Standard Chartered

Standard Chartered Bank, Sri Lanka

Rupees Thousands

INCOME STATEMENT

Item	Current Period From 01/01/2016 to 31/12/2016 (Audited)	Previous Period From 01/01/2015 to 31/12/2015 (Audited)
Interest income	8,957,823	7,228,650
Interest expense	2,006,725	1,787,940
Net Interest income	**6,951,098**	**5,440,710**
Fees and Commission income	1,750,985	1,542,038
Fees and Commission expenses	(78,796)	(163,328)
Net fee and Commission income	**1,672,189**	**1,378,710**
Net gain/(loss) from trading	2,100,166	1,707,121
Net gain/(Loss) from financial instruments designated at fair value through profit or loss	71,416	(69,741)
Net gain/(Loss) from financial investments	-	6,963
Other operating income (net)	(141,803)	119,941
Total operating income	**10,653,066**	**8,583,704**
Impairment for Loans and other losses		
Individual impairment	612,053	128,940
Collective impairment	(796)	(45,796)
Others	-	-
Net operating income	**10,041,809**	**8,500,560**
Personnel expenses	1,883,428	2,101,950
Depreciation and amortisation	155,025	141,853
Other expenses	1,172,244	1,172,864
Operating profit/(loss) before value added tax (VAT) & NBT	**6,831,112**	**5,083,893**
VAT & NBT on financial services	1,086,831	738,844
Operating profit/(loss) after value added tax (VAT) & NBT	**5,744,281**	**4,345,049**
Share of profits of associates and joint ventures	-	-
Profit/(Loss) before tax	**5,744,281**	**4,345,049**
Tax expenses	1,637,649	737,391
Profit/(loss) for the period	**4,106,632**	**3,607,658**
Profit attributable to:		
Owners of the parent	4,106,632	3,607,658
Non-controlling interests	-	-
	4,106,632	3,607,658
Earnings per share		
Basic earnings per ordinary share	-	-
Diluted earnings per ordinary share	-	-

Standard Chartered PLC

US $m

CONSOLIDATED INCOME STATEMENT

Item	Current Period From 01/01/2016 to 31/12/2016 (Audited)	Previous Period From 01/01/2015 to 31/12/2015 (Audited)
Interest Income	13,010	14,613
Interest Expense	(5,216)	(5,206)
Net interest income	**7,794**	**9,407**
Fees and commission income	3,671	4,088
Fees and commission expense	(440)	(481)
Net trading income	1,886	912
Other operating income	1,149	1,363
Non-interest income	**6,266**	**5,882**
Operating income	**14,060**	**15,289**
Staff costs	(6,303)	(7,119)
Premises costs	(797)	(831)
General administrative expenses	(2,372)	(2,559)
Depreciation and amortisation	(739)	(664)
Operating expenses	**(10,211)**	**(11,173)**
Operating profit before impairment losses and taxation	**3,849**	**4,116**
Impairment losses on loans and advances and other credit risk provisions	(2,791)	(4,976)
Other impairment		
Goodwill impairment	(166)	(488)
Other	(446)	(367)
(Loss)/Profit from associates and joint ventures	(37)	192
Profit/(Loss) before taxation	**409**	**(1,523)**
Taxation	(600)	(673)
Loss for the year	**(191)**	**(2,196)**
Profit/(losss) Attributable to:		
Non-controlling interests	56	(2)
Parent company shareholders	(247)	(2,194)
Loss for the year	**(191)**	**(2,196)**
Earnings per share:		
Basic loss per ordinary share	(14.5)	(91.9)
Diluted loss per ordinary share	(14.5)	(91.9)

Standard Chartered Bank, Sri Lanka

Rupees Thousands

STATEMENT OF FINANCIAL POSITION

Item	Current Period As at 31/12/2016 (Audited)	Previous Period As at 31/12/2015 (Audited)
Assets		
Cash and cash equivalents	6,886,081	4,438,210
Balance with Central Bank	3,651,548	2,997,535
Placements with banks	24,256,873	9,225,543
Derivative financial Instruments	749,113	1,163,537
Other financial assets held-for-trading	4,775,801	3,418,139
Financial assets designated at fair value through Profit and loss	-	-
Loans and receivables to banks	8,768,830	5,074,856
Loans and receivables to other customers	67,594,980	52,667,312
Financial investments - available-for-sale	24,159,083	29,801,689
Financial investments - held to maturity	-	-
Investments in subsidiaries	-	-
Investments in associates and joint ventures	-	-
Property, Plant and Equipment	703,551	628,093
Investment properties	-	-
Goodwill and intangible assets	-	-
Deferred tax assets	129,502	143,650
Current Tax Receivable	-	1,667
Other Assets	3,372,245	2,295,701
Total Assets	**145,047,607**	**111,855,932**
Liabilities		
Due to banks	1,975,053	2,823,920
Derivative financial instruments	733,609	851,015
Other financial liabilities held-for-trading	-	-
Financial liabilities designated at fair value through profit and loss	-	-
Due to other customers	110,981,177	78,968,451
Other borrowings	112,330	362,520
Debt securities issued	-	-
Current tax liabilities	965,353	-
Deferred tax liabilities	-	-
Other provisions	21,439	20,621
Other liabilities	4,037,279	3,580,252
Due to subsidiaries	-	-
Subordinated term debts	-	-
Total Liabilities	**118,826,240**	**86,606,779**
Equity		
Stated capital/Assigned capital	3,317,705	2,626,643
Statutory reserve fund	1,796,056	1,713,923
Retained earnings	17,427,608	16,642,993
Other reserves	3,679,998	4,265,594
Total shareholders' equity	**26,221,367**	**25,249,153**
Non-controlling interest	-	-
Total Equity	**26,221,367**	**25,249,153**
Total equity and liabilities	**145,047,607**	**111,855,932**
Contingent liabilities and commitments	**198,292,031**	**187,668,309**
Memorandum Information		
Number of Employees	599	533
Number of Branches	8	8

