



**Standard Chartered Bank
(Hong Kong) Limited**

**Condensed Consolidated
Interim Financial Statements (unaudited)**

For the period ended
30 June 2024

Standard Chartered Bank (Hong Kong) Limited

Contents

	Page(s)
Introduction	1
Condensed consolidated income statement (unaudited)	2
Condensed consolidated statement of comprehensive income (unaudited)	3
Condensed consolidated statement of financial position (unaudited)	4
Condensed consolidated statement of changes in equity (unaudited)	5
Condensed consolidated cash flow statement (unaudited)	6
Notes to condensed consolidated interim financial statements (unaudited)	7-31

The directors are pleased to announce the unaudited consolidated interim results of Standard Chartered Bank (Hong Kong) Limited (the “Bank”) and its subsidiaries (together referred to as the “Group”) for the six months ended 30 June 2024.

2024 First Half Results

Profit before taxation decreased by HK\$416 million from HK\$11,895 million to HK\$11,479 million. Net interest income decreased by 39 per cent to HK\$9,686 million. Net fee and commission income increased by 11 per cent over the corresponding period in 2023. Total operating income increased by HK\$1,221 million to HK\$30,090 million.

Operating expenses increased by HK\$1,125 million over the corresponding period to HK\$17,424 million. Total impairments increased by HK\$250 million over the corresponding period.

Profit after taxation was HK\$9,410 million, a decrease of HK\$468 million over HK\$9,878 million recorded in the first half of 2023.

Condensed consolidated income statement (unaudited) For the period ended 30 June 2024

(Expressed in millions of Hong Kong dollars)

	Note	6 months ended 30 June 2024 HK\$'M	6 months ended 30 June 2023 HK\$'M
Interest income	3	38,024	37,358
Interest expense	4	(28,338)	(21,494)
Net interest income		9,686	15,864
Fee and commission income		6,822	6,157
Fee and commission expense		(1,987)	(1,797)
Net fee and commission income	5	4,835	4,360
Net trading income	6	15,174	6,587
Other operating income	7	395	2,058
		20,404	13,005
Total operating income		30,090	28,869
Staff costs		(7,592)	(7,544)
Premises and equipment		(1,249)	(1,746)
Others		(8,583)	(7,009)
Operating expenses	8	(17,424)	(16,299)
Operating profit before impairment		12,666	12,570
Credit impairment	9	(1,687)	(1,441)
Other impairment	10	(61)	(57)
Operating profit after impairment		10,918	11,072
Share of profit of an associate		561	823
Profit before taxation		11,479	11,895
Taxation	11	(2,069)	(2,017)
Profit after taxation		9,410	9,878
Profit/(loss) attributable to:			
– Non-controlling interests		(160)	(105)
– Equity shareholders of the Bank		9,570	9,983
Profit after taxation		9,410	9,878

The notes on pages 7 to 31 form part of these condensed consolidated interim financial statements.

Condensed consolidated statement of comprehensive income (unaudited) For the period ended 30 June 2024

(Expressed in millions of Hong Kong dollars)

	6 months ended 30 June 2024 HK\$'M	6 months ended 30 June 2023 HK\$'M
Profit after taxation	9,410	9,878
Other comprehensive income:		
<u>Items that will not be reclassified to the income statement:</u>	(341)	(67)
Own credit adjustment:		
– Changes in own credit adjustment on financial liabilities designated at fair value through profit or loss	(817)	(14)
– Related tax effect	185	3
Defined benefit plans:		
– Remeasurement of retirement benefit obligations	189	29
– Related tax effect	(33)	(6)
Equity securities at fair value through other comprehensive income:		
– Changes in fair value recognised during the period	14	(79)
Property revaluation credited to reserve	121	–
<u>Items that may be reclassified subsequently to the income statement:</u>	(680)	293
Debt securities at fair value through other comprehensive income:		
– Changes in fair value recognised during the period	363	583
– Changes in fair value transferred to the income statement on disposal	(20)	124
– Transfer to the income statement on fair value hedged items attributable to hedged risk	(219)	(663)
– Expected credit loss	2	(4)
– Share of impact from an associate	66	(87)
– Related tax effect	(41)	(1)
Cash flow hedges:		
– Changes in fair value recognised during the period	(914)	473
– Transfer to the income statement on termination of hedging derivatives	(89)	(65)
– Related tax effect	172	(67)
Exchange differences	(1,292)	(1,100)
Other comprehensive loss for the period, net of tax	(2,313)	(874)
Total comprehensive income	7,097	9,004
Total comprehensive income/(loss) attributable to:		
– Non-controlling interests	(160)	(105)
– Equity shareholders of the Bank	7,257	9,109
Total comprehensive income	7,097	9,004

The notes on pages 7 to 31 form part of these condensed consolidated interim financial statements.

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

(Expressed in millions of Hong Kong dollars)

	Note	At 30 June 2024 HK\$'M	At 31 December 2023 HK\$'M
Assets			
Cash and balances at central banks		70,110	43,839
Loans and advances to banks	13	157,778	172,045
Hong Kong SAR Government certificates of indebtedness		50,981	51,281
Financial assets at fair value through profit or loss	14	606,514	442,513
Investment securities	15	409,408	456,913
Loans and advances to customers	16	964,085	1,021,423
Amounts due from immediate holding company		109	9
Amounts due from fellow subsidiaries		190,107	211,651
Interest in an associate		5,985	5,468
Property, plant and equipment	18	9,445	10,055
Goodwill and intangible assets		12,819	12,222
Current tax assets		6	–
Deferred tax assets		1,067	1,483
Other assets	19	124,016	105,793
Total assets		2,602,430	2,534,695
Liabilities			
Hong Kong SAR currency notes in circulation		50,981	51,281
Deposits by banks		32,776	35,219
Customer accounts	21	1,781,414	1,808,547
Financial liabilities at fair value through profit or loss	22	232,395	193,271
Debt securities in issue	23	32,824	38,061
Amounts due to immediate holding company		51,794	38,849
Amounts due to fellow subsidiaries		122,004	106,291
Current tax liabilities		3,215	2,815
Deferred tax liabilities		952	1,360
Other liabilities	24	106,229	72,363
Total liabilities		2,414,584	2,348,057
Equity			
Share capital		65,025	65,025
Reserves		101,684	100,350
Shareholders' equity	25	166,709	165,375
Other equity instruments		20,651	20,651
Non-controlling interests		486	612
Total equity		187,846	186,638
Total equity and liabilities		2,602,430	2,534,695

The notes on pages 7 to 31 form part of these condensed consolidated interim financial statements.

Condensed consolidated statement of changes in equity (unaudited)

For the period ended 30 June 2024

(Expressed in millions of Hong Kong dollars)

	Share capital	Own credit adjustment reserve	Cash flow hedge reserve	FVOCI reserve – Debt	FVOCI reserve – Equity	Exchange reserve	Other reserves	Retained profits	Sub-total instruments	Other equity instruments	Non-controlling interests	Total
	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M	HK\$M
At 1 January 2023	65,025	(139)	(46)	(1,411)	(25)	(11,406)	12,640	99,923	164,561	20,651	470	185,682
Total comprehensive income	-	(11)	341	(48)	(79)	(1,100)	-	10,006	9,109	-	(105)	9,004
Dividend paid ¹	-	-	-	-	-	-	-	(3,669)	(3,669)	-	-	(3,669)
Movement in respect of share-based compensation plans	-	-	-	-	-	-	-	(422)	(422)	-	-	(422)
Contributions from non-controlling interests	-	-	-	-	-	-	-	-	-	-	136	136
Transfer from retained profits	-	-	-	-	-	-	197	(225)	(28)	-	28	-
At 30 June 2023	65,025	(150)	295	(1,459)	(104)	(12,506)	12,837	105,613	169,551	20,651	529	190,731
Total comprehensive income	-	629	792	665	54	1,129	76	839	4,184	-	(104)	4,080
Dividend paid ¹	-	-	-	-	-	-	-	(8,134)	(8,134)	-	-	(8,134)
Movement in respect of share-based compensation plans	-	-	-	-	-	-	-	(206)	(206)	-	-	(206)
Contributions from non-controlling interests	-	-	-	-	-	-	-	-	-	-	167	167
Transfer from retained profits	-	-	-	-	-	-	42	(62)	(20)	-	20	-
At 31 December 2023	65,025	479	1,087	(794)	(50)	(11,377)	12,955	98,050	165,375	20,651	612	186,638
Total comprehensive income	-	(632)	(831)	151	14	(1,292)	121	9,726	7,257	-	(160)	7,097
Dividend paid ¹	-	-	-	-	-	-	-	(5,957)	(5,957)	-	-	(5,957)
Movement in respect of share-based compensation plans	-	-	-	-	-	-	-	68	68	-	-	68
Transfer from retained profits	-	-	-	-	-	-	419	(453)	(34)	-	34	-
At 30 June 2024	65,025	(153)	256	(643)	(36)	(12,669)	13,495	101,434	166,709	20,651	486	187,846

