

**Standard Chartered NEA Limited**

**Registered Number 05345091**

**Directors' report and Financial statements**

**For the year ended 31 December 2022**

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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 investment which the Company has entered into. Quarterly 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 significant investments in Korea and Taiwan. Korea delivered strong performance in 2022 with record-high operating profit on a constant currency basis, mainly driven by strong Financial Market performance, higher income from Retail deposits and Transaction Banking Cash benefitting from rising interest rate, and lower staff cost compared to 2021.

Taiwan's profit after tax remained at the same level as in 2021, mainly driven by weakening Wealth Management momentum amid the pandemic and economic slowdown, partially mitigated by the income benefit from rising interest rates, and a good performance in Financial Markets on the back of market volatility with disciplined cost control.

### 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 subsidiaries 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 Company reported a profit after tax of \$79.3 million (2021: \$209.5 million).

During the year, the Company received from its subsidiary, Standard Chartered Bank (Taiwan) Limited, gross dividends of \$54.4 million (2021: \$170.1 million). Standard Chartered Bank Korea Limited, another subsidiary of the Company, decided to defer the regular dividend payment to first quarter in 2023. During the year, the Company paid out \$48.9 million dividend to its parent, Standard Chartered Bank (Hong Kong) Limited (2021: \$158.7 million).

## Strategic report continued

### S.172(1) Statement

#### S.172 Duty to promote the success of the company

In accordance with section 172 of the Companies Act 2006 each of the directors must act in the way that he or she considered in good faith, would most likely promote the success of the Company for the benefit of its members as a whole. This section forms the Section 172 disclosure, describing how the directors considered the matters set out in section 172(1)(a) to (f) of the Companies Act 2006 (the "Act"). The directors have reviewed their responsibilities under Section 172 in light of the Company being a holding company within a larger group structure, having no employees and having a sole shareholder.

The Company is ultimately owned by Standard Chartered PLC and therefore forms part of the Standard Chartered Group of companies. The Company operates in accordance with the Standard Chartered Subsidiary Governance Policy and Standards which sets out a minimum governance standard required of subsidiary entities within the Group.

The directors note that under Section 172(1) of the Act, a director of a company must act in the way he considers, in good faith, would be most likely to promote the success of the company, and in doing so have regard (amongst other matters) to the likely consequences of decisions in the long term, the interests of the Company's stakeholders and the desirability of maintaining a reputation for high standards of business conduct.

The directors must also have regard for business relationships with the Company's wider stakeholders and the impact of the Company's operations on the environment and the communities in which it operates. Given the nature of a holding Company, the directors have determined that a number of section 172 provisions do not apply to the Company, however, consideration of all factors and other relevant matters are embedded into the culture and broader decision-making across the Standard Chartered Group more widely. Full details of how this operates at a Group level are provided in the Standard Chartered PLC Annual Report for the year ended 31 December 2022.

### Stakeholder engagement

The Company has no direct employees. However, a number of the Company's subsidiaries have employees and engagement with them is undertaken by Standard Chartered PLC.

As the Company is a holding company it does not trade, and as a result it has no customers or suppliers.

Please refer to the Standard Chartered PLC accounts for detail on our group-wide stakeholder engagement practices.

### Director training

All new Board members are given a comprehensive induction programme upon being appointed to the Company to ensure a smooth transition into their roles and positive contributions from the outset. They also receive director training on an ongoing basis as required to support them in fulfilling their duties. Induction and training are delivered by the Group Corporate Secretariat.

### Decision making and corporate governance

The directors recognise the need to make informed decisions under their duties and have due regard to all applicable Group policies and standards which are adopted by the Company. This ensures that the correct management information is presented to the board when decisions are made, together with confirmation of functional reviews and an impact assessment for any decisions, where required. The Group adopts a Subsidiary Governance Policy and associated Standards and a Group Conduct Management Policy, all of which contribute to effective decision-making practices. In addition, the Group adopts Position Statement standards outlining the Group's environmental and social client standards.

## Strategic report continued

### Principal decisions

During the year, the directors reviewed and approved the payment of an interim dividend to the Company's shareholder, further details of which can be found in the Directors' Report below. When making the decisions the directors considered, amongst other relevant factors, the statutory audited accounts of the Company for the financial year ended 31 December 2021, together with interim management accounts of the Company and the effect the dividend would have on the Company's ability to pay its debts as they fall due, having regard to (i) the financial position of the Company; and (ii) the entirety of the Company's business and the actual and contingent liabilities (present and future) inherent in the business. It was concluded that the Company had sufficient distributable reserves and that the use of the Company's funds to pay the dividend was in the interest of the Company's shareholder and the wider Group.