Standard Chartered PLC

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CONSOLIDATED BALANCE SHEET

Item	Current Period As at 31/12/2016 (Audited)	Previous Period As at 31/12/2015 (Audited)
ASSETS		
Cash and Balances at Central Banks	70,706	65,312
Financial Assets held at Fair Value through Profit or Loss	20,077	23,401
Derivative Financial Instruments	65,509	63,143
Loans and Advances to Banks	72,609	64,494
Loans and Advances to Customers	252,719	257,356
Investment Securities	108,972	114,767
Other Assets	36,940	34,252
Current Tax Assets	474	388
Prepayments and Accrued Income	2,238	2,174
Interests in Associates and Joint Ventures	1,929	1,937
Goodwill and Intangible Assets	4,719	4,642
Property, Plant and Equipment	7,252	7,209
Deferred Tax Assets	1,294	1,059
Assets Classified as held for sale	1,254	349
Total Assets	**646,692**	**640,483**
LIABILITIES		
Deposits by Banks	36,894	37,611
Customer Accounts	371,855	350,633
Financial Liabilities held at Fair Value through Profit or Loss	16,598	20,872
Derivative Financial Instruments	65,712	61,939
Debt Securities in Issue	46,700	59,880
Other Liabilities	33,146	31,939
Current Tax Liabilities	327	769
Accruals and Deferred Income	5,223	5,451
Subordinated Liabilities and Other Borrowed Funds	19,523	21,852
Deferred Tax Liabilities	353	293
Provision for Liabilities and Charges	213	215
Retirement Benefit Obligations	525	445
Liabilities included in disposal group held for sale	965	72
Total Liabilities	**598,034**	**591,971**
EQUITY		
Share Capiltal and Share premium account	7,091	7,088
Other Reserves	11,524	12,182
Retained earnings	25,753	26,934
Total Parent Company Shareholders' Equity	**44,368**	**46,204**
Other equity instruments	3,969	1,987
Total Equity excluding non-controlling interests	**48,337**	**48,191**
Non-controlling interests	321	321
Total Equity	**48,658**	**48,512**
Total equity and liabilities	**646,692**	**640,483**
COMMITMENTS AND CONTINGENCIES	**215,501**	**226,443**

Standard Chartered Bank, Sri Lanka

Rupees Thousands

COMPREHENSIVE INCOME STATEMENT

Item	Current Period From 01/01/2016 to 31/12/2016 (Audited)	Previous Period From 01/01/2015 to 31/12/2015 (Audited)
Profit/(Loss) for the period	**4,106,632**	**3,607,658**
Other Comprehensive income, net of tax		
Changes in revaluation surplus	-	-
Actuarial gains and losses on defined benefit plans	125,454	388,949
Gains and losses from translating the financial statements of FCBU	93,681	154,882
Gains and losses on re-measuring available-for-sale financial assets	20,610	(45,612)
Gains and losses on cash flow hedges	-	-
Others	-	-
Share of profits of associates and joint ventures	-	-
Tax expense/(income) relating to components of other comprehensive income	(7,657)	6,196
Other comprehensive income for the period, net of taxes	**232,088**	**504,415**
Total comprehensive income for the period	**4,338,720**	**4,112,073**
Attributable to:		
Owners of the parent	4,338,720	4,112,073
Non controlling interests	-	-
	4,338,720	**4,112,073**

Standard Chartered PLC

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Item	Current Period From 01/01/2016 to 31/12/2016 (Audited)	Previous Period From 01/01/2015 to 31/12/2015 (Audited)
Loss for the year	**(191)**	**(2,196)**
Other comprehensive loss:		
Items that will not be reclassified to Income statement:		
Own credit losses on financial liabilities designated at fair value through profit or loss	(372)	-
Actuarial gain/(losses) on retirement benefit obligations	(105)	(57)
Taxation relating to components of other comprehensive income	32	(10)
Items that may be reclassified subsequently to income statement:		
Exchange differences on translation of foreign operations:		
Net Losses taken to equity	(817)	(2,003)
Net gains on net investment hedges	30	90
Share of other comprehensive loss from associates and joint ventures	(11)	-
Available-for-sale investments:		
Net valuation (losses)/gains taken to equity	48	(57)
Reclassified to income statement	(188)	(328)
Cash flow hedges:		
Net losses taken to equity	(79)	(71)
Reclassified to income statement	57	107
Taxation relating to components of other comprehensive (loss)/income	(8)	35
Other comprehensive loss for the year, net of taxation	**(1,413)**	**(2,294)**
Total comprehensive loss for the year	**(1,604)**	**(4,490)**
Total comprehensive loss attributable to:		
Non-controlling interests	(40)	(40)
Parent company shareholders	(1,649)	(4,450)
	(1,604)	(4,490)