¹ During the six months ended 30 June 2024, the directors had declared and paid an ordinary dividend of HK\$0.97 per each Class A, B, C and D ordinary shares totalling HK\$5,141 million (year ended 31 December 2023: HK\$10,244 million). Dividends of HK\$362 million (year ended 31 December 2023: HK\$662 million), HK\$234 million (year ended 31 December 2023: HK\$468 million), HK\$94 million (year ended 31 December 2023: HK\$176 million), HK\$50 million (year ended 31 December 2023: HK\$100 million) and HK\$76 million (year ended 31 December 2023: HK\$153 million) were paid in respect of the US\$900 million floating rate undated Additional Tier 1 Capital Securities, the US\$1,000 million fixed rate undated Additional Tier 1 Capital Securities, the US\$250 million floating rate undated Additional Tier 1 Capital Securities, the US\$250 million 5% perpetual non-cumulative subordinated capital securities and the US\$250 million fixed rate undated Additional Tier 1 Capital Securities classified as equity, respectively.

The notes on pages 7 to 31 form part of these condensed consolidated interim financial statements.

Condensed consolidated cash flow statement (unaudited) For the period ended 30 June 2024

(Expressed in millions of Hong Kong dollars)

	6 months ended 30 June 2024 HK\$'M	6 months ended 30 June 2023 HK\$'M (Restated ¹)
Operating activities:		
Profit before taxation	11,479	11,895
Adjustments for non-cash items and other adjustments included within income statement	1,690	3,037
Change in operating assets	(122,841)	(84,308)
Change in operating liabilities	94,005	7,996
Income tax paid	(1,312)	(414)
Net cash used in operating activities	(16,979)	(61,794)
Investing activities:		
Payment for purchase of property, plant and equipment	(118)	(1,368)
Payment for purchase of intangible assets	(1,797)	(2,023)
Proceeds from disposal of property, plant and equipment	220	1,462
Net cash used in investing activities	(1,695)	(1,929)
Financing activities:		
Contribution from non-controlling interest	-	136
Dividend paid to shareholders of the Bank	(5,957)	(3,669)
Payment of lease liabilities	(679)	(583)
Interest paid on subordinated liabilities	(81)	(840)
Net cash used in financing activities	(6,717)	(4,956)
Net decrease in cash and cash equivalents	(25,391)	(68,679)
Cash and cash equivalents at 1 January	147,089	188,962
Effect of foreign exchange	(12,036)	(2,171)
Cash and cash equivalents at 30 June	109,662	118,112

¹ Refer to note 31 for details on restatement

The notes on pages 7 to 31 form part of these condensed consolidated interim financial statements.

Notes to condensed consolidated interim financial statements (unaudited)

(Expressed in millions of Hong Kong dollars)

1. Principal activities

Standard Chartered Bank (Hong Kong) Limited (the “Bank”) is a licensed bank registered under the Hong Kong Banking Ordinance. The principal activities of the Bank and its subsidiaries (together referred to as the “Group”) are the provision of banking and related financial services.

2. Material accounting policies

(a) Statement of compliance

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

The preparation of the condensed consolidated interim financial statements in conformity with HKAS 34/IAS 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 consolidated interim financial statements, the significant judgement made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the consolidated financial statements for the year ended 31 December 2023.

The condensed consolidated interim financial statements should be read in conjunction with the consolidated financial statements for the year ended 31 December 2023, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) and International Financial Reporting Standards (“IFRSs”).

The condensed consolidated interim financial statements are unaudited.

(b) Basis of preparation

The accounting policies applied in preparing these condensed consolidated interim financial statements are materially consistent with those applied in preparing the consolidated financial statements for the year ended 31 December 2023. No revised accounting standards, which became effective from 1 January 2024, have a material impact on the condensed consolidated interim financial statements.

(c) Basis of consolidation

The Group had subordinated and senior debt in issue which are traded in various stock exchanges. Consequently, the Group is required to prepare consolidated financial statements in accordance with HKFRS 10/IFRS 10 “Consolidated Financial Statements”.

These condensed consolidated interim financial statements cover the consolidated positions of the Group unless otherwise stated and include the attributable share of the results and reserves of its associates.

3. Interest income

	6 months ended 30 June 2024 HK\$'M	6 months ended 30 June 2023 HK\$'M
Interest income arising from financial assets:		
– amortised cost	34,649	33,530
– measured at fair value through other comprehensive income	3,375	3,828
	38,024	37,358

Notes to condensed consolidated interim financial statements (unaudited) (continued)

(Expressed in millions of Hong Kong dollars)

4. Interest expense

	6 months ended 30 June 2024	6 months ended 30 June 2023
	HK\$'M	HK\$'M
Interest expense arising from financial liabilities measured at amortised cost	28,250	21,427
Interest expenses on lease liabilities	88	67
	28,338	21,494

5. Net fee and commission income

	6 months ended 30 June 2024	6 months ended 30 June 2023
	HK\$'M	HK\$'M
Fee and commission income	6,822	6,157
Of which		
– Financial instruments that are not fair valued through profit or loss	1,363	1,200
– Trust and other fiduciary activities	810	663
Fee and commission expense	(1,987)	(1,797)
Of which		
– Financial instruments that are not fair valued through profit or loss	(872)	(503)
– Trust and other fiduciary activities	(194)	(185)
Net fee and commission income	4,835	4,360

	6 months ended 30 June 2024	6 months ended 30 June 2023
	HK\$'M	HK\$'M
Transaction Services	1,028	1,026
Banking	387	334
Markets	444	592
Wealth Solutions	2,643	1,913
Retail Products	389	470
Others	(56)	25
Net fee and commission income	4,835	4,360

6. Net trading income

	6 months ended 30 June 2024	6 months ended 30 June 2023
	HK\$'M	HK\$'M
Net gains on instruments held for trading	12,132	6,601
Net gains on non-trading financial assets mandatorily at fair value through profit or loss	3,167	151
Net losses on financial instruments designated at fair value through profit or loss	(125)	(165)
	15,174	6,587

Notes to condensed consolidated interim financial statements (unaudited) (continued)

(Expressed in millions of Hong Kong dollars)

7. Other operating income

	6 months ended 30 June 2024	6 months ended 30 June 2023
	HK\$'M	HK\$'M
Rental income from operating lease assets	157	1,751
Dividend income from financial assets at fair value through other comprehensive income	7	26
Net gains/(losses) on disposal of debt securities at fair value through other comprehensive income	20	(124)
Net gains on disposal of fixed assets	108	198
Net gains on disposal of financial instruments measured at amortised cost	1	19
Net gains on revaluation of investment properties (note 18)	7	21
Others	95	167
	395	2,058

