



# Condensed Interim Financial Statements (Unaudited)

For the period ended 30 June 2024

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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 2024.

### 2024 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 2023, loss before taxation increased by HK\$114 million, from HK\$319 million to HK\$433 million.

The Bank’s net asset decreased by HK\$29 million, from HK\$1,858 million as of 31 December 2023, to HK\$1,829 million as of 30 June 2024.

## Condensed statement of profit or loss and other comprehensive income for the period ended 30 June 2024 (unaudited)

(Expressed in thousands of Hong Kong dollars)

	Note	6 months ended 30 June 2024 HK\$'000	6 months ended 30 June 2023 HK\$'000
Interest income	3	459,857	276,244
Interest expense	4	(212,779)	(99,286)
Net interest income		247,078	176,958
Net fee income	5	2,515	31,459
Net trading expense	6	(753)	(366)
Net gains on derecognition of financial assets at fair value through other comprehensive income ("FVOCI")		19	148
Total operating income		248,859	208,199
Staff costs		(169,862)	(143,822)
Premises and equipment		(50,251)	(66,471)
Others		(204,200)	(167,925)
Operating expenses	7	(424,313)	(378,218)
<b>Operating loss before credit impairment</b>		(175,454)	(170,019)
Credit impairment	8	(257,765)	(149,177)
<b>Loss before taxation</b>		(433,219)	(319,196)
Taxation		–	–
<b>Loss after taxation</b>		(433,219)	(319,196)
<b>Other Comprehensive Income</b>			
<i>Items that may be reclassified subsequently to profit or loss when specific conditions are met:</i>			
Financial assets at fair value through other comprehensive income ("FVOCI")			
– changes in the fair value, net of tax		(5,466)	1,621
– reclassification adjustments for gains included in profit or loss		(19)	(148)
<b>Total comprehensive loss for the period</b>		(438,704)	(317,723)

The notes on pages 6 to 22 form part of these unaudited condensed interim financial statements.

## Condensed statement of financial position at 30 June 2024 (unaudited)

(Expressed in thousands Hong Kong dollars)

	Note	At 30 June 2024 HK\$'000	At 31 December 2023 HK\$'000
<b>Assets</b>			
Balances with central bank		1,239,298	1,387,149
Investment securities	9	7,610,787	4,184,349
Advances to customers	10	5,994,452	6,305,825
Amounts due from immediate holding company		2,120,133	1,620,086
Amounts due from a fellow subsidiary		178	178
Amounts due from related companies		2,506	90,237
Intangible assets		535,494	501,685
Property and equipment	11	39,626	45,232
Deferred tax assets		107,778	107,778
Prepayment and other assets	12	204,218	124,776
		17,854,470	14,367,295
		17,854,470	14,367,295
<b>Liabilities</b>			
Repurchase agreement at amortised cost		750,000	750,000
Deposits from customers	13	14,546,333	11,133,292
Amounts due to immediate holding company		155,659	147,126
Amounts due to a fellow subsidiary		4,643	1,399
Amounts due to a related companies		2,900	4,635
Other payables		565,976	472,872
		16,025,511	12,509,324
		16,025,511	12,509,324
<b>NET ASSETS</b>		1,828,959	1,857,971
<b>CAPITAL AND RESERVES</b>			
Share capital		4,907,050	4,731,100
Other equity instruments	14	233,742	–
Reserves		(3,311,833)	(2,873,129)
<b>TOTAL EQUITY</b>		1,828,959	1,857,971

The notes on pages 6 to 22 form part of these unaudited condensed interim financial statements.

## Condensed statement of changes in equity for the period ended 30 June 2024 (unaudited)

(Expressed in thousands Hong Kong dollars)

	Share capital HK\$'000	Accumulated losses HK\$'000	FVOCI Reserves HK\$'000	Other equity instruments HK\$'000 (note 14)	Total HK\$'000
<b>Balance at 1 January 2023</b>	3,519,000	(2,133,655)	(2,751)	–	1,382,594
<b>Changes in equity for period ended 30 June 2023:</b>					
Shares issued	547,400	–	–	–	547,400
Total comprehensive loss for the period	–	(319,196)	1,473	–	(317,723)
<b>Balance at 30 June 2023</b>	4,066,400	(2,452,851)	(1,278)	–	1,612,271
<b>Changes in equity for period ended 31 December 2023:</b>					
Share issued	664,700	–	–	–	664,700
Total comprehensive loss for the period	–	(425,283)	6,283	–	(419,000)
<b>Balance at 31 December 2023</b>	4,731,100	(2,878,134)	5,005	–	1,857,971
<b>Changes in equity for period ended 30 June 2024:</b>					
Shares issued	175,950	–	–	–	175,950
Other equity instruments issued	–	–	–	233,742	233,742
Total comprehensive loss for the period	–	(433,219)	(5,485)	–	(438,704)
<b>Balance at 30 June 2024</b>	<u>4,907,050</u>	<u>(3,311,353)</u>	<u>(480)</u>	<u>233,742</u>	<u>1,828,959</u>

