

Standard Chartered Bank, Sri Lanka Rupees Thousands

Item	INCOME STATEMENT	
	Current Period	Previous Period
	From 01/01/2018 to 31/12/2018 (Audited)	From 01/01/2017 to 31/12/2017 (Audited)
Interest income	12,665,273	11,389,167
Interest expense	4,031,485	3,139,548
Net Interest income	8,633,788	8,249,619
Fees and Commission income	2,164,502	2,037,743
Fees and Commission expenses	(346,910)	(115,625)
Net fee and Commission income	1,817,592	1,922,118
Net gain/(loss) from trading	2,900,793	2,162,662
Net gain/(loss) from financial instruments designated at fair value through profit or loss	(171,289)	473,292
Net gain/(loss) from financial investments	-	48,987
Other operating income (net)	135,897	54,329
Total operating income	13,316,781	12,911,007
Impairment Charges	411,422	364,824
Net operating income	12,905,359	12,546,183
Personnel expenses	1,962,487	2,092,629
Depreciation and amortisation	143,331	164,132
Other expenses	1,875,757	1,368,144
Operating profit/(loss) before VAT, NBT & DRL	8,923,784	8,921,278
Value Added Tax (VAT) on financial services	1,334,597	1,457,779
Nation Building Tax (NBT) on financial services	181,361	197,897
Debt Repayment Levy (DRL)	188,427	-
Operating profit/(loss) after VAT, NBT & DRL	7,219,399	7,265,602
Share of profits of associates and joint ventures	-	-
Profit/(Loss) before tax	7,219,399	7,265,602
Income tax expenses	2,168,950	2,308,488
Profit/(loss) for the period	5,050,449	4,957,114
Profit attributable to:		
Owners of the parent	5,050,449	4,957,114
Non-controlling interests	-	-
	5,050,449	4,957,114
Earnings per share		
Basic earnings per ordinary share	-	-
Diluted earnings per ordinary share	-	-

Standard Chartered PLC US \$m

Item	CONSOLIDATED INCOME STATEMENT	
	Current Period	Previous Period
	From 01/01/2018 to 31/12/2018 (Audited)	From 01/01/2017 to 31/12/2017 (Audited)
Interest Income	17,264	14,435
Interest Expense	(8,471)	(6,254)
Net interest income	8,793	8,181
Fees and commission income	4,029	3,942
Fees and commission expense	(537)	(430)
Net trading income	1,683	1,527
Other operating income	821	1,205
Non-interest income	5,996	6,244
Operating income	14,789	14,425
Staff costs	(7,074)	(6,758)
Premises costs	(790)	(823)
General administrative expenses	(2,926)	(2,007)
Depreciation and amortisation	(857)	(829)
Operating expenses	(11,647)	(10,417)
Operating profit before impairment losses and taxation	3,142	4,008
Credit impairment	(653)	(1,362)
Other impairment	-	-
Goodwill impairment	-	(320)
Other	(182)	(179)
Profit/(Loss) from associates and joint ventures	241	268
Profit before taxation	2,548	2,415
Taxation	(1,439)	(1,147)
Profit/(Loss) for the year	1,109	1,268
Profit/(loss) Attributable to:		
Non-controlling interests	55	49
Parent company shareholders	1,054	1,219
Profit/(Loss) for the year	1,109	1,268
Earnings per share:		
Basic earnings/(loss) per ordinary share	18.7	23.5
Diluted earnings/(loss) per ordinary share	18.5	23.3

Standard Chartered Bank, Sri Lanka Rupees Thousands

Item	STATEMENT OF FINANCIAL POSITION	
	Current Period	Previous Period
	As at 31/12/2018 (Audited)	As at 31/12/2017 (Audited)
Assets		
Cash and cash equivalents	4,877,736	9,065,723
Balance with Central Bank	9,538,937	4,157,993
Placements with banks	21,460,287	29,957,613
Derivative financial Instruments	6,486,135	1,492,680
Financial Assets recognised through profit or loss-measured at fair value	3,243,069	1,758,455
Financial assets at amortised cost	-	-
Loans and Advances to Banks	1,776,182	5,305,090
Loans and Advances to other customers	105,760,217	80,109,582
Financial assets measured at fair value through other comprehensive income	27,388,195	26,235,643
Property, Plant and Equipment	540,525	586,878
Deferred tax assets	35,915	8,349
Other Assets	4,461,213	3,613,172
Total Assets	185,568,411	162,291,178
Liabilities		
Due to banks	8,267,299	14,439,370
Derivative financial instruments	7,318,904	1,456,758
Financial liabilities at amortised cost - Due to depositors	130,598,390	107,677,939
Financial liabilities at amortised cost - Other Borrowers	58,824	503,945
Current tax liabilities	1,670,983	1,342,892
Other provisions	163,354	21,951
Other liabilities	3,755,477	5,664,340
Total Liabilities	151,833,231	131,107,195
Equity		
Stated capital/Assigned capital	3,317,705	3,317,705
Statutory reserve fund	1,996,207	1,895,198
OCI reserve	(10,464)	148,044
Retained earnings	24,063,699	22,111,720
Revaluation reserve	372,360	372,360
Other reserves	3,995,673	3,338,956
Total shareholders' equity	33,735,180	31,183,983
Non-controlling interest	-	-
Total Equity	33,735,180	31,183,983
Total equity and liabilities	185,568,411	162,291,178
Contingent liabilities and commitments	279,392,075	218,155,765
Memorandum Information		
Number of Employees	749	686
Number of Branches	8	8