Standard Chartered Bank, Sri Lanka

Rupees Thousands

STATEMENT OF CASHFLOW

Item	Current Period 31/12/2016 (Audited)	Previous Period 31/12/2015 (Audited)
Cash flows from operating activities		
Profit before tax	**5,744,281**	**4,345,049**
Adjustment for:		
Depreciation and amortisation	155,025	141,853
Net impairment loss on loans and advances	611,257	83,144
Net interest income	(6,951,098)	(5,440,710)
Provision for employee benefits	46,893	107,172
Expected loss on Derivative financial instruments	55,001	51,880
Unrealized loss/(gain) on derivative financial instruments	297,018	(506,598)
(Gain)/Loss on sale of property, plant and equipment	(16,998)	(5,314)
	(58,621)	**(1,223,524)**
Change in Statutory Deposits with Central Bank of Sri Lanka (CBSL)	(654,013)	(56,371)
Change in placements with banks	(14,395,983)	(132,951)
Change in group balances receivable	(635,347)	2,829,653
Change in loans and receivables to banks	(3,693,974)	8,964,577
Change in loans and receivables to other customers	(15,391,629)	4,339,656
Change in other assets	(867,542)	135,353
Change in due from banks	(22,372)	(5,455)
Change in other borrowings	(250,190)	347,460
Change in group balance payable	(826,495)	1,917,472
Change in due to other customers	31,951,702	(14,465,256)
Change in other liabilities and provisions	411,640	(951,401)
Exchange gain impact on translation of FCBU	93,681	154,882
Interest received	8,526,570	6,954,403
Interest paid	(1,945,701)	(1,787,940)
Tax paid	(380,181)	(1,501,218)
Super Gain Tax Paid	-	(1,441,128)
Employee benefit paid	(139,237)	(97,933)
Net cash generated from/(used in) operating activities	**1,722,308**	**3,980,279**
Cash flows from investing activities		
Net Sale/(Acquisition) of Sri Lanka Government Securities Held for Trading	(1,357,662)	969,616
Net Acquisition of Sri Lanka Government Securities Available for Sale	5,663,216	(2,362,276)
Acquisition of property, plant and equipment	(238,698)	(235,217)
Proceeds from the sale of property, plant and equipment	25,213	24,401
Net cash (used in)/from investing activities	**4,092,069**	**(1,603,476)**
Cash flows from financing activities		
Amounts transferred to head office	(3,366,506)	(1,456,700)
Net cash from financing activities	**(3,366,506)**	**(1,456,700)**
Net increase/(decrease) in cash & cash equivalents	2,447,871	920,104
Cash and cash equivalents at the beginning of the period	4,438,210	3,518,106
Exchange difference in respect of cash & cash equivalent	-	-
Cash and cash equivalents at the end of the period	**6,886,081**	**4,438,210**

Standard Chartered PLC

US $m

CONSOLIDATED STATEMENT OF CASHFLOW

Item	Current Period 31/12/2016 (Audited)	Previous Period 31/12/2015 (Audited)
Cash flows from operating activities		
Profit/(Loss) before taxation	**409**	**(1,523)**
Adjustments for Non-cash items and other adjustments included within income statement	4,615	6,949
Change in operating assets	(8,286)	36,812
Change in operating liabilities	13,080	(70,244)
Contributions to defined benefit schemes	(98)	(109)
UK and overseas taxes paid	(1,287)	(1,285)
Net cash from/(used) in operating activities	**8,433**	**(29,400)**
Net cash flows from investing activities		
Purchase of property, plant and equipment	(195)	(130)
Disposal of property, plant and equipment	23	109
Aquisitation of Investment in subsidiaries, associates and joint ventures, net of cash acquired	(238)	-
Dividends received from associates and joint ventures	3	12
Disposal of subsidiaries	636	667
Purchase of investment securities	(207,274)	(209,519)
Disposal and maturity of investment securities	210,857	195,457
Net cash from/(used) in investing activities	**3,812**	**(13,404)**
Net cash flows from financing activities		
Issue of ordinary and preference share capital, net of expenses	10	5,053
Exercise of share options	5	10
Purchase of own shares	(51)	(68)
Issue of Additional Tier 1 capital, net of expenses	1,982	1,987
Proceeds from issue of subordinated liabilities	1,250	-
Interest paid on subordinated liabilities	(920)	(1,082)
Repayment of subordinated liabilities	(2,666)	(5)
Proceeds from issue of senior debt	5,453	5,388
Repayment of senior debts	(6,470)	(6,947)
Interest paid on senior debts	(454)	(584)
(Investment in)/repayment from non-controlling interests	(8)	82
Dividends paid to non-controlling interests and preference shareholders	(268)	(192)
Dividends paid to ordinary shareholders, net of scrip	-	(755)
Net cash (used in)/from financing activities	**(2,137)**	**2,887**
Net increase/(decrease) in cash and cash equivalents	**10,108**	**(39,917)**
Cash and cash equivalents at beginning of year	88,428	129,870
Effect of exchange rate movements on cash and cash equivalents	(1,559)	(1,525)
Cash and cash equivalents at end of year	**96,977**	**88,428**

Standard Chartered Bank, Sri Lanka

Rupees Thousands

STATEMENT OF CHANGES IN EQUITY

For the Period Ended (31/12/2016) (Audited)	Stated capital/Assigned capital				Reserves			Total	Non-Controlling Interest	Total Equity
	Ordinary Voting Shares	Ordinary Non-Voting Shares	Assigned Capital	Reserve Fund	Revaluation Reserve	Retained Earnings	Other Reserves			
Balance as at 01/01/16 (Opening Balance)	**-**	**-**	**2,626,643**	**1,713,923**	**372,360**	**16,642,993**	**3,893,234**	**25,249,153**	**-**	**25,249,153**
Total comprehensive income for the period	-	-	-	-	-	-	-	-	-	-
Profit/(Loss) for the period	-	-	-	-	-	4,106,632	-	4,106,632	-	4,106,632
Other comprehensive income (net of tax)	-	-	-	-	-	126,622	105,466	232,088		232,088
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**-**	**4,233,254**	**105,466**	**4,338,720**	**-**	**4,338,720**
Share issue/increase in assigned capital	-	-	-	-	-	-	-	-	-	-
Bonus issue	-	-	-	-	-	-	-	-	-	-
Rights issue	-	-	-	-	-	-	-	-	-	-
Transfers to reserves during the period	-	-	691,062	82,133	-	(82,133)	(691,062)	-	-	-
Dividend paid	-	-	-	-	-	-	-	-	-	-
Profit transferred to head office	-	-	-	-	-	(3,366,506)	-	(3,366,506)	-	(3,366,506)
Gain/(loss) on revaluation of property plant and equipment (if cost method is adapted)	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-
Balance as at 31/12/16 (Closing Balance)	**-**	**-**	**3,317,705**	**1,796,056**	**372,360**	**17,427,608**	**3,307,638**	**26,221,367**	**-**	**26,221,367**

