

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

2021 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 2021 to 30 June 2021 as follows:-

UNAUDITED CONSOLIDATED STATEMENT OF INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2021

	30/6/2021	30/6/2020
	HK\$'000	HK\$'000
Interest income	26,224	28,400
Interest expenses	(1,225)	(3,843)
Net interest income	24,999	24,557
Commission income	687	665
Other operating income	3,688	3,657
Operating income	29,374	28,879
Operating expenses	(16,516)	(16,576)
Operating profit before impairment losses	12,858	12,303
Net writeback of impairment provision	63	1,285
Profit before tax	12,921	13,588
Income tax	2,022	2,111
Profit for the period and total comprehensive income for the period	10,899	11,477

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 2021

	NOTE	30/6/2021 HK\$'000	31/12/2020 HK\$'000
ASSETS			
Cash and cash equivalents		277,045	311,525
Placements with banks and other financial institutions maturing between one and twelve months		57,905	101,193
Derivative financial instruments	6	224	823
Advances and other accounts		1,162,967	1,101,908
Trade bills		653	561
Investment property		78,500	78,500
Property and equipment		25,363	25,978
		<hr/>	<hr/>
Total assets		<u>1,602,657</u>	<u>1,620,488</u>
LIABILITIES AND EQUITY			
LIABILITIES			
Deposits and balances of banks and other financial institutions		22,164	26,277
Deposits from customers		999,063	1,022,108
Derivative financial instruments	6	160	71
Other accounts and provisions		13,830	15,854
Current tax liabilities		1,399	519
Deferred tax liabilities		1,412	1,412
		<hr/>	<hr/>
Total liabilities		<u>1,038,028</u>	<u>1,066,241</u>
EQUITY			
Share capital		185,700	185,700
Reserves		378,929	368,547
		<hr/>	<hr/>
Total equity		<u>564,629</u>	<u>554,247</u>
		<hr/>	<hr/>
Total liabilities and equity		<u>1,602,657</u>	<u>1,620,488</u>

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Share Capital HK\$'000	Reserves			Total Reserves HK\$'000	Total HK\$'000
		General Reserve HK\$'000	Impairment Reserve HK\$'000	Retained Profits HK\$'000		
At 1 January 2020	185,700	7,000	10,997	331,015	349,012	534,712
Profit for the year	0	0	0	20,570	20,570	20,570
Total comprehensive income for the year	0	0	0	20,570	20,570	20,570
2020 preference shares dividend	0	0	0	(1,035)	(1,035)	(1,035)
	185,700	7,000	10,997	350,550	368,547	554,247
Transfer to retained profits			(5,499)	5,499	0	0
At 31 December 2020 and 1 January 2021	185,700	7,000	5,498	356,049	368,547	554,247
Profit for the six months of 2021	0	0	0	10,899	10,899	10,899
Total comprehensive income for the six months of 2021	0	0	0	10,899	10,899	10,899
Preference shares dividend for the six months of 2021	0	0	0	(517)	(517)	(517)
At 30 June 2021	185,700	7,000	5,498	366,431	378,929	564,629

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

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
AS AT 30 JUNE 2021

	For the six months ended 30 June 2021	For the six months ended 30 June 2020
	HK\$'000	HK\$'000
Cash flows from operating activities		
Profit before tax	12,921	13,588
Adjustments for :		
Net writeback of impairment provision	(63)	(1,285)
Depreciation	615	609
Gain on disposal of property and equipment	0	(38)
	<u>13,473</u>	<u>12,874</u>
Decrease / (Increase) in placements with banks and other financial institutions with maturity more than three months when acquired	33,499	(54,634)
Increase in trade bills	(92)	0
(Increase) / Decrease in advances and other accounts	(60,999)	86,676
Decrease / (Increase) in derivative financial instruments	687	(1,468)
(Decrease) / Increase in deposits and balances of banks and other financial institutions	(4,113)	1,696
Decrease in deposits from customers	(23,045)	(54,928)
(Decrease) / Increase in other accounts and payables	(2,023)	1,051
	<u>(42,613)</u>	<u>(8,733)</u>
Hong Kong profits tax paid	(1,143)	(3,893)
NET CASH FLOWS USED IN OPERATING ACTIVITIES	<u>(43,756)</u>	<u>(12,626)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of items of property and equipment	0	(148)
Proceeds from disposal of items of property and equipment	0	38
NET CASH FLOWS USED IN INVESTING ACTIVITIES	<u>0</u>	<u>(110)</u>
 CASH FLOWS FROM FINANCING ACTIVITY		
Dividends paid to preference shareholders	(517)	(517)
NET CASH FLOWS USED IN FINANCING ACTIVITIES	<u>(517)</u>	<u>(517)</u>
 NET DECREASE IN CASH AND CASH EQUIVALENTS	(44,273)	(13,253)
Cash and cash equivalents at beginning of year	328,607	352,772
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u>284,334</u>	<u>339,519</u>
 ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and cash equivalents	277,052	267,172
Placements with banks and other financial institutions repayable within three months when acquired	7,282	72,347
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u>284,334</u>	<u>339,519</u>

