

Standard Chartered Bank

Bangladesh Branches

Financial Statements 2019

Independent Auditor's Report

Independent auditor's report to the management of Standard Chartered Bank (SCB) Bangladesh Branches

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Standard Chartered Bank (SCB), Bangladesh Branches (the "Bank") which comprise the balance sheet as at 31 December 2019 and profit and loss account, cash flow statement and statement of changes in equity for the year then ended, summary of significant accounting policies, other explanatory notes and annexures thereto.

In our opinion, the accompanying financial statements of the Bank give a true and fair view of the financial position of the Bank as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as explained in note # 3 and comply with the Banking Companies Act, 1991 (as amended up to date), rules and regulations issued by the Bangladesh Bank and other applicable laws and regulations.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 Bank in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and requirements of Bangladesh Bank, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Institute of Chartered Accountants of Bangladesh (ICAB) Bye-laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and those charged with governance for the financial statements and internal controls

Management is responsible for the preparation and fair presentation of the financial statements of the Bank in accordance with IFRSs as explained in note # 3, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Bank Companies Act 1991 and the Bangladesh Bank Regulations require the Management to ensure effective internal audit, internal control and risk management functions of the Bank. The Management is also required to make a self-assessment on the effectiveness of anti-fraud internal controls and report to Bangladesh Bank on instances of fraud and forgeries.

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. Those charged with governance are responsible for overseeing the Bank's financial reporting process.

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 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 ISAs, we exercise professional judgement and maintain professional skepticism 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 control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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 auditor's 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 auditor's 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.

Report on other legal and regulatory requirements

In accordance with the Companies Act, 1994, the Bank Company Act, 1991 and the rules and regulations issued by Bangladesh Bank, we also report that:

- (i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- (ii) to the extent noted during the course of our audit work performed on the basis stated under the Auditor's Responsibility section in forming the above opinion on the financial statements and considering the reports of the Management to Bangladesh Bank on anti-fraud internal controls and instances of fraud and forgeries as stated under the Management's Responsibility for the financial statements and internal control:
 - (a) internal audit, internal control and risk management arrangements of the Bank as disclosed in the financial statements appeared to be materially adequate;
 - (b) nothing has come to our attention regarding material instances of forgery or irregularity or administrative error and exception or anything detrimental committed by employees of the Bank;
- (iii) in our opinion, proper books of account as required by law have been kept by the Bank so far as it appeared from our examination of those books;
- (iv) the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;
- (v) the balance sheet and profit and loss account together with the annexed notes dealt with by the report are in agreement with the books of account and returns;
- (vi) the expenditures incurred were for the purpose of the Bank's business for the year;
- (vii) the financial statements have been drawn up in conformity with prevailing rules, regulations and accounting standards as well as related guidance issued by Bangladesh Bank;
- (viii) adequate provisions have been made for loans and advances and other assets which are in our opinion, doubtful of recovery;
- (ix) the information and explanations required by us have been received and found satisfactory;
- (x) we have reviewed over 80% of the risk weighted assets of the Bank and spent over 2,500 person hours; and
- (xi) Capital to Risk-weighted Asset Ratio (CRAR) as required by Bangladesh Bank has been maintained adequately during the year.

Dated, Dhaka
31 March 2020

[Signature]
A. Qasem & Co.
Chartered Accountants

Balance Sheet

Standard Chartered Bank Bangladesh Branches Balance Sheet as at 31 December 2019

	2019 Taka	2018 Taka
PROPERTY AND ASSETS		
Cash		
Cash in hand (including foreign currencies)	4,034,100,121	4,550,675,368
Balances with Bangladesh Bank (including foreign currencies)	23,065,076,539	61,612,708,945
Sonali Bank as an agent of Bangladesh Bank (local currency)	27,099,176,660	66,163,284,313
Balance with other banks and financial institutions		
Inside Bangladesh	613,820,866	259,192,172
Outside Bangladesh	32,103,775,021	49,880,669,864
	32,717,595,887	50,139,862,036
Money at call and short notice		
	-	380,000,000
Investments		
Government securities	67,299,025,818	40,969,182,754
Other investments	18,000,000	18,000,000
	67,317,025,818	40,987,182,754
Loans and advances		
Loans, cash credit, overdrafts, etc.	220,519,693,080	208,203,989,206
Bills purchased and discounted	30,239,146,094	37,091,584,759
	250,758,839,174	245,295,573,965
Fixed assets including premises, furniture and fixtures		
	2,064,342,357	301,247,008
Other assets		
	6,755,437,352	9,915,412,487
Non banking assets		
	-	-
Total assets	386,712,417,248	413,182,562,563
LIABILITIES AND CAPITAL		
Liabilities		
Borrowings from other banks, financial institutions and agents		
	10,984,873,519	25,885,516,897
Deposits and other accounts		
Current and other accounts	91,551,680,601	109,827,041,355
Bills payable	2,362,731,510	1,706,142,614
Savings deposits	75,905,193,687	93,721,305,450
Term deposits	62,286,867,480	43,373,867,290
Short term deposits	20,949,035,226	24,773,019,250
Other deposits (payable on demand)	9,321,126,127	9,900,007,243
Islamic- Al-Wadeeah Current Account Deposits	947,821,149	1,101,454,703
Islamic-Bills payable	-	-
Islamic-Mudaraba Savings Deposits	8,778,469,806	7,021,116,648
Islamic-Mudaraba Term Deposits	7,531,432,503	9,040,441,578
Islamic-Mudaraba Special Notice Deposits	37,249,523	25,450,072
Islamic-Other deposits	63,692,793	11,784,788
	279,735,300,405	300,501,630,990
Other liabilities		
	31,660,279,653	30,713,873,411
Total liabilities	322,380,453,578	357,101,021,297
Equity		
Fund deposited with Bangladesh Bank	2,361,728,446	2,339,505,496
Other reserves	630,784,737	(114,055,243)
Profit and loss account balance	61,339,450,488	53,856,091,013
	64,331,963,670	56,081,541,266
Total liabilities and equity	386,712,417,248	413,182,562,563
OFF-BALANCE SHEET ITEMS		
Contingent liabilities		
Acceptances and endorsements	29,934,857,807	29,295,341,086
Letters of guarantee	145,080,402,881	128,216,679,917
Irrevocable letters of credit	47,195,450,262	55,934,094,979
Bills for collection	15,256,083,496	29,476,709,002
	237,466,794,446	242,922,824,984
Other commitments		
Forward contracts	18,777,161,268	23,661,257,892
Undrawn formal standby facilities, credit lines and other commitments	33,397,830,517	27,361,819,010
	52,174,991,785	51,023,076,902
Total off-balance sheet items	289,641,786,231	293,945,901,886

The accompanying notes 1 to 30 form an integral part of these financial statements.

Statement of Changes in Equity

Standard Chartered Bank Bangladesh Branches Statement of Changes in Equity for the year ended 31 December 2019

Particulars	Amount in Taka					
	Fund deposited with Bangladesh Bank	Other reserve	Profit and Loss account balance DBU	Profit and Loss account balance OBU	Profit and Loss account balance	Total
	Taka	Taka	Taka			Taka
Balance as at 1 January 2019	2,339,505,496	(114,055,243)	48,828,833,059	5,027,257,954	53,856,091,013	56,081,541,267
Revaluation of foreign currency	22,222,949	-	-	(251,567,639)	(251,567,639)	(229,344,689)
Actuarial gain net-off deferred tax	-	690,086,421	-	-	-	690,086,421
Equity reserve - amortised discount on Held to Maturity (HTM) securities	-	98,612,005	-	-	-	98,612,005
Net profit for the year	-	-	11,337,774,138	1,488,152,975	12,825,927,113	12,825,927,113
Profit remitted to Head Office	-	-	(5,091,000,000)	-	(5,091,000,000)	(5,091,000,000)
Revaluation reserve account- Held for Trading (HFT) securities	-	(43,858,446)	-	-	-	(43,858,446)
Balance as at 31 December 2019	2,361,728,446	630,784,737	55,075,607,197	6,263,843,290	61,339,450,488	64,331,963,670
Balance as at 1 January 2018	2,312,837,956	(209,946,519)	38,985,670,000	3,528,631,739	42,514,301,739	44,617,193,176
Revaluation of foreign currency	26,667,540	-	-	123,976,552	123,976,552	150,644,092
Actuarial gain net-off deferred tax	-	(142,477,557)	-	-	-	(142,477,557)
Equity reserve - amortised discount on Held to Maturity (HTM) securities	-	239,473,844	-	-	-	239,473,844
Net profit for the year	-	-	9,843,163,059	1,374,649,663	11,217,812,722	11,217,812,722
Profit remitted to Head Office	-	-	-	-	-	-
Revaluation reserve account- Held for Trading (HFT) securities	-	(1,105,011)	-	-	-	(1,105,011)
Balance as at 31 December 2018	2,339,505,496	(114,055,243)	48,828,833,059	5,027,257,954	53,856,091,013	56,081,541,267

Dated, Dhaka
31 March 2020

[Signature]
Naser Ezaz Bijoy
Chief Executive Officer

[Signature]
Md Abdul Kader Joaddar
Chief Financial Officer

Profit and Loss Account

Standard Chartered Bank Bangladesh Branches Profit and Loss Account for the year ended 31 December 2019

	2019 Taka	2018 Taka
Interest income	22,304,391,822	19,559,656,581
Interest expense on deposits and borrowings	4,971,295,719	4,411,724,612
Net interest income	17,333,096,103	15,147,931,969
Income from investments	2,145,265,962	1,454,881,872
Commission, exchange and brokerage income	8,498,125,260	7,451,985,355
Other operating income	8,021,863	4,633,514
	10,651,413,085	8,911,500,741
Total operating income	27,984,509,188	24,059,432,710
Salaries and allowances	4,595,348,405	4,191,417,558
Rent, taxes, insurance, lighting, etc.	325,062,093	652,585,348
Legal expenses	79,123,819	63,708,096
Postage, stamps, telephone, telex, etc.	208,356,777	190,933,271
Auditors' fee	1,150,000	1,150,000
Printing, stationery and advertisement	313,568,893	249,264,169
Chief executive officer's salary	40,465,314	45,558,431
Repair, maintenance and depreciation	653,294,862	443,463,397
Other expenses	1,115,917,700	1,312,328,302
	7,332,287,863	7,150,408,571
Total operating expenses	20,652,221,325	16,909,024,139
Profit before provision	7,332,287,863	7,150,408,571
Provision for loans and advances and off-balance sheet exposures	1,275,380,667	515,532,058
	19,376,840,657	16,393,476,081
Total profit before income tax	19,376,840,657	16,393,476,081
Provision for income tax		
Current tax	5,645,827,851	5,127,957,680
Deferred tax	905,085,695	47,721,678
	6,550,913,546	5,175,679,358
Net profit after tax	12,825,927,113	11,217,812,723

The accompanying notes 1 to 30 form an integral part of these financial statements.

Dated, Dhaka
31 March 2020

[Signature]
Naser Ezaz Bijoy
Chief Executive Officer

[Signature]
Md Abdul Kader Joaddar
Chief Financial Officer

A. Qasem & Co.
Chartered Accountants

Cash Flow Statement

Standard Chartered Bank Bangladesh Branches Cash Flow Statement for the year ended 31 December 2019

	2019 Taka	2018 Taka
A) Cash flows from operating activities		
Interest received	22,031,895,327	19,562,761,612
Interest paid	(5,061,566,297)	(4,285,937,608)
Dividend income	22,500,000	22,500,000
Commission, exchange and brokerage income received	7,990,351,374	7,699,952,719
Recovery from previously written off loan	158,216,261	100,956,605
Cash paid to employees	(5,487,340,006)	(4,080,516,453)
Cash paid to suppliers	(1,677,487,774)	(2,700,449,535)
Income tax paid	(4,924,034,038)	(3,883,493,175)
Operating cash flows before changes in operating assets and liabilities	13,052,534,848	12,435,774,165
Increase / decrease in operating assets and liabilities		
Money at call and short notice	380,000,000	(380,000,000)
Loans and advances to customers	(6,952,745,904)	(23,041,787,969)
Other assets	3,286,488,980	639,813,717
Customer deposits	(20,766,330,585)	92,229,752,963
Borrowing from other banks and financial institutions	(14,900,643,377)	(11,175,185,014)
Other liabilities	(426,836,590)	(1,506,013,299)
	(39,380,067,476)	56,766,580,401
Net cash received from / used in operating activities	(26,327,532,628)	69,202,354,566
B) Cash flows from investing activities		
Income from investments	1,733,386,288	1,814,518,880
Investment in securities	(26,329,843,064)	17,928,645,005
Proceeds from disposal of fixed assets	-	804,964
Purchase of fixed assets	(250,061,571)	(117,290,819)
Other income	8,021,863	4,618,920
Net cash received from investing activities	(24,838,496,484)	19,631,296,940
C) Cash flows from financing activities		
Profit remitted to Head Office	(5,091,000,000)	-
Cash payments under finance lease	-	(17,071,328)
Net cash used in financing activities	(5,091,000,000)	(17,071,328)
D) Net increase / (decrease) in cash and cash equivalents (A+B+C)	(56,257,029,113)	88,816,580,187
E) Effects of exchange rate changes on cash and cash equivalents	(229,344,689)	150,644,092
F) Opening cash and cash equivalents	116,303,146,349	27,335,922,071
G) Closing cash and cash equivalents (D+E+F) (Note - 26)	59,816,772,547	116,303,146,349

Dated, Dhaka
31 March 2020

[Signature]
Naser Ezaz Bijoy
Chief Executive Officer

[Signature]
Md Abdul Kader Joaddar
Chief Financial Officer

A. Qasem & Co.
Chartered Accountants

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Standard Chartered Bank
Bangladesh Branches
Notes to the Financial Statements
as at and for the year ended 31 December 2019

1 The Bank and its activities**1.1 Name of the bank**

Standard Chartered Bank (SCB), Bangladesh Branches ("the bank") commenced its banking operations in Bangladesh in 1948 after obtaining licence from the Central Bank of Bangladesh. SCB is incorporated in England with limited liability by Royal Charter 1853. The Head Office of the bank is situated in England at 1 Basinghall Avenue, London EC2V5DD and Bangladesh country head office is situated at 67 Gulshan Avenue, Dhaka -1212.

1.2 Islamic Banking Window

On 18 November 2003, the Bank received permission from Bangladesh Bank to provide Islamic banking services. The Bank commenced providing such services from 26 February 2004 on Islamic Shariah principles based banking which is governed by the SCB Shariah Supervisory Committee based in Dubai.

2.0 Principal activities of the Bank

SCB offers a comprehensive range of financial services in Bangladesh including retail banking and wealth management, commercial banking, corporate and institutional banking, financial markets, global trade and trade services, cash management, securities custodial services, etc. There have been no significant changes in the nature of the principal activities of the Bank during the financial year under review.

3.0 Basis of preparation of Financial Statements**3.1 Reporting period & Approval of financial statements**

The financial statements cover a calendar year from 1 January 2019 to 31 December 2019. The financial statements are authorized for issue by management of the Bank on 31 March 2020.

3.2 Statement of compliance and basis of preparation

The Financial Reporting Act 2015 (FRA) was enacted in 2015 and the Financial Reporting Council (FRC) under the FRA is formed in 2017 which, among other things, will issue financial reporting standards for public interest entities such as banks. The Banking Companies Act 1991 has been amended to require banks to prepare their financial statements under such financial reporting standards.

The FRC is formed but as such no financial reporting standards have been issued as per the provisions of the FRA. Hence, the financial statements of the Bank as at and for the year ended 31 December 2019 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by The Institute of Chartered Accountants of Bangladesh (ICAB) and the requirements of The Banking Companies Act 1991, the rules and regulations issued by Bangladesh Bank (BB) and the Companies Act 1994. The Securities and Exchange Rules 1987 is not mandatorily applicable for non-listed foreign banks in Bangladesh. In case any requirement of the Banking Companies Act 1991 and provisions and circulars issued by the central bank (herein after called Bangladesh Bank (BB)) differ with those of IFRS, the requirements of the Banking Companies Act 1991 and provisions and circulars issued by BB shall prevail.

The financial statements of the Bank have been prepared in accordance with the "First Schedule (sec-38)" of The Banking Companies Act 1991 as amended therein 2007 and 2013. BRPD Circular no. 14 dated 25 June, 2003, other Bangladesh Bank Circulars, International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) as International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) respectively.

Pursuant to BRPD Circular No. 02 dated 25 February 2019, financial statements of the bank for the year ended 31 December 2019 have been prepared on solo basis where OBU information has been included in equivalent Bangladeshi Taka (BDT) denomination. However, key financial statements of OBU have been provided in Annexures to the solo financial statements of the bank.

Prior to year 2019, financial statements for DBU and OBU were prepared separately. In the solo financial statements for the year ended 31 December 2019, prior year figures have been rearranged to conform to current year's presentation.

Material departures from the requirements of IAS and IFRS are as follows:

i) Presentation of financial statements

IAS/IFRS: As per IAS 1 financial statements shall comprise statement of financial position, comprehensive income statement, statement of changes in equity, cash flows statement, adequate notes comprising summary of accounting policies and other explanatory information. As per para 60 of IAS 1, the entity shall also present current and non-current assets and liabilities as separate classifications in its statement of financial position.

Bangladesh Bank: The presentation of the financial statements in prescribed format (i.e. balance sheet, profit and loss account, cash flows statement, statement of changes in equity, liquidity statement) and certain disclosures therein are guided by the "First Schedule" (section 38) of The Banking Companies Act 1991 (amendment up to 2018) and BRPD circular no. 14 dated 25 June 2003 and subsequent guidelines of Bangladesh Bank. In the prescribed format there is no option to present assets and liabilities under current and non-current classifications.

ii) Investment in shares and securities

IFRS: As per requirements of IFRS 9, investment in shares and securities generally falls either under at Fair Value Through Profit and Loss (FVTPL) or Fair Value Through Other Comprehensive Income (FVOCI) where any change in the fair value (as measured in accordance with IFRS 13 Fair Value Measurement) at the year end is taken to profit and loss account or revaluation reserve, respectively.

Bangladesh Bank: As per BRPD circular no. 14 dated 25 June 2003 investments in quoted shares and unquoted shares are revalued at the year end at market price and as per book value of last audited balance sheet, respectively. Provision should be made for any loss arising from diminution in value of investment.

iii) Revaluation gains / losses on Government securities

IFRS: As per requirement of IFRS 9, where securities fall under the category of Held for Trading (HFT), any change in the fair value of held for trading securities is recognised through profit and loss account. Securities designated as Held to Maturity (HTM) are measured at amortised cost method and interest income is recognised in the profit and loss account.

Bangladesh Bank: As per DOS circular no. 05 dated 26 May 2008 and DOS circular no. 05 dated 28 January 2008, HFT securities are revalued on the basis of marking to market and at year end any gains on revaluation of securities which have not matured as at the balance sheet date are recognised in other reserves as a part of equity and any losses on revaluation of securities as at the balance sheet date are charged in the profit and loss account. Interest on HFT securities including amortisation of discount is recognised in the profit and loss account. HTM securities which have not matured as at the balance sheet date are amortised at the year end and changes in amortisation are recognised in other reserves as a part of equity.

iv) Repo and reverse repo transactions

IFRS: As per IFRS 9, when an entity sells a financial asset and simultaneously enters into an agreement to repurchase the asset (or a similar asset) at a fixed price on a future date (repo), the arrangement is treated as a loan and the underlying asset continues to be recognised in the entity's financial statements. The difference between selling price and repurchase price will be treated as interest expense. Same rule applies to the opposite side of the transaction (reverse repo).

Bangladesh Bank: As per DOS Circular letter no. 06 dated 15 July 2010 and subsequent clarification in DOS circular no. 02 dated 23 January 2013, when a bank sells a financial asset and simultaneously enters into an agreement to repurchase the asset (or a similar asset) at a fixed price on a future date (repo or stock lending), the arrangement is accounted for as a normal sale transaction and the financial asset is derecognised in the seller's book and recognised in the buyer's book.

However, as per DMD circular letter no. 07 dated 29 July 2012, non primary dealer banks are eligible to participate in the Assured Liquidity Support (ALS) programme, whereby such banks may enter collateralised repo arrangements with Bangladesh Bank. Here the selling bank accounts for the arrangement as a loan, thereby continuing to recognise the asset.

v) Provision on loans and advances

IFRS: As per IFRS 9, an entity should start the impairment assessment by considering whether objective evidence of impairment exists for financial assets that are individually significant. For financial assets that are not individually significant, the assessment can be performed on an individual or collective (portfolio) basis.

Bangladesh Bank: As per BRPD circular no. 14 dated 23 September 2012, BRPD circular no. 19 dated 27 December 2012, BRPD circular no. 05 dated 29 May 2013, BRPD circular no. 16 dated 18 November 2014, BRPD circular no. 12 dated 20 August 2017 and BRPD circular no. 15 dated 27 September 2017, a general provision at 0.25% to 5% under different categories of unclassified loans (standard/SMA loans) has to be maintained regardless of objective evidence of impairment. Also provision for sub-standard loans, doubtful loans and bad/losses loans has to be provided at 5% to 20%, 5% to 50% and 100%, respectively for loans and advances depending on the duration of overdue. Again as per BRPD circular no. 14 dated 23 September 2012, BRPD circular no. 07 dated 21 June 2018 and BRPD circular no. 13 dated 18 October 2018, a general provision at 0% to 1% is required to be provided for all off-balance sheet exposures. Such provision policies are not specifically in line with those prescribed by International Financial Reporting Standards (IFRS) 9: Financial Instruments.

vi) Recognition of interest in suspense

IFRS: Loans and advances to customers are generally classified as 'loans and receivables' as per IFRS 9 and interest income is recognised through effective interest method over the term of the loan. Once a loan is impaired, interest income is recognised in profit and loss account on the same basis based on revised carrying amount.

Bangladesh Bank: As per BRPD circular no. 14 dated 23 September 2012, once a loan is classified, interest on such loans are not allowed to be recognised as income, rather the corresponding amount needs to be credited to an interest in suspense account, which is presented as liability in the balance sheet.

vii) Other comprehensive income

IFRS: As per IAS 1 Presentation of Financial Statements Other Comprehensive Income (OCI) is a component of financial statements or the elements of OCI are to be included in a single Other Comprehensive Income Statement.

Bangladesh Bank: Bangladesh Bank has issued templates for financial statements which are to be followed by all banks. The templates for financial statements issued by Bangladesh Bank do not include OCI nor are the elements of OCI allowed to be included in a single other comprehensive income statement. As such the Bank does not prepare the other comprehensive income statement. However, elements of OCI, if any, are shown in the statements of changes in equity.

viii) Financial instruments – presentation and disclosure

Bangladesh Bank guidelines categorise, recognise, measure and present financial instruments differently from those prescribed in International Financial Reporting Standards (IFRS) 9: Financial Instruments and IFRS 7 Financial Instruments: Disclosures. As such full disclosure and presentation requirements of IFRS 7 is not made in the financial statements.

ix) Financial guarantees

IFRS: As per IFRS 9, financial guarantees are contracts that require an entity to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantees are recognised initially at fair value, and the initial fair value is amortised over the life of the financial guarantee. The financial guarantees is subsequently carried at the higher of this amortised amount and the present value of any expected payment when a payment under the guarantee has become probable.

Bangladesh Bank: As per BRPD circular no. 14 dated 25 June 2003, financial guarantees such as letter of credit, letter of guarantee etc. are reported as off-balance sheet items.

x) Cash flow statement

IFRS: As per IAS 7 Statement of Cash Flows, the cash flow statement can be prepared using either the direct method or the indirect method. The presentation is selected to present these cash flows in a manner that is most appropriate for the business or industry. The method selected is applied consistently.

Bangladesh Bank: As per BRPD circular no. 14 dated 25 June 2003, cash flow is the mixture of direct and indirect methods.

xi) Off-balance sheet items

IFRS: As per IFRS there is no requirement for disclosure of off-balance sheet items on the face of the balance sheet.