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Item	CONSOLIDATED BALANCE SHEET	
	Current Period	Previous Period
	As at 31/12/2018 (Audited)	As at 31/12/2017 (Audited)
ASSETS		
Cash and Balances at Central Banks	57,511	58,864
Financial Assets held at Fair Value through Profit or Loss	87,132	27,564
Derivative Financial Instruments	45,621	47,031
Loans and Advances to Banks	61,414	78,188
Loans and Advances to Customers	256,557	282,288
Investment Securities	125,901	117,025
Other Assets	35,401	33,490
Current Tax Assets	492	491
Prepayments and Accrued Income	2,505	2,307
Interests in Associates and Joint Ventures	2,307	2,307
Goodwill and Intangible Assets	5,056	5,013
Property, Plant and Equipment	6,490	7,211
Deferred Tax Assets	1,047	1,177
Assets Classified as held for sale	1,328	545
Total Assets	688,762	663,501
LIABILITIES		
Deposits by Banks	29,715	30,945
Customer Accounts	391,013	370,509
Repurchase agreements and other similar secured borrowing	1,401	39,783
Financial Liabilities held at Fair Value through Profit or Loss	60,700	16,633
Derivative Financial Instruments	47,209	48,101
Debt Securities in Issue	46,454	46,379
Other Liabilities	38,309	35,257
Current Tax Liabilities	676	376
Accruals and Deferred Income	5,393	5,493
Subordinated Liabilities and Other Borrowed Funds	15,001	17,176
Deferred Tax Liabilities	563	404
Provision for Liabilities and Charges	1,330	183
Retirement Benefit Obligations	399	455
Liabilities included in disposal group held for sale	247	-
Total Liabilities	638,410	611,694
EQUITY		
Share Capital and Share premium account	7,111	7,097
Other Reserves	11,878	12,767
Retained earnings	26,129	26,641
Total Parent Company Shareholders' Equity	45,118	46,505
Other equity instruments	4,961	4,961
Total Equity excluding non-controlling interests	50,079	51,466
Non-controlling interests	273	341
Total Equity	50,352	51,807
Total equity and liabilities	688,762	663,501
COMMITMENTS AND CONTINGENCIES	193,662	191,425

Standard Chartered Bank, Sri Lanka Rupees Thousands

Item	COMPREHENSIVE INCOME STATEMENT	
	Current Period	Previous Period
	From 01/01/2018 to 31/12/2018 (Audited)	From 01/01/2017 to 31/12/2017 (Audited)
Profit/(Loss) for the period	5,050,449	4,957,114
Other Comprehensive income, net of tax		
Items that will be reclassified to Income Statement		
Gains or losses from translating the financial statements of FCBU	656,717	49,218
Gains on investments in debt instruments measured at fair value through OCI	(277,774)	180,756
Deferred tax impact on items that will be reclassified in Income Statement	77,986	(50,612)
Expected credit loss	(12,719)	-
Items that will not be reclassified to Income Statement		
Remeasurement of defined benefit plans	139,062	(241,472)
Deferred tax impact on items that will not be reclassified in Income Statement	(38,937)	67,612
Other comprehensive income for the period, net of taxes	544,335	5,502
Total comprehensive income for the period	5,594,784	4,962,616
Attributable to:		
Equity holders of the parent	5,594,784	4,962,616
Non-controlling interests	-	-
	5,594,784	4,962,616

Standard Chartered PLC US \$m

Item	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	
	Current Period	Previous Period
	From 01/01/2018 to 31/12/2018 (Audited)	From 01/01/2017 to 31/12/2017 (Audited)
Profit/(Loss) for the year	1,109	1,268
Other comprehensive (loss)/income: Items that will not be reclassified to Income Statement:		
Own credit gains/(losses) losses on financial liabilities designated at fair value through profit or loss	394	(249)
Equity instruments at fair value through other comprehensive income	36	-
Actuarial (losses)/gain on retirement benefit obligations	(19)	32
Taxation relating to components of other comprehensive income	(29)	(21)
Items that may be reclassified subsequently to income statement:		
Exchange differences on translation of foreign operations:		
Net (losses)/gains taken to equity	(1,462)	1,637
Net gains/(losses) on net investment hedges	282	(288)
Share of other comprehensive loss from associates and joint ventures	33	(1)
Debt instruments at fair value through other comprehensive income/available-for-sale investments:		
Net valuation (losses)/gains taken to equity	(128)	369
Reclassified to income statement	31	(233)
Cash flow hedges:		
Net gains taken to equity	34	35
Reclassified to income statement	7	11
Taxation relating to components of other comprehensive income	14	2
Other comprehensive (loss)/income for the year, net of taxation	(807)	1,294
Total comprehensive income for the year	302	2,562
Total comprehensive (loss)/income attributable to:		
Non-controlling interests	34	50
Parent company shareholders	268	2,512
	302	2,562

