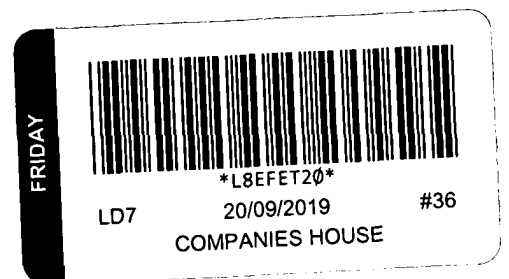


Standard Chartered I H Limited

Strategic Report, Directors' Report and Financial Statements

For the year ended 31 December 2018

Registered Number: 08414408



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Strategic Report

Principal activity and strategies

The principal activity of Standard Chartered I H Limited (the "Company") throughout the year was that of an investment 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 transactions which the Company has entered into. Monthly management accounts are prepared and reviewed by the management of Standard Chartered PLC (the "Group"). The Company forms part of the Group and this is not expected to change in the foreseeable future.

Economic environment

The economic environment does not directly impact the Company, however, given the geographical diversity of the underlying investments, it is indirectly impacted through changes in the economic environment in which each direct or indirect subsidiary operate. The management of each individual subsidiary is responsible for devising appropriate strategies in line with the economic environment it operates in.

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 Company is that of a fall in value of the underlying investments and dividend remittance restrictions in the jurisdictions in which the Company's subsidiaries operate. This risk can be mitigated by creating structures whereby companies experiencing such restrictions are transferred to other companies within the Group.

Business review

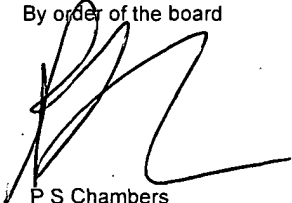
During the year the Company reported a loss of \$25.6 million after tax (2017: \$22.0 million).

The Company has interest bearing receivables from group companies of \$581 million (2017: \$733 million) and interest bearing loans owed to group companies of \$298 million (2017: \$298 million).

Employees

The Company has no employees (2017: nil).

By order of the board



P S Chambers
Director
Company registration number - 08414408
Date: 29 August 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.

Principal activities

The principal activity of the Company throughout the year was that of a holding company with the purpose of earning dividends from its investments.

Key Performance Indicator

Given the nature of business conducted by the Company, the key performance indicator used by management in assessing the performance of the Company is monitoring of the cash flows from specific underlying transactions which the Company has entered into. Monthly management accounts are prepared and reviewed by the management of Standard Chartered PLC Group. The Company forms part of the Group and this is not expected to change in the foreseeable future.

Financial instruments

Financial instruments entered into during the year comprised amounts due from the Company's subsidiary undertakings and amounts due to Group undertakings.

Results and dividends

The results of the Company are set out from pages 8 to 24. The Company received a dividend of \$19.0 million during the year (2017: \$nil).

The Directors do not recommend the payment of a dividend (2017: nil).

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

Having made appropriate enquiries, we consider that the Company and the Group as a whole have adequate resources to continue as an operational businesses for the foreseeable future and therefore continued to adopt the going concern basis in preparing the Financial Statements. Standard Chartered Plc, the Company's indirect parent has given an undertaking to provide such financial assistance as is necessary for the Company fulfil its financial obligations.

Directors

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

P S Chambers

C J Daniels

H A Strachan, as alternate director to C J Daniels, resigned on 10 December 2018

S S Rai, as 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 13.

Post balance sheet events

In 2019, the Company received a \$141m capital injection from its parent, of which it then injected \$140m into its subsidiary, FinVentures UK Limited. The carrying amount of FinVentures UK Limited at 31 December 2018 was nil and the incremental investment made in 2019 was fully impaired upon injection.

The Company also received \$4.1m dividend from its subsidiary, Standard Chartered Leasing (UK) 2 Limited resulting in a \$3.7m impairment in its investment in the subsidiary.

Directors' Report

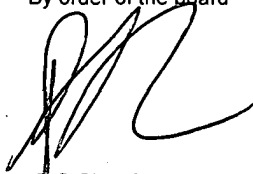
Disclosure of information to auditor

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.

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 - 08414408
Date: 29 August 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 I H Limited

Opinion

We have audited the financial statements of Standard Chartered I H 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 loss 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 of 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 I H Limited

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.

