Standard Chartered NEA Limited

Strategic Report, Directors' Report and Financial Statements

For the year ended 31 December 2018

Registered Number: 05345091

Contents

Strategic Report

Principal objectives and strategies
The principal activity of Standard Chartered NEA Limited (the "Company") throughout the year was that of a holding company. Given the nature of business conducted by the Company, the key performance indicator used by management in assessing the performance of the Company is the monitoring of the net return on the specific underlying investment which the Company has entered into. Monthly management accounts are prepared and reviewed by the management of the Standard Chartered business in which this Company resides. The Company forms part of the Standard Chartered Group ("the Group") and this is not expected to change in the foreseeable future.

Economic environment
The Company has a significant investment in Korea. In 2018, the Group's performance in Korea has improved compared to 2017 driven by strong revenue contribution from corporate and institutional banking and other banking, disciplined cost management and reduced retail banking loan impairment.

Principal risks and uncertainties
The nature of business of the Company is that of a holding company and not of trading, therefore the principal risk facing the entity is that of a fall in value of the underlying investment and dividend remittance restrictions in the jurisdiction in which the Company's subsidiary operates. This risk can be mitigated by creating structures whereby companies experiencing such restrictions are transferred to other companies within the Group.

Business review
The Finance Act (No. 2) 2015 introduced a surcharge of 8% on the profits of banking companies from 1 January 2016. As a result, interest is applied to all intercompany balances due and from the Company's parent, Standard Chartered Bank ("SCB"). SCB paid the Company interest income of $2.4 million (2017: $2.5 million) on the cash balance deposited with SCB. In addition, the Company received a gross dividend of $116.9 million from its subsidiary, Standard Chartered Bank Korea Limited (2017: $71.3 million). As a result, the Company reported a profit after tax of $109.9 million (2017: $74.5 million).

The Company has demand loans of $179.0 million with SCB (2017: $186.6 million).

The Company has a current account owed by group undertakings of $107.6 million (2017: $101.7 million). This amount is repayable on demand.

Employees
The Company has no employees (2017: nil).

By order of the board

P S Chambers
Director
Company registration number - 05345091
Date: 24 APRIL 2019

1 Basinghall Avenue
London
EC2V 5DD
UK

Directors' Report

The Directors present their report together with the Company's Financial Statements for the year ended 31 December 2018.

Financial instruments
Financial instruments entered into during the year comprised amounts due to and from group companies.

Results and dividends
The results of the Company are set out from pages 8 to 11.
The Company paid a dividend of $110 million to its parent company, Standard Chartered Bank (2017: $65 million).

Creditor payment policy
The Company is a holding company and does not trade. Therefore it is not considered meaningful to give average supplier payment terms.

Going concern
The Directors are of the opinion that the Company and the Group as a whole have adequate resources to continue operational businesses for the foreseeable future and therefore continued to adopt the going concern basis in preparing the Financial Statements.

Directors
The Directors who held office during the year were as follows:

P S Chambers
C J Daniels
H A Strachan, alternate director to C J Daniels, resigned on 10 December 2018
S S Rai, alternate director to C J Daniels, appointed on 13 December 2018

Qualifying third party indemnities
There are no qualifying third party indemnities in force at the time of this report.

Employees
Please refer to strategic report on page 2.

Risk management
The risk management objectives of the Company are set out in note 12.

Disclosure of information to auditor
The Directors who held office at the date of approval of this Directors' report and Financial Statements confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that ought to have been taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Post Balance Sheet Event
On 16 January 2019, the Company's subsidiary Standard Chartered Bank Korea Limited declared a dividend of KRW 500 billion ($443 million), following Korea regulatory approval granted in January 2019. This was paid on 28 January 2019 after deducting, Korean withholding tax of 5% of KRW 25 billion ($22.1 million) and will be reflected in the Financial Statements for the year ended 31 December 2019.

On 29 March 2019, Standard Chartered Bank Korea Limited declared a dividend of KRW 112 billion ($94 million) to the Company. This was paid on the same day after deducting, Korean withholding tax of 5% of KRW 5.6 billion ($4.9 million) and, since the dividend was anticipated at Balance Sheet date, the tax has been reflected as a deferred tax liability in the Financial Statements for the year ended 31 December 2018.

On 8 March 2019, the Company paid a $428 million dividend to its parent company, Standard Chartered Bank.