Bangladesh Bank: As per BRPD circular no. 14 dated 25 June 2003, off-balance sheet items (e.g. letter of credit, letter of guarantee etc.) must be disclosed separately on the face of the balance sheet.

xii) Loans and advances net of provision

IFRS: Loans and advances shall be recognised net of impairment loss as per IFRS 9.

Bangladesh Bank: As per BRPD circular no. 14 dated 25 June 2003, provision on loans and advances is presented separately as liability and cannot be netted off against loans and advances.

3.3 Basis of measurement

The financial statements of the Bank have been prepared on historical cost basis except for the following:

- Government treasury bills and bonds designated as HFT and subsequently measured at fair value using marking to market concept with gains credited to revaluation reserve as per DOS circular 05 dated 26 May 2008 and DOS circular 05 dated 28 January 2009; and
- Government treasury bills and bonds designated as HTM and subsequently measured using amortisation concept as DOS circular 05 dated 26 May 2008 and DOS circular 05 dated 28 January 2009.
- Net defined benefit (asset) liability in respect of defined benefit plan recognised as the present value of defined benefit obligation less fair value of plan assets as per IAS 19 Employee Benefits.

3.4 Foreign Currency

According to IAS 21 The Effects of Changes in Foreign Exchange Rates, transactions in foreign currencies are translated into the respective functional currency of the operation at the spot exchange rate at the date of the transaction.

Monetary assets, liabilities and fund deposited with Bangladesh Bank as capital denominated in foreign currencies at the reporting date are translated into the functional currency at the spot exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated into the functional currency at the spot exchange rate at the date that the fair value was determined. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on translation are recognised in the profit and loss account except for exchange rate differences on funds deposited with Bangladesh Bank as capital, which is recognised directly in equity.

3.5 Functional and reporting currency

The financial statements of the Bank are presented in Bangladeshi Taka (Taka/Tk/BDT) which is the Bank's functional and reporting currency.

3.6 Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the periods in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described below:

Provisions for loans and advances

The Bank assesses its loans and advances for objective evidence of impairment on a regular basis and particularly at year end. While the primary criteria set out in BRPD circular no. 14 dated 23 September 2012 for determining whether a loan is impaired are objective, based on borrower's ability to make timely repayments, loans and advances may also be classified based on qualitative judgement. This involves making assessments regarding the economic environment in which borrowers operate in addition to making judgements about a borrower's financial condition and net realisable value of any underlying collateral.

Taxation

The estimation of current tax provision involves making judgements regarding admissibility of certain expenses as well as estimating the amount of other expenses for tax purposes.

In addition, the recognition of deferred tax assets requires the Bank to estimate the extent to which it is probable that future taxable profits will be available against which the deferred tax assets may be utilised.

Net defined benefit (asset) liability under defined benefit plan

The determination of the Bank's net defined benefit (asset) liability in respect of defined benefit plan involves the use of estimates regarding demographic variables such as employee turnover and mortality and financial variables such as discount rate, future increases in salaries and medical costs that will influence the cost of the benefit.

3.7 Going Concern

These financial statements have been prepared on the assessment of the Bank's ability to continue as a going concern. Standard Chartered Bank, Bangladesh has neither any intention nor any legal or regulatory compulsion to liquidate or curtail materially the scale of any of its operations. The key financial parameters including liquidity, profitability, asset quality, provision sufficiency and capital adequacy, credit rating of the Bank continued to exhibit a healthy trend for couple of years. Besides, the management is not aware of any material uncertainties that may cast significant doubt upon the Bank's ability to continue as a going concern.

3.8 Liquidity statement

The liquidity statement of assets and liabilities as on the reporting date has been prepared on the basis of residual maturity term which has been given in the statement.

3.9 Data compilation

All balances of all branches (including Offshore Banking Unit (OBU) branch and Islamic Banking Window (Saadiq)) are included in these financial statements.

4.0 Significant accounting policies**4.1 Assets****4.1.1 Investments**

Investments in treasury bills and Government bonds are accounted for in accordance with DOS Circular Letter No. 05 dated 26 May 2008 subsequently amended by DOS circular letter no. 05 dated 28 January 2009, which allow banks to use both HTM and HFT securities for fulfillment of Statutory Liquidity Reserve (SLR) requirements.

In accordance with the requirements of the aforementioned circulars, amortised discount or premium on HTM securities is recognised directly in equity. However, coupon interests are recognised in profit or loss. Gains arising from revaluation of HFT securities on 'Marking to Market' basis are recognised in revaluation reserve account while losses from revaluation of the same securities are recognised in profit or loss.

Bank's investments in unquoted shares are recorded at cost.

4.1.2 Fixed assets including premises, furniture and fixtures

Items of fixed assets, other than land, are measured at cost less accumulated depreciation and impairment losses, as per IAS 16 Property, Plant and Equipment. Cost includes expenditures that are directly attributable to the acquisition of the asset. Land is carried at cost.

Subsequent costs

The cost of replacing part of an item of fixed assets is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Bank and its cost can be measured reliably. The cost of day-to-day servicing of fixed assets are expensed when incurred.

Depreciation

Depreciation on premises other than freehold land, and other fixed assets, is recognised in profit or loss on a straight line basis over the expected useful life of the assets based on cost. The estimated useful lives and the rate of depreciation for the current and comparative periods are as follows:

	Estimated useful life	Rate of depreciation
Freehold premises	50 years	2%
Fixed equipment	3 to 15 years	7% - 33%
Computer and office equipment	5 years	20%
Furniture and fittings	5 years	20%
Motor Vehicle	5 years	20%

Depreciation on additions to fixed assets is charged from the month in which such assets are available for use. Adjustments to accumulated depreciation for disposals / write offs are made up to the month in which the relevant assets are disposed / written off.

Retirement and disposals

An asset is derecognised on disposal or when no future economic benefits are expected from its use. Gains or losses arising from the retirement or disposal of an asset is determined as the difference between the net disposal proceeds and the carrying amount of the asset which is recognised as gain or loss from disposal of asset under other operating income.

4.1.3 Loans and advances to customers

Loans and advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Bank does not intend to sell immediately or in the near term.

Loans and advances are initially measured at fair value, and subsequently measured at amortised cost. These are stated gross with accumulated specific and general provisions for loans and advances being shown under other liabilities.

4.1.4 Loan write-off

Loans are normally written off, when there is no realistic prospect of recovery and classified as 'Bad loan' complying with BRPD circular no. 13 dated 7 November 2013, BRPD circular no. 2 dated 13 January 2003, DPIM Circular letter no. 11 dated 21 November 2013 and BRPD circular no. 01 dated 06 February 2019. Designated units of the bank (GSAM for corporate customers and Credit & Collections for retail customers) monitor loans written off and legal action taken against the classified customers. The written-off loans do not undermine or affect the amount claimed against the borrower by the bank. The designated units of the bank maintains a separate record for all individual cases of written-off loans. These units of the bank follow-up on the recovery efforts of the written-off loans and advances until the full settlement of the claimed amount.

4.1.5 Leases

The bank adopted IFRS 16 Leases, which has been approved by the Institute of Chartered Accountants of Bangladesh (ICAB) IFRS 16 replaced IAS 17 Leases.

IFRS 16 introduced a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17 Leases. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The bank has adopted the modified retrospective approach and has not restated comparative information. The following practical expedients were applied on transition to IFRS 16:

- The bank did not reassess whether premises leases identified under IAS 17 were leases under IFRS 16
 - The bank did not record a lease liability or right-of-use (ROU) asset for leases with a remaining term of less than 12 months as at 1 January 2019
 - The bank excluded initial direct costs from the measurement of right-of-use assets as at 1 January 2019
- The impact of IFRS 16 on the bank is primarily where the bank is a lessee in property lease contracts. On 1 January 2019, the bank recognised a lease liability, being the remaining lease payments, including extensions options where renewal is reasonably certain, discounted using the bank's incremental borrowing rate. The corresponding right-of-use asset recognised is the amount of the lease liability adjusted by prepaid or accrued lease payments related to those leases.

Summary of lease related information under IFRS 16 is provided in the below table. The comparative information is not restated, i.e. it is presented, as previously reported, under IAS 17.

Particulars	Opening Balance	Addition	Depreciation/ Interest Expenses	Accumulated Depreciation/ Lease Payments	Closing Balance
ROU Assets	1,823,622,485	131,349,664	271,964,702.00	271,857,595	1,683,114,554
Lease Liabilities	1,045,823,351	55,258,299	67,388,670.00	184,508,809	983,961,511

The asset is presented in 'Property, plant and equipment' and the liability is presented in 'Other liabilities'. Further information on these balances is shown in Notes 12, 16 and 24.

4.2 Liabilities**4.2.1 Borrowings from other banks, financial institutions and agents**

Borrowings from other banks, financial institutions and agents include both interest-bearing borrowings against securities from Bangladesh Bank and other banks, vostro accounts balances and call borrowing from other banks. These items are brought to financial statements at the gross value of the outstanding balance.

4.2.2 Deposits by customers and banks

Deposits are the Bank's principal source of debt funding. Deposits are initially measured at fair value and subsequently measured at amortised cost.

4.2.3 Provisions for other assets

BRPD circular no. 14 dated 25 June 2001 requires a provision of 100% on other assets which are outstanding for one year and above. The Bank maintains provisions in line with this circular unless it assesses there is no doubt of recovery on items of other assets in which case no provision is kept.

4.2.4 Provisions on nostro accounts

Unsettled debit transactions (as per Bank's book and nostro statements) for more than three months on nostro accounts are reviewed at each balance sheet date by management and provisions are kept in accordance with Bangladesh Bank Foreign Exchange Policy Department, circular no. FEPP (FEMO)/01/2005-677 dated 13 September 2005.

4.2.5 Provisions for liabilities and charges

A provision is recognised if, as a result of a past event, the Bank has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Contingent liabilities are not recognised but disclosed in the financial statements unless the possibility of an outflow of resources embodying economic benefits is reliably estimated.

4.2.6 Provisions on loans and advances

At each balance sheet date and periodically throughout the year, the Bank reviews Investments and advances to assess whether objective evidence that impairment of a investment or portfolio of Investments has arisen supporting a change in the classification of Investments and advances, which may result in a change in the provision required in accordance with BRPD circular no. 14 dated 23 September 2012, BRPD circular no. 19 dated 27 December 2012, BRPD circular no. 05 dated 29 May 2013, BRPD circular no. 16 dated 18 November 2014, BRPD circular no. 12 dated 20 August 2017, BRPD circular no. 15 dated 27 September 2017, BRPD circular no. 07 dated 21 June 2018, BRPD circular no. 13 dated 18 October 2018 and BRPD circular no. 03 dated 21 April 2019. The guidance in the circulars follow a formulaic approach whereby specified rates are applied to the various categories of Investments as defined in the circular. The provisioning rates are as follows:

General provision on:	2019	2018
Unclassified loans under small and medium enterprise financing (SMEF)	0.25%	0.25%
Unclassified loans under housing finance (HF)	1.00%	1.00%
Unclassified loans under loans for professionals (LP)	2.00%	2.00%
Unclassified loans under consumer financing (CF) other than housing finance (HF) and loans for professionals (LP)	5.00%	5.00%
Unclassified Loans under Credit Cards (CC)	2.00%	2.00%
Unclassified loans to brokerage houses (BH), merchant banks (MB), stock dealers (SD)	2.00%	2.00%
All unclassified loans except under SMEF, HF, LP, CF, BH, MB, SD and short-term agricultural and micro-credit scheme	1.00%	1.00%
Unclassified loans under short-term agricultural and micro-credit scheme	1.00%	1.00%
Off-balance sheet exposures:		
Acceptances and endorsements	1.00%	1.00%
Letters of guarantee		
Counter guarantee rating-1	0.00%	0.00%
Counter guarantee rating-2	0.50%	0.50%
Counter guarantee rating-3 or 4	0.75%	0.75%
Counter guarantee rating-Other	1.00%	1.00%
Irrevocable letters of credit	1.00%	1.00%
Bills for collection	0.00%	0.00%
Forward contracts	1.00%	1.00%

In accordance with BRPD circular no. 05 dated 29 May 2013, the rate of provision on the outstanding amount of loans kept in the 'Special Mention Account' will be the same as the rates stated above depending on the types of loans and advances.

Specific provision on:

	2019	2018
Substandard loans and advances	20%	20%
Doubtful loans and advances	50%	50%
Bad / loss loans and advances	100%	100%
Short-term agricultural and micro-credits:		
Substandard and Doubtful loans and advances	5%	5%
Bad / loss loans and advances	100%	100%

The above rates are the minimum prescribed rates. BRPD circular no. 14 dated 23 September 2012 provides scope for further provisioning based on qualitative judgements. If the specific provisions assessed under the qualitative methodology are higher than the specific provisions assessed under the formulaic approach above, the higher of the two is recognised.

4.2.7 Taxation

Income tax expense comprises current and deferred tax. Income tax expense

Notes to the Financial Statements

4.3.2 Profit on Saadid investments

Profit on investments is recognised, on an accrual basis, over the lifetime of the investments so as to reflect a constant rate of return on their carrying amounts. Overdue / late payment charge on investment is transferred to charity suspense account instead of income account.

4.3.3 Interest income from investment in securities

Interest on investment in securities other than the amount of amortisation of premium and discount on securities classified as HTM which is recognised directly in equity in accordance with DOS circular no. 05 dated 26 May 2008, is recorded in the profit and loss account.

4.3.4 Commission and fee income

The Bank earns commission and fee income from a diverse range of services (e.g. LC operations, accounts maintenance, custodial services, credit card renewal etc.) provided to its customers. Commission and fee income is accounted for as follows:

- income earned on the execution of a significant act is recognised as revenue when the act is completed,
- income earned from services provided is recognised as revenue as the services are provided.

4.3.5 Exchange income

Exchange income includes all gains and losses from foreign currency transactions.

4.3.6 Dividend income

Dividend income from the investments in unquoted shares in Central Depository Bangladesh Ltd. (CDBL) is recognised when it is received.

4.3.7 Interest expense on deposits

Interest expense for all deposits are recognised in the profit and loss account using the effective interest method.

4.4 Others

4.4.1 Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

4.4.2 Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents include notes and coins on hand and balances held with other banks and financial institutions and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

4.4.3 Materiality and aggregation

Each material class of similar items has been presented separately in the financial statements. Items of dissimilar nature also have been presented separately unless they are immaterial in accordance with IAS 1 'Presentation of Financial Statements'.

4.4.4 Comparative information

Comparative information including narrative and descriptive one is disclosed in respect of the preceding period where it is relevant to enhance the understanding of the current period's financial statements. Certain comparative amounts in the financial statements are reclassified and rearranged where relevant, to conform to the current year's presentation.

4.5 New accounting standards

The Bank has consistently applied the accounting policies as set out in Note 4 to all periods presented in these financial statements. The various amendments to standards, including any consequential amendments to other standards, with the date of initial application of 1 January 2019 have been considered. However, these amendments have no material impact on the financial statements of the Bank.

In December 2017, ICAB has decided to adopt IFRS replacing BFRS effective for annual periods beginning on or after 1 January 2019. However, since currently issued BFRS have been adopted from IFRS without any major modification, such changes would not have any material impact on financial statements.

A number of standards and amendments to standards are effective for annual periods beginning after 1 January 2019 and earlier application is permitted. However, the Bank has not early applied the following new standards in preparing these financial statements.

(a) IFRS 17 Insurance Contracts

IFRS 17 was issued in May 2017 and applies to annual reporting periods beginning on or after 1 January 2021. IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. The Bank is not yet assessed in potential impact of IFRS 17 on its financial statements.

There are no other standards that are not yet effective and that would be expected to have a material impact on the Bank in the current or future reporting periods and on foreseeable future transactions.

5.0 Capital

The Bank's approach to capital management is driven by a desire to maintain a strong capital base to support the development of its business, to meet regulatory capital requirements at all times and to maintain good credit ratings.

Compliance with capital adequacy regulations

Capital requirements for the Bank at a local level are set and monitored by Bangladesh Bank. The capital that the Bank is required to hold is determined considering its balance sheet and off-balance sheet positions in accordance with guidelines on risk based capital adequacy.

The Bank's capital structure consists of Tier I and Tier II capital which is aligned with regulatory capital structure. Tier I capital is further categorized as Common Equity Tier 1 (CET1) and Additional Tier 1 capital. The computation of the amount of Common Equity Tier 1, Additional Tier 1 and Tier II capital shall be subject to the following conditions:

- The Bank has to maintain at least 4.50% of total Risk Weighted Assets (RWA) as Common Equity Tier I capital.
- Tier I capital will be at least 6.00% of the total RWA.
- Minimum Capital to Risk-weighted Asset Ratio (CRAR) will be 10% of the total RWA.
- Additional Tier I capital can be maximum up to 1.5% of the total RWA or 33.33% of CET 1, whichever is higher.
- Tier II capital can be maximum up to 4% of the total RWA or 88.89% of CET 1, whichever is higher.
- In addition to minimum CRAR, Capital Conservation Buffer (CCB) @ 2.5% of the total RWA will be maintained in the form of CET1.

5.1 As per section 13 (1), subsequent revision and amendments to the Bank Company Act 1991 and BRPD circular no. 18 dated 21 December 2014 and BRPD circular letter no. 11 dated 14 August 2008, the required amount of the capital and reserves of the bank at the close of the business on 31 December 2019 is Tk. 4,000,000,000 or 10% of risk weighted assets whichever is higher. Accordingly, the required amount of the capital and reserves of the Bank at the close of the business on 31 December 2019 was Tk. 27,171,693,014 (2018: Tk. 26,985,220,227). The Bank's capital was greater than the amount required as above. The details of the capital as on 31 December are as follows:

	2019 Taka	2018 Taka
Total risk weighted assets	271,716,930,140	269,852,202,268
10% of risk weighted assets	27,171,693,014	26,985,220,227
Total capital held:		
Common Equity Tier I		
Fund Deposited with Bangladesh Bank	2,361,728,446	2,339,505,496
Retained Earnings	55,699,595,488	53,856,091,013
Actuarial Gain/(Loss)	332,901,000	(357,186,171)
Less: Regulatory Adjustment for Deferred Tax Assets as per Bangladesh Bank Guidelines	(809,179,701)	(1,177,334,917)
	57,585,045,232	54,661,075,421
Additional Tier I		
	-	-
Total Tier I Capital	57,585,045,232	54,661,075,421
Tier II		
General Provision	5,309,180,450	5,126,047,084
Revaluation Reserve for Securities	-	47,915,214
Total Tier II Capital	5,309,180,450	5,173,962,298
Total Regulatory Capital	62,894,225,682	59,835,037,720
Total capital required	27,171,693,014	26,985,220,227
Surplus capital	35,722,532,668	32,849,817,493
Common Equity Tier -I Ratio	21.19%	20.26%
Tier I Capital Adequacy Ratio	21.19%	20.26%
Tier II Capital Ratio	1.95%	1.92%
Capital to Risk Weighted Assets Ratio (CRAR)	23.15%	22.17%

Refer to Annexure - F for Disclosures on Risk Based Capital (Basel III) Pillar III.

6 Cash

	2019 Taka	2018 Taka
In hand (including foreign currencies)		
Local currency	3,667,195,222	4,242,947,453
Foreign currencies	366,904,899	307,627,915
	4,034,100,121	4,550,575,368
Balance with Bangladesh Bank (including foreign currencies)		
Local currency	20,834,151,389	59,258,987,384
Foreign currencies	2,230,925,150	2,353,721,561
	23,065,076,539	61,612,708,945
Balance with Sonali Bank as agent of Bangladesh bank		
Sonali Bank as an agent of Bangladesh Bank	-	-
	23,065,076,539	61,612,708,945
	27,099,176,660	66,163,284,313

6.1 Cash Reserve Ratio (CRR)

As per section 33 of the Bank Company Act 1991 (amended upto 2018) & MPD circular no. 01 dated 03 April 2018 issued by Bangladesh Bank (effective from 15 April 2018), SCB has been maintaining 5% CRR on daily basis and 5.5% on bi-weekly basis. CRR requirement is calculated on the basis of weekly average total demand and time liabilities (ATDTL) of a base month which is two months back of the reporting month (i.e. CRR of December 2019 is maintained on the basis of weekly ATDTL of October 2019). Reserve maintained by the bank as at 31 December are as follows:

Daily 5% (2018: 5%) of average demand and time liabilities:		
Required reserve	15,716,646,867	11,732,874,417
Actual reserve held with Bangladesh Bank (Annexure - E)	21,348,529,131	61,830,721,447
Surplus	5,631,882,264	50,097,847,030
Bi-weekly 5.5% (2018: 5.5%) of average demand and time liabilities:		
Required reserve	17,288,311,553	12,906,161,858
Bi-weekly average reserve held with Bangladesh Bank	23,731,831,176	60,406,957,547
Surplus	6,443,519,623	47,500,795,689

Notes to the Financial Statements

6.2 Statutory Liquidity Ratio (SLR)

Pursuant to section 33 of the Bank Company Act 1991 (amended upto 2018) & MPD circular no. 02 dated 10 December 2013 issued by Bangladesh Bank (effective from 1 February 2014), SCB has been maintaining 13% SLR on weekly average total demand and time liabilities (ATDTL) of a base month which is two months back of the reporting month (i.e. SLR of December 2019 is based on weekly ATDTL of October 2019). Reserve maintained by the bank as at 31 December 2019 are as follows:

	2019 Taka	2018 Taka
13% of Average demand and time liabilities:		
Required reserve	40,037,658,907	30,585,989,771
Actual reserve held with Bangladesh Bank (note 6.2.1)	75,393,343,018	94,444,318,257
Surplus	35,355,684,111	63,878,328,486
6.2.1 Actual reserve held for SLR		
Cash in hand	4,034,100,121	4,550,575,368
Excess amount of CRR used for SLR	4,060,217,079	48,924,560,135
Prize bond	1,448,300	1,117,500
Treasury Bills	48,147,270,259	33,019,136,132
Bangladesh Government Treasury Bonds	19,150,307,259	7,948,929,122
	75,393,343,018	94,444,318,257
7 Balance with other banks and financial institutions		
Inside Bangladesh	613,820,866	259,192,172
Outside Bangladesh	32,103,775,021	49,880,669,864
	32,717,595,887	50,139,862,036
Inside Bangladesh		
Current account:		
Sonali Bank Ltd	754,758	45,754,758
IFIC Bank Ltd	48,504	48,504
Prime Bank Ltd	3,000,575	3,000,000
Islami Bank Bangladesh Ltd	10,010,000	10,005,000
Agrani Bank Ltd	7,029	383,910
Term account:		
Agrani Bank Ltd	600,000,000	-
Southeast Bank Ltd	-	200,000,000
	613,820,866	259,192,172
Total inside Bangladesh	613,820,866	259,192,172
Outside Bangladesh		
Non Group Nostro		
Current account with:		
Nordea Bank Norge, OSLO- NOK	92,910	1
Credit Suisse, Zurich - CHF	2,697,283	32,579
Royal Bank of Canada, Toronto - CAD	7,425,821	7,085,198
Westpac Banking Corporation - AUD	691,400	726,661
Al Rajhi Bank	2,757	2,225
Nordea Bank, OSLO - SEK	-	609
Nordea Bank, Denmark	-	21,661
	10,910,171	7,868,934
Group Nostro		
Current account with:		
SCB Hongkong - HKD	36,961	28,395
SCB Bombay ACU - USD	379,326,077	168,691,992
SCB Nepal - USD	122,853,795	104,133,136
SCB London - GBP	34,768,986	77,959,782
SCB London - USD	22,407,827	21,987,971
SCB Bombay ACU - EUR	663,584	385,999
SCB Karachi ACU - USD	141,508,522	160,392,032
SCB Colombo ACU - USD	261,099,483	177,602,957
SCB Frankfurt - EUR	96,153,406	664,501,713
SCB Singapore - SGD	-	44,137
SCB Tokyo - JPY	246,414,006	90,325,365
SCB Dubai - AED	8,663,633	276,662
SCB Hongkong - CNY	122,596	2,260
SCB New York Savar - USD	933,748,291	213,641,300
SCB London - GBP	4,264,526	-
SCB Frankfurt - EUR	125,830,828	364,285,085
SCB Tokyo - JPY	2,329	5,542,144
	2,377,864,850	2,049,800,930
Short term deposit account with:		
SCB London - USD	29,715,000,000	47,823,000,000
	29,715,000,000	47,823,000,000
Total outside Bangladesh	32,103,775,021	49,880,669,864
Refer to Annexure - B for currency wise balances.		
7.1 Residual maturity analysis of balance with other banks and financial institutions		
Not more than one month	30,170,595,887	50,139,862,036
Over one month but not more than three months	-	-
Over three months but not more than one year	2,547,000,000	-
Over one year but not more than five years	-	-
Over five years	-	-
	32,717,595,887	50,139,862,036
8 Money at call and short notice		
The City Bank Ltd.	-	190,000,000
Commercial Bank of Ceylon	-	190,000,000
	-	380,000,000
9 Investments		
Government securities		
Treasury Bills	35,776,193,792	33,019,136,132
Reverse Repo Treasury Bills	12,371,076,467	-
Reverse Repo Government Bonds	-	2,142,811,471
Bangladesh Government Treasury Bonds	18,200,307,259	4,906,117,651
Bangladesh Government Islamic Bonds	950,000,000	900,000,000
Prize Bonds	1,448,300	1,117,500
	67,299,025,818	40,969,182,754
Other investments*	18,000,000	18,000,000
Total	67,317,025,818	40,987,182,754

*Represent investments in 9,000,000 shares of Central Depository Bangladesh Limited (CDBL) of Taka 10 each which is inclusive of 7,200,000 bonus shares. As per last audited financial statement of CDBL, book value per share is higher than the cost price of the investment.