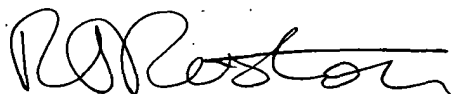
Auditor's responsibilities

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

29 August 2019

Income Statement

for the year ended 31 December 2018

	Note	2018 \$000	2017 \$000
Interest income	4	18,675	27,225
Interest expense	4	(21,219)	(25,277)
Dividend income		19,000	-
Realised gain on derivatives contracts		-	305
Total operating income		16,456	2,253
Operating expenses	5	(4,851)	(2,993)
Impairment of investment in subsidiaries	7	(37,669)	(20,796)
Loss before taxation		(26,064)	(21,536)
Tax credit/(charge)	6	488	(424)
Loss for the year		(25,576)	(21,960)

Loss 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 years ended 31 December 2018 and 31 December 2017 other than the loss for the year. A separate statement of other comprehensive income has therefore not been prepared.

The notes on pages 12 to 24 form part of the Financial Statements.

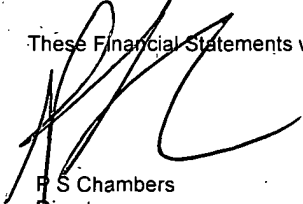
Statement of Financial Position

as at 31 December 2018

	Note	2018 \$000	2017 \$000
Non-current assets			
Investment in subsidiaries	7	165,108	162,777
Amount due from group companies	11	310,720	456,905
Current assets			
Amount due from group companies	11	270,487	276,577
Interest receivable from group companies	11	1,478	1,010
Amount due from group companies for UK tax losses	11	64	215
Total assets		747,857	897,484
Non-current liabilities			
Amount owed to group companies		--	67,120
Current liabilities			
Amount owed to group companies	11	727,438	831,697
Accrued interest payable to group companies	11	22,078	14,273
Total liabilities		749,516	913,090
Equity			
Share capital	9	251,700	211,700
Accumulated losses		(253,359)	(227,306)
Total equity		(1,659)	(15,606)
Total equity and liabilities		747,857	897,484

The notes on pages 12 to 24 form part of the Financial Statements.

These Financial Statements were approved by the Board of Directors on 29 August 2019, and were signed on its behalf by:


P S Chambers
Director
London
Date: 29 August 2019

Statement of Changes in Equity

for the year ended 31 December 2018

	Share capital \$000	Accumulated losses \$000	Total \$000
Balance at 1 January 2017	211,700	(205,346)	6,354
Loss for the year	-	(21,960)	(21,960)
Balance at 31 December 2017	211,700	(227,306)	(15,606)
Impact of adopting IFRS 9	-	(477)	(477)
Balance at 01 January 2018	211,700	(227,783)	(16,083)
Loss for the year	-	(25,576)	(25,576)
Shares issued during the year	40,000	-	40,000
Balance at 31 December 2018	251,700	(253,359)	(1,659)

The notes on pages 12 to 24 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			
Loss before tax		(26,064)	(21,536)
Adjustment for items not involving the movement of funds			
Impairment of investment in subsidiaries	7	37,669	20,796
Changes in:			
Accrued interest receivable from group companies		(468)	463
Intercompany balances		151,798	(545,005)
Accrued interest payable to group companies		7,805	2,512
UK tax recovered		639	761
Net cash from/(used in) operating activities		171,379	(542,009)
Cash flows from investing activities			
Additions of investment in subsidiaries		(40,000)	-
Net cash used in investing activities		(40,000)	-
Cash flows from financing activities			
Issue of ordinary share capital		40,000	-
Net cash from financing activities		40,000	-
Net cash increase/(decrease) in cash and cash equivalents		171,379	(542,009)
Cash and cash equivalents at beginning of year		(600,915)	(58,906)
Cash and cash equivalents at end of year	10	(429,536)	(600,915)

The notes on pages 12 to 24 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 a going concern basis.

The directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

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.

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.

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 the Group on a cost basis.

Notes to the Financial Statements (continued)

for the year ended 31 December 2018

1 Principal accounting policies (continued)

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.

Investments

Investment in subsidiary undertakings are stated at cost less impairment and dividends from pre-acquisition profits received prior to 01 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.

Financial instruments

Financial assets which have SPPI characteristics and that are held within a business model whose objective is to hold financial assets to collect contractual cash flows ('hold to collect') are recorded at amortised cost. Conversely, financial assets which have SPPI characteristics but are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets ('hold to collect and sell') are classified as held at FVOCI.