8. Operating expenses

	6 months ended 30 June 2024	6 months ended 30 June 2023
	HK\$'M	HK\$'M
Staff costs		
– contributions to defined contribution plans	358	352
– expense in respect of the defined benefits plan	99	90
– net share-based payment expenses	230	103
– salaries and other staff costs	6,905	6,999
Depreciation (note 18)	769	1,015
Premises and equipment expense, excluding depreciation	480	731
Amortisation of other intangible assets	765	704
Auditor's remuneration	29	33
Others	7,789	6,272
	17,424	16,299

9. Credit impairment

	6 months ended 30 June 2024	6 months ended 30 June 2023
	HK\$'M	HK\$'M
Net expected credit loss charges/(releases) on:		
– loans and advances to banks	(25)	(78)
– loans and advances to customers	1,754	1,563
– debt securities at amortised cost	1	(2)
– debt securities at fair value through other comprehensive income	2	(4)
– loan commitments and financial guarantees	(45)	(38)
	1,687	1,441

Notes to condensed consolidated interim financial statements (unaudited) (continued)

(Expressed in millions of Hong Kong dollars)

10. Other impairment

	6 months ended 30 June 2024	6 months ended 30 June 2023
	HK\$'M	HK\$'M
Charges for property, plant and equipment (note 18)	16	2
Charges for assets held for sale	-	55
Charges for capitalised software and other intangible assets	47	-
Others	(2)	-
	61	57

11. Taxation

	6 months ended 30 June 2024	6 months ended 30 June 2023
	HK\$'M	HK\$'M
Hong Kong profits tax	1,006	670
Overseas taxation	754	855
Deferred taxation	309	492
	2,069	2,017

12. Segmental reporting

The Group's segmental reporting is in accordance with HKFRS 8/IFRS 8 Operating Segments and is reported consistently with the internal performance framework and as presented to the Group's Management Team.

Client segments

The Group has three reportable business segments: Corporate and Investment Banking ("CIB"), Wealth and Retail Banking ("WRB") and Ventures:

- (i) CIB supports clients with their transaction banking, financial markets, corporate finance and borrowing needs. The Group provides solutions in some of the world's fastest-growing economies and most active trade corridors. Our clients include governments, banks, investors and local and large corporations.
- (ii) WRB serves individuals and small businesses, with a focus on affluent segment. The Group provides digital banking services with a human touch to our clients, with services spanning across deposits, payments, financing products and Wealth Management. Private Banking offers a full range of investment, credit and wealth planning products to grow, and protect, the wealth of high net-worth individuals. The Group also supports clients with their business banking needs.
- (iii) Ventures mainly includes Mox Bank Limited, a cloud-native, mobile only digital bank, which was launched in September 2020.

Activities not directly related to a client are included in Central & Other items. These mainly include Corporate Centre costs, treasury activities, and certain strategic investments.

Geographical segments

The Group comprises four geographical segments, Hong Kong, Mainland China, Taiwan and Korea. Geographical segment is classified by the location of the principal operations of the subsidiary.

Notes to condensed consolidated interim financial statements (unaudited) (continued)

(Expressed in millions of Hong Kong dollars)

12. Segmental reporting (continued)

(a) Segment results, assets and liabilities

Segmental information is prepared on an underlying basis and excludes items such as infrequent and/or exceptional transactions in the context of the Group's normal business earnings and items which management and investors would ordinarily identify separately when assessing consistent performance period by period.

Revenue and expenses are allocated to the reportable segments with reference to income generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

Client segments

	6 months ended 30 June 2024				Consolidated Total HK\$'M
	Corporate & Investment Banking HK\$'M	Wealth & Retail Banking HK\$'M	Ventures HK\$'M	Central & Other Items HK\$'M	
Operating income					
– Net interest income	7,129	10,483	247	(2,111)	15,748
– Other operating income	7,043	5,896	2	1,165	14,106
	14,172	16,379	249	(946)	29,854
Operating expenses	(5,965)	(8,613)	(426)	(215)	(15,219)
Operating profit/(loss) before impairment	8,207	7,766	(177)	(1,161)	14,635
Impairment charges	(235)	(1,331)	(258)	(6)	(1,830)
Share of profit of an associate	–	–	–	561	561
Profit/(loss) before taxation	7,972	6,435	(435)	(606)	13,366
At 30 June 2024					
Segment assets	1,219,742	575,390	15,630	685,161	2,495,923
Segment liabilities	1,057,777	1,047,491	15,765	138,340	2,259,373

	6 months ended 30 June 2023				Consolidated Total HK\$'M
	Corporate & Investment Banking HK\$'M	Wealth & Retail Banking HK\$'M	Ventures HK\$'M	Central & Other Items HK\$'M	
Operating income					
– Net interest income	6,324	10,213	177	(2,224)	14,490
– Other operating income	7,429	4,840	31	1,001	13,301
	13,753	15,053	208	(1,223)	27,791
Operating expenses	(5,856)	(8,457)	(385)	(374)	(15,072)
Operating profit/(loss) before impairment	7,897	6,596	(177)	(1,597)	12,719
Impairment charges	(499)	(758)	(149)	(17)	(1,423)
Share of profit of an associate	–	–	–	823	823
Profit/(loss) before taxation	7,398	5,838	(326)	(791)	12,119
At 31 December 2023					
Segment assets	1,015,045	621,732	12,647	766,414	2,415,838
Segment liabilities	1,105,284	1,009,593	12,189	123,774	2,250,840

Notes to condensed consolidated interim financial statements (unaudited) (continued)

(Expressed in millions of Hong Kong dollars)

12. Segmental reporting (continued)

(a) Segment results, assets and liabilities (continued)

Geographical segments

	6 months ended 30 June 2024				Consolidated Total HK\$'M
	Hong Kong HK\$'M	Mainland China HK\$'M	Taiwan HK\$'M	Korea HK\$'M	
Operating income					
– Net interest income	10,674	2,071	602	2,401	15,748
– Other operating income	7,339	3,122	1,702	1,943	14,106
	18,013	5,193	2,304	4,344	29,854
Operating expenses	(7,750)	(3,445)	(1,303)	(2,721)	(15,219)
Operating profit before impairment	10,263	1,748	1,001	1,623	14,635
Impairment charges	(823)	(715)	(141)	(151)	(1,830)
Share of profit of an associate	–	561	–	–	561
Profit before taxation	9,440	1,594	860	1,472	13,366
At 30 June 2024					
Segment assets	1,582,787	354,889	159,893	398,354	2,495,923
Segment liabilities	1,495,647	285,687	148,347	329,692	2,259,373
	6 months ended 30 June 2023				Consolidated Total HK\$'M
	Hong Kong HK\$'M	Mainland China HK\$'M	Taiwan HK\$'M	Korea HK\$'M	
Operating income					
– Net interest income	8,971	2,121	533	2,865	14,490
– Other operating income	7,413	2,528	1,665	1,695	13,301
	16,384	4,649	2,198	4,560	27,791
Operating expenses	(7,535)	(3,441)	(1,286)	(2,810)	(15,072)
Operating profit before impairment	8,849	1,208	912	1,750	12,719
Impairment charges	(864)	(272)	(108)	(179)	(1,423)
Share of profit of an associate	–	823	–	–	823
Profit before taxation	7,985	1,759	804	1,571	12,119
At 31 December 2023					
Segment assets	1,486,650	325,258	161,737	442,193	2,415,838
Segment liabilities	1,428,897	298,643	158,962	364,338	2,250,840

Notes to condensed consolidated interim financial statements (unaudited) (continued)

(Expressed in millions of Hong Kong dollars)

12. Segmental reporting (continued)

(b) Reconciliation of reportable segment operating income, profit before taxation, assets and liabilities

	6 months ended 30 June 2024 HK\$'M	6 months ended 30 June 2023 HK\$'M
Operating Income		
Reportable segment revenue	29,854	27,791
Income mainly relating to financial market products	(1,679)	(932)
Cost of free funds	2,228	1,886
Others	(313)	124
Total operating income	30,090	28,869

