



AIRSTAR BANK LIMITED

INTERIM FINANCIAL DISCLOSURE STATEMENTS
FOR THE SIX MONTHS ENDED
30 June 2022

TABLE OF CONTENTS

	Page
Condensed statement of profit or loss (unaudited)	3
Condensed statement of comprehensive income (unaudited)	4
Condensed balance sheet (unaudited)	5
Condensed statement of changes in equity (unaudited)	6
Condensed statement of cash flows (unaudited)	7
Notes to the condensed financial statements (unaudited)	8-14

CONDENSED STATEMENT OF PROFIT OR LOSS (unaudited)

	Notes	For the six months ended 30 June 2022 HK\$000	For the six months ended 30 June 2021 HK\$000
Interest income	2	42,932	26,344
Interest expense	3	(9,721)	(13,656)
Net interest income		33,211	12,688
Net (loss)/ gain from investment and other income		(77)	1,027
Total income		33,134	13,715
Operating expenses	4	(111,142)	(123,288)
Finance costs	5	(269)	(395)
Impairment losses		(19,478)	(13,407)
Loss before income tax		(97,755)	(123,375)
Income tax expense	6	-	-
Loss for the period		(97,755)	(123,375)

The notes on pages 8 to 14 are the integral part of these condensed financial statements.

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

(unaudited)

	Notes	For the six months ended 30 June 2022 HK\$000	For the six months ended 30 June 2021 HK\$000
Loss for the period		(97,755)	(123,375)
Other comprehensive income, net of tax:			
Items that may be reclassified subsequently to profit or loss:			
Changes in the fair value of financial assets at fair value through other comprehensive income (“FVOCI”)		(4,070)	(8,535)
Total comprehensive income for the period		(101,825)	(131,910)

The notes on pages 8 to 14 are the integral part of these condensed financial statements.

CONDENSED BALANCE SHEET (unaudited)

	Notes	As at 30 Jun 2022 HK\$000	As at 31 Dec 2021 HK\$000
Assets			
Balances with banks	7	396,892	459,573
Placement with banks	7	292,679	351,486
Investment securities	9	1,057,233	1,299,202
Loans and advances to customers	8	928,084	932,137
Prepayment and other assets		44,527	38,955
Property, plant and equipment	10	20,876	29,734
Right-of-use assets		17,917	11,111
Intangible assets	11	99,618	105,388
		2,857,826	3,227,586
Total Assets			
Liabilities			
Deposits from customers	12	1,936,972	2,202,960
Other payables and accruals		35,761	46,665
Lease liabilities		17,848	10,184
Make good provision		6,330	6,330
		1,996,911	2,266,139
Total Liabilities			
Equity			
Share capital		1,500,000	1,500,000
Other reserves		18,235	21,012
Accumulated losses		(657,320)	(559,565)
		860,915	961,447
Total Equity			
Total Liabilities and Equity		2,857,826	3,227,586

The notes on pages 8 to 14 are the integral part of these condensed financial statements.

CONDENSED STATEMENT OF CHANGES IN EQUITY (unaudited)

	Share capital HK\$000	Other reserves HK\$000	Accumulated losses HK\$000	Total equity HK\$000
Balance as at 1 January 2021	1,500,000	18,346	(315,310)	1,203,036
Total comprehensive income	-	(8,535)	(123,375)	(131,910)
Employee share scheme	-	3,451	-	3,451
Regulatory reserve	-	(537)	-	(537)
Balance as at 30 June 2021	1,500,000	12,725	(438,685)	1,074,040
Total comprehensive income	-	6,318	(120,880)	(114,562)
Employee share scheme	-	1,969	-	1,969
Balance as at 31 December 2021	1,500,000	21,012	(559,565)	961,447
Total comprehensive income	-	(4,070)	(97,755)	(101,825)
Employee share scheme	-	1,293	-	1,293
Balance as at 30 June 2022	1,500,000	18,235	(657,320)	860,915

The regulatory reserve is maintained to satisfy the provisions of the Hong Kong Banking Ordinance (“HKBO”) for prudential supervision purposes. Movements in the reserve are made directly through the accumulated losses. The amount is reversed during the period ended 30 June 2021 as provision of HKBO are fulfilled.

The notes on pages 8 to 14 are the integral part of these condensed financial statements.

