



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

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

For the period ended
30 June 2023

Standard Chartered Bank (Hong Kong) Limited

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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 2023.

2023 First Half Results

Profit before taxation increased by HK\$5,737 million from HK\$6,158 million to HK\$11,895 million. Net interest income increased by 27 per cent to HK\$15,864 million. Net fee and commission income decreased by 7 per cent over the corresponding period in 2022. Total operating income increased by HK\$4,729 million to HK\$28,869 million.

Operating expenses increased by HK\$495 million over the corresponding period to HK\$16,299 million. Total impairments decreased by HK\$1,912 million over the corresponding period.

Profit after taxation was HK\$9,878 million, an increase of HK\$4,895 million over HK\$4,983 million recorded in the first half of 2022.

Condensed consolidated income statement (unaudited)

For the period ended 30 June 2023

(Expressed in millions of Hong Kong dollars)

	Note	6 months ended 30 June 2023 HK\$'M	6 months ended 30 June 2022 HK\$'M
Interest income	3	37,358	17,988
Interest expense	4	(21,494)	(5,515)
Net interest income		15,864	12,473
Fee and commission income		6,157	5,810
Fee and commission expense		(1,797)	(1,133)
Net fee and commission income	5	4,360	4,677
Net trading income	6	6,587	5,163
Other operating income	7	2,058	1,827
		13,005	11,667
Total operating income		28,869	24,140
Staff costs		(7,544)	(7,403)
Premises and equipment		(1,746)	(2,299)
Others		(7,009)	(6,102)
Operating expenses	8	(16,299)	(15,804)
Operating profit before impairment		12,570	8,336
Credit impairment	9	(1,441)	(3,368)
Other impairment	10	(57)	(42)
Operating profit after impairment		11,072	4,926
Share of profit of an associate		823	1,232
Profit before taxation		11,895	6,158
Taxation	11	(2,017)	(1,175)
Profit after taxation		9,878	4,983
Profit/(loss) attributable to:			
– Non-controlling interests		(105)	(109)
– Equity shareholders of the Bank		9,983	5,092
Profit after taxation		9,878	4,983

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 2023

(Expressed in millions of Hong Kong dollars)

	6 months ended 30 June 2023 HK\$'M	6 months ended 30 June 2022 HK\$'M
Profit after taxation	9,878	4,983
Other comprehensive income:		
<u>Items that will not be reclassified to the income statement:</u>	(67)	346
Own credit adjustment:		
– Changes in own credit adjustment on financial liabilities designated at fair value through profit or loss	(14)	392
– Related tax effect	3	(90)
Defined benefit plans:		
– Remeasurement of retirement benefit obligations	29	66
– Related tax effect	(6)	(45)
Equity securities at fair value through other comprehensive income:		
– Changes in fair value recognised during the period	(79)	23
<u>Items that may be reclassified subsequently to the income statement:</u>	293	(3,060)
Debt securities at fair value through other comprehensive income:		
– Changes in fair value recognised during the period	583	(3,807)
– Changes in fair value transferred to the income statement on disposal	124	(75)
– Transfer to the income statement on fair value hedged items attributable to hedged risk	(663)	1,630
– Expected credit loss	(4)	(18)
– Share of impact from an associate	(87)	(639)
– Related tax effect	(1)	310
Cash flow hedges:		
– Changes in fair value recognised during the period	473	(606)
– Transfer to the income statement on termination of hedging derivatives	(65)	51
– Related tax effect	(67)	94
Exchange differences	(1,100)	(3,049)
Other comprehensive loss for the period, net of tax	(874)	(5,763)
Total comprehensive income/(loss)	9,004	(780)
Total comprehensive income/(loss) attributable to:		
– Non-controlling interests	(105)	(109)
– Equity shareholders of the Bank	9,109	(671)
Total comprehensive income/(loss)	9,004	(780)

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 2023 (unaudited)

(Expressed in millions of Hong Kong dollars)

	Note	At 30 June 2023 HK\$'M	At 31 December 2022 HK\$'M
Assets			
Cash and balances at central banks		52,604	60,330
Loans and advances to banks	13	156,619	94,700
Hong Kong SAR Government certificates of indebtedness		53,151	55,451
Financial assets at fair value through profit or loss	14	295,802	262,167
Investment securities	15	480,276	463,640
Loans and advances to customers	16	1,069,356	1,189,746
Amounts due from immediate holding company		714	481
Amounts due from fellow subsidiaries		196,946	241,056
Interest in an associate		11,745	11,183
Property, plant and equipment	18	9,738	34,343
Goodwill and intangible assets		11,926	10,787
Current tax assets		32	552
Deferred tax assets		417	644
Other assets	19	137,804	52,929
Total assets		2,477,130	2,478,009
Liabilities			
Hong Kong SAR currency notes in circulation		53,151	55,451
Deposits by banks		47,315	37,111
Customer accounts	21	1,713,773	1,705,789
Financial liabilities at fair value through profit or loss	22	174,902	175,969
Debt securities in issue	23	46,856	58,560
Amounts due to immediate holding company		38,084	37,654
Amounts due to fellow subsidiaries		111,172	131,932
Current tax liabilities		1,337	757
Deferred tax liabilities		974	1,466
Other liabilities	24	98,835	87,638
Total liabilities		2,286,399	2,292,327
Equity			
Share capital		65,025	65,025
Reserves		104,526	99,536
Shareholders' equity	25	169,551	164,561
Other equity instruments		20,651	20,651
Non-controlling interests		529	470
Total equity		190,731	185,682
Total equity and liabilities		2,477,130	2,478,009

