



# Condensed Interim Financial Statements (Unaudited)

For the period ended 30 June 2022

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## Introduction

The Directors are pleased to announce the unaudited interim results of Mox Bank Limited (“Mox” or “the Bank”) for the six months ended 30 June 2022.

### 2022 First Half Results

Mox Bank Limited is the virtual bank set up by Standard Chartered in partnership with PCCW, HKT and Trip.com. Mox is a licensed bank registered under the Hong Kong Banking Ordinance. The Bank’s principal activities are the provision of banking and related financial services in Hong Kong.

Comparing to the period ended 30 June 2021, loss before taxation decreased by HK\$19 million, from HK\$331 million to HK\$312 million.

The Bank’s net asset increased by HK\$342 million, from HK\$1,045 million as of 31 December 2021, to HK\$1,387 million as of 30 June 2022.

## Condensed statement of profit or loss and other comprehensive income for the period ended 30 June 2022 (unaudited)

(Expressed in thousands of Hong Kong dollars)

	Note	6 months ended 30 June 2022 HK\$'000	6 months ended 30 June 2021 HK\$'000
Interest income	3	37,901	6,851
Interest expense	4	(12,593)	(20,906)
Net interest income/(expense)		25,308	(14,055)
Net fee income/(expense)	5	20,679	(5,221)
Net trading income	6	2,035	572
Net losses on derecognition of financial assets at fair value through other comprehensive income		(180)	–
Total operating income/(expense)		47,842	(18,704)
Staff cost		(112,662)	(116,677)
Premises and equipment		(59,209)	(47,013)
Others		(166,086)	(147,463)
Operating expense	7	(337,957)	(311,153)
<b>Operating loss before credit impairment</b>		(290,115)	(329,857)
Credit impairment	8	(22,072)	(1,393)
<b>Loss before taxation</b>		(312,187)	(331,250)
Income tax		–	–
<b>Loss after taxation</b>		(312,187)	(331,250)
<b>Other Comprehensive Income</b>			
<i>Items that may be reclassified subsequently to profit or loss when specific conditions are met:</i>			
– Changes in the fair value of debt instruments measured at FVOCI, net of tax		(2,610)	24
<b>Loss and total comprehensive income for the period</b>		(314,797)	(331,226)

The notes on pages 6 to 21 form part of these unaudited condensed interim financial statements.

## Condensed statement of financial position at 30 June 2022 (unaudited)

(Expressed in thousands Hong Kong dollars)

	Note	At 30 June 2022 HK\$'000	At 31 December 2021 HK\$'000
<b>Assets</b>			
Balances with central bank		644,303	419,686
Investment securities	9	1,800,649	2,943,148
Advances to customers	10	2,687,870	694,605
Amount due from immediate holding company		1,410,892	2,180,788
Amount due from a fellow subsidiary		80	80
Amounts due from related companies		10,442	1,550
Intangible assets		468,558	461,179
Property and equipment	11	15,489	24,275
Prepayment and other assets	12	86,397	37,466
		7,124,680	6,762,777
		7,124,680	6,762,777
<b>Liabilities</b>			
Deposits from customers	13	5,406,968	5,374,684
Amounts due to immediate holding company		131,688	134,687
Amount due to a fellow subsidiary		1,079	328
Amount due to a related company		9,393	5,944
Other liabilities		188,255	201,920
		5,737,383	5,717,563
		5,737,383	5,717,563
<b>NET ASSETS</b>		1,387,297	1,045,214
		1,387,297	1,045,214
<b>CAPITAL AND RESERVES</b>			
Share capital		3,206,200	2,549,320
Reserves		(1,818,903)	(1,504,106)
<b>TOTAL EQUITY</b>		1,387,297	1,045,214

The notes on pages 6 to 21 form part of these unaudited condensed interim financial statements.