Standard Chartered PLC

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Period ended (31/12/2016) (Audited)	Share Capital and Share Premium Account	Other equity instruments	Own credit Adjustment reserve	Capital and Merger Reserve	Available-for-Sale Reserve	Cash Flow Hedge Reserve	Translation Reserve	Retained Earnings	Parent Company Share-holders equity	Non - Controlling Interests	Total
Balance as at 01/01/16 (Opening Balance)	**7,088**	**1,987**	**-**	**17,122**	**132**	**(46)**	**(5,026)**	**26,934**	**46,204**	**321**	**48,512**
Transfer of own credit adjustment, net of taxation	-	-	631	-	-	-	-	(631)	-	-	-
(Loss)/Profit for the year	-	-	-	-	-	-	-	(247)	(247)	56	(191)
Other Comprehensive loss, nett of taxation	-	-	(342)	-	(136)	(39)	(779)	(106)	(1,402)	(11)	(1,413)
Distributions	-	-	-	-	-	-	-	-	-	(37)	(37)
Shares issued, net of expenses	3	-	-	7	-	-	-	-	10	-	10
Other equity instruments issued,net of expenses	-	1,982	-	-	-	-	-	-	-	-	1,982
Net own shares adjustment	-	-	-	-	-	-	-	(46)	(46)	-	(46)
Share option expense, net of taxation	-	-	-	-	-	-	-	80	80	-	80
Dividend, net of scrip	-	-	-	-	-	-	-	(231)	(231)	-	(231)
Other movements	-	-	-	-	-	-	-	-	-	(8)	(8)
Balance as at 31/12/16 (Closing Balance)	**7,091**	**3,969**	**289**	**17,129**	**(4)**	**(85)**	**(5,805)**	**25,753**	**44,368**	**321**	**48,658**

The financial information pertaining to Standard Chartered PLC for the twelve months ended 31st December 2016 is based on the audited Condensed Consolidated Financial Statements approved by the Board of Directors on 24th February 2017.

Standard Chartered PLC

GROUP PERFORMANCE RATIOS

Item	Current Period 31/12/2016	Previous Period 31/12/2015
Capital Ratios		
CET Capital	13.6%	12.6%
Tier 1 Capital	15.7%	14.1%
Total Capital	21.3%	19.5%
Performance metrics		
Normalised return on equity	0.3%	-0.4%

Standard Chartered Bank, Sri Lanka

SELECTED PERFORMANCE INDICATORS

Item	Current Period 31/12/2016	Previous Period 31/12/2015
Regulatory Capital Adequacy		
Core Capital (Tier 1 Capital), Rs. Mn.	24,747	23,939
Total Capital Base, Rs. Mn.	25,053	24,166
Core Capital Adequacy Ratio, % of Risk Weighted Assets (Minimum Requirement, 5%)	18.92%	24.27%
Total Capital Adequacy Ratio, % of Risk Weighted Assets (Minimum Requirement, 10%)	19.16%	24.50%
Assets Quality (Quality of Loan Portfolio)		
Gross Non-Performing Advances Ratio, % (Net of Interest in Suspense)	1.01%	0.33%
Net Non-Performing Advances Ratio, % (Net of Interest in Suspense and Provision)	0.24%	0.29%
Profitability		
Interest Margin, %	5.42%	4.23%
Return on Assets (Before Tax), %	5.22%	4.00%
Return on Equity, %	15.96%	14.64%
Regulatory Liquidity		
Statutory Liquid Assets, Rs.Mn.	77,596	70,068
Statutory Liquid Assets Ratio,% (Minimum Requirement, 20%)		
Domestic Banking unit	72.95%	75.47%
Off-Shore Banking unit	92.64%	68.42%