CONDENSED STATEMENT OF CASH FLOWS (unaudited)

	Notes	For the six months ended 30 June 2022 HK\$000	For the six months ended 30 June 2021 HK\$000
Cash flows from operating activities			
Loss before income tax		(97,755)	(123,375)
Adjustments for:			
Interest income	2	(42,932)	(26,344)
Interest expense	3	9,721	13,656
Interest on lease liabilities	5	174	307
Impairment losses		19,478	13,407
Depreciation of property, plant and equipment	10	9,148	9,029
Depreciation of right-of-use assets		11,049	10,304
Amortisation of intangible assets	11	14,085	9,656
Employee share scheme		1,293	3,451
Changes in:			
Loans and advances to customers		(15,375)	(261,958)
Placement with banks with original maturity beyond 3 months		(105,616)	39,674
Prepayment and other assets		(5,752)	(4,211)
Deposits from customers		(265,988)	621,065
Other payables and accruals		(10,001)	(19,900)
Due to banks		-	120,000
Interest received		43,112	24,881
Interest paid		(10,624)	(12,725)
Net cash (used in) / generated from operating activities		(445,983)	416,917
Cash flows from investing activities			
Purchase of intangible assets		(8,315)	(10,190)
Purchase of property, plant and equipment		(290)	(475)
Purchase of investment securities		(450,958)	(779,197)
Proceeds from disposal and redemption of investment securities		688,807	547,303
Net cash generated from / (used in) investing activities		229,244	(242,559)
Cash flows from financing activities			
Payment of lease liabilities		(10,365)	(9,980)
Net cash used in financing activities		(10,365)	(9,980)
Net change in cash and cash equivalents		(227,104)	164,378
Cash and cash equivalents as at 1 January		811,059	719,157
Cash and cash equivalents as at 30 June	13	583,955	883,535

The notes on pages 8 to 14 are the integral part of these condensed financial statements.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (unaudited)

1 Basis of preparation

The condensed interim financial statements for the six months ended 30 Jun 2022 has been prepared under the Banking (Disclosure) Rules made under Section 60A of the Banking Ordinance, and in accordance with Hong Kong Accounting Standard (“HKAS”) 34, Interim Financial Reporting, issued by the Hong Kong Institute of Certified Public Accountants.

The accounting policies applied in preparing this condensed interim financial statements are consistent with those applied in preparing the financial statements for the year ended 31 December 2021.

The preparation of condensed interim financial statements requires management to exercise judgements, use estimates and make assumptions that affect the application of policies and reported amounts in the financial statements. Actual results may differ from these estimates. The significant judgements made by management are the same as those disclosed in the financial statements for the year ended 31 December 2021.

2 Interest income

	For the six months ended 30 June 2022 HK\$000	For the six months ended 30 June 2021 HK\$000
Interest income arising from:		
Financial assets measured at amortised cost	38,330	20,018
Financial assets measured at FVOCI	4,602	6,326
	<hr/>	<hr/>
Total	42,932	26,344
	<hr/> <hr/>	<hr/> <hr/>

3 Interest expense

	For the six months ended 30 June 2022 HK\$000	For the six months ended 30 June 2021 HK\$000
Interest expense arising from:		
Financial liabilities measured at amortised cost	9,721	13,656
	<hr/>	<hr/>
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

(unaudited)

4 Operating expenses

	Notes	For the six months ended 30 June 2022 HK\$000	For the six months ended 30 June 2021 HK\$000
Auditor's remuneration		1,080	930
Depreciation of property, plant and equipment	10	9,148	9,029
Depreciation of right-of-use assets		11,049	10,304
Amortisation of intangible assets	11	14,085	9,656
Staff costs		55,337	60,300
- Salaries, allowances and benefits in kind		51,280	53,786
- Retirement benefit		2,764	3,063
- Employee share scheme		1,293	3,451
Legal and professional fees		1,542	2,447
Other operating expenses		18,901	30,622
Total		111,142	123,288

5 Finance costs

	For the six months ended 30 June 2022 HK\$000	For the six months ended 30 June 2021 HK\$000
Interest on lease liabilities	174	307
Bank charges	95	88
Total	269	395

6 Income tax expense

	For the six months ended 30 June 2022 HK\$000	For the six months ended 30 June 2021 HK\$000
Current income tax	-	-
Deferred income tax	-	-
Total	-	-

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (unaudited)

7 Balances and placement with banks

	As at 30 June 2022 HK\$000	As at 31 December 2021 HK\$000
Balances with banks		
- Cash at banks	86,462	105,961
- Due from Hong Kong Monetary Authority	310,430	353,612
Less: Impairment allowances	-	-
	<hr/>	<hr/>
Total	396,892	459,573
	<hr/> <hr/>	<hr/> <hr/>

Balances with banks are denominated in Hong Kong dollars, Renminbi and United States dollars.