## Condensed statement of changes in equity for the period ended 30 June 2022 (unaudited)

(Expressed in thousands Hong Kong dollars)

	<i>Share capital HK\$'000</i>	<i>Retained loss HK\$'000</i>	<i>FVOCI Reserves HK\$'000</i>	<i>Total HK\$'000</i>
<b>Balance at 1 January 2021</b>	2,080,120	(814,881)	–	1,265,239
<b>Changes in equity for period ended 30 June 2021:</b>				
Shares issued	469,200	–	–	469,200
Total comprehensive loss for the period	<u>–</u>	<u>(331,250)</u>	<u>24</u>	<u>(331,226)</u>
<b>Balance at 30 June 2021</b>	2,549,320	(1,146,131)	24	1,403,213
<b>Changes in equity for period ended 31 December 2021:</b>				
Total comprehensive loss for the period	<u>–</u>	<u>(356,164)</u>	<u>(1,835)</u>	<u>(357,999)</u>
<b>Balance at 31 December 2021</b>	2,549,320	(1,502,295)	(1,811)	1,045,214
<b>Changes in equity for period ended 30 June 2022:</b>				
Shares issued	656,880	–	–	656,880
Total comprehensive loss for the period	<u>–</u>	<u>(312,187)</u>	<u>(2,610)</u>	<u>(314,797)</u>
<b>Balance at 30 June 2022</b>	<u>3,206,200</u>	<u>(1,814,482)</u>	<u>(4,421)</u>	<u>1,387,297</u>

The notes on pages 6 to 21 form part of these unaudited condensed interim financial statements.

## Condensed cash flow statement for the period ended 30 June 2022 (unaudited)

(Expressed in thousands Hong Kong dollars)

	For 6 months ended 30 June 2022 HK\$'000	For 6 months ended 30 June 2021 HK\$'000
<b>Operating activities</b>		
Loss before taxation	(312,187)	(331,250)
Adjustments for non-cash items and other adjustments included within income statements	73,787	47,447
Change in operating assets	(924,870)	(4,365,043)
Change in operating liabilities	25,796	205,454
<b>Cash used in operations</b>	<b>(1,137,474)</b>	<b>(4,443,392)</b>
Tax paid	—	—
<b>Net cash used in operating activities</b>	<b>(1,137,474)</b>	<b>(4,443,392)</b>
<b>Investing activities</b>		
Payments for purchase of property and equipment	(807)	(1,238)
Payments for purchase of intangible assets	(54,628)	(70,536)
<b>Net cash used in investing activities</b>	<b>(55,435)</b>	<b>(71,774)</b>
<b>Financing activities</b>		
Cash proceeds from issuance of shares	656,880	469,200
Principal portion of lease payments	(7,186)	(6,908)
Interest element on lease liabilities	(277)	(556)
<b>Net cash from financing activities</b>	<b>649,417</b>	<b>461,736</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(543,492)</b>	<b>(4,053,430)</b>
<b>Cash and cash equivalents at 1 January</b>	<b>1,799,737</b>	<b>6,261,260</b>
<b>Effect of foreign exchange</b>	<b>(3,650)</b>	<b>42</b>
<b>Cash and cash equivalents at 30 June</b>	<b>1,252,595</b>	<b>2,207,872</b>
<i>Cash flows from operating activities include:</i>		
Interest received	42,238	4,723
Interest paid	(10,397)	(20,350)

The notes on pages 6 to 21 form part of these unaudited condensed interim financial statements.

# Notes to the condensed financial statements

(Expressed in thousands Hong Kong dollars)

## 1 Principal activities

Mox Bank Limited (the “Bank”) is a licensed virtual bank registered under the Hong Kong Banking Ordinance. The principal activities of the Bank are the provision of banking and related financial services.

## 2 Significant accounting policies

### (a) Statement of compliance

These condensed interim financial statements have been prepared in compliance with Hong Kong Accounting Standards (“HKAS”) 34, Interim Financial Reporting, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The preparation of the condensed interim financial statements in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year-to-date basis. Actual results may differ from these estimates. In preparing the condensed interim financial statements, the significant judgement made by management in applying the Bank’s accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the financial statements for the year ended 31 December 2021.

The condensed interim financial statements should be read in conjunction with the financial statements for the year ended 31 December 2021, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”). The condensed interim financial statements are unaudited.