The notes on pages 6 to 22 form part of these unaudited condensed interim financial statements.

## Condensed cash flow statement for the period ended 30 June 2024 (unaudited)

(Expressed in thousands Hong Kong dollars)

	<i>For 6 months ended 30 June 2024 HK\$'000</i>	<i>For 6 months ended 30 June 2023 HK\$'000</i>
<b>Operating activities</b>		
Loss before taxation	(433,219)	(319,196)
Adjustments for non-cash items and other adjustments included within income statements	306,623	213,905
Change in operating assets	(3,602,850)	(2,304,331)
Change in operating liabilities	3,506,986	1,773,094
<b>Net cash used in operating activities</b>	<u>(222,460)</u>	<u>(636,528)</u>
<b>Investing activities</b>		
Payments for purchase of property and equipment	(1,315)	(5,131)
Additions to intangible assets	(75,189)	(59,104)
<b>Net cash used in investing activities</b>	<u>(76,504)</u>	<u>(64,235)</u>
<b>Financing activities</b>		
Proceeds from issuing shares	263,925	625,600
Proceeds from issuing other equity instruments	233,742	–
Principal portion of lease payments	(5,145)	(5,279)
Interest element on lease liabilities	(557)	(734)
<b>Net cash from financing activities</b>	<u>491,965</u>	<u>619,587</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	193,001	(81,176)
<b>Cash and cash equivalents at 1 January</b>	1,972,757	1,999,471
<b>Effect of foreign exchange</b>	(9,416)	(3,665)
<b>Cash and cash equivalents at 30 June</b>	<u>2,156,342</u>	<u>1,914,630</u>
<i>Cash flows from operating activities include:</i>		
Interest received	475,903	261,268
Interest paid	(252,339)	(71,464)

The notes on pages 6 to 22 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 2023.

The condensed interim financial statements should be read in conjunction with the financial statements for the year ended 31 December 2023, 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 2023. None of the other revised accounting standards, which became effective from 1 January 2024, have a material impact on the condensed interim financial statements.



### 3 Interest income

	<i>6 months period ended 30 June 2024 HK\$'000</i>	<i>6 months period ended 30 June 2023 HK\$'000</i>
Interest income arising from financial assets at amortised cost	316,525	242,660
Interest income arising from financial assets at fair value through comprehensive income	<u>143,332</u>	<u>33,584</u>
	<u><u>459,857</u></u>	<u><u>276,244</u></u>

Interest income received from placements made with immediate holding company amounted to HK\$39,317,000 (30 June 2023: HK\$22,395,000).

### 4 Interest expense

	<i>6 months period ended 30 June 2024 HK\$'000</i>	<i>6 months period ended 30 June 2023 HK\$'000</i>
Interest expense arising from financial liabilities at amortised cost	212,222	98,552
Interest expense arising from lease liabilities	<u>557</u>	<u>734</u>
	<u><u>212,779</u></u>	<u><u>99,286</u></u>

Interest expense paid to immediate holding company amounted to HK\$225,000 (30 June 2023: HK\$800,000).

### 5 Net fee income

	<i>6 months period ended 30 June 2024 HK\$'000</i>	<i>6 months period ended 30 June 2023 HK\$'000 (restated)</i>
Fee and commission income		
– services transferred at a point in time	18,913	34,546
– services transferred over time	–	8,961
Fee and commission expense	<u>(16,398)</u>	<u>(12,048)</u>
	<u><u>2,515</u></u>	<u><u>31,459</u></u>

There were no fee income received from immediate holding company during the period ended 30 June 2024 (30 June 2023: HK\$8,961,000).

Amortisation of capitalised contract costs amounted to HK\$12,540,000 (30 June 2023: HK\$7,026,000).