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 2023

(Expressed in millions of Hong Kong dollars)

	Share capital HK\$M	Own credit adjustment reserve HK\$M	Cash flow hedge reserve HK\$M	FVOCI reserve – Debt HK\$M	FVOCI reserve – Equity HK\$M	Exchange reserve HK\$M	Other reserves HK\$M	Retained profits HK\$M	Sub-total HK\$M	Other equity instruments HK\$M	Non- controlling interests HK\$M	Total HK\$M
At 1 January 2022	65,025	15	(89)	491	254	(6,156)	11,833	94,997	166,370	16,733	365	183,468
Insurance of other equity instruments, net of expenses	-	-	-	-	-	-	-	-	-	1,956	-	1,956
Total comprehensive income	-	302	(461)	(2,599)	23	(3,049)	-	5,113	(671)	-	(109)	(780)
Dividend paid ¹	-	-	-	-	-	-	-	(468)	(468)	-	-	(468)
Movement in respect of share-based compensation plans	-	-	-	-	-	-	-	5	5	-	-	5
Contributions from non-controlling interests	-	-	-	-	-	-	-	-	-	-	229	229
Transfer from retained profits	-	-	-	-	-	-	764	(764)	-	-	-	-
At 30 June 2022	65,025	317	(550)	(2,108)	277	(9,205)	12,597	98,883	165,236	18,689	485	184,410
Insurance of other equity instruments, net of expenses	-	-	-	-	-	-	-	-	-	1,962	-	1,962
Total comprehensive income	-	(456)	504	697	(302)	(2,201)	21	1,481	(256)	-	(111)	(367)
Dividend paid ¹	-	-	-	-	-	-	-	(560)	(560)	-	-	(560)
Movement in respect of share-based compensation plans	-	-	-	-	-	-	-	158	158	-	-	158
Contributions from non-controlling interests	-	-	-	-	-	-	-	-	-	-	79	79
Transfer from retained profits	-	-	-	-	-	-	22	(39)	(17)	-	17	-
At 31 December 2022	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

¹ During the six months ended 30 June 2023, the directors had declared and paid an ordinary dividend of HK\$0.55 per each Class A, B, C and D ordinary shares totalling HK\$2,914 million (year ended 31 December 2022: Nil). Dividends of HK\$313 million (year ended 31 December 2022: HK\$383 million), HK\$234 million (year ended 31 December 2022: HK\$469 million), HK\$81 million (year ended 31 December 2022: HK\$77 million), HK\$50 million (year ended 31 December 2022: HK\$99 million) and HK\$77 million (year ended 31 December 2022: Nil) 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 2023

(Expressed in millions of Hong Kong dollars)

	6 months ended 30 June 2023 HK\$'M	6 months ended 30 June 2022 HK\$'M
Operating activities:		
Profit before taxation	11,895	6,158
Adjustments for non-cash items and other adjustments included within income statement	3,037	3,756
Change in operating assets	(5,038)	4,731
Change in operating liabilities	7,996	(1,534)
Income tax (paid)/refund	(414)	98
Net cash generated from operating activities	17,476	13,209
Investing activities:		
Payment for purchase of property, plant and equipment	(1,368)	(3,936)
Payment for purchase of intangible assets	(2,023)	(1,495)
Proceeds from disposal of property, plant and equipment	1,462	1,281
Net cash used in investing activities	(1,929)	(4,150)
Financing activities:		
Issuance of other equity instrument	-	1,956
Issuance of subordinated liabilities	-	9,909
Contribution from non-controlling interest	136	229
Dividend paid to shareholders of the Bank	(3,669)	(468)
Payment of lease liabilities	(583)	(724)
Interest paid on subordinated liabilities	(840)	(48)
Payment for redemption of subordinated liabilities	-	(7,318)
Net cash (used in)/generated from financing activities	(4,956)	3,536
Net increase in cash and cash equivalents	10,591	12,595
Cash and cash equivalents at 1 January	176,902	182,216
Effect of foreign exchange	(2,171)	(5,801)
Cash and cash equivalents at 30 June	185,322	189,010

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. Significant 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 2022.