Financial assets which are not held at amortised cost or that are not held at fair value through other comprehensive income are held at fair value through profit or loss. Financial assets and liabilities held at fair value through profit or loss are either mandatorily classified fair value through profit or loss or irrevocably designated at fair value through profit or loss at initial recognition.

The Company's financial assets are held at mandatorily fair value through profit or loss and amortised cost.

Financial liabilities that are not financial guarantees or loan commitments and that are not classified as financial liabilities held at fair value through profit or loss are classified as financial liabilities held at amortised cost.

Fair values of financial assets and financial liabilities

The fair value of financial assets is determined by reference to their quoted market price at the balance sheet date. If the market for a financial instrument is not active and for unlisted securities, the Company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants. For all other financial assets and financial liabilities, such as intra group balances borrowed or owed and interest receivables, the carrying value approximates to the fair value.

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. In instances when Standard Chartered Bank provides funding which is repayable on demand this is also included in cash and cash equivalents.

Share capital

Incremental costs directly attributable to the issue of new shares or options or to the acquisition of a business are shown in equity as a deduction, net of tax, from the proceeds.

Loans and receivables

These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

Notes to the Financial Statements (continued)

for the year ended 31 December 2018

1 Principal accounting policies (continued)

Credit Impairment

Effective from 1 January 2018, we have adopted the impairment requirements of IFRS 9 Financial Instruments, where expected credit losses are determined for all financial assets that are classified as amortised cost or fair value through other comprehensive income. Expected credit losses are computed as an unbiased, probability-weighted amount determined by evaluating a range of plausible outcomes, the time value of money, and considering all reasonable and supportable information including that which is forward-looking. The expected credit losses are recognised in three stages as explained below:

Stage 1: 12 months expected credit losses are recognised at the time of initial recognition of a financial instrument. These represent the lifetime cash shortfalls arising from possible default events up to 12 months into the future from the balance sheet date.

Stage 2: If a financial asset experiences a significant increase in credit risk since initial recognition, an expected credit loss provision is recognised for default events that may occur over the lifetime of the asset. Significant increase in credit risk is assessed by comparing the risk of default of an exposure at the reporting date to the risk of default at origination (after taking into account the passage of time).

Stage 3: Financial assets that are credit impaired (or in default) represent those that are at least 90 days past due in respect of principal and/or interest. Loss provisions against credit impaired financial assets are determined based on an assessment of the recoverable cash flows under a range of scenarios, including the realisation of any collateral held where appropriate. The loss provisions held represent the difference between the present value of cash flows expected to be recovered, discounted at the instrument's original effective interest rate, and the gross carrying value of the instrument prior to any credit impairment.

Other Impairment

At each reporting date, the Company reviews the carrying amounts of its financial assets (excluding financial assets classified as amortised cost or fair value through other comprehensive income) and 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 inflows, discounted to their present value using a pre-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 has been recognised.

Recently issued accounting pronouncements

The pronouncements issued have effective dates for periods 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.

Notes to the Financial Statements (continued)

for the year ended 31 December 2018

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).

4 Interest income and expense

	2018	2017
	\$000	\$000
Interest from group companies	18,675	27,225
Interest income	18,675	27,225
Interest expense to group companies	(21,219)	(25,277)
Interest expense	(21,219)	(25,277)

5 Operating expenses

	2018	2017
	\$000	\$000
Amortisation of loan premium	3,320	2,945
Other expenses	29	48
Loss on loans mandatorily at fair value through profit or loss	1,502	-
Total	4,851	2,993

Notes to the Financial Statements (continued)

for the year ended 31 December 2018

6 Taxation

Analysis of tax (credit)/charge for the year

	2018	2017
	\$000	\$000
The (credit)/charge for taxation based upon the loss for the year comprises:		
Current tax:		
United Kingdom corporation tax at 19.00% (2017: 19.25%)		
Current tax on income for the year	(488)	424
Adjustments in respect of prior periods	-	-
Tax (credit)/charge on loss on ordinary activities	(488)	424

Explanation of the relationship between tax (credit)/charge and accounting losses

	2018	2017
	\$000	\$000
Loss on ordinary activities before taxation	(26,064)	(21,536)
Tax credit at 19.00% (2017: 19.25%)	(4,952)	(4,146)
Effects of:		
Disallowable impairment	7,789	4,570
Non taxable dividend income	(3,610)	-
Disallowable fair value change in intercompany loan	285	-
Tax (credit)/charge on loss on ordinary activities	(488)	424

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. On 16 March 2016, the UK Government announced a reduction to the future main rate of UK Corporation Tax to 17 percent, effective from 1 April 2020. This rate change has been substantively enacted at the balance sheet date and accordingly has been reflected in these Financial Statements for deferred tax.

