



Condensed Interim Financial Statements (Unaudited)

For the period ended 30 June 2023

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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 2023.

2023 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 2022, loss before taxation increased by HK\$7 million, from HK\$312 million to HK\$319 million.

The Bank’s net asset increased by HK\$229 million, from HK\$1,383 million as of 31 December 2022, to HK\$1,612 million as of 30 June 2023.

Condensed statement of profit or loss and other comprehensive income for the period ended 30 June 2023 (unaudited)

(Expressed in thousands of Hong Kong dollars)

	Note	6 months ended 30 June 2023 HK\$'000	6 months ended 30 June 2022 HK\$'000
Interest income	3	276,244	37,901
Interest expense	4	(99,286)	(12,593)
Net interest income		176,958	25,308
Net fee income	5	27,415	20,679
Net trading income	6	3,678	2,035
Net gain/(losses) on derecognition of financial assets at fair value through other comprehensive income ("FVOCI")		148	(180)
Total operating income		208,199	47,842
Staff cost		(143,822)	(112,662)
Premises and equipment		(66,471)	(59,209)
Others		(167,925)	(166,086)
Operating expenses	7	(378,218)	(337,957)
Operating loss before credit impairment		(170,019)	(290,115)
Credit impairment	8	(149,177)	(22,072)
Loss before taxation		(319,196)	(312,187)
Income tax		–	–
Loss after taxation		(319,196)	(312,187)
Other Comprehensive Income			
<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		1,473	(2,610)
Loss and total comprehensive income for the period		(317,723)	(314,797)

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

Condensed statement of financial position at 30 June 2023 (unaudited)

(Expressed in thousands Hong Kong dollars)

	Note	At 30 June 2023 HK\$'000	At 31 December 2022 HK\$'000
Assets			
Balances with central bank		941,054	1,072,448
Investment securities	9	2,274,739	2,877,424
Advances to customers	10	6,569,952	4,957,342
Amount due from immediate holding company		1,985,133	795,856
Amount due from a fellow subsidiary		178	178
Amounts due from related companies		1,923	90,234
Intangible assets		481,095	477,381
Property and equipment	11	51,270	54,742
Prepayment and other assets	12	105,425	88,241
		<u>12,410,769</u>	<u>10,413,846</u>
Liabilities			
Deposits by Banks		750,000	–
Deposits from customers	13	9,620,857	8,365,260
Amounts due to immediate holding company		143,484	346,207
Amount due to a fellow subsidiary		1,217	2,260
Amount due to a related companies		8,809	15,103
Other payables		274,131	302,422
		<u>10,798,498</u>	<u>9,031,252</u>
NET ASSETS		<u>1,612,271</u>	<u>1,382,594</u>
CAPITAL AND RESERVES			
Share capital		4,066,400	3,519,000
Reserves		<u>(2,454,129)</u>	<u>(2,136,406)</u>
TOTAL EQUITY		<u>1,612,271</u>	<u>1,382,594</u>

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 2023 (unaudited)

(Expressed in thousands Hong Kong dollars)

	Share capital HK\$'000	Retained loss HK\$'000	FVOCI Reserves HK\$'000	Total HK\$'000
Balance at 1 January 2022	2,549,320	(1,502,295)	(1,811)	1,045,214
Changes in equity for period ended 30 June 2022:				
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>
Balance at 30 June 2022	3,206,200	(1,814,482)	(4,421)	1,387,297
Changes in equity for period ended 31 December 2022:				
Share issued	312,800	–	–	312,800
Total comprehensive loss for the period	<u>–</u>	<u>(319,173)</u>	<u>1,670</u>	<u>(317,503)</u>
Balance at 31 December 2022	3,519,000	(2,133,655)	(2,751)	1,382,594
Changes in equity for period ended 30 June 2023:				
Shares issued	547,400	–	–	547,400
Total comprehensive loss for the period	<u>–</u>	<u>(319,196)</u>	<u>1,473</u>	<u>(317,723)</u>
Balance at 30 June 2023	<u>4,066,400</u>	<u>(2,452,851)</u>	<u>(1,278)</u>	<u>1,612,271</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 2023 (unaudited)