### (b) Basis of preparation

The accounting policies applied in preparing these condensed interim financial statements are materially consistent with those applied in preparing the financial statements for the year ended 31 December 2021 except those mentioned below. None of the other revised accounting standards, which became effective from 1 January 2022, have a material impact on the condensed interim financial statements.

#### Costs incurred in obtaining or fulfilling a contract

The Bank capitalises incremental costs of obtaining customer contract that are expected to be recoverable in accordance with HKFRS 15 *Revenue from Contracts with Customers*. Carrying value of capitalised contract costs net of amortisation is included in note 12.

Capitalised contract costs are amortised based on the transfer of services to which the asset relates which typically ranges over the expected life of the relationship. Amortisation expense is included in note 5.

Capitalised contract costs are subject to an impairment assessment at the end of each reporting period.



### 3 Interest income

	<i>6 months period ended 30 June 2022 HK\$'000</i>	<i>6 months period ended 30 June 2021 HK\$'000</i>
Interest income arising from financial assets at amortised cost	36,740	6,786
Interest income arising from financial assets at fair value through comprehensive income	<u>1,161</u>	<u>65</u>
	<u><u>37,901</u></u>	<u><u>6,851</u></u>

Interest income received from placements made with immediate holding company amounted to HK\$4,479,000 (30 June 2021: HK\$6,644,000).

### 4 Interest expense

	<i>6 months period ended 30 June 2022 HK\$'000</i>	<i>6 months period ended 30 June 2021 HK\$'000</i>
Interest expense arising from financial liabilities at amortised cost	12,316	20,350
Interest expense arising from lease liabilities	<u>277</u>	<u>556</u>
	<u><u>12,593</u></u>	<u><u>20,906</u></u>

Interest expense paid to immediate holding company amounted to HK\$21,000 (30 June 2021: HK\$nil).

### 5 Net fee income/(expense)

	<i>6 months period ended 30 June 2022 HK\$'000</i>	<i>6 months period ended 30 June 2021 HK\$'000</i>
Fee and commission income		
– services transferred at a point in time	16,676	2,731
– services transferred over time	8,945	–
Fee and commission expense	<u>(4,942)</u>	<u>(7,952)</u>
	<u><u>20,679</u></u>	<u><u>(5,221)</u></u>

Fee income received from immediate holding company amounted to HK\$8,945,000 (30 June 2021: HK\$nil).

Amortisation of capitalised contract costs amounted to HK\$2,595,000 (30 June 2021: HK\$ nil).

## 6 Net trading Income

	<i>6 months period ended 30 June 2022 HK\$'000</i>	<i>6 months period ended 30 June 2021 HK\$'000</i>
Foreign exchange gains	<u>2,035</u>	<u>572</u>

## 7 Operating expenses

	<i>6 months period ended 30 June 2022 HK\$'000</i>	<i>6 months period ended 30 June 2021 HK\$'000</i>
<b>(a) Staff costs</b>		
Salaries, wages and other benefits	98,725	101,392
Share based payments	3,011	1,578
Retirement benefits	5,341	5,628
Other staff costs	<u>5,585</u>	<u>8,079</u>
	<u>112,662</u>	<u>116,677</u>
<b>(b) Premises and equipment</b>		
Amortisation of capitalised software	47,249	35,506
Depreciation of right-of-use operating lease asset	6,636	6,636
Depreciation of computer equipment, furnitures and fittings	2,957	3,056
Other premises and equipment costs	<u>2,367</u>	<u>1,815</u>
	<u>59,209</u>	<u>47,013</u>

## 7 Operating expenses (continued)

	<i>6 months period ended 30 June 2022 HK\$'000</i>	<i>6 months period ended 30 June 2021 HK\$'000</i>
<b>(c) Other items</b>		
Service fee paid to an immediate holding company	5,858	6,520
Auditors' remuneration	1,140	800
Amortisation of other intangible assets	300	300
Other expenses	<u>158,788</u>	<u>139,843</u>
	<u>166,086</u>	<u>147,463</u>

Service fee paid to immediate holding company relates to service support for various function. The service fee is charged on a cost basis.