9.1 Classification of Treasury Bills and Government Treasury Bonds

Held to Maturity (HTM) Treasury Bonds		
Treasury Bills	13,267,738,830	32,019,211,544
Bangladesh Government Islamic Bonds	950,000,000	900,000,000
Bangladesh Government Treasury Bonds	13,705,464,176	4,282,805,725
	27,923,203,006	37,202,017,269
Held For Trading (HFT) Treasury Bills		
Treasury Bills	22,508,454,962	999,924,588
Reverse Repo Treasury Bills	12,371,076,467	-
Reverse Repo Government Bonds	-	2,142,811,471
Bangladesh Government Treasury Bonds	4,494,843,083	623,311,926
	39,374,374,512	3,766,047,985
	67,297,577,518	40,968,065,254
9.2 Tenor wise grouping of Treasury Bills, Bangladesh Bank Bills and Government Bonds		
Treasury Bills and Bangladesh Bank Bills		
Held to Maturity (HTM) Securities		
91 Day Treasury Bills	-	13,213,837,954
182 Day Treasury Bills	2,265,347,841	13,125,666,990
1 Year Treasury Bills	11,002,390,989	5,679,706,600
	13,267,738,830	32,019,211,544
Held For Trading (HFT) Securities		
14 Days		

Notes to the Financial Statements

	2019 Taka	2018 Taka
(iii) Loans and advances - sector wise classification (Large Enterprise)		
Manufacturing	400,840,156	422,139,863
Construction	35,260,218	26,222,047
Commerce	9,501,586,051	9,998,727,518
Transport and communications	94,932,326	74,671,718
Community, social and personal services	1,263,622,442	1,377,234,694
	11,296,241,193	11,898,995,840
(iv) Loans and advances - sector wise classification (Corporate customers)		
Agriculture, hunting, forestry and fishing	80,930,634,391	19,899,417,149
Manufacturing	56,299,057,349	118,767,977,159
Electricity, gas and water	2,117,443,274	786,891,214
Commerce	7,783,558,324	5,818,391,228
Transport and communications	5,053,542,039	5,981,328,052
Community, social and personal services	14,004,185,248	13,446,197,331
Financing, insurance and business service	8,089,846,669	6,114,914,894
Banks	213,877,625	925,365,905
	174,492,144,919	171,740,482,932
10.7 Loans and advances including bills purchased and discounted- geographical location wise classification		
Dhaka Division	224,735,942,090	215,232,193,157
Chattogram Division	25,032,014,810	29,011,131,407
Khulna Division	332,991,608	357,202,196
Rajshahi Division	258,793,885	250,518,298
Rangpur Division	-	-
Sylhet Division	399,096,781	444,528,907
Mymensingh Division	-	-
	250,758,839,174	245,295,573,965
10.8 Loans and advances including bills purchased and discounted- unclassified and classified classification Unclassified		
Standard	246,171,160,988	238,028,701,690
Special Mention Account (SMA)	393,394,244	1,492,212,637
	246,564,555,212	239,520,914,327
Classified		
Substandard	953,384,199	1,123,148,868
Doubtful	304,511,060	440,156,732
Bad / loss	2,936,388,703	4,211,354,038
	4,194,283,962	5,774,659,638
	250,758,839,174	245,295,573,965
10.9 Particulars of loans and advances including bills purchased and discounted		
i) Loans considered good in respect of which the Bank is fully secured (unclassified loans and advances);	48,385,525,087	39,826,471,555
ii) Loans considered good against which the Bank holds no security other than the debtor's personal guarantee;	144,044,101,071	161,832,681,809
iii) Loans considered good secured by the personal undertakings of one or more parties in addition to the personal guarantee of the debtor;	-	-
iv) Loans adversely classified; provision not maintained there against;	-	-
v) Loans taken by directors or officers of the Bank or any of these either separately or jointly with any other persons;	2,986,460,685	2,771,408,859
vi) Loans due from companies or firms in which the directors of the Bank have interests as directors, partners or managing agents or in case of private companies as members;	-	-
vii) Maximum total amount of advance including temporary advance made at any time during the year to directors or managers or officers of the Bank or any of them either separately or jointly with any other person;	2,986,460,685	2,771,408,859
viii) Maximum total amount of advances, including temporary advances granted during the year to the companies or firms in which the directors of the Bank have interest as directors, partners or managing agents or in case of private companies as members;	-	-
ix) Due from banking companies;	213,877,625	925,365,905
x) Classified loans for which interest has not been charged: a) Increase / (decrease) of provision (specific)	(239,017,050)	513,150,509
Amount of loans written off (net of recovery)	1,461,655,111	319,658,693
Amount realised against the loan previously written off	158,216,261	100,956,605
b) Amount of provision kept against the amount classified as bad / loss as at the Balance Sheet date	2,348,443,015	3,268,094,263
(c) Amount of interest charged in suspense account	239,592,343	228,820,445
xi) Loans written off: Opening Balance of cumulative written-off loan	6,577,033,967	6,156,418,669
Gross amount of written off during the current year	1,619,871,372	420,615,298
Cumulative amount of written off loans	8,196,905,339	6,577,033,967
Amount of written off loan for which lawsuit has been filed	5,304,352,802	4,245,136,719
11 Bills purchased and discounted		
Inside Bangladesh	27,988,362,057	34,010,255,693
Outside Bangladesh	2,250,784,037	3,081,329,066
	30,239,146,094	37,091,584,759
11.1 Bill purchased & discounted- product wise classification		
(a) Bill Discounted & Purchased to Consumer Bank by Product		
Cheque Purchased	-	-
Credit Bill Negotiation	-	-
Bank - Credit Bill Negotiation	-	-
Export bill discounting / outward Bill	-	-
Export Invoice Finance	-	-
Import Invoice Finance	-	-
	-	-
(b) Bill Discounted & Purchased to Small and Medium Enterprises by Product		
Cheque Purchased	-	-
Credit Bill Negotiation	-	-
Bank - Credit Bill Negotiation	-	-
Export bill discounting / outward Bill	-	-
Export Invoice Finance	-	-
Import Invoice Finance	461,816,150	38,220,616
	461,816,150	38,220,616
(c) Bill Discounted & Purchased to Large Enterprises by Product		
Cheque Purchased	-	-
Credit Bill Negotiation	-	-
Bank - Credit Bill Negotiation	-	-
Export bill discounting / outward Bill	-	-
Export Invoice Finance	-	15,187,374
Import Invoice Finance	95,631,575	39,754,111
	95,631,575	54,941,485
(d) Bill Discounted & Purchased to corporate customers by product		
Cheque Purchased	1,269,378,688	1,626,489,715
Credit Bill Negotiation	3,408,851,096	3,381,515,486
Bank - Credit Bill Negotiation	213,877,625	925,365,905
Export bill discounting / outward Bill	119,235,059	291,295,221
Export Invoice Finance	11,943,671,385	17,453,955,644
Import Invoice Finance	12,526,684,515	13,315,650,474
Islamic- Import Invoice Finance (Murbaha)	-	4,150,214
Islamic- Export Invoice Finance (Musharakha)	200,000,000	-
	29,681,698,368	36,998,422,658
Total (a+b+c+d)	30,239,146,094	37,091,584,759
11.2 Classification on residual maturity basis		
Payable within one month	1,963,540,090	2,066,700,186
Payable over one month but within three months	24,348,843,833	30,220,077,850
Payable over three months but within six months	3,926,762,171	4,788,726,723
Payable over six months	-	16,080,000
	30,239,146,094	37,091,584,759
12 Fixed assets including premises, furniture and fixtures		
Freehold premises	-	-
Fixed equipment	1,164,699,473	1,144,254,321
Computer and office equipment	1,649,484,214	1,489,267,429
Furniture and fittings	607,571,199	538,171,564
Motor vehicle	73,925,431	73,925,431
Leased assets	2,002,548,149	47,576,000
	5,498,228,465	3,293,194,745
Less: Accumulated depreciation	(3,433,886,108)	(2,991,947,737)
	2,064,342,357	301,247,008
Refer to Annexure - A for detailed analysis.		

Notes to the Financial Statements

	2019 Taka	2018 Taka
13 Other assets		
Stationery and stamps in hand	7,173,074	5,224,432
Interest receivable - Loans and advances	2,581,897,375	2,404,618,095
Interest receivable - Central Bank and Government	565,977,850	121,844,617
Interest receivable - Banks	13,769,504	42,273,872
Interest receivable - SCB Branches	39,799,234	15,941,000
Accrued commission receivable	702,945,933	195,172,047
Security deposits	13,744,852	13,873,709
Advance rent	50,316,887	799,268,917
Prepaid expenses	24,281,137	22,405,998
Items in course of collection-cheques in till	-	3,942,708,071
Suspense account	343,719,795	25,529,603
Sundry debtors	115,582,556	34,466,237
Other Receivable - Protested Bill	637,103	637,103
Project awaiting completion	107,829,251	78,362,503
Unrealised gain on forward contracts	48,829,494	134,128,063
Deferred tax asset (Note - 13.2)	827,093,633	1,197,340,531
Net defined benefit asset (Note - 16.3)	114,651,235	-
Cross border recharge receivable	8,059,718	268,200
Receivable from Bangladesh Bank against sanchayapatra	1,187,346,818	867,376,111
Adjustment due to use of Bangladesh Bank conversion rate	608,856	-
Others	1,173,047	13,973,378
	6,755,437,352	9,915,412,487
Other assets have been assessed by management and are not doubtful of recovery and hence no provision is required.		
13.1 Other assets which are not capable of earning income (non interest bearing)		
Stationery and stamps in hand	7,173,074	5,224,432
Interest receivable - Loans and advances	2,581,897,375	2,404,618,095
Interest receivable - Central Bank and Government	565,977,850	121,844,617
Interest receivable - Banks	13,769,504	42,273,872
Interest receivable - SCB Branches	39,799,234	15,941,000
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Security deposits	13,744,852	13,873,709
Advance rent	50,316,887	799,268,917
Prepaid expenses	24,281,137	22,405,998
Items in course of collection-cheques in till	-	3,942,708,071
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Unrealised gain on forward contracts	48,829,494	134,128,063
Deferred tax asset	827,093,633	1,197,340,531
Net defined benefit asset	114,651,235	-
Cross border recharge receivable	8,059,718	268,200
Receivable from Bangladesh Bank against sanchayapatra	1,187,346,818	867,376,111
Adjustment due to use of Bangladesh Bank conversion rate	608,856	-
Others	1,173,047	13,973,378
	6,755,437,352	9,915,412,487
13.2 Deferred tax		
	Deferred Tax Assets (Taka)	Deferred Tax Liabilities (Taka)
	2019	2018
Fixed assets	203,542,346	198,907,017
Accrued interest on Government securities	-	-
Right of Use Assets (IFRS 16)	73,367,223	-
Gratuity provision	176,073,506	255,487,719
Operating lease rent adjustment	46,637	92,038,202
Actuarial (gain)/loss during the year	-	238,124,114
Specific provision	358,278,624	400,112,273
Holiday pay accruals	15,785,297	12,671,206
Revaluation reserve - HTM & HFT securities	-	-
	827,093,633	1,197,340,531
	2019	2018
Fixed assets	(226,391,140)	(48,737,847)
Accrued interest on Government securities	-	-
Right of Use Assets (IFRS 16)	-	-
Gratuity provision	-	-
Operating lease rent adjustment	-	-
Actuarial (gain)/loss during the year	(221,933,500)	-
Specific provision	(198,099,056)	(161,596,684)
Holiday pay accruals	-	-
Revaluation reserve - HTM & HFT securities	(646,423,696)	(210,334,531)
	(1,173,840,392)	(420,669,068)
Deferred tax assets / (liabilities) are calculated using the tax rate expected to apply in the periods in which the assets will be realised or the liabilities settled, based on tax rates and laws enacted by the balance sheet date. Following are the descriptions for individual items of the deferred tax asset / (liabilities) that are recognised by the bank as temporary difference with expected realisation / (settlement).		
Fixed assets		
As per tax rules, accounting depreciation is not tax allowable. However, tax authorities allow the tax depreciation. Therefore temporary differences arise on such different depreciation methodology. The Bank recognises deferred tax assets / (liabilities) on such differences. This is an ongoing item and there is a difference between tax depreciation and accounting depreciation rate. However the outstanding amount of deferred tax will be automatically released with the expiry of the economic useful life of the assets.		
Accrued interest on Government securities		
As per tax law, interest income on Government securities are taxed on cash basis whereas interest income from Government securities have been accounted for on accrual basis in these financial statements. This difference of interest income recognition has created temporary difference on which the Bank recognises deferred taxes. This is an ongoing item and the outstanding deferred tax will be adjusted upon maturity of the respective Government securities.		
Gratuity provision		
The Bank recognises deferred tax assets / (liabilities) on the temporary difference for gratuity provision and actual payment to the recognised gratuity fund. The temporary differences would eventually be eliminated on the payment of such provision to the fund.		
Operating lease rent adjustment		
The Bank recognises deferred tax assets / (liabilities) on the temporary differences for actual contractual liability on long-term premises lease rent as opposed to straight line expense recognition over the period of lease term. This temporary difference will be settled or adjusted on the expiry of lease agreement.		
Specific provisions on loans and advances		
As per tax law, provisions for loans and advances are not allowable. As a result, provision charged to profit or loss is added back while computing taxable income. However, for loans that are written off with cases being filed the tax authority allows the amount of such loans as deductions from taxable income.		
As per the provision of IAS 12, the Bank recognises a deferred tax asset on specific provision relating to loan customers other than retail and small enterprise customers for the deductible temporary difference to the extent it is probable that taxable profit will be available against which such temporary difference can be utilised.		
13.3 Movement of deferred tax assets / (liabilities)		
	2019 Taka	2018 Taka
Net deferred tax assets / (liabilities) as at 1 January (Charged) / Credit to Profit and Loss account*	987,006,001	1,113,922,039
Actuarial gain and Revaluation Reserve-HTM adjustment (Note- 13.3.1)	(309,776,077)	(47,721,678)
	(496,559,986)	(79,194,360)
Net balance as at 31 December	180,669,938	987,006,001
* Deferred tax expense charged to profit & loss account during the year Tk. 905,085,695 includes Tk. 595,309,618 for opening balance adjustments		
13.3.1 Deferred tax recognised in equity		
Actuarial gain / (loss) for gratuity	1,150,144,035	(198,566,107)
Revaluation reserve - HTM securities	91,255,930	396,552,007
	1,241,399,965	197,985,900
Deferred tax @ 40 %	(496,559,986)	(79,194,360)
Transfers to reserve	744,839,979	118,791,540
	1,489,164,982	447,040,783
14 Borrowings from other banks, financial institutions and agents		
Repo (Annex G)	-	-
Foreign currency borrowing from Bangladesh Bank (EDF)	1,095,813,270	942,956,752
Others (Note 14.1)	9,889,060,250	24,942,560,145
	10,984,873,519	25,885,516,897
14.1 Others		
A. Group Vostro:		
Current Deposit		
SCB Bombay - ACU USD	1,858,620	1,836,728
SCB Colombo - ACU USD	184,572,726	151,980,688
SCB Pakistan - USD	263,247,167	107,399,111
SCB London - BDT	124,668,069	163,826,017
SCB New York - BDT	143,055	13,296
SCB Singapore - BDT	66,070,372	7,186,161
SCB Singapore - SGD	5,091,806	-
SCB Kuala Lumpur - BDT	3,472,863	33,269
SCB Dubai - BDT	17,573,593	11,874,397
SCB Dubai (International Financial Center) - BDT	97,963	106,481
SCB Tokyo-JPY	499,850	500,000
SCB London - EUR	1,331,113,000	1,577,951,100
SCB Hongkong - EUR	1,426,192,500	-
SCB London (Savar) - GBP	-	15,460,469
	3,424,601,584	2,038,167,716

Notes to the Financial Statements

	2019 Taka	2018 Taka
B. Non Group Vostro:		
Current Deposit		
People's Bank Colombo, Sri Lanka	20,866,041	18,384,072
Ceylon Bank Plc	52,017,730	24,902,711
Bank of New Zealand	159,950	160,100
Askari Bank Ltd	68,675,999	27,674,188
Faysal Bank	28,378,940	25,209,158
Habib Metropolitan Bank	3,677,237	24,432,447
Soneri Bank Ltd	49,122,306	13,355,515
Allied Bank Ltd-Karachi	12,690,933	11,871,328
United Bank Ltd-Karachi	48,125,004	

	2019 Taka	2018 Taka
16.1 Provision for loans and advances and off-balance sheet exposures		
General provision		
Opening balance	5,126,047,084	5,385,548,018
Provision charged / (released) during the year	227,775,264	294,394,756
Provision on off-balance sheet exposures charged / (released)	(44,641,897)	(553,895,690)
Charge in profit and loss account	183,133,367	(259,500,934)
Total general provision	5,309,180,451	5,126,047,084
Specific provision		
Opening balance	3,754,348,560	3,241,198,049
Add: Provision made during the year	1,877,241,116	1,578,667,984
Less: Release/Recovery during the year	(784,993,816)	(803,634,992)
Less: Recovery of debts previously written-off	-	-
Charge in profit and loss account	1,092,247,300	775,032,992
Less : Written-Off (net of recovery) during the year	(1,331,501,377)	(295,856,647)
Add : Translation increase/(decrease)	236,943	284,333
Add : Transferred from Interest In suspense	-	10,713,448
Add : Other movement	-	22,976,385
Total specific provisions	3,515,331,426	3,754,348,560
Total provisions	8,824,511,877	8,880,395,644

	Base for provision 2019 only Taka	2019 Taka	2018 Taka
16.1.1 Adequacy of provision vis a vis provision required to be maintained			
General provision			
On off-balance sheet exposures at various rates	289,855,663,857	1,719,362,928	1,764,004,827
On standard loans at various rates	246,419,190,556	3,584,380,234	3,335,276,348
On special mention accounts (SMA) at various rates	393,521,969	5,437,287	26,765,908
	536,668,376,382	5,309,180,449	5,126,047,083
Specific provision			
On sub-standard loans and advances	653,680,939	130,736,188	130,391,219
On doubtful loans and advances	236,252,990	118,126,495	129,126,072
On bad / loss loans and advances	2,181,298,120	2,181,298,120	3,002,372,778
	3,071,232,049	2,430,160,803	3,261,890,069
Total provision required to be maintained	7,739,341,252	8,387,937,152	
Total provision maintained	8,824,511,877	8,880,395,644	
Excess / (deficit) provision at 31 December	1,085,170,625	492,458,493	

16.2 Interest suspense account			
Opening balance	591,027,930	545,594,418	
Addition during the year	239,592,343	228,820,445	
Amount of recovery during the year	(192,236,636)	(148,871,439)	
Waived during the year	(12,419,188)	-	
Written off during the year	(130,153,734)	(23,802,046)	
Transferred to Specific Provision	-	(10,713,448)	
	495,810,715	591,027,930	

16.3 Net defined benefit (asset) liability		
Present value of defined benefit obligation (Note - 16.3.1)	3,112,895,297	3,267,936,297
Fair value of plan assets (Note - 16.3.1)	(3,227,546,532)	(2,407,313,000)
Net defined benefit (asset) / liability	(114,651,235)	860,623,297

	2019	2018
16.3.1 Movement in net defined benefit (asset) liability		
Changes in the present value of defined benefit obligations		
Opening balance	3,267,936,297	2,837,502,449
Current Service Cost	302,724,000	272,340,000
Interest cost	233,199,000	185,344,000
Past Service Costs	-	-
Remeasurement losses (gain)	(531,737,000)	248,862,848
Benefit paid	(159,227,000)	(276,113,000)
Closing balance	3,112,895,297	3,267,936,297

	2019	2018
Changes in the fair value of plan assets		
Opening balance	2,407,313,000	2,295,354,000
Expected returns on plan assets	179,328,000	153,507,000
Contribution received	777,034,532	208,040,340
Remeasurement (losses) / gain	23,098,000	26,960,000
Benefit paid	(159,227,000)	(276,548,340)
Closing balance	3,227,546,532	2,407,313,000

16.4 Provision for income tax		
Opening balance	4,790,216,342	3,545,751,836
Provision made during the year	5,645,827,851	5,127,957,680
Amount paid during the year	(4,928,032,831)	(3,883,417,077)
Translation increase / decrease	3,998,793	(76,097)
Closing balance	5,512,010,155	4,790,216,342

17 Other reserves		
General reserve	735,905	735,905
Actuarial gain/(loss)	332,900,250	(357,186,171)
Revaluation reserve account	38,185,692	82,044,138
Equity reserve - amortisation on HTM securities	258,962,890	160,350,885
	630,784,737	(114,055,243)

18 Profit and loss account balance		
Movement in profit and loss account balance has been detailed in statement of changes in equity.		
Opening balance	53,856,091,013	42,514,301,739
Revaluation of foreign currency	(251,567,639)	123,976,552
Profit remitted to Head Office	(5,091,000,000)	-
Net profit for the year	12,825,927,113	11,217,812,722
Closing balance	61,339,450,488	53,856,091,013

19 Interest income		
Secured cash credits	3,022,743	24,125,533
Personal Credit	4,471,635,772	4,383,738,231
Loans against property	109,272,235	130,462,630
Term loans	5,352,247,308	4,196,702,444
Revolving loans	1,028,509,837	1,171,975,571
Loans against trust receipts	481,818,070	441,198,583
Auto loans	138,277,630	146,664,816
House building loan	1,206,448,315	961,393,232
Credit cards	1,033,170,365	1,053,086,242
Overdraft	654,667,978	602,435,310
Diminishing Musharaka	450,421,689	472,514,381
Musharaka	69,612,262	45,304,807
Murabaha	52,412,538	60,427,232
Hire Purchase Shirkatul Melk (HPSM)	648,733,418	555,357,167
Bills discounted and purchased	5,079,787,113	4,672,006,017
Money market loan	58,393,808	34,757,083
Bank placement	946,990,244	485,009,157
Nostro account balances	38,129,022	35,225,014
Bangladesh Bank - FCY	62,952,238	49,939,135
Reverse repo	417,889,237	37,333,996
	22,304,391,822	19,559,656,581

20 Interest expense on deposits and borrowings		
Fixed deposit	2,616,074,712	1,937,520,980
Special notice deposit	396,994,394	397,919,315
Savings account	667,375,696	647,879,988
Money market deposit	-	112,895,652
Repo	915	238
Nostro account balances	467,613,518	574,533,686
Deposit insurance premium	181,059,548	133,777,256
Others	196,831,757	44,694,389
Mudaraba term deposits	384,196,149	484,542,584
Mudaraba special notice deposit	42,442	9
Mudaraba savings deposits	52,594,046	73,929,090
Mudaraba - Deposit insurance premium	8,512,542	4,031,425
	4,971,295,719	4,411,724,612

21 Income from investments		
Interest from Government Bonds and Treasury Bills	2,263,443,463	1,392,530,942
Gain / (loss) arising from disposal of government securities	(140,677,501)	39,850,930
Dividend from CDBL shares	22,500,000	22,500,000
	2,145,265,962	1,454,881,872

	2019 Taka	2018 Taka
22 Commission, exchange and brokerage income		
Commission income**	4,382,503,960	3,865,402,307
Exchange income	4,115,621,300	3,586,583,048
	8,498,125,260	7,451,985,355

** Commission Includes export income BDT 796,076,928 (2018: BDT 581,006,172) and custodial service income for stock exchange BDT 109,235,454 (2018: BDT 123,299,102).