(Expressed in thousands Hong Kong dollars)

	<i>For 6 months ended 30 June 2023 HK\$'000</i>	<i>For 6 months ended 30 June 2022 HK\$'000</i>
Operating activities		
Loss before taxation	(319,196)	(312,187)
Adjustments for non-cash items and other adjustments included within income statements	213,905	73,787
Change in operating assets	(2,304,331)	(924,870)
Change in operating liabilities	1,773,094	25,796
Cash used in operations	(636,528)	(1,137,474)
Tax paid	—	—
Net cash used in operating activities	(636,528)	(1,137,474)
Investing activities		
Payments for purchase of property and equipment	(5,131)	(807)
Payments for purchase of intangible assets	(59,104)	(54,628)
Net cash used in investing activities	(64,235)	(55,435)
Financing activities		
Cash proceeds from issuance of shares	625,600	656,880
Principal portion of lease payments	(5,279)	(7,186)
Interest element on lease liabilities	(734)	(277)
Net cash from financing activities	619,587	649,417
Net decrease in cash and cash equivalents	(81,176)	(543,492)
Cash and cash equivalents at 1 January	1,999,471	1,799,737
Effect of foreign exchange	(3,665)	(3,650)
Cash and cash equivalents at 30 June	1,914,630	1,252,595
<i>Cash flows from operating activities include:</i>		
Interest received	261,268	42,238
Interest paid	(71,464)	(10,397)

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 2022.

The condensed interim financial statements should be read in conjunction with the financial statements for the year ended 31 December 2022, 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 2022. None of the other revised accounting standards, which became effective from 1 January 2023, have a material impact on the condensed interim financial statements.

3 Interest income

	<i>6 months period ended 30 June 2023 HK\$'000</i>	<i>6 months period ended 30 June 2022 HK\$'000</i>
Interest income arising from financial assets at amortised cost	242,660	36,740
Interest income arising from financial assets at fair value through comprehensive income	<u>33,584</u>	<u>1,161</u>
	<u><u>276,244</u></u>	<u><u>37,901</u></u>

Interest income received from placements made with immediate holding company amounted to HK\$22,395,000 (30 June 2022: HK\$4,479,000).

4 Interest expense

	<i>6 months period ended 30 June 2023 HK\$'000</i>	<i>6 months period ended 30 June 2022 HK\$'000</i>
Interest expense arising from financial liabilities at amortised cost	98,552	12,316
Interest expense arising from lease liabilities	<u>734</u>	<u>277</u>
	<u><u>99,286</u></u>	<u><u>12,593</u></u>

Interest expense paid to immediate holding company amounted to HK\$800,000 (30 June 2022: HK\$21,000).

5 Net fee income

	<i>6 months period ended 30 June 2023 HK\$'000</i>	<i>6 months period ended 30 June 2022 HK\$'000</i>
Fee and commission income		
– services transferred at a point in time	33,083	16,676
– services transferred over time	8,961	8,945
Fee and commission expense	<u>(14,629)</u>	<u>(4,942)</u>
	<u><u>27,415</u></u>	<u><u>20,679</u></u>

Fee income received from immediate holding company amounted to HK\$8,961,000 (30 June 2022: HK\$8,945,000).

Amortisation of capitalised contract costs amounted to HK\$7,026,000 (30 June 2022: HK\$2,595,000).