Directors' Report

Auditor
Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board

P S Chambers
Director
Company registration number - 05345091
Date: 24 APRIL 2019

1 Basinghall Avenue
London
EC2V 5DD
UK

Statement of Directors' Responsibilities in respect of the Strategic Report, the Directors' Report and the Financial Statements

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law they have elected to prepare the Financial Statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and applicable law.

Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Financial Statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent Auditor's Report to the members of Standard Chartered NEA Limited

Opinion

We have audited the financial statements of Standard Chartered NEA Limited ("the company") for the year ended 31 December 2018 which comprise the Income Statement, Statements of Comprehensive Income, Financial Position, Changes in Equity and Cash Flows, and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Strategic report and Directors' report

The directors are responsible for the Strategic Report and the Directors' Report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the Strategic report and the Directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the Strategic report and the Directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Independent Auditor's Report to the members of Standard Chartered NEA Limited (continued)

Directors' responsibilities

As explained more fully in their statement set out on page 5, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Richard Rawstron (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
Canary Wharf
London E14 5GL
25 April 2019

Income Statement

for the year ended 31 December 2018

	Note	2018 $000	2017 $000
Interest income	4	2,429	2,534
Interest expense	4	(3,188)	(2,522)
Dividend income		116,921	71,290
Other operating income/(expenses)	5	95	(67)
Operating profit		**116,257**	**71,235**
Profit before taxation		**116,257**	**71,235**
Tax (charge)/credit	6	(6,340)	3,245
Profit for the year		**109,917**	**74,480**

Profit for the year is attributable to the equity shareholders and relates to continuing operations.

Statement of Other Comprehensive Income

for the year ended 31 December 2018

The Company had no comprehensive income for the year ended 31 December 2018 and 31 December 2017 other than the profit for the year. A separate statement of other comprehensive income has therefore not been prepared.

The notes on pages 12 to 19 form part of the Financial Statements.

Statement of Financial Position
as at 31 December 2018

	Note	2018 $000	2017 $000
Non-current assets			
Investments in subsidiaries	9	2,589,801	2,589,801
Current assets			
Amounts owed by group companies	11	107,585	101,731
Corporation tax		2,778	9,334
Other debtors	7	179,033	186,605
Total assets		**2,879,197**	**2,887,471**
Current liabilities			
Demand loans owed to group companies	11	179,033	186,605
Accrued interest payable to group companies		2,137	1,937
Non-current liabilities			
Deferred tax		5,018	5,837
Total liabilities		**186,188**	**194,379**
Equity			
Share capital	8	2,611,280	2,611,280
Retained earnings		81,729	81,812
Total equity		**2,693,009**	**2,693,092**
Total equity and liabilities		**2,879,197**	**2,887,471**

The notes on pages 12 to 19 form part of the Financial Statements.

These Financial Statements were approved by the Board of Directors on 24 APRIL 2019, and were signed on its behalf by:

P S Chambers
Director
London

Statement of Changes in Equity
for the year ended 31 December 2018

	Share capital $000	Retained earnings $000	Total equity $000
Balance at 1 January 2017	2,611,280	72,332	**2,683,612**
Profit for the year	-	74,480	**74,480**
Dividend paid	-	(65,000)	**(65,000)**
Balance at 31 December 2017 / 1 January 2018	**2,611,280**	**81,812**	**2,693,092**
Profit for the year	-	109,917	**109,917**
Dividend paid	-	(110,000)	**(110,000)**
Balance at 31 December 2018	**2,611,280**	**81,729**	**2,693,009**

The notes on pages 12 to 19 form part of the Financial Statements.

Statement of Cash Flows

for the year ended 31 December 2018

	Note	2018 $000	2017 $000
Cash flows from operating activities			
Profit before tax		116,257	71,235
Adjustment for items not involving the movement of funds			
FX translation on intercompany loan due to group companies		(7,572)	21,194
Change in other debtors		7,572	(21,194)
Change in accruals		200	970
Overseas tax and Group tax relief settled		(603)	(6,122)
Net cash from operating activities		**115,854**	**66,083**
Cash flows from financing activities			
Dividend paid		(110,000)	(65,000)
Net cash used in financing activities		**(110,000)**	**(65,000)**
Net cash increase in cash and cash equivalents		**5,854**	**1,083**
Cash and cash equivalents at beginning of year		101,731	100,648
Cash and cash equivalents at end of year	10	**107,585**	**101,731**

The notes on pages 12 to 19 form part of the Financial Statements.