23 Other operating income		
Gain on sale of fixed assets	-	230,797
Miscellaneous income	8,021,863	4,402,717
	8,021,863	4,633,514

24 Repair, maintenance and depreciation		
Repair and maintenance	211,249,385	233,859,922
Depreciation (Annexure - A)	442,045,477	209,603,475
	653,294,862	443,463,397

25 Other expenses		
Non lending losses	8,121,400	11,984,510
Travelling and transportation	85,530,225	73,570,155
Support services	227,320,948	302,127,750
Subscription	6,445,967	7,229,746
Entertainment	33,959,014	10,065,660
Security services	55,708,686	58,611,432
Computer expenses	77,367,384	33,323,727
Interest on leases	-	620,000
Training & Workshop	42,279,125	30,579,734
Car Running Expenses	627,345	8,397,772
Staff Insurance expenses	141,146,062	114,669,088
Archiving and Document Storage	26,622,691	24,350,782
Bank charges (Corresponding Bank)	12,283,547	10,706,544
Card Production costs	58,946,538	18,789,151
Property verification charges	55,840,520	64,850,199
Security delivery services	29,674,738	27,106,679
Clearing House Charges	10,041,862	10,318,286
Collection Expenses - General	24,110,371	25,677,108
Other	219,891,276	479,349,979
	1,115,917,700	1,312,328,302

26 Cash and cash equivalents		
Cash in hand (including foreign currencies)	4,034,100,121	4,550,575,368
Balance with Bangladesh Bank	23,065,076,539	61,612,708,945
Balance with other banks and financial institutions	32,717,595,887	50,139,862,036
	59,816,772,547	116,303,146,349

27 Contingent liabilities and commitments		
Acceptances and endorsements	29,934,857,807	29,295,341,086
Letters of guarantee (Note 27.1)	145,080,402,881	128,216,679,917
Irrevocable letters of credit	47,195,450,262	55,934,094,979
Bills for collection	15,256,083,496	29,476,709,002
Other commitments		
Forward contracts	18,777,161,268	23,661,257,892
Undrawn formal standby facilities, credit lines and other commitments	33,397,830,517	27,361,819,010
	289,641,786,231	293,945,901,886

27.1 Claims against the Bank not acknowledged as loan for which the Bank is contingently liable in respect of guarantee issued favouring:		
Directors	-	-
Government	-	-
Bank and financial institution	122,775,287,706	114,076,379,872
Others	22,305,115,175	14,140,300,045
Total	145,080,402,881	128,216,679,917

28 Tax provision on head office allocated expenses

The Bank claims full amount of Head Office Allocated Expenses (HOAE) as deductible expense for tax purposes in line with provisions of the Double Taxation Avoidance Agreement between the government of Bangladesh and United Kingdom. The claim has been disallowed by the NBR. The matter was pending with the High Court division of the Supreme Court of Bangladesh for a number of years.

On 10 January 2013 High Court division of Supreme Court ruled (on Income Tax reference application no. 190 of 2009 and Income Tax reference application no. 345 of 2008 and 190 of 2009) in favour of SCB that full claim is deductible for tax purposes.

29 Related party transactions

29.1 Related parties

The related parties of the Bank include Standard Chartered (SC) Plc, other group entities, key management personnel of SC Plc and the Bank as well as their close family members and its post-employment benefit plans. The Bank, not being incorporated in Bangladesh, operates in Bangladesh under the banking licence issued by Bangladesh Bank and therefore the key management personnel of the Bank for the purpose of IAS 24 are defined as those persons having authority and responsibility for planning, directing, controlling the Bank, being members of the Country Management Team (CMT) of the Bank, and close members of their families and companies they control, or significantly influence, or for which significant voting power is held.

29.2 Transactions with group entities

The Bank provides and receives certain banking and financial services to / from entities within the Group. As at the year end the balances with these entities are disclosed in Note - 7 under Group Nostro and in Note - 14.1 under Group Vostro and Overdrawn Nostro Account Balances.

The disclosure of the year end balance is considered to be the most meaningful information to represent transactions during the year. The outstanding balances include deposits kept with or by the Bank and arise in the ordinary course of business and are on substantially the same terms as for comparable transactions with third parties.

29.3 Transactions with key management personnel of the Bank and of its parent (SC Plc)

	2019 Taka	2018 Taka
Salaries and other short-term employee benefits	181,436,834	258,079,020
Bonuses paid or payable	92,989,730	112,675,046
Post employment benefits - provident fund and gratuity fund	41,457,015	34,846,603
	315,883,579	405,600,669

Loans to senior management (CMT) of the Bank amounted to Tk. 209,832,424 as at 31 December 2019 (2018: Tk. 198,097,371) included in Note 10.3 at rates applicable to employees of the Bank. No impairment losses have been recorded against balances outstanding during the period with key management personnel, and no specific allowance has been made for impairment losses on balances with key management personnel and their immediate relatives at the period end.

29.4 Transactions with post employment benefit plans

The Bank has two post-employment benefit plans, a provident fund which is of the nature of a defined contribution scheme and a funded gratuity scheme which is of the nature of a defined benefit plan as described in Note 4.2.10 Employee benefits. The Bank contributes to the provident fund in accordance with the requirements of the Trust Deed of the fund while its contributions to the gratuity scheme are determined by a professional actuary.

The responsibility for management and administration of these plans resides with the Trustees of these schemes. The Trustees are selected among the employees of the Bank. The Bank does not charge these schemes any fees for management or administrative purposes.

In 2019, the Bank contributed BDT 777,435,441 to the gratuity fund and BDT 358,699,716 to the provident fund. As at 31 December 2019, the provident fund had a balance of BDT 42,133,038 (2018: BDT 64,316,527) and the gratuity fund had a balance of BDT 65,088,379 (2018 : BDT 1,191,948,379) deposited with the Bank. The Bank pays interest at the rate of 2.75% on these deposits. Interest expense incurred by the Bank on deposit maintained with it in 2019 by the provident fund amounted to BDT 1,926,497 (2018: BDT 4,145,399) and on deposit maintained with it in 2019 by the gratuity fund amounted to BDT 18,036,956 (2018 : BDT 65,605,777)

30 General

30.1 Reconciliation of books of accounts

There were no unidentified and unreconciled balances in the inter-branch accounts (inside and outside Bangladesh) as at 31 December 2019.

30.2 Core risk management

30.2.1 Credit risk

Being branches of Standard Chartered Plc ("Group"), Standard Chartered Bank (SCB), Bangladesh Branches ("the Bank") maintains/follows constructive and competitive credit risk culture. This has served the Bank well through successive economic cycles and remains valid. This culture is determined and underpinned by the disciplined credit risk control environment which the Bank has put in place to govern and manage credit risk and is embodied in the formal policies and procedures adopted by the Bank. These are articulated through SCB credit policies together with Bangladesh Bank regulations and guidelines. Formal policies and procedures cover all areas of credit lending and monitoring processes including:</

Schedule of fixed assets including premises, furniture and fixtures
as at 31 December 2019

Figures in Taka

Particulars	Cost			Balance as at 31 December 2019	Depreciation			Balance as at 31 December 2019	Net book value as at 31 December 2019
	Balance as at 1 January 2019	Additions during the year	Disposals/adjustments during the year		Balance as at 1 January 2019	Charge for the year	On disposals/adjustments		
Own assets									
Free hold premises	-	-	-	-	-	-	-	-	-
Fixed equipments	1,144,254,321	20,445,152	-	1,164,699,473	1,092,304,209	25,814,977	-	1,118,119,185	46,580,287
Computer and office equipment	1,489,267,429	160,216,785	-	1,649,484,214	1,308,690,400	102,134,686	-	1,410,825,086	238,659,128
Furniture and fittings	538,171,564	69,399,635	-	607,571,199	488,137,665	33,179,798	-	521,317,463	86,253,736
Motor vehicle	73,925,431	-	-	73,925,431	55,239,464	8,951,315	-	64,190,778	9,734,652
Sub-total	3,245,618,745	250,061,571	-	3,495,680,317	2,944,371,737	170,080,776	-	3,114,452,513	381,227,804
Leased assets									
Leased assets	47,576,000	1,955,079,256	(107,107)	2,002,548,149	47,576,000	271,964,702	(107,107)	319,433,595	1,683,114,554
Sub-total	47,576,000	1,955,079,256	(107,107)	2,002,548,149	47,576,000	271,964,702	(107,107)	319,433,595	1,683,114,554
Total 2019	3,293,194,745	2,205,140,827	(107,107)	5,498,228,465	2,991,947,737	442,045,478	(107,107)	3,433,886,108	2,064,342,357

Schedule of fixed assets including premises, furniture and fixtures
as at 31 December 2018

Figures in Taka

Particulars	Cost			Balance as at 31 December 2018	Depreciation			Balance as at 31 December 2018	Net book value as at 31 December 2018
	Balance as at 1 January 2018	Additions during the year	Disposals/adjustments during the year		Balance as at 1 January 2018	Charge for the year	On disposals/adjustments		
Own assets									
Free hold premises	-	-	-	-	-	-	-	-	-
Fixed equipments	1,134,191,098	10,063,223	-	1,144,254,321	1,056,837,655	35,466,553	-	1,092,304,209	51,950,112
Computer and office equipment	1,392,543,925	96,723,505	-	1,489,267,429	1,206,481,738	102,208,662	-	1,308,690,400	180,577,030
Furniture and fittings	530,440,473	7,731,091	-	538,171,564	438,810,302	49,327,363	-	488,137,665	50,033,899
Motor vehicle	71,152,431	2,773,000	-	73,925,431	44,440,783	10,798,681	-	55,239,464	18,685,967
Sub-total	3,128,327,926	117,290,819	-	3,245,618,745	2,746,570,478	197,801,259	-	2,944,371,737	301,247,008
Leased assets									
Leased assets	340,561,988	-	(292,985,988)	47,576,000	328,185,603	11,802,217	(292,411,821)	47,576,000	(0)
Sub-total	340,561,988	-	(292,985,988)	47,576,000	328,185,603	11,802,217	(292,411,821)	47,576,000	(0)
Total 2018	3,468,889,914	117,290,819	(292,985,988)	3,293,194,745	3,074,756,082	209,603,476	(292,411,821)	2,991,947,737	301,247,008

Balance with other banks and financial institutions (Outside Bangladesh)

Balance with other banks and financial institutions (Outside Bangladesh)
as at 31 December 2019

Particulars	Currency name	2019			2018		
		Foreign currency	Exchange rate	Equivalent local currency	Foreign currency	Exchange rate	Equivalent local currency
Non Group Nostro							
Royal Bank of Canada, Toronto	CAD	114,300	64.97	7,425,821	114,849	61.69	7,085,198
Nordea Bank Norge, OSLO	NOK	9,649.39	9.63	92,910	0.14	9.59	1
Credit Suisse Zurich	CHF	30,889	87.32	2,697,283	385	84.70	32,579
Westpac Banking Corporation	AUD	11,642	59.39	691,400	12,289	59.13	726,661
Al Rajhi Bank	SAR	122	22.63	2,757	100	22.35	2,225
Nordea Bank	SEK	-	9.09	-	65.48	9.30	609
Nordea Bank Denmark	DKK	-	12.72	-	1,690	12.81	21,661
Total				10,910,171			7,868,934

Balance with other banks and financial institutions (Outside Bangladesh)

Balance with other banks and financial institutions (Outside Bangladesh)
as at 31 December 2019

Particulars	Currency name	2019			2018		
		Foreign currency	Exchange rate	Equivalent local currency	Foreign currency	Exchange rate	Equivalent local currency
Group Nostro							
SCB Hong Kong - HKD	HKD	3,390	10.90	36,961	2,650	10.71	28,395
SCB Nepal Nostro - USD	USD	1,447,041	84.90	122,853,795	1,241,158	83.90	104,133,136
SCB London - GBP	GBP	312,212	111.36	34,768,986	735,591	105.98	77,959,782
SCB Bombay ACU - EUR	EUR	6,999	94.82	663,584	4,034	95.68	385,999
SCB Bombay ACU - USD	USD	4,467,916	84.90	379,326,077	2,010,632	83.90	168,691,992
SCB Karachi ACU - USD	USD	1,866,767	84.90	141,508,522	1,911,705	83.90	160,392,032
SCB Colombo ACU - USD	USD	3,075,377	84.90	261,099,483	2,116,841	83.90	177,602,957
SCB Frankfurt - EUR	EUR	1,014,102	94.82	96,153,406	6,945,379	95.68	664,501,713
SCB London - USD	USD	350,000,000	84.90	29,715,000,000	570,000,000	83.90	47,823,000,000
SCB Singapore - SGD	SGD	-	62.94	-	704	62.71	44,137
SCB Tokyo - JPY	JPY	316,724,716	0.78	246,414,006	119,258,549	0.76	90,325,365
SCB London - USD	USD	263,932	84.90	22,407,827	262,074	83.90	21,987,971
SCB Dubai - AED	AED	374,506	23.13	8,663,633	12,102	22.86	276,662
SCB Hongkong - CNY	CNY	10,088	12.15	122,596	185	12.22	2,260
SCB New York (Savar OBU)	USD	10,998,213	84.90	933,748,291	2,546,380	83.90	213,641,300
SCB London (Savar OBU)	GBP	38,294	111.36	4,264,526	-	105.98	-
SCB Frankfurt	EUR	1,327,101	94.82	125,830,828	3,807,512	95.68	364,285,085
SCB Tokyo	JPY	2,993	0.78	2,329	7,317,413	0.76	5,542,144
Total				32,092,864,850			49,872,800,929

Liquidity Statement

Liquidity Statement
(Asset and Liability Maturity Analysis)
as at 31 December 2019

Particulars	Maturity up to 1 month	Maturity within 1 to 3 months	Maturity within 3 to 12 months	Maturity within 1 to 5 years	Maturity over 5 years	Total
Assets						
Cash in hand	27,099,176,660	-	-	-	-	27,099,176,660
Balance with Bangladesh Bank, agent bank, other banks and financial institutions	30,170,595,887	-	2,547,000,000	-	-	32,717,595,887
Money at call or short notice	-	-	-	-	-	-
Investments	20,481,598,444	7,260,013,435	24,240,393,961	14,843,010,763	492,009,216	67,317,025,818
Loans and advances	48,223,518,879	80,662,985,238	55,439,644,302	51,139,114,030	15,293,576,725	250,758,839,174
Fixed assets including premises, furniture and fixtures	-	-	-	-	2,064,342,357	2,064,342,357
Other assets	5,813,692,484	-	-	-	941,744,868	6,755,437,352
Non-banking assets	-	-	-	-	-	-
Total assets	131,788,582,354	87,922,998,673	82,227,038,263	65,982,124,792	18,791,673,167	386,712,417,248
Liabilities						
Balance with Bangladesh Bank, agent bank, other banks and financial institutions	8,917,385,340	456,497,633	1,610,990,546	-	-	10,984,873,519
Deposits and other accounts	218,198,602,400	26,202,494,403	21,971,041,184	12,532,383,347	830,779,070	279,735,300,405
Provision and other liabilities (including equity)	23,131,719,255	-	1,006,800,000	-	71,853,724,069	95,992,243,324
Total liabilities	250,247,706,995	26,658,992,036	24,588,831,731	12,532,383,347	72,684,503,139	386,712,417,248
Net Liquidity Gap	(118,459,124,642)	61,264,006,637	57,638,206,532	53,449,741,445	(53,892,829,972)	0

Financial Highlights 2019

Financial Highlights 31 December 2019

Sl. no.	Particulars	31-Dec-19	31-Dec-18
1	Capital - fund deposited with Bangladesh Bank	Taka 2,361,728,446	2,339,505,496
2	Total capital	Taka 62,894,225,682	59,835,037,720
3	Capital surplus / deficit	Taka 35,722,532,668	32,849,817,493
4	Total assets	Taka 386,712,417,248	413,182,562,563
5	Total deposits	Taka 279,735,300,405	300,501,630,990
6	Total loans and advances	Taka 250,758,839,174	245,295,573,965
7	Total contingent liabilities and commitments	Taka 289,641,786,231	293,945,901,886
8	Advances / deposit ratio (DBU)	% 62.00%	58.06%
9	Classified advances as (%) of total advances	% 1.67%	2.35%
10	Net profit after tax and provisions	Taka 12,825,927,113	11,217,812,723
11	Amount of classified loans during current year	Taka 1,854,949,650	3,332,644,198
12	Amount of provisions against classified loans	Taka 3,515,331,426	3,754,348,560
13	Provision surplus / shortage	Taka 1,085,170,625	492,458,493
14	Interest expenses	Taka 4,971,295,719	4,411,724,612
15	Interest bearing assets	Taka 318,657,864,992	286,844,756,719
16	Non-interest bearing assets	Taka 68,054,552,257	126,337,805,844
17	Return on investment (ROI)	% 19.94%	20.00%
18	Return on assets (ROA)	% 3.21%	3.05%
19	Income from investment	Taka 2,145,265,962	1,454,881,872

Reconciliation between Bangladesh Bank's statement and the Bank's statement

Reconciliation between Bangladesh Bank's statement and the Bank's statement
as at 31 December 2019

In order to comply with the CRR and SLR requirements, the Bank considers the actual balances held with Bangladesh Bank according to their (Bangladesh Bank) books of accounts. However, when preparing the statutory accounts the Bank considers the actual balances held with Bangladesh Bank according to the Bank's books of accounts. This results in reconciling differences between the Bank's statutory accounts and CRR and SLR requirements.

Local currency	As per Bangladesh Bank statement	As per the Bank's general ledger	Reconciling difference
	Taka	Taka	
Bangladesh Bank Dhaka	16,408,731,677	15,914,245,346	494,486,330
Bangladesh Bank Chattogram	661,795,603	661,339,719	455,884
Bangladesh Bank Sylhet	98,468,427	79,719,515	18,748,912
Bangladesh Bank Khulna	108,434,280	107,747,164	687,116
Bangladesh Bank Bogura	71,099,144	71,099,644	(500)
Bangladesh Bank Dhaka - Al Wadia C/A- BDT	4,000,000,000	4,000,000,000	-
Total	21,348,529,131	20,834,151,389	514,377,742

Credited by the Bank but not debited by Bangladesh Bank
Debited by the Bank but not credited by Bangladesh Bank
Credited by Bangladesh Bank but not debited by the Bank
Debited by Bangladesh Bank but not credited by the Bank

Foreign currency	As per Bangladesh Bank statement	As per the Bank's general ledger	Reconciling difference
	USD	USD / Taka	
USD clearing account	59,504,611	25,073,073	34,431,538
USD capital account	-	2,128,703,864	-
Total	59,504,611	2,128,703,864	34,431,538

Credited by the Bank but not debited by Bangladesh Bank
Debited by the Bank but not credited by Bangladesh Bank
Credited by Bangladesh Bank but not debited by the Bank
Debited by Bangladesh Bank but not credited by the Bank

Foreign currency	As per Bangladesh Bank statement	As per the Bank's general ledger	Reconciling difference
	GBP	GBP / Taka	
GBP clearing account	572,384	572,384	-
Total	572,384		

Disclosures on Risk Based Capital (Basel III)

C. Capital Adequacy

Qualitative Disclosures:

Our approach to capital management is driven by our desire to maintain a strong capital base to support the development of our business, to meet regulatory capital requirements at all times and to maintain good credit ratings.

Strategic, business and capital plans are drawn up annually covering a three year horizon and are approved by the Country Management Team (CMT). The capital plan ensures that adequate levels of capital and an optimum mix of the different components of capital are maintained to support our strategy.

The capital plan takes the following into account:

- Regulatory capital requirements
- Forecast demand for capital to support the credit ratings
- Increases in demand for capital due to business growth, market shocks or stresses
- Available supply of capital and capital raising options
- Internal controls and governance for managing the Bank's risk, performance and capital

The bank uses a capital model to assess the capital demand for material risks, and support our internal capital adequacy assessment. Each material risk is assessed, relevant mitigates considered, and appropriate levels of capital determined. The capital modelling process is a key part of our management disciplines.

A strong governance and process framework is embedded in bank's capital planning and assessment methodology. Overall responsibility for the effective management of risk rests with the Management Committee.

Standardize Approach is followed for computation of capital charge for credit risk, market risk and Basic Indicator Approach for operational risk.

Quantitative Disclosures:

Details of Risk Weighted Assets as on 31 December 2019:

Risk Weighted Assets	2019 (Taka)	2018 (Taka)
On balance sheet exposures	147,026,174,934	151,907,628,063
Off-balance sheet exposures	80,973,025,022	81,155,522,839
Total Credit risk	227,999,199,956	233,063,150,902
Market risk	6,270,225,958	1,129,551,381
Operational risk	37,447,504,226	35,659,499,984
Total Risk Weighted Assets	271,716,930,140	269,852,202,268

Capital requirement for Credit risk	22,799,919,996	23,306,315,090
Capital requirement for Market risk	627,022,596	112,955,138
Capital requirement for Operational risk	3,744,750,423	3,565,949,998
Minimum Capital Requirement	27,171,693,014	26,985,220,227

	2019	2018
Common Equity Tier - I Ratio	21.19%	20.26%
Tier I Capital Adequacy Ratio	21.19%	20.26%
Tier II Capital Ratio	1.95%	1.92%
Capital to Risk Weighted Assets Ratio (CRAR)	23.15%	22.17%

Risk management

Effective risk management is fundamental to being able to generate profits consistently and sustainably and is thus a central part of the financial and operational management of the Bank. Through the risk management framework we manage enterprise-wide risks, with the objective of maximizing risk-adjusted returns while remaining within our risk appetite. As part of this framework, we use a set of principles that describe the risk management culture we wish to sustain:

- Balancing risk and return:** Risk is taken in support of the requirements of our stakeholders, in line with our strategy and within our risk appetite
- Responsibility:** It is the responsibility of all employees to ensure that risk-taking is disciplined and focused. We take account of our social responsibilities and our commitments to customers in taking risk to produce a return.
- Accountability:** Risk is taken only within agreed authorities and where there is appropriate infrastructure and resource. All risk-taking must be transparent, controlled and reported.
- Anticipation:** We seek to anticipate future risks and ensure awareness of all known risks.
- Competitive advantage:** We seek to achieve competitive advantage through efficient and effective risk management and control.