## 6 Net trading expense

	<i>6 months period ended 30 June 2024 HK\$'000</i>	<i>6 months period ended 30 June 2023 HK\$'000 (restated)</i>
Foreign exchange losses	<u>753</u>	<u>366</u>

## 7 Operating expenses

	<i>6 months period ended 30 June 2024 HK\$'000</i>	<i>6 months period ended 30 June 2023 HK\$'000</i>
<b>(a) Staff costs</b>		
Salaries, wages and other benefits	152,308	118,510
Share based payments	3,766	5,912
Retirement benefits	6,881	5,620
Other staff costs	<u>6,907</u>	<u>13,780</u>
	<u>169,862</u>	<u>143,822</u>
	<i>6 months period ended 30 June 2024 HK\$'000</i>	<i>6 months period ended 30 June 2023 HK\$'000</i>
<b>(b) Premises and equipment</b>		
Amortisation of capitalised software	41,080	55,090
Depreciation of right-of-use operating lease asset	5,837	5,837
Depreciation of computer equipment, furnitures and fittings	1,084	2,766
Other premises and equipment costs	<u>2,250</u>	<u>2,778</u>
	<u>50,251</u>	<u>66,471</u>

## 7 Operating expenses (continued)

	<i>6 months period ended 30 June 2024 HK\$'000</i>	<i>6 months period ended 30 June 2023 HK\$'000</i>
<b>(c) Other items</b>		
Service fee paid to an immediate holding company	7,273	6,233
Auditors' remuneration	1,350	1,485
Amortisation of other intangible assets	300	300
Other expenses	<u>195,277</u>	<u>159,907</u>
	<u>204,200</u>	<u>167,925</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\$8,689,000 (30 June 2023: HK\$12,621,000). 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\$1,607,000 (30 June 2023: HK\$672,000).

## 8 Credit impairment

	<i>6 months period ended 30 June 2024 HK\$'000</i>	<i>6 months period ended 30 June 2023 HK\$'000</i>
Credit impairment on advances to customers, analysed by:		
– Stage 1	10,906	23,866
– Stage 2	9,502	17,765
– Stage 3	213,595	104,451
Credit impairment relating to loan commitments	<u>23,762</u>	<u>3,095</u>
	<u>257,765</u>	<u>149,177</u>

## 9 Investment securities

	At 30 June 2024 HK\$'000	At 31 December 2023 HK\$'000
<i>At fair value through other comprehensive income:</i>		
Treasury bills	<u>7,610,787</u>	<u>4,184,349</u>

As at 30 June 2024 and 31 December 2023, there were no investment securities that is impaired, overdue or rescheduled.

## 10 Advances to customers

	At 30 June 2024 HK\$'000	At 31 December 2023 HK\$'000
Gross advances to customers	6,282,020	6,597,839
Less: Credit impairment, analysed by:		
– Stage 1	(71,976)	(61,071)
– Stage 2	(165,951)	(156,449)
– Stage 3	<u>(49,641)</u>	<u>(74,494)</u>
	<u>5,994,452</u>	<u>6,305,825</u>

## 11 Property and equipment

	At 30 June 2024			
	<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 2024	85,846	13,385	15,453	114,684
Additions	<u>–</u>	<u>–</u>	<u>1,315</u>	<u>1,315</u>
At 30 June 2024	<u>85,846</u>	<u>13,385</u>	<u>16,768</u>	<u>115,999</u>
<b>Accumulated depreciation</b>				
At 1 January 2024	47,906	8,006	13,540	69,452
Charge for the year	<u>5,837</u>	<u>827</u>	<u>257</u>	<u>6,921</u>
At 30 June 2024	<u>53,743</u>	<u>8,833</u>	<u>13,797</u>	<u>76,373</u>
<b>Net book value</b>				
At 30 June 2024	<u>32,103</u>	<u>4,552</u>	<u>2,971</u>	<u>39,626</u>

## 11 Property and equipment (continued)

	<i>At 31 December 2023</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 2023	85,846	8,615	13,734	108,195
Additions	–	4,770	1,719	6,489
At 31 December 2023	<u>85,846</u>	<u>13,385</u>	<u>15,453</u>	<u>114,684</u>
<b>Accumulated depreciation</b>				
At 1 January 2023	36,232	5,597	11,624	53,453
Charge for the year	11,674	2,409	1,916	15,999
At 31 December 2023	<u>47,906</u>	<u>8,006</u>	<u>13,540</u>	<u>69,452</u>
<b>Net book value</b>				
At 31 December 2023	<u>37,940</u>	<u>5,379</u>	<u>1,913</u>	<u>45,232</u>