Standard Chartered Bank, Sri Lanka Rupees Thousands

Item	STATEMENT OF CASHFLOW	
	Current Period	Previous Period
	31/12/2018 (Audited)	31/12/2017 (Audited)
Cash flows from operating activities		
Profit before tax	7,219,399	7,265,602
Adjustment for:		
Depreciation and amortisation	143,331	164,132
Net impairment loss on loans and advances	411,422	364,824
Net interest income	(8,633,788)	(8,249,619)
Provision for employee benefits	10,851	40,205
Expected loss on derivative financial instruments	137,073	25,283
Unrealized loss/(gain) on derivative financial instruments	868,691	(20,418)
Gain on sale of property, plant and equipment	(6,813)	(6,797)
	150,166	(416,788)
Change in Statutory Deposits with Central Bank of Sri Lanka (CBSL)	(5,380,944)	(506,445)
Change in placements with banks	1,499,241	6,691,263
Change in group balances receivable	6,998,085	(10,399,225)
Change in Financial assets at amortised cost - loans and receivables to banks	3,528,908	3,463,740
Change in Financial assets at amortised cost - loans and receivables to other customers	(26,268,697)	(12,923,576)
Change in other assets	(696,269)	(526,146)
Change in due from banks	45,607	10,001
Change in Financial Liabilities - other borrowers	(445,121)	391,615
Change in group balance payable	(6,217,678)	9,843,240
Change in Financial Liabilities - due to depositors	22,789,723	(2,815,161)
Change in other liabilities and provisions	(1,615,668)	1,758,899
Exchange gain impact on translation of FCBU	656,717	49,218
Cash used in operating activities	(4,955,930)	(5,379,365)
Interest received	12,517,426	11,085,359
Interest paid	(3,900,757)	(2,987,808)
Tax paid	(1,978,082)	(1,323,685)
Employee benefit paid	(107,701)	(174,616)
Net cash generated from/(used in) operating activities	1,574,956	1,219,885
Cash flows from investing activities		
Net Acquisition of Financial assets recognised through profit or loss measured at fair value	(1,484,614)	3,017,346
Net Acquisition of Financial assets recognised through OCI measured at fair value/AFS	(1,430,326)	(1,895,804)
Acquisition of property, plant and equipment	(143,238)	(193,325)
Proceeds from the sale of property, plant and equipment	17,035	31,540
Net cash (used in)/from investing activities	(3,041,143)	959,757
Cash flows from financing activities		
Amounts transferred to head office	(2,721,800)	-
Net cash used in financing activities	(2,721,800)	-
Net increase/(decrease) in cash & cash equivalents	(4,187,987)	2,179,642
Cash and cash equivalents at the beginning of the period	9,065,723	6,886,081
Cash and cash equivalents at the end of the period	4,877,736	9,065,723

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Item	CONSOLIDATED STATEMENT OF CASHFLOW	
	Current Period	Previous Period
	31/12/2018 (Audited)	31/12/2017 (Audited)
Cash flows from operating activities		
Profit before taxation	2,548	2,415
Adjustments for Non-cash items and other adjustments included within income statement	2,635	3,241
Change in operating assets	(12,837)	(13,625)
Change in operating liabilities	33,859	5,819
Contributions to defined benefit schemes	(143)	(143)
UK and overseas taxes paid	(770)	(915)
Net cash (used in)/from operating activities	25,292	(3,206)
cash flows from investing activities		
Purchase of property, plant and equipment	(171)	(165)
Disposal of property, plant and equipment	85	29
Aquisition of Investment in subsidiaries, associates and joint ventures, net of cash acquired	-	(44)
Dividends received from subsidiaries, associates and joint ventures	67	2
Disposal of subsidiaries	7	-
Purchase of investment securities	(276,388)	(265,186)
Disposal and maturity of investment securities	263,983	261,316
Net cash (used in)/from investing activities	(12,417)	

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	Assets at fair value						Assets held at amortised cost	Total
	Trading	Derivatives held for hedging	Non-trading mandatorily at fair value through profit or loss	Designated at fair value through profit or loss	Fair value through other comprehensive income	Total financial assets at fair value		
Assets								
Cash and balances at central banks	-	-	-	-	-	-	57,511	57,511
Financial assets held at fair value through profit or loss								
Loans and advances to banks	146	-	3,622	-	-	3,768	-	3,768
Loans and advances to customers	1,074	-	3,854	-	-	4,928	-	4,928
Reverse repurchase agreements and other similar secured lending	-	-	54,769	-	-	54,769	-	54,769
Debt Securities and other eligible bills	21,246	-	393	337	-	21,976	-	21,976
Equity shares	1,347	-	233	111	-	1,691	-	1,691
Derivative financial instruments	23,813	-	62,871	448	-	87,132	-	87,132
Loans and advances to banks	45,108	513	-	-	-	45,621	-	45,621
of which: reverse repurchase agreements and other similar secured lending	-	-	-	-	-	-	61,414	61,414
Loans and advances to customers	-	-	-	-	-	-	3,815	3,815
of which: reverse repurchase agreements and other similar secured lending	-	-	-	-	-	-	256,557	256,557
Investment securities	-	-	-	-	-	-	3,151	3,151
Debt Securities and other eligible bills	-	-	-	-	116,335	116,335	9,303	125,638
Equity shares	-	-	-	-	263	263	-	263
Other assets	-	-	-	-	116,598	116,598	9,303	125,901
Assets held for sale	78	-	358	451	-	887	135	1,022
Total at 31st December 2018 (Audited)*	68,999	513	63,229	899	116,598	250,238	417,598	667,836
Cash and balances at central banks	-	-	-	-	-	-	58,864	58,864
Financial assets held at fair value through profit or loss								
Loans and advances to banks	320	-	2,545	-	-	2,865	-	2,865
Loans and advances to customers	1,689	-	2,179	39	-	3,907	-	3,907
Reverse repurchase agreements and other similar secured lending	-	-	45,518	-	-	45,518	-	45,518
Debt Securities and other eligible bills	19,318	-	504	393	-	20,215	-	20,215
Equity shares	718	-	684	733	-	2,135	-	2,135
Derivative financial instruments	22,045	-	51,430	1,165	-	74,640	-	74,640
Loans and advances to banks	46,333	698	-	-	-	47,031	-	47,031
of which: reverse repurchase agreements and other similar secured lending	-	-	-	-	-	-	62,295	62,295
Loans and advances to customers	-	-	-	-	-	-	5,101	5,101
of which: reverse repurchase agreements and other similar secured lending	-	-	-	-	-	-	251,507	251,507
Investment securities	-	-	-	-	-	-	4,566	4,566
Debt Securities and other eligible bills	-	-	-	-	108,411	108,411	7,188	115,599
Equity shares	-	-	-	-	214	214	-	214
Other assets	-	-	-	-	108,625	108,625	7,188	115,813
Assets held for sale	-	-	-	-	466	466	62	528
Total at 1st January 2018*	68,378	698	51,430	1,631	108,625	230,762	409,838	640,600