Notes to the Financial Statements
for the year ended 31 December 2018

1. Principal accounting policies

Statement of compliance
The Financial Statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretation Committee (IFRIC) Interpretations as adopted by the European Union (EU) (together 'adopted IFRS').

The Company is exempt by virtue of Section 400 of the Companies Act 2006 from the requirement to prepare consolidated group accounts. These Financial Statements present information about the Company as an individual undertaking and not of its group.

Basis of preparation
At 31 December 2018, the Company had adopted all IFRS and interpretations that had been issued by the International Accounting Standards Board (IASB) and IFRIC, and endorsed by the EU. The accounting policies set out below have been applied consistently across the Company and to all periods presented in these Financial Statements. The Company Financial Statements have been prepared on an historical cost basis.

Functional currency
Items included in the Company Financial Statements are measured using the currency of the primary economic environment in which the entity operates (the functional currency of that entity). The Company's functional and presentational currency is the United States Dollar (USD or $). All financial information presented in USD has been rounded to the nearest thousand, except when otherwise indicated.

Foreign currency transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Non-monetary transactions are translated at historical exchange rates.

Investments
Investment in subsidiary undertakings are stated at cost less impairment and dividends from pre-acquisition profits received prior to 1 January 2010, if any.

Subsidiaries are all entities, including structured entities, which the Company controls. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the investee.

Dividends
Dividends paid on the Company's ordinary equity shares are recognised in the period in which they are declared. Dividends received on equity instruments are recognised in the income statement when the Company's right to receive payment is established.

Interest income and expense
Interest income and expense is recognised in the income statement using the effective interest rate method.

The effective interest rate method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Company estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Expense recharges
Costs and expenses which are incurred in respect of the corporate governance of the Company are recharged by Standard Chartered Group on a cost basis.

Notes to the Financial Statements (continued)

for the year ended 31 December 2018

1. Principal accounting policies (continued)

Estimates and assumptions

The preparation of the Financial Statements requires management to form opinions and to make estimates and assumptions that influence the application of principles and the reported values of assets and liabilities and of income and expenditure. The estimates and the underlying assumptions are constantly assessed. Revisions of estimates are recognised in the period in which the estimate is revised and in future periods for which the revision has consequences. There are no key assumptions concerning the future, or other key sources of estimation uncertainty at the Statement of Financial Position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than biological assets, investment property, inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. For assets other than goodwill, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Taxation

Income tax on profit or loss for the year comprises current and deferred tax and is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustments payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise balances callable on demand or with less than three months maturity from the date of acquisition, including cash and balances with Standard Chartered Bank.

Recently issued accounting pronouncements

The pronouncements issued and have effective dates for periods beginning after 31 December 2018, have been assessed by the Company; none of these pronouncements are expected to result in any adjustments to the Financial Statements.

2. Auditor's remuneration

The auditor's remuneration of $11,621 (2017:$11,217) was borne by the Company.

3. Directors' emoluments

None of the Directors or officers received any fees or emoluments in respect of qualifying services to the Company during the year (2017: nil).

Notes to the Financial Statements (continued)

for the year ended 31 December 2018

4. Financial income and expense

	2018 $000	2017 $000
Interest income from Standard Chartered Bank	2,429	2,534
Interest income	**2,429**	**2,534**
Interest expense to Standard Chartered Bank	(3,188)	(2,522)
Interest expense	**(3,188)**	**(2,522)**

5. Other operating income/(expenses)

	2018 $000	2017 $000
Foreign exchange gain/(loss)	124	(19)
Other expenses	(29)	(48)
Other operating income/(expenses)	**95**	**(67)**

Notes to the Financial Statements (continued)
for the year ended 31 December 2018

6. Taxation

Analysis of taxation charge/(credit) for the year

	2018 $000	2017 $000
The charge/(credit) for taxation based upon the profit for the year comprises:		
Current tax:		
United Kingdom corporation tax at 19% (2017: 19.25%)		
Current tax on income for the year	1,313	(4,092)
Adjustments in respect of prior years	-	(5,243)
Overseas tax:		
Current tax on income for the year	5,846	3,565
Deferred tax:		
Origination/ (reversal) of temporary differences	(819)	2,525
Tax charge/(credit) on loss on ordinary activities	**6,340**	**(3,245)**

