	
	30/6/2018	31/12/2017
	HK\$'000	HK\$'000
Current market value of collateral held against the covered portion of overdue loans and advances	<u>6,400</u>	<u>0</u>
Covered portion of overdue loans and advances	<u>3,541</u>	<u>0</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

No advances to customers, banks and other financial institutions were rescheduled as at 30 June 2018 (31 December 2017 : 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			
	30/6/2018			
	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	14,024	0	14,024	0
Total	14,024	0	14,024	0
Total assets after provision	1,675,916			
On-balance sheet exposures as percentage of total assets	0.84%			

	THE COMPANY			
	31/12/2017			
	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	1,658,584			
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	
	30/6/2018	31/12/2017
	HK\$'000	HK\$'000
Contractual amounts		
Direct credit substitutes	0	0
Trade-related contingencies	2,654	5,600
Other commitments:		
With an original maturity of under one year or which are unconditionally cancellable	75,847	85,761
With an original maturity of one year and over	0	0
	<u>78,501</u>	<u>91,361</u>
Credit risk weighted amounts	<u>531</u>	<u>1,000</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	
	30/6/2018	31/12/2017
	HK\$'000	HK\$'000
Notional amounts of derivatives		
Exchange rate contracts	<u>419,486</u>	<u>442,456</u>
Credit risk weighted amounts	<u>1,114</u>	<u>1,188</u>
Replacement costs	<u>1,375</u>	<u>1,516</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	
	30/6/2018	31/12/2017
	HK\$'000	HK\$'000
Derivative financial instruments (not under hedge accounting)		
Forward foreign exchange contracts (at fair value)		
-Assets	296	515
-Liabilities	(32)	(17)
	<u>264</u>	<u>498</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 2018 (31 December 2017 : 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.

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (continued)

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 30/6/2018		THE COMPANY 31/12/2017	
	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	246,151	100.00%	270,957	100.00%
- Financial concerns	0	0.00%	0	0.00%
- Stockbrokers	0	0.00%	0	0.00%
- Wholesale and retail trade	251,581	99.76%	269,021	99.78%
- Manufacturing	231,118	99.48%	214,443	99.44%
- Transport and transport equipment	19,518	100.00%	20,837	100.00%
- Recreational activities	0	0.00%	0	0.00%
- Information technology	40,765	100.00%	35,307	100.00%
- Electricity and gas	0	0.00%	0	0.00%
- Civil engineering works	3,670	100.00%	3,852	100.00%
- Hotels, boarding houses & catering	4,300	100.00%	7,685	100.00%
- Non-stockbroking companies & individuals for the purchase of shares-others	53,144	100.00%	55,080	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	114,587	100.00%	106,508	100.00%
- Credit card advances	0	0.00%	0	0.00%
- Loans for other business purposes	14,771	100.00%	14,787	100.00%
- Loans for other private purposes	62,855	99.81%	65,062	99.79%
All others	0	0.00%	0	0.00%
Total loans for use in Hong Kong	<u>1,042,460</u>		<u>1,063,539</u>	
Trade finance	<u>28,049</u>	99.86%	<u>17,338</u>	100.00%
Total loans for use outside Hong Kong	<u>49,408</u>	100.00%	<u>36,963</u>	100.00%
Total advances to customers	<u>1,119,917</u>		<u>1,117,840</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 2018

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	231,118	2,295	0	26	0	229,918	99.48%	0	0
Property investment	246,151	2,445	0	27	0	246,151	100.00%	0	0
Wholesale and retail trade	251,581	2,498	0	28	0	250,981	99.76%	0	0
Professional & private individuals - Loans for the purchase of other residential properties	114,587	1,138	0	13	0	114,587	100.00%	0	0

Advances to customers by industry sectors as at 31 December 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	214,443	364	0	0	0	213,243	99.44%	0	0
Property investment	270,957	460	0	0	0	270,957	100.00%	0	0
Wholesale and retail trade	269,021	456	0	0	0	268,421	99.78%	0	0
Professional & private individuals - Loans for the purchase of other residential properties	106,508	181	0	0	0	106,508	100.00%	0	0

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	
	30/6/2018	30/6/2017
	%	%
Average liquidity maintenance ratio for the six-month period	45.98%	45.91%

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	
	30/6/2018	31/12/2017
	%	%
Leverage ratio	23.68%	23.09%

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

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (continued)

