

Standard Chartered Bank (Singapore) Limited
(Incorporated in Singapore)



8 Marina Boulevard, #27-01 Marina Bay Financial Centre Tower 1, Singapore 018981

Audited accounts for the year ended 31 December 2018

Statement of financial position
As at 31 December 2018

	2018 \$'000	2017 \$'000
Equity		
Share capital	2,021,064	1,953,000
Reserves	(13,240)	(8,255)
Accumulated profits	490,784	444,441
Total equity attributable to owner of the Bank	2,498,608	2,389,186
Liabilities		
Deposits and balances of banks	15,718	330
Deposits of non-bank customers	31,175,699	28,940,370
Structured deposits of non-bank customers	9,594	13,941
Derivative financial instruments	272,493	84,799
Bills and drafts payable	83,856	83,917
Amounts due to intermediate holding company and its branches	1,580,685	639,821
Amounts due to related corporations	67,157	30,820
Current tax payable	34,111	44,176
Other liabilities	583,242	286,539
Subordinated notes	784,000	784,000
Deferred tax liabilities	-	5,064
Total liabilities	34,606,555	30,913,777
Total equity and liabilities	37,105,163	33,302,963
Assets		
Cash and balances with central bank	1,007,193	760,248
Singapore government securities and treasury bills	1,049,153	2,798,391
Other government securities and treasury bills	1,591,381	402,159
Derivative financial instruments	238,530	77,399
Debt securities	2,410,777	2,069,923
Loans and advances to banks	46,177	77,504
Loans and advances to customers	23,756,951	23,870,100
Bills receivable	452,911	429,534
Amounts due from intermediate holding company and its branches	6,054,687	2,248,268
Amounts due from related corporations	9,015	16,716
Other assets	162,593	241,051
Deferred tax assets	12,785	-
Property and equipment	2,920	3,497
Goodwill and intangible assets	310,090	308,173
Total assets	37,105,163	33,302,963

Notes to the financial statements

The notes form an integral part of the audited financial statements and a full understanding of the statements cannot be achieved without reference to the complete set of financial statements. It can be obtained upon request from our branches.

Directors

Alan Rupert Nisbet	Chan Meng Wah Alexander
Viswanathan Ramachandran	Daniel Koh Kok Yu
Judy Hsu Chung Wei	Patrick Lee Fook Yau (Appointed on 25 September 2018)

Independent auditors' report

Members of the Bank
Standard Chartered Bank (Singapore) Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Standard Chartered Bank (Singapore) Limited ("the Bank"), which comprise the statement of financial position as at 31 December 2018, the statement of profit or loss, statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages FS1 to FS80.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 ("the Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Bank as at 31 December 2018 and of the financial performance, changes in equity and cash flows of the Bank for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the 'Auditors' responsibilities for the audit of the financial statements' section of our report. We are independent of the Bank in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Bank'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 management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Bank's financial reporting process.

Statement of profit or loss
Year ended 31 December 2018

	2018 \$'000	2017 \$'000
Interest income	885,251	706,925
Interest expense	(272,127)	(225,250)
Net interest income	613,124	481,675
Fee and commission income	372,998	354,907
Fee and commission expense	(81,628)	(68,810)
Net fee and commission income	291,370	286,097
Dealing and foreign exchange losses	(29,349)	(850)
Other income	12,881	10,333
Total non-interest income	274,902	295,580
Income before operating expenses	888,026	777,255
Staff costs	(267,061)	(265,967)
Other operating expenses	(362,434)	(298,352)
Total operating expenses	(629,495)	(564,319)
Operating profit before impairment loss on financial assets	258,531	212,936
Impairment losses	(92,142)	(60,320)
Profit before income tax	166,389	152,616
Income tax expense	(25,225)	(37,897)
Profit for the year	141,164	114,719

Capital Adequacy Ratio

The table below shows the composition of the Bank's regulatory capital and its capital adequacy ratios, determined according to the requirements of MAS Notice to Banks 637.

	2018 \$'000	2017 \$'000
Ordinary shares	1,721,064	1,653,000
Disclosed reserves	477,544	436,186
Regulatory adjustments	(336,894)	(246,304)
Common Equity Tier 1 ("CET 1") Capital	1,861,714	1,842,882
Non-cumulative redeemable preference shares	300,000	300,000
Regulatory adjustments	-	(61,576)
Additional Tier 1 ("AT1") Capital	300,000	238,424
Tier 1 Capital	2,161,714	2,081,306
Subordinated notes	784,000	784,000
Impairment allowances	73,795	27,598
Tier 2 Capital	857,795	811,598
Eligible Total Capital	3,019,509	2,892,904
Risk-Weighted Assets	16,419,656	15,274,832
Capital Adequacy Ratios		
Common Equity Tier 1	11.34%	12.06%
Tier 1	13.17%	13.63%
Total	18.39%	18.94%

Liquidity Coverage Ratio and Net Stable Funding Ratio

Disclosure of the Bank's Liquidity Coverage Ratio and Net Stable Funding Ratio for the year ended 31 December 2018 in accordance with the requirements of MAS 651 and MAS 653 respectively can be found in the Bank's website below:

<https://www.sc.com/sg/about-us/financial-results-pillar-3/>

Auditors' 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 auditors' 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 SSAs 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.

As part of an audit in accordance with SSAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Bank's management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Bank have been properly kept in accordance with the provisions of the Act.

KPMG LLP

Public Accountants and
Chartered Accountants

Singapore

26 March 2019