Explanation of the relationship between tax charge and accounting profit

	2018 $000	2017 $000
Profit on ordinary activities before taxation	116,257	71,235
Tax charge at 19% (2017: 19.25%)	22,089	13,712
Effects of:		
Disallowed expenses	1,439	(4,080)
Unremitted earning and overseas tax	5,027	6,090
Non taxable dividend income	(22,215)	(13,724)
Adjustments in respect of prior periods	-	(5,243)
Tax charge/(credit) on loss on ordinary activities	**6,340**	**(3,245)**

The UK corporation tax rate is 19% for the year ended 31 December 2018. The UK corporation tax rate is 19.25% for the year ended 31 December 2017, on account of a reduction in the UK corporation tax rate from 20 percent to 19 percent, effective from 1 April 2017.

Deferred tax

The following are the major deferred tax liabilities recognised by the Company

	2018	2017
	$000	$000
Withholding tax on unremitted earnings from overseas subsidiary	5,018	5,837
At 31 December	**5,018**	**5,837**

The movement in net deferred tax liability comprises:

	2018	2017
	$000	$000
At 1 January	5,837	3,312
(Credit)/charge to income statement	(819)	2,525
At 31 December	**5,018**	**5,837**

The Company has provided deferred tax on the withholding tax arising on unremitted earnings from overseas subsidiaries on the basis that a dividend of KRW 112,000,000,000 ($100,366,774) using the December 2018 exchange rate of 1115.9) was paid on 29 March 2019. Accordingly, the earnings were expected to be remitted in the foreseeable future. The deferred tax liability is reached by applying the expected Korean WHT on dividends (5%) to this dividend as at 31 December 2018.

In 2018, the Company has not provided a deferred tax liability on the withholding tax arising on unremitted earnings from overseas subsidiaries of $1083 million (2017: $840 million) as at the Balance Sheet date, it is not anticipated these profits will be remitted in the foreseeable future.

Current liabilities

	2018	2017
	$000	$000
Corporation tax payable through group relief to group undertaking	(2,779)	(9,334)

7. **Other debtors**

	2018	2017
	$000	$000
Other debtors	179,033	186,605

During April and May 2015, the Company paid KRW 199.8 billion in corporate income tax and local income surtax to the Korean tax authorities. Based on external legal advice, the Directors are confident that the Company will recover this amount through ongoing litigation with the Korean Tax Authorities. The amount of KRW 199.8 billion (equivalent to $179.0 million at 31 December 2018 and $186.6 million at 31 December 2017) has therefore been recognised as other debtors.

8. Called up share capital

	2018 $000	2017 $000
Issued and fully paid		
2,611,280,281 (2017: 2,611,280,281) Ordinary shares of US $1.00 each	2,611,280	2,611,280

9. Investment in subsidiaries

	2018 $000	2017 $000
Cost at 1 January	4,583,801	4,583,801
Cost at 31 December	**4,583,801**	**4,583,801**
Impairment at 1 January	(1,994,000)	(1,994,000)
Impairment at 31 December	**(1,994,000)**	**(1,994,000)**
Net book value at 31 December	**2,589,801**	**2,589,801**

The subsidiary undertaking of the Company is as follows:

Investment	Place of incorporation	Type of holding	% Holding 2018	% Holding 2017	Principal activity
Standard Chartered Bank Korea Limited	Korea	Direct	100	100	Banking

In 2018, no impairment charge against the investment in subsidiary has been recognised. The recoverable amount of Standard Chartered Bank Korea Limited ("SCBK") is measured based on value-in-use ("VIU"). ViU is calculated using five-year cash flow projections and an estimated terminal value based on a perpetuity value after year five. The cash flow projections are based on forecasts approved by management up to 2023. The perpetuity terminal value amount is calculated using year five cash flows using long-term growth rates. All cash flows are discounted using a post-tax discount rate which reflect risk premiums and rates of returns appropriate to the environment in which the subsidiary operates. The VIU of $3,327m (2017: $2,650m) results in headroom of $737m (2017: $60m) using local risk free discounted rate adjusted for equity premium 12.35% (2017: 13.81%*). A 50 basis point upward shift in the discount rate would result in headroom of $556m (2017: $65 million impairment charge). The break-even point is 14.8% (2017: 14.0%).