Notes to the Financial Statements (continued)

for the year ended 31 December 2018

7. Investment in subsidiaries

	2018 \$000	2017 \$000
Cost at 1 January	484,603	484,603
Additions	40,000	-
Cost at 31 December	524,603	484,603
Impairment on investments:		
Opening provision	(321,826)	(301,030)
Impairment charge during the year	(37,669)	(20,796)
Impairment at 31 December	(359,495)	(321,826)
Net book value at 31 December	165,108	162,777

The subsidiary undertakings of the Company are as follows:

Investment	Place of incorporation	% Holding		Principal activity
		2018	2017	
FinVentures UK Limited	United Kingdom	100	100	Investment holding company
Standard Chartered Leasing (UK) 2 Limited	United Kingdom	100	100	Leasing
Pembroke Group Limited	Isle of Man	100	100	Holding company

During 2018, the Company invested \$40 million into new equity issued by FinVentures UK Limited. This investment was fully impaired. The impairment recognised by the Company reflects the lower of the carrying amount and fair value of investment in FinVentures UK Limited and includes the expected recoverable amount in respect of its underlying subsidiaries. The carrying value as at 31 December 2018 of the Company's investment in FinVentures UK Limited amounts to nil (2017: nil).

During the year, the Company reversed its impairments on investments in Pembroke Group Limited by \$21.3 million (2017: impairment charge of \$19.0 million). The recoverable amount determined for the investment in Pembroke Group Limited reflects the recoverable amount of the assets held by the subsidiary including the aircraft held. The valuation of the aircraft is determined as the higher of the current market value and the value in use determined by reference to future lease income which potentially will be earned from the assets and the net selling price less costs of disposals. In discounting the future income a discount rate factoring the credit risk of underlying clients is used. Following the reversal of impairment made during the year, the Company's carrying value of Pembroke Group Limited amounts to \$161.3 million (2017: \$140.0 million).

In 2018, the Company impaired its investment in Standard Chartered Leasing (UK) 2 Limited by \$19.0 million (2017: \$1.8 million). The impairment charge was mainly due to reduction in share capital and consequently, the fall in the net assets of the subsidiary to \$4.2million (2017: \$22.8 million).

Notes to the Financial Statements (continued)

for the year ended 31 December 2018

8 Financial instrument held at fair value through profit or loss

Assets	Assets at fair value	
	Held at fair value through profit or loss \$000	Total \$000
Amounts due from subsidiaries - Interest bearing	112,631	112,631

Level 1 portfolio

Level 1 assets and liabilities are typically exchange traded positions and some government bonds traded in active markets. These positions are valued using quoted prices in active markets.

Level 2 portfolio

Where instruments are not quoted in an active market the Group utilises a number of valuation techniques to determine fair value. These valuation techniques include discounted cash flow analysis models, option pricing models, simulation models and other standard models commonly used by market participants. Valuation techniques incorporate assumptions 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.

Level 3 portfolio

Level 3 assets are valued using techniques similar to those outlined for Level 2, except that if the instrument has one or more inputs that are unobservable and significant to the fair value measurement of the instrument in its entirety, it will be classified as Level 3.

Assets	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
Held at fair value through profit or loss	-	112,631	-	112,631
At 31 December 2018	-	112,631	-	112,631

9 Share capital

	2018 \$000	2017 \$000
Issued and fully paid		
251,700,001 (2017: 211,700,001) shares of US \$1.00 each	251,700	211,700

In 2018, the Company increased its share capital by 40 million ordinary shares with a nominal value of USD1 each which was subscribed by its parent company Standard Chartered Holding Limited. On the same day the Company invested this amount into new equity issued by FinVentures UK Limited.