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Assets	Assets at fair value				Assets at amortised cost			
	Trading	Derivatives held for hedging	Designated at fair value through profit or loss	Available for sale	Loans and receivables	Held to maturity	Non-financial assets	Total
Cash and balances at central banks	-	-	-	-	70,706	-	-	70,706
Financial assets held at fair value through profit or loss								
Loans and advances to banks	267	-	1,793	-	-	-	-	2,060
Loans and advances to customers	936	-	2,241	-	-	-	-	3,177
Debt securities	12,025	-	354	-	-	-	-	12,379
Equity shares	425	-	751	-	-	-	-	1,176
Treasury bills	1,285	-	-	-	-	-	-	1,285
	14,938	-	5,139	-	-	-	-	20,077
Derivative financial instruments	64,433	1,076						65,509
Loans and advances to banks	-	-	-	-	72,609	-	-	72,609
Loans and advances to customers	-	-	-	-	252,719	-	-	252,719
Investment securities								
Debt securities	-	-	-	69,204	3,106	170	-	72,480
Equity shares	-	-	-	1,388	-	-	-	1,388
Treasury bills	-	-	-	35,104	-	-	-	35,104
	-	-	-	105,696	3,106	170	-	108,972
Other assets	-	-	-	-	33,942	-	2,998	36,940
Asssets held for sale	-	-	-	-	1,102	-	152	1,254
Total at 31st December 2016 (Audited)	**79,371**	**1,076**	**5,139**	**105,696**	**434,184**	**170**	**3,150**	**628,786**
Cash and balances at central banks	-	-	-	-	65,312	-	-	65,312
Financial assets held at fair value through profit or loss								
Loans and advances to banks	92	-	2,183	-	-	-	-	2,275
Loans and advances to customers	3,008	-	1,039	-	-	-	-	4,047
Debt securities	12,896	-	389	-	-	-	-	13,285
Equity shares	2,237	-	698	-	-	-	-	2,935
Treasury bills	859	-	-	-	-	-	-	859
	19,092	-	4,309	-	-	-	-	23,401
Derivative financial instruments	61,812	1,331						63,143
Loans and advances to banks	-	-	-	-	64,494	-	-	64,494
Loans and advances to customers	-	-	-	-	257,356	-	-	257,356
Investment securities								
Debt securities	-	-	-	77,684	2,700	210	-	80,594
Equity shares	-	-	-	1,720	-	-	-	1,720
Treasury bills	-	-	-	32,453	-	-	-	32,453
	-	-	-	111,857	2,700	210	-	114,767
Other assets	-	-	-	-	32,408	-	1,844	34,252
Asssets held for sale	-	-	-	-	-	-	349	349
Total at 31 December 2015 (Audited)	**80,904**	**1,331**	**4,309**	**111,857**	**422,270**	**210**	**2,193**	**623,074**

US $m

Liabilities	Liabilities at fair value			Amortised Cost	Non-financial liabilities	Total
	Trading	Derivatives held for hedging	Designated at fair value through profit or loss			
Financial liabilities held at fair value through profit or loss						
Deposits by banks	-	-	718	-	-	718
Customer accounts	-	-	6,447	-	-	6,447
Debt securities in issue	-	-	5,670	-	-	5,670
Short Positions	3,763	-	-	-	-	3,763
	3,763	-	12,835	-	-	16,598
Derivative financial instruments	62,917	2,795	-	-	-	65,712
Deposits by banks	-	-	-	36,894	-	36,894
Customer accounts	-	-	-	371,855	-	371,855
Debt securities in issue	-	-	-	46,700	-	46,700
Other Liabilities	-	-	-	32,958	188	33,146
Subordinated liabilities and other borrowed funds	-	-	-	19,523	-	19,523
Liabilities Included in disposal groups held for sale				958	7	965
Total at 31st December 2016 (Audited)	**66,680**	**2,795**	**12,835**	**508,888**	**195**	**591,393**
Financial liabilities held at fair value through profit or loss						
Deposits by banks	-	-	637	-	-	637
Customer accounts	-	-	8,494	-	-	8,494
Debt securities in issue	-	-	8,917	-	-	8,917
Short Positions	2,824	-	-	-	-	2,824
	2,824	-	18,048	-	-	20,872
Derivative financial instruments	59,390	2,549	-	-	-	61,939
Deposits by banks	-	-	-	37,611	-	37,611
Customer accounts	-	-	-	350,633	-	350,633
Debt securities in issue	-	-	-	59,880	-	59,880
Other Liabilities	-	-	-	31,525	414	31,939
Subordinated liabilities and other borrowed funds	-	-	-	21,852	-	21,852
Liabilities Included in disposal groups held for sale	-	-	-	-	72	72
Total at 31 December 2015 (Audited)	**62,214**	**2,549**	**18,048**	**501,501**	**486**	**584,798**

Standard Chartered Bank, Sri Lanka

Rupees Thousands

Loans and Receivables to Other Customers	Current Period as at 31/12/2016 (Audited)	Previous Period as at 31/12/2015 (Audited)
Gross loans and receivables	68,429,314	52,993,830
(Less): Individual impairment	(525,688)	(17,884)
Collective impairment	(308,645)	(308,634)
Net loans and receivables including those designated at fair value through profit or loss	**67,594,981**	**52,667,312**
(Less): Loans and receivables designated at fair value through profit or loss	**-**	**-**
Net loans and receivables	**67,594,981**	**52,667,312**

Loans and Receivables to Other Customers	Current Period as at 31/12/2016 (Audited)	Previous Period as at 31/12/2015 (Audited)
By product - Domestic Currency		
Overdrafts	13,169,349	6,491,389
Term loans	14,780,922	11,954,543
Lease rentals receivable	-	-
Credit cards	5,582,137	5,055,606
Pawning	-	-
Other loans	13,397,579	11,924,282
Sub total	**46,929,987**	**35,425,820**
By product - Foreign Currency		
Overdrafts	1,064,761	1,831,737
Term loans	8,636,740	7,417,594
Other loans	11,797,826	8,318,679
Sub Total	**21,499,327**	**17,568,010**
Total	**68,429,314**	**52,993,830**

Movements in Individual and Collective Impairment during the year for Loans and Receivables to Other Customers	Current Period as at 31/12/2016 (Audited)	Previous Period as at 31/12/2015 (Audited)
Individual impairment		
Opening balance	17,884	21,430
Charge/(Write back) to income statement	612,053	128,940
Write-off during the period	(104,249)	(132,006)
Other movements	-	(480)
Closing balance	**525,688**	**17,884**
Collective impairment		
Opening balance	308,634	345,152
Charge/(Write back) to income statement	(796)	(45,796)
Other movements	807	9,278
Closing balance	**308,645**	**308,634**
Total impairment	**834,333**	**326,518**