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION

1. ADVANCES AND OTHER ACCOUNTS

	THE COMPANY	
	30/6/2021 HK\$'000	31/12/2020 HK\$'000
Advances to customers	1,150,290	1,092,954
Allowance for impairment losses	(14)	(19)
	<u>1,150,276</u>	<u>1,092,935</u>
Other accounts	9,722	6,378
	<u><u>1,159,998</u></u>	<u><u>1,099,313</u></u>

Other accounts include HK\$9,721,844 (2020: HK\$6,377,488) of financial assets which were measured at amortised cost.

ADVANCES TO CUSTOMERS

An analysis of changes in the gross amount of advances to customers is as follows:

THE COMPANY
30/6/2021

	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Total HK\$'000
Gross advances as at 1 January 2021	1,065,698	1,168	26,088	1,092,954
New loans/financing originated or purchased	206,810	2	7	206,819
Loans/financing derecognized or repaid	(139,538)	0	(9,945)	(149,483)
Transfers to Stage 1	0	0	0	0
Transfers to Stage 2	0	0	0	0
Transfers to Stage 3	0	0	0	0
Total transfer between stages	0	0	0	0
Written off	0	0	0	0
Gross advances as at 30 June 2021	<u>1,132,970</u>	<u>1,170</u>	<u>16,150</u>	<u>1,150,290</u>

THE COMPANY
31/12/2020

	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Total HK\$'000
Gross advances as at 1 January 2020	1,179,371	0	824	1,180,195
New loans/financing originated or purchased	305,365	0	19	305,384
Loans/financing derecognized or repaid	(392,600)	0	(24)	(392,624)
Transfers to Stage 1	0	0	0	0
Transfers to Stage 2	(1,168)	1,168	0	0
Transfers to Stage 3	(25,270)	0	25,270	0
Total transfer between stages	(26,438)	1,168	25,270	0
Written off	0	0	(1)	(1)
Gross advances as at 31 December 2020	<u>1,065,698</u>	<u>1,168</u>	<u>26,088</u>	<u>1,092,954</u>

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (continued)

1. ADVANCES AND OTHER ACCOUNTS (continued)

ADVANCES TO CUSTOMERS (continued)

	THE COMPANY		THE COMPANY	
	30/6/2021	31/12/2020	30/6/2021	31/12/2020
	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	1,078,349	1,022,580	93.74	93.56
Australia	30,000	30,000	2.61	2.74
Vietnam	29,755	28,255	2.59	2.59
China	12,186	12,119	1.06	1.11
	<u>1,150,290</u>	<u>1,092,954</u>	<u>100.00</u>	<u>100.00</u>

IMPAIRED ASSETS

	THE COMPANY		THE COMPANY	
	30/6/2021	31/12/2020	30/6/2021	31/12/2020
	HK\$'000	HK\$'000	% of total advances to customers	% of total advances to customers

Loans for use in Hong Kong

Gross amount of impaired loans	16,150	26,088	1.40	2.39
Impairment allowance made in respect of such advances - Stage 3	(3)	(4)		
	<u>16,147</u>	<u>26,084</u>		

Loans for use in People's Republic of China

Gross amount of impaired loans	0	0	0.00	0.00
Impairment allowances made in respect of such advances - Stage 3	0	0		
	<u>0</u>	<u>0</u>		