Professional fee included purchase of services from related parties amounted to HK\$13,100,000 (30 June 2021: HK\$12,843,000). These purchases are made on similar terms as those with other suppliers.

Other expenses included receipts from related parties on reimbursement of marketing costs made under joint promotional initiatives amounted to HK\$10,120,000 (30 June 2021: HK\$1,500,000)

## 8 Credit impairment

	<i>6 months period ended 30 June 2022 HK\$'000</i>	<i>6 months period ended 30 June 2021 HK\$'000</i>
Credit impairment charge/(write-back) on advances to customers, analysed by:		
– Stage 1	16,695	1,393
– Stage 2	(7,893)	–
– Stage 3	8,410	–
Credit impairment relating to loan commitments	<u>4,860</u>	<u>–</u>
	<u>22,072</u>	<u>1,393</u>

## 9 Investment securities

	At 30 June 2022 HK\$'000	At 31 December 2021 HK\$'000
<i>At fair value through other comprehensive income:</i>		
Treasury bills	<u>1,800,649</u>	<u>2,943,148</u>

As at 30 June 2022 and 31 December 2021, there were no investment securities that is impaired, overdue or rescheduled.

## 10 Advances to customers

	At 30 June 2022 HK\$'000	At 31 December 2021 HK\$'000
Gross advances to customers	2,715,270	710,196
Less: Credit impairment, analysed by:		
– Stage 1	(19,505)	(2,810)
– Stage 2	(3,988)	(11,881)
– Stage 3	<u>(3,907)</u>	<u>(900)</u>
	<u>2,687,870</u>	<u>694,605</u>

## 11 Property and equipment

	At 30 June 2022			
	<i>Right-of-use operating lease property HK\$'000</i>	<i>Leasehold improvement HK\$'000</i>	<i>Office equipment HK\$'000</i>	<i>Total HK\$'000</i>
<b>Cost</b>				
At 1 January 2022	39,817	6,500	12,401	58,718
Additions	–	–	807	807
Disposals	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
At 30 June 2022	<u>39,817</u>	<u>6,500</u>	<u>13,208</u>	<u>59,525</u>
<b>Accumulated depreciation</b>				
At 1 January 2022	23,226	3,431	7,786	34,443
Charge for the year	<u>6,636</u>	<u>1,083</u>	<u>1,874</u>	<u>9,593</u>
At 30 June 2022	<u>29,862</u>	<u>4,514</u>	<u>9,660</u>	<u>44,036</u>
<b>Net book value</b>				
At 30 June 2022	<u>9,955</u>	<u>1,986</u>	<u>3,548</u>	<u>15,489</u>

## 11 Property and equipment (continued)

	<i>At 31 December 2021</i>			
	<i>Right-of-use operating lease property HK\$'000</i>	<i>Leasehold improvement HK\$'000</i>	<i>Office equipment HK\$'000</i>	<i>Total HK\$'000</i>
<b>Cost</b>				
At 1 January 2021	39,817	6,500	11,642	57,959
Additions	–	–	1,238	1,238
Disposals	–	–	(479)	(479)
At 31 December 2021	<u>39,817</u>	<u>6,500</u>	<u>12,401</u>	<u>58,718</u>
<b>Accumulated depreciation</b>				
At 1 January 2021	9,954	1,264	3,848	15,066
Charge for the year	13,272	2,167	4,028	19,467
Disposals	–	–	(90)	(90)
At 31 December 2021	<u>23,226</u>	<u>3,431</u>	<u>7,786</u>	<u>34,443</u>
<b>Net book value</b>				
At 31 December 2021	<u>16,591</u>	<u>3,069</u>	<u>4,615</u>	<u>24,275</u>

## 12 Prepayments and other assets

	<i>At 30 June 2022 HK\$'000</i>	<i>At 31 December 2021 HK\$'000</i>
Capitalised contract costs	46,926	–
Prepaid expenses	20,138	21,041
Sundry debtors	12,080	9,196
Deposits	4,229	4,229
Other assets and receivables	3,024	3,000
	<u>86,397</u>	<u>37,466</u>

As of end of period 30 June 2022 and 31 December 2021, there were no assets that is impaired, overdue or rescheduled.