* IFRS 9

Stage-wise impairment on loans & advances and commitments & contingencies

Rupees Thousands

	Current Period as at 31/12/2018 (Audited)	Previous Period as at 31/12/2017 (Audited)
Gross loans and advances	105,305,540	81,146,901
Accumulated impairment under stage 1	191,416	335,375
Accumulated impairment under stage 2	226,854	-
Accumulated impairment under stage 3	1,127,053	701,944
Net value of loans and advances	105,760,217	80,109,582
Gross commitments & contingencies	279,392,075	218,155,765
Accumulated impairment under stage 1	82,715	-
Accumulated impairment under stage 2	54,477	-
Accumulated impairment under stage 3	-	-
Net value of commitments & contingencies	279,254,883	218,155,765
Movement of impairment during the period		
Under Stage 1		
Opening balance	335,375	308,645
Transition impact of SLFRS 9	(103,115)	-
Charge/(Write back) to income statement	(137,032)	23,001
Write-off during the year	-	-
Other movements	3,669	3,729
Closing balance	98,897	335,375
Under Stage 2		
Opening balance	-	-
Transition impact of SLFRS 9	625,220	-
Charge/(Write back) to income statement	(148,931)	-
Write-off during the year	-	-
Other movements	22,919	-
Closing balance	499,208	-
Under Stage 3		
Opening balance	701,944	525,688
Transition impact of SLFRS 9	-	-
Charge/(Write back) to income statement	697,385	341,823
Write-off during the year	(272,855)	(165,567)
Other movements	579	-
Closing balance	1,127,053	701,944
Total impairment	1,725,157	1,037,319

Portfolio impairment provisions under LKAS39 in the comparative reporting period is disclosed as Stage 1 impairment provisions in the above tables.

ANALYSIS OF LOANS & ADVANCES, COMMITMENTS, CONTINGENCIES AND IMPAIRMENT

In Rupees Thousands	Current Period as at 31/12/2018 (Audited)	Previous Period as at 31/12/2017 (Audited)
Product-wise Gross loans and advances		
By product - Domestic currency		
Overdrafts	15,499,522	9,666,239
Trade finance	13,521,066	7,847,736
Credit cards	7,254,047	6,322,299
Personal Loans	10,669,510	9,805,959
Corporate Loans	20,720,363	18,323,071
Sub total	67,664,508	51,965,304
By product - Foreign currency		
Overdrafts	5,788,049	1,319,616
Trade finance	19,020,756	17,179,393
Personal Loans	43,269	95,452
Corporate Loans	14,788,958	10,567,136
Sub total	39,641,032	29,181,597
Total - Gross loans & advances	107,305,540	81,146,901
Impairment for expected credit losses	(1,545,323)	(1,037,319)
Total - Net loans & advances	105,760,217	80,109,582
Product-wise commitments and contingencies		
By product - Domestic currency		
Bonds & Guarantees	34,314,746	30,081,623
Undrawn credit lines	21,902,528	23,906,278
Other commitments - Documentary Credits	51,018	78,133
Other contingencies - Acceptance	256,669	124,947
Sub total	56,524,961	54,190,981
By product - Foreign currency		
Bonds & Guarantees	65,985,354	47,071,307
Undrawn credit lines	10,241,023	5,094,392
Other commitments - Documentary Credits	16,858,532	5,914,056
Other commitments - Forward exchange contracts	123,185,515	100,349,043
Other contingencies - Acceptance	6,596,689	5,535,987
Sub total	222,867,113	163,964,785
Total	279,392,075	218,155,766

In Rupees Thousands	Current Period as at 31/12/2018 (Audited)	Previous Period as at 31/12/2017 (Audited)
Analysis of Deposits		
By product - Domestic Currency		
Demand deposits (current accounts)	19,092,101	19,236,915
Savings deposits	21,836,572	17,181,321
Fixed deposits	31,220,643	28,612,280
Others	4,028,500	1,984,247
Sub total	76,177,817	67,014,763
By product - Foreign Currency		
Demand deposits (current accounts)	17,538,314	18,125,699
Savings deposits	13,447,124	12,945,277
Fixed deposits	22,237,568	3,365,833
Others	1,197,568	6,226,367
Sub total	54,420,573	40,663,176
Total	130,598,390	107,677,939

CERTIFICATION

The financial information summarised above for the twelve months ended 31st December 2018 is drawn up from the audited accounts of the Bank, prepared according to the Sri Lanka Accounting Standards (SLFRS/LKAS).