D. Credit Risk

Qualitative Disclosures:

Credit risk is the potential for loss due to failure of a counterparty to meet its obligations to pay the Bank in accordance with agreed terms.

Credit risk is managed through a framework which sets out policies and procedures covering the measurement and management of credit risk. There is a clear segregation of duties between transaction originators in the businesses and approvers in the Risk function. All credit exposure limits are approved within a defined credit approval authority framework.

A comprehensive framework is in place for the management of counterparty credit risk. This includes a structured process for the delegation of credit approval authority and for monitoring compliance with appetite. Policy and procedures are defined to support credit underwriting activities at all levels of the Group. These policies are defined at 3 levels-Group, Business and Country level.

All credit decisions are subject to underwriting standards which mandate defined processes and procedures for performing credit checks and detailed due diligence reviews. Systems and controls are in place to monitor collateral value and loan covenants. Each counterparty is also required to have an approved limit in place prior to drawdown of funds. Limit excesses are actively managed and subject to reporting and escalation.

Counterparties are subject to credit rating and these ratings are reviewed on a regular basis. Active monitoring of account level activity and limit utilization trends help to inform the early alert and risk trigger mechanisms. Potential problem accounts are investigated, monitored and appropriate action is taken. Standing Committees dedicated to account and portfolio monitoring supported by portfolio information reports are a well established discipline. The portfolio is monitored from the point of view of industry concentrations, risk grade distribution and tenor and security profiles amongst other parameters.

Credit risk from traded products is managed within the overall credit risk appetite for corporates and financial institutions. The credit risk exposure from traded products is derived from the positive mark-to-market value of the underlying instruments, and an additional component to cater for potential market movements.

Past dues and impaired exposures are defined in accordance with the relevant Bangladesh Bank regulations. Specific and general provisions are computed periodically in accordance with the Bangladesh Bank regulations.

Quantitative Disclosures:

Details of Credit Risk as on 31 December 2019:

	2019 Taka	2018 Taka
Gross Credit risk exposures:		
Funded	386,712,417,248	413,182,562,563
Non-funded	289,641,786,231	293,945,901,886
Total	676,354,203,479	707,128,464,449

Distribution of risk exposure by claims:

Cash and cash equivalents	4,034,100,121	4,550,575,368
Claims on Sovereigns and Central Bank	23,065,076,539	61,612,708,945
Claims on banks	32,717,595,887	50,519,862,036
Investments	27,923,203,006	37,202,017,269
Claims on corporate	174,863,091,352	171,744,032,388
Claims on Consumer and SME Loan	75,895,747,823	73,551,541,577
Fixed Assets	2,064,342,357	301,247,008
Others assets	6,774,885,652	9,934,529,987
Off-balance sheet items	289,641,786,231	293,945,901,886
Total	636,979,828,968	703,362,416,464

Credit risk mitigation:

Claims secured by financial collateral	1,276,910,798	2,246,690,988
Net exposures after the application of haircuts	-	1,541,255,614
Claims secured by eligible Guarantee	-	-

Gross non-performing assets (NPAs)

Non-performing asset (NPAs) to outstanding loans and advances	1.67%	2.35%
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Movement of non-performing assets (NPAs)

Opening balance	5,774,659,637	4,746,691,594
Net movement during the year	(1,580,375,676)	1,027,968,043
Closing balance	4,194,283,961	5,774,659,637

Movement of specific provision for (NPAs)

Opening balance of specific provision	3,754,348,475	3,241,197,965
Written off during the period	(1,331,501,377)	(295,856,647)
Recovers during the period	(784,993,732)	(803,634,992)
Provision made during the period	1,877,241,116	1,578,667,984
Other Movement	-	22,976,385
Transferred from Interest In suspense	-	10,713,448
Translation increase / (decrease)	236,943	284,332
Closing balance of specific provision	3,515,331,425	3,754,348,475

Geographical Distribution of Credit Exposure:

Geographical Distribution of Credit Exposure:

2019	Dhaka BDT	Chittagong BDT	Narayangonj BDT	Khulna BDT	Sylhet BDT	Bogra BDT	Total BDT
Cash and cash equivalents	2,284,619,506	1,122,992,039	62,612,721	387,538,446	86,892,011	89,445,398	4,034,100,121
Claims on Sovereigns and Central Bank	23,065,076,539	-	-	-	-	-	23,065,076,539
Claims on Banks	32,717,595,887	-	-	-	-	-	32,717,595,887
Investments	27,923,203,006	-	-	-	-	-	27,923,203,006
Claims on Corporate	156,744,085,437	18,119,005,913	-	-	-	-	174,863,091,350
Claims on Consumer and SME Loans and Large Loan	67,016,756,329	6,913,008,897	975,100,324	332,991,608	399,096,781	258,793,885	75,895,747,823
Fixed Assets	1,991,573,624	35,938,466	8,458,200	2,742,272	16,521,004	9,108,795	2,064,342,357
Others Assets	7,766,555,842	-1,907,959,446	42,637,263	302,162,042	568,842,221	2,647,730	6,774,885,653
Total on-balance sheet items	319,509,466,170	24,282,985,869	1,088,808,507	1,025,434,368	1,071,352,017	359,995,808	347,338,042,737
Off-balance Sheet Items	266,277,522,499	23,364,263,732	-	-	-	-	289,641,786,231
Total	585,786,988,669	47,647,249,601	1,088,808,507	1,025,434,368	1,071,352,017	359,995,808	636,979,828,968

2018	Dhaka BDT	Chittagong BDT	Narayangonj BDT	Khulna BDT	Sylhet BDT	Bogra BDT	Total BDT
Cash and cash equivalents	2,372,993,095	1,189,604,638	58,560,842	747,907,160	89,414,292	92,095,341	4,550,575,368
Claims on Sovereigns and Central Bank	61,612,708,945	-	-	-	-	-	61,612,708,945
Claims on Banks	50,519,862,036	-	-	-	-	-	50,519,862,036
Investments	37,202,017,269	-	-	-	-	-	37,202,017,269
Claims on Corporate	149,481,177,897	22,262,854,491	-	-	-	-	171,744,032,388
Claims on Consumer and SME Loans and Large Loan	64,768,757,377	6,748,276,916	982,257,882	357,202,196	444,528,907	250,518,298	73,551,541,577
Fixed Assets	282,739,985	15,468,250	2,320,543	81,869	362,250	274,113	301,247,008
Others Assets	6,758,150,329	2,696,435,886	46,268,890	-152,275,718	523,885,851	62,064,749	9,934,529,987
Total on-balance sheet items	372,998,406,933	32,912,640,181	1,089,408,157	952,915,507	1,058,191,300	404,952,501	409,416,514,578
Off-balance Sheet Items	262,720,882,104	31,225,019,782	-	-	-	-	293,945,901,886
Total	635,719,289,037	64,137,659,962	1,089,408,157	952,915,507	1,058,191,300	404,952,501	703,362,416,464

Industry Distribution of Exposure:

Industry Distribution of Exposure:

2019	Banks & FI Taka	Agriculture, hunting, forestry and fishing Taka	Manufacturing Taka	Electricity, gas and water Taka	Commerce Taka	Transport and communications Taka	Community, social and personal services Taka	Financing, insurance and business service Taka	Construction Taka	Retail and SME and Large Loan Taka	Others Taka	Total Taka
Cash and cash equivalents	4,034,100,121	-	-	-	-	-	-	-	-	-	-	4,034,100,121
Claims on Sovereigns and Central Bank	23,065,076,539	-	-	-	-	-	-	-	-	-	-	23,065,076,539
Claims on Banks	32,717,595,887	-	-	-	-	-	-	-	-	-	-	32,717,595,887
Investments	-	-	-	-	-	-	-	-	-	-	27,923,203,006	27,923,203,006
Claims on Corporate	-	30,203,915,224	106,777,667,288	2,579,430,126	8,154,503,577	5,053,542,040	13,363,545,293	8,089,846,669	640,641,134	-	-	174,863,091,350
Claims on Consumer and SME Loans and Large Loans	-	-	-	-	-	-	-	-	-	75,895,747,823	-	75,895,747,823
Fixed Assets	-	-	-	-	-	-	-	-	-	-	2,064,342,357	2,064,342,357
Others Assets	-	-	-	-	-	-	-	-	-	-	6,774,885,652	6,774,885,653
Total on-balance sheet items	59,816,772,547	30,203,915,224	106,777,667,288	2,579,430,126	8,154,503,577	5,053,542,040	13,363,545,293	8,089,846,669	640,641,134	75,895,747,823	36,762,431,015	347,338,042,737
Off-balance Sheet Items	122,521,117,732	-	-	-	-	-	-	-	-	-	-	167,120,668,499
Total	182,337,890,279	30,203,915,224	106,777,667,288	2,579,430,126	8,154,503,577	5,053,542,040	13,363,545,293	8,089,846,669	640,641,134	75,895,747,823	203,883,099,514	636,979,828,968

2018	Banks & FI Taka	Agriculture, hunting, forestry and fishing Taka	Manufacturing Taka	Electricity, gas and water Taka	Commerce Taka	Transport and communications Taka	Community, social and personal services Taka	Financing, insurance and business service Taka	Construction Taka	Retail and SME and Large Loan Taka	Others Taka	Total Taka
Cash and cash equivalents	4,550,575,368	-	-	-	-	-	-	-	-	-	-	4,550,575,368
Claims on Sovereigns and Central Bank	61,612,708,945	-	-	-	-	-	-	-	-	-	-	61,612,708,945
Claims on Banks	50,519,862,036	-	-	-	-	-	-	-	-	-	-	50,519,862,036
Investments	-	-	-	-	-	-	-	-	-	-	37,202,017,269	37,202,017,269
Claims on Corporate	674,346,144	33,688,263,709	101,360,093,416	2,116,987,214	8,343,470,111	5,981,328,052	12,775,060,380	6,114,914,894	689,568,470	-	-	171,744,032,388
Claims on Consumer and SME Loans and Large Loans	-	-	-	-	-	-	-	-	-	73,551,541,577	-	73,551,541,577
Fixed Assets	-	-	-	-	-	-	-	-	-	-	301,247,008	301,247,008
Others Assets	-	-	-	-	-	-	-	-	-	-	9,934,529,987	9,934,529,987
Total on-balance sheet items	117,357,492,493	33,688,263,709	101,360,093,416	2,116,987,214	8,343,470,111	5,981,328,052	12,775,060,380	6,114,914,894	689,568,470	73,551,541,577	47,437,794,264	409,416,514,578
Off-balance Sheet Items	114,064,825,939	-	-	-	-	-	-	-	-	-	179,881,075,946	293,945,901,886
Total	231,422,318,432	33,688,263,709	101,360,093,416	2,116,987,214	8,343,470,111	5,981,328,052	12,775,060,380	6,114,914,894	689,568,470	73,551,541,577	227,318,870,210	703,362,416,464

E. Equities: Disclosures for Banking Book Positions

The Bank does not hold trading position in equities.

F. Interest rate risk in the banking book

Qualitative Disclosure

(a) The general qualitative disclosure requirement including the nature of IRRBB and key assumptions, including assumptions regarding loan prepayments and behaviour of non-maturity deposits, and frequency of IRRBB measurement.

Interest rate risk from the non-trading book portfolios is transferred to T-M under the supervision of ALCO. This risk arises principally from the re-pricing mismatch between commercial assets and liabilities. T-M also deals in approved financial instruments in the market to manage the net interest rate risk, subject to approved VaR and risk limits. VaR and stress tests are applied to non-trading book exposures in the same way as for the trading book and thus the primary risk measurement tool is VaR for the non-trading book. T-M also manages a portfolio of marketable securities primarily for the purpose of meeting the reserve requirements. For non maturing products like current accounts, savings accounts, cards and overdrafts, behavioural calculation is done to segregate the portfolio according to the balances expected to remain with the bank under non stress conditions for a year or more (core) or less than a year (non-core).

Quantitative Disclosure

Particulars	Amount (BDT) in Crore		
Market value of assets	36,476.40		
Market value of Liabilities	30,602.73		
Weighted Average Duration of Assets (DA)	60.3%		
Weighted Average Duration of Liabilities (DL)	0.31		
Duration Gap (DA-DL)	0.34		
Yield to Maturity (YTM- Assets)	5.16%		
Yield to Maturity (YTM- Liabilities)	1.43%		
Magnitude of Interest Rate Change	1%	2%	3%
Changes in Market value of Equity due to an increase in interest Rate	(118.51)	(237.02)	(355.53)
Stress Testing	Minor	Moderate	Major
Regulatory capital (after shock)	5,538.36	5,419.85	5,301.34
RWA (after shock)	29,810.72	29,692.21	29,573.70
CAR (after shock)	18.58%	18.25%	17.93%

G. Market risk

Qualitative Disclosures:

(a) Views of Board of Directors (BOD) on trading/investment activities

The Bank recognises market risk as the potential for loss of earnings or economic value due to adverse changes in financial market rates or prices. The Bank is exposed to market risk arising principally from client-driven transactions. The objective of the Bank's market risk policies and processes is to obtain a balance of risk and return while meeting clients' requirements.

The primary categories of market risk for the Bank are interest rate risk and currency exchange rate risk. The Country Risk Committee, in conjunction with MTCR, provides market risk oversight, reporting and management of the market risk profile.

(b) Methods used to measure Market risk

Interest Rate Risk

The interest rate exposures arise from trading and non-trading activities. Structural interest rate risk on non-trading arises from the differing re-pricing characteristics of Government securities, commercial banking assets and liabilities.

Foreign Exchange Risk

The foreign exchange exposures comprise trading and non-trading foreign currency translation exposures. Foreign exchange trading exposures are principally derived from client driven transactions.

(c) Market Risk Management System

The BRC – Board Risk Committee – approves the Group's market risk appetite taking account of market volatility, the range of products and asset classes, business volumes and transaction sizes. The Market and Traded Credit Risk management operating under the current approved market risk limits policy in force is responsible for setting Value at Risk (VaR) as the primary market risk measure within the Group's risk appetite. The CIBRC (Credit and Market Risk Committee) is responsible for approving policies and other standards for the control of market risk and overseeing their effective implementation. These policies cover both trading and non-trading books.

Market and Traded Credit Risk (MTCR) approves the limits within delegated authorities and monitors exposures against these limits. Additional limits are placed on specific instruments and position concentrations, where appropriate. Sensitivity measures are used in addition to VaR as a risk management tools. For example, interest rate sensitivity is measured in terms of exposure to a one basis point increase in yields, whereas, foreign exchange sensitivities are measured in terms of the underlying values or amounts involved. The Country Risk Committee reviews the market risk exposures in its periodic meetings.

(d) Policies and processes for mitigating market risk.

The Bank measures the risk of losses arising from future potential adverse movements in market rates, prices and volatilities using a VaR methodology. VaR, in general, is a quantitative measure of market risk that applies recent historical market conditions to estimate the potential future loss in market value that will not be exceeded in a set time period at a set statistical confidence level. VaR provides a consistent measure that can be applied across trading businesses and products over time. VaR is calculated for expected movements over a minimum of one business day and to a confidence level of 97.5 per cent. This confidence level suggests that potential daily losses, in excess of the VaR measure, are likely to be experienced six times per year.

Losses beyond the confidence interval are not captured by the VaR, which therefore gives no indication of the size of unexpected losses in these situations. The VaR measurement is complemented by regularly stress testing market risk exposures to highlight potential risk that may arise from extreme market events that are rare but plausible.

Stress testing is an integral part of the market risk management framework and considers both, historical market events and forward looking scenarios. A consistent stress testing methodology is applied to trading and non-trading books. The stress testing methodology assumes that scope for management action would be limited during a stress event, reflecting the decrease in market liquidity that often occurs.

Quantitative Disclosure:

Details of Market Risk as on 31 December 2019:

Capital requirements for:	2019	2018
	Taka	Taka
Interest rate risk	173,164,197	20,230,251
Equity position risk		
Foreign exchange risk	453,858,399	92,724,887
Commodity risk		
Total	627,022,596	112,955,138

H. Operational Risk

Qualitative Disclosures:

Operational risk is the potential for loss arising from the failure of people, process or technology or the impact of external events. It is the Bank's objective to minimize exposure to operational risks, subject to cost trade-offs. This objective is ensured through a framework of policies and procedures that drive risk identification, assessment, control and monitoring at business / function, country levels.

Responsibility for the management of operational risks rests with the business and functional management as an integral part of their role. An independent Operational Risk function within the Group Risk function works alongside business and functional management, to ensure operational risk exposures are managed within acceptable risk tolerance limits. Group Operational Risk is responsible for setting the operational risk policy, defining standards for measurement and for the operational risk capital calculation.

Governance over operational risks is ensured through a defined structure of risk committees at group, business function and country levels. Country Operational Risk Committees ("CORC") have the responsibility for oversight of operational risks and significant issues at a country level. The monthly CORC process ensures that operational risks, losses and results of assurance reviews are managed within acceptable risk tolerance limits.

The bank's Pillar I approach is Basic Indicator Approach (BIA) as set out in the Guidelines on Risk Based Capital Adequacy.

The bank proactively monitors its exposure to material loss events by leveraging on internal experience (via risks and losses) and industry experience. The types of events that could result in a material operational risk loss / business disruption include:

- Internal and external fraud.
- Damage to physical assets.
- Business disruption and system failures.
- Failure in execution, delivery and process management.

Quantitative Disclosures:

Capital requirement for Operational risk as on 31 December 2019 was BDT 37,447,504,226

I. Leverage Ratio:

Leverage ratio is the ratio of tier 1 capital to total on and off-balance sheet exposures. The leverage ratio was introduced into the Basel III framework as a non-risk based backstop limit, to supplement risk-based capital requirements.

In order to avoid building-up excessive on and off-balance sheet leverage in the banking system, a simple, transparent, non-risk based leverage ratio has been introduced by the Bangladesh Bank. The leverage ratio is calibrated to act as a credible supplementary measure to the risk based capital requirements. The leverage ratio is intended to achieve the following objectives:

- Constrain the build-up of leverage in the banking sector which can damage the broader financial system and the economy; and
- Reinforce the risk based requirements with an easy to understand and a non-risk based measure.

The Bank has calculated the regulatory leverage ratio as per the guideline of Basel III. The numerator, capital measure is calculated using the new definition of Tier I capital applicable from 01 January 2015. The denominator, exposure measure, is calculated on the basis of the Basel III leverage ratio framework as adopted by the Bangladesh Bank. The exposure measure generally follows the accounting value, adjusted as follows:

- On-balance sheet, non derivative exposures are included in the exposure measure net of specific provision;
- Physical or financial collateral is not considered to reduce on-balance sheet exposure;
- Loans are not netted with deposits;
- Off balance sheet items are converted into credit exposure equivalents through the use of credit conversion factors (CCFs). Depending on the risk category of the exposure a CCF of 20%, 50% or 100% is applied. Commitments that are unconditionally cancellable at any time by the bank without prior notice, a CCF of 10% is applied;
- Item deducted from Tier I capital such as deferred tax assets is excluded.

Quantitative disclosures:	2019	2018
Leverage Ratio (%)	11.39%	9.66%
A. On Balance Sheet Exposure	383,197,085,809	409,428,213,991
B. Off Balance Sheet Exposure	123,456,417,686	157,740,546,847
C. Total Deduction From on and off balance sheet exposure/ Regulatory adjustment made to Tier I Capital	809,179,701	1,177,334,917
Total Exposure (A+B-C)	505,844,323,793	565,991,425,921

J. Liquidity Ratio

Qualitative disclosures:

Liquidity risk is the potential that the Bank either does not have sufficient liquid financial resources available to meet all its obligations as they fall due, or can only access these financial resources at excessive cost. Liquidity is managed by the Country Asset Liability Management Committee (ALCO) within the pre-defined liquidity limits set by and in compliance with Group liquidity policies and local regulatory requirements.

Liquidity management of the Bank is centered on the Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) based on BASEL III. The Bank has Asset Liability Management (ALM) desk to manage this risk with active monitoring and management from Market and Traded Credit Risk (MTCR) Department.

Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) has been adopted by the bank for liquidity risk management. LCR ensures that banks maintain enough high quality unencumbered liquid assets to meet its liquidity needs for 30 calendar time-line whereas NSFR ensures availability of stable funding is greater than required funding over 1 year period.

ALCO monitors the liquidity risk on a monthly basis. Based on the detail recommendation from ALM desk, ALCO takes appropriate action to manage the liquidity risk. These ratios are regularly monitored at ALCO. Also Bank has internal risk control framework which outlines clear and consistent policies and principles for liquidity risk management.

Quantitative disclosures:	2019	2018
Liquidity Coverage Ratio (%)	391.08%	341.19%
Net Stable Funding Ratio (%)	125.13%	127.91%
Stock of High Liquid Assets	67,424,999,473	70,829,332,567
Total Net Cash Outflows over the next 30 Calendar days	17,240,732,820	27,805,079,187
Available Amount of Stable Funding	304,484,079,144	298,167,490,641
Required Amount of Stable Funding	243,340,578,399	233,112,434,076

K. Remuneration

Qualitative disclosures:

(a) Information relating to the bodies that oversee remuneration:

(i) Name, composition and mandate of the main body overseeing remuneration

The Remuneration Committee (the "Committee") of Standard Chartered PLC (the "Group") is comprised of independent non-executive directors. The Committee reviews, and is responsible for setting the principles, parameters and governance framework of the Group and its subsidiaries' remuneration policy. The terms of reference for the Committee can be found on the Group's website. Further information on the activities of the Committee can be found in the Group's Annual Report.

(ii) External consultants whose advice has been sought, the body by which they were commissioned, and in what areas of the remuneration process.

The Committee is assisted in its considerations by PricewaterhouseCoopers LLP (PwC). This includes advice to the Committee relating to executive directors' remuneration and regulatory matters.

PwC were formally re-appointed by the Committee as its remuneration advisor in August 2017 following a review of potential advisors and the quality of advice received. It is the Committee's practice to undertake a detailed review of potential advisors every three to four years.

PwC is a signatory to the voluntary Code of Conduct in relation to remuneration consulting in the UK. PwC also provides professional services in the ordinary course of business including assurance, advisory and tax advice to the Group. The Committee considered PwC's role as an advisor to the Group, and determined that there was no conflict or potential conflict arising. The Committee is satisfied that the advice the Committee receives is objective and independent.

(iii) A description of the scope of the bank's remuneration policy (e.g. by regions, business lines), including the extent to which it is applicable to foreign subsidiaries and branches

Standard Chartered (the "Group") is regulated globally by the UK Prudential Regulation Authority ("PRA") and the Financial Conduct Authority ("FCA"). The remuneration rules of the PRA and FCA are based on the principles adopted by the G20 countries in relation to the Financial Stability Board's ("FSB") Principles for Sound Compensation Practices and their Implementation Standards. The rules also include the provisions of the European Union's Capital Requirements Directive IV.

(iv) A description of the types of employees considered as material risk takers and as senior managers, including the number of employees in each group.

The Group's Identification of Material Risk Takers ("MRTs") for Remuneration Purposes Policy was introduced in 2014 to comply with expanded rules for identifying key risk-taking staff in accordance with the European Banking Authority's ("EBA") Regulatory Technical Standards and the remuneration rules of the PRA and the FCA.