## 12 Prepayments and other assets

	<i>At 30 June 2024 HK\$'000</i>	<i>At 31 December 2023 HK\$'000</i>
Capitalised contract costs	130,518	87,883
Prepaid expenses	35,461	21,405
Sundry debtors	355	444
Deposits	3,943	4,243
Cash collateral	30,909	7,835
Other receivables	3,032	2,966
	<u>204,218</u>	<u>124,776</u>

As of end of period 30 June 2024 and 31 December 2023, there were no assets that is impaired, overdue or rescheduled.

### 13 Deposits from customers

	At 30 June 2024 HK\$'000	At 31 December 2023 HK\$'000
Savings accounts	10,604,818	7,394,219
Time Deposits	<u>3,941,515</u>	<u>3,739,073</u>
	<u>14,546,333</u>	<u>11,133,292</u>

### 14 Other equity instruments

	At 30 June 2024 HK\$'000	At 31 December 2023 HK\$'000
Undated non-cumulative Additional Tier 1 capital securities	<u>233,742</u>	<u>–</u>

In March 2024, the Bank issued HK\$235 million undated non-cumulative Additional Tier 1 capital securities. The capital securities are perpetual securities in respect of which there is no fixed maturity or redemption date and are not callable within the first 5 years.

### 15 Fair values of financial instruments

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

For financial instruments as of 30 June 2024 and 31 December 2023 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
<b>At 30 June 2024</b>		
Investments securities measured at FVOCI		
– Treasury bills	<u>7,610,787</u>	<u>7,610,787</u>
	<u>7,610,787</u>	<u>7,610,787</u>

## 15 Fair values of financial instruments (continued)

	<i>Level 1</i> <i>HK\$'000</i>	<i>Total</i> <i>HK\$'000</i>
<b>At 31 December 2023</b>		
Investments securities measured at FVOCI		
– Treasury bills	4,184,349	4,184,349
	<u>4,184,349</u>	<u>4,184,349</u>

There 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.

## 16 Immediate parent and ultimate controlling party

At 30 June 2024, 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.

## 17 Material related party transactions

There were no significant changes in the related party transaction described in 2023 annual report that have a material impact on the financial position or performance of the Bank in the six months ended 30 June 2024. All related party transactions that took place in the six months ended 30 June 2024 were of similar nature to those disclosed in the 2023 annual report.

As at 30 June 2024, there were no impaired, overdue or rescheduled balances.

## 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 2024 HK\$'000</i>	<i>At 31 December 2023 HK\$'000</i>
Direct credit substitute	12,095	12,958
Loan commitments which are unconditionally cancellable	<u>26,200,920</u>	<u>24,069,808</u>
	<u>26,213,015</u>	<u>24,082,766</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 2024 and 31 December 2023, these loans remain fully collateralised by the respective property values.

The remaining contractual maturities for the financial guarantee range between 15 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\$12,095,000 (31 December 2023: HK\$12,958,000).

## 19 Comparative amounts

Certain comparative figures have been restated to conform to the current year's presentation.

Certain fee income of HK\$4.0 million have been reclassified from net trading income to net fee income in profit or loss for the period ended 30 June 2023.

## 20 Post balance sheet events

In September 2024, the Bank issued HK\$235 million undated non-cumulative Additional Tier 1 capital securities. The capital securities are perpetual securities in respect of which there is no fixed maturity or redemption date and are not callable within the first 5 years.



## 21 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 2024</b>					
Offshore centres	225,307	–	–	–	225,307
– of which Hong Kong SAR	225,307	–	–	–	225,307
<b>At 31 December 2023</b>					
Offshore centres	86,874	–	–	–	86,874
– of which Hong Kong SAR	86,874	–	–	–	86,874

## 22 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.

	At 30 June 2024 HK\$'000	% of collateral covered by collateral or other liabilities HK\$'000
<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	6,260,706	–
– Others	91	–
Total gross advances for use in Hong Kong	6,260,797	–
Gross advances for use outside Hong Kong	1,829	–
Gross advances to customers	<u>6,262,626</u>	<u>–</u>