To facilitate comparison, previous year's figures have been re-stated to conform to current classification and presentation. We, the undersigned, being the Chief Executive Officer and the Financial Controller of Standard Chartered Bank certify jointly that the above statements have been prepared in compliance with the format and definitions prescribed by the Central Bank of Sri Lanka. These accounts were audited by KPMG and in their report of 28th March 2019, they have expressed an unqualified opinion, subject to a note of emphasis referring to (a) a writ application filed by the Bank challenging the notice for under collection and remittance of Debit Tax sent by the Commissioner of Inland Revenue, and (b) the outcome of an acquisition by the State of a freehold property owned by the Bank.

Bingumal Thewarathnri
 (Sgd) Chief Executive Officer
 28/03/19

Nishani Ariyawansa
 (Sgd) Financial Controller
 28/03/19

Standard Chartered PLC

US \$m

	Assets at fair value					Assets at amortised cost		Total
	Trading	Derivatives held for hedging	Designated at fair value through profit or loss	Available-for-sale	Total financial assets at fair value	Loans and receivables	Held-to-maturity	
Assets								
Cash and balances at central banks	-	-	-	-	-	58,864	-	58,864
Financial assets held at fair value through profit or loss								
Loans and advances to banks	320	-	2,252	-	2,572	-	-	2,572
Loans and advances to customers	1,689	-	1,229	-	2,918	-	-	2,918
Reverse repurchase agreements and other similar secured lending	454	-	458	-	912	-	-	912
Debt Securities and other eligible bills	19,318	-	393	-	19,711	-	-	19,711
Equity shares	718	-	733	-	1,451	-	-	1,451
Derivative financial instruments	22,499	-	5,065	-	27,564	-	-	27,564
Loans and advances to banks	46,333	698	-	-	47,031	-	-	47,031
of which: reverse repurchase agreements and other similar secured lending	-	-	-	-	-	78,188	-	78,188
Loans and advances to customers	-	-	-	-	-	20,694	-	20,694
of which: reverse repurchase agreements and other similar secured lending	-	-	-	-	-	282,288	-	282,288
Investment securities	-	-	-	-	-	33,581	-	33,581
Debt Securities and other eligible bills	-	-	-	109,161	109,161	2,630	4,340	116,131
Equity shares	-	-	-	894	894	-	-	894
Other assets	-	-	-	110,055	110,055	2,630	4,340	117,025
Assets held for sale	-	-	-	-	-	29,922	-	29,922
Assets held for sale	-	-	466	-	466	62	-	528
Total at 31st December 2017* (Audited)	68,832	698	5,531	110,055	185,116	451,954	4,340	641,410

* IAS 39

	Liabilities at fair value				Amortised Cost	Total
	Trading	Derivatives held for hedging	Designated at fair value through profit or loss	Total financial liabilities at fair value		
Liabilities						
Financial liabilities held at fair value through profit or loss						
Deposits by banks	-	-	737	737	-	737
Customer accounts	-	-	5,236	5,236	-	5,236
Debt securities in issue	-	-	7,023	7,023	-	7,023
Short Positions	3,637	-	-	3,637	-	3,637
Derivative financial instruments	3,637	-	12,996	16,633	-	16,633
Deposits by banks	46,558	1,543	-	48,101	-	48,101
Customer accounts	-	-	-	-	30,945	30,945
Repurchase agreements and other similar secured borrowing	-	-	-	-	370,509	370,509
Debt securities in issue	-	-	-	-	39,783	39,783
Other Liabilities	-	-	-	-	46,379	46,379
Subordinated liabilities and other borrowed funds	-	-	-	-	34,982	34,982
Subordinated liabilities and other borrowed funds	-	-	-	-	17,176	17,176
Total at 31st December 2017* (Audited)	50,195	1,543	12,996	64,734	539,774	604,508

* IAS 39

SLFRS 9 TRANSITION DISCLOSURES

SLFRS 9 is effective for financial reporting periods beginning on or after 01 January 2018. This replaces LKAS 39 and introduces new requirements for the classification and measurement of financial instruments, the recognition and measurement of credit impairment provisions and provides for a simplified approach to hedge accounting. The Bank recognised the impact arising from adoption of SLFRS 9 directly in the current period reserves and has not restated comparative information of 2017 for financial instruments in scope for SLFRS 9. The comparative information of 2017 is reported under LKAS 39 and is not comparable to the information presented for 2018. The following notes set out the impact of adopting SLFRS 9 on transition date, 01 January 2018 on the Statement of financial position and retained earnings including the effect of transition from an incurred loss model under LKAS 39 to an Expected Credit Loss (“ECL”) model under SLFRS 9.

Re-measurement
The carrying value of financial instruments were impacted due to the adoption of SLFRS 9 upon recognition of Expected credit losses (“ECL”) on the following instruments:

	Amount 31.12.2017	LKAS 39 Classification 31.12.2017	SLFRS 9 Classification 01.01.2018
Assets			
Cash and cash equivalents	9,065,723	L&R	AC
Balances with central banks	4,157,993	L&R	AC
Placements with banks	29,957,613	L&R	AC
Derivative financial instruments	1,492,680	FVTPL	FVTPL
Loans and receivables to banks	5,305,090	L&R	AC
Loans and receivables to other customers	80,109,582	L&R	AC
Investments in Government securities - Trading portfolio	1,758,455	FVTPL	FVTPL
Investments in Government securities - Investment portfolio	26,233,803	AFS	FVOCI
Investments in Equity securities	1,840	AFS	FVOCI
Liabilities			
Due to banks	14,439,370	L&R	AC
Derivative financial instruments	1,456,758	FVTPL	FVTPL
Due to other customers	107,677,939	L&R	AC
Other borrowings	503,945	L&R	AC

LKAS 39: L&R - Loans & receivables; AFS - Available for sale; FVTPL - Fair value through profit or loss
SLFRS 9: AC - Amortised cost; FVOCI - Fair value through other comprehensive income; FVTPL - Fair value through profit or loss

* No changes to the carrying value of financial instruments were recognised due to re-classifications upon adoption of SLFRS 9.