The condensed consolidated interim financial statements should be read in conjunction with the consolidated financial statements for the year ended 31 December 2022, 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 2022. None of the other revised accounting standards, which became effective from 1 January 2023, 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 2023 HK\$’M	6 months ended 30 June 2022 HK\$’M
Interest income arising from financial assets:		
– amortised cost	33,530	16,008
– measured at fair value through other comprehensive income	3,828	1,980
	37,358	17,988

Notes to condensed consolidated interim financial statements (unaudited) (continued)*(Expressed in millions of Hong Kong dollars)***4. Interest expense**

	6 months ended 30 June 2023 HK\$'M	6 months ended 30 June 2022 HK\$'M
Interest expense arising from financial liabilities measured at amortised cost	21,427	5,455
Interest expenses on lease liabilities	67	60
	21,494	5,515

5. Net fee and commission income

	6 months ended 30 June 2023 HK\$'M	6 months ended 30 June 2022 HK\$'M
Fee and commission income	6,157	5,810
Of which		
– Financial instruments that are not fair valued through profit or loss	1,200	1,285
– Trust and other fiduciary activities	933	643
Fee and commission expense	(1,797)	(1,133)
Of which		
– Financial instruments that are not fair valued through profit or loss	(503)	(350)
– Trust and other fiduciary activities	(168)	(171)
Net fee and commission income	4,360	4,677

	6 months ended 30 June 2023 HK\$'M	6 months ended 30 June 2022 HK\$'M
Transaction Banking	743	727
Financial Markets	1,061	1,362
Wealth Management	2,052	2,033
Retail Products	485	508
Others	19	47
Net fee and commission income	4,360	4,677

6. Net trading income

	6 months ended 30 June 2023 HK\$'M	6 months ended 30 June 2022 HK\$'M
Net gains on instruments held for trading	6,601	4,628
Net gains on non-trading financial assets mandatorily at fair value through profit or loss	151	12
Net (losses)/gains on financial instruments designated at fair value through profit or loss	(165)	523
	6,587	5,163

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 2023 HK\$'M	6 months ended 30 June 2022 HK\$'M
Rental income from operating lease assets	1,751	1,521
Dividend income from financial assets at fair value through other comprehensive income	26	9
Net (losses)/gains on disposal of debt securities at fair value through other comprehensive income	(124)	75
Net gains on disposal and write-off of fixed assets	198	217
Net gains/(losses) on disposal of financial instruments measured at amortised cost	19	(78)
Net gains on revaluation of investment properties (note 18)	21	4
Others	167	79
	2,058	1,827

8. Operating expenses

	6 months ended 30 June 2023 HK\$'M	6 months ended 30 June 2022 HK\$'M
Staff costs		
– contributions to defined contribution plans	352	339
– expense in respect of the defined benefits plan	90	122
– net share-based payment expenses	103	83
– salaries and other staff costs	6,999	6,859
Depreciation (note 18)	1,015	1,603
Premises and equipment expense, excluding depreciation	731	696
Amortisation of other intangible assets	704	538
Auditor's remuneration	33	34
Others	6,272	5,530
	16,299	15,804

9. Credit impairment

	6 months ended 30 June 2023 HK\$'M	6 months ended 30 June 2022 HK\$'M
Net expected credit loss charges/(releases) on:		
– loans and advances to banks	(78)	9
– loans and advances to customers	1,563	3,366
– debt securities at amortised cost	(2)	5
– debt securities at fair value through other comprehensive income	(4)	(19)
– loan commitments and financial guarantees	(38)	7
	1,441	3,368

Notes to condensed consolidated interim financial statements (unaudited) (continued)*(Expressed in millions of Hong Kong dollars)***10. Other impairment**

	6 months ended 30 June 2023 HK\$'M	6 months ended 30 June 2022 HK\$'M
Charges/(releases) for property, plant and equipment (note 18)	2	(4)
Charges for assets held for sale	55	41
Others	-	5
	57	42

11. Taxation

	6 months ended 30 June 2023 HK\$'M	6 months ended 30 June 2022 HK\$'M
Hong Kong profits tax	670	-
Overseas taxation	855	797
Deferred taxation	492	378
	2,017	1,175

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, Commercial & Institutional Banking ("CCIB"); Consumer, Private and Business Banking ("CPBB") and Ventures:

- (i) CCIB 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) CPBB 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

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 2023				
	Corporate, Commercial & Institutional Banking ¹ HK\$'M	Consumer, Private & Business Banking HK\$'M	Ventures HK\$'M	Central & Other Items HK\$'M	Consolidated Total 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 30 June 2023					
Segment assets	976,146	644,576	10,436	776,584	2,407,742
Segment liabilities	1,076,584	955,724	10,655	139,669	2,182,632
	6 months ended 30 June 2022 ² (restated)				
	Corporate, Commercial & Institutional Banking ¹ HK\$'M	Consumer, Private & Business Banking HK\$'M	Ventures HK\$'M	Central & Other Items HK\$'M	Consolidated Total HK\$'M
Operating income					
– Net interest income	4,256	7,692	25	539	12,512
– Other operating income	6,126	4,477	23	474	11,100
	10,382	12,169	48	1,013	23,612
Operating expenses	(5,249)	(8,588)	(344)	(380)	(14,561)
Operating profit/(loss) before impairment	5,133	3,581	(296)	633	9,051
Impairment charges/(releases)	(2,478)	(832)	(22)	23	(3,309)
Share of profit of an associate	–	–	–	1,232	1,232
Profit/(loss) before taxation	2,655	2,749	(318)	1,888	6,974
At 31 December 2022					
Segment assets	912,935	674,693	9,625	743,971	2,341,224
Segment liabilities	1,082,517	925,479	8,678	150,041	2,166,715