Total impaired assets

Gross amount of impaired loans	16,150	26,088	1.40	2.39
Impairment allowance made in respect of such advances - Stage 3	(3)	(4)		
	<u>16,147</u>	<u>26,084</u>		

Fair value of collateral

	<u>22,880</u>	<u>40,380</u>		
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UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (continued)

1. ADVANCES AND OTHER ACCOUNTS (continued)

OVERDUE AND RESCHEDULED ASSETS

OVERDUE ADVANCES

	THE COMPANY		THE COMPANY	
	30/6/2021	31/12/2020	30/6/2021	31/12/2020
	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	1,168	0.00	0.11
Over one year	1,170	0	0.10	0.00
	<u>1,170</u>	<u>1,168</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>1,170</u>	<u>1,168</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	
	30/6/2021	31/12/2020
	HK\$'000	HK\$'000
Fair value of collaterals held against the above overdue loans and advances	<u>4,700</u>	<u>4,700</u>
Covered portion of the above overdue loans and advances	<u>1,170</u>	<u>1,168</u>
Uncovered portion of the above overdue loans and advances	<u>0</u>	<u>0</u>

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (continued)

1. ADVANCES AND OTHER ACCOUNTS (continued)

RESCHEDULED ADVANCES

No advances to customers, banks and other financial institutions were rescheduled as at 30 June 2021 (31 December 2020 : Nil).

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

	THE COMPANY	
	30/6/2021	31/12/2020
	HK\$'000	HK\$'000
Advances to customers overdue for more than 3 months	1,170	1,168
Rescheduled advances to customers	0	0
	<u>1,170</u>	<u>1,168</u>
Add: Impaired advances and impaired advances which are not overdue or rescheduled	16,150	26,088
Advances which are overdue less than 3 months but not impaired	5,660	990
Total overdue advances and impaired advances	<u>22,980</u>	<u>28,246</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 2021 and 31 December 2020.

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			
	30/6/2021			
	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	12,227	0	12,227	0
Total	<u>12,227</u>	<u>0</u>	<u>12,227</u>	<u>0</u>
Total assets after provision	<u>1,567,030</u>			
On-balance sheet exposures as percentage of total assets	0.78%			

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (continued)

1. ADVANCES AND OTHER ACCOUNTS (continued)

NON-BANK MAINLAND CHINA EXPOSURES

	THE COMPANY			
	31/12/2020			
	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	12,161	0	12,161	0
	12,161	0	12,161	0
Total assets after provision	1,587,320			
On-balance sheet exposures as percentage of total assets	0.77%			

2. CASH AND CASH EQUIVALENTS

This account consists of the following:

	THE COMPANY	
	30/6/2021 HK\$'000	31/12/2020 HK\$'000
Cash and bank balances	77,557	94,398
Money at call and short notice	190,358	210,053
	267,915	304,451
Less: allowance for impairment losses	7	8
Cash and cash equivalents	267,908	304,443

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

THE COMPANY
30/6/2021

	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Total HK\$'000
Balance as of 1 January 2021	8	0	0	8
Assets derecognized or repaid during the year	(1)	0	0	(1)
Balance as of 30 June 2021	7	0	0	7

THE COMPANY
31/12/2020

	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Total HK\$'000
Balance as of 1 January 2020	9	0	0	9
Assets derecognized or repaid during the year	(1)	0	0	(1)
Balance as of 31 December 2020	8	0	0	8

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (continued)

3. PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS MATURING BETWEEN ONE AND TWELVE MONTHS

This account consists of the following:

	THE COMPANY	
	30/6/2021	31/12/2020
	HK\$'000	HK\$'000
Placements with banks and financial institutions	33,391	76,711
Less: allowance for impairment losses	7	9
Placements with banks and financial institutions	<u>33,384</u>	<u>76,702</u>

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

THE COMPANY
30/6/2021

	Stage 1	Stage 2	Stage 3	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance as of 1 January 2021	9	0	0	9
Assets derecognized or repaid during the year	(2)	0	0	(2)
Balance as of 30 June 2021	<u>7</u>	<u>0</u>	<u>0</u>	<u>7</u>

THE COMPANY
31/12/2020

	Stage 1	Stage 2	Stage 3	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance as of 1 January 2020	8	0	0	8
New assets originated or purchased	1	0	0	1
Balance as of 31 December 2020	<u>9</u>	<u>0</u>	<u>0</u>	<u>9</u>

4. CREDIT LOSS EXPENSES / IMPAIRMENT ALLOWANCES

The following table shows the changes in ECL on financial instruments for the year recorded in the profit or loss.