* As at 01.01.2018, financial assets previously classified as L&R were reclassified to AC upon adoption of SLFRS 9. These instruments conformed to ‘Solely payments of principal and interest (“SPPT”)’ criterion.

* As at 01.01.2018, financial assets previously classified as AFS were reclassified to FVOCI upon adoption of SLFRS 9.

* As at 01.01.2018, financial assets previously classified as FVTPL continued to be classified as FVTPL.

Re-measurement
The carrying value of financial instruments were impacted due to the adoption of SLFRS 9 upon recognition of ECL on the following instruments:

	Carrying value 31.12.2017	ECL Day-01-impact	Carrying value 01.01.2018
Assets			
Cash and cash equivalents	9,065,723	-	9,065,723
Balances with central banks	4,157,993	-	4,157,993
Placements with banks	29,957,613	(366)	29,957,247
Derivative financial instruments	1,492,680	-	1,492,680
Loans and receivables to banks	5,305,090	-	5,305,090
Loans and receivables to other customers	80,109,582	(247,972)	79,861,610
Investments in Government securities - Trading portfolio	1,758,455	-	1,758,455
Investments in Government securities - Investment portfolio*	26,233,803	-	26,233,803
Investments in Equity securities*	1,840	-	1,840
ECL Day-01 impact on Total assets		(248,338)	
Equity & Liabilities			
ECL on commitments and contingencies classified under Other provisions	-	(219,767)	-
ECL on financial instruments classified as FVOCI categorised under Reserves*	-	(53,999)	-
ECL Day-01 impact on Total Liabilities and equity		(273,767)	
		(522,105)	

*In the case of financial instruments classified as FVOCI (previously AFS), the related ECL is recognised within FVOCI reserves and not against the relevant asset(s).

SLFRS 9 Day-01 impact to Reserves
As permitted by SLFRS 9, the Bank has recognised the financial impact arising upon transition from LKAS 39 to SLFRS 9 as indicated below:

	Day-01 movement
Total equity 31.12.2017 (Audited)	31,183,983
ECL day-01 impact on retained earnings	(521,925)
Tax effects on ECL day-01 impact	146,139
Total equity 01.01.2018	30,808,197
ECL reserve on financial instruments classified as FVOCI	53,999
Total equity 01.01.2018	30,862,196

Impact on Capital Adequacy Ratio (“CAR”)

	31.12.2017 LKAS 39	01.01.2018 SLFRS 9
Total Risk Weighted Amount	148,897,182	148,897,182
Common Equity Tier 1 Capital	29,805,698	29,758,708
CET1 %	20.02%	19.99%

Guideline issued to Licensed Banks on the Adoption of Sri Lanka Accounting Standard – SLFRS 9 Financial Instruments. In order to avoid stress on capital and in line with the guidance given by the Basel Committee on Banking Supervision, licensed banks shall stagger audited additional credit loss provisions arising from SLFRS 09 when compared with credit loss provisions under LKAS 39 as at first day of adoption of SLFRS 9, net of any other adjustment on first day impact to retained earnings and net of tax effects, throughout a transitional period of four years as given below for the purpose of calculating the CAR under Banking Act Directions No. 01 of 2016 on Capital Requirements under Basel III.

Staggering of First Day Impact for Capital Adequacy Ratio Computation	Cumulative percentage of Absorption of First day impact	Cumulative Amount of Absorption of First day impact
01.01.2018	12.5	(46,989)
31.12.2018	25	(93,979)
31.12.2019	50	(187,958)
31.12.2020	75	(281,937)
31.12.2021	100	(375,916)

SLFRS 15 REVENUE FROM CONTRACTS WITH CUSTOMERS

SLFRS 15 is effective for annual reporting periods beginning on or after 01 January 2018. SLFRS 15 replaces recognition guidance, provided by LKAS 18 Revenue LKAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. The Bank did not recognise any material impact on its fee and commission income with the adoption of SLFRS 15 at the transition date, 01 January 2018.

Standard Chartered Bank, Sri Lanka

Rupees Thousands

ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS

As at 31/12/2018 (Audited)	AC	FVPL	FVOCI	Total
ASSETS				
Cash and cash equivalents	4,877,736	-	-	4,877,736
Balances with central banks	9,538,937	-	-	9,538,937
Placements with banks	21,460,287	-	-	21,460,287
Derivative financial instruments	-	6,486,135	-	6,486,135
Loans and advances	107,517,923	-	-	107,517,923
Debt instruments	-	3,243,069	27,386,355	30,629,424
Equity instruments	-	-	1,840	1,840
Others	-	-	-	-
Total financial assets	143,394,863	9,729,204	27,388,195	180,512,262