¹ The Group has decided to exit the aviation and vessels leasing business, the Corporate, Commercial & Institutional Banking segment does not include results for commercial aircrafts and vessels leased to customers amounting to profit before taxation of HK\$322 million (30 June 2022: HK\$235 million). The results of aircrafts and vessels leasing business are included in reconciliation presented in Note 12(b).

² Performance for relevant periods in 2022 has been restated for the exclusion of (i) exit of the aviation leasing business and (ii) debt valuation adjustment for the underlying profit before tax.

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 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 30 June 2023					
Segment assets	1,427,845	325,238	161,871	492,788	2,407,742
Segment liabilities	1,338,550	266,939	160,219	416,924	2,182,632

	6 months ended 30 June 2022 (restated)				Consolidated Total HK\$'M
	Hong Kong HK\$'M	Mainland China HK\$'M	Taiwan HK\$'M	Korea HK\$'M	
Operating income					
– Net interest income	6,683	2,132	696	3,001	12,512
– Other operating income	5,773	2,529	1,114	1,684	11,100
	12,456	4,661	1,810	4,685	23,612
Operating expenses	(7,068)	(3,248)	(1,347)	(2,898)	(14,561)
Operating profit before impairment	5,388	1,413	463	1,787	9,051
Impairment charges	(2,404)	(781)	(52)	(72)	(3,309)
Share of profit of an associate	–	1,232	–	–	1,232
Profit before taxation	2,984	1,864	411	1,715	6,974
At 31 December 2022					
Segment assets	1,332,570	308,288	162,700	537,666	2,341,224
Segment liabilities	1,290,219	258,470	157,698	460,328	2,166,715

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 2023 HK\$'M	6 months ended 30 June 2022 HK\$'M (restated)
Operating Income		
Reportable segment revenue	27,791	23,612
Income relating to financial market products	(932)	(1,460)
Cost of free funds	1,886	622
Others	124	1,366
Total operating income	28,869	24,140
	6 months ended 30 June 2023 HK\$'M	6 months ended 30 June 2022 HK\$'M (restated)
Profit before taxation		
Reportable segment profit before taxation	12,119	6,974
Income relating to financial market products	(932)	(1,460)
Cost of free funds	1,886	622
Reallocation of impairment charges	118	(82)
Restructuring	296	338
Others	(1,592)	(234)
Profit before taxation	11,895	6,158
	At 30 June 2023 HK\$'M	At 31 December 2022 HK\$'M
Assets		
Reportable segment assets	2,407,742	2,341,224
Assets of group companies not included in consolidated total assets	(3,123)	(2,057)
Amounts due from immediate holding company and fellow subsidiaries	230,116	258,441
Others	(157,605)	(119,599)
Total Assets	2,477,130	2,478,009
	At 30 June 2023 HK\$'M	At 31 December 2022 HK\$'M
Liabilities		
Reportable segment liabilities	2,182,632	2,166,715
Liabilities of group companies not included in consolidated total liabilities	(1,013)	(1,210)
Amounts due to immediate holding company and fellow subsidiaries	117,580	130,657
Others	(12,800)	(3,835)
Total Liabilities	2,286,399	2,292,327

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 2023 HK\$'M	At 31 December 2022 HK\$'M
Loans and advances to banks		
– maturing one month	77,623	32,135
– maturing one month to one year	77,179	61,683
– maturing one year to five years	1,851	994
	156,653	94,812
Less: Expected credit loss provision (note 17)	(34)	(112)
	156,619	94,700

(b) Impaired loans and advances to banks

	At 30 June 2023 HK\$'M	At 31 December 2022 HK\$'M
Gross impaired loans and advances to banks	24	188
Less:		
Stage 3 expected credit loss provision (note 17)	(2)	(97)
	22	91
<i>Gross impaired loans and advances to banks as a % of gross loans and advances to banks</i>	0.02%	0.20%

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 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	6,101	–	–	6,101
– Certificates of deposit held	10,550	–	–	10,550
– Other debt securities	112,455	544	587	113,586
	129,106	544	587	130,237
Equity securities	14,711	282	–	14,993
Loans and advances to customers and banks	54,106	27,249	–	81,355
Positive fair values of trading derivatives	69,217	–	–	69,217
	267,140	28,075	587	295,802
	At 31 December 2022			
	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	24,477	–	–	24,477
– Certificates of deposit held	14,573	–	–	14,573
– Other debt securities	97,845	1,042	595	99,482
	136,895	1,042	595	138,532
Equity securities	9,772	271	–	10,043
Loans and advances to customers and banks	27,506	9,600	–	37,106
Positive fair values of trading derivatives	76,486	–	–	76,486
	250,659	10,913	595	262,167