6 Net trading Income

	<i>6 months period ended 30 June 2023 HK\$'000</i>	<i>6 months period ended 30 June 2022 HK\$'000</i>
Foreign exchange gains	<u>3,678</u>	<u>2,035</u>

7 Operating expenses

	<i>6 months period ended 30 June 2023 HK\$'000</i>	<i>6 months period ended 30 June 2022 HK\$'000</i>
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(a) Staff costs

Salaries, wages and other benefits	118,510	98,725
Share based payments	5,912	3,011
Retirement benefits	5,620	5,341
Other staff costs	<u>13,780</u>	<u>5,585</u>
	<u>143,822</u>	<u>112,662</u>

	<i>6 months period ended 30 June 2023 HK\$'000</i>	<i>6 months period ended 30 June 2022 HK\$'000</i>
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(b) Premises and equipment

Amortisation of capitalised software	55,090	47,249
Depreciation of right-of-use operating lease asset	5,837	6,636
Depreciation of computer equipment, furnitures and fittings	2,766	2,957
Other premises and equipment costs	<u>2,778</u>	<u>2,367</u>
	<u>66,471</u>	<u>59,209</u>

7 Operating expenses (continued)

	<i>6 months period ended 30 June 2023 HK\$'000</i>	<i>6 months period ended 30 June 2022 HK\$'000</i>
(c) Other items		
Service fee paid to an immediate holding company	6,233	5,858
Auditors' remuneration	1,485	1,140
Amortisation of other intangible assets	300	300
Other expenses	<u>159,907</u>	<u>158,788</u>
	<u>167,925</u>	<u>166,086</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\$12,621,000 (30 June 2022: HK\$13,100,000). 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\$672,000 (30 June 2022: HK\$10,120,000)

8 Credit impairment

	<i>6 months period ended 30 June 2023 HK\$'000</i>	<i>6 months period ended 30 June 2022 HK\$'000</i>
Credit impairment charge/(write-back) on advances to customers, analysed by:		
– Stage 1	23,866	16,695
– Stage 2	17,765	(7,893)
– Stage 3	104,451	8,410
Credit impairment relating to loan commitments	<u>3,095</u>	<u>4,860</u>
	<u>149,177</u>	<u>22,072</u>

9 Investment securities

	At 30 June 2023 HK\$'000	At 31 December 2022 HK\$'000
<i>At fair value through other comprehensive income:</i>		
Treasury bills	<u>2,274,739</u>	<u>2,877,424</u>

As at 30 June 2023 and 31 December 2022, there were no investment securities that is impaired, overdue or rescheduled.

10 Advances to customers

	At 30 June 2023 HK\$'000	At 31 December 2022 HK\$'000
Gross advances to customers	6,722,007	5,044,154
Less: Credit impairment, analysed by:		
– Stage 1	(84,305)	(60,439)
– Stage 2	(33,814)	(16,049)
– Stage 3	<u>(33,936)</u>	<u>(10,324)</u>
	<u>6,569,952</u>	<u>4,957,342</u>

11 Property and equipment

	At 30 June 2023			
	<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>
Cost				
At 1 January 2023	85,846	8,615	13,734	108,195
Additions	–	4,488	643	5,131
Disposals	–	–	–	–
At 30 June 2023	<u>85,846</u>	<u>13,103</u>	<u>14,377</u>	<u>113,326</u>
Accumulated depreciation				
At 1 January 2023	36,232	5,597	11,624	53,453
Charge for the year	<u>5,837</u>	<u>1,563</u>	<u>1,203</u>	<u>8,603</u>
At 30 June 2023	<u>42,069</u>	<u>7,160</u>	<u>12,827</u>	<u>62,056</u>
Net book value				
At 30 June 2023	<u>43,777</u>	<u>5,943</u>	<u>1,550</u>	<u>51,270</u>

11 Property and equipment (continued)

	<i>At 31 December 2022</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>
Cost				
At 1 January 2022	39,817	6,500	12,401	58,718
Additions	46,029	2,115	1,333	49,477
Disposals	–	–	–	–
At 31 December 2022	<u>85,846</u>	<u>8,615</u>	<u>13,734</u>	<u>108,195</u>
Accumulated depreciation				
At 1 January 2022	23,226	3,431	7,786	34,443
Charge for the year	13,006	2,166	3,838	19,010
Disposals	–	–	–	–
At 31 December 2022	<u>36,232</u>	<u>5,597</u>	<u>11,624</u>	<u>53,453</u>
Net book value				
At 31 December 2022	<u>49,614</u>	<u>3,018</u>	<u>2,110</u>	<u>54,742</u>