*In 2017, a three-year average historical discount rate was used.

10. Cash and cash equivalents

	2018 $000	2017 $000
Amounts owed by Standard Chartered Bank	107,585	101,731

11. Related parties

Directors and officers
None of the Directors or officers received any fees or emoluments from the Company during the year (2017: nil).

Company

	2018 $000	2017 $000
Assets		
Amount due from Standard Chartered Bank	107,585	101,731
Total	**107,585**	**101,731**
Liabilities		
Amount due to Standard Chartered Bank	(179,033)	(186,605)
Total	**(179,033)**	**(186,605)**

The Company is a wholly owned subsidiary of Standard Chartered Bank, a company incorporated in England with limited liability by Royal Charter.

The Company has an interest bearing current account owed by Standard Chartered Bank of $108 million (2016: $102 million).

Related undertakings of the Company
Subsidiaries

Name and registered address	Country of Incorporation	Type of Holding	Proportion of shares held (%)
The following companies have the address of 47 Jongno, Jongno-gu, Seoul, 110-702, Republic of Korea.			
Standard Chartered Bank Korea Limited	Republic of Korea	Direct	100
Standard Chartered Securities Korea Limited	Republic of Korea	Indirect	100

Significant investment holdings

Name and registered address	Country of Incorporation	Type of Holding	Proportion of shares held (%)
The following company has the address of 146-8 Chusa-ro Sinam-myeon, Yesan-gun Chungnam, Republic of Korea.			
Daiyang Metal Company Ltd	Republic of Korea	Indirect	23.1

Notes to the Financial Statements (continued)

for the year ended 31 December 2018

12. Risk management

(a) Credit risk

Credit risk is the risk that a counterparty to a financial instrument will cause a financial loss for the Company by failing to discharge an obligation. Financial instruments for the year comprised inter group balances and investments. The Standard Chartered Group has policies and procedures in place to manage risk so the credit risk is not significant from amounts owed by group undertakings. Investments are stated at cost less impairment. The Company's exposure to credit risk from investments is not significant

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Liquidity risk is mitigated as both investing and funding decisions are within the control of the ultimate parent undertaking.

(c) Foreign currency risk

Foreign currency risk is the risk of a loss from assets or liabilities denoted in a foreign currency. The net assets of the Company are denominated in United States dollars ("USD").

(d) Market risk

Market risk is the exposure created by potential changes in market prices and rates. The Company is not exposed to any significant market risk. The Company has no significant exposures as its transactions and balances are confined within the group.

13. Capital Management

The Company's primary objective in respect of capital management is to ensure that it has sufficient capital now and in the future to support the risks in the business.

The Company is not subject to externally imposed capital requirements in either the current year or the prior year, other than the minimum share capital required by the Companies Act with which it complies. The Company manages its ordinary share capital in order that there is sufficient capital, in the opinion of the directors, to support the transactions and level of business undertaken by the Company.

14. Ultimate holding and parent undertaking of larger group

The Company is a subsidiary undertaking of Standard Chartered Bank a company incorporated in England with limited liability by Royal Charter. The smallest group in which the results of the Company are consolidated is that headed by Standard Chartered Bank. The ultimate holding company is Standard Chartered PLC registered in England and Wales.

The largest group in which the results of the Company are consolidated is that headed by Standard Chartered PLC. The consolidated Financial Statements of this company are available to the public and may be obtained from the Company Secretary at 1 Basinghall Avenue, London EC2V 5DD.

15. Post balance sheet event

On 16 January 2019, the Company's subsidiary Standard Chartered Bank Korea Limited declared a dividend of KRW 500 billion ($443 million), following Korea regulatory approval granted in January 2019. This was paid on 28 January 2019 after deducting, Korean withholding tax of 5% of KRW 25 billion ($22.1 million) and will be reflected in the Financial Statements for the year ended 31 December 2019.

On 29 March 2019, Standard Chartered Bank Korea Limited declared a dividend of KRW 112 billion ($94 million) to the Company. This was paid on the same day after deducting, Korean withholding tax of 5% of KRW 5.6 billion ($4.9 million) and, since the dividend was anticipated at Balance Sheet date, the tax has been reflected as a deferred tax liability in the Financial Statements for the year ended 31 December 2018.

On 8 March 2019, the Company paid a $428 million dividend to its parent company, Standard Chartered Bank.