By order of the board



D P Ellis

Director

Company registration number 05345091

1 Basinghall Avenue, London, EC2V 5DD, UK

27 April 2023

## Directors' report

The directors present their report together with the Company's Financial Statements for the year ended 31 December 2022. The Company is registered in England and Wales with a registration number of 05345091. The Company is a private company limited by shares.

Unless another currency is specified, the word "dollar" or symbol "\$" in this document means United States dollar and the word "cent" or symbol "c" means one-hundredth of one United States dollar.

### Going concern

Having made appropriate enquiries the Board is satisfied that the Company has adequate resources to continue in operation and meet its liabilities as they fall due for a period of 12 months from when the financial statements are authorised for issue and therefore continues to adopt the going concern basis in preparing the financial statements.

### Results and dividends

The results of the Company are set out from pages 13 to 16.

The Company paid a dividend of \$48.9 million (2021 \$158.7 million) to its parent Company, Standard Chartered Bank (Hong Kong) Limited.

### 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.

### Political and charitable contributions

The Company made no political contributions during the year (2021: nil).

### Financial instruments

Financial instruments entered into during the year comprised of investment, amounts due to and due from group companies and derivative financial instruments. Refer to note 9 – 12.

### Directors

The directors who held office during the year and through to the date of this report were as follows:

Mr C J Daniels

Mr S S Rai, alternate director to C J Daniels (Resigned 25 April 2022)

Mr D P Ellis

Mr S Razvi

Mr R F D Lizzimore (Resigned 14 September 2022)

Ms A K Shah (Appointed on 11 October 2022)

Mr R D J Staff, alternate director to C J Daniels (Appointed on 6 May 2022)

### Qualifying third party indemnities

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

## Directors' Report continued

### Employees

Please refer to the strategic report on page 3.

### Employee and other stakeholder engagement

The Company has no direct employees. However, a number of the Company's subsidiaries have employees and engagement with them is undertaken by Standard Chartered PLC.

As the Company is a holding company it does not trade, and as a result it has no customers or suppliers

Please refer to the Standard Chartered PLC accounts for detail on our group-wide stakeholder engagement practices.

### Risk management

The risk management objectives of the Company are set out in note 13.

### 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 events

On 31 March 2023, the Company received from its subsidiary, Standard Chartered Bank Korea Limited, gross dividends of \$122.2 million. Other than this, there has not been any matter or circumstance that has arisen since the end of the financial year that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

### Auditor

Pursuant to section 485 of the Companies Act 2006, Ernst & Young LLP ("EY" LLP) has been reappointed as statutory auditor for the year ending 31 December 2022.

By order of the board



D P Ellis

Director

Company registration number: 05345091

1 Basinghall Avenue, London, EC2V 5DD, UK

27 April 2023

## Statement of directors' responsibilities

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 accounting standards in conformity with the requirements of the Companies Act 2006 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 UK adopted international accounting standards in conformity with the requirements of the Act;
- 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included in this report. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



# 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 2022 which comprise the Income Statement, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Equity and the related notes 1 to 16, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards.

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards; 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 under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to other entities of public interest, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- Reading minutes of meetings of the Board to assess whether there were any other matters discussed that may have an impact on the Company's ability to continue as a going concern;
- Performing enquiries of management and those charged with governance to identify risks and events that may impact the entity's ability to continue as a going concern;
- Obtaining and evaluating the directors' going concern assessment;
- Evaluating the appropriateness of the going concern disclosure included in note 1 to the financial statements has been properly prepared in accordance with UK adopted international accounting standards; and

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

## Independent Auditor's Report continued

to the members of Standard Chartered NEA Limited

### Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

### Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the Strategic report and Directors' report have been prepared in accordance with applicable legal requirements.

### Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or Directors' Report.