As at 31/12/2018 (Audited)	AC	FVPL	Total
LIABILITIES			
Due to Bank	8,267,299	-	8,267,299
Derivative financial instruments	-	7,318,904	7,318,904
Financial liabilities - due to depositors	130,598,390	-	130,598,390
Financial liabilities - due to borrowers	58,824	-	58,824
Others	-	-	-
Total financial liabilities	138,924,513	7,318,904	146,243,417

As at 31/12/2018 (Audited)	HFT	Designated at fair value	HTM	Amortised cost	AFS	Hedging	Total
ASSETS							
Cash and cash equivalents	-	-	-	9,065,723	-	-	9,065,723
Balances with central banks	-	-	-	4,157,993	-	-	4,157,993
Placements with banks	-	-	-	29,957,613	-	-	29,957,613
Derivative financial instruments	1,492,680	-	-	-	-	-	1,492,680
Other financial assets at fair value through profit or loss	-	-	-	-	-	-	-
Loans and receivables to banks	-	-	-	5,305,090	-	-	5,305,090
Loans and receivables to other customers	-	-	-	80,109,582	-	-	80,109,582
Financial investments	1,758,455	-	-	-	26,235,643	-	27,994,098
Total financial assets	3,251,135	-	-	128,596,001	26,235,643	-	158,082,779

As at 31/12/2017 (Audited)	HFT	Designated at fair value	Amortised cost	Hedging	Total
LIABILITIES					
Due to banks	-	-	14,439,370	-	14,439,370
Derivative financial instruments	1,456,758	-	-	-	1,456,758
Other financial liabilities at fair value through profit or loss	-	-	-	-	-
Due to other customers	-	-	107,677,939	-	107,677,939
Other borrowings	-	-	503,945	-	503,945
Debt securities issued	-	-	-	-	-
Total financial liabilities	1,456,758	-	122,621,254	-	124,078,012

Amortised Cost - AC	Fair Value through Profit or loss - FVPL	Fair Value through other Comprehensive income - FVOCI
Held for trading - HFT	Held-to-maturity - HTM	Available-for-sale - AFS
Designated at fair value through profit or loss - Designated at fair value		

Corporate Governance Statement

Standard Chartered is a leading international banking group. The bank’s heritage and values are expressed in the bank’s brand promise, Here for good. The operation of the bank reflects its Purpose, which is to drive commerce and prosperity through its unique diversity. Standard Chartered offers banking services that help people and companies to succeed, creating wealth and growth across our markets. The bank is present in 60 markets and serves clients in a further 85. The businesses serve four client segments in four regions, supported by its global functions across Europe & Americas, Africa & Middle East, ASEAN & South Asia and Greater China & North Asia.

The Standard Chartered Group Board

The Board is collectively responsible for the long-term success of the Group and for ensuring leadership within a framework of effective controls. The Board sets the strategic direction of the Group, approves the strategy and takes the appropriate action to ensure that the Group is suitably resourced to achieve its strategic aspirations. The Board considers the impact of its decisions and its responsibilities to all of the Group’s stakeholders, including the Group’s employees, shareholders, regulators, clients, suppliers, the environment and the communities in which it operates.

The Group Chief Executive is Responsible for the management of all aspects of the Group’s businesses, developing the strategy in conjunction with the Chairman and the Board, and leading its implementation. Management Team comprises of the Group Chief Executive and the Group Chief Financial Officer; four regional CEOs; client segment CEOs; and its global function heads. It has responsibility for executing the strategy.

The Board discharges some of its responsibilities directly and delegates certain other responsibilities to its committees to assist it in carrying out its function of ensuring independent oversight and stewardship. A clear schedule of matters reserved for the Board and terms of reference for each of its committees are reviewed annually against industry best practice and corporate governance provisions and guidance, including the Prudential Regulation Authority(PRA) Supervisory Statement on Board Responsibilities. With the exception of the Governance and Nomination Committee, which in line with best practice is chaired by the Group Chairman, and the Board Financial Crime Risk Committee, which includes three external adviser members, all of the Board committees comprise solely independent non-executive directors who bring a diversity of skills, experience and knowledge to the discussion, and play an important role in supporting the Board.

The Board considers all of the non executive directors to be independent of Standard Chartered and has concluded that there are no relationships or circumstances likely to impair any individual non-executive director’s judgement.

The Group Chief Executive and Group Chief Financial Officer comment on current trading, business performance, the market, employees and regulatory and external developments at each meeting, and present comparative data and client insight. In addition, the Group Chief Risk Officer periodically attends meetings to update the Board on the key risks.

Board Risk Committee

The Committee’s role is to exercise oversight on behalf of the Board of Group-wide risks, and to provide assurance to the Board that the overall framework for complying with the Risk Management Principles and the Board approved Risk Appetite Statement is operating effectively.

Risk management is essential to consistent and sustainable performance for all of its stakeholders. Throughout 2018 and through management reporting to the Committee, it is clear that awareness of the Group’s Enterprise Risk Management Framework has increased, leading to a stronger risk culture across the three lines of defence. The Group’s risk framework provides guiding principles for the behaviours expected from our people when managing risk.

The Committee has discussed the steps taken by Management in 2018 to maintain lower credit impairment and improvements in asset quality, thereby strengthening the Group’s risk position.

