

Standard Chartered Bank

Offshore Banking Unit, Bangladesh

Financial Statements 2008

Balance Sheet

Standard Chartered Bank
Offshore Banking Unit, Bangladesh

Balance Sheet
as at 31 December 2008

PROPERTY AND ASSETS	Notes	2008		2007	
		USD	Taka	USD	Taka
Cash					
In hand (including foreign currencies)					
With Bangladesh Bank (including foreign currencies)					
Balance with other banks and financial institutions					
In Bangladesh					
Outside Bangladesh					
Money at call and short notice					
Investment					
Loans and advances	5				
Loans, cash credit, overdraft, etc.		30,640,966	2,111,775,368	24,016,834	1,647,074,492
Bills discounted and purchased		24,255,479	1,671,687,625	2,999,418	205,700,054
		54,896,445	3,783,462,993	27,016,252	1,852,774,546
Other assets	6	127,443	8,783,346	30,064,057	2,061,792,971
Non-banking assets					
Total property and assets		<u>55,023,888</u>	<u>3,792,246,339</u>	<u>57,080,309</u>	<u>3,914,567,517</u>
CAPITAL AND LIABILITIES					
Liabilities:					
Borrowings from other banks and financial institutions	7	941,109	64,861,206	30,067,980	2,062,062,101
Deposits and other accounts	8				
Current and other accounts		2,593,786	178,763,708	2,348,368	161,051,080
Fixed deposits		150,000	10,338,000	-	-
Other deposits		1,070,912	73,807,282	369,892	25,367,162
		3,814,698	262,908,990	2,718,260	186,418,242
Other liabilities	9	47,403,662	3,267,060,430	20,368,221	1,396,852,503
Total liabilities		<u>52,159,469</u>	<u>3,594,830,626</u>	<u>53,154,461</u>	<u>3,645,332,846</u>
Capital / shareholders' equity		2,864,419	197,415,713	3,925,848	269,234,671
Total liabilities and shareholders' equity		<u>55,023,888</u>	<u>3,792,246,339</u>	<u>57,080,309</u>	<u>3,914,567,517</u>
OFF BALANCE SHEET ITEMS					
Acceptances and endorsements		7,363,262	507,476,003	4,537,883	311,208,031
Letters of guarantee		2,399,274	165,357,968	1,237,079	84,838,903
Irrevocable letters of credit		2,908,099	200,426,184	6,783,048	465,181,460
Bills for collection		85,888,625	5,919,444,063	52,987,359	3,633,873,077
		<u>98,559,260</u>	<u>6,792,704,217</u>	<u>65,545,369</u>	<u>4,495,101,471</u>

The annexed notes 1 to 14 form an integral part of these financial statements.

Osman Morad
Chief Executive Officer, Bangladesh

Imtiaz Ibne Sattar
Chief Financial Officer

As per our report of same date.

Dhaka, 30 March 2009

Rahman Rahman Huq
Chartered Accountants

Profit and Loss Account

Standard Chartered Bank
Offshore Banking Unit, Bangladesh

Profit and Loss Account
for the year ended 31 December 2008

Notes	2008		2007		
	USD	Taka	USD	Taka	
Interest income	10	4,313,225	295,863,331	2,101,953	144,596,564
Interest paid on deposits and borrowings	11	2,151,298	147,514,628	155,261	10,666,931
Net interest income		2,161,927	148,348,703	1,946,692	133,929,633
Commission, exchange and brokerage	12	1,025,728	71,301,758	878,051	59,812,602
Total operating income		<u>3,187,655</u>	<u>219,650,461</u>	<u>2,824,743</u>	<u>193,742,235</u>
Salaries, allowances and other benefits to the Manager of the Unit in Bangladesh		30,459	2,089,605	39,939	2,745,095
Rent, taxes, insurance, electricity, etc.		8,971	615,438	10,561	726,413
Postage, stamps, telephone, telex, etc.		4,741	325,394	2,709	186,264
Printing, stationery, advertising, etc.		12,286	842,709	18,916	1,302,014
Repairs and maintenance		23,605	1,619,600	24,540	1,689,046
Other expenditure	13	84,734	5,813,314	102,011	7,017,263
Total operating expense		<u>3,102,921</u>	<u>213,837,147</u>	<u>2,722,732</u>	<u>186,724,972</u>
Provisions for loans and advances	9	998,816	68,822,254	333,596	22,878,000
Profit before tax		<u>2,104,105</u>	<u>145,014,893</u>	<u>2,389,136</u>	<u>163,846,972</u>
Provisions for income tax	4	946,847	65,256,702	1,242,487	85,209,737
Profit after tax		<u>1,157,258</u>	<u>79,758,191</u>	<u>1,146,649</u>	<u>78,637,235</u>

The annexed notes 1 to 14 form an integral part of these financial statements.