THE COMPANY
30/6/2021

	12-months expected credit loss Stage 1 HK\$'000	Lifetime expected credit loss not credit impaired Stage 2 HK\$'000	Lifetime expected credit loss credit impaired Stage 3 HK\$'000	Total HK\$'000
Net charge for / (write-back of) credit loss expenses:				
- Advances to customers	(3)	0	(57)	(60)
- Cash and cash equivalents	(1)	0	0	(1)
- Placements with banks and financial institutions	(2)	0	0	(2)
	<u>(6)</u>	<u>0</u>	<u>(57)</u>	<u>(63)</u>

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (continued)

4. CREDIT LOSS EXPENSES / IMPAIRMENT ALLOWANCES (continued)

The following table shows the changes in ECL on financial instruments for the year recorded in the profit or loss.

THE COMPANY
31/12/2020

	12-months expected credit loss Stage 1 HK\$'000	Lifetime expected credit loss not credit impaired Stage 2 HK\$'000	Lifetime expected credit loss credit impaired Stage 3 HK\$'000	Total HK\$'000
Net charge for / (write-back of) credit loss expenses:				
- Advances to customers	7	0	(1,357)	(1,350)
- Cash and cash equivalents	(2)	0	0	(2)
- Placements with banks and financial institutions	1	0	0	1
	<u>6</u>	<u>0</u>	<u>(1,357)</u>	<u>(1,351)</u>

5. OFF-BALANCE SHEET EXPOSURES

A. Contingent liabilities and commitments

	THE COMPANY	
	30/6/2021 HK\$'000	31/12/2020 HK\$'000
Contractual amounts		
Direct credit substitutes	300	300
Trade-related contingencies	0	2,930
Other commitments:		
With an original maturity of under one year or which are unconditionally cancellable	72,818	88,810
With an original maturity of one year and over	<u>0</u>	<u>0</u>
	<u>73,118</u>	<u>92,040</u>
Credit risk weighted amounts	<u>0</u>	<u>586</u>

Contingent liabilities and commitments are credit-related instruments which include acceptances, letters of credit, guarantees and commitments to extend credit. The contractual amounts represent the amounts at risk should the contract be fully drawn upon and the client default.

The replacement costs and credit risk weighted amounts of the above off-balance sheet exposures do not take into account the effects of bilateral netting arrangements.

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (continued)

5. OFF-BALANCE SHEET EXPOSURES (continued)

B. Derivatives

	THE COMPANY	
	30/6/2021	31/12/2020
	HK\$'000	HK\$'000
Notional amounts of derivatives		
Exchange rate contracts	442,866	388,527
Credit risk weighted amounts	5,022	931
Replacement costs	222	769

The notional amounts of these derivatives indicate the volume of transactions outstanding at the balance sheet date, but they do not represent amounts at risk. No hedge accounting was adopted.

The replacement costs and credit risk weighted amounts of the above derivatives do not take into account the effects of bilateral netting arrangements.

6. DERIVATIVE FINANCIAL INSTRUMENTS

	THE COMPANY	
	30/6/2021	31/12/2020
	HK\$'000	HK\$'000
Derivative financial instruments (not under hedge accounting)		
Forward foreign exchange contracts (at fair value)		
-Assets	224	823
-Liabilities	(160)	(71)
	64	752

The Company utilises currency derivatives to hedge significant future transactions and cash flows. The Company is a party to a variety of foreign currency forward contracts for the sake of management of its exchange rate exposures. The instruments purchased are primarily denominated in the currencies of the Company's principal markets.

As at the balance sheet date, all derivatives are stated at fair value. Fair value is determined based on valuation techniques.

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (continued)

7. SEGMENTAL INFORMATION

The company's total operating income, profit / (loss) before taxation, total assets, total liabilities and contingent liabilities and commitments are derived predominantly from Hong Kong.