10 Cash and cash equivalents

	2018 \$000	2017 \$000
Amount owed to Standard Chartered Bank	(429,536)	(600,915)

Notes to the Financial Statements (continued)

for the year ended 31 December 2018

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	2017
	\$000	\$000
Assets		
Non Current Assets		
Amounts due from subsidiaries - interest bearing	310,720	456,905
Current Assets		
Amounts due from subsidiaries - interest bearing	270,487	276,577
Amounts due from group companies for UK tax losses	64	215
Interest receivable from group companies	1,478	1,010
Total	582,749	734,707
Liabilities		
Non Current Liability		
Standard Chartered Group - interest bearing loans	-	(67,120)
Current Liabilities		
Standard Chartered Group - interest bearing loans	(297,902)	(230,782)
Standard Chartered Bank - non interest bearing loans	(429,536)	(600,915)
Accrued interest payable to group companies	(22,078)	(14,273)
Total	(749,516)	(913,090)

The Company's interest bearing loans to Pembroke Group Limited and FinVentures UK Limited earn interest at 2.91% (2017: 2.90%) p.a. and 2.60% (2017: 1.75%) p.a. respectively. The interest bearing deposit with Standard Chartered Bank earns interest at 2.18% (2017: 1.22%) p.a. The interest bearing loan with Standard Chartered PLC is charged interest at 3.59% (2017: 2.48%) p.a.

The Finance Act (No 2) 2015 introduced legislation to levy a surcharge of 8% on the profits of banking companies from 1 January 2016. With this change in tax rate in 2016, all intercompany balances due from and to group companies, were charged interest from 1 January 2016 onwards.

In accordance to the UK Company accounts guidance, the Company, not being a large sized entity, has opted for exemption from related party transactions disclosure.

Related undertakings of the Company are provided in note 17.

Notes to the Financial Statements (continued)

for the year ended 31 December 2018

11 Related Parties (continued)

The maturity profile of the receivables and payables is as follows:

	2018				TOTAL \$000
	3 months or less \$000	Between 3 months and 1 year \$000	1-5 years \$000	More than 5 years \$000	
Amounts due from subsidiaries	166,397	104,090	310,720	-	581,207
Amounts due to Standard Chartered Group	(67,120)	(230,782)	-	-	(297,902)

	2017				TOTAL \$000
	3 months or less \$000	Between 3 months and 1 year \$000	1-5 years \$000	More than 5 years \$000	
Amounts due from subsidiaries	203,675	72,902	362,821	94,084	733,482
Amounts due to Standard Chartered Group	-	(230,782)	(67,120)	-	(297,902)

12 Transition to IFRS9 Financial Instruments

On 1 January 2018, the Group adopted IFRS 9 which has been endorsed by the EU. IFRS 9 replaced IAS 39 Financial Instruments: Recognition and Measurement and introduced new requirements for the classification and measurement of financial assets and financial liabilities, a new model for recognising loan loss provisions based on expected losses and provide for simplified hedge accounting by aligning hedge accounting more closely with an entity's risk management methodology.

IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. For financial liabilities, there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss.

There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. Expected Credit Losses are determined for financial debt instruments classified at amortised cost or fair value through other comprehensive income, undrawn commitments and financial guarantees. The expected credit losses are recognised in three stages as explained below:

Stage 1: 12 months expected credit losses are recognised at the time of initial recognition of a financial instrument. These represent the lifetime cash shortfalls arising from possible default events up to 12 months into the future from the balance sheet date.

Stage 2: If a financial asset experiences a significant increase in credit risk since initial recognition, an expected credit loss provision is recognised for default events that may occur over the lifetime of the asset. Significant increase in credit risk is assessed by comparing the risk of default of an exposure at the reporting date to the risk of default at origination (after taking into account the passage of time).

Stage 3: Financial assets that are credit impaired (or in default) represent those that are at least 90 days past due in respect of principal and/or interest. Loss provisions against credit impaired financial assets are determined based on an assessment of the recoverable cash flows under a range of scenarios, including the realisation of any collateral

Notes to the Financial Statements (continued)

for the year ended 31 December 2018

12 Transition to IFRS9 Financial Instruments (continued)

held where appropriate. The loss provisions held represent the difference between the present value of cash flows expected to be recovered, discounted at the instrument's original effective interest rate, and the gross carrying value of the instrument prior to any credit impairment.