We have nothing to report in respect of the following matters in relation to which 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

### Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for 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 the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so:

## Independent Auditor's Report continued

to the members of Standard Chartered NEA Limited

### Auditor's responsibilities for the audit of the financial statements

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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

### Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are those that relate to the reporting framework (UK adopted international accounting standards and the Companies Act 2006) and the relevant direct tax compliance regulation in the United Kingdom.
- We understood how the Company is complying with those frameworks by making enquiries of management to understand on how the Company maintains and communicates its policies and procedures in these areas, and corroborated this by reviewing supporting documentation.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the risk of management override.
- Based on this understanding we designed our audit procedures to identify non compliance with such laws and regulations. Our procedures involved testing journals identified by specific risk criteria, and ensuring that dividend payments complied with the relevant accounting and legal requirements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

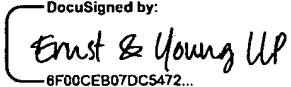
## Independent Auditor's Report

to the members of Standard Chartered NEA Limited

### Use of our report

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.

DocuSigned by:

Ernst & Young LLP

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Bansi Haria (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory auditor  
London  
27 April 2023

## Income statement

For the year ended 31 December 2022

	Notes	2022 \$ '000	2021 \$ '000
Interest income	4	3,638	-
Interest expense	4	-	(54)
<b>Net interest income</b>		<b>3,638</b>	<b>(54)</b>
Dividend Income		54,399	170,118
Net trading income	5	33,389	43,434
Other income		-	1,808
<b>Operating income</b>		<b>91,426</b>	<b>215,306</b>
Operating expenses		(6)	(50)
<b>Profit before taxation</b>		<b>91,420</b>	<b>215,256</b>
Taxation	6	(12,112)	(5,728)
<b>Profit for the year</b>		<b>79,308</b>	<b>209,528</b>

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

The Company had no other comprehensive income for the years ended 31 December 2022 and 31 December 2021 other than the gain for the current and previous year which is attributable to the equity shareholders and relates to continuing operations. A separate statement of other comprehensive income has therefore not been prepared.

The notes on pages 17 to 28 form part of the Financial Statements.

## Statement of financial position

For the year ended 31 December 2022

	Notes	2022 \$ '000	2021 \$ '000
Non-current assets			
Investments in subsidiary undertakings	8	4,050,440	4,292,884
Current assets			
Due from subsidiary undertakings and other related parties	12	377,575	29,793
Other assets		-	-
Derivative financial instruments	9,12	-	60,383
<b>Total assets</b>		<b>4,428,015</b>	<b>4,383,060</b>
Non-current liabilities			
Deferred tax liabilities		12,514	5,842
Current liabilities			
Due to parent companies, subsidiary undertakings & other related parties	12	21	21
Derivative financial instruments	9,12	7,867	-
Other liabilities		82	82
Accruals and deferred income		21	33
Current tax liabilities	6	95	95
<b>Total liabilities</b>		<b>20,600</b>	<b>6,073</b>
Equity			
Share capital	10	4,205,165	4,205,165
Retained earnings		202,250	171,822
<b>Total equity</b>		<b>4,407,415</b>	<b>4,376,987</b>
<b>Total equity and liabilities</b>		<b>4,428,015</b>	<b>4,383,060</b>

The notes on pages 17 to 28 form part of the Financial Statements.

These Financial Statements were approved by the Board of Directors on 26 April 2023 and were signed on its behalf by:



D P Ellis, Director

27 April 2023

## Statement of changes in equity

For the year ended 31 December 2022

	Ordinary share capital \$ '000	Retained earnings \$ '000	Total \$ '000
As at 1 January 2021	4,205,165	120,976	4,326,141
Profit for the period	-	209,528	209,528
Dividends on ordinary shares	-	(158,682)	(158,682)
As at 31 December 2021	4,205,165	171,822	4,376,987
Profit for the period	-	79,308	79,308
Dividends on ordinary shares	-	(48,880)	(48,880)
As at 31 December 2022	4,205,165	202,250	4,407,415

The notes on pages 17 to 28 form part of the Financial Statements.