Notes to condensed consolidated interim financial statements (unaudited) (continued)*(Expressed in millions of Hong Kong dollars)***15. Investment securities**

	At 30 June 2023 HK\$'M	At 31 December 2022 HK\$'M
At fair value through other comprehensive income		
Debt securities		
– Treasury bills	120,874	102,433
– Certificates of deposit held	24,556	36,723
– Other debt securities	189,273	183,144
	334,703	322,300
Equity shares	1,467	1,578
	336,170	323,878
At amortised cost		
– Treasury bills	–	3,041
– Certificates of deposit held	6,962	9,542
– Other debt securities	137,153	127,187
Less: Expected credit loss provision (note 17)	(9)	(8)
	144,106	139,762
	480,276	463,640

16. Loans and advances to customers**(a) Loans and advances to customers**

	At 30 June 2023 HK\$'M	At 31 December 2022 HK\$'M
Gross Loans and advances to customers	1,079,559	1,198,500
Trade bills	1,700	2,387
	1,081,259	1,200,887
Less: Expected credit loss provision (note 17)	(11,903)	(11,141)
	1,069,356	1,189,746

(b) Impaired loans and advances to customers

	At 30 June 2023 HK\$'M	At 31 December 2022 HK\$'M
Gross impaired Loans and advances to customers	14,820	12,825
Less:		
Stage 3 expected credit loss provision (note 17)	(8,397)	(6,861)
	6,423	5,964
<i>Gross impaired loans and advances to customers as a % of gross loans and advances to customers</i>	1.37%	1.07%
Fair value of collateral held against the covered portion of impaired loans and advances to customers	6,237	5,336
Covered portion of impaired loans and advances to customers	3,642	3,584
Uncovered portion of impaired loans and advances to customers	11,178	9,241

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 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)	23	9	2	34
Loans and advances to customers (note 16)	2,086	1,420	8,397	11,903
Debt securities at amortised cost (note 15)	9	–	–	9
Debt securities at fair value through other comprehensive income ¹	9	11	–	20
Loan commitments and financial guarantees (note 24)	160	69	3	232
	2,287	1,509	8,402	12,198
	At 31 December 2022			
	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)	14	1	97	112
Loans and advances to customers (note 16)	2,266	2,014	6,861	11,141
Debt securities at amortised cost (note 15)	8	–	–	8
Debt securities at fair value through other comprehensive income ¹	25	–	–	25
Loan commitments and financial guarantees (note 24)	144	100	4	248
	2,457	2,115	6,962	11,534

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 2023	7,918	3,559	32,041	6,963	685	51,166
Additions	71	74	1,223	444	-	1,812
Disposals and write-offs	(66)	(115)	(1,056)	(450)	-	(1,687)
Reclassifications	(29)	29	-	-	-	-
Transfers to assets held for sale	(31)	-	(32,360)	-	-	(32,391)
Fair value adjustments	-	-	-	-	21	21
Exchange adjustment	(155)	(77)	152	(65)	-	(145)
At 30 June 2023	7,708	3,470	-	6,892	706	18,776
Representing:						
Cost	7,708	3,470	-	6,892	-	18,070
Valuation	-	-	-	-	706	706
	7,708	3,470	-	6,892	706	18,776
Accumulated depreciation and impairment:						
At 1 January 2023	2,712	2,558	8,095	3,458	-	16,823
Charge for the year	122	155	179	559	-	1,015
Impairments	-	1	-	1	-	2
Attributable to assets sold or written off	(11)	(115)	(777)	(244)	-	(1,147)
Attributable to transfers to assets held for sale	(21)	-	(7,535)	-	-	(7,556)
Exchange adjustment	(48)	(63)	38	(26)	-	(99)
At 30 June 2023	2,754	2,536	-	3,748	-	9,038
Net book value:						
At 30 June 2023	4,954	934	-	3,144	706	9,738