## 13 Deposits from customers

	<i>At 30 June 2022 HK\$'000</i>	<i>At 31 December 2021 HK\$'000</i>
Savings accounts	<u>5,406,968</u>	<u>5,374,484</u>

## 14 Fair values of financial instruments

### *Valuation of financial instruments carried at amortised costs*

For financial instruments as of 30 June 2022 and 31 December 2021 that are not carried at fair value, the Bank has ascertained that their fair values were the reasonable approximation of the carrying amounts at period end due to short-term nature.

### *Valuation of financial instruments carried at fair value*

The following table present the carrying value of the Bank's financial assets recognised at fair value on a recurring basis, classified according to the fair value hierarchy.

	<i>Level 1</i> <i>HK\$'000</i>	<i>Total</i> <i>HK\$'000</i>
<b>At 30 June 2022</b>		
Investments securities measured at FVOCI		
– Treasury bills	<u>1,800,649</u>	<u>1,800,649</u>
	<u>1,800,649</u>	<u>1,800,649</u>
	<i>Level 1</i> <i>HK\$'000</i>	<i>Total</i> <i>HK\$'000</i>
<b>At 31 December 2021</b>		
Investments securities measured at FVOCI		
– Treasury bills	<u>2,943,148</u>	<u>2,943,148</u>
	<u>2,943,148</u>	<u>2,943,148</u>

The were no significant transfers of financial assets or liabilities between level 1 and level 2 fair value hierarchy classifications.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Bank is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

## 15 Immediate parent and ultimate controlling party

At 30 June 2022, the directors consider the immediate holding company and ultimate holding company of the Bank to be Standard Chartered Bank (Hong Kong) Limited and Standard Chartered PLC respectively, which are incorporated in Hong Kong and the United Kingdom and registered in Hong Kong and England and Wales respectively.

## 16 Material related party transactions

There were no significant changes in the related party transaction described in 2021 annual report that have a material impact on the financial position or performance of the Bank in the six month ended 30 June 2022. All related party transactions that took place in the six months ended 30 June 2022 were of similar nature to those disclosed in the 2021 annual report.

As at 30 June 2022, there were no impaired, overdue or rescheduled balances.

## 17 Off balance sheet exposures

The following is a summary of the contractual amounts of each significant contingent liability and commitment:

	<i>At 30 June 2022 HK\$'000</i>	<i>At 31 December 2021 HK\$'000</i>
Direct credit substitute	15,727	17,779
Loan commitments which are unconditionally cancellable	15,890,998	4,678,076
Forward forward deposits placed with immediate holding company	—	250,000
	<u>15,906,725</u>	<u>4,945,855</u>

The direct credit substitute represents financial guarantee the Bank issued to its immediate holding company for collateralised staff housing mortgage loan issued by its immediate holding company to the Bank's employees as part of staff benefit programme.

The amount of guarantee is the aggregated amount of loan granted to employees that was in excess of the HKMA regulatory loan to value ratio cap. The amount of 'excess' were assessed individually for each loan.

As of 30 June 2022 and 31 December 2021, these loans remain fully collateralised by the respective property values.

The remaining contractual maturities for the financial guarantee range between 15 years to 26 years.

## 17 Off balance sheet exposures (continued)

Other commitments which are unconditionally cancellable represent the undrawn portion of the credit card facilities issued to customers.

The total credit risk weighted amount of off-balance sheet exposures is HK\$15,727,000 (31 December 2021: HK\$67,779,000).

## 18 International claims

International claims are on-balance sheet exposures of counterparties based on the location of those counterparties after taking into account the transfer of risk. Recognised risk transfer refers to the reduction of exposure to a particular country by an effective transfer of credit risk to a different country.