12 Prepayments and other assets

	<i>At 30 June 2023 HK\$'000</i>	<i>At 31 December 2022 HK\$'000</i>
Capitalised contract costs	77,441	63,280
Prepaid expenses	14,519	17,740
Sundry debtors	72	17
Deposits	3,943	4,229
Other assets and receivables	9,450	2,975
	<u>105,425</u>	<u>88,241</u>

As of end of period 30 June 2023 and 31 December 2022, there were no assets that is impaired, overdue or rescheduled.

13 Deposits from customers

	At 30 June 2023 HK\$'000	At 31 December 2022 HK\$'000
Savings accounts	7,488,556	8,365,249
Time Deposits	<u>2,132,301</u>	<u>11</u>
	<u>9,620,857</u>	<u>8,365,260</u>

14 Fair values of financial instruments

Valuation of financial instruments carried at amortised costs

For financial instruments as of 30 June 2023 and 31 December 2022 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.

	Level 1 HK\$'000	Total HK\$'000
At 30 June 2023		
Investments securities measured at FVOCI		
– Treasury bills	<u>2,274,739</u>	<u>2,274,739</u>
	<u>2,274,739</u>	<u>2,274,739</u>
	Level 1 HK\$'000	Total HK\$'000
At 31 December 2022		
Investments securities measured at FVOCI		
– Treasury bills	<u>2,877,424</u>	<u>2,877,424</u>
	<u>2,877,424</u>	<u>2,877,424</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.

14 Fair values of financial instruments (continued)

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 2023, 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 2022 annual report that have a material impact on the financial position or performance of the Bank in the six month ended 30 June 2023. All related party transactions that took place in the six months ended 30 June 2023 were of similar nature to those disclosed in the 2022 annual report.

As at 30 June 2023, there were no impaired, overdue or rescheduled balances.

17 Post balance sheet events

On 21 July 2023, the Bank allotted 23,460,000, 3,128,000, and 4,692,000 ordinary shares to Standard Chartered Bank (Hong Kong) Limited, PCCW Limited and HKT Limited respectively for a total consideration of HK\$312,800,000.

18 Off balance sheet exposures

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

	<i>At 30 June 2023 HK\$'000</i>	<i>At 31 December 2022 HK\$'000</i>
Direct credit substitute	10,994	10,541
Loan commitments which are unconditionally cancellable	<u>25,319,620</u>	<u>19,689,182</u>
	<u>25,330,614</u>	<u>19,699,723</u>

18 Off balance sheet exposures (continued)

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 2023 and 31 December 2022, these loans remain fully collateralised by the respective property values.

The remaining contractual maturities for the financial guarantee range between 16 years to 24 years.

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\$10,994,000 (31 December 2022: HK\$10,541,000).

19 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>	<i>Official</i>	<i>Non-bank</i>	<i>Non-</i>	
	<i>HK\$'000</i>	<i>Sector</i>	<i>Financial</i>	<i>financial</i>	<i>Total</i>
		<i>HK\$'000</i>	<i>institution</i>	<i>private</i>	
			<i>HK\$'000</i>	<i>sector</i>	<i>HK\$'000</i>
				<i>HK\$'000</i>	<i>HK\$'000</i>
At 30 June 2023					
Offshore centres	86,664	–	–	–	86,664
– of which Hong Kong SAR	86,664	–	–	–	86,664
At 31 December 2022					
Offshore centres	99,178	–	–	–	99,178
– of which Hong Kong SAR	99,178	–	–	–	99,178