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 2022	8,598	3,740	29,147	7,770	560	49,815
Additions	302	267	4,142	732	-	5,443
Disposals and write-offs	(323)	(441)	(1,265)	(1,271)	-	(3,300)
Reclassifications	(207)	203	-	-	4	-
Transfers to assets held for sale	(64)	-	-	-	-	(64)
Elimination of accumulated depreciation on revalued property	(3)	-	-	-	-	(3)
Fair value adjustments	-	-	-	-	121	121
Exchange adjustment	(385)	(210)	17	(268)	-	(846)
At 31 December 2022	7,918	3,559	32,041	6,963	685	51,166
Representing:						
Cost	7,918	3,559	32,041	6,963	-	50,481
Valuation	-	-	-	-	685	685
	7,918	3,559	32,041	6,963	685	51,166
Accumulated depreciation and impairment:						
At 1 January 2022	2,804	2,810	6,769	3,549	-	15,932
Charge for the year	241	340	1,469	1,152	-	3,202
Impairments	-	1	290	40	-	331
Attributable to assets sold or written off	(207)	(437)	(434)	(1,184)	-	(2,262)
Attributable to transfers to assets held for sale	(15)	-	-	-	-	(15)
Elimination of accumulated depreciation on revalued property	(3)	-	-	-	-	(3)
Exchange adjustment	(108)	(156)	1	(99)	-	(362)
At 31 December 2022	2,712	2,558	8,095	3,458	-	16,823
Net Book Value						
At 31 December 2022	5,206	1,001	23,946	3,505	685	34,343

Notes to condensed consolidated interim financial statements (unaudited) (continued)*(Expressed in millions of Hong Kong dollars)***19. Other assets**

	At 30 June 2023 HK\$'M	At 31 December 2022 HK\$'M
Prepayments and accrued income	6,940	7,619
Sundry debtors	6,647	8,143
Acceptances and endorsements	10,908	11,619
Unsettled trades and others	87,594	24,464
Assets held for sale ¹	25,715	1,084
	137,804	52,929

¹ As at 30 June 2023, assets held for sale mainly included aircrafts.
As at 31 December 2022, assets held for sale mainly included vessels and property.

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, Mox Bank Limited, Standard Chartered Leasing Group Limited, Pembroke Aircraft Leasing Holdings Limited and Marina Leasing Limited.

21. Customer accounts

	At 30 June 2023 HK\$'M	At 31 December 2022 HK\$'M
Current accounts	332,447	356,230
Savings accounts	748,282	774,223
Time and other deposits	633,044	575,336
	1,713,773	1,705,789

22. Financial liabilities at fair value through profit or loss

	At 30 June 2023 HK\$'M	At 31 December 2022 HK\$'M
Trading liabilities		
– Short position in securities	32,118	35,461
– Negative fair values of derivatives	69,026	80,629
– Liabilities under stock lending agreement	356	–
	101,500	116,090
Financial liabilities designated at fair value through profit or loss:		
– Structured deposits from banks and customers	57,002	43,876
– Debt securities issued	5,569	5,822
– Liabilities under sale and repurchase agreement	10,831	10,181
	73,402	59,879
	174,902	175,969

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

(Expressed in millions of Hong Kong dollars)

23. Debt securities in issue

	At 30 June 2023 HK\$'M	At 31 December 2022 HK\$'M
Certificates of deposit	17,518	26,809
Other debt securities in issue	29,338	31,751
	46,856	58,560

24. Other liabilities

	At 30 June 2023 HK\$'M	At 31 December 2022 HK\$'M
Accruals and deferred income	14,007	12,370
Provision for liabilities and charges	300	297
Acceptances and endorsements	10,903	11,616
Expected credit loss provision on loan commitments and financial guarantees (note 17)	232	248
Lease liabilities	3,408	3,774
Unsettled trades and others	69,985	59,333
	98,835	87,638

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 2023 an amount of HK\$1,574 million (31 December 2022: HK\$1,374 million) has been reserved for this purpose.

26. Capital commitments and contingencies

(a) Capital commitments

Capital commitments outstanding at 30 June 2023 in respect of property, plant and equipment purchases not provided for in the consolidated financial statements were HK\$31 million (31 December 2022: HK\$110 million).

(b) Contingencies

The Group receives legal claims against it arising in the normal course of business. The Group considers none of these matters as material. 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.

27. Material related-party transactions

There were no significant changes to the nature of the related party transactions described in the 2022 consolidated financial statements that have a material effect on the financial position or performance of the Group during the six months ended 30 June 2023. All related party transactions that took place in the six months ended 30 June 2023 were similar in nature to those disclosed in the 2022 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 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	81,751	183,492	1,897	267,140
– Non-trading financial assets mandatorily at fair value through profit or loss	–	27,415	660	28,075
– Financial assets designed at fair value through profit or loss	–	587	–	587
Investment securities at fair value through other comprehensive income	243,743	91,142	1,285	336,170
Amounts due from immediate holding company				
– Positive fair values of derivatives	–	714	–	714
Amounts due from fellow subsidiaries				
– Positive fair values of derivatives	59	63,602	2	63,663
– Debt securities	–	5,583	–	5,583
Total assets measured at fair value	325,553	372,535	3,844	701,932
Financial liabilities at fair value through profit or loss:				
– Trading liabilities	25,420	76,018	62	101,500
– Financial liabilities designated at fair value through profit or loss	–	66,302	7,100	73,402
Amounts due to fellow subsidiaries				
– Negative fair values of derivatives	72	62,998	60	63,130
Total liabilities measured at fair value	25,492	205,318	7,222	238,032