Osman Morad
Chief Executive Officer, Bangladesh

Imtiaz Ibne Sattar
Chief Financial Officer

As per our report of same date.

Dhaka, 30 March 2009

Rahman Rahman Huq
Chartered Accountants

Statement of changes in equity

Standard Chartered Bank
Offshore Banking Unit, Bangladesh

Statement of changes in equity
for the year ended 31 December 2008

	USD	Taka
Balance as at 1 January 2007	2,792,191	192,661,128
Net profit for the year 2007	1,146,649	78,637,235
Foreign currency translation gain/(loss) during the year 2007	(12,992)	(2,063,692)
Balance as at 31 December 2007	3,925,848	269,234,671
Profit remitted to Head Office	(2,236,992)	(153,278,692)
Net profit for the year 2008	1,157,258	79,758,191
Foreign currency translation gain/(loss) during the year 2008	18,305	1,701,543
Balance as at 31 December 2008	<u>2,864,419</u>	<u>197,415,713</u>

Cash flow statement

Standard Chartered Bank
Offshore Banking Unit, Bangladesh

Cash flow statement
for the year ended 31 December 2008

A) Cash flows from operating activities	2008		2007	
	USD	Taka	USD	Taka
Interest received	4,393,111	301,341,952	2,022,066	139,117,944
Interest paid	(2,230,649)	(152,955,419)	(76,278)	(5,251,822)
Received from other operating activities	1,025,728	71,301,758	878,051	59,812,604
Cash paid to employees	(30,459)	(2,089,605)	(39,939)	(2,745,095)
Cash paid to suppliers	(54,275)	(3,723,709)	(62,071)	(4,272,170)
Operating profit before changes in current assets and liabilities	<u>3,103,456</u>	<u>213,874,977</u>	<u>2,721,829</u>	<u>186,661,463</u>
(Increase)/decrease in operating assets and liabilities:				
Loans and advances to customers	(27,282,294)	(1,889,684,446)	(482,658)	(22,067,596)
Other assets	29,856,728	2,047,531,004	(29,933,292)	(2,052,803,771)
Customer deposits	1,096,438	76,490,749	(1,641,175)	(114,382,756)
Borrowing from other banks and financial institutions	(29,126,872)	(1,997,200,895)	29,568,676	2,027,610,108
Other liabilities	24,574,181	1,700,549,611	(220,388)	(22,953,756)
(Decrease)/increase in translation	15,355	1,717,692	(12,992)	(2,063,692)
Net cash inflow/outflow from operating activities	<u>2,236,992</u>	<u>153,278,692</u>	-	-
B) Cash flows from investment activities	-	-	-	-
C) Cash flows from financing activities	-	-	-	-
Profit remitted to Head Office	(2,236,992)	(153,278,692)	-	-
	<u>(2,236,992)</u>	<u>(153,278,692)</u>	-	-
D) Net increase/(decrease) in cash and cash equivalent (A+B+C)	-	-	-	-
E) Opening cash and cash equivalent	-	-	-	-
F) Closing cash and cash equivalent (D+E)	-	-	-	-

Notes to the Financial Statements

Standard Chartered Bank
Offshore Banking Unit, Bangladesh

Notes to the Financial Statements
as at and for the year ended 31 December 2008

- Background**
Standard Chartered Bank (SCB), Bangladesh Branch ("the Bank") Offshore Banking Unit commenced its banking operations in Bangladesh on 16 August 1994 after obtaining the banking licence from Bangladesh Bank on 20 December 1993. Standard Chartered Bank is incorporated in England by Royal Charter 1853.
- Nature of business**
The Unit is engaged in offshore banking under a licence granted by Bangladesh Bank.
- Significant accounting policies**
- 3.1 Basis of accounting**
The Unit maintains its accounting records in USD from which accounts are prepared according to the Bank Companies Act 1991, Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS) and other applicable directives issued by relevant Bangladesh authorities.
- 3.2 Loans and advances**
These are stated at gross value and accumulated specific and general provisions for bad and doubtful debts and amount of interest in suspense accounts are shown in other liabilities.
- 4. Provision for taxation**
Provision for taxation has been made on the basis of the provisions of the Income Tax Ordinance 1984 and the Finance Ordinance 2008.
- 5. Loans and advances**

	2008		2007	
	USD	Taka	USD	Taka
Loans, cash credit, overdraft etc.	30,640,966	2,111,775,368	24,016,834	1,647,074,492
Bills discounted and purchased (Note 5.5)	24,255,479	1,671,687,625	2,999,418	205,700,054
	<u>54,896,445</u>	<u>3,783,462,993</u>	<u>27,016,252</u>	<u>1,852,774,546</u>