	6 months ended 30 June 2024 HK\$'M	6 months ended 30 June 2023 HK\$'M
Profit before taxation		
Reportable segment profit before taxation	13,366	12,119
Income mainly relating to financial market products	(1,679)	(932)
Cost of free funds	2,228	1,886
Reallocation of impairment charges	102	118
Restructuring	(1,255)	296
Others	(1,283)	(1,592)
Profit before taxation	11,479	11,895

	At 30 June 2024 HK\$'M	At 31 December 2023 HK\$'M
Assets		
Reportable segment assets	2,495,923	2,415,838
Assets of group companies not included in consolidated total assets	560	(610)
Amounts due from immediate holding company and fellow subsidiaries	240,525	251,794
Others	(134,578)	(132,327)
Total Assets	2,602,430	2,534,695

	At 30 June 2024 HK\$'M	At 31 December 2023 HK\$'M
Liabilities		
Reportable segment liabilities	2,259,373	2,250,840
Liabilities of group companies not included in consolidated total liabilities	(41)	(183)
Amounts due to immediate holding company and fellow subsidiaries	156,194	148,020
Others	(942)	(50,620)
Total Liabilities	2,414,584	2,348,057

Notes to condensed consolidated interim financial statements (unaudited) (continued)*(Expressed in millions of Hong Kong dollars)***12. Segmental reporting (continued)****(b) Reconciliation of reportable segment operating income, profit before taxation, assets and liabilities (continued)**

Income and profit before taxation recognised in the condensed consolidated interim financial statements represent an arm's length compensation for the services provided and risks borne. For internal management reporting purposes, income and profit before taxation are allocated on a global perspective. In addition, for internal management reporting purposes, a charge is allocated to reportable segments for the use of interest-free funds.

Reportable segment assets and liabilities include assets and liabilities which are not booked on the condensed consolidated statement of financial position but which contribute to the reportable segment's income and profit before taxation.

13. Loans and advances to banks**(a) Loans and advances to banks**

	At 30 June 2024 HK\$'M	At 31 December 2023 HK\$'M
Loans and advances to banks		
– maturing one month	64,967	65,127
– maturing one month to one year	89,125	105,021
– maturing one year to five years	3,528	1,943
– maturing five years to ten years	179	–
	157,799	172,091
Less: Expected credit loss provision (note 17)	(21)	(46)
	157,778	172,045

(b) Impaired loans and advances to banks

	At 30 June 2024 HK\$'M	At 31 December 2023 HK\$'M
Gross impaired loans and advances to banks	24	24
Less:		
Stage 3 expected credit loss provision (note 17)	–	–
	24	24
<i>Gross impaired loans and advances to banks as a % of gross loans and advances to banks</i>	0.02%	0.01%

There is no collateral held against impaired loans and advances to banks.

Notes to condensed consolidated interim financial statements (unaudited) (continued)

(Expressed in millions of Hong Kong dollars)

14. Financial assets at fair value through profit or loss

	At 30 June 2024			
	Trading assets HK\$'M	Non-trading financial assets mandatorily at fair value through profit or loss HK\$'M	Financial assets designated at fair value through profit or loss HK\$'M	Total HK\$'M
Debt securities:				
– Treasury bills	32,988	–	–	32,988
– Certificates of deposit held	91,225	–	–	91,225
– Other debt securities	234,679	384	578	235,641
	358,892	384	578	359,854
Equity securities	19,298	221	–	19,519
Loans and advances to customers and banks	87,735	70,685	–	158,420
Positive fair values of trading derivatives	68,721	–	–	68,721
	534,646	71,290	578	606,514

	At 31 December 2023			
	Trading assets HK\$'M	Non-trading financial assets mandatorily at fair value through profit or loss HK\$'M	Financial assets designated at fair value through profit or loss HK\$'M	Total HK\$'M
Debt securities:				
– Treasury bills	39,572	–	–	39,572
– Certificates of deposit held	59,058	–	–	59,058
– Other debt securities	145,910	471	611	146,992
	244,540	471	611	245,622
Equity securities	10,924	262	–	11,186
Loans and advances to customers and banks	104,536	33,826	–	138,362
Positive fair values of derivatives	47,343	–	–	47,343
	407,343	34,559	611	442,513

Notes to condensed consolidated interim financial statements (unaudited) (continued)

(Expressed in millions of Hong Kong dollars)

15. Investment securities

	At 30 June 2024 HK\$'M	At 31 December 2023 HK\$'M
At fair value through other comprehensive income		
Debt securities		
– Treasury bills	42,627	94,577
– Certificates of deposit held	26,039	27,534
– Other debt securities	193,867	199,665
	262,533	321,776
Equity shares	1,695	1,772
	264,228	323,548
At amortised cost		
– Certificates of deposit held	4,304	2,177
– Other debt securities	140,887	131,198
Less: Expected credit loss provision (note 17)	(11)	(10)
	145,180	133,365
	409,408	456,913

16. Loans and advances to customers

(a) Loans and advances to customers

	At 30 June 2024 HK\$'M	At 31 December 2023 HK\$'M
Gross Loans and advances to customers	977,214	1,031,586
Trade bills	1,371	3,594
	978,585	1,035,180
Less: Expected credit loss provision (note 17)	(14,500)	(13,757)
	964,085	1,021,423

(b) Impaired loans and advances to customers

	At 30 June 2024 HK\$'M	At 31 December 2023 HK\$'M
Gross impaired Loans and advances to customers	16,890	16,016
Less:		
Stage 3 expected credit loss provision (note 17)	(11,271)	(10,165)
	5,619	5,851
<i>Gross impaired loans and advances to customers as a % of gross loans and advances to customers</i>	1.73%	1.55%
Fair value of collateral held against the covered portion of impaired loans and advances to customers	8,136	8,094
Covered portion of impaired loans and advances to customers	3,919	3,362
Uncovered portion of impaired loans and advances to customers	12,971	12,654

The covered portion of impaired loans and advances to customers represents the amount of collateral held against outstanding balances. It does not include any collateral held over and above outstanding exposures.

Notes to condensed consolidated interim financial statements (unaudited) (continued)

(Expressed in millions of Hong Kong dollars)

17. Analysis of expected credit loss provisions on financial instruments by stage

	At 30 June 2024			
	Stage 1 HK\$'M	Stage 2 HK\$'M	Stage 3 HK\$'M	Total HK\$'M
Expected credit loss provision on:				
Loans and advances to banks (note 13)	16	5	-	21
Loans and advances to customers (note 16)	1,700	1,529	11,271	14,500
Debt securities at amortised cost (note 15)	11	-	-	11
Debt securities at fair value through other comprehensive income ¹	21	-	-	21
Loan commitments and financial guarantees (note 24)	192	124	3	319
	1,940	1,658	11,274	14,872

	At 31 December 2023			
	Stage 1 HK\$'M	Stage 2 HK\$'M	Stage 3 HK\$'M	Total HK\$'M
Expected credit loss provision on:				
Loans and advances to banks (note 13)	38	8	-	46
Loans and advances to customers (note 16)	1,818	1,774	10,165	13,757
Debt securities at amortised cost (note 15)	10	-	-	10
Debt securities at fair value through other comprehensive income ¹	19	-	-	19
Loan commitments and financial guarantees (note 24)	272	95	3	370
	2,157	1,877	10,168	14,202

¹ These instruments are held at fair value on the statement of financial position. The corresponding expected credit loss provision is held within FVOCI reserve – Debt.