## Cash Flow Statements

For the year ended 31 December 2022

	Notes	2022 \$ '000	2021 \$ '000
Cash flows from operating activities:			
Profit before taxation		91,420	215,256
Adjustments for non-cash items and other adjustments included within income statement			
Change in derivative financial instruments		68,252	(229,863)
Change in fair value hedged assets		242,443	121,189
Overseas Tax suffered		(5,440)	(11,436)
Change in interest receivables		-	(1)
Change in other debtors		-	16,719
Change in other creditors		-	(22)
Change in accruals and deferred income		(2)	(942)
Change in amounts owed to group companies		-	(3,164)
Net cash from operating activities		396,673	107,736
Cash flows from financing activities:			
Dividend paid		(48,880)	(158,682)
Loan Repaid		-	(183,906)
Net cash used in financing activities		(48,880)	(342,588)
Net (decrease)/increase in cash and cash equivalents		347,793	(234,852)
Cash and cash equivalents at beginning of year		29,782	264,634
Cash and cash equivalents at end of year	11	377,575	29,782

Included in profit before tax is cash received from dividend income of \$54.4 million (2021: \$170.1 million).

The notes on pages 17 to 28 form part of the Financial Statements.



## Notes to financial statements

### 1. Principal accounting policies

#### Statement of compliance

The financial statements have been prepared and approved by the directors in accordance with UK adopted international accounting standards.

The Company is exempt by virtue of Section 401 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 2022, the Company had adopted all international accounting standards and interpretations that had been issued by the International Accounting Standards Board (IASB) and International Financial Reporting Interpretation Committee (IFRIC) as adopted for use within the UK. The accounting policies set out below have been applied consistently across the Company and to all periods presented in these Financial Statements.

#### Uses of estimates and judgements

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. The Company's main assumptions are in respect of the fair value of its investment securities; key assumptions relate to equity and commodity markets and foreign exchange movements and are constantly assessed and verified against independent market observations.

#### 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.

Transactions in foreign currencies are initially recorded in USD using the spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in the income statement for the period.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item.

## Notes to the financial statements continued

### 1. Principal accounting policies continued

#### 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.

#### Dividends

Dividends paid on the Company's ordinary equity shares are recognised in the period in which they are declared.

Dividend income is recognised in the income statement when the Company's right to receive payment is established.

#### Recently issued accounting pronouncements

The pronouncements issued with effective dates for periods after 31 December 2022 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 for the audit of these financial statements of \$23,260 (2021: \$21,236) was borne by the Company. No other amounts were paid to the auditors in respect of 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 (2021: nil).

## Notes to the financial statements continued

### 4. Financial income and expense

#### Accounting policy

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.

	2022 \$ '000	2021 \$ '000
Interest income from Standard Chartered Bank	3,638	-
Interest income	3,638	-
Interest expense to Standard Chartered Bank	-	(54)
Interest expense	-	(54)

### 5. Net Trading Income

#### Accounting policy

Gains and losses arising from changes in the fair value of financial instruments held at fair value through profit or loss are recorded in net trading income in the period in which they arise. This includes contractual interest receivable or payable. Income is recognised from fair value changes.

When the initial fair value of a financial instrument held at fair value through profit or loss relies on unobservable inputs, the difference between the initial valuation and the transaction price is amortised to net trading income as the inputs become observable or over the life of the instrument, whichever is shorter. Any unamortised 'day one' gain is released to net trading income if the transaction is terminated.

	2022 \$ '000	2021 \$ '000
Realised/unrealised gain/(loss) on derivatives contracts	275,833	165,164
Foreign exchange loss	-	(541)
Fair value (loss)/gain attributable to the hedged foreign currency risk on investments	(242,444)	(121,189)
Total	33,389	43,434

## Notes to the financial statements continued

### 6. Taxation

#### Accounting policy

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 reporting 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 reporting date.

#### Analysis of taxation charge for the year

	2022 \$ '000	2021 \$ '000
The charge for taxation based upon the profit for the year comprises:		
Current tax:		
United Kingdom corporation tax at 19% (2020: 19%):		
Current tax charge on income for the year	-	-
Adjustments in respect of prior years (including double tax relief)	-	-
Foreign tax:		
Current tax charge on income for the year	5,440	11,436
Deferred tax:		
Origination/(reversal) of temporary differences	6,672	(5,708)
<b>Tax on profits on ordinary activities</b>	<b>12,112</b>	<b>5,728</b>

#### Explanation of the relationship between tax charge and accounting loss

	2022 \$ '000	2021 \$ '000
Profit on ordinary activities before tax	91,421	239,009
Tax at 19% (2021:19%)	17,370	40,898
Effects of:		
Adjustment to tax in respect to prior periods	-	-
Non-taxable income	-	-
Overseas tax on unremitted earnings	12,112	5,728
Non-taxable dividend income	(10,336)	(32,322)
Utilization of unrecognized brought forward losses	(690)	(221)
Non-taxable fair value gain/(loss) attributable to the hedged foreign currency risk on investments	46,064	23,026
Non-deductible fair value (loss)/gain on foreign currency derivatives hedging investments	(52,408)	(31,381)
<b>Tax on profit on ordinary activities</b>	<b>12,112</b>	<b>5,728</b>