Due to Other Customers - By product	Current Period as at 31/12/2016 (Audited)	Previous Period as at 31/12/2015 (Audited)
By product - Domestic Currency		
Demand deposits (current accounts)	12,646,723	12,646,515
Savings deposits	20,088,395	14,017,441
Fixed deposits	19,846,507	16,157,558
Other deposits	2,526,747	2,726,189
Sub Total	**55,108,372**	**45,547,703**
By product - Foreign Currency		
Demand deposits (current accounts)	18,090,491	9,758,885
Savings deposits	29,608,761	12,764,070
Fixed deposits	2,795,974	2,497,217
Other deposits	5,377,579	8,400,576
Sub Total	**55,872,805**	**33,420,748**
Total	**110,981,177**	**78,968,451**

Standard Chartered Bank, Sri Lanka

Rupees Thousands

ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS

As at 31/12/2016 (Audited)	HFT	Designated at fair value	HTM	Amortised cost	AFS	Hedging	Total
ASSETS							
Cash and cash equivalents	-	-	-	6,886,081	-	-	6,886,081
Balances with central banks	-	-	-	3,651,548	-	-	3,651,548
Placements with banks	-	-	-	24,256,873	-	-	24,256,873
Derivative financial instruments	749,113	-	-	-	-	-	749,113
Other financial assets at fair value through profit or loss	-	-	-	-	-	-	-
Loans and receivables to banks	-	-	-	8,768,830	-	-	8,768,830
Loans and receivables to other customers	-	-	-	67,594,980	-	-	67,594,980
Financial investments	4,775,801	-	-	-	24,159,083	-	28,934,884
Total financial assets	**5,524,914**	**-**	**-**	**111,158,312**	**24,159,083**	**-**	**140,842,309**

As at 31/12/2016 (Audited)	HFT	Designated at fair value	Amortised cost	Hedging	Total
LIABILITIES					
Due to banks	-	-	1,975,053	-	1,975,053
Derivative financial instruments	733,609	-	-	-	733,609
Other financial liabilities at fair value through profit or loss	-	-	-	-	-
Due to other customers	-	-	110,981,177	-	110,981,177
Other borrowings	-	-	112,330	-	112,330
Debt securities issued	-	-	-	-	-
Total financial liabilities	**733,609**	**-**	**113,068,560**	**-**	**113,802,169**

As at 31/12/2015 (Audited)	HFT	Designated at fair value	HTM	Amortised cost	AFS	Hedging	Total
ASSETS							
Cash and cash equivalents	-	-	-	4,438,210	-	-	4,438,210
Balances with central banks	-	-	-	2,997,535	-	-	2,997,535
Placements with banks	-	-	-	9,225,543	-	-	9,225,543
Derivative financial instruments	1,163,537	-	-	-	-	-	1,163,537
Other financial assets at fair value through profit or loss	-	-	-	-	-	-	-
Loans and receivables to banks	-	-	-	5,074,856	-	-	5,074,856
Loans and receivables to other customers	-	-	-	52,667,312	-	-	52,667,312
Financial investments	3,418,139	-	-	-	29,801,689	-	33,219,828
Total financial assets	**4,581,676**	**-**	**-**	**74,403,456**	**29,801,689**	**-**	**108,786,821**

As at 31/12/2015 (Audited)	HFT	Designated at fair value	Amortised cost	Hedging	Total
LIABILITIES					
Due to banks	-	-	2,823,920	-	2,823,920
Derivative financial instruments	851,015	-	-	-	851,015
Other financial liabilities at fair value through profit or loss	-	-	-	-	-
Due to other customers	-	-	78,968,451	-	78,968,451
Other borrowings	-	-	362,520	-	362,520
Debt securities issued	-	-	-	-	-
Total financial liabilities	**851,015**	**-**	**82,154,891**	**-**	**83,005,906**

Held for trading - HFT Held-to-maturity - HTM

Designated at fair value through profit or loss - Designated at fair value Available-for-sale – AFS

Standard Chartered PLC

US $m

Loans and Advances to Customers	Current Period as at 31/12/2016 (Audited)	Previous Period as at 31/12/2015 (Audited)
Loans and advances to customers	262,250	268,083
Individual impairment provision	(5,667)	(6,023)
Portfolio impairment provision	(687)	(657)
	255,896	**261,403**
Of which: loans and advances held at fair value through profit or loss	(3,177)	(4,047)
Net loans and receivables	**252,719**	**257,356**

Due to Other Customers and Banks - By Product	Current Period as at 31/12/2016 (Audited)	Previous Period as at 31/12/2015 (Audited)
Customer Accounts	371,855	350,633
Customer Accounts included within :		
Financial liabilities held at fair value through profit or loss	6,447	8,494
Total	**378,302**	**359,127**

CERTIFICATION

The financial information summarised above for the twelve months ended 31st December 2016 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 2017, 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.

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Jim McCabe

(Sgd) Chief Executive Officer

28/03/17

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Nishani Ariyawansa

(Sgd) Financial Controller

28/03/17

Standard Chartered

Corporate Governance Statement

Standard Chartered is a leading international banking group with over a 150-year history in some of the world's most dynamic markets. We bank the people and companies driving investment, trade and the creation of wealth across Asia, Africa and the Middle East. With its headquarters in London, it has a dual primary listing on the London and Hong Kong Stock Exchanges, and ranks among the companies listed in the FTSE 100 by market capitalisation. Standard Chartered's roots in trade finance and commercial banking have been at the core of its success throughout its history. The Bank's brand promise, Here for good, is embedded in every decision made, and is the cornerstone of the commitment to clients, shareholders and the countries in which it operates.