Notes to condensed consolidated interim financial statements (unaudited) (continued)

(Expressed in millions of Hong Kong dollars)

18. Property, plant and equipment

	Buildings and leasehold land held for own use HK\$'M	Equipment furniture & fixtures HK\$'M	Operating lease assets as lessor HK\$'M	Operating lease assets as lessee HK\$'M	Investment properties HK\$'M	Total HK\$'M
Cost or valuation:						
At 1 January 2024	7,671	3,707	-	7,639	810	19,827
Additions	48	70	-	277	-	395
Disposals and write-offs	(154)	(33)	-	(58)	-	(245)
Reclassifications	(41)	19	-	-	22	-
Transfers to assets held for sale	(6)	-	-	-	-	(6)
Elimination of accumulated depreciation on revalued property	(20)	-	-	-	-	(20)
Fair value adjustments ¹	-	-	-	-	128	128
Exchange adjustment	(308)	(95)	-	(101)	-	(504)
At 30 June 2024	7,190	3,668	-	7,757	960	19,575
Representing:						
Cost	7,190	3,668	-	7,757	-	18,615
Valuation	-	-	-	-	960	960
	7,190	3,668	-	7,757	960	19,575
Accumulated depreciation and impairment:						
At 1 January 2024	2,878	2,599	-	4,295	-	9,772
Charge for the period	140	153	-	476	-	769
Impairments	6	-	-	10	-	16
Attributable to assets sold or written off	(42)	(33)	-	(100)	-	(175)
Attributable to transfers to assets held for sale	-	-	-	-	-	-
Elimination of accumulated depreciation on revalued property	(20)	-	-	-	-	(20)
Exchange adjustment	(97)	(78)	-	(57)	-	(232)
At 30 June 2024	2,865	2,641	-	4,624	-	10,130
Net book value:						
At 30 June 2024	4,325	1,027	-	3,133	960	9,445

¹ Changes in fair value of the investment properties were recognised as follows:

	6 months ended 30 June 2024 HK\$'M	6 months ended 30 June 2023 HK\$'M
Increase in valuation credited to consolidated income statement (note 7)	7	21
Increase in valuation credited to other comprehensive income upon reclassification to investment property	121	-
	128	21

Notes to condensed consolidated interim financial statements (unaudited) (continued)

(Expressed in millions of Hong Kong dollars)

18. Property, plant and equipment (continued)

	Buildings and leasehold land held for own use HK\$'M	Equipment furniture & fixtures HK\$'M	Operating lease assets as lessor HK\$'M	Operating lease assets as lessee HK\$'M	Investment properties HK\$'M	Total HK\$'M
Cost or valuation:						
At 1 January 2023	7,918	3,559	32,041	6,963	685	51,166
Additions	151	302	–	1,292	–	1,745
Disposals and write-offs	(145)	(237)	(32,151)	(589)	–	(33,122)
Reclassifications	(140)	126	–	–	14	–
Transfers to assets held for sale	(30)	–	–	–	–	(30)
Elimination of accumulated depreciation on revalued property	(12)	–	–	–	–	(12)
Fair value adjustments	–	–	–	–	111	111
Exchange adjustment	(71)	(43)	110	(27)	–	(31)
At 31 December 2023	7,671	3,707	–	7,639	810	19,827
Representing:						
Cost	7,671	3,707	–	7,639	–	19,017
Valuation	–	–	–	–	810	810
	7,671	3,707	–	7,639	810	19,827
Accumulated depreciation and impairment:						
At 1 January 2023	2,712	2,558	8,095	3,458	–	16,823
Charge for the year	263	305	178	1,096	–	1,842
Impairments	18	2	–	87	–	107
Attributable to assets sold or written off	(54)	(237)	(8,301)	(335)	–	(8,927)
Attributable to transfers to assets held for sale	(20)	–	–	–	–	(20)
Elimination of accumulated depreciation on revalued property	(12)	–	–	–	–	(12)
Exchange adjustment	(29)	(29)	28	(11)	–	(41)
At 31 December 2023	2,878	2,599	–	4,295	–	9,772
Net Book Value						
At 31 December 2023	4,793	1,108	–	3,344	810	10,055

Notes to condensed consolidated interim financial statements (unaudited) (continued)

(Expressed in millions of Hong Kong dollars)

19. Other assets

	At 30 June 2024 HK\$'M	At 31 December 2023 HK\$'M
Prepayments and accrued income	7,806	7,493
Sundry debtors	8,184	7,605
Acceptances and endorsements	11,595	11,034
Unsettled trades and others	96,035	79,239
Assets held for sale	396	422
	124,016	105,793

20. Investments in subsidiaries

The principal subsidiaries of the Bank are Standard Chartered Bank (China) Limited, Standard Chartered NEA Limited, Standard Chartered Bank (Korea) Limited, Standard Chartered Bank (Taiwan) Limited and Mox Bank Limited.

21. Customer accounts

	At 30 June 2024 HK\$'M	At 31 December 2023 HK\$'M
Current accounts	335,424	356,344
Savings accounts	734,821	768,070
Time and other deposits	711,169	684,133
	1,781,414	1,808,547

22. Financial liabilities at fair value through profit or loss

	At 30 June 2024 HK\$'M	At 31 December 2023 HK\$'M
Trading liabilities		
– Short position in securities	61,254	45,236
– Negative fair values of derivatives	66,576	60,285
– Deposits by banks	–	1,686
– Customer accounts	–	28
	127,830	107,235
Financial liabilities designated at fair value through profit or loss:		
– Deposits by banks	5,136	6,862
– Customer accounts	93,029	73,454
– Debt securities issued	6,400	5,720
	104,565	86,036
	232,395	193,271

Notes to condensed consolidated interim financial statements (unaudited) (continued)*(Expressed in millions of Hong Kong dollars)***23. Debt securities in issue**

	At 30 June 2024 HK\$'M	At 31 December 2023 HK\$'M
Certificates of deposit	12,296	14,190
Other debt securities in issue	20,528	23,871
	32,824	38,061

24. Other liabilities

	At 30 June 2024 HK\$'M	At 31 December 2023 HK\$'M
Accruals and deferred income	14,402	16,324
Provision for liabilities and charges	878	273
Acceptances and endorsements	11,595	10,676
Expected credit loss provision on loan commitments and financial guarantees (note 17)	319	370
Lease liabilities	3,444	3,612
Unsettled trades and others	75,591	41,108
	106,229	72,363

25. Shareholders' equity

The Hong Kong Monetary Authority ("HKMA") requires the Group to maintain a minimum level of impairment allowance for loans and advances to customers which is in excess of the expected credit loss provision required under Hong Kong Financial Reporting Standards. Of the retained earnings as at 30 June 2024 an amount of HK\$1,351 million (31 December 2023: HK\$1,261 million) has been reserved for this purpose.

26. Capital commitments and contingencies**(a) Capital commitments**

Capital commitments outstanding at 30 June 2024 in respect of property, plant and equipment purchases not provided for in the consolidated financial statements were HK\$7 million (31 December 2023: HK\$15 million).

(b) Contingencies

The Group receives legal claims against it arising in the normal course of business. Where appropriate the Group recognises a provision for liabilities when it is probable that an outflow of economic resources embodying economic benefits will be required and for which a reliable estimate can be made of the obligation.

As has been reported in the press, a number of Korean banks, including Standard Chartered Bank (Korea) Limited ("SCB Korea"), have sold equity-linked securities ("ELS") to customers, the redemption values of which are determined by the performance of various stock indices. SCB Korea sold relevant ELS to its customers with a notional value of approximately USD900 million. Due to the performance of the Hang Seng China Enterprise Index, some ELS have matured at a loss and it is anticipated that additional customers may redeem ELS at a loss. SCB Korea may be faced with claims by customers and its regulator, the Financial Supervisory Service, to compensate customers for their losses. A provision of USD100 million has been recognised during the period ended 30 June 2024 in respect of this matter.

27. Material related-party transactions

There were no significant changes to the nature of the related party transactions described in the 2023 consolidated financial statements that have a material effect on the financial position or performance of the Group during the six months ended 30 June 2024. All related party transactions that took place in the six months ended 30 June 2024 were similar in nature to those disclosed in the 2023 consolidated financial statements.

Notes to condensed consolidated interim financial statements (unaudited) (continued)

(Expressed in millions of Hong Kong dollars)

28. Ultimate and immediate holding company

The Bank's ultimate and immediate holding company is SC PLC, a company registered in England and Wales. SC PLC has listings on the London Stock Exchange and the Stock Exchange of Hong Kong.