International claims on individual countries or segments, after risk transfer, amounting to 10% or more of the aggregated international claims are shown as below:

	<i>Banks</i> HK\$'000	<i>Official Sector</i> HK\$'000	<i>Non-bank Financial institution</i> HK\$'000	<i>Non- financial private sector</i> HK\$'000	<i>Total</i> HK\$'000
<b>At 30 June 2022</b>					
Offshore centres	86,038	–	9,907	–	95,945
– of which Hong Kong SAR	86,038	–	9,907	–	95,945
<b>At 31 December 2021</b>					
Offshore centres	40,057	–	5,324	–	45,381
– of which Hong Kong SAR	40,057	–	5,324	–	45,381



## 19 Advances to customers analysed by industry sector

The analysis of gross advances to customers by industry sector is based on the categories used by the HKMA.

	<i>At 30 June 2022 HK\$'000</i>	<i>% of collateral covered by collateral or other liabilities HK\$'000</i>
<b>Gross advances for use in Hong Kong</b>		
Industrial, commercial and financial		
– Property development	–	–
– Property investment	–	–
– Financial concerns	–	–
– Stockbrokers	–	–
– Wholesale and retail trade	–	–
– Manufacturing	–	–
– Transport and transport equipment	–	–
– Recreational activities	–	–
– Information technology	–	–
– Others	–	–
Individuals		
– Advances for the purchase of flats in the Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme	–	–
– Advances for the purchase of other residential properties	–	–
– Credit card advances	2,710,367	–
– Others	104	–
Total gross advances for use in Hong Kong	2,710,471	–
Gross advances for use outside Hong Kong	997	–
Gross advances to customers	<u>2,711,468</u>	<u>–</u>

## 19 Advances to customers analysed by industry sector (continued)

	<i>At 31 December 2021 HK\$'000</i>	<i>% of collateral covered by collateral or other liabilities HK\$'000</i>
<b>Gross advances for use in Hong Kong</b>		
Industrial, commercial and financial		
– Property development	–	–
– Property investment	–	–
– Financial concerns	–	–
– Stockbrokers	–	–
– Wholesale and retail trade	–	–
– Manufacturing	–	–
– Transport and transport equipment	–	–
– Recreational activities	–	–
– Information technology	–	–
– Others	–	–
Individuals		
– Advances for the purchase of flats in the Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme	–	–
– Advances for the purchase of other residential properties	–	–
– Credit card advances	708,776	–
– Others	35	–
Total gross advances for use in Hong Kong	708,811	–
Gross advances for use outside Hong Kong	48	–
Gross advances to customers	<u>708,859</u>	<u>–</u>

## 20 Advances to customers by geographical location

The analysis of gross advances to customers by geographical location is in accordance with the location of counterparties, after into account of any recognised risk transfer.

	<i>Total gross loans and advances to customers HK\$'000</i>	<i>Impaired advances to customers HK\$'000</i>	<i>Overdue advances to customers HK\$'000</i>	<i>Stage 3 credit loss provision HK\$'000</i>	<i>Stage 1 &amp; 2 expected credit loss provision HK\$'000</i>
<b>30 June 2022</b>					
Hong Kong	2,710,471	4,090	4,067	3,907	23,484
Others	997	–	–	–	9
<b>Total</b>	<b>2,711,468</b>	<b>4,090</b>	<b>4,067</b>	<b>3,907</b>	<b>23,493</b>
<b>31 Dec 2021</b>					
Hong Kong	708,811	943	907	900	14,690
Others	48	–	–	–	1
<b>Total</b>	<b>708,859</b>	<b>943</b>	<b>907</b>	<b>900</b>	<b>14,691</b>

## 21 Overdue and rescheduled assets

	<i>At 30 June 2022</i>	
	<i>HK\$'000</i>	<i>% of advances to customers</i>
Gross advances to customers which have been overdue with respect to either principal or interest for periods of:		
– 6 months or less but over 3 months	4,067	0.15%
– 1 year or less but over 6 months	–	–
– Over 1 year	–	–
	<b>4,067</b>	<b>0.15%</b>