The changes in measurement arising on initial application of IFRS 9 have been incorporated through an adjustment to the opening reserves and retained earnings position as at 1 January 2018. Although IFRS 9 has been retrospectively applied, the Group is only permitted to restate comparatives if, and only if, it is possible without the use of hindsight. The Group does not consider it possible to restate comparatives for impairment without the use of hindsight. If comparatives were to be restated, they must incorporate all of the requirements of IFRS 9.

The impact of IFRS 9 was the reclassification and measurement of the amounts due from group undertakings. \$164.4 million of amounts due from group undertakings have been reclassified to fair value through profit or loss as at 1 January 2018 resulting in a \$0.5 million charged to retained earnings.

Statement of Financial Position

	31 Dec 2017 IAS 39 Measurement category	31 Dec 2017 IAS 39 Carrying amount \$000	01 Jan 2018 IFRS 9 Remeasure ment \$000	01 Jan 2018 IFRS 9 Measurement category	01 Jan 2018 IFRS 9 Carrying amount \$000
Non-current assets					
Investment in subsidiaries	Amortised cost	162,777	-	Amortised cost	162,777
Amount due from group companies	Amortised cost	456,905	(83,015)	Amortised cost	373,890
Amount due from group companies	Amortised cost	-	82,991	FVTPL	82,991
Current assets					
Amount due from group companies	Amortised cost	276,577	(81,360)	Amortised cost	195,217
Amount due from group companies	Amortised cost	-	80,907	FVTPL	80,907
Interest receivable from group companies	Amortised cost	1,010	-	Amortised cost	1,010
Amount due from group companies for UK tax losses	Amortised cost	215	-	Amortised cost	215
Total assets		897,484	(477)		897,007
Current liabilities					
Amount owed to group companies	Amortised cost	831,697	-	Amortised cost	831,697
Accrued interest payable to group companies	Amortised cost	14,273	-	Amortised cost	14,273
Non-current liabilities					
Amount owed to group companies	Amortised cost	67,120	-	Amortised cost	67,120
Total liabilities		913,090	-		913,090
Equity					
Share capital	Amortised cost	211,700	-	Amortised cost	211,700
Accumulated losses	Amortised cost	(227,306)	(477)	Amortised cost	(227,783)
Total equity		(15,606)	(477)		(16,083)
Total equity and liabilities		897,484	(477)		897,007

Notes to the Financial Statements (continued)

for the year ended 31 December 2018

13 Risk management

(a) Credit risk

Credit risk arises from the possibility that the counterparty in a transaction may default. The Company's credit risk is primarily attributable to amounts due from other Group undertakings. Standard Chartered Group has policies and procedures in place to manage risk so that the credit risk from amounts owed by Group undertakings is not considered 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. The Company's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

(c) Interest rate risk

Interest rate risk is the risk that the value of interest-bearing securities will fluctuate due to changes in market interest rates. All loans are due to/from group companies. Interest rate risk for the Group is managed by local ALM desks under the supervision of local Asset and Liability Committees.

(d) Foreign currency risk

Most of the net assets of the Company are denominated in United States dollars ("USD").

(e) 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.

14 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.

15 Ultimate holding and parent undertaking of larger group

The Company is a subsidiary undertaking of Standard Chartered Holdings Limited a company incorporated in England with limited liability. The largest and smallest 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.

16 Post balance sheet events

In 2019, the Company received a \$141m capital injection from its parent, of which it then injected \$140m into its subsidiary, FinVentures UK Limited. The carrying amount of FinVentures UK Limited at 31 December 2018 was nil and the incremental investment made in 2019 was fully impaired upon injection.

The Company also received \$4.1m dividend from its subsidiary, Standard Chartered Leasing (UK) 2 Limited resulting in a \$3.7m impairment in its investment in the subsidiary.

