

STANDARD CHARTERED NEA LIMITED

Strategic report and directors' report and financial statements

31 December 2013

Registered Number: 05345091

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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 transaction which the Company has entered into. Monthly management accounts are prepared and reviewed by the management of the SCB business in which this Company resides. The Company forms part of the Standard Chartered Bank Group and this is not expected to change in the foreseeable future.

Economic environment

The Company has a significant investment in Korea. Our business in Korea had an extremely challenging 2013. This was due to a sharp fall in Consumer Banking performance, given elevated levels of impairment and income falling partly as a result of selective de-risking of the unsecured book. We are simplifying the structure and reducing costs. We are redeploying capital in Wholesale Banking from locally oriented clients towards clients that can benefit from our network.

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 jurisdictions in which the Company's subsidiaries operate. This risk is mitigated by creating structures where such companies where dividend restrictions exist are transferred to other companies within the Standard Chartered PLC Group.

Business review

During the year the Company reported a profit of \$63 million (2012: \$111 million profit).

The Company has a demand loan of \$1,802 million (2012: \$1,802 million) with Standard Chartered Bank.

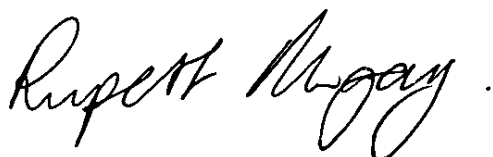
The Company has a non interest bearing current account owed to group undertakings of \$327 million (2012: \$160 million). This amount is repayable on demand.

On 28th June 2013, the Company made the payment of an interim dividend of \$167 million in respect of the financial year ended 31 December 2013.

Employees

The Company has no employees (2012: nil).

By order of the board



R Mingay
Director
Company registered number - 05345091

1 Basinghall Avenue
London
EC2V 5DD
UK

Date: 29 April 2014

Directors' Report

The directors present their directors' report and financial statements of Standard Chartered NEA Limited (the "Company") for the year ended 31 December 2013

Financial instruments

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

Results and dividends

The results of the Company are set out from pages 7 to 9

On 28th June 2013, the Company made the payment of an interim dividend of \$167 million in respect of the financial year ended 31 December 2013 (2012 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

Directors

The directors who held office during the year were as follows

P Walkden
B A McAll
P S Chambers
K N Trichur (as alternate director to P Chambers)

Since the year end, P Walkden and B A McAll resigned as directors and R Mingay was appointed as a director on 1 April 2014

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 3

Risk management

The risk management objectives of the Company are set out in note 10

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 auditors will be deemed to be reappointed and KPMG Audit Plc will therefore continue in office

By order of the board



R Mingay
Director
Company registered number - 05345091

1 Basinghall Avenue
London
EC2V 5DD
UK

Date 29 April 2014

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

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare the strategic report, the directors' report and the financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with 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 and prudent,
- state whether they have been prepared in accordance with IFRSs as adopted by the EU, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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 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

We have audited the financial statements of Standard Chartered NEA (the "Company") Limited for the year ended 31 December 2013 set out on pages 7 to 16

The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU

This report is made solely to 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 auditors' 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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities 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. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2013 and of its profit for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the EU, and
- have been prepared in accordance with the requirements of the Companies Act 2006


Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us 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



Suvro Dutta (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
15 Canada Square
Canary Wharf
London E14 5GL
29 April 2014

Income Statement

for the year ended 31 December 2013

	Note	2013 \$000	2012 \$000
Dividend income		62,808	116,272
Profit before tax		62,808	116,272
Taxation	4	(140)	(5,246)
Profit for the year		62,668	111,026

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

The notes on pages 11 to 16 form part of the financial statements

Statement of other comprehensive income

for the year ended 31 December 2013

The Company had no comprehensive income for the years ended 31 December 2013 and 31 December 2012 other than the profit for the year. A separate statement of other comprehensive income has therefore not been prepared.

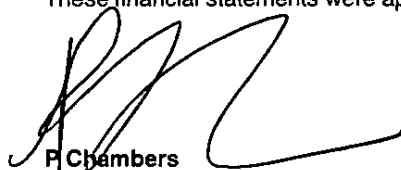
Balance Sheet

as at 31 December 2013

	Note	2013 \$000	2012 \$000
Non-current assets			
Investments in subsidiaries	6	4,624,606	4,624,606
Current assets			
Amounts owed by group undertaking		210,647	150,979
Total assets		4,835,253	4,775,585
Current liabilities			
Demand loans owed to group undertakings	9	2,129,409	1,962,399
Corporation tax recoverable through group relief from group undertaking		-	10
Non-current liabilities			
Deferred tax	5	-	3,000
Total liabilities		2,129,409	1,965,409
Net assets		2,705,844	2,810,176
Equity			
Share capital	7	1,026,784	1,026,784
Share premium		1,671,005	1,671,005
Retained earnings		8,055	112,387
Total equity		2,705,844	2,810,176

