

Standard Chartered Bank
(Hong Kong) Limited
渣打銀行(香港)有限公司

Consolidated
Interim Financial Statements (unaudited)
綜合中期財務報表（未經審核）

For the period ended
30 June 2018
截至二零一八年六月三十日止期間

Condensed consolidated income statement (unaudited)

For the period ended 30 June 2018

(Expressed in millions of Hong Kong dollars)

	<i>6 months ended 30 June 2018</i>	<i>6 months ended 30 June 2017</i>
Interest income	9,733	7,652
Interest expense	<u>(2,712)</u>	<u>(2,091)</u>
Net interest income	<u>7,021</u>	<u>5,561</u>
Fee and commission income	<u>3,711</u>	<u>4,284</u>
Fee and commission expense	<u>(376)</u>	<u>(659)</u>
Net fee and commission income	3,335	3,625
Net trading income	1,096	1,345
Other operating income	<u>2,154</u>	<u>1,905</u>
	<u>6,585</u>	<u>6,875</u>
Total operating income	13,606	12,436
Staff costs	<u>(3,291)</u>	<u>(3,165)</u>
Premises and equipment	<u>(1,665)</u>	<u>(1,722)</u>
Others	<u>(2,673)</u>	<u>(3,126)</u>
Operating expenses	<u>(7,629)</u>	<u>(8,013)</u>
Operating profit before impairment	5,977	4,423
Credit impairment	(96)	(401)
Other impairment	<u>(423)</u>	<u>(400)</u>
Operating profit after impairment	5,458	3,622
Share of profit of associates	<u>1,177</u>	<u>995</u>
Profit before taxation	6,635	4,617
Taxation	<u>(719)</u>	<u>(633)</u>
Profit after taxation	<u>5,916</u>	<u>3,984</u>

**Condensed consolidated statement of financial position as at 30 June 2018
(unaudited)**

(Expressed in millions of Hong Kong dollars)

	At 30 June 2018	At 31 December 2017
Assets		
Cash and balances with banks, central banks and other financial institutions	12,061	18,350
Placements with banks and other financial institutions	163,174	150,256
Hong Kong SAR Government certificates of indebtedness	44,751	42,341
Financial assets at fair value through profit or loss	31,398	22,819
Investment securities	239,080	207,927
Advances to customers	524,369	480,867
Amounts due from immediate holding company	58,378	59,075
Amounts due from fellow subsidiaries	21,578	24,208
Interest in associate	12,095	11,638
Property, plant and equipment	42,521	40,632
Goodwill and intangible assets	1,431	1,392
Current tax assets	–	11
Deferred tax assets	82	275
Other assets	15,285	15,258
	<u>1,166,203</u>	<u>1,075,049</u>
Liabilities		
Hong Kong SAR currency notes in circulation	44,751	42,341
Deposits and balances of banks and other financial institutions	29,837	19,613
Deposits from customers	878,290	833,899
Financial liabilities at fair value through profit or loss	26,003	19,775
Debt securities in issue	3,525	3,066
Amounts due to immediate holding company	59,262	44,246
Amounts due to fellow subsidiaries	11,969	9,477
Current tax liabilities	936	439
Deferred tax liabilities	484	470
Other liabilities	24,795	21,292
Subordinated liabilities	5,923	6,003
	<u>1,085,775</u>	<u>1,000,621</u>
Equity		
Share capital	20,256	20,256
Reserves	58,220	52,220
Shareholders' equity	78,476	72,476
Other equity instruments	1,952	1,952
	<u>80,428</u>	<u>74,428</u>
	<u>1,166,203</u>	<u>1,075,049</u>

Notes

1. Accounting policies

The interim financial statements in this news release 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”).

Except as described below, the accounting policies applied in preparing this news release are materially consistent with those applied in preparing the statutory accounts for the year ended 31 December 2017.

Except for the adoption of HKFRS 9/IFRS 9 Financial Instruments (see note (a)) and HKFRS 15/IFRS 15 Revenue from contracts with customers (see note (b)), none of the revised accounting standards which became effective from 1 January 2018, have a material impact on the condensed consolidated interim financial statements.

New accounting standards adopted by the Group

(a) HKFRS 9/IFRS 9 Financial Instruments

On 1 January 2018, the Group adopted HKFRS 9/IFRS 9 which replaces HKAS 39/IAS 39 Financial Instruments: Recognition and Measurement and introduces new requirements for: the classification and measurement of financial instruments, the recognition and measurement of credit impairment provisions, and provides for a simplified approach to hedge accounting.

The Group has further chosen:

- to continue to apply HKAS 39/IAS 39 hedging requirements rather than those of HKFRS 9/IFRS 9.
- not to restate comparative periods on the basis that it is not possible to do so without the use of hindsight.

The changes in measurements arising on the initial adoption of HKFRS 9/IFRS 9 was incorporated through an adjustment to the opening reserves position as at 1 January 2018. This adjustment reduces shareholders’ equity by HK\$633 million, the majority of which relates to the adoption of the expected credit loss provisioning requirements.

(b) HKFRS 15/IFRS 15 Revenue from Contracts with Customers

HKFRS 15/IFRS 15 is effective from 1 January 2018 and replaces HKAS 18/IAS 18 Revenue. HKFRS 15/IFRS 15 is conceptually similar to HKAS 18/IAS 18, but includes more granular guidance on how to recognise and measure revenue, and also introduces additional disclosure requirements. The Group performed an assessment of the new standard and concluded that changes to current accounting policies were not required in order to comply with the new standard, and there is no transitional impact to retained earnings.

2. Condensed Consolidated Interim Financial Statements

Certain financial information in this news release is extracted from the unaudited condensed consolidated interim financial statements for the period ended 30 June 2018.

The unaudited condensed consolidated interim financial statements, together with the unaudited supplementary financial information as required by the Banking (Disclosure) Rules issued by the Hong Kong Monetary Authority, can be obtained on request from Investor Relations, Standard Chartered Bank (Hong Kong) Limited, 4-4A Des Voeux Road Central, Hong Kong or may be viewed on our website: www.sc.com/hk on or before 30 September 2018.

2018 6 30 6	2017 6 30 6
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2018
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12 31

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