## Notes to the financial statements continued

### 6. Taxation continued

The UK corporation tax rate is 19% for the years ended 31 December 2022 and 31 December 2021. An increase in the rate of corporation tax to 25% from 1 April 2023 was enacted on 10 June 2021. This rate increase will have no impact on the deferred tax position of the Company as all deferred tax relates to withholding tax on unremitted earnings from subsidiaries.

The Company has not provided for a deferred tax liability on the withholding tax arising on unremitted earnings from overseas subsidiaries of \$493 million (2021: \$526 million) as, at the Balance Sheet date, it is not anticipated these profits will be remitted in the foreseeable future.

The Company has not provided for a deferred tax liability on a held over gain of \$85.6 million gross (2021: \$96.2 million) that arose on the set up of Standard Chartered Bank (Taiwan) Limited in 2007, as there are no plans to dispose of that entity

The Company has not recognised a deferred tax asset on losses carried forward at the statement of financial position date of \$7.1 million (2021: \$10.7 million) as it is not probable that future taxable profits will be available against which the losses can be utilised.

#### Current liabilities

	2022	2021
	\$ '000	\$ '000
Corporation tax payable	95	95
Current tax liabilities as at 31st December	95	95

#### Non-current liabilities

	2022	2021
	\$ '000	\$ '000
Non-current tax liabilities as at 1st January	5,842	11,550
Movements in income statement	6,672	(5,708)
Non-current tax liabilities as at 31st December	12,514	5,842

#### Deferred tax

	At 1 January 2022 \$ '000	Exchange & other adjustments \$ '000	Charge to profit \$ '000	Charge to equity \$ '000	At 31 December 2022 \$ '000
Deferred tax comprises:					
Other temporary differences	5,842	-	6,672	-	12,514
Net deferred tax liabilities	5,842	-	6,672	-	12,514

	At 1 January 2021 \$ '000	Exchange & other adjustments \$ '000	Charge to profit \$ '000	Charge to equity \$ '000	At 31 December 2021 \$ '000
Deferred tax comprises:					
Other temporary differences	11,550	-	(5,708)	-	5,842
Net deferred tax liabilities	11,550	-	(5,708)	-	5,842

## Notes to the financial statements continued

### 6. Taxation continued

	31.12.2022			31.12.2021		
	Total	Asset	Liability	Total	Asset	Liability
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Other temporary differences	12,514	-	12,514	5,842	-	5,842
Net deferred tax liabilities	12,514	-	12,514	5,842	-	5,842

### 7. Dividends

#### Accounting policy

Dividends paid on the Company's ordinary equity shares are recognised in the period in which they are declared.

Dividend income is recognised in the income statement when the Company's right to receive payment is established.

	2022	
	Cents per share	\$ '000
2022 interim dividend declared and paid during the year	0.012	48,880

1. Interim dividend declared and paid on 29<sup>th</sup> Jun 2022

	2021	
	Cents per share	\$ '000
2021 interim dividend declared and paid during the year	0.038	158,682

1. Interim dividend declared and paid on 27<sup>th</sup> September 2021

### 8. Investment in subsidiary undertakings

#### Accounting policy

##### Investments in subsidiaries

Investment in subsidiary undertakings are stated at cost less impairment and dividends from pre-acquisition profits received. Subsidiaries are all entities, including structured entities, which the Company has the power to directly or indirectly govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights.

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.

#### Impairment

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 the 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 value 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.

## Notes to the financial statements continued

### 8: Investment in subsidiaries undertakings continued

	2022	2021
Investments in subsidiary undertakings	\$ '000	\$ '000
Cost as at 31 December	6,177,686	6,177,686
Impairment as at 31 December	(1,994,000)	(1,994,000)
Net book value as at 31 December	4,183,686	4,183,686
Adjusted Net Book Value	4,050,440	4,292,884

Book value adjusted by the fair value hedge adjustment attributable to the foreign currency risk of -\$133 million for the balance as on 31 December 2021(2021: \$109.2 million).