On an annual basis, the Committee meets with the PRA without members of management being present. The purpose of such meetings is to enable a discussion between the Committee and the PRA concerning prudential focused topics. In the few instances where it does not have primary oversight for a given type of risk, the Committee interacts closely with other Board committees where the remit of these other committees clearly covers risk related matters. For example, the Audit Committee has oversight of the Group’s internal financial controls and regulatory compliance; the Board Financial Crime Risk Committee has oversight of the responsibilities in relation to financial crime compliance matters; and the Brand, Values and Conduct Committee has oversight of the mechanisms by which reputational risk is managed. The interaction assists the Committee in ensuring that it is well informed on discussions held, and the close collaboration of the committee chairs helps to ensure that there are no gaps and any potential for unnecessary duplication is avoided.

The Committee has sought and received assurance that the Risk function is adequately resourced to perform its function effectively. The Committee’s discussions included an overview of the changes to the Risk function in 2018 and management’s forward-looking view of the Risk function over the next five to ten years.

Brand, Values and Conduct Committee

The area of most significant progress was Sustainability. In March 2018, the Board agreed a refreshed Sustainability Philosophy and strategy to support sustainable and responsible growth through our operations, client relationships and community programmes. We aim to demonstrate our leadership in sustainability with continued progress on all facets of Environmental, Social and Governance standards across the Group. We have also refreshed our framework of Position Statements, making explicit the challenges and trade-offs we need to consider, and taking a forward-leading position on fossil fuels that was generally well received by our stakeholders.

Having paid particular attention to Culture in previous years, we received regular reports on how the Group’s Valued Behaviours are being embedded and the resulting outcomes. We spurred on the crystallisation of our desired culture and continued with our regular review of the Group Culture Dashboard designed to help assess progress against this. To complement this view, we encouraged the development of a Group Conduct Dashboard; the intention being to regularly review these two views of the business in conjunction. We gave input to a working demonstration of this new Dashboard and look forward to future reports on how this is used to highlight areas of attention and best practice at all levels within the Group.

We discussed the progress on the Brand Refresh Campaign, the Group’s first major global brand campaign since 2014, which saw a continuation of our Here for good brand promise. We reviewed the performance of the campaign against the agreed brand metrics and considered how the Group plans to maximise the potential of its future marketing efforts.

Committee members also participated in the Group’s Community Engagement work, including the celebrations of the 15-year anniversary of Seeing is Believing (SiB), our global programme to tackle avoidable blindness and visual impairment, and the announcement that we surpassed our \$100 million fund-raising target for SiB and reached 176 million people from 2003 to 2018. With this SiB milestone achieved, the Committee endorsed the Group’s new Community Engagement strategy that aims to tackle inequality and promote economic inclusion for disadvantaged young people in our markets.

Governance and Nomination Committee

The Committee has been active across all areas of its responsibility during 2018, with a particular focus on further strengthening the composition and succession plans for the Board and its committees. Ensuring we have a truly diverse Board comprising a range of perspectives, experiences, knowledge and skills is key to the Board’s continuing effectiveness. The Board Diversity Policy, which sets out our approach to diversity on the Board, was once again reviewed by the Committee this year to ensure that we continue to enhance progress in this area.

Throughout 2018, we also provided support for the implementation of the Group’s International Advisory Council (IAC). This new initiative will provide significant strategic insight into the changing dynamics of our markets and further enhance the Group’s relationship with our stakeholders. The Committee provided oversight of the IAC’s development and reviewed potential Council members. The IAC, chaired by Dominic Barton had its inaugural meeting on 4 February 2019.

We strive to maintain a diverse Board, recognising the benefits of having a Board made up of individuals with a diverse mix of gender, social and ethnic backgrounds, knowledge, personal attributes, skills and experience. This diversity provides a mix of perspectives which contribute to the effective Board dynamics.

Aligned to this broad objective, the policy has five specific objectives which the Board is committed to in order to further enhance progress in this area:

- (1) Increasing the representation of women on the Board with an aim to have a minimum of 33 per cent female representation.
- (2) Ensuring that our Board reflects the diverse markets in which we operate.
- (3) Ensuring that the Board comprises a good balance of skills, experience, knowledge, perspective and varied backgrounds.
- (4) Only engaging search firms who are signed up to the Voluntary Code of Conduct for Executive Search firms.
- (5) Reporting annually on the diversity of the executive pipeline as well as the diversity of the Board, including progress being made on reaching the Board’s gender target.

Board Financial Crime Risk Committee

The Group expects to benchmark as being industry leading in the areas of financial crime compliance governance, risk assessment, client risk assessment within customer due diligence, and reporting. The Group also aspires to be industry leading in assurance but it is not yet there and the Committee will continue to monitor progress against achieving this.

The Group’s refreshed financial crime mission is “partnering to lead in the fight against financial crime.” Through its work, the Committee has sought and received assurances that the Group has the right foundations to succeed in this objective which contains three core elements. Firstly, ‘partnering’ recognises that financial crime risk management requires more than a financial crime compliance function; we need to collaborate closely with the businesses and functions within the Group. It is also necessary to partner with external parties such as peer banks, clients, policy makers and law enforcement. ‘Lead’ maintains the Group’s desire to be operating beyond a minimum acceptable level. Secondly, the Group aims to raise standards in its markets, leading the industry in specific areas of focus and seeking to make financial crime compliance a source of competitive advantage. The third core element, ‘fight against financial crime’, is recognition that the Group aspires to do more than regulatory compliance. Standard Chartered aims to be active in denying financial criminals access to the financial system. This element is directly relevant to the Group’s purpose of “driving commerce and prosperity through our unique diversity” as financial crime undermines prosperity.

The above is a selective extract from the Group’s Annual Report. The full report is available at www.sc.com