- 5.1 Maturity grouping of loans and advances**

	2008	2007
Payable on demand	5,527,922	380,984,364
Less than three months	20,065,075	1,382,884,958
More than three months but less than 1 year	3,982,433	274,469,262
More than 1 year but less than 5 years	1,004,904	69,257,967.00
More than 5 years	60,632	4,178,817.00
	<u>30,640,966</u>	<u>2,111,775,368</u>

- 5.2 Loans and advances - Inside and outside Bangladesh**

	2008	2007
Inside Bangladesh	30,640,966	2,111,775,368
Outside Bangladesh	-	-
	<u>30,640,966</u>	<u>2,111,775,368</u>

- 5.3 Loans and advances on the basis of significant concentration**
- 5.3.1 Sector-wise classification of loans and advances (including bills discounted and purchased)**

	2008	2007
Manufacturing	39,276,786	2,706,956,069
Banks	15,619,659	1,076,506,924
	<u>54,896,445</u>	<u>3,783,462,993</u>

	2008		2007	
	USD	Taka	USD	Taka
5.3.2 Geographical location wise loans and advances (including bills discounted and purchased)				
EPZ Savar	54,896,445	3,783,462,993	27,016,252	1,852,774,546
	<u>54,896,445</u>	<u>3,783,462,993</u>	<u>27,016,252</u>	<u>1,852,774,546</u>
5.3.3 Unclassified, classified, doubtful and bad loans and advances (including bills discounted and purchased)				
Unclassified	54,835,810	3,779,283,993	27,016,252	1,852,774,546
Special Mention Account (SMA)	-	-	-	-
Substandard	60,636	4,179,000	-	-
Doubtful	-	-	-	-
Bad/Loss	-	-	-	-
	<u>54,896,446</u>	<u>3,783,462,993</u>	<u>27,016,252</u>	<u>1,852,774,546</u>
5.4 Particulars of loans and advances				
i) Debt considered good in respect of which the Bank is fully secured				
ii) Debt considered good for which the Bank holds no other security than the debtor's personal security	39,216,151	2,702,777,069	26,546,225	1,820,540,109
iii) Debts considered good and secured by the personal security of one or more parties in addition to the personal security of the debtors				
iv) Debts considered doubtful or bad, not provide for				
v) Debts taken by directors or executives or any of them taken jointly or separately with other persons				
vi) Debts due by directors or officers of the Bank or any of them either severally or jointly with any other person and debts due by companies or firms in which the directors, partners or managing agent or in the case of private companies as members				
vii) Maximum total amount of advances, including temporary advances made at any time during the period to directors or managers or officers of the Bank or any of them either severally or jointly with any other persons				
viii) Maximum total amount of advances, including temporary advance granted during the period 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				
ix) Due from other banking companies				
x) Classified loan for which interest/profit not charged				
xi) Due from other banking companies	15,619,659	1,076,506,924	470,027	32,234,437
xii) Loans written off during the year				
xiii) Loans against which legal action/proceedings are taken to recover				
5.5 Bill discounted and purchased				
i) Inside and outside Bangladesh:				
Inside Bangladesh	9,337,037	643,508,559	2,356,900	161,636,221
Outside Bangladesh	14,918,442	1,028,179,066	642,518	44,063,833
	<u>24,255,479</u>	<u>1,671,687,625</u>	<u>2,999,418</u>	<u>205,700,054</u>
ii) Maturity wise:				
Less than 1 month	9,335,479	643,401,207	242,596	16,637,228
More than 1 month but less than 3 months	14,918,442	1,028,179,066	2,420,311	165,984,934
More than 3 months but less than 6 months	-	-	336,511	23,077,892
More than 6 months	1,558	107,352	-	-
	<u>24,255,479</u>	<u>1,671,687,625</u>	<u>2,999,418</u>	<u>205,700,054</u>
6. Other assets				
Stationery and stamps on hand	7,040	485,224	1,811	124,172
Accrued interest	-	-	79,887	5,478,621
Security deposits	792	54,585	792	54,315
Spot position	-	-	-	3
Inter company/ inter branch balance	15,609	1,075,742	29,924,554	2,052,225,915
Intra branch balances in Bangladesh	104,002	7,167,795	57,013	3,909,945
	<u>127,443</u>	<u>8,783,346</u>	<u>30,064,057</u>	<u>2,061,792,971</u>
6.1 Other assets which are not capable of earning income (non interest bearing other assets)				
Stationery and stamps on hand	7,040	485,224	1,811	124,172
Inter branch balances in Bangladesh	104,002	7,167,795	57,013	3,909,945
Security deposits	792	54,585	792	54,315
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