	As at 30 June 2022 HK\$000	As at 31 December 2021 HK\$000
Placement with banks maturing		
- On or less than 3 months	187,063	351,486
- Beyond 3 months	105,616	-
Less: Impairment allowances	-	-
	<hr/>	<hr/>
Total	292,679	351,486
	<hr/> <hr/>	<hr/> <hr/>

Placement with banks are denominated in Hong Kong dollars, Renminbi and United States dollars.

As at 30 June 2022 and 31 December 2021, there were no impaired, overdue or rescheduled balances and placement with banks.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (unaudited)

8 Loans and advances to customers

	As at 30 June 2022 HK\$000	As at 31 December 2021 HK\$000
Gross loans and advances to customers	961,466	954,755
Less: Impairment allowances		
- Stage 1	(27,420)	(18,933)
- Stage 2	(1,218)	(328)
- Stage 3	(4,744)	(3,357)
Total	928,084	932,137

9 Investment securities

	As at 30 June 2022 HK\$000	As at 31 December 2021 HK\$000
Investment securities measured at:		
- Fair value through other comprehensive income	470,538	869,454
- Amortised cost	586,756	429,768
Less: Impairment allowances	(61)	(20)
Total	1,057,233	1,299,202
Issued by:		
- Sovereigns	111,452	124,453
- Banks and corporates	945,781	1,174,749
Total	1,057,233	1,299,202

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

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (unaudited)

10 Property, plant and equipment

	Leasehold improvement HK\$000	Furniture and fixture HK\$000	Computer equipment HK\$000	Total HK\$000
Cost				
At 31 December 2020	14,144	2,025	47,200	63,369
Additions	252	-	467	719
At 31 December 2021	14,396	2,025	47,667	64,088
Additions	-	-	290	290
At 30 June 2022	14,396	2,025	47,957	64,378
Accumulated depreciation				
At 31 December 2020	(6,000)	(462)	(9,755)	(16,217)
Depreciation charge	(4,769)	(405)	(12,963)	(18,137)
At 31 December 2021	(10,769)	(867)	(22,718)	(34,354)
Depreciation charge	(2,399)	(203)	(6,546)	(9,148)
At 30 June 2022	(13,168)	(1,070)	(29,264)	(43,502)
Carrying amount				
At 31 December 2021	3,627	1,158	24,949	29,734
At 30 June 2022	1,228	955	18,693	20,876

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (unaudited)

11 Intangible assets

	HK\$000
Cost	
At 31 December 2020	93,524
Addition	43,584
	137,108
At 31 December 2021	137,108
Addition	8,315
	145,423
At 30 June 2022	145,423
Accumulated amortisation	
At 31 December 2020	(10,512)
Amortisation charge	(21,208)
	(31,720)
At 31 December 2021	(31,720)
Amortisation charge	(14,085)
	(45,805)
At 30 June 2022	(45,805)
Carrying amount	
At 31 December 2021	105,388
	105,388
At 30 June 2022	99,618

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (unaudited)

12 Deposits from customers

	As at 30 June 2022 HK\$000	As at 31 December 2021 HK\$000
Saving deposits	703,926	638,929
Time deposits	1,233,046	1,564,031
	<hr/>	<hr/>
Total	1,936,972	2,202,960
	<hr/> <hr/>	<hr/> <hr/>

13 Analysis of the balances of cash and cash equivalents

	As at 30 June 2022 HK\$000	As at 31 December 2021 HK\$000
Balances with banks	396,892	459,573
Placement with banks	187,063	351,486
	<hr/>	<hr/>
Total	583,955	811,059
	<hr/> <hr/>	<hr/> <hr/>

14 Material related-party transactions

There were no changes in the related party transaction described in 2021 Annual report that have had a material impact on the financial position of the Bank in the six months ended 30 June 2022.