The Company has not recognised additional impairment charges against the investment in subsidiaries for the year.

The directly held subsidiary undertakings of the Company are as follows:

Investment	Place of incorporation	% Holding 2022	2021	Principal activity
Standard Chartered Bank Korea Limited	Korea	100.00	100.00	Banking
Standard Chartered Bank (Taiwan) Limited	Taiwan	100.00	100.00	Commercial banking, securities firm and insurance agent

Details with respect to indirect subsidiaries are provided in note 12.

### 9. Derivative financial instruments

#### Accounting policy

Derivative contracts are initially recognised at fair value on the date on which the derivative contract is entered into and are subsequently remeasured at their fair value. Fair values may be obtained from quoted market prices in active markets, recent market transactions, and valuation techniques, including discounted cash flow models and option pricing models, as appropriate. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. Changes in the fair value of derivatives are recorded in the income statement.

## Notes to the financial statements continued

### 9. Derivative financial instruments continued

#### Derivatives held for hedging

##### Hedge accounting

The method of recognising the resulting fair value gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Company designates certain derivatives as either:

- a) Hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedge)
- b) Hedges of highly probable future cash flows attributable to a recognised asset or liability, or a forecasted transaction (cash flow hedge)
- c) Hedges of the net investment of a foreign operation (net investment hedges)

Hedge accounting is used for derivatives designated in this way, provided certain criteria are met. The Company documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items. Expected effectiveness should be close to 100 per cent and actual results of the hedge using regression analysis, are expected to be within a range of 80-125 per cent. Hedge ineffectiveness can arise from:

- a) Difference in timings of cash flow of hedged item and hedging instruments
- b) Different interest rate curves applied to discount the hedged item and hedging instruments
- c) Derivatives used as hedging instrument having a non-nil fair value at the time of designation
- d) The effect of changes in counterparties credit risk on the fair values of hedging instruments or hedged items

##### Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedging instruments are recorded in the income statement, within other operating income, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to the income statement over the period to maturity or derecognition.

Balance as at 31 December 2022 represents non-deliverable forward contracts. The table analyses the notional principal amounts and the positive and negative fair values of the Company's derivative financial instruments. Notional principal amounts are the amount of the principal underlying contract at the reporting date.

The Company primarily uses derivatives to hedge certain risks exposures. In 2022, the Company entered into non-deliverable United States Dollar - Korean Won (USD-KRW) and United States Dollar - New Taiwan Dollar (USD-TWD) forward contracts to hedge the FX risks associated with its investments in Korea and Taiwan.



## Notes to the financial statements continued

### 9. Derivative financial instruments continued

The below table summarises the notional principal amounts and the carrying value of derivatives designated in a hedge accounting relationship. Notional principal amounts are the amount of the principal underlying contract at the reporting date.

	2022		2021	
Derivatives	Notional principal amounts \$ '000	Assets/ (Liabilities) \$ '000	Notional principal amounts \$ '000	Assets/ (Liabilities) \$ '000
Foreign exchange derivative contracts:				
Forward foreign exchange contracts	3,064,575	(7,867)	3,306,623	60,383
Total derivatives	3,064,575	(7,867)	3,306,623	60,383

The equity derivative liability is a fixed price forward sale contract to sell the Principal Finance assets.

All the derivatives detailed above are categorised as Level 2 instruments as they are valued using directly or indirectly observable inputs and are classified as financial instruments fair valued through profit and loss account.

The derivative financial instruments are foreign currency derivatives with a maturity profile of less than a month from the year ended 31 December 2022 (2021: less than a month) which will roll forward every 6 month. The average exchange rates for the trades during the year were KRW/USD 1291.88 and TWD/USD 29.80. The hedge effectiveness for these derivatives is disclosed as part of other operating income in note 5.

### 10. Share capital

#### Accounting policy

Ordinary shares are classified as equity. 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.

	Number of ordinary shares	Ordinary share capital <sup>1</sup> \$ '000	Total share capital \$ '000
As at 31 December 2022	4,205,165,153	4,205,165	4,205,165

1 Issued and fully paid ordinary shares of \$1 each

### 11. Cash and cash equivalents

#### Accounting policy

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.

	2022 \$ '000	2021 \$ '000
Amounts due from other group companies- interest bearing	344,085	-
Standard Chartered Bank - Non Interest bearing asset	33,490	29,782
Total	377,575	29,782

### 12. Related parties

#### Directors and officers

None of the directors or officers received any fees or emoluments from the Company during the year (2021: nil).