The table below summarises the groups of employees who have been identified as MRTs in accordance with the regulatory requirements:

Quantitative criteria	Qualitative criteria
The quantitative criteria capture employees who: <ul style="list-style-type: none"> - Have been awarded total remuneration of EUR500,000 or more in the previous financial year - Are within the 0.3 per cent of the number of staff on a global basis who have been awarded the highest total remuneration in the preceding financial year - In the preceding financial year were awarded total remuneration that was equal to or greater than the lowest total remuneration awarded that year to certain specified groups of employees 	The qualitative criteria broadly identify the following employees: <ul style="list-style-type: none"> - Group executive and non-executive directors - A member of senior management which is defined as one or more of the following: <ul style="list-style-type: none"> o A Senior Manager under the PRA/FCA Senior Manager Regime o A member of the Group's Management Team o All senior management (top two levels beneath Group director level) o Senior employees within the audit, compliance, legal and risk functions o Senior employees within material business units o Employees who are members of certain committees o Employees who are able to initiate or approve credit risk exposures above a certain threshold and sign off on trading book transactions at or above a specific value at risk limit

Employees may be excluded from MRT classification if they are only identified by the quantitative criteria and it can be demonstrated that they do not have the ability to have a material impact on the Group's risk profile

EUR 500k-EUR 750k	The Group must notify exclusion to the relevant regional authority e.g. PRA
EUR 750k-EUR1m	Approval required from the relevant regional authority e.g. PRA
EUR1m+	Approval required from the EBA

(b) Information relating to the design and structure of remuneration processes:

(i) An overview of the key features and objectives of remuneration policy.

Our Fair Pay Charter

In 2018, the Group launched its Fair Pay Charter, which sets out the principles we use to determine and deliver fair pay for all employees globally.

1. We commit to pay a living wage in all our markets by 2020 and seek to go beyond compliance with minimum wage requirements
2. We provide an appropriate mix of fixed and variable pay and a core level of benefits to ensure a minimum level of earnings and security to colleagues and to reflect the Group's commitment to wellbeing
3. We support colleagues in working flexibly, in ways that balance both business needs and their personal circumstances, and provide colleagues with the opportunity to select the combination and level of benefits that is right for them
4. Pay is well administered with colleagues paid accurately, on time and in a way that is convenient
5. We provide a competitive total fixed and variable pay opportunity that enables us to attract, motivate and retain colleagues based on market rates for their role, location, performance, skills and experience
6. The structure of pay and benefits is consistent for colleagues based on their location and role, with a clear rationale for exceptions
7. We are committed to rewarding colleagues in a way that is free from discrimination on the basis of diversity, as set out in our Group Code of Conduct
8. We ensure pay decisions reflect the performance of the individual, the business they work in and the Group, and recognise the potential, conduct, behaviours and values demonstrated by each individual
9. We set clear expectations for how colleagues are rewarded and the principles guiding decisions, including clear personal objectives and feedback
10. We provide clear communication of pay and performance decisions, and seek feedback and input from colleagues on our pay structures and outcomes

Element	Operation
Fixed remuneration	Salary <ul style="list-style-type: none"> • Salaries reflect individuals' skills and experience and are reviewed annually against market information and in the context of the annual performance assessment and affordability. • Increases may occur where there is a role change, increased responsibility or to ensure market competitiveness.
Fixed remuneration	Pension & benefits <ul style="list-style-type: none"> • Benefits are provided, with the details depending on local market practice. Employees have access to country-specific, company-funded benefits such as pension schemes, private medical insurance, permanent health insurance, life insurance and cash allowances. The cost of providing the benefits is defined and controlled. • Employees who are relocated or spend a substantial portion of their time in more than one jurisdiction for business purposes may be provided with mobility benefits. If employees incur tax charges when travelling overseas in performance of their duties, these costs may be met by the Group • Share save is an all employee plan where participants are able to open a savings contract to fund the exercise of an option over shares. The option price is set at a discount of up to 20 per cent of the share price at the date of invitation (or such other discount as may be determined by the Committee). An equivalent cash or share plan is offered in countries where Sharesave may not be offered (typically due to tax, regulatory or securities law issues).

Element	Operation
Variable remuneration	<ul style="list-style-type: none"> • Employees are typically eligible to be considered for variable remuneration (based on Group, business and individual performance). • Individual incentives are linked to the Group scorecard, the individual's business area scorecard and individual performance. • Discretionary variable remuneration is delivered in the form of annual incentive and/or Long-Term Incentive Plan ("LTIP") awards depending on the category of employee. • Annual incentive is delivered in the form of cash, shares and/or deferred shares and deferred cash according to the Group's deferral mechanism. LTIP awards are delivered in shares and subject to long-term performance measures. • The variable remuneration of employees in the Risk and Compliance functions is set independently of the business they oversee. • The proportion of variable to fixed remuneration paid to employees is carefully monitored. • Guaranteed variable remuneration is only paid exceptionally, and is limited to the first year of employment. • Variable remuneration is subject to the Group Ex-Post Risk Adjustment of Remuneration policy, which enables the Group to: suspend payment of awards, suspend vesting of awards, apply in-year adjustments, and apply malus and claw-back to unvested and vested variable remuneration, in appropriate circumstances.

(ii) Whether the remuneration committee reviewed the firm's remuneration policy during the past year, and if so, an overview of any changes that were made.

- The Group's remuneration policies are reviewed on an annual basis by the Remuneration Committee and a management-level committee, as appropriate. No material changes were made to the Group's remuneration policies for the 2019 performance year.

(iii) A discussion of how the bank ensures that risk and compliance employees are remunerated independently of the businesses they oversee.

Employees engaged in Risk and Compliance are independent, have appropriate authority, and are compensated in a manner that is independent of the business areas they oversee and commensurate with their key role in the Group

The methodology for determining individual variable remuneration awards ensures that colleagues in Control Functions (including Audit, Compliance and Risk) are not incentivised to drive the performance of the business areas they control.

c) Description of the ways in which current and future risks are taken into account in the remuneration processes:

i. An overview of the key risks that the bank takes into account when implementing remuneration measures.

The Group's variable remuneration is subject to approval by the Committee, based on a recommendation by management. When considering the Group's variable remuneration and its allocation between businesses and functions, the Committee considers performance and risk factors including (but not limited to):

- The Group's performance and capital position;
- The delivery of fair and competitive remuneration to all colleagues globally;
- The continued importance of rewarding and incentivising employees to execute the strategy;
- Shareholder returns;
- Regulatory expectations; and
- The risk and control environment, including current and future risks;
- Specific risk, control and conduct events; and
- That the Group's remuneration policies and practices do not encourage risk-taking that exceeds the Group's Risk Appetite.

At an individual level, employees are assessed annually in relation to what they have achieved and how they have achieved it, based on the valued behaviours they have demonstrated. This assessment feeds into decision-making in relation to individual variable remuneration.

ii. An overview of the nature and type of the key measures used to take account of these risks, including risks difficult to measure (values need not be disclosed).

The Group's approach to aligning remuneration to sound and effective risk management is supported by:

- Balanced scorecards: At a Group and business unit level, balanced scorecards play an integral role in the determination of Group discretionary variable remuneration. The scorecards take into consideration financial and non-financial targets, including those related to conduct and remediation programmes. These incentives improvements in shareholder returns whilst ensuring that returns are not generated by excessive risk-taking. Measures in the Group scorecard are determined in alignment with the Group's strategy. The Committee is responsible for setting the individual measures, weightings and targets.
- Conduct risk in bonus pools: To account for current and future risks, we consider whether any remuneration adjustments are required. Adjustments can be made in relation to risks that are inherent in our business activities (ex-ante) or in relation to events and issues that have crystallised (ex-post). Our process includes adjustments which are automatic and discretionary. Automatic ex-ante and ex-post risk adjustments are applied at a collective level in relation to risks, events and issues that impact the financials of the Group and therefore have a direct impact on the Group's incentive funding. We may also apply additional incremental discretionary ex-ante and ex-post risk adjustments at a collective level where deemed necessary.
- Identification of MRTs: We identify employees whose professional activities have the ability to have a material impact on the risk profile of the Group in line with the Identification of MRTs Policy. A higher proportion of their variable remuneration is deferred over a longer period, compared with other employees.
- Individual performance assessment: Employees are assessed annually in relation to what they have achieved, against their objectives, and how they have achieved it, based on the valued behaviours they have demonstrated. Remuneration outcomes relate to the performance of the individual, the business unit they work in and the Group. This ensures that everyone is aligned to deliver long-term sustainable growth in the interests of shareholders and that variable remuneration recognises the achievement, conduct, behaviours and values of employees.
- Deferral mechanism: Depending on the quantum of an individual's variable remuneration, a portion is deferred into shares and/or other instruments according to the Group-wide deferral mechanism. This aligns the pay-out period for remuneration with the business cycle of the Group whilst taking into account the timeframe over which financial risks crystallise. The proportion deferred increases with the quantum of variable remuneration awarded.
- Individual risk adjustments: Consideration is given to whether variable remuneration should be adjusted when there is conduct that has resulted in significant losses to the Group, a material risk management failure or where the individual has failed to meet appropriate standards of values and behaviours. In determining a reasonable outcome, factors such as the impact of the event, the intent of the individual, the significance of the event, the speed of remediation and the frequency of issues are considered. Adjustments to variable remuneration can take the form of an in-year adjustment, malus or clawback.
- Governance processes: Additional governance processes provide further safeguards against inappropriate outcomes. Members of the Committee serve on other Board Committees, including the Audit, Board Financial Crime Risk, Board Risk and Brand Values & Conduct Committees. This overlap of membership brings a deeper understanding to the Committee of core business objectives and issues.

iii. A discussion of the ways in which these measures affect remuneration.

Please refer to (c)ii.

iv. A discussion of how the nature and type of these measures has changed over the past year and reasons for the change, as well as the impact of changes on remuneration.

- There have been no material changes to the framework discussed in (c)ii.

d) Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration:

i. An overview of main performance metrics for bank, top-level business lines and individuals.

Please refer to (c)ii.

(ii) A discussion of how amounts of individual remuneration are linked to bank-wide and individual performance.

Please refer to (c)ii.

(iii) A discussion of the measures the bank will in general implement to adjust remuneration in the event that performance metrics are weak.

Please refer to (c)ii.

(e) Description of the ways in which the bank seek to adjust remuneration to take account of longer-term performance:

(i) A discussion of the bank's policy on deferral and vesting of variable remuneration and, if the fraction of variable remuneration that is deferred differs across employees or groups of employees, a description of the factors that determine the fraction and their relative importance.

The Group applies specific rules to variable remuneration for MRTs:

- Variable remuneration is capped at two times fixed remuneration;
- A minimum of 40 per cent of variable remuneration is deferred, increasing to 60% when variable remuneration is greater than GBP500,000. Variable remuneration is deferred over a period of seven years for Senior Managers (vesting pro-rata over years three to seven), five years for Risk Managers (vesting pro-rata over years one to five) and three years for Other MRTs (vesting pro-rata over years one to three);
- At least 50 per cent of any variable remuneration (both deferred and non-deferred) is delivered in shares; and
- Upfront shares are subject to a minimum 12 months post-vest retention period. Deferred shares are subject to a minimum 12 months post-vest retention period for Senior Managers and Other MRTs, and a minimum six months post-vest retention period for Risk Managers.

For other employees, annual variable remuneration over a defined threshold is subject to a graduated level of deferral, as shown below. Deferred variable remuneration is typically delivered 50% in shares and 50% in cash.

Variable remuneration value (USD)	Deferral percentage
≤100,000	0%
100,000 to 600,000	40%
>600,000	60% (flat rate applies to entire value)

(ii) A discussion of the bank's policy and criteria for adjusting deferred remuneration before vesting and (if permitted by national law) after vesting claw back arrangements

Variable remuneration is subject to the Group Ex-Post Risk Adjustment of Remuneration policy, which enables the Group to suspend payment or vesting of awards, apply in-year adjustments, apply malus to unvested awards and apply clawback to vested variable remuneration, in appropriate circumstances.

Where legally possible, variable remuneration is subject to clawback for a period of at least seven years from the date on which it is awarded.

Disclosures on Risk Based Capital (Basel III)

Description of the different forms of variable remuneration that the bank utilizes and the rationale for using these different forms. Disclosures should include:

- (i) **An overview of the forms of variable remuneration offered (i.e. cash, shares and share-linked instruments and other forms)**
- Variable remuneration is delivered in cash and shares and is structured in line with the Group deferral framework (as set out above, unless superseded by regulatory requirements). The Group has the flexibility to pay zero variable remuneration.
- (ii) **A discussion of the use of the different forms of variable remuneration and, if the mix of different forms of variable remuneration differs across employees or groups of employees, a description of the factors that determine the mix and their relative importance.**
- The Group-wide deferral mechanism is a series of thresholds based on the value of variable remuneration – the larger the variable remuneration award, the greater the proportion that is deferred. Deferred variable remuneration is typically delivered 50% in shares and 50% in cash. For MRTs, at least 40% of variable compensation must be deferred, increasing to at least 60% when variable remuneration is more than GBP500,000. Shares delivered to MRTs are subject to a post-vest retention period. Upfront shares are subject to a minimum 12 months post-vest retention period. Deferred shares are subject to a minimum 12 months post-vest retention period for Senior Managers and Other MRTs, and a minimum six months post-vest retention period for Risk Managers.

Quantitative Disclosure:

g)	Number of meetings held by the main body overseeing remuneration during the financial year and remuneration paid to its member.	In 2019, there were 6 RemCo meetings.
h)	<ul style="list-style-type: none"> Number of employees having received a variable remuneration award during the financial year. Number and total amount of guaranteed bonuses awarded during the financial year. Number and total amount of sign-on awards made during the financial year. Number and total amount of severance/termination payments made during the financial year. 	Employees with variable remuneration: 1359 Guaranteed bonuses: NIL Sign-on awards: NIL Number : 1 Amount:BDT2,034,040.00
i)	<ul style="list-style-type: none"> Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms. Total amount of deferred remuneration paid out in the financial year. 	Outstanding deferred cash: BDT 15,266,179.00 Outstanding deferred shares value: BDT 15,266,179.00 Total deferred remuneration: BDT 30,532,358.00
j)	Breakdown of amount of remuneration awards for the financial year to show: <ul style="list-style-type: none"> fixed and variable deferred and non-deferred different forms used (cash, shares and share linked instruments, other forms). 	Fixed: BDT 3,046,451,049.00 Variable: BDT 705,252,772.00 Deferred: BDT 30,532,358.00 Non deferred: BDT 674,720,414.00 Upfront Cash: BDT 662,041,671.00 Upfront Shares: BDT 12,678,743.00
k)	Quantitative information about employees' exposure to implicit (e.g. fluctuations in the value of shares or performance units) and explicit adjustments (e.g. clawbacks or similar reversals or downward revaluations of awards) of deferred remuneration and retained remuneration: <ul style="list-style-type: none"> Total amount of outstanding deferred remuneration and retained remuneration exposed to explicit and/or implicit adjustments. Total amount of reductions during the financial year due to explicit adjustments. Total amount of reductions during the financial year due to implicit adjustments. 	Overall: BDT 64,298,261.83 Explicit: BDT NIL Implicit: BDT 7,164,036.31

Disclosures on Repo and Reverse repo
Standard Chartered Bank
Bangladesh Branches
Annexure - G
Disclosures on Repo and Reverse repo
(a) Disclosure regarding outstanding Repo as on 31 December 2019

Sl. No.	Counter party name	Agreement Date	Reversal Date	Amount (1st leg cash consideration)
	NIL	N/A	N/A	N/A
Total				-

(b) Disclosure regarding outstanding Reverse Repo as on 31 December 2019

Sl. No.	Counter party name	Agreement Date	Reversal Date	Amount (1st leg cash consideration)
1	CITY Bank Limited	29-Dec-19	1-Jan-20	1,474,318,500
2	NATIONAL Bank Limited	29-Dec-19	1-Jan-20	710,801,250
3	BRAC Bank Limited	29-Dec-19	1-Jan-20	3,082,246,400
4	BRAC Bank Limited	30-Dec-19	2-Jan-20	2,826,063,809
5	MUTUAL TRUST Bank Limited	30-Dec-19	1-Jan-20	1,725,960,500
6	AGRANI Bank Limited	30-Dec-19	1-Jan-20	2,548,334,000
Total				12,367,724,459

(c) Disclosure regarding overall transaction of Repo and Reverse repo

Sl. No.	Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year
1	Securities sold under repo			
	(i) Bangladesh bank*	-	-	-
	(ii) Other banks & FIs	-	9,546,500	26,155
2	Securities purchased under reverse repo			
	(i) Bangladesh bank	-	-	-
	(ii) Other banks & FIs	493,835,659	16,912,364,419	9,397,573,885

*All repos were under the ALS (Assured Liquidity Support) arrangement.

Credit Rating

	Long term	Short term
Year 2019	AAA	ST-1
Year 2018	AAA	ST-1
Outlook	Stable	
Date of current Rating	April 1, 2020	

Credit Rating Information and Services Limited (CRISL) reaffirms AAA (pronounced as triple A) in long term and ST-1 rating on short term to Standard Chartered Bank (Bangladesh Operation).

Balance Sheet
Standard Chartered Bank
Offshore Banking Unit, Bangladesh
Balance Sheet
as at 31 December 2019
Annexure - I

	2019		2018	
	USD	Taka	USD	Taka
PROPERTY AND ASSETS				
Cash				
Cash in hand (including foreign currencies)	-	-	-	-
Balance with Bangladesh Bank and its agent banks (including foreign currencies)	-	-	-	-
Balance with other banks and financial institutions				
Inside Bangladesh	-	-	52,343,588	4,391,627,022
Outside Bangladesh	12,534,689	1,064,195,079	6,952,377	583,304,421
	12,534,689	1,064,195,079	59,295,965	4,974,931,443
Money at call and short notice				
Investments				
Government securities	-	-	-	-
Other investments	-	-	-	-
Loans and advances				
Loans, cash credit, overdrafts, etc.	702,017,662	59,601,299,496	680,704,017	57,111,067,007
Bills purchased and discounted	61,359,399	5,209,412,966	21,476,004	1,801,836,711
	763,377,061	64,810,712,462	702,180,020	58,912,903,718
Fixed assets including premises, furniture and fixtures				
Other assets				
8,153,724	692,220,358	7,797,807	654,235,948	
Non banking assets				
Total assets	784,065,474	66,567,127,899	769,273,792	64,542,071,110
LIABILITIES AND CAPITAL				
Liabilities				
Borrowings from other banks, financial institutions and agents				
570,669,393	48,449,831,493	521,450,872	43,749,728,160	
Deposits and other accounts				
Current and other accounts	55,979,278	4,752,640,709	110,435,823	9,265,565,526
Term deposits	42,503,717	3,608,565,598	5,665,107	475,302,509
Other deposits	315,850	26,815,702	373,184	31,310,097
	98,798,846	8,388,022,009	116,474,114	9,772,178,132
Other liabilities				
40,817,799	3,465,431,105	71,426,903	5,992,906,863	
Total liabilities	710,286,038	60,303,284,608	709,351,889	59,514,813,155
Equity				
Fund deposited with Bangladesh Bank as capital	-	-	-	-
Other reserve	-	-	-	-
Profit and loss account balance	73,779,436	6,263,843,291	59,921,903	5,027,257,954
Total equity	73,779,436	6,263,843,291	59,921,903	5,027,257,954
Total liabilities and equity	784,065,474	66,567,127,899	769,273,792	64,542,071,110
OFF-BALANCE SHEET ITEMS				
Contingent liabilities				
Acceptances and endorsements	25,468,879	2,162,307,811	12,253,967	1,028,107,793
Letters of guarantee	186,514	15,835,000	181,542	15,231,415
Irrevocable letters of credit	18,958,870	1,609,608,048	16,015,216	1,343,676,602
Bills for collection	51,803,422	4,398,110,504	106,351,892	8,922,923,726
	96,417,684	8,185,861,364	134,802,617	11,309,939,536
Other commitments				
Total off-balance sheet items	96,417,684	8,185,861,364	134,802,617	11,309,939,536

Profit and Loss Account
Standard Chartered Bank
Offshore Banking Unit, Bangladesh
Profit and Loss Account
for the year ended 31 December 2019
Annexure - J

	2019		2018	
	USD	Taka	USD	Taka
Interest income	38,783,114	3,275,016,893	36,156,100	3,019,364,170
Interest expense on deposits and borrowings	14,189,500	1,198,267,758	13,141,379	1,097,533,548
Net interest income	24,593,614	2,076,749,135	23,014,721	1,921,830,622
Income from investments	-	-	-	-
Commission, exchange and brokerage	6,481,907	557,439,651	2,338,061	205,385,596
Other operating income	-	-	-	-
Total operating income	31,075,521	2,634,188,785	25,352,782	2,127,216,218
Salaries and allowances	159,194	13,448,250	138,321	11,553,428
Rent, taxes, insurance, electricity, etc.	21,500	1,814,967	22,137	1,849,801
Legal expenses	85	7,225	0	0
Postage, stamps, telephone, telex, etc.	3,815	322,367	3,977	332,066
Stationery, printing, advertisements, etc.	4,866	411,240	4,584	382,745
Repairs and maintenance	34,178	2,891,301	40,189	3,359,346
Other expenses	42,508	3,587,269	34,752	3,298,434
Total operating expenses	266,146	22,482,619	243,960	20,775,820
Profit before provision	30,809,375	2,611,706,166	25,108,822	2,106,440,398
Provision for loans and advances and off balance sheet exposures	938,887	79,808,383	(1,320,436)	(110,784,617)
Provision for diminution in value of investments	-	-	-	-
Total provision	938,887	79,808,383	(1,320,436)	(110,784,617)
Total profit before tax	29,870,488	2,531,897,783	26,429,258	2,217,225,015
Provisions for income tax	12,341,821	1,043,744,807	10,042,614	842,575,352
Net profit after tax	17,528,667	1,488,152,975	16,386,644	1,374,649,663

Cash Flow Statement
Standard Chartered Bank
Offshore Banking Unit, Bangladesh
Cash Flow Statement
for the year ended 31 December 2019
Annexure - K

	2019		2018	
	USD	Taka	USD	Taka
A) Cash flows from operating activities				
Interest receipts in cash	38,398,560	3,234,716,295	36,208,967	3,014,553,870
Interest payments	(14,838,210)	(1,252,346,278)	(13,135,927)	(1,100,211,826)
Fee and commission received	6,438,351	553,741,779	2,340,206	205,169,330
Cash payments to employees	(159,194)	(13,448,250)	(138,321)	(11,553,428)
Cash payments to suppliers	(106,952)	(9,034,369)	(126,374)	(10,160,532)
Income taxes paid	(10,042,614)	(838,500,461)	(9,983,200)	(825,611,719)
Operating profit before changes in operating assets and liabilities	19,689,941	1,675,128,715	15,165,350	1,272,185,696
Increase/decrease in operating assets and liabilities				
Loans and advances to customers	(61,281,957)	(5,897,808,743)	45,521,854	2,932,393,405
Other assets	72,191	6,014,059	(128,056)	(10,765,156)
Deposits from customers	(17,675,268)	(1,384,156,123)	60,786,894	5,166,845,034
Borrowing from other banks and financial institutions	49,218,521	4,700,103,334	(96,966,078)	(7,393,353,579)
Other liabilities	(33,113,572)	(2,758,449,968)	(18,984,265)	(1,506,505,567)
	(62,780,084)	(5,334,297,440)	(9,769,650)	(811,385,863)
Net cash received from / used in operating activities	(43,090,143)	(3,659,168,725)	5,395,700	460,799,832
B) Cash flows from investing activities				
Proceeds from sale of securities	-	-	-	-
Payments for purchase of securities	-	-	-	-
Purchase of fixed assets	-	-	-	-
Proceeds from sale of assets	-	-	-	-
Net cash received from investing activities	-	-	-	-
C) Cash flows from financing activities				
Profit remitted to Head Office	-	-	-	-
D) Net increase/(decrease) in cash and cash equivalents (A+B+C)	(43,090,143)	(3,659,168,725)	5,395,700	460,799,832
E) Effects of exchange rate changes on cash and cash equivalents	(3,671,133)	(251,567,639)	814,956	123,976,552
F) Opening cash and cash equivalents	59,295,965	4,974,931,443	53,085,309	4,390,155,059
G) Closing cash and cash equivalents (D+E+F)	12,534,689	1,064,195,079	59,295,965	4,974,931,443

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Standard Chartered

Standard Chartered Bank

Islamic Banking Window (Saadiq), Bangladesh

Financial Statements 2019

Independent Auditor's Report

Independent auditor's report to the management of Standard Chartered Bank (SCB), Islamic Banking Window (Saadiq), Bangladesh

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Standard Chartered Bank (SCB), Islamic Banking Window (Saadiq), Bangladesh (the "Bank") which comprise the balance sheet as at 31 December 2019 and profit and loss account, cash flow statement and statement of changes in equity for the year then ended, summary of significant accounting policies, other explanatory notes and annexures thereto. In our opinion, the accompanying financial statements of the Bank give a true and fair view of the financial position of the Bank as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as explained in note # 2.2 and comply with the Banking Companies Act, 1991 (as amended up to date), rules and regulations issued by the Bangladesh Bank and other applicable laws and regulations.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 Bank in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and requirements of Bangladesh Bank, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Institute of Chartered Accountants of Bangladesh (ICAB) Bye-laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and those charged with governance for the financial statements and internal controls

Management is responsible for the preparation and fair presentation of the financial statements of the Bank in accordance with IFRSs as explained in note # 2.2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Banking Companies Act, 1991 and the Bangladesh Bank Regulations require the Management to ensure effective internal audit, internal control and risk management functions of the Bank. The Management is also required to make a self-assessment on the effectiveness of anti-fraud internal controls and report to Bangladesh Bank on instances of fraud and forgeries.