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 2022			
	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	75,089	170,616	4,954	250,659
– Non-trading financial assets mandatorily at fair value through profit or loss	76	8,859	1,978	10,913
– Financial assets designed at fair value through profit or loss	–	595	–	595
Investment securities at fair value through other comprehensive income	190,582	131,984	1,312	323,878
Amounts due from immediate holding company				
– Positive fair values of derivatives	–	481	–	481
Amounts due from fellow subsidiaries				
– Positive fair values of derivatives	63	71,376	4	71,443
– Debt securities	–	5,220	–	5,220
Total assets measured at fair value	265,810	389,131	8,248	663,189
Financial Liabilities at fair value through profit or loss:				
– Trading liabilities	29,951	86,103	36	116,090
– Financial liabilities designated at fair value through profit or loss	–	52,219	7,660	59,879
Amounts due to fellow subsidiaries				
– Negative fair values of derivatives	50	75,858	35	75,943
Total liabilities measured at fair value	30,001	214,180	7,731	251,912

There were no significant transfers between level 1 and level 2 instruments during 2022 and 2023.

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	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	(273)	–	(1)	(274)
Total losses recognised in other comprehensive income				
– Net change in fair value	–	(27)	–	(27)
Purchases	159	–	2	161
Sales	22	–	–	22
Settlements	(4,283)	–	(3)	(4,286)
At 30 June 2023	2,557	1,285	2	3,844
Total losses recognised in the consolidated income statement relating to assets held at 30 June 2023				
– Net trading income	(315)	(31)	–	(346)

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	198	(20)	178
Issuance	6,325	52	6,377
Settlements	(7,057)	(7)	(7,064)
At 30 June 2023	7,162	60	7,222
Total (gains)/losses recognised in the consolidated income statement relating to liabilities held at 30 June 2023			
Net trading income	359	(17)	342

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 2022	8,288	787	5,202	14,277
Total (losses)/gains recognised in the consolidated income statement				
– Net trading income	(431)	–	1	(430)
Total (losses)/gains recognised in other comprehensive income				
– Net change in fair value	–	(95)	2	(93)
Purchases	6,361	620	6	6,987
Sales	(261)	–	–	(261)
Settlements	(6,766)	–	(3)	(6,769)
Transferred into level 3 ¹	163	–	–	163
Transferred out of level 3 ¹	(422)	–	(5,204)	(5,626)
At 31 December 2022	6,932	1,312	4	8,248
Total losses recognised in the consolidated income statement relating to assets held at 31 December 2022				
– Net trading income	(171)	–	–	(171)

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 2022	3,038	20	3,058
Total gains recognised in the consolidated income statement			
– Net trading income	(537)	(8)	(545)
Issuance	10,170	60	10,230
Settlements	(4,936)	(32)	(4,968)
Transferred into level 3 ¹	(39)	(5)	(44)
At 31 December 2022	7,696	35	7,731
Total gains recognised in the consolidated income statement relating to liabilities held at 31 December 2022			
– Net trading income	(312)	(4)	(316)

¹ Transfers into/(out of) level 3 during the period relate to financial instruments where the valuation parameters became unobservable/(observable) 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	6.91% to 10.00% (2022: 3.10% to 7.30%)	9.98% (2022: 4.50%)
Loans and advances to customers	Discounted cash flows	Recovery rates	47.79% to 100% (2022: 72.00% to 100%)	70.70% (2022: 80.60%)
		Price/Yield	4.47% to 7.73% (2022: 1.60% to 8.20%)	6.79% (2022: 5.20%)
		Repo curve	1.65 to 5.95% (2022: 2.30% to 8.00%)	5.20% (2022: 6.20%)
Equity shares	Discounted cash flows	Discount rates	9.90% to 14.10% (2022: 10.00% to 12.90%)	10.80% (2022: 10.80%)
	Comparable pricing/Yield	Price-Book multiple	0.30x to 1.20x (2022: 0.30x to 1.30x)	1.17x (2022: 1.20x)
		Liquidity discount	20.00% (2022: 11.40% to 29.70%)	20.00% (2022: 13.70%)
Debt securities issued	Discounted cash flows	Credit spreads	0.36% to 1.60% (2022: 0.30% to 2.20%)	1.07% (2022: 1.50%)
		Price/Yield	4.50% to 5.50% (2022: NA)	4.60% (2022: NA)
Structured bank deposits	Discounted cash flows	Credit spreads	0.28% to 2.00% (2022: 0.90% to 2.20%)	1.35% (2022: 1.30%)
		Interest rate curves	2.65% to 30.77% (2022: NA)	5.20% (2022: NA)
Structured customer deposits	Discounted cash flows	Credit spreads	0.36% to 1.60% (2022: 0.90% to 2.20%)	1.10% (2022: 1.50%)
		Price/Yield	4.50% to 5.50% (2022: 3.10% to 8.20%)	5.00% (2022: 4.20%)
Derivatives	Discounted cash flows	Credit spreads	NA (2022: 0.63% to 0.64%)	NA (2022: 0.63%)
	Internal pricing model	Equity-Equity correlation	45% to 100% (2022: 30.00% to 96.00%)	84.70% (2022: 67.00%)
		Equity-Foreign exchange correlation	-40% to 45% (2022: -70.00% to 85.00%)	11.40% (2022: 37.00%)
	Option pricing model	Bond option implied volatility	NA (2022: 30.00%)	NA (2022: 30.00%)

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 2023 and 31 December 2022. 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.