29. Financial instruments

(a) Valuation of financial instruments carried at fair value

Valuation of financial assets and liabilities held at fair value are subject to a review independent of the business by Valuation Control. For those financial assets and liabilities whose fair value is determined by reference to externally quoted prices or market observable pricing inputs to valuation models, an assessment is made against external market data and consensus services. Financial instruments held at fair value in the consolidated statement of financial position have been classified into a valuation hierarchy that reflects the significance of the inputs used in the fair value measurements.

Valuation methodologies

The valuation hierarchy is set out below:

	Level 1	Level 2	Level 3
Fair value determined using:	Unadjusted quoted price in an active market for identical assets and liabilities	Directly or indirectly observable inputs other than unadjusted quoted prices included within Level 1 that are observable ¹	Significant inputs for the asset or liability that are not based on observable market data (unobservable inputs) (see note 29 (a)(i))

¹ These included valuation models such as discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants. These models incorporate assumptions and inputs that other market participants would use in their valuations, such as discount rates, default rates, credit spreads and option volatilities. These inputs need to be directly or indirectly observable in order to be classified as level 2.

The tables below show the classification of financial instruments held at fair value into the valuation hierarchy set out above:

	At 30 June 2024			
	Level 1 HK\$'M	Level 2 HK\$'M	Level 3 HK\$'M	Total HK\$'M
Financial assets at fair value through profit or loss:				
– Trading assets	188,150	342,580	3,916	534,646
– Non-trading financial assets mandatorily at fair value through profit or loss	–	64,487	6,803	71,290
– Financial assets designed at fair value through profit or loss	–	578	–	578
Investment securities at fair value through other comprehensive income	172,890	89,768	1,570	264,228
Amounts due from immediate holding company				
– Positive fair values of derivatives	–	107	–	107
Amounts due from fellow subsidiaries				
– Positive fair values of derivatives	79	53,490	–	53,569
– Debt securities	–	7,636	–	7,636
Total assets measured at fair value	361,119	558,646	12,289	932,054
Financial liabilities at fair value through profit or loss:				
– Trading liabilities	39,322	88,360	148	127,830
– Financial liabilities designated at fair value through profit or loss	–	89,672	14,893	104,565
Amounts due to fellow subsidiaries				
– Negative fair values of derivatives	23	60,716	106	60,845
Total liabilities measured at fair value	39,345	238,748	15,147	293,240

Notes to condensed consolidated interim financial statements (unaudited) (continued)*(Expressed in millions of Hong Kong dollars)***29. Financial instruments (continued)****(a) Valuation of financial instruments carried at fair value (continued)**

	At 31 December 2023			
	Level 1 HK\$'M	Level 2 HK\$'M	Level 3 HK\$'M	Total HK\$'M
Financial assets at fair value through profit or loss:				
– Trading assets	126,055	267,524	13,764	407,343
– Non-trading financial assets mandatorily at fair value through profit or loss	–	34,017	542	34,559
– Financial assets designed at fair value through profit or loss	–	611	–	611
Investment securities at fair value through other comprehensive income	232,530	89,350	1,668	323,548
Amounts due from immediate holding company				
– Positive fair values of derivatives	–	9	–	9
Amounts due from fellow subsidiaries				
– Positive fair values of derivatives	134	52,679	–	52,813
– Debt securities	–	184	–	184
Total assets measured at fair value	358,719	444,374	15,974	819,067
Financial Liabilities at fair value through profit or loss:				
– Trading liabilities	39,122	67,834	279	107,235
– Financial liabilities designated at fair value through profit or loss	–	75,670	10,366	86,036
Amounts due to immediate holding company				
– Negative fair values of derivatives	–	97	–	97
Amounts due to fellow subsidiaries				
– Negative fair values of derivatives	121	55,131	83	55,335
Total liabilities measured at fair value	39,243	198,732	10,728	248,703

There were no significant transfers between level 1 and level 2 instruments during 2023 and 2024.

Notes to condensed consolidated interim financial statements (unaudited) (continued)

(Expressed in millions of Hong Kong dollars)

29. Financial instruments (continued)

(a) Valuation of financial instruments carried at fair value (continued)

(i) Valuation of financial instruments with significant unobservable inputs

The movements during the period for level 3 financial assets and liabilities are as follows:

Financial assets

	Financial assets at fair value through profit or loss HK\$'M	Financial assets at fair value through other comprehensive income HK\$'M	Total Level 3 assets HK\$'M
At 1 January 2024	14,306	1,668	15,974
Total losses recognised in the consolidated income statement			
– Net trading income	(1,293)	–	(1,293)
Total losses recognised in other comprehensive income			
– Net change in fair value	–	(98)	(98)
Purchases	553	–	553
Settlements	(3,057)	–	(3,057)
Transferred into level 3 ¹	210	–	210
At 30 June 2024	10,719	1,570	12,289
Total losses recognised in the consolidated income statement relating to assets held at 30 June 2024			
– Net trading income	(1,204)	–	(1,204)

Financial liabilities

	Financial liabilities at fair value through profit or loss HK\$'M	Amounts due to fellow subsidiaries HK\$'M	Total Level 3 Liabilities HK\$'M
At 1 January 2024	10,645	83	10,728
Total (gains)/losses recognised in the consolidated income statement			
– Net trading income	28	(34)	(6)
Issuance	11,476	118	11,594
Settlements	(7,108)	(61)	(7,169)
At 30 June 2024	15,041	106	15,147
Total (gains)/losses recognised in the consolidated income statement relating to liabilities held at 30 June 2024			
Net trading income	23	(14)	9

¹ Transfers into level 3 during the year relate to financial instruments where the valuation parameters became unobservable during the year.

Notes to condensed consolidated interim financial statements (unaudited) (continued)*(Expressed in millions of Hong Kong dollars)***29. Financial instruments (continued)****(a) Valuation of financial instruments carried at fair value (continued)****(i) Valuation of financial instruments with significant unobservable inputs (continued)****Financial assets**

	Financial assets at fair value through profit or loss HK\$'M	Financial assets at fair value through other comprehensive income HK\$'M	Amount due from fellow subsidiaries HK\$'M	Total Level 3 assets HK\$'M
At 1 January 2023	6,932	1,312	4	8,248
Total losses recognised in the consolidated income statement				
– Net trading income	(894)	–	–	(894)
Total losses recognised in other comprehensive income				
– Net change in fair value	–	(34)	–	(34)
Purchases	14,127	390	–	14,517
Settlements	(5,874)	–	(4)	(5,878)
Transferred into level 3 ¹	15	–	–	15
At 31 December 2023	14,306	1,668	–	15,974
Total losses recognised in the consolidated income statement relating to assets held at 31 December 2023				
– Net trading income	(883)	–	–	(883)

Financial liabilities

	Financial liabilities at fair value through profit or loss HK\$'M	Amounts due to fellow subsidiaries HK\$'M	Total Level 3 Liabilities HK\$'M
At 1 January 2023	7,696	35	7,731
Total (gains)/losses recognised in the consolidated income statement			
– Net trading income	214	(38)	176
Additions	13,169	99	13,268
Settlements	(10,434)	(13)	(10,447)
At 31 December 2023	10,645	83	10,728
Total (gains)/losses recognised in the consolidated income statement relating to liabilities held at 31 December 2023			
– Net trading income	242	(30)	212

¹ Transfers into level 3 during the period relate to financial instruments where the valuation parameters became unobservable during the period.

Notes to condensed consolidated interim financial statements (unaudited) (continued)

(Expressed in millions of Hong Kong dollars)

29. Financial instruments (continued)

(a) Valuation of financial instruments carried at fair value (continued)

(i) Valuation of financial instruments with significant unobservable inputs (continued)

The following table presents the key valuation techniques used to measure the fair value of level 3 financial instruments which are held at fair value, the significant unobservable inputs and the range of values for those inputs and the weighted average of those inputs.