The notes on pages 11 to 16 form part of the financial statements

These financial statements were approved by the Board of Directors on 29 April 2014, and were signed on its behalf by


P Chambers
 Director

Statement of changes in equity

For the year ended 31 December 2013

	Share capital \$000	Share premium \$000	Retained earnings \$000	Total Equity \$000
Balance at 1 January 2012	1,026,784	1,671,005	1,361	2,699,150
Total comprehensive income	-	-	111,026	111,026
Balance at 1 January 2013	1,026,784	1,671,005	112,387	2,810,176
Total comprehensive income	-	-	62,668	62,668
Dividend paid	-	-	(167,000)	(167,000)
Balance as at 31 December 2013	1,026,784	1,671,005	8,055	2,705,844

The notes on pages 11 to 16 form part of the financial statements

Cash Flow Statement

for the year ended 31 December 2013

	Note	2013 \$000	2012 \$000
Cash flows from operating activities			
Profit before tax		62,808	116,272
Overseas tax paid		(3,140)	(5,814)
Intercompany receipts / (payments)		-	40,234
Tax adjustment		-	(3)
Net cash from operating activities		59,668	150,689
Cash flows from financing activities			
Dividend paid		(167,000)	-
Net cash from / (used in) financing activities		(167,000)	-
Net decrease in cash and cash equivalents		(107,332)	150,689
Cash and cash equivalents at 1 January		150,979	290
Cash and cash equivalents at 31 December	8	43,647	150,979

The notes on pages 11 to 16 form part of the financial statements

Notes to the Financial Statements

for the year ended 31 December 2013

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 2013, 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 financial statements are presented in US dollars, which is the functional and presentation currency of the Company.

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 expense

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

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.

Recently issued accounting pronouncements

The following pronouncements relevant and applicable to the Company had been issued as at 31 December 2013 but have effective dates for periods beginning after 31 December 2013. The use of IFRS and IFRIC Interpretations that have yet to be endorsed by the European Union is not permitted.

The full impact of these IFRS and IFRIC Interpretations has 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)

Pronouncement	Description of impact	Mandatory effective date for the Company
Amendment to IAS 32 Financial Instruments Presentation – Offsetting Financial assets and Financial liabilities	Clarifies the requirements for offsetting financial assets and liabilities and addresses inconsistencies noted in current practice when applying the offsetting criteria in IAS 32. These amendments require retrospective application, can be early adopted and have been endorsed by the EU.	1 January 2014
IFRS 9 – Financial Instruments (Classification and Measurement)	<p>IFRS 9 replaces certain elements of IAS 39 in respect of the classification and measurement of financial assets and financial liabilities. The standard requires all financial assets to be classified as fair value or amortised cost. Amortised cost classification is only permitted where the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows and where these contractual cash flows are solely payment of principal and interest. Gains or losses on assets measured at fair value are recognised in the income statement unless the asset is an equity investment and the Company has elected to present such gains or losses in other comprehensive income.</p> <p>Financial liabilities are required to be measured at fair value or amortised cost similar to IAS 39 requirements except that the change in fair value relating to own credit is reported within other comprehensive income and not the income statement.</p> <p>In November 2012, the IASB issued an exposure draft of limited amendments to the classification and measurement requirements of IFRS 9 which proposed introducing a third classification category where, subject to qualifying criteria, fair value changes on debt instruments would be measured through reserves and will be eligible for recycling. The IASB has not yet concluded on these proposals and is expected to issue the final standard by the end of June 2014.</p>	1 January 2018
IFRS 10 – Consolidated Financial Statements	<p>IFRS 10 replaces the current guidance on consolidation in IAS 27 Consolidated and Separate Financial Statements and SIC-12 Special Purpose Entities. It introduces a single model of assessing control whereby an investor controls an investee when it has the power, exposure to variable returns and the ability to use its power to influence the returns of the investee. IFRS 10 also includes specific guidance on de facto control, protective rights and the determination of whether a decision maker is acting as principal or agent, all of which influence the assessment of control. The application of IFRS 10 has not had a material impact on the Group.</p> <p>On 1 January 2013 the Group early adopted IFRS 10 Consolidated Financial Statements. Though the EU has endorsed this standard for application from 1 January 2014, which is one year later than the mandatory adoption date required by the IASB of 1 January 2013, the EU has permitted early adoption from 1 January 2013.</p>	1 January 2013
IFRS 12 – Disclosure of Interests in Other Entities	IFRS 12 prescribes additional disclosures around significant judgments and assumptions made in determining whether an entity controls another entity and has joint control or significant influence over another entity. The standard also requires disclosures on the nature and risks associated with interests in unconsolidated structured entities.	1 January 2014
IFRS 13 – Fair Value Measurement	IFRS 13 consolidates the guidance on how to measure fair value, which was spread across various IFRS, into one comprehensive standard. It introduces the use of an exit price, as well as extensive disclosure requirements, particularly the inclusion of non-financial instruments into the fair value hierarchy. IFRS 13 is required to be applied prospectively. The most significant impact of applying IFRS 13 is the mandatory requirement for the fair value of derivative liabilities and other liabilities held at fair value through profit or loss to take into account an adjustment for an entity's own credit risk and enhanced disclosure of valuation techniques and details on significant unobservable inputs for level 3 financial instruments.	1 July 2014