## 21 Overdue and rescheduled assets (continued)

	<i>At 30 June 2022</i>	
	<i>HK\$'000</i>	
Fair value of collateral held against the covered portion of overdue advances to customers		
– Covered portion of overdue advances to customers		–
– Uncovered portion of overdue advances to customers		4,067
		<u>4,067</u>
	<i>At 30 June 2022</i>	
	<i>HK\$'000</i>	
Stage 3 expected credit loss provision against advances to customers overdue more than 3 months		3,885
		<u>3,885</u>
	<i>At 31 December 2021</i>	
	<i>HK\$'000</i>	<i>% of advances to customers</i>
Gross advances to customers which have been overdue with respect to either principal or interest for periods of:		
– 6 months or less but over 3 months	907	0.13%
– 1 year or less but over 6 months	–	–
– Over 1 year	–	–
	<u>907</u>	<u>0.13%</u>
	<i>At 31 December 2021</i>	
	<i>HK\$'000</i>	
Fair value of collateral held against the covered portion of overdue advances to customers		
– Covered portion of overdue advances to customers		–
– Uncovered portion of overdue advances to customers		907
		<u>907</u>
	<i>At 31 December 2021</i>	
	<i>HK\$'000</i>	
Stage 3 expected credit loss provision against advances to customers overdue more than 3 months		866
		<u>866</u>

## 21 Overdue and rescheduled assets (continued)

As at 30 June 2022 and 31 December 2021, there were no overdue advances to banks and other financial institutions, investment securities and other assets.

As at 30 June 2022 and 31 December 2021, there were no rescheduled advances to customers, banks and other financial institutions, investment securities and other assets.

## 22 Mainland exposure

The following illustrates the disclosure the Bank is required to make under the prevailing Return of Mainland Activities (MA(BS)20) in respect of its Non-bank Mainland China exposures.

	<i>At 30 June 2022</i>		
	<i>On-balance sheet exposure</i>	<i>Off-balance sheet exposure</i>	<i>Total</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<u>Type of counterparties</u>			
1. Central government, central government-owned entities and their subsidiaries and joint ventures	–	–	–
2. Local governments, local government-owned entities and their subsidiaries and joint ventures	–	–	–
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and joint ventures	21	–	21
4. Other entities of central government not reported in item 1 above	–	–	–
5. Other entities of local government not reported in item 2 above	–	–	–
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	–	–	–
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	–	–	–
<b>Total</b>	<b>21</b>	<b>–</b>	<b>21</b>
Total assets after provision	7,112,922		
On-balance sheet exposures as percentage of total assets	0%	–	–

## 22 Mainland exposure (continued)

	<i>At 31 December 2021</i>		
	<i>On-balance sheet exposure HK\$'000</i>	<i>Off-balance sheet exposure HK\$'000</i>	<i>Total HK\$'000</i>
<u>Type of counterparties</u>			
1. Central government, central government-owned entities and their subsidiaries and joint ventures	–	–	–
2. Local governments, local government-owned entities and their subsidiaries and joint ventures	–	–	–
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and joint ventures	1	–	1
4. Other entities of central government not reported in item 1 above	–	–	–
5. Other entities of local government not reported in item 2 above	–	–	–
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	–	–	–
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	–	–	–
<b>Total</b>	<u>1</u>	<u>–</u>	<u>1</u>
<b>Total assets after provision</b>	<u>6,755,890</u>		
<b>On-balance sheet exposures as percentage of total assets</b>	<u>0.0%</u>	<u>0%</u>	<u>0%</u>

## 23 Currency risk

The Bank is exposed to foreign exchange risk, primarily the United States dollar (“USD”). The Bank’s exposure to foreign currency risk at the end of the reporting period was as follows:

	<i>At 30 June 2022</i>	<i>At 31 December</i>
	<i>HK\$’000</i>	<i>2021</i>
		<i>HK\$’000</i>
<b>Financial assets</b>		
Amount due from immediate holding company	29,419	40,057
Amount due from fellow subsidiary	80	80
Other assets	9,907	5,323
<b>Financial liabilities</b>		
Customer deposits	3,128	1,081
Amount due to immediate holding company	22,531	29,335
Amount due to fellow subsidiary	225	147
Other liabilities	3,414	8,335