The amount of impaired and overdue loans and advances to customers and expected credit loss provision for industry sectors which constitute not less than 10% of the Bank's total advances to customers are as follows:

	<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>
At 30 June 2024				
<b>Gross loans and advances for use in Hong Kong</b>				
Individuals	<u>51,918</u>	<u>44,971</u>	<u>49,545</u>	<u>237,796</u>

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

	<i>At 31 December 2023 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	6,573,469	–
– Others	117	–
Total gross advances for use in Hong Kong	6,573,586	–
Gross advances for use outside Hong Kong	1,660	–
Gross advances to customers	<u>6,575,246</u>	<u>–</u>

The amount of impaired and overdue loans and advances to customers and expected credit loss provision for industry sectors which constitute not less than 10% of the Bank's total advances to customers are as follows:

	<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>
At 31 December 2023	77,980	73,110	74,417	217,246
<b>Gross loans and advances for use in Hong Kong</b>				
Individuals	<u>77,980</u>	<u>73,110</u>	<u>74,417</u>	<u>217,246</u>

## 23 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 2024</b>					
Hong Kong	6,260,797	51,918	44,971	49,545	237,796
Others	1,829	101	101	96	131
<b>Total</b>	<b>6,262,626</b>	<b>52,019</b>	<b>45,072</b>	<b>49,641</b>	<b>237,927</b>
<b>31 December 2023</b>					
Hong Kong	6,573,586	77,980	73,110	74,417	217,246
Others	1,660	81	81	77	274
<b>Total</b>	<b>6,575,246</b>	<b>78,061</b>	<b>73,191</b>	<b>74,494</b>	<b>217,520</b>

## 24 Overdue and rescheduled assets

	<i>At 30 June 2024</i>		<i>At 31 December 2023</i>	
	<i>HK\$'000</i>	<i>% of advances to customers</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	45,072	0.72%	71,626	1.09%
— 1 year or less but over 6 months	—	—%	1,565	0.02%
— Over 1 year	—	—%	—	—%
	<b>45,072</b>	<b>0.72%</b>	<b>73,191</b>	<b>1.11%</b>

## 24 Overdue and rescheduled assets (continued)

	At 30 June 2024 HK\$'000	At 31 December 2023 HK\$'000
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	45,072	73,191
Stage 3 expected credit loss provision against advances to customers overdue more than 3 months	43,012	69,847
	At 30 June 2024 HK\$'000	At 31 December 2023 HK\$'000
	% of advances to customers	% of advances to customers
Rescheduled loans and advances to customers	1,342	766
	0%	0%

Rescheduled loans and advances are those loans and advances, which have been restructured or renegotiated because of a deterioration in the financial position of the borrowers, or the inability of the borrowers to meet the original repayment schedule and for which the revised repayment terms are non-commercial to the Bank. Rescheduled loans and advances to customers are stated net of any loans and advances that have subsequently become overdue for over 3 months and reported as overdue loans and advances in note d.

As at 30 June 2024, there were no overdue and rescheduled advances to banks and other financial institutions, investment securities and other assets.

## 25 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 2024		
	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	64	–	64
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	1,874	–	1,874
<b>Total</b>	<b>1,938</b>	<b>–</b>	<b>1,938</b>
Total assets after provision	17,744,763		
On-balance sheet exposures as percentage of total assets	0.01%		

## 25 Mainland exposure (continued)

	<i>At 31 December 2023</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	68	–	68
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	1,804	–	1,804
Total	<u>1,872</u>	<u>–</u>	<u>1,872</u>
Total assets after provision	<u>14,281,336</u>		
On-balance sheet exposures as percentage of total assets	<u>0.01%</u>		

## 26 Currency risk

The currency risk arising from the Bank's operations for those individual currencies which each constitute more than 10% of the total net positions in all foreign currencies are as follows :

	<i>At 30 June 2024</i>
	<i>United States</i>
	<i>dollar</i>
	<i>HK\$'000</i>
Spot assets	103,092
Spot liabilities	(120,054)
Net long/(short) non-structural position	(16,962)
	 <i>At 31 December 2023</i>
	<i>United States</i>
	<i>dollar</i>
	<i>HK\$'000</i>
Spot assets	31,294
Spot liabilities	(31,610)
Net long/(short) non-structural position	(316)

The Bank does not have structural FX position as of 30 June 2024 and 31 December 2023.