8. CURRENCY RISK

	THE COMPANY							
	30/6/2018							
	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	20,140	10,041	6,364	10,103	1,423	4,240	0	401,396
Spot liabilities	(20,045)	(9,932)	(6,374)	(10,291)	(248)	(3,913)	0	(820,576)
Forward purchases	0	0	402	0	780	0	0	418,304
Forward sales	0	0	(438)	0	(1,921)	0	0	(1,192)
Net long / (short) position	95	109	(46)	(188)	34	327	0	(2,068)

	THE COMPANY							
	31/12/2017							
	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	4,988	10,479	3,281	10,329	631	4,388	0	348,807
Spot liabilities	(4,501)	(10,413)	(6,520)	(10,527)	(242)	(4,061)	0	(785,812)
Forward purchases	0	0	3,223	0	541	0	0	438,692
Forward sales	0	0	0	0	(895)	0	0	(3,751)
Net long / (short) position	487	66	(16)	(198)	35	327	0	(2,064)

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 :

	THE COMPANY					
	30/6/2018					
	Non-bank Private Sector					Total HK\$'000
Counterparty country/jurisdiction	Banks HK\$'000	Official Sector HK\$'000	Non-bank Financial Institutions HK\$'000	Non- financial Private Sector HK\$'000	Others HK\$'000	
Developed Countries	212,471	18	0	0	0	212,489
Offshore Centres	246,817	89	0	1,128,985	0	1,375,891
- of which : Hong Kong	183,233	89	0	1,062,609	0	1,245,931
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
Total	459,288	107	0	1,128,985	0	1,588,380

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (continued)

9. INTERNATIONAL CLAIMS (continued)

	THE COMPANY 31/12/2017					
	Banks HK\$'000	Official Sector HK\$'000	Non-bank Financial Institutions HK\$'000	Non-bank Private Sector financial Private Sector HK\$'000	Others HK\$'000	Total HK\$'000
Counterparty country/jurisdiction						
Developed Countries	203,439	18	0	0	0	203,457
Offshore Centres	224,082	58	0	1,125,797	0	1,349,937
- of which : Hong Kong	168,951	58	0	1,057,811	0	1,226,820
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	7,829	0	0	0	0	7,829
International Organisations	0	0	0	0	0	0
Unallocated	0	0	0	0	0	0
Total	435,350	76	0	1,125,797	0	1,561,223

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 2018 and 31 December 2017 are reported to the Hong Kong Monetary Authority are as follows :

	THE COMPANY	
	30/6/2018	31/12/2017
	%	%
Common Equity Tier 1 capital ratio	28.90%	28.19%
Tier 1 capital ratio	29.51%	28.95%
Total capital ratio	31.76%	31.20%

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 2018 and 31 December 2017 and reported to the Hong Kong Monetary Authority are as follows:

	THE COMPANY	
	30/6/2018	31/12/2017
	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	265,901	255,049
Disclosed reserves	7,000	7,000
Common Equity Tier 1 capital before regulatory deductions	437,901	427,049
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)	43,555	43,555
Total regulatory deductions to Common Equity Tier 1 capital	43,555	43,555
Common Equity Tier 1 capital	394,346	383,494
Additional Tier 1 capital : instruments		
Capital instruments subject to phase out arrangements from Additional Tier 1 capital	8,280	10,350
Additional Tier 1 capital	8,280	10,350
Tier 1 capital	402,626	393,844
Tier 2 capital : instruments and provisions		
Collective impairment allowances and regulatory reserve for general banking risks eligible for inclusion in Tier 2 capital	11,121	10,997
Tier 2 capital before regulatory deductions	11,121	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	(19,600)	(19,600)
Total regulatory deductions to Tier 2 capital	(19,600)	(19,600)
Tier 2 capital	30,721	30,597
Total capital	433,347	424,441

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 2018 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	
	30/6/2018	31/12/2017
	%	%
CCyB ratio	1.875%	1.250%

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

12. CAPITAL CONSERVATION BUFFER RATIO

Under section 3M of the Capital Rules, the capital conservation buffer ratio for calculating the Company's buffer level is 1.875% for 2018 and 1.25% for 2017

13. PILLAR 3 REGULATORY DISCLOSURES

The Pillar 3 regulatory disclosures for 30 June 2018 which are prepared in accordance with the Banking (Disclosure) Rules and disclosure templates issued by the HKMA can be found under the "Regulatory Disclosures" Section on the company's website at www.abchkl.com.hk.

14. REPOSSESSED ASSETS

No repossessed assets of the company was held as at 30 June 2018 (31 December 2017 : Nil).

15. 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.