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. Those charged with governance are responsible for overseeing the Bank's financial reporting process.

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 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 ISAs, we exercise professional judgement and maintain professional skepticism 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 control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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 auditor's 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 auditor's 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.

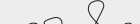
Report on other legal and regulatory requirements

In accordance with the Companies Act, 1994, the Banking Companies Act, 1991 and the rules and regulations issued by Bangladesh Bank, we also report that:

- We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- To the extent noted during the course of our audit work performed on the basis stated under the Auditor's Responsibility section in forming the above opinion on the financial statements and considering the reports of the Management to Bangladesh Bank on anti-fraud internal controls and instances of fraud and forgeries as stated under the Management's Responsibility for the financial statements and internal control:
 - Internal audit, internal control and risk management arrangements of the Bank as disclosed in the financial statements appeared to be materially adequate;
 - Nothing has come to our attention regarding material instances of forgery or irregularity or administrative error and exception or anything detrimental committed by employees of the Bank;
- In our opinion, proper books of account as required by law have been kept by the Bank so far as it appeared from our examination of those books;
- The balance sheet and profit and loss account together with the annexed notes dealt with by the report are in agreement with the books of account and returns;
- The financial statements have been drawn up in conformity with prevailing rules, regulations and accounting standards as well as related guidance issued by Bangladesh Bank;
- Adequate provisions have been made for investments and other assets which are in our opinion, doubtful of recovery;
- The information and explanations required by us have been received and found satisfactory;
- We have reviewed over 80% of the risk weighted assets of the Bank and spent over 250 person hours for the audit of the books and accounts of the Bank.

Dated, Dhaka

31 March 2020

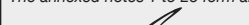

A. Qasem & Co.
Chartered Accountants

Balance Sheet

Standard Chartered Bank Islamic Banking Window (Saadiq), Bangladesh Balance Sheet as at 31 December 2019


Notes	2019 Taka	2018 Taka
PROPERTY AND ASSETS		
Cash		
Cash in hand (including foreign currencies)	2,474,883	4,319,063
Balance with Bangladesh Bank and its agent banks (including foreign currencies)	4,000,000,000	2,714,745,135
	4,002,474,883	2,719,064,198
Balance with other banks and financial institutions		
In Bangladesh	-	-
Outside Bangladesh	-	-
Placements with banks and other financial institutions		
Investments in shares and securities		
Government securities	950,000,000	900,000,000
Other investments	-	-
	950,000,000	900,000,000
Investments		
General investments etc.	12,430,116,465	13,677,002,609
Bills purchased and discounted	200,000,000	4,150,214
	12,630,116,465	13,681,152,823
Fixed assets including premises		
Other assets	5,496,803,340	4,503,492,496
Non-banking assets		
Total assets	23,079,394,688	21,803,709,517
LIABILITIES AND CAPITAL		
Liabilities		
Placement from banks and other financial institutions	-	-
Deposits and other accounts		
Al - Wadeah Current Account Deposits	947,821,149	1,101,454,703
Mudaraba Savings Deposits	8,778,469,806	7,021,116,648
Mudaraba Term Deposits	7,531,432,503	9,040,441,578
Mudaraba Special Notice Deposits	37,249,523	25,450,072
Other deposits	63,692,793	11,784,788
	17,358,665,773	17,200,247,789
Other liabilities		
	5,720,728,915	4,603,461,729
Total liabilities	23,079,394,688	21,803,709,517
Equity		
Paid up capital	-	-
Statutory reserve	-	-
Other reserve	-	-
Retained earnings	-	-
Total equity	-	-
Total liabilities and equity	23,079,394,688	21,803,709,517
OFF-BALANCE SHEET ITEMS		
Contingent liabilities		
Acceptances and endorsements	3,008,151,044	2,216,383,268
Letters of guarantee	1,649,395	-
Irrevocable letters of credit	4,353,717,281	2,852,087,266
	7,363,517,720	5,068,470,534
Other commitments		
Total off-balance sheet items	7,363,517,720	5,068,470,534

The annexed notes 1 to 25 form an integral part of these financial statements.


Naser Ezaz Bijoy
Chief Executive Officer


Md Abdul Kader Joaddar
Chief Financial Officer

As per our report of same date.


A. Qasem & Co.
Chartered Accountants

Dated, Dhaka

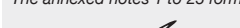
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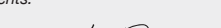
Profit and Loss Account

Standard Chartered Bank Islamic Banking Window (Saadiq), Bangladesh Profit and Loss Account for the year ended 31 December 2019

Notes	2019 Taka	2018 Taka
Investment income	1,221,179,907	1,133,603,588
Profit paid on deposits	445,345,178	562,503,108
Net investment income	775,834,729	571,100,480
Income / (Loss) from investments in shares and securities	27,680,670	12,381,653
Commission, exchange and brokerage	456,894,765	242,752,866
Other operating income	-	-
	484,575,435	255,134,519
Total operating income	1,260,410,163	826,234,999
Salary and allowances	4,700,809	8,686,016
Rent, taxes, insurances, electricity etc.	355,922	7,254,069
Legal expenses	2,234	31,781
Postage, stamps and telecommunication etc.	54,879	94,056
Stationery, printing and advertisement etc.	393,829	475,205
Repair, maintenance and depreciation	1,388,697	3,960,739
Other operating expenses	1,090,988	3,639,406
	7,987,358	24,141,272
Total operating expenses	7,987,358	24,141,272
Profit/(loss) before provision	1,252,422,805	802,093,727
Provision for investments and off balance sheet exposures	142,089,845	78,188,974
Other provisions	-	-
Total provision	142,089,845	78,188,974
Total profit/(loss) before tax	1,110,332,960	723,904,753
Provision for income tax	500,969,122	320,837,490
Net profit/(loss) after tax for the year	609,363,838	403,067,263

The annexed notes 1 to 25 form an integral part of these financial statements.


Naser Ezaz Bijoy
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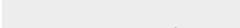
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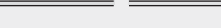
31 March 2020

Cash Flow Statement

Standard Chartered Bank Islamic Banking Window (Saadiq), Bangladesh Cash Flow Statement for the year ended 31 December 2019

	2019 Taka	2018 Taka
A) Cash flows from operating activities		
Investment income	1,253,861,295	1,148,874,597
Profit paid on deposits	(768,027,617)	(236,129,141)
Commission, exchange and brokerage received	421,735,224	269,342,941
Cash paid to employees	(4,700,809)	(8,686,016)
Cash paid to suppliers	(2,867,680)	(12,849,736)
Income tax paid	(500,969,122)	(320,837,490)
Operating profit before changes in operating assets and liabilities	399,031,290	839,715,154
Increase/decrease in operating assets and liabilities		
General investments	970,591,488	(2,115,581,953)
Other assets	(958,620,634)	(583,764,915)
Deposits received from customers	158,417,985	2,255,536,679
Other liabilities	1,353,383,016	117,586,857
Net cash receipt/(payment) from changes in operating assets and liabilities	1,523,771,856	(326,223,332)
Net cash received from operating activities	1,922,803,146	513,491,822
B) Cash flow from investing activities		
Income from investments	19,971,378	4,994,879
Investment in Islamic bond	(50,000,000)	(200,000,000)
Net cash used in investing activities	(30,028,622)	(195,005,121)
C) Cash flow from financing activities		
Profit transferred to Onshore Banking Unit	(609,363,839)	(403,067,262)
Net cash used in financing activities	(609,363,839)	(403,067,262)
D) Net increase/(decrease) in cash and cash equivalents (A+B+C)	1,283,410,685	(84,580,561)
E) Effect of exchange rate changes on cash and cash equivalents		
	-	-
F) Opening cash and cash equivalents	2,719,064,198	2,803,644,759
G) Closing cash and cash equivalents (D+E+F) (Note 22)	4,002,474,883	2,719,064,198


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Chartered Accountants

Dated, Dhaka

31 March 2020

Statement of Changes in Equity

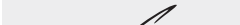
Standard Chartered Bank Islamic Banking Window (Saadiq), Bangladesh Statement of Changes in Equity for the year ended 31 December 2019

Particulars	Capital Taka	Other reserve Taka	Retained earnings Taka	Total Taka
Balance as at 01 January 2019	-	-	-	-
Net profit for the year 2019	-	-	609,363,838	609,363,838
Profit transferred to Dhaka Onshore Banking Unit	-	-	(609,363,838)	(609,363,838)
Balance as at 31 December 2019	-	-	-	-
Balance as at 01 January 2018	-	-	-	-
Net profit for the year 2018	-	-	403,067,263	403,067,263
Profit transferred to Dhaka Onshore Banking Unit	-	-	(403,067,263)	(403,067,263)
Balance as at 31 December 2018	-	-	-	-


Naser Ezaz Bijoy
Chief Executive Officer


Md Abdul Kader Joaddar
Chief Financial Officer

As per our report of same date.


A. Qasem & Co.
Chartered Accountants

Dated, Dhaka

31 March 2020

Notes to the Financial Statements

Standard Chartered Bank Islamic Banking Window (Saadiq), Bangladesh Notes to the Financial Statements As at and for the year ended 31 December 2019

1 The Bank and its activities

1.1 Name of the bank

Standard Chartered Bank (SCB), Bangladesh Branches ("the bank") commenced its Islamic banking window in Bangladesh on 26 February 2004 based on Islamic Shariah principles which is governed by the SCB Shariah Supervisory Committee based in Dubai.

Standard Chartered Bank (SCB), Bangladesh Branches ("the bank") commenced its banking operations in Bangladesh in 1948 after obtaining licence from the Central Bank of Bangladesh. SCB is incorporated in England with limited liability by Royal Charter 1853. The head office of the bank is situated in England at Basinghall Avenue, London EC2V5DD and Bangladesh country head office is situated at 67 Gulshan Avenue, Dhaka - 1212.

1.2 Principal activities of the Bank

SCB offers a comprehensive range of financial services in Bangladesh including retail banking and wealth management, commercial banking, corporate and institutional banking, financial markets, global trade and trade services, cash management, etc. There have been no significant changes in the nature of the principal activities of the Bank during the financial year under review.

2.0 Basis of preparation of Financial Statements

2.1 Reporting period & Approval of financial statements

The financial statements cover a calendar year from 1 January 2019 to 31 December 2019. The financial statements are authorized for issue by management of the Bank on 31 March 2020.

2.2 Statement of compliance and basis of preparation

The Financial Reporting Act 2015 (FRA) was enacted in 2015 and the Financial Reporting Council (FRC) under the FRA is formed in 2017 which, among other things, will issue financial reporting standards for public profit entities such as banks. The Banking Companies Act 1991 has been amended to require banks to prepare their financial statements under such financial reporting standards.

The FRC is formed but as such no financial reporting standards have been issued as per the provisions of the FRA. Hence, the financial statements of the Bank as at and for the year ended 31 December 2019 have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) and the requirements of The Banking Companies Act 1991, the rules and regulations issued by Bangladesh Bank (BB) and The Companies Act 1994. The Securities and Exchange Rules 1987 is not mandatorily applicable for non-listed foreign banks in Bangladesh. In case any requirement of The Banking Companies Act 1991 and provisions and circulars issued by the central bank (herein after called Bangladesh Bank (BB)) differ with those of IFRS, the requirements of The Banking Companies Act 1991 and provisions and circulars issued by BB shall prevail.

The financial statements of the Bank have been prepared in accordance with the "First Schedule (sec-38)" of The Banking Companies Act 1991 as amended therein 2007, 2013 and 2018, BRPD Circular no. 14 dated 25 June, 2003, other Bangladesh Bank Circulars, International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) as International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) respectively.

Material departures from the requirements of IAS and IFRS are as follows:

i) Presentation of financial statements

IAS/IFRS: As per IAS 1 financial statements shall comprise statement of financial position, comprehensive income statement, changes in equity, cash flows statement, adequate notes comprising summary of accounting policies and other explanatory information. As per para 60 of IAS 1, the entity shall also present current and non-current assets and liabilities as separate classifications in its statement of financial position.

Bangladesh Bank: The presentation of the financial statements in prescribed format (i.e. balance sheet, profit and loss account, cash flows statement, statement of changes in equity, liquidity statement) and certain disclosures therein are guided by the "First Schedule" (section 38) of The Banking Companies Act 1991 (amendment up to 2018) and BRPD circular no. 14 dated 25 June 2003 and subsequent guidelines of Bangladesh Bank. In the prescribed format there is no option to present assets and liabilities under current and non-current classifications.

ii) Investment in shares and securities

IFRS: As per requirement of IFRS 9, where securities fall under the category of Held for Trading (HFT), any change in the fair value of held for trading securities is recognised through profit and loss account. Securities designated as Held to Maturity (HTM) are measured at amortised cost method and interest income is recognised in the profit and loss account.

Bangladesh Bank: As per BRPD circular no. 14 dated 25 June 2003 investments in quoted shares and unquoted shares are revalued at the year end at market price and as per book value of last audited balance sheet, respectively. Provision should be made for any loss arising from diminution in value of investment.

iii) Revaluation gains / losses on Government securities

IFRS: As per requirement of IFRS 9, where securities fall under the category of Held for Trading (HFT), any change in the fair value of held for trading securities is recognised through profit and loss account. Securities designated as Held to Maturity (HTM) are measured at amortised cost method and interest income is recognised in the profit and loss account.

Bangladesh Bank: As per DOS circular no. 05 dated 26 May 2008 and DOS circular no. 05 dated 28 January

Bangladesh Bank: As per DOS Circular letter no. 6 dated 15 July 2010 and subsequent clarification in DOS circular no. 2 dated 23 January 2013, when a bank sells a financial asset and simultaneously enters into an agreement to repurchase the asset (or a similar asset) at a fixed price on a future date (repo or stock lending), the arrangement is accounted for as a normal sales transactions and the financial assets are derecognized in the seller's book and recognized in the buyer's book.

However, as per DMD circular letter no. 7 dated 29 July 2012, non-primary dealer banks are eligible to participate in the Assured Liquidity Support (ALS) programme, whereby such banks may enter collateralised repo arrangements with Bangladesh Bank. Here the selling bank accounts for the arrangement as an investment, thereby continuing to recognise the asset.

x) Cash flow statement

IFRS: As per IAS 7 *Statement of Cash Flows*, the cash flow statement can be prepared using either the direct method or the indirect method. The presentation is selected to present these cash flows in a manner that is most appropriate for the business or industry. The method selected is applied consistently.

Bangladesh Bank: As per BRPD circular no. 14 dated 25 June 2003, cash flow is the mixture of direct and indirect methods.

xii) Off-balance sheet items

IFRS: As per IFRS there is no requirement for disclosure of off-balance sheet items on the face of the balance sheet.

Bangladesh Bank: As per BRPD circular no. 14 dated 25 June 2003, off-balance sheet items (e.g. letter of credit, letter of guarantee etc.) must be disclosed separately on the face of the balance sheet.

xiii) Investments net of provision

IFRS: Investments and advances shall be recognised net of impairment loss as per IFRS 9.

Bangladesh Bank: As per BRPD circular no. 14 dated 25 June 2003, provision on investments are presented separately as liability and cannot be netted off against investments.

2.3 Basis of measurement

The financial statements of the Bank have been prepared on historical cost basis except for the following:

- Government treasury bills and bonds designated as HFT and subsequently measured at fair value using marking to market concept with gains credited to revaluation reserve as per DOS circular 05 dated 26 May 2008 and DOS circular 05 dated 28 January 2009; and
- Government treasury bills and bonds designated as HTM and subsequently measured using amortisation concept as DOS circular 05 dated 26 May 2008 and DOS circular 05 dated 28 January 2009.
- Net defined benefit (asset) liability in respect of defined benefit plan recognised as the present value of defined benefit obligation less fair value of plan assets as per IAS 19 Employee Benefits.

2.4 Foreign Currency

According to IAS 21 *The Effects of Changes in Foreign Exchange Rates*, transactions in foreign currencies are translated into the respective functional currency of the operation at the spot exchange rate at the date of the transaction.

Monetary assets, liabilities and fund deposited with Bangladesh Bank as capital denominated in foreign currencies at the reporting date are translated into the functional currency at the spot exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated into the functional currency at the spot exchange rate at the date that the fair value was determined. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on translation are recognised in the profit and loss account except for exchange rate differences on funds deposited with Bangladesh Bank as capital, which is recognised directly in equity.

2.5 Functional and reporting currency

The financial statements of the Bank are presented in Bangladeshi Taka (Taka/Tk/BDT) which is the Bank's functional and reporting currency.

2.6 Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the periods in which the estimate is revised and in any future periods affected. In particular, information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described below:

Provisions for Investments

The Bank assesses its investments for objective evidence of impairment on a regular basis and particularly at year end. While the primary criteria set out in BRPD circular no. 14 dated 23 September 2012 for determining whether an investment is impaired are objective, based on borrower's ability to make timely repayments, investments may also be classified based on qualitative judgement. This involves making assessments regarding the economic environment in which borrowers operate in addition to making judgements about a borrower's financial condition and net realisable value of any underlying collateral.

Taxation

The estimation of current tax provision involves making judgements regarding admissibility of certain expenses as well as estimating the amount of other expenses for tax purposes.

In addition, the recognition of deferred tax assets requires the Bank to estimate the extent to which it is probable that future taxable profits will be available against which the deferred tax assets may be utilised.

Net defined benefit (asset) liability under defined benefit plan

The determination of the Bank's net defined benefit (asset) liability in respect of defined benefit plan involves the use of estimates regarding demographic variables such as employee turnover and mortality and financial variables such as discount rate, future increases in salaries and medical costs that will influence the cost of the benefit.

2.7 Going Concern

These financial statements have been prepared on the assessment of the Bank's ability to continue as a going concern. Standard Chartered Bank, Bangladesh has neither any intention nor any legal or regulatory compulsion to liquidate or curtail materially the scale of any of its operations. The key financial parameters including liquidity, profitability, asset quality, provision sufficiency and capital adequacy, credit rating of the Bank continued to exhibit a healthy trend for couple of years. Besides, the management is not aware of any material uncertainties that may cast significant doubt upon the Bank's ability to continue as a going concern.

2.8 Liquidity statement

The liquidity statement of assets and liabilities as on the reporting date has been prepared on the basis of residual maturity term which has been given in the statement.

2.9 Significant accounting policies

2.9.1 Assets

2.9.1.1 Investments in shares and securities

Investments in treasury bills and Government bonds are accounted for in accordance with DOS Circular Letter No. 05 dated 26 May 2008 subsequently amended by DOS circular letter no. 05 dated 28 January 2009, which allow banks to use both HTM and HFT securities for fulfillment of Statutory Liquidity Reserve (SLR) requirements.

In accordance with the requirements of the aforementioned circulars, amortised discount or premium on HTM securities is recognised directly in equity. However, coupon profits are recognised in profit or loss. Gains arising from revaluation of HFT securities on 'Marking to Market' basis are recognised in revaluation reserve account while losses from revaluation of the same securities are recognised in profit or loss.

Bank's investments in unquoted shares are recorded at cost.

2.9.1.2 Fixed assets including premises, furniture and fixtures

Items of fixed assets, other than land, are measured at cost less accumulated depreciation and impairment losses, as per IAS 16 *Property, Plant and Equipment*. Cost includes expenditures that are directly attributable to the acquisition of the asset. Land is carried at cost.

Subsequent costs

The cost of replacing part of an item of fixed assets is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Bank and its cost can be measured reliably. The cost of day-to-day servicing of fixed assets are expensed when incurred.

Depreciation

Depreciation on premises other than freehold land, and other fixed assets, is recognised in profit or loss on a straight line basis over the expected useful life of the assets based on cost. The estimated useful lives and the rate of depreciation for the current and comparative periods are as follows:

	Estimated useful life	Rate of depreciation
Freehold premises	50 years	2%
Fixed equipments	3 to 15 years	7% - 33%
Computer and office equipments	5 years	20%
Furniture and fittings	5 years	20%
Motor Vehicle	5 years	20%

Depreciation on additions to fixed assets is charged from the month in which such assets are capitalised, and adjustments to accumulated depreciation for disposals / write offs are made up to the month in which the relevant assets are disposed / written off.

Retirement and disposals

An asset is derecognised on disposal or when no future economic benefits are expected from its use. Gains or losses arising from the retirement or disposal of an asset is determined as the difference between the net disposal proceeds and the carrying amount of the asset which is recognised as gain or loss from disposal of asset under other operating income.

2.9.1.3 Investments to customers

Investments are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Bank does not intend to sell immediately or in the near term.

Investments are initially measured at fair value, and subsequently measured at amortised cost. These are stated gross with accumulated specific and general provisions for investments being shown under other liabilities.

2.9.1.4 Investments write-off

Investments are normally written off, when there is no realistic prospect of recovery and classified as 'Bad Investment' complying with BRPD circular no. 13 dated 7 November 2013, BRPD circular no. 2 dated 13 January 2003, DFIM Circular letter no. 11 dated 21 November 2013 and BRPD circular no. 01 dated 06 February 2019. Designated units of the bank (GSAM for corporate customers and Credit & Collections for retail customers) monitor Investments written off and legal action taken against the classified customers. The written-off Investments do not undermine or affect the amount claimed against the borrower by the bank. The designated units of the bank maintains a separate record for all individual cases of written-off Investments. These units of the bank follow-up on the recovery efforts of the written-off Investments and advances until the full settlement of the claimed amount.

2.9.2 Liabilities

2.9.2.1 Borrowings from other banks, financial institutions and agents

Borrowings from other banks, financial institutions and agents include both profit-bearing borrowings against securities from Bangladesh Bank and other banks, vostro accounts balances and call borrowing from other banks. These items are brought to financial statements at the gross value of the outstanding balance.

2.9.2.2 Deposits by customers and banks

Deposits are the Bank's principal source of investments.

2.9.2.3 Provisions for other assets

BRPD circular no. 14 dated 25 June 2001 requires a provision of 100% on other assets which are outstanding for one year and above. The Bank maintains provisions in line with this circular unless it assesses there is no doubt of recovery on items of other assets in which case no provision is kept.

Notes to the Financial Statements

2.9.2.4 Provisions on nostro accounts

Unsettled debit transactions (as per Bank's book and nostro statements) for more than three months on nostro accounts are reviewed at each balance sheet date by management and provisions are kept in accordance with Bangladesh Bank Foreign Exchange Policy Department, circular no. FEPD (FEMO)/01/2005-677 dated 13 September 2005.

2.9.2.5 Provisions for liabilities and charges

A provision is recognised if, as a result of a past event, the Bank has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Contingent liabilities are not recognised but disclosed in the financial statements unless the possibility of an outflow of resources embodying economic benefits is reliably estimated.