Notes to the Financial Statements (continued)

2 Auditor's remuneration

The auditor's remuneration of \$10,000 (2012 \$10,000) for audit of these financial statements was borne by Standard Chartered Bank

3 Directors' emoluments

None of the directors received any fees or emoluments for performing services as a director of the Company during the year (2012 nil)

4 Taxation

Analysis of taxation charge in the year

	2013 \$000	2012 \$000
The charge for taxation based upon the profits for the year comprises		
Current tax:		
Adjustments in respect of prior periods	-	3
Overseas tax		
Overseas tax on income for the year	3,140	5,814
Deferred tax		
Origination/ reversal of temporary differences	(3,000)	(571)
Tax on profits on ordinary activities	140	5,246

Explanation of the relationship between tax charge and accounting profit

	2013 \$000	2012 \$000
Profit on ordinary activities before taxation	62,808	116,272
Tax at 23.25% (2012 24.5%)	14,603	28,486
Unremitted earnings and overseas tax	140	5,243
Non taxable dividend income	(14,603)	(28,486)
Prior year adjustment	-	3
Tax on profits on ordinary activities	140	5,246

Following the March 2011 UK Budget Statement, a resolution was passed by Parliament on 29 March 2011 to substantively enact the reduction in the main rate of corporation tax to 26 per cent from 1 April 2011. The UK corporation tax rate was then reduced from 26 per cent to 24 per cent with an effective date of 1 April 2012, giving a blended rate of 24.5 per cent for the year ended 31 December 2012.

On 5 December 2012, the UK government announced a further reduction in the main rate of UK corporation tax of 1 percent with effect from 1 April 2014, in addition to the stepped reductions previously announced. The combined effect of the reductions is to lower the main rate of UK corporation tax from 24 per cent in 2012-13 to 23 per cent in 2013-14, 21 per cent in 2014-15 and 20 per cent in 2015-16. All tax rate changes have been substantively enacted as at 31 December 2013, giving a blended rate of 23.25 per cent for the year ended 31 December 2013.

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Notes to the Financial Statements (continued)

5. Deferred tax

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

	2013 \$000	2012 \$000
Unremitted earnings from overseas subsidiaries	-	3,000
	-	3,000

The company has not provided deferred tax on the withholding tax arising on unremitted earnings from overseas subsidiaries of \$105,502,000 as it is not anticipated these profits will be remitted in the foreseeable future. In addition, deferred tax has not been recognised on the undistributed earnings of foreign subsidiaries as it is probable such amounts will be tax free if remitted in the future.

The movement in net deferred tax liability comprises

	2013 \$000	2012 \$000
At 1 January	3,000	3,571
Charge to income statement	(3,000)	(571)
At 31 December	-	3,000

6 Investment in subsidiaries

	2013 \$000	2012 \$000
At 1 January	4,624,606	4,624,606
Cost and net book value at 31 December	4,624,606	4,624,606

The entities in which the Company's interest is more than 10% are as follows

Investment	Country of registration or incorporation	Class of shares held	Ownership 2013	Ownership 2012
Standard Chartered Korea Limited	Korea	Ordinary shares	100%	100%

7. Called up share capital

Following amendment to corporate law in the UK through the Companies Act 2006, the Company has amended its Articles of Association to remove the provision for authorised share capital

	2013 \$000	2012 \$000
Issued and fully paid		
1,026,784,416 Ordinary shares of US\$1 each at 31 December	1,026,784	1,026,784

Notes to the Financial Statements (continued)

8 Cash and cash equivalents

	2013 \$000	2012 \$000
Amounts owed by group undertaking	210,647	150,978
Amounts owed to group undertakings	(167,000)	-
Cash and cash equivalents	43,647	150,978

9 Related parties

Directors and officers

None of the directors or officers received any fees or emoluments from the Company during the year (2012 nil)

Company

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

The Company has a demand loan of \$1,802 million (2012 \$1,802 million) with Standard Chartered Bank

The Company has a non interest bearing current account owed to group undertakings of \$327 million (2012 \$160 million) This amount is repayable on demand

The Company has receivables owed by group undertakings of \$211 million (2012 \$151 million)

10. Risk management

a) Credit risk

Credit risk is the risk that 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

Notes to the Financial Statements (continued)

11. Ultimate holding company 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.

12. 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.

13. Post balance sheet event

There is no post balance sheet event as to date.