Type of instruments	Principal valuation technique	Significant unobservable inputs	Range ¹	Weighted average ²
Debt securities	Discounted cash flows	Price/Yield	3.72% to 10% (2023: 10%)	4.92% (2023: 10%)
Loans and advances to customers	Discounted cash flows	Recovery rates	94.83% to 96.54% (2023: NA)	94.79% (2023: NA)
		Credit Spreads	NA (2023: 1.00%)	NA (2023: 1.00%)
		Price/Yield	2.56% to 100% (2023: 2.43% to 100%)	7.35% (2023: 7.48%)
Loans and advances to Banks	Discounted cash flows	Price/Yield	2.56% to 100% (2023: NA)	4.46% (2023: NA)
Equity shares	Discounted cash flows	Discount rates	10.10% to 14.40% (2023: 9.80% to 14.50%)	11.10% (2023: 10.94%)
		Comparable pricing/Yield	Price-Book multiple	0.30x to 1.30x (2023: 0.30x to 1.20x)
	Option pricing model	Liquidity discount	19.10% to 29.90% (2023: 7.50% to 29.70%)	19.30% (2023: 11.20%)
		Equity value based on volatility	28.50% (2023: 21.25%)	28.50% (2023: 21.25%)
Debt securities issued	Discounted cash flows	Credit spreads	0.37% to 1.85% (2023: 0.35% to 1.59%)	1.38% (2023: 1.11%)
		Interest Rate Curves	3.28% to 5.34% (2023: NA)	4.64% (2023: NA)
	Internal pricing model	Bond Option Implied Volatility	3.28% to 5.34% (2023: NA)	4.64% (2023: NA)
Deposits by banks	Discounted cash flows	Credit spreads	0.05% to 2.00% (2023: 0.07% to 2.00%)	1.01% (2023: 1.13%)
Customer deposits	Discounted cash flows	Credit spreads	0.05% to 1.85% (2023: 1.00% to 2.00%)	0.85% (2023: 1.17%)
		Price/Yield	5% (2023: 4.77% to 11.48%)	5% (2023: 7.87%)
	Internal pricing model	Equity-Equity correlation	46.36% to 100% (2023: 44.13% to 100%)	82.19% (2023: 80.70%)
		Equity-Foreign exchange correlation	-37.30% to 55.35% (2023: -35.93% to 45.46%)	12.13% (2023: 14.18%)

Notes to condensed consolidated interim financial statements (unaudited) (continued)

(Expressed in millions of Hong Kong dollars)

29. Financial instruments (continued)

(a) Valuation of financial instruments carried at fair value (continued)

(i) Valuation of financial instruments with significant unobservable inputs (continued)

Type of instruments	Principal valuation technique	Significant unobservable inputs	Range ¹	Weighted average ²
Derivatives	Discounted cash flows	Credit spreads	3.60% to 7.40% (2023: 1%)	4.91% (2023: 1%)
		Price/Yield	NA (2023: 1.74% to 4.49%)	NA (2023: 2.55%)
	Internal pricing model	Equity-Equity correlation	46.36% to 100% (2023: 44.13% to 100%)	82.19% (2023: 80.70%)
		Equity-Foreign exchange correlation	-37.30% to 55.35% (2023: -35.93% to 45.46%)	12.13% (2023: 14.18%)
	Option pricing model	Bond option implied volatility	3.28% to 5.34% (2023: NA)	4.64% (2023: NA)
	Comparable pricing/Yield	Price/Yield	4.01% (2023: NA)	4.01% (2023: NA)

¹ The ranges of values shown represent the highest and lowest used in the valuation of the level 3 financial instruments as at 30 June 2024 and 31 December 2023. The ranges of values used are reflective of the underlying characteristics of these level 3 financial instruments based on the market conditions at the reporting date. However, these ranges of values may not represent the uncertainty in fair value measurements of these level 3 financial instruments.

² Weighted average for non-derivative financial instruments have been calculated by weighting inputs by the relative fair value.

The following section describes the significant unobservable inputs identified in the above valuation technique table.

Credit spreads

Credit spreads represent the additional yield that a market participant would demand for taking exposures to the credit risk of an instrument. An increase in credit spread, in isolation, would result in a decrease in fair value measurement.

Discount rates

Discount rates is applied to discount future dividend in the discounted cash flow model. An increase in the discount rate, in isolation, would result in decrease in a fair value measurement.

Equity-Equity correlation and Equity-Foreign Exchange correlation

Correlation is the measure of how movement in one variable influences the movement in another variable. An equity-equity correlation is the correlation between two equity instruments while an equity-foreign exchange correlation refers to the correlation between equity instrument and foreign exchange instrument.

Liquidity discount

Liquidity discount in the valuation of unlisted investments reflect the fact that these investments are not actively traded. An increase in liquidity discount will result in an unfavourable movement in the fair value of the unlisted firm.

Price-Book (P/B) Multiple

Price-Book Multiple is the ratio of the market value of equity to the book value of equity. An increase in P/B multiple will result in a favourable movement in the fair value of the unlisted firm.

Recovery rates

Recovery rates are the expectation of the rate of recovery resulting from the liquidation of a particular loan. As the probability of default increases for a given instrument, the valuation of that instrument will increasingly reflect its expected recovery level assuming default. An increase in the recovery rate, in isolation, would result in a favourable movement in the fair value of the loan.

Notes to condensed consolidated interim financial statements (unaudited) (continued)*(Expressed in millions of Hong Kong dollars)***29. Financial instruments (continued)****(a) Valuation of financial instruments carried at fair value (continued)****(i) Valuation of financial instruments with significant unobservable inputs (continued)****Repo Curve**

Repo Curve is the term structure of repo rates on repos and reverse repos at particular point in time.

Volatility

Volatility represents an estimate of how much a particular instrument, parameter or index will change in value over time. Generally, the higher the volatility, the more expensive the option will be.

Yield

Yield is the interest rate that is used to discount the future cash flows in a discounted cash flow model. An increase in the yield, in isolation, would result in a decrease in a fair value measurement.

(ii) Sensitivities in respect of the fair values of level 3 assets and liabilities

Where the fair value of financial instruments are measured using valuation techniques that incorporate one or more significant inputs which are based on unobservable market data, we apply a 10 per cent increase or decrease on the values of these unobservable parameter inputs, to generate a range of reasonably possible alternative valuations in accordance with the requirements of HKFRS 7/IFRS 7, Financial Instruments: Disclosures. The percentage shift is determined by statistical analysis performed on a set of reference prices, which included certain equity indices, credit indices and volatility indices, based on the composition of our level 3 financial instruments. Favourable and unfavourable changes are determined on the basis of changes in the value of the instrument as a result of varying the levels of the unobservable parameters. This level 3 sensitivity analysis assumes a one-way market move and does not consider offsets for hedges.

	At 30 June 2024					
	Held at fair value through profit or loss			Held at fair value through other comprehensive income		
	Net exposure	Favourable	Unfavourable	Net exposure	Favourable	Unfavourable
		changes	changes		changes	changes
HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	
Debt securities	395	407	384	-	-	-
Loans and advances to customers	3,361	3,460	3,274	-	-	-
Loans and advances to banks	6,738	7,005	6,447	-	-	-
Equity shares	221	243	199	1,570	1,729	1,414
Positive fair value of derivatives	4	5	4	-	-	-
Debt securities issued	(1,025)	(1,007)	(1,046)	-	-	-
Deposits by banks	(2,670)	(2,670)	(2,670)	-	-	-
Customer deposits	(11,197)	(10,312)	(12,082)	-	-	-
Negative fair value of derivatives	(255)	(240)	(273)	-	-	-
	(4,428)	(3,109)	(5,763)	1,570	1,729	1,414

Notes to condensed consolidated interim financial statements (unaudited) (continued)

(Expressed in millions of Hong Kong dollars)

29. Financial instruments (continued)

(a) Valuation of financial instruments carried at fair value (continued)

(ii) Sensitivities in respect of the fair values of level 3 assets and liabilities (continued)

	At 31 December 2023					
	Held at fair value through profit or loss			Held at fair value through other comprehensive income		
	Net exposure	Favourable changes	Unfavourable changes	Net exposure	Favourable changes	Unfavourable changes
HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	
Debt securities	65	71	58	-	-	-
Loans and advances to customers	13,945	14,195	13,684	-	-	-
Equity shares	262	288	236	1,668	1,830	1,497
Positive fair value derivatives	34	36	32	-	-	-
Debt securities issued	(116)	(116)	(116)	-	-	-
Deposits by banks	(2,077)	(2,077)	(2,077)	-	-	-
Customer deposits	(8,173)	(7,598)	(8,749)	-	-	-
Negative fair values of derivatives	(362)	(348)	(363)	-	-	-
	3,578	4,451	2,705	1,668	1,830	1,497

These reasonably possible alternatives could have increased or decreased the values of financial instruments held at fair value through profit or loss and those classified as fair value through other comprehensive income by the amounts disclosed below.

