



AIRSTAR BANK LIMITED

INTERIM FINANCIAL DISCLOSURE STATEMENTS
FOR THE SIX MONTHS ENDED
30 June 2021

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CONDENSED STATEMENT OF PROFIT OR LOSS (unaudited)

	Notes	For the six months ended 30 June 2021 HK\$000	For the six months ended 30 June 2020 HK\$000
Interest income	2	26,344	11,570
Interest expense	3	(13,656)	(1,056)
Net interest income		12,688	10,514
Net gain from investment and other income		1,027	103
Total income		13,715	10,617
Operating expenses	4	(123,288)	(101,444)
Finance costs	5	(395)	(563)
Impairment losses		(13,407)	(318)
Loss before income tax		(123,375)	(91,708)
Income tax expense	6	-	-
Loss for the period		(123,375)	(91,708)

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 2021 HK\$000	For the six months ended 30 June 2020 HK\$000
Loss for the period		(123,375)	(91,708)
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")		(8,535)	1,419
Total comprehensive income for the period		(131,910)	(90,289)

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 2021 HK\$000	As at 31 Dec 2020 HK\$000
Assets			
Balances with banks	7	625,155	226,157
Placement with banks	7	413,706	688,000
Investment securities	9	1,447,756	1,224,274
Loans and advances to customers	8	799,917	552,026
Prepayment and other assets		34,233	28,559
Property, plant and equipment	10	38,598	47,152
Right-of-use assets		21,579	31,289
Intangible assets	11	83,546	83,012
		3,464,490	2,880,469
Total Assets		3,464,490	2,880,469
Liabilities			
Deposits from customers	12	2,198,840	1,577,775
Due to banks		120,000	-
Other payables and accruals		45,114	64,083
Lease liabilities		20,166	29,245
Make good provision		6,330	6,330
		2,390,450	1,677,433
Total Liabilities		2,390,450	1,677,433
Equity			
Share capital		1,500,000	1,500,000
Other reserves		12,725	18,346
Accumulated losses		(438,685)	(315,310)
		1,074,040	1,203,036
Total Equity		1,074,040	1,203,036
Total Liabilities and Equity		3,464,490	2,880,469

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 2020	1,500,000	5,185	(83,222)	1,421,963
Total comprehensive income	-	1,419	(91,708)	(90,289)
Employee share scheme	-	6,436	-	6,436
Regulatory reserve	-	203	-	203
Balance as at 30 June 2020	1,500,000	13,243	(174,930)	1,338,313
Total comprehensive income	-	(247)	(140,380)	(140,627)
Employee share scheme	-	5,016	-	5,016
Regulatory reserve	-	334	-	334
Balance as at 31 December 2020	1,500,000	18,346	(315,310)	1,203,036
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

As at 30 June 2020, HK\$203,000 was earmarked as the regulatory reserve from the accumulated losses. 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 2021 HK\$000	For the six months ended 30 June 2020 HK\$000
Cash flows from operating activities			
Loss before income tax		(123,375)	(91,708)
Adjustments for:			
Interest income	2	(26,344)	(11,570)
Interest expense	3	13,656	1,056
Interest on lease liabilities	5	307	544
Impairment losses		13,407	318
Depreciation of property, plant and equipment	10	9,029	5,550
Depreciation of right-of-use assets		10,304	10,005
Amortisation of intangible assets	11	9,656	2,488
Employee share scheme		3,451	6,435
Changes in:			
Loans and advances to customers		(261,958)	(51,957)
Placement with banks with original maturity beyond 3 months		39,674	(100,000)
Prepayment and other assets		(4,211)	(3,186)
Deposits from customers		621,065	356,531
Other payables and accruals		(19,900)	19,711
Due to banks		120,000	20,000
Interest received		24,881	10,814
Interest paid		(12,725)	(35)
Net cash generated from operating activities		416,917	174,996
Cash flows from investing activities			
Purchase of intangible assets		(10,190)	(5,204)
Purchase of property, plant and equipment		(475)	(3,858)
Purchase of investment securities		(779,197)	(450,446)
Proceeds from disposal and redemption of investment securities		547,303	-
Net cash used in investing activities		(242,559)	(459,508)
Cash flows from financing activities			
Payment of lease liabilities		(9,980)	(9,276)
Net cash used in financing activities		(9,980)	(9,276)
Net change in cash and cash equivalents		164,378	(293,788)
Cash and cash equivalents as at 1 January		719,157	1,358,827
Cash and cash equivalents as at 30 June	13	883,535	1,065,039

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 2021 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 2020.

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 2020.