Notes to the Financial Statements (continued)

for the year ended 31 December 2018

17. Related undertakings of the Company

Subsidiaries

Company	Country of incorporation	Type of holding	Proportion of shares held (%)	Registered address
FinVentures UK Limited	United Kingdom	Direct	100.00	1 Basinghall Avenue, London, EC2V 5DD, United Kingdom
Ocean Horizon Holdings East Limited	Jersey	Indirect	100.00	Lime Grove House, Green Street, St Helier, JE1 2ST, Jersey
Ocean Horizon Holdings South Ltd	Cayman Islands	Indirect	100.00	Cayman Corporate Centre, 27 Hospital Road, George Town, Grand Cayman, KY1-9008, Cayman Islands
Ocean Horizon Holdings West Limited	Jersey	Indirect	100.00	4/F St Pauls Gate, 22-24 New Street, St Helier, Jersey, Channel Islands, JE1 4TR, Jersey
SCPEK IV	Korea, Republic of	Indirect	41.41	17th Floor, 100, Gongpyeong-dong, Jongno-gu, Seoul, Korea, Republic of, Korea, Republic of
Standard Chartered Corporate Private Equity (Cayman) Limited	Cayman Islands	Indirect	100.00	c/o Walkers Corporate Limited, Cayman Corporate Centre, 27 Hospital Road, George Town, Grand Cayman, KY1-9008, Cayman Islands
Standard Chartered IL&FS Asia Infrastructure Growth Fund, L.P.	Cayman Islands	Indirect	38.58	c/o Mourant Ozannes Corporate Services (Cayman) Limited, 94 Solaris Avenue, Camana Bay, PO Box 1348, Grand Cayman, KY1-1108, Cayman Islands
Standard Chartered International Partners	Cayman Islands	Indirect	100.00	c/o Walkers Corporate Limited, Cayman Corporate Centre, 27 Hospital Road, George Town, Grand Cayman, KY1-9008, Cayman Islands
Standard Chartered Private Equity (Cayman) Limited	Cayman Islands	Indirect	100.00	c/o Walkers Corporate Limited, Cayman Corporate Centre, 27 Hospital Road, George Town, Grand Cayman, KY1-9008, Cayman Islands
Standard Chartered Private Equity (Singapore) Pte. Ltd	Singapore	Indirect	100.00	Marina Bay Financial Centre (Tower 1), 8 Marina Boulevard, Level 23, 018981, Singapore
Standard Chartered Private Equity Korea II	Korea, Republic of	Indirect	100.00	17th Floor, 100, Gongpyeong-dong, Jongno-gu, , Seoul, Korea, Republic of
Standard Chartered Private Equity Managers (Singapore) Pte. Ltd	Singapore	Indirect	100.00	Marina Bay Financial Centre (Tower 1), 8 Marina Boulevard, Level 23, 018981, Singapore
Pembroke Group Limited	Isle of Man	Direct	100.00	Fort Anne, Douglas, Isle of Man, IM1 5PD, Isle of Man
Pembroke Capital Limited	Ireland	Indirect	100.00	32 Molesworth St, Dublin 2, D02 Y512, Ireland
Canas Leasing Limited Dissolved 10/04/2019	Ireland	Indirect	50.00	32 Molesworth St, Dublin 2, D02 Y512, Ireland
Elviria Leasing Limited Dissolved 10/04/2019	Ireland	Indirect	50.00	32 Molesworth St, Dublin 2, D02 Y512, Ireland
Inishbrophy Leasing Limited	Ireland	Indirect	100.00	32 Molesworth St, Dublin 2, D02 Y512, Ireland
Inishcannon Leasing Limited	Ireland	Indirect	100.00	32 Molesworth St, Dublin 2, D02 Y512, Ireland
Inishcorky Leasing Limited	Ireland	Indirect	100.00	32 Molesworth St, Dublin 2, D02 Y512, Ireland
Inishcrean Leasing Limited	Ireland	Indirect	100.00	32 Molesworth St, Dublin 2, D02 Y512, Ireland
Inishdawson Leasing Limited	Ireland	Indirect	100.00	32 Molesworth St, Dublin 2, D02 Y512, Ireland
Inisherkin Leasing Limited	Ireland	Indirect	100.00	32 Molesworth St, Dublin 2, D02 Y512, Ireland
Inishgort Leasing Limited	Ireland	Indirect	100.00	32 Molesworth St, Dublin 2, D02 Y512, Ireland
Inishlynch Leasing Limited	Ireland	Indirect	100.00	32 Molesworth St, Dublin 2, D02 Y512, Ireland
Inishoo Leasing Limited	Ireland	Indirect	100.00	32 Molesworth St, Dublin 2, D02 Y512, Ireland
Inishquirk Leasing Limited	Ireland	Indirect	100.00	32 Molesworth St, Dublin 2, D02 Y512, Ireland
Inishtubrid Leasing Limited	Ireland	Indirect	100.00	32 Molesworth St, Dublin 2, D02 Y512, Ireland
Nightjar Limited	Ireland	Indirect	100.00	32 Molesworth St, Dublin 2, D02 Y512, Ireland