Financial instruments	Fair value changes	At 30 June 2024	At 31 December 2023
		HK\$'M	HK\$'M
Held at fair value through profit or loss	Possible increase	1,319	873
	Possible decrease	1,335	873
Held at fair value through other comprehensive income	Possible increase	159	162
	Possible decrease	156	171

(b) Valuation of financial instruments carried at amortised cost

The following table shows the carrying amounts and incorporates the estimated of fair values of those financial assets and liabilities not presented on the balance sheet at fair value. These fair values may be different from the actual amount that will be received or paid on the settlement or maturity of the financial instruments. For certain instruments, the fair value may be determined using assumptions for which no observable prices are available.

	At 30 June 2024					At 31 December 2023				
	Carrying value	Fair Value				Carrying value	Fair Value			
		Level 1	Level 2	Level 3	Total		Level 1	Level 2	Level 3	Total
	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M
Assets										
Loans and advances to banks	157,778	-	157,463	-	157,463	172,045	-	172,048	-	172,048
Loans and advances to customers	964,085	-	40,092	881,484	921,576	1,021,423	-	47,067	935,883	982,950
Total	1,121,863	-	197,555	881,484	1,079,039	1,193,468	-	219,115	935,883	1,154,998
Liabilities										
Deposits by banks	32,776	-	32,027	-	32,027	35,219	-	34,468	-	34,468
Customer accounts	1,781,414	-	1,731,669	-	1,731,669	1,808,547	-	1,760,656	-	1,760,656
Debt securities in issue	32,824	-	30,187	-	30,187	38,061	-	35,317	-	35,317
Subordinated liabilities and other borrowed funds	42,791	-	45,061	-	45,061	43,392	-	42,636	-	42,636
Total	1,889,805	-	1,838,944	-	1,838,944	1,925,219	-	1,873,077	-	1,873,077

Other financial instruments not carried at fair value are typically short term in nature and reprice to current market rates frequently. Accordingly, their carrying amount is a reasonable approximation of fair value.

Notes to condensed consolidated interim financial statements (unaudited) (continued)

(Expressed in millions of Hong Kong dollars)

30. Share based payments

SC PLC operates a number of share-based arrangements for its directors and employees.

2021 Standard Chartered Share Plan (the '2021 Plan') and 2011 Standard Chartered Share Plan (the '2011 Plan')

The 2021 Plan was approved by shareholders in May 2021 and is the SC PLC's main share plan, replacing the 2011 Plan for new awards from Jun 2021. It may be used to deliver various types of share awards:

(i) Long Term Incentive Plan (LTIP) awards

These are awards granted with vesting subject to performance measures. Performance measures attached to awards granted previously include: total shareholder return (TSR); return on tangible equity (RoTE) (with a Common Equity Tier 1 (CET1) underpin); and strategic measures. Each measure is assessed independently over a three-year period. LTIP awards have an individual conduct gateway requirement that results in the award lapsing if not met.

(ii) Deferred share awards

Deferred awards are used to deliver the deferred portion of variable remuneration, in line with both market practice and regulatory requirements. These awards vest in instalments on anniversaries of the award date specified at the time of grant. Deferred awards are not subject to any plan limit. This enables the Group to meet regulatory requirements relating to deferral levels, and is in line with market practice.

(iii) Restricted shares awards

Restricted share awards, made outside of the annual performance process as replacement buy-out awards to new joiners who forfeit awards on leaving their previous employers, vest in instalments on the anniversaries of the award date specified at the time of grant. This enables the Group to meet regulatory requirements relating to buy-outs, and is in line with market practice. In line with similar plans operated by our competitors, restricted share awards are not subject to an annual limit and do not have any performance measures.

Under the 2021 Plan and 2011 Plan, no grant price is payable to receive an award. The remaining life of the 2021 Plan during which new awards can be made is nine years. The 2011 Plan has expired and no further awards will be granted under this plan.

Sharesave Plan

The Standard Chartered 2023 Sharesave Plan was approved by shareholders in May 2023, replacing the Standard Chartered 2013 Sharesave Plan. Under the 2023 Sharesave Plan, employees may open a savings contract. Within a maturity period of six months after the third anniversary, employees may purchase ordinary shares in the Company at a discount of up to 20 per cent on the share price at the date of invitation. There are no performance measures attached to options granted under the 2023 Sharesave Plan and no grant price is payable to receive an option.

In some countries in which the Group operates, it is not possible to deliver shares under the 2023 Sharesave Plan, typically due to securities laws and regulatory restrictions. In these countries, where possible, the Group offers an equivalent cash-based plan to its employees.

Valuation of share awards

Details of the valuation models used in determining the fair values of share awards granted under the SC PLC's share plans are detailed in the Group's consolidated financial statements for the year ended 31 December 2023.

Notes to condensed consolidated interim financial statements (unaudited) (continued)

(Expressed in millions of Hong Kong dollars)

30. Share based payments (continued)

Reconciliation of share award movements for the period to 30 June 2024

	LTIP	Deferred/ Restricted shares	2013 Sharesave	Weighted average Sharesave exercise price (£)
Outstanding at 1 January 2024	627,336	7,309,092	5,592,527	4.22
Granted	262,507	3,964,179	–	–
Lapsed	(112,860)	(53,707)	(155,250)	6.42
Exercised	(60,482)	(2,818,035)	(660,565)	3.15
Outstanding at 30 June 2024	716,501	8,401,529	4,776,712	4.62
Exercisable at 30 June 2024	–	51,128	17,335	
Range of exercise prices (£)	–	–	3.14–5.88	
Weighted average contractual remaining life (years)	8.27	8.79	2.03	

31. Comparative amounts

Following a reassessment of the nature and purpose of balances held with central banks, customers and banks, the Group's cash and cash equivalents balance has been restated to decrease by HK\$67,210 million as at 30 June 2023 and increase by HK\$12,060 million as at 1 January 2023 by:

- excluding loans and advances to banks and investment securities that were not held for the purpose of meeting short-term cash commitments;
- excluding restricted cash that did not meet the definition of cash and cash equivalents; and
- including placements with central banks that met the definition of cash and cash equivalents.

On the Group's condensed consolidated cash flow statement, the change in operating assets has also been restated by HK\$79,270 million as a result of these changes for the period ended 30 June 2023.

32. Post balance sheet events

On 3 July 2024, the Bank issued fixed rate undated Additional Tier 1 capital securities to SC PLC with a face value of US\$600 million. The securities qualify as Additional Tier 1 capital under the Banking (Capital) Rules and LAC debt instruments under the Financial Institutions (Resolution) (Loss-absorbing Capacity Requirements — Banking Sector) Rules of Hong Kong (the "LAC Rules").

In addition, on 3 July 2024, the Bank issued fixed rate notes with a face value of EUR1,000 million to SC PLC. The notes qualify as LAC debt instruments under the LAC Rules.

By order of the Board

Yee Mann Hau
Executive Director

Hong Kong
8 August 2024