The Company's gross advances to customers analysed and reported by industry sectors are as follows :

	THE COMPANY 30/6/2021		THE COMPANY 31/12/2020	
	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	66,000	100.00%	0	0.00%
- Property investment	249,701	100.00%	251,226	100.00%
- Financial concerns	0	0.00%	0	0.00%
- Stockbrokers	0	0.00%	0	0.00%
- Wholesale and retail trade	266,239	100.00%	239,983	100.00%
- Manufacturing	204,298	100.00%	207,682	100.00%
- Transport and transport equipment	20,434	100.00%	21,221	100.00%
- Recreational activities	0	0.00%	0	0.00%
- Information technology	20,851	100.00%	19,043	100.00%
- Electricity and gas	0	0.00%	0	0.00%
- Civil engineering works	1,420	100.00%	1,524	100.00%
- Hotels, boarding houses & catering	4,867	100.00%	2,100	100.00%
- Non-stockbroking companies & individuals for the purchase of shares-others	86,607	100.00%	92,994	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	80,198	100.00%	93,990	100.00%
- Credit card advances	0	0.00%	0	0.00%
- Loans for other business purposes	11,008	100.00%	11,000	100.00%
- Loans for other private purposes	32,622	99.85%	32,906	99.81%
All others	9,219	100.00%	28,532	100.00%
Total loans for use in Hong Kong	<u>1,053,464</u>		<u>1,002,201</u>	
Trade finance	<u>24,885</u>	100.00%	<u>20,378</u>	100.00%
Total loans for use outside Hong Kong	<u>71,941</u>	100.00%	<u>70,375</u>	100.00%
Total advances to customers	<u>1,150,290</u>		<u>1,092,954</u>	

The advances are predominantly made to customers in Hong Kong. No geographical analysis is disclosed as the Company derives the majority of its income from its commercial banking business where the customers' principal operations are in Hong Kong.

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (continued)

7. SEGMENTAL INFORMATION (continued)

The Company's gross and impaired loans and advances to customers, impairment allowances, impaired loans and advances written off and collateral are analysed by industry sectors pursuant to the HKMA's guidelines as follows:

Advances to customers over 10% of the total advances by industry sectors as at 30 June 2021

THE COMPANY									
	Gross loans and advances HK\$'000	Impairment allowances Stage 1 & Stage 2 HK\$'000	Impairment allowances Stage 3 HK\$'000	New impairment allowances charged to income statement HK\$'000	Amount of impaired loans and advances written off HK\$'000	Collateral HK\$'000	Percentage of gross advances covered by collateral HK\$'000	Impaired loans and advances HK\$'000	Loans and advances overdue for more than three months HK\$'000
Manufacturing	204,298	0	0	0	0	204,298	100.00%	0	0
Property investment	249,701	1	0	0	0	249,701	100.00%	10,981	0
Wholesale and retail trade	266,239	8	0	0	0	266,239	100.00%	0	0

Advances to customers over 10% of the total advances by industry sectors as at 31 December 2020

THE COMPANY									
	Gross loans and advances HK\$'000	Impairment allowances Stage 1 & Stage 2 HK\$'000	Impairment allowances Stage 3 HK\$'000	New impairment allowances charged to income statement HK\$'000	Amount of impaired loans and advances written off HK\$'000	Collateral HK\$'000	Percentage of gross advances covered by collateral HK\$'000	Impaired loans and advances HK\$'000	Loans and advances overdue for more than three months HK\$'000
Manufacturing	207,682	0	0	0	0	207,682	100.00%	0	0
Property investment	251,226	2	0	2	0	251,226	100.00%	10,981	0
Wholesale and retail trade	239,983	10	0	10	0	239,983	100.00%	0	0

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (continued)

8. LIQUIDITY RISK MANAGEMENT

Liquidity risk is the risk that the Company is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. The consequence may be the failure to meet obligations to repay depositors and fulfil commitments to lend.