Standard Chartered I H Limited (Registered Number: 08414408)
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Notes to the Financial Statements (continued)

for the year ended 31 December 2018

Company	Country of incorporation	Type of holding	Proportion of shares held (%)	Registered address
Pembroke 7006 Leasing Limited (Dissolved 02/04/2019)	Ireland	Indirect	100.00	32 Molesworth St, Dublin 2, D02 Y512, Ireland
Pembroke Alpha Limited (Dissolved 02/04/2019)	Ireland	Indirect	100.00	32 Molesworth St, Dublin 2, D02 Y512, Ireland
Pembroke B717 Holdings B.V. (Dissolved 19/04/2019)	Netherlands	Indirect	100.00	Hoogoorddreef 15, 1101 BA, Amsterdam, Netherlands
Pembroke Holland B.V.	Netherlands	Indirect	100.00	Hoogoorddreef 15, 1101 BA, Amsterdam, Netherlands
Pembroke Capital Shannon Limited	Ireland	Indirect	100.00	32 Molesworth St, Dublin 2, D02 Y512, Ireland
Pembroke Lease France SAS	France	Indirect	100.00	Standard Chartered Bank France, 32 Rue de Monceau, 75008, Paris, France
Pembroke Leasing (Labuan) 2 Berhad (In liquidation 07/06/2019)	Malaysia	Indirect	100.00	Brumby Centre, Lot 42, Jalan Muhibbah, 87000 Labuan F.T., Malaysia
Pembroke Leasing (Labuan) 3 Berhad	Malaysia	Indirect	100.00	Brumby Centre, Lot 42, Jalan Muhibbah, 87000 Labuan F.T., Malaysia
Pembroke Leasing (Labuan) Pte Limited (In liquidation 07/06/2019)	Malaysia	Indirect	100.00	Brumby Centre, Lot 42, Jalan Muhibbah, 87000 Labuan F.T., Malaysia
Skua Limited	Ireland	Indirect	100.00	32 Molesworth St, Dublin 2, D02 Y512, Ireland
Standard Chartered Private Equity Managers (Hong Kong) Limited	Hong Kong	Indirect	100.00	14/F, Standard Chartered Bank Building, 4-4A Des Voeux Road, Central, Hong Kong
Standard Chartered Private Equity Managers (Korea) Limited	Korea	Indirect	100.00	17th Floor, 100 Gongpyung-dong, Jongno-gu, Seoul, 110-702, Seoul, Korea
Greenman Pte. Ltd*	Singapore	Indirect	100.00	8 Marina Boulevard, #23-01 Marina Bay Financial Centre, 018981, Singapore
Phoon Huat Pte. Ltd.	Singapore	Indirect	70.00	231A Pandan Loop, 128419, Singapore
Redman Pte. Ltd.	Singapore	Indirect	70.00	231A Pandan Loop, 128419, Singapore
Standard Chartered Leasing (UK) 2 Limited	United Kingdom	Direct	100.00	1 Basinghall Avenue, London, EC2V 5DD, United Kingdom
PT Travira Air	Indonesia	Indirect	30.00	Graha Paramita, 3rd Floor, Jalan Denpasar, Raya Block D-2, Kav. 8, Kuningan, Jakarta, 12940, Indonesia
Standard Chartered Private Equity Korea III	Korea	Indirect	31.03	17th Floor, SCFB Building, 100 Gongpyung-dong, Jongno-gu, Seoul, 110-702, Seoul, Korea
SW Holdings Limited	Korea	Indirect	100.00	17/F, 100, Gongpyeong-dong, Jongno-gu, Seoul, Korea, Republic of
TBO Korea Holdings Limited	Korea	Indirect	100.00	17/F, 100, Gongpyeong-dong, Jongno-gu, Seoul, Korea, Republic of
Augusta Viet Pte. Ltd.	Singapore	Indirect	100.00	8 Marina Boulevard Marina Bay Financial Centre Tower 1 Level 23, 018981 Singapore

*In addition to the ordinary share capital held disclosed above, the Company also indirectly held 35.5% of Preferred Shares Class A and 100% of Preferred Shares Class B in Greenman Pte. Ltd.