20 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 2023 HK\$'000</i>	<i>% of collateral covered by collateral or other liabilities HK\$'000</i>
Gross advances for use in Hong Kong		
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	6,700,211	–
– Others	224	–
Total gross advances for use in Hong Kong	6,700,435	–
Gross advances for use outside Hong Kong	1,711	–
Gross advances to customers	<u>6,702,146</u>	<u>–</u>

20 Advances to customers analysed by industry sector (continued)

	<i>At 31 December 2022 HK\$'000</i>	<i>% of collateral covered by collateral or other liabilities HK\$'000</i>
Gross advances for use in Hong Kong		
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	5,030,434	–
– Others	94	–
Total gross advances for use in Hong Kong	5,030,528	–
Gross advances for use outside Hong Kong	1,327	–
Gross advances to customers	<u>5,031,855</u>	<u>–</u>

21 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 & 2 expected credit loss provision HK\$'000</i>
30 June 2023					
Hong Kong	6,700,435	35,446	32,163	33,817	118,072
Others	1,711	–	–	119	47
Total	6,702,146	35,446	32,163	33,936	118,119
31 Dec 2022					
Hong Kong	5,030,528	11,231	10,721	10,324	76,483
Others	1,327	–	–	–	5
Total	5,031,855	11,231	10,721	10,324	76,488

22 Overdue and rescheduled assets

	<i>At 30 June 2023</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	31,967	0.48%
– 1 year or less but over 6 months	179	0%
– Over 1 year	17	0%
	32,163	0.48%
<i>At 30 June 2023</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		32,163

22 Overdue and rescheduled assets (continued)

	<i>At 30 June 2023</i>	
	<i>HK\$'000</i>	
Stage 3 expected credit loss provision against advances to customers overdue more than 3 months		<u>30,798</u>
	<i>At 31 December 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	10,710	0.21%
– 1 year or less but over 6 months	11	0%
– Over 1 year	<u>–</u>	<u>0%</u>
	<u>10,721</u>	<u>0.21%</u>
		<i>At 31 December 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		<u>10,721</u>
		<i>At 31 December 2022</i>
		<i>HK\$'000</i>
Stage 3 expected credit loss provision against advances to customers overdue more than 3 months		<u>10,238</u>

As at 30 June 2023 and 31 December 2022, there were no overdue advances to banks and other financial institutions, investment securities and other assets.

As at 30 June 2023 and 31 December 2022, there were no rescheduled advances to customers, banks and other financial institutions, investment securities and other assets.

23 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.

Type of counterparties	At 30 June 2023		
	On-balance sheet exposure	Off-balance sheet exposure	Total
	HK\$'000	HK\$'000	HK\$'000
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	4	–	4
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	1,532	–	1,532
Total	1,536	–	1,536
Total assets after provision	12,391,718		
On-balance sheet exposures as percentage of total assets	0.01%	0%	0.01%

23 Mainland exposure (continued)

	<i>At 31 December 2022</i>		
	<i>On-balance sheet exposure HK\$'000</i>	<i>Off-balance sheet exposure HK\$'000</i>	<i>Total HK\$'000</i>
Type of counterparties			
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	1,795	–	1,795
Total	<u>1,796</u>	<u>–</u>	<u>1,796</u>
Total assets after provision	<u>10,389,864</u>		
On-balance sheet exposures as percentage of total assets	<u>0.02%</u>	<u>0%</u>	<u>0.02%</u>

24 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 2023</i>	<i>At 31 December</i>
	<i>HK\$’000</i>	<i>2022</i>
		<i>HK\$’000</i>
Financial assets		
Balances with central bank	2,849	–
Amount due from immediate holding company	23,558	32,829
Amount due from fellow subsidiary	179	179
Financial liabilities		
Customer deposits	4,157	4,487
Amount due to immediate holding company	23,005	29,655
Amount due to fellow subsidiary	1,193	1,901
Other liabilities	887	2,494