ALCO is responsible for monitoring the Company's liquidity position through periodic review of statutory liquidity ratio, maturity profile of assets and liabilities, loan-to-deposit ratio and inter-bank transactions. Liquidity policy is monitored by ALCO and reviewed regularly by the Board of Directors of the Company. The Company's policy is to maintain a conservative level of liquid funds on a daily basis so that the Company is prepared to meet its obligations when they fall due in the normal course of business, to satisfy statutory liquidity ratio requirements, and to deal with any funding crises that may arise. Limits are set on the minimum proportion of maturing funds to be maintained in order to meet all the calls on cash resources such as overnight deposits, current accounts, maturing deposits, loan draw-downs and guarantees, margin calls and other calls on cash-settled derivatives. Limits are also set on the minimum level of inter-bank and other borrowing facilities that should be in place to cover withdrawals at an unexpected level of demand.

	THE COMPANY	
	30/6/2021	30/6/2020
	%	%
Average liquidity maintenance ratio for the six-month period	70.27%	56.19%

The Liquidity Ratio specified under section 102 of the Banking Ordinance, which was replaced by the liquidity maintenance ratio ("LMR") on 1 January 2015. LMR was complied in accordance with the Banking (Liquidity) Rules issued by the HKMA with effective from 1 January 2015 for the implementation of the Basel III capital framework.

The average ratio is calculated based on the arithmetic mean of the average value of its liquidity position return for each month during the reporting period.

9. LEVERAGE RATIO

	THE COMPANY	
	30/6/2021	31/12/2020
	%	%
Leverage ratio	29.81%	28.41%

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)

10. CURRENCY RISK

	THE COMPANY								
	30/6/2021								
	AUD	CAD	EUR	GBP	JPY	NZD	SGD	USD	Total
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Spot assets	1,330	10,742	7,457	10,677	0	4,514	0	222,914	257,634
Spot liabilities	(1,041)	(868)	(6,280)	(10,433)	0	(4,106)	0	(616,933)	(639,661)
Forward purchases	0	0	2,403	0	0	0	0	417,019	419,422
Forward sales	0	(9,726)	(3,599)	0	0	0	0	(25,701)	(39,026)
Net long / (short) position	289	148	(19)	244	0	408	0	(2,701)	(1,631)

	THE COMPANY								
	31/12/2020								
	AUD	CAD	EUR	GBP	JPY	NZD	SGD	USD	Total
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Spot assets	1,758	10,424	7,691	10,490	10	4,642	0	276,245	311,260
Spot liabilities	(11,915)	(8,941)	(6,485)	(10,567)	0	(4,226)	0	(642,498)	(684,632)
Forward purchases	10,987	0	1,286	0	0	0	0	376,008	388,281
Forward sales	0	(1,286)	(2,667)	0	0	0	0	(11,506)	(15,459)
Net long / (short) position	830	197	(175)	(77)	10	416	0	(1,751)	(550)

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

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (continued)

11. INTERNATIONAL CLAIMS

The Company's country risk exposures in the tables below are prepared in according to the location and types of the counterparties as defined by the HKMA under the Banking (disclosure) Rules with reference to the HKMA's Return of International Banking Statistics. International claims are on-balance sheet exposures to counterparties based on the location of the counterparties after taking into account the transfer of risk, and represent the sum of cross-border claims in all currencies and local claims in foreign currencies. International claims attributable to individual countries or areas not less than 10% of the Company's total international claims, after recognised risk transfer, are shown as follows :

	THE COMPANY					
	30/6/2021					
	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	37,110	0	0	0	0	37,110
Offshore Centres	233,192	0	0	1,161,652	0	1,394,844
- of which : Hong Kong	163,301	0	0	1,098,635	0	1,261,936
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	31,241	0	0	0	0	31,241
International Organisations	0	0	0	0	0	0
Unallocated	0	0	0	0	0	0
Total	301,543	0	0	1,161,652	0	1,463,195

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (continued)