Our integrated approach to Corporate Governance
Standard Chartered believes that effective governance is achieved through a culture of transparency and openness between management and the Board and across the Group.

Standard Chartered has a Group structure operated through both subsidiaries and branches, and maintains a consistent approach to overall governance, while respecting local legal, regulatory and governance requirements. During the year under review, governance was managed across the Group's four geographic regions – through the respective regional chief executive officer offices, the business and functions. In addition to clients, the Bank's stakeholders include governments, regulators, shareholders, employees, suppliers and the communities in which it operates.

As a leading international bank, Standard Chartered strives for best practice in corporate governance across its footprint. The Bank believes that it is vital for companies to have an underlying culture with behaviours and values that support effective corporate governance. It is the responsibility of all employees to be responsive and vigilant to ensure compliance with both the letter and the spirit of the governance framework.

At Standard Chartered, every employee is expected to live the Group's brand promise, Here for good, be part of a culture that is open and challenging, yet cohesive and collaborative, and demonstrates the necessary skills, values and experience commensurate with responsibilities, placing as much emphasis on the way employees behave as on what they deliver.

The Standard Chartered Group Board
Standard Chartered PLC is made up of global and regional client segments, all supported by business functions. The Group's Board is headed by the Chairman, José Viñals. Its Management Team is led by Group Chief Executive, Bill Winters; supported by Group Chief Financial Officer, Andy Halford. Naguib Kheraj is Deputy Chairman with effect from 1 December 2016, providing the Chairman additional support and capacity in representing the Group.

The Board comprises directors with a broad range of skills, experience, backgrounds and perspectives. As at the end of December 2016, nine directors on the Board have lived and/or worked across our key markets of Asia, Africa or the Middle East and over half of the independent non-executive directors have some combination of banking, finance, risk and accounting experience.

We remain mindful of the need to ensure that the tenure of our non-executive directors is well balanced.

Diversity and Inclusion
Standard Chartered has a distinctive footprint and a long history of diverse board membership. This mix of skills, knowledge, experience and cultural difference enriches the Board discussion and contributes towards a high performing and effective Board. Good progress continues to be made in the area of gender diversity, since the Bank set its ambition to increase the proportion of women to 25 per cent by 2017. This commitment was further strengthened during the year with the introduction of the Board Diversity policy. It sets out the Board's broad ambitions and objectives in this area and remains supportive and engaged in further increasing the representation of women on the Board to 33 per cent.

Focus on Strategic Issues
The Bank is realistic regarding the complexity of the challenges that lie ahead, for the Group and the global banking sector as a whole. Significant regulatory uncertainty will persist as policymakers grapple with the task of harmonising rules and enhancing the control environment while allowing banks to add value to the economies they serve and generate sustainable returns to shareholders. Meanwhile, economic conditions in the markets in which the Bank operates are expected to remain uncertain. The business plan set out in 2015 to execute the Bank's strategy remains sensible and appropriate for the prevailing conditions. Investing in technology as a catalyst for better client experiences and stronger controls is the right way forward.

The Standard Chartered Group now has a stronger capital base and is more resilient to headwinds. The Bank will remain focused on delivering the plan while being willing to adapt where necessary as conditions evolve. Having substantially strengthened foundations, the Bank recognises the importance of re-energising growth in income together with strong cost and risk management so that returns to shareholders can be restored to a more appropriate and sustainable level.

The Bank has implemented significant improvements to its client coverage model in Corporate & Institutional Banking and is transforming its Retail Banking business to a more digital delivery model. Both sets of initiatives make Standard Chartered more efficient and easier to deal with. The Bank has repositioned its Commercial Banking business for longer-term sustainable growth and better returns. The refreshed organisational structure of the Group is now firmly embedded, with local management now better able to influence the delivery of the Group's products and services while leveraging the Bank's strong central capabilities.

Financial Reporting
The primary role of the Committee in relation to financial reporting is to monitor the integrity of the Group's published financial statements and formal announcements relating to the Group's financial performance, reviewing significant financial reporting judgements and accounting issues contained in them.

Group Finance has oversight and is responsible for the consolidation of financial information from country reporting teams for entities within the Group, the application of accounting policies and practices, including key estimates and judgements, and providing adequate accounting and financial records over reporting of published financial statements and formal announcements relating to the Group.

The Group Finance team and country reporting teams perform analytical procedures, ensuring compliance with accounting standards, legal and regulatory matters in relation to financial reporting and interact on a regular basis to evaluate, manage and resolve relevant matters relating to financial reporting, including significant accounting policies and financial reporting judgements and changes in estimates. All financial information submitted by country reporting teams is certified by the in-country Financial Controller.

The Committee is satisfied that the Group's accounting policies and practices are appropriate, including significant accounting estimates and judgements made.

During 2016, the Committee has considered on behalf of the Board, the Q1 and Q3 Interim Management Statements. In 2016, the Committee paid particular attention to impairment of loans and advances, valuation of financial instruments, and goodwill impairment testing.

Risk Management
Effective risk management is essential to consistent and sustainable performance for all of the Bank's stakeholders and is therefore a central part of the financial and operational management of the Group. The Group adds value to clients and therefore the communities in which they operate, generating returns for shareholders by taking and managing risk. Through Standard Chartered's Risk Management Framework the Bank manages enterprise-wide risks, with the objective of maximising risk-adjusted returns while remaining within our risk appetite.

2016 has been a year of progress on many fronts from a risk and compliance perspective. The year ended with a balance sheet that is less concentrated, with more granular risk appetite levels that have broader coverage, and a risk governance structure that is better aligned to support the execution of the Group's strategy.

It is imperative that risks are identified, measured and managed in a holistic manner and that the risk and compliance function supports and enables sustainable performance for the Group despite the uncertainties in the external environment.

The risk and compliance function is an integral part of the Group's strategic decision-making process and plays a key role in building a stronger and more efficient business with the potential to produce better returns. The Group's business plans to execute its strategy are fully aligned with its tightened risk appetite and both have appropriate Board level oversight. The Bank has a strong capital and liquidity position and a robust risk governance structure managed by an experienced senior team which enables the support of the Bank's clients.

Good risk management is not just about reducing exposures and Standard Chartered has selectively increased exposures in certain sectors and locations, further diversifying the portfolio. The focus is on ensuring that risk and compliance work effectively as control functions to holistically identify and manage risks. A healthy risk culture owned collectively by everyone within the Group is critical to the successful delivery of business objectives and to facilitate safe and sustainable growth.

Brand and Values
Towards the end of 2015, a review of the Group's Here for good brand promise was undertaken, including the launch, execution and impact of this commitment. One of the insights gained was that while Here for good had resonated well with employees, it had become overly linked to community engagement, rather than the Group's core activity of serving clients. The Bank endorsed the importance of working on brand and culture in tandem, in order to ensure consistency, and carried out a Brand and Culture Review.

Standard Chartered remains passionate about advancing the Group's conduct agenda. The Bank has made a lot of progress in 2016 and invested heavily to build effective and sustainable systems and infrastructure to ensure it can play a leading role in discovering and disrupting financial crime. The Bank has created a new platform at sc.com/fightingfinancialcrime to demonstrate the contribution that Standard Chartered and others are making. The Bank has sharpened its focus on all aspects of conduct, not simply on combating financial crime, and has taken appropriate action where conduct has been found to be inconsistent with its standards. The Bank is focusing on the behaviours, values and principles that individuals follow to enable each employee to make the right decisions and exercise good judgement. The Bank does this because it is the right thing to do, and because it makes for a stronger and more sustainable entity, and reinforces stakeholder confidence.

Sustainability
The Bank collaborates with its clients and partners to promote social and economic development by financing key sectors of the economy that drive sustainable growth, minimising the impact of lending and operations on the environment and investing in communities. In 2016, 11 Sustainability Aspirations, which demonstrate how the financing that the Bank provides contributes to sustainable development, were agreed on. The Aspirations are supported by targets to reduce the environmental impact of operations and to support local community programmes, including Seeing is Believing (SiB), to eliminate avoidable blindness; Goal, to empower girls and young women through sports and life skills training; financial education, to build the capability of youth and entrepreneurs.

From 2008 to 2016, the Bank reduced its energy consumption by 37 per cent, water consumption by 35 per cent and paper use by 71 per cent. In 2016, Standard Chartered invested $52.3 million in community programmes, and employees contributed to 67,611 volunteering days. Through fundraising and matching from the Group, $6.5 million was raised for SiB in 2016. Fundraising from 2003 to 2016 is $92.8 million, impacting 133.8 million people. The Bank celebrated the 10th anniversary of Goal in 2016 and reached nearly 69,000 girls, bringing the total since 2006 to 285,000 girls in 2016. Through Financial Education programmes, our staff trained more than 106,000 young people and 1,020 entrepreneurs, including 57 per cent women, in 2016.

The Position Statement covering Climate Change was published in March 2016, and the Group remains differentiated with high-quality skills based employee volunteering (EV) time.

Client Focus
In 2016, Standard Chartered took a series of measures to put clients at the heart of the business and invested heavily in improving their experience in each of the four client segments. For example, in Corporate & Institutional Banking the Bank prioritised banking the end-to-end supply chain of clients and improved digital operations; in Retail Banking video banking was launched, including voice biometric technology, and offered clients innovative new payment options; in Commercial Banking the Bank improved the client on-boarding process and turnaround time, and focused on banking clients' networks; and in Private Banking the Wealth Management proposition was enhanced, and the account opening process simplified. Standard Chartered is investing to make the Bank a simpler, faster and better organisation, focusing on technology innovation, process streamlining and faster turnaround times.

The cost efficiencies the Bank achieved in 2016 created capacity for Standard Chartered to invest significantly to reinforce the Group's competitive advantages. These investments will enhance the quality of service that can be provided to clients, improve the ability to capture profitable and safe growth opportunities and differentiate the Bank from its competitors.

Standard Chartered is increasingly recognised as an innovator and the Bank can leverage its innovation to generate higher returns over the coming years.

Government and Regulatory Relationships
Standard Chartered is committed to complying with all legislation, rules and other regulatory requirements applicable to its businesses and operations in the jurisdictions within which the Bank operates. Compliance with legal and regulatory frameworks across the markets ensures that the Group meets its obligations. In turn, this supports the resilience and effective functioning of the Group and the broader financial system and economy.

The Board, supported by the Brand, Values and Conduct Committee, is responsible for overseeing the Group's approach to its main government and regulatory relationships, focusing on the quality of these relationships and the engagement in place. On a day-to-day basis, Compliance and Public Affairs functions are responsible for identifying changes in the legal and regulatory environment, ensuring that the Bank complies with all requirements, and help to manage relationships.

The Bank actively engages with governments, regulators and policymakers at a global, regional and national level to share insights and technical expertise on key policy issues. This engagement supports the development of best practice and the adoption of consistent approaches across markets. The Bank complies with all relevant transparency requirements and discloses information about its political activities.

Standard Chartered's engagement with governments and regulators is through ongoing dialogue, submission of responses to formal consultations and by joining and participating in industry working groups. In 2016, for example, the Bank submitted written and verbal responses to proposed changes to the regulatory framework for banks being developed by global standard-setters.

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

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