2 Interest income

	For the six months ended 30 June 2021 HK\$000	For the six months ended 30 June 2020 HK\$000
Interest income arising from:		
Financial assets measured at amortised cost	20,018	11,541
Financial assets measured at FVOCI	6,326	29
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Total	26,344	11,570
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3 Interest expense

	For the six months ended 30 June 2021 HK\$000	For the six months ended 30 June 2020 HK\$000
Interest expense arising from:		
Financial liabilities measured at amortised cost	13,656	1,056
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NOTES TO THE CONDENSED FINANCIAL STATEMENTS

(unaudited)

4 Operating expenses

	Notes	For the six months ended 30 June 2021 HK\$000	For the six months ended 30 June 2020 HK\$000
Auditor's remuneration		930	600
Depreciation of property, plant and equipment	10	9,029	5,550
Depreciation of right-of-use assets		10,304	10,005
Amortisation of intangible assets	11	9,656	2,488
Staff costs		60,300	67,670
- Salaries, allowances and benefits in kind		53,786	58,296
- Retirement benefit		3,063	2,938
- Employee share scheme		3,451	6,436
Legal and professional fees		2,447	2,881
Other operating expenses		30,622	12,250
		123,288	101,444
Total		123,288	101,444

5 Finance costs

		For the six months ended 30 June 2021 HK\$000	For the six months ended 30 June 2020 HK\$000
Interest on lease liabilities		307	544
Bank charges		88	19
		395	563
Total		395	563

6 Income tax expense

		For the six months ended 30 June 2021 HK\$000	For the six months ended 30 June 2020 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 2021 HK\$000	As at 31 December 2020 HK\$000
Balances with banks		
- Cash at banks	140,881	85,103
- Due from Hong Kong Monetary Authority	484,274	141,054
Less: Impairment allowances	-	-
	625,155	226,157
Total	625,155	226,157

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

	As at 30 June 2021 HK\$000	As at 31 December 2020 HK\$000
Placement with banks maturing		
- On or less than 3 months	258,380	493,000
- Beyond 3 months	155,326	195,000
Less: Impairment allowances	-	-
	413,706	688,000
Total	413,706	688,000

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

As at 30 June 2021 and 31 December 2020, 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 2021 HK\$000	As at 31 December 2020 HK\$000
Gross loans and advances to customers	817,511	556,531
Less: Impairment allowances		
- Stage 1	(16,709)	(4,501)
- Stage 2	(202)	(4)
- Stage 3	(683)	-
Total	799,917	552,206

9 Investment securities

	As at 30 June 2021 HK\$000	As at 31 December 2020 HK\$000
Investment securities measured at:		
- Fair value through other comprehensive income	1,014,127	947,753
- Amortised cost	433,706	276,600
Less: Impairment allowances	(77)	(79)
Total	1,447,756	1,224,274
Issued by:		
- Sovereigns	95,272	91,632
- Banks and corporates	1,352,484	1,132,642
Total	1,447,756	1,224,274

As at 30 June 2021 and 31 December 2020, 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 2019	11,052	1,632	44,731	57,415
Additions	3,092	393	2,469	5,954
At 31 December 2020	14,144	2,025	47,200	63,369
Additions	252	-	223	475
At 30 June 2021	14,396	2,025	47,423	63,844
Accumulated depreciation				
At 31 December 2019	(1,543)	(75)	(44)	(1,662)
Depreciation charge	(4,457)	(387)	(9,711)	(14,555)
At 31 December 2020	(6,000)	(462)	(9,755)	(16,217)
Depreciation charge	(2,370)	(203)	(6,456)	(9,029)
At 30 June 2021	(8,370)	(665)	(16,211)	(25,246)
Carrying amount				
At 31 December 2020	8,144	1,563	37,445	47,152
At 30 June 2021	6,026	1,360	31,212	38,598

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (unaudited)

11 Intangible assets

	HK\$000
Cost	
At 31 December 2019	49,182
Addition	44,342
	93,524
At 31 December 2020	93,524
Addition	10,190
	103,714
	103,714
Accumulated amortisation	
At 31 December 2019	-
Amortisation charge	(10,512)
	(10,512)
At 31 December 2020	(10,512)
Amortisation charge	(9,656)
	(20,168)
At 30 June 2021	(20,168)
	(20,168)
Carrying amount	
At 31 December 2020	83,012
	83,012
At 30 June 2021	83,546
	83,546

12 Deposits from customers

	As at 30 June 2021 HK\$000	As at 31 December 2020 HK\$000
Saving deposits	699,209	436,896
Time deposits	1,499,631	1,140,879
	2,198,840	1,577,775
Total	2,198,840	1,577,775

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (unaudited)

13 Analysis of the balances of cash and cash equivalents

	As at 30 June 2021 HK\$000	As at 31 December 2020 HK\$000
Balances with banks	625,155	226,157
Placement with banks	258,380	493,000
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Total	883,535	719,157
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14 Material related-party transactions

There were no changes in the related party transaction described in 2020 Annual report that have had a material impact on the financial position of the Bank in the six months ended 30 June 2021.