11. INTERNATIONAL CLAIMS (continued)

	THE COMPANY					Total HK\$'000
	31/12/2020					
Counterparty country/jurisdiction	Banks HK\$'000	Official Sector HK\$'000	Non-bank Financial Institutions HK\$'000	Non-bank Private Sector financial HK\$'000	Others HK\$'000	
Developed Countries	63,537	0	0	0	0	63,537
Offshore Centres	287,318	0	0	1,100,837	0	1,388,155
- of which : Hong Kong	209,794	0	0	1,037,819	0	1,247,613
Developing Europe	0	0	0	0	0	0
Developing Latin America and	0	0	0	0	0	0
Developing Africa and Middle East	0	0	0	0	0	0
Developing Asia and Pacific	31,185	0	0	0	0	31,185
International Organisations	0	0	0	0	0	0
Unallocated	0	0	0	0	0	0
Total	382,040	0	0	1,100,837	0	1,482,877

12. CAPITAL DISCLOSURES

The company has adopted the foundation basic approach (BSC approach) to calculate the credit risk capital charge for all on-balance sheet exposures and off-balance sheet exposures. The Company has adopted the standardised (market risk) (STM approach) to calculate the market risk capital charge for foreign exchange and interest rate exposures. The company has adopted the standardised (operational risk) STO approach to calculate the minimum capital charge for operational risk.

The capital ratios of the Company as at 30 June 2021 and 31 December 2020 are reported to the Hong Kong Monetary Authority are as follows :

	THE COMPANY	
	30/6/2021	31/12/2020
	%	%
Common Equity Tier 1 capital ratio	32.99%	33.36%
Tier 1 capital ratio	33.14%	33.67%
Total capital ratio	35.22%	35.81%

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (continued)

12. CAPITAL DISCLOSURES (continued)

The components of the company's total capital base after deductions used in the calculation of the above capital ratios as at 30 June 2021 and 31 December 2020 and reported to the Hong Kong Monetary Authority are as follows:

	THE COMPANY	
	30/6/2021	31/12/2020
	HK\$'000	HK\$'000
Category 1 - Common Equity Tier 1 ("CET1") capital		
CET1 capital instruments	165,000	165,000
Retained earnings	339,345	330,767
Disclosed reserves	7,000	7,000
CET1 capital before deductions	511,345	502,767
CET1 capital : regulatory deductions		
Deferred tax assets in excess of deferred tax liabilities	0	0
Cumulative fair value gains arising from the revaluation of land and buildings (covering both own-use and investment properties)	52,055	52,055
Total regulatory deductions to CET1 capital	52,055	52,055
CET1 capital after deductions	459,290	450,712
Category II - Additional Tier 1 capital		
Additional Tier 1 capital instruments issued and share premium if any (subject to phase out arrangements from AT1 capital)	2,070	4,140
Additional Tier 1 capital	2,070	4,140
Tier 1 capital after deductions	461,360	454,852
Category III - Tier 2 capital		
Reserves attributable to fair value gains on revaluation of holdings of land and buildings	23,425	23,425
Collective provisions	5,524	5,530
Tier 2 capital	28,949	28,955
Tier 2 capital after deductions	28,949	28,955
Total capital base	490,309	483,807

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 2021 onwards and include the following information:

- A detailed breakdown of the Company's capital base and regulatory deductions, using the standard template as specified by the Hong Kong Monetary Authority.
- A reconciliation of capital components to the Company's balance sheet, using the standard template as specified by the Hong Kong Monetary Authority.
- A description of the main features and the full terms and conditions of the Company's issued capital instruments.

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (continued)

13. COUNTERCYCLICAL CAPITAL BUFFER (CCyB) RATIO

	THE COMPANY	
	30/6/2021	31/12/2020
	%	%
CCyB ratio	1.000%	1.000%

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

14. CAPITAL CONSERVATION BUFFER RATIO

Under section 3M of the Capital Rules, the capital conservation buffer ratio for calculating the Company's buffer level are 2.5% for 30 June 2021 and 31 December 2020.

15. PILLAR 3 REGULATORY DISCLOSURES

The Pillar 3 regulatory disclosures for 30 June 2021 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.

16. REPOSSESSED ASSETS

No repossessed assets of the company was held as at 30 June 2021 (31 December 2020 : Nil).

17. STATEMENT OF COMPLIANCE

The Interim Results together with the Supplementary Financial Information is prepared in accordance with and complies fully with the requirements set out in the Banking (Disclosure) Rules issued by the Hong Kong Monetary Authority.

Note : In the event of any difference in interpretation or meaning between the Chinese and English version of this Statement, the English version shall prevail.