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 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.

Interest rate curves

Interest rate curves is the term structure of interest rates and measure of future interest rates at a particular point in time.

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.

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.

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

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 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	71	77	64	-	-	-
Loans and advances to customers and banks	2,175	2,210	2,143	-	-	-
Equity shares	282	310	254	1,285	1,418	1,160
Positive fair value of derivatives	29	31	26	-	-	-
Debt securities issued	(122)	(77)	(170)	-	-	-
Structured bank deposits	(983)	(916)	(1,044)	-	-	-
Structured customer deposits	(5,995)	(5,726)	(6,263)	-	-	-
Negative fair value of derivatives	(122)	(117)	(129)	-	-	-
	(4,665)	(4,208)	(5,119)	1,285	1,418	1,160

	At 31 December 2022					
	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	2,705	2,741	2,669	-	-	-
Loans and advances to customers	3,953	4,004	3,903	-	-	-
Equity shares	271	299	244	1,312	1,449	1,191
Positive fair value of derivatives	7	9	3	-	-	-
Debt securities issued	(191)	(191)	(191)	-	-	-
Structured bank deposits	(1,213)	(1,213)	(1,213)	-	-	-
Structured customer deposits	(6,256)	(6,009)	(6,504)	-	-	-
Negative fair values of derivatives	(71)	(67)	(75)	-	-	-
	(795)	(427)	(1,164)	1,312	1,449	1,191

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)**

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	At 31
		June 2023	December 2022
		HK\$'M	HK\$'M
Held at fair value through profit or loss	Possible increase	457	368
	Possible decrease	454	369
Held at fair value through other comprehensive income	Possible increase	133	137
	Possible decrease	125	121

(b) Valuation of financial instruments carried at amortised cost

All financial instruments carried at amortised cost are stated at amounts not materially different from their fair value as at 30 June 2023 and 31 December 2022, except for subordinated liabilities.

The following table summarises the carrying amounts and fair values (including the valuation hierarchy) of subordinated liabilities. The values in the table below are stated as at 30 June 2023 and 31 December 2022 and may be different from the actual amounts that will be received on the settlement or maturity of the subordinated liabilities.

	At 30 June 2023		At 31 December 2022	
	Carrying amount HK\$'M	Fair value Level 2 HK\$'M	Carrying amount HK\$'M	Fair value Level 2 HK\$'M
Amount due to immediate holding company: subordinated liabilities	42,398	40,948	42,240	39,812

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, 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

Notes to condensed consolidated interim financial statements (unaudited) (continued)*(Expressed in millions of Hong Kong dollars)***30. Share based payments (continued)****(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.

2013 Sharesave Plan

Under the 2013 Sharesave Plan, employees may open a savings contract. Within a maturity period of six months after the third anniversary, employees may save up to £250 per month over three years to purchase ordinary shares in the Company at a discount of up to 20 percent on the share price at the date of invitation (this is known as the 'option exercise price'). There are no performance measures attached to options granted under the 2013 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 operate Sharesave plans, typically due to securities law and regulatory restrictions. In these countries, where possible, the Group offers an equivalent cash-based plan to its employees.

The 2013 Sharesave Plan was approved by shareholders in May 2013, and expires in May 2023. A new Sharesave plan will be taken to shareholders for approval at the Annual General Meeting in May 2023.

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 2022.

Reconciliation of share award movements for the period to 30 June 2023

	LTIP	Deferred/ Restricted shares	2013 Sharesave	Weighted average Sharesave exercise price (£)
Outstanding at 1 January 2023	631,432	6,988,898	7,179,676	3.75
Granted	122,825	3,455,219	-	-
Lapsed	(96,716)	(145,100)	(243,997)	4.17
Exercised	(30,261)	(2,821,562)	(728,834)	4.95
Outstanding at 30 June 2023	627,280	7,477,455	6,206,845	3.60
Exercisable at 30 June 2023	-	177,277	6,119	
Range of exercise prices (£)	-	-	3.14-5.13	
Weighted average contractual remaining life (years)	8.13	8.72	1.81	

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

(Expressed in millions of Hong Kong dollars)

31. Post balance sheet events

At its board meeting on 24 July 2023, the board of directors recommended that an interim dividend of US\$0.04 per share totalling to US\$200 million in respect of Class A, B, C and D ordinary shares be paid to its shareholder.

By order of the Board

Saleem Razvi
Executive Director and Chief Financial Officer, Asia

Hong Kong
28 July 2023