2.9.2.6 Provisions on Investments

At each balance sheet date and periodically throughout the year, the Bank reviews Investments and advances to assess whether objective evidence that impairment of a Investment or portfolio of Investments has arisen supporting a change in the classification of Investments and advances, which may result in a change in the provision required in accordance with BRPD circular no. 14 dated 23 September 2012, BRPD circular no. 19 dated 27 December 2012, BRPD circular no. 05 dated 29 May 2013, BRPD circular no. 16 dated 18 November 2014, BRPD circular no. 12 dated 20 August 2017, BRPD circular no. 15 dated 27 September 2017, BRPD circular no. 07 dated 21 June 2018, BRPD circular no. 13 dated 18 October 2018 and BRPD circular no. 03 dated 21 April 2019. The guidance in the circulars follow a formulaic approach whereby specified rates are applied to the various categories of Investments as defined in the circular. The provisioning rates are as follows:

General provision on:	2019	2018
Unclassified Investments under small and medium enterprise financing (SMEF)	0.25%	0.25%
Unclassified Investments under housing finance (HF)	1.00%	1.00%
Unclassified Investments on Investments for professionals (LP)	2.00%	2.00%
Unclassified Investments under consumer financing (CF) other than housing finance (HF) and Investments for professionals (LP)	5.00%	5.00%
Unclassified Investments to brokerage houses (BH), merchant banks (MB), stock dealers (SD)	2.00%	2.00%
All unclassified Investments except under SMEF, HF, LP, CF, BH, MB, SD and short-term agricultural and micro-credit scheme	1.00%	1.00%
Unclassified Investments under short-term agricultural and micro-credit scheme	1.00%	1.00%
Off-balance sheet exposures:		
Acceptances and endorsements	1.00%	1.00%
Letters of guarantee		
Counter guarantee rating-1	0.00%	0.00%
Counter guarantee rating-2	0.50%	0.50%
Counter guarantee rating-3 or 4	0.75%	0.75%
Counter guarantee rating-Other	1.00%	1.00%
Irrevocable letters of credit	1.00%	1.00%
Bills for collection	0.00%	0.00%
Forward contracts	1.00%	1.00%
Unclassified Investments of Credit Cards (CC)	2.00%	2.00%

In accordance with BRPD circular no. 05 dated 29 May 2013, the rate of provision on the outstanding amount of investments kept in the 'Special Mention Account' will be the same as the rates stated above depending on the types of investments.

Specific provision on:

Substandard Investments	20%	20%
Doubtful Investments	50%	50%
Bad / loss Investments	100%	100%
Short-term agricultural and micro-credits:		
Substandard and Doubtful Investments	5%	5%
Bad / loss Investments	100%	100%

The above rates are the minimum prescribed rates. BRPD circular no. 14 dated 23 September 2012 provides scope for further provisioning based on qualitative judgements. If the specific provisions assessed under the qualitative methodology are higher than the specific provisions assessed under the formulaic approach above, the higher of the two is recognised.

2.9.2.7 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the profit & loss account except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax

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 adjustment to tax payable in respect of prior years. Provision for taxation for the year ended 31 December 2019 has been made on the basis of the provisions of the Income Tax Ordinance 1984 and the Finance Act 2019. Currently the tax rate applicable for banks is 40%.

Deferred tax assets / (liabilities)

As per IAS 12 *Income Taxes*, deferred tax assets / (liabilities) are calculated using the balance sheet method, providing for temporary differences between the carrying amount of assets and liabilities and their tax bases. The tax base of assets is the amount that will be deductible for tax purposes against any taxable economic benefits that will flow to an entity (in this case, the Bank) when it recovers the carrying amount of the assets. The tax base of liabilities is their carrying amount, less any amount that will be deductible for tax purposes in respect of the liabilities in future periods. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on laws that have been enacted or substantively enacted by the reporting date. Deferred tax is calculated using the tax rates as prescribed in the Income Tax Ordinance (ITO) 1984 and relevant Statutory Regulatory Orders (SRO) and BRPD circular no. 11 dated 12 December 2011. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

2.9.2.8 Workers Profit Participation (WPPF)

The bank has sought external legal opinion, whereby it was stated that there is significant ambiguity around the inclusion of Banking Institutions within the scope of Chapter XV: Workers' Profit Participation Fund (WPPF) under the Bangladesh Labour Act, 2006 (the 'Act') and the subsequent amendments thereof. As per the Act and amendments thereof, an employer is required to pay 5% of its net profit (as defined under the Act) to the 1) Workers' Participation Fund 2) Workers' Welfare Fund and 3) Labour Trust Foundation Fund for further appropriate disbursement of the funds to all members (i.e., 'Beneficiaries', as defined under the Act) as prescribed under the Act.

As per the external legal opinion sought by the Bank, the inclusion of Banks within the scope of the WPPF under the Bangladesh Labour Act, 2006 is in contradiction with the relevant provisions under The Bank Companies Act, 1991. These ambiguities are yet to be settled and the Bank is seeking clarifications from appropriate Authorities. On the basis of the facts currently known and external legal opinions, management believes that the possibility of a legal obligation for payments out of WPPF is low at the current stage and hence, no provision has been made for the same.

2.9.2.9 Good Borrower incentive provisions

Bank recognizes its good borrowers (GB) rebate as per BRPD circular no. 04 dated 16 May 2019. Bank also assessed the eligibility of GB every year as per BRPD circular no. 04 dated 16 May 2019.

2.9.2.10 Employee benefits

Short term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A provision is recognised for the amount expected to be paid under performance bonus plans if the Bank has a present constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Defined contribution plans - Provident fund

The Bank contributes to a locally registered provident fund scheme which is approved by the National Board of Revenue (NBR) for employees of the Bank eligible to be members of the fund in accordance with the rules of the provident fund constituted under an irrevocable trust. Obligations for contributions to the provident fund are recognised as an expense in profit or loss when they are due.

Defined benefit plans - Gratuity fund

The Bank operates a funded gratuity scheme which is of the nature of a defined benefit scheme for its permanent employees. The fund has been formed under an irrevocable trust deed and is approved by the NBR. It is managed by a Board of Trustees comprising of employees of the Bank. Gratuity is payable at the rate of one month's salary last drawn for each completed year of service or any part thereof in excess of six months.

In accordance with the requirements of IAS 19 *Employee Benefits*, the Bank's net obligation in respect of its gratuity fund is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; discounting the benefit to determine its present value; and deducting the fair value of any plan assets. The calculation is performed by a qualified actuary using the Projected Unit Credit method.

The net profit expense (income) on the net defined benefit liability (asset) for the period is determined by applying discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability / (asset), taking into account any changes in the net defined benefit liability / (asset) during the period as a result of contributions and benefit payments. Consequently, the net profit on the net defined benefit liability / (asset) comprises profit cost on defined benefit obligation, profit income on plan assets, and profit on the effect on the asset ceiling.

Actuarial gains or losses that arise are recognised in equity and presented in the statement of changes in equity in the period they arise. Past service costs are recognised in the period in which the plan amendment or curtailment occurs.

2.9.2.11 Capital

The Bank's approach to capital management is driven by a desire to maintain a strong capital base to support the development of its business, to meet regulatory capital requirements at all times and to maintain good credit ratings.

Compliance with capital adequacy regulations

Capital requirements for the Bank at a local level are set and monitored by Bangladesh Bank. The capital that the Bank is required to hold is determined considering its balance sheet and off-balance sheet positions in accordance with guidelines on risk based capital adequacy.

The Bank's capital structure consists of Tier I and Tier II capital which is aligned with regulatory capital structure. Tier I capital is further categorized as Common Equity Tier 1 (CET1) and Additional Tier 1 capital. The computation of the amount of Common Equity Tier 1, Additional Tier 1 and Tier II capital shall be subject to the following conditions:

- The Bank has to maintain at least 4.50% of total Risk Weighted Assets (RWA) as Common Equity Tier 1 capital.
- Tier I capital will be at least 6.00% of the total RWA.
- Minimum Capital to Risk-weighted Asset Ratio (CRAR) will be 10% of the total RWA.
- Additional Tier I capital can be maximum up to 1.5% of the total RWA or 33.33% of CET 1, whichever is higher.
- Tier II capital can be maximum up to 4% of the total RWA or 88.89% of CET 1, whichever is higher.
- In addition to minimum CRAR, Capital Conservation Buffer (CCB) @ 2.5% of the total RWA will be maintained in the form of CET 1.

2.9.3 Profit and Loss Accounts - Income and Expenses

2.9.3.1 Profit income on conventional banking

Profit income are recognised in the profit and loss account using the effective profit method.

The effective profit rate is the rate that exactly discounts the estimated future receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability.

profit is accrued on a daily basis and applied to customer accounts every month, quarter and at maturity depending on the product offerings.

In accordance with BRPD circular no. 14 dated 23 September 2012, profit accrued on sub-standard investments and doubtful investments are credited to Profit Suspense Account which is included within Other liabilities. Profit from investments ceases to be accrued when they are classified as bad / loss.

Notes to the Financial Statements

2.9.3.2 Profit on Saadiq investments

Profit on investments is recognised, on an accrual basis, over the lifetime of the investments so as to reflect a constant rate of return on their carrying amounts. Overdue / late payment charge on investment is transferred to charity suspense account instead of income account.

2.9.3.3 Profit income from investment in securities

Profit on investment in securities other than the amount of amortisation of premium and discount on securities classified as HTM which is recognised directly in equity in accordance with DOS circular no. 05 dated 26 May 2008, is recorded in the profit and loss account.

2.9.3.4 Commission and fee income

The Bank earns commission and fee income from a diverse range of services (e.g. LC operations, accounts maintenance, custodial services, credit card renewal etc.) provided to its customers. Commission and fee income is accounted for as follows:

- income earned on the execution of a significant act is recognised as revenue when the act is completed,
- income earned from services provided is recognised as revenue as the services are provided.

2.9.3.5 Exchange income

Exchange income includes all gains and losses from foreign currency transactions.

2.9.3.6 Dividend income

Dividend income from the investments in unquoted shares in Central Depository Bangladesh Ltd. (CDL) is recognised when it is received.

2.9.3.7 Profit expense on deposits

Profit expense for all deposits are recognised in the profit and loss account using the effective profit method.

2.9.4 Others

2.9.4.1 Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

2.9.4.2 Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents include notes and coins on hand and balances held with other banks and financial institutions and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

2.9.4.3 Materiality and aggregation

Each material class of similar items has been presented separately in the financial statements. Items of dissimilar nature also have been presented separately unless they are immaterial in accordance with IAS 1 'Presentation of Financial Statements'.

3.00 Comparative information

Comparative information including narrative and descriptive one is disclosed in respect of the preceding period where it is relevant to enhance the understanding of the current period's financial statements. Certain comparative amounts in the financial statements are reclassified and rearranged where relevant, to conform to the current year's presentation.

4.00 New accounting standards

The Bank has consistently applied the accounting policies as set out in Note 2 to all periods presented in these financial statements. The various amendments to standards, including any consequential amendments to other standards, with the date of initial application of 1 January 2019 have been considered. However, these amendments have no material impact on the financial statements of the Bank.

In December 2017, ICAB has decided to adopt IFRS replacing BFRS effective for annual periods beginning on or after 1 January 2019. However, since currently issued BFRS have been adopted from IFRS without any major modification, such changes would not have any material impact on financial statements.

A number of standards and amendments to standards are effective for annual periods beginning after 1 January 2019 and earlier application is permitted. However, the Bank has not early applied the following new standards in preparing these financial statements.

(a) IFRS 17 Insurance Contracts

IFRS 17 was issued in May 2017 and applies to annual reporting periods beginning on or after 1 January 2021. IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. The Bank has not yet assessed in potential impact of IFRS 17 on its financial statements.

There are no other standards that are not yet effective and that would be expected to have a material impact on the Bank in the current or future reporting periods and on foreseeable future transactions.

	2019 Taka	2018 Taka
5 Cash		
a) Cash in hand (including foreign currencies)		
Local currency	1,710,783	3,037,071

	2019 Taka	2018 Taka
(i) Investment to Retail Customers		
Murabaha	154,294	1,485,974
Diminishing Musharaka	3,596,501,416	4,041,093,911
Ujrah-Saadq Credit Card	407,735,441	424,814,583
	4,004,391,151	4,467,394,468
(ii) Investment to small and medium enterprises		
Murabaha	5,305,555	15,954,767
Diminishing Musharaka	-	-
Hire Purchase Shirkatal Melk (HPSM)	3,565,496,665	3,357,511,379
	3,570,802,220	3,373,466,146
(iii) Investment to large enterprises		
Murabaha	-	6,016,330
Diminishing Musharaka	-	-
Hire Purchase Shirkatal Melk (HPSM)	3,353,138,680	3,382,836,821
	3,353,138,680	3,388,853,151
(iv) Investment to corporate and Institutional customers		
Musharakah	400,109,666	799,677,927
Murabahah	311,539,199	646,179,489
Diminishing Musharakah	790,135,549	1,007,431,428
	1,501,784,414	2,447,288,844

7.6 Group-wise classification of investments

a) Investment to Directors	-	-
b) Investment to Chief Executive and other senior executives	-	-
c) Investment to customers group (15% of equity and above)	-	-
Sub Total (a+b+c)	-	-
d) Industry-wise classification of investments category of industry	-	-

Industry-wise classification of investments category of -Consumer Customer

i) Garments	-	-
ii) Textiles	-	-
iii) Agro based industry	-	-
(iv) Pharmaceutical Industries	-	-
(v) Milk Processing Industries	-	-
(vi) Other Business Institutions	-	-
vii) Other industry *	4,004,391,150	4,467,394,468
Sub Total (i+ii+iii+iv+v+vi+vii)	4,004,391,150	4,467,394,468

Industry-wise classification of investments category of -Small and Medium Enterprise Customer

i) Garments	101,636,358	19,910,014
ii) Textiles	59,414,434	55,553,763
iii) Agro based industry	69,745,698	89,579,181
(iv) Pharmaceutical Industries	-	-
(v) Milk Processing Industries	-	-
(vi) Other Business Institutions	-	-
vii) Other industry *	1,322,033,783	1,324,566,069
	2,017,971,947	1,883,857,118
Sub Total (i+ii+iii+iv+v+vi+vii)	3,570,802,220	3,373,466,145

Industry-wise classification of investments category of -Large Enterprise Customer

i) Garments	65,090,394	71,372,383
ii) Textiles	-	-
iii) Agro based industry	9,008,368	-
(iv) Pharmaceutical Industries	-	-
(v) Milk Processing Industries	-	-
(vi) Other Business Institutions	2,658,400,982	2,700,754,655
vii) Other industry *	620,638,936	616,726,112
Sub Total (i+ii+iii+iv+v+vi+vii)	3,353,138,680	3,388,853,150

Industry-wise classification of investments category of Corporate and Institutional Customer

i) Garments	-	-
ii) Textiles	21,772,800	-
iii) Agro based industry	13,044,450	451,009,929
(iv) Pharmaceutical Industries	1,466,857,498	1,946,600,910
(v) Milk Processing Industries	-	-
(vi) Other Business Institutions	-	-
vii) Other industry *	109,666	49,678,007
Sub Total (i+ii+iii+iv+v+vi+vii)	1,501,784,415	2,447,288,846
Grand Total (a+b+c+d)	12,430,116,465	13,677,002,609

* This includes investments disbursed to individuals and small and medium enterprise customers.

7.7 Status-wise classification of investments

a) Unclassified:		
Standard	12,006,285,368	12,755,279,987
Special mention account	42,357,604	167,859,252
Sub Total (a)	12,048,642,972	12,923,139,239
b) Classified:		
Substandard	139,056,532	185,527,875
Doubtful	15,813,354	153,219,111
Bad/loss	426,603,608	419,266,597
Sub Total (b)	581,473,493	758,013,583
Grand Total (a+b)	12,630,116,465	13,681,152,823

7.8 Particulars of investments

a) Investments considered good in respect of which the Bank is fully secured;	10,663,780,806	10,267,071,262
b) Investments considered good in respect of which the Bank holds debtor's personal security;	668,104,132	1,274,884,894
c) Investments considered good and secured by personal security of one or more persons in addition to the personal security of debtors;	-	-
d) Investments considered bad or doubtful not provided for;	-	-
e) Investments due by directors or employees of the Bank or any of them either severally or jointly with any other persons;	-	-
f) Investments due by director or employees of the Bank are interested as directors, partners or managing agents or in case of private companies as members;	-	-
g) Total amount of investments, including temporary investments, made at any time during the year to directors or managers or officers of the Bank or any of them either separately or jointly with any other person;	-	-
h) Total amount of investments, including temporary investments granted during the year to the companies or firms in which the directors of the Bank are interested as directors, partners or managing agents or in case of private companies as members;	-	-
i) Investment due from other banks	-	-
j) Classified investment on which profit has not been charged	426,603,608	419,266,597
k) Particulars of cumulative written off investments		
i) Cumulative amount of investment written off since inception to 31st December last year	219,093,651	203,051,893
ii) Amount written off during the year	90,787,748	16,041,758
Cumulative amount of investments written off	309,881,399	219,093,651
iii) Amount recovered against such written off investment up to this year	5,715,474	4,550,341
iv) The amount of written off investment for which law suit has been filed	126,220,456	61,333,699

8 Bills purchased & discounted

Inside Bangladesh	200,000,000	4,150,214
Outside Bangladesh	-	-
	200,000,000	4,150,214

(i) Bills purchased & discounted-Product wise classification

Goods Murabahah	-	4,150,214
Musharakah	200,000,000	-
	200,000,000	4,150,214

(ii) Classification on residual maturity Basis

Payable within one month	200,000,000	4,150,214
Payable over one month but within three months	-	-
Payable over three months but within six months	-	-
Payable over six months	-	-
	200,000,000	4,150,214

8.1 Bills purchased & discounted - sector wise classification

(a) Garments	-	-
(b) Textiles	-	-
(c) Agro based industry	-	-
(d) Pharmaceutical Industries	200,000,000	-
(e) Milk Processing Industries	-	-
(f) Other Business Institutions (Commerce)	-	4,150,214
(d) Other Industry	-	-
	200,000,000	4,150,214

9 Fixed assets including premises

Premises fixed equipment	2,795,370	2,795,370
Computer and office equipment	76,350	76,350
Furniture and fittings	1,967,672	1,967,672
	4,839,392	4,839,392
Less : Accumulated depreciation	4,839,392	4,839,392
	-	-

Refer to Annexure - A for detailed analysis.

10 Other assets

Profit receivable on investment	78,369,028	78,838,357
Sundry debtors	16,447,672	-
Intra branch balances in Bangladesh	5,365,985,095	4,424,088,759
Accrued commission receivable	35,198,545	39,004
Suspense account	-	526,376
Prepaid expenses	803,000	-
	5,496,803,340	4,503,492,496

11 Deposits and other accounts

AI - Wadeeah Current Account Deposits	947,821,149	1,101,454,703
Mudaraba Savings Deposits	8,778,469,806	7,021,116,648
Mudaraba Term Deposits	7,531,432,503	9,040,441,578
Mudaraba Special Notice Deposits	37,249,523	25,450,072
Other deposits	63,692,793	11,784,788
	17,358,665,773	17,200,247,789

	2019 Taka	2018 Taka
11.1 Maturity analysis of deposits and other accounts		
Payable on demand	9,789,983,748	8,711,534,192
Residual maturity of		
Not more than one month	5,204,214,954	376,428,078
More than 1 month but not more than 6 months	899,941,004	7,516,745,843
More than 6 months but not more than 1 year	1,154,263,845	564,539,676
More than 1 year but not more than 5 years	310,262,222	31,000,000
More than 5 years but less than 10 years	-	-
Unclaimed deposits for 10 years or more	-	-
	17,358,665,773	17,200,247,789
12 Other liabilities		
Provision for investments including bad & doubtful investments (Note- 12.1)	415,909,854	354,264,880
Profit/rent suspense account (Note - 12.2)	68,807,811	44,305,044
Income tax liability (Note - 12.3)	-	-
Profit payable on deposit	241,360,374	564,042,813
Excise Duty/VAT/Tax payable	15,340,195	2,284,377
Suspense account	8,843,953	-
Charity payable	26,936,703	13,925,191
Internal investment/deposit	4,921,271,057	3,604,989,001
Accrued bonus points	4,888,651	4,469,782
Others	17,370,317	15,180,641
	5,720,728,915	4,603,461,729

12.1 Provision for investments and off balance sheet exposures**a) Current year provision for investments**

Unclassified:		
Standard	110,369,108	123,073,596
Special mention account	480,425	1,667,222
	110,849,533	124,740,818
Classified:		
Substandard	14,576,978	20,795,680
Doubtful	6,292,175	24,000,876
Bad / loss	210,555,991	132,502,040
	231,425,144	177,298,596
	342,274,677	302,039,414

b) General provision against unclassified investments

Opening balance	175,425,525	200,966,919
Provision made during the year	(13,891,285)	(17,821,565)
Provision on off-balance sheet exposures	22,950,472	(7,719,829)
Net charge to profit & loss account	9,059,187	(25,541,394)
Sub Total (b)	184,484,711	175,425,525

c) Specific provision against classified investments

Opening balance	178,839,355	83,526,023
Add: Provision made during the year	278,527,118	150,280,930
Less: Release during the year	(145,496,460)	(46,550,562)
Charge in Profit & Loss account	133,030,658	103,730,368
Less : Written-Off during the year	(80,444,870)	(11,491,327)
Add : Moved from Profit In Suspense	-	2,353,147
Add : Other movement	-	721,144
Sub Total (c)	231,425,143	178,839,355
Grand Total (b+c)	415,909,854	354,264,880

12.1.1 Adequacy of provision vis a vis provision required to be maintained

	Base for provision 2019 only Taka		
General provision			
On off-balance sheet exposures at various rates	7,363,517,720	73,635,177	50,684,707
On standard investment at various rates	12,030,231,477	110,369,108	123,073,596
On special mention accounts (SMA) at various rates	42,357,604	480,425	1,667,222
	19,436,106,801	184,484,711	175,425,525

Specific provision

On sub-standard investment	33,576,006	6,715,201	8,797,976
On doubtful investment	5,550,777	2,775,388	16,998,468
On bad / loss investment	121,808,164	121,808,164	133,614,416
	160,934,946	131,298,754	159,410,860

Total provision required to be maintained	315,783,464	334,836,385
Total provision maintained	415,909,854	354,264,880
Excess / (deficit) provision at 31 December	100,126,390	19,428,495

12.2 Profit/rent suspense account

Balance as at 1 January	44,305,044	14,612,641
Amount transferred to suspense account during the year	55,010,397	43,618,421
Amount recovered from suspense account during the year	(25,285,709)	(11,572,871)
Amount written off during the year	(4,627,404)	-
Amount waived during the year	(594,516)	-
Other Movement (moved to Specific Provision)	-	(2,353,147)
Balance as at 31 December	68,807,811	44,305,044

12.3 Income tax liability

Opening balance	-	-
Provision made during the year	500,969,122	320,837,490
Amount paid during the year	(500,969,122)	(320,837,490)
	-	-

13 Investment income

Musharaka	69,612,262	45,304,807
Diminishing Musharaka	450,421,689	472,514,381
Goods Murabaha	52,412,538	60,427,232
Hire Purchase Shirkatal Melk (HPSM)	648,733,418	555,357,168
	1,221,179,907	1,133,603,588

14 Profit paid on deposits

Mudaraba savings deposits	52,594,046	73,929,090
Mudaraba term deposits	384,196,149	484,542,584
Mudaraba special notice deposits	42,442	9
Mudaraba other deposits (Deposit Ins. Premium)	8,512,542	4,031,425
	445,345,178	562,503,108

Schedule of Fixed Assets

Standard Chartered Bank Islamic Banking Window (Saadiq), Bangladesh Schedule of Fixed Assets as at 31 December 2019								Annexure - A
Particulars	Cost							