## Notes to the financial statements continued

### 12. Related parties continued

#### Company

The Company's balances with related parties, included in the balance sheet, are listed in the table below:

	2022 \$ '000	2021 \$ '000
<b>Assets</b>		
Standard Chartered Group - interest bearing loans	-	-
Standard Chartered Bank	377,575	29,782
Derivative financial instruments	7,867	60,383
<b>Total</b>	<b>385,442</b>	<b>90,165</b>
<b>Liabilities</b>		
Standard Chartered Bank - interest bearing loans	-	-
Standard Chartered Bank - non-interest bearing	(21)	(21)
Derivative financial instruments	-	-
<b>Total</b>	<b>(21)</b>	<b>(21)</b>

The Company entered into non-deliverable forward contracts with Standard Chartered Bank in respect of Korean Won/United States Dollar (KRW/USD) and New Taiwan Dollar/United States Dollar (TWD/ USD) .

The Company has an interest bearing current account owed by Standard Chartered Bank of \$344 million (2021: Nil). All inter company balances are at amortised cost as per IFRS9 except for derivative financial instruments which are held at fair value through profit and loss account refer note 11.

The Company's transactions with related parties, included in the income statement, are listed in the table below:

#### Related party transactions during 2022

	Parent Company \$ '000	Subsidiaries \$ '000	Standard Chartered Bank \$ '000	Other Group Companies \$ '000	Total \$ '000
Interest income	-	-	3,638	-	3,638
Interest expense	-	-	-	-	-
Realised/unrealised gain/(loss) on derivative contracts	-	-	275,833	-	275,883
Dividend paid	(48,880)	-	-	-	(48,880)
Dividend income	-	54,399	-	-	54,399
<b>Total</b>	<b>(48,880)</b>	<b>54,399</b>	<b>279,521</b>	<b>-</b>	<b>288,040</b>

## Notes to the financial statements continued

### 12. Related parties continued

#### Related party transactions during 2021

	Parent Company	Subsidiaries	Standard Chartered Bank	Other Group Companies	Total
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Interest income	-	-	-	-	-
Interest expense	-	-	(54)	-	(54)
Realised/unrealised gain/(loss) on derivative contracts	-	-	165,164	-	165,164
Dividend paid	(158,682)	-	-	-	(158,682)
Dividend income	-	170,118	-	-	170,118
<b>Total</b>	<b>(158,682)</b>	<b>170,118</b>	<b>165,110</b>	<b>-</b>	<b>176,546</b>

Related undertakings of the Company are set out below:

Name	Place of incorporation	Type of holding	% Holding	Registered address
Standard Chartered Bank Korea Limited	Republic of Korea	Direct	100	47 Jong-ro, Jongno-gu, Seoul, 110-702, Republic of Korea.
Standard Chartered Bank (Taiwan) Limited	Taiwan	Direct	100	1F, No.177 & 3F-6F, 17F-19F, No.179 Liaoning Street, Zhongshan Dist., Taipei, 104, Taiwan
Standard Chartered Securities Korea Co., Ltd	Republic of Korea	Indirect	100	2F, 47 Jong-ro, Jongno-gu, Seoul, 110-702, Republic of Korea.

### 13. Risk management

#### 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. The 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.

#### 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. The financial liabilities of the Company are with contractual maturity within 1 year (2021: within 1 year).

## Notes to the financial statements continued

### 13. Risk management continued

#### Foreign currency risk

Foreign currency risk is the risk of loss from assets or liabilities denoted in a foreign currency. The Company's investments are predominantly denominated in USD, and it also entered into non-deliverable forward contracts to hedge foreign currency risk related to its investments in Korea and Taiwan.

#### Market risk

Market risk is the exposure created by potential changes in market prices and rates. Refer to note 9 for risk associated with fluctuations in exchange rates.

### 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 Bank (Hong Kong) Limited, a company incorporated in Hong Kong. The smallest group in which the results of the Company are consolidated is that headed by Standard Chartered Bank (Hong Kong) Limited. 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.

### 16. Post balance sheet events

On 31 March 2023, the Company received from its subsidiary, Standard Chartered Bank Korea Limited, gross dividends of \$122.2 million. Other than this, there has not been any matter or circumstance that has arisen since the end of the financial year that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.