

An Internship Report

On

Performance & Financial Evaluation of Standard Chartered Bank

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Dr. Tanbir Ahmed Chowdhury
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Subject: Submission of Internship Report.

Dear Sir,

With due respect, I would like to inform you that I am delighted to present my internship report on "*Performance and Financial Evaluation of the Standard Chartered Bank*" as a partial requirement of the course. I employed my best effort for preparing this report paper.

This report gives me an exceptional experience that will be useful in the future. I sincerely hope this report will be up your expectation.

Your kind acceptance and any type of appreciation would surely inspire me. I will be always available for any supplementary interpretation of clarification if required.

With best regards.

Yours sincerely,



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Acknowledgement

I have incurred many debts of gratitude over the last three months while preparing this report. First and foremost, I would like to pay my gratitude to the almighty Allah for giving me the ability to work hard.

The report titled "*Performance and Financial Evaluation of Standard Chartered Bank*"- has been prepared to fulfill the requirements of BBA degree. I am very much fortunate that I have received utmost and sincere guidance, supervision and co-operation from various persons while preparing this report.

First of all, I would like to thank my academic supervisor of the internship program **Dr. Tanbir Ahmed Chowdhury**, Professor and Chairperson, Department of Business Administration, East West University, Dhaka, for giving me the opportunity and effortful supervision to prepare this report. He also provided me with some important advice and guidance for preparing such type of new idea based report. Without his help this report could have not been a comprehensive one.

Secondly, I would like to thank my SCB supervisor, **Mr. Hossain Sheikh Farid (BSSM) and Mr. Sujit Saha (STM)**, who have given me their valuable time and energy in every step of the preparation of this report.

I would like to thank SCB's **PFC, BRM, CSO and BSE** officers who have given their co-operation, time and energy constantly for providing the information to prepare this report.

This acknowledgement will remain incomplete if I do not thank my all course instructors of the BBA program. I am grateful for their help and valuable advice.

Finally, I am conveying thanks to all of my friends.

Executive Summary

Banking service in Bangladesh is characterized as a highly competitive and regulated sector. With a good number of banks already in operation and a few more in the pipeline, the market is becoming increasingly competitive day by day.

In the face of rising competition, the commercial banks are constantly looking for ways to develop their market and product offers to remain ahead of others. A significant amount of regulation by Bangladesh Bank prevents the scope of introducing newer products into the market and thereby restricts the banks' ability to outperform others with a diversified product range.

However, recent trend has shown that banks are shifting away from vanilla products (basic products) towards higher value added products that are highly structured to meet the needs of the clients.

Standard Chartered Bank is the oldest multinational bank operating in Bangladesh. It has, over the years, created one of the largest networks among all the foreign banks in Bangladesh. Although a trendsetter in offering a various range of products in the market, the products of Standard Chartered Bank are quickly imitated by competitors. Substitutes that are offered by other commercial banks make their way into the market and thereby eat a portion of the margin.

This report takes a look at the “*Performance and Financial Evaluation of Standard Chartered Bank*”, types of asset and liability based products that are offered by this bank and based on Annual reports.

Having established itself as the leading foreign commercial bank in Bangladesh is not sufficient unless a hearty attempt is made to sustain this position. Amidst an age of regulation and intense competition, diversification of the corporate products in a way that helps increase the wallet share of the bank and thereby achieving growth is certainly very desirable.

Based on the above, this report looks in depth towards the opportunity for consumer banking.

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Chapter - 1

1.0 - Introduction

1.0 Introduction

1.1 Origin of the study:

This report has been prepared as a requirement of the internship program of BBA. The topic, *Performance and Financial Evaluation of an Organization*, has been chosen and duly approved by my educational supervisor **Dr. Tanbir Ahmed Chowdhury**, Professor and Chairperson, Department of Business Administration, East West University. As I joined Standard Chartered Bank as an internee, this report was based on the organization, Standard Chartered Bank. In doing so **Mr. Hossain Sheikh Farid (BSSM) and Mr. Sujit Saha (STM)** of SCB have been taken responsibilities of guiding as well as supervising my work i.e. acted as **Organizational Supervisor**. **The report will definitely increase the knowledge of other students to know the banking industry of Bangladesh, and the Financial Performance of SCB as leading foreign bank in Bangladesh.**

1.2 Objective of the study:

The objective of the Internship report is to expose the students about the Organization's work situation with an attempt to emphasis on their financial performance. The primary objective of this report is to explain the real life scenarios in the organizational working environment. The report starts with the general discussion on the Banking Sector of Bangladesh followed on by introduction on the Activities of Standard Chartered Bank and my learning from this organization (SCB). Furthermore this Report also tried to assess financial performance of the SCB for last five years based on the annual report published by Standard Chartered Bank. . Therefore the specific objectives of the study are:

- ✚ To apply theoretical knowledge in the practical field.
- ✚ To present an overview of Standard Chartered Bank.
- ✚ To Appraise the Financial Performance of Standard Chartered Bank.
- ✚ To examine various lucrative financial products and services of this Bank.

1.3 Scope of the study:

The scope of the study is to find the Performance and Financial evaluation of Standard Chartered Bank. In addition, the report is done to find the effectiveness of the SCB's various product and services, evaluate the annual report to find out the financial position of the SCB. Further more, the report also focuses on the feasibility study and practical market issues about banking risk of SCB. The scope of this report is limited to the overall descriptions of the bank, its services and position in the industry, and it's competitive advantage. The scope of the study is limited to organizational setup, functions, and performances.

1.4 Methodology of the study:

The twelve weeks internship program was designed to work as a bank employ in order to have an overview of the total banking system of SCB. My organizational supervisor helped me a lot while working in every department of the branch, including head office (Asset operations section, credit section, Finance department in consumer banking, loan section) and writing a descriptive and analytical report which will be divided into some parts as below:

□ Sources of information (Sample Information):

Samples are collected from the institutional clients and officials of SCB. Here, the samples have been picked up on a judgmental basis. For the second part, most of the information has been collected from different published articles, journals, brochures and websites. All the information incorporated in this report has been collected both from the primary sources as well as from the secondary sources.

Primary Source of Data:

Collecting data directly from the practical field is called primary source of data. The method that has been used to collect the primary data is as follows:

Observation Method:

Observation method may be defined as systematic viewing.¹ According to concise Oxford Dictionary, “accurate watching, nothing of phenomena as they occur in nature with regard to cause and effect and mutual relationship”.

Other Primary Sources are:

- Discussion with officials of SCB
- Face to face conversation with the institutional clients.
- Discussions with customers over telephones & responding to their queries.

Secondary Sources of Data:

The secondary data has been collected from the MIS of Standard Chartered Bank. To clarify different conceptual matters, internet and different articles published in the journals & magazines have been used.

Secondary Sources are:

- Annual Reports of SCB
- Published documents of Bangladesh Bank.

□ Analysis of data:

Processing of Data:

After collection of the raw data using the following computer packages had been done editing and processing

- MS-Excel
- MS-Word

Data Analysis: The classified and tabulated data has been analyzed elaborately in a number of tables in the analysis part.

Based on the analysis of data, ratio analysis, pie chart, bar graphs have been used for presentation.

































1.5 Limitation of the study

It is obvious that every study has some limitations. The study I have made is of great importance and required me huge work. While conducting I had to face a number of problems. Those limiting factors that hampered my smooth workings in bank and finally in preparing this report are as follows:

- The organization maintains strict confidentiality about their financial and other information. So there was always a chance of lack of appropriate information.
- Any type of such presentation requires a long time. Duration of this study was too short to have a sound understanding of the overall banking.
- Lacks of sufficient books, papers and periodicals take me go on serious brainstorming while preparing this report.
- I am doing my internship in the branch banking. In fact hard to all financial information of SCB,
- All the employee of the branch is doing their task as the sales and cash related, that's why lack of clearing some of the banking financial information.

1.6 Abbreviations:

Abbreviations used throughout the report are as follows:

| | |
|--|--------------------------------------|
|  BSSM | Branch Sales & Service Manager |
|  STM | Sales Team Manager |
|  BRM | Branch Risk Manager |
|  CSM | Customer Service Manager |
|  PFC | Personal Finance Consultant |
|  CSO | Customer Service Officer |
|  OP | Officer Portfolio |
|  PSE | Product Sales Officer |
|  CSR | Customer Service Representative |
|  SCB | Standard Chartered Bank |
|  SCG | Standard Chartered Grindlays |
|  SCGB | Standard Chartered Grindlays Bank |
|  ANZ | ANZ Grindlays Bank |
|  HSBC | Hong Kong Sunghai Bank |
|  AMEX | American Express Bank |
|  CSA | Customer Service Advisor |
|  CC | Credit Card |
|  C/H | Card Holder |
|  PIN | Personal Identification Number |
|  SSC | Sales and Service center |
|  ATM | Automated Teller Machine |
|  PFS | Personal Financial Service |
|  EMI | Equated Monthly Installment |
|  LC | Letter of Credit |
|  NGO | Non-Government Organization |
|  HOCB | Head of Consumer Banking |
|  HOUL | Head of Unsecured Loan |
|  MC | Manager Card |
|  MP | Manager Portfolio |
|  ACSM | Assistant Manager Customer Service |
|  AMC | Assistant Manager Cards, Call Center |
|  DOB | Date of Birth |

Chapter - 2

2.0 - Banking Sector in Bangladesh

Banking Sector in Bangladesh:

2.1 Overview of Banking:

An individual firm, company or corporation which generally deals in the business of money and credit is called bank. In our country, any institution, which accepts, for the purpose of lending or investment deposits of money from public, repayable on demand or otherwise, and with transferable by checks, draft order and otherwise can be termed as a bank.

The purpose of banking is to ensure transfer of money from surplus unit to deficit unit. Banks in all countries work as the depository of money. The owners look for safety and amount of interest for their deposits with banks. Entrepreneurs try to obtain money from the banks as working capital and for long-term investment. These entrepreneurs welcome effective and forward-looking advice for investment. Banking sector thus owes greatly to the deposit holders on one hand and the entrepreneurs on the other. They are expected to play the role of friend, philosopher, and guide for the deposit holders and the entrepreneurs.

Since liberation, Bangladesh passed through fragile phases of development in the banking sector. The nationalization of banks in the post liberation period was intended to save the institutions and the interest of the depositors. Despite all that was done, some elements of irregularities appeared. With the assertion of the role of the central bank, The Bangladesh Bank started to adopt the measures of putting banking institutions on right track. Yet, the performance of public sector management of banks left some negative effects in the money market in particular and the economy in general. The agility among the borrowers manipulates the banking sector as a whole. In effect, a default culture appeared on the scene.

The opening of private and foreign participants to the banking sector was intended to obtain desirable results from banking. The authorization of private banks was designed to create competition among the banks and competition in the form of efficiency and the productivity. Unfortunately, for the people at large, banking sector is yet to obtain the credit for efficiency, credibility, and growth.

The clever, among the users of banking services, have influenced the management of banks, for obtaining short-term and long-term loans. They sometimes showed exaggeration to get money for investment in business and industry. Few use their lent money to different purposes and invest in non-profitable units and fail to repay their loans to the banks. For this reason, new entrepreneurs are not getting capital. Domestic banks can be divided into four main groups:

2.2 Nationalized Commercial Banks (NCBs):

In general terms, NCBs are large, operationally inefficient and technically insolvent. They are used as vehicles of government directed lending. These banks enjoy an enormous and stable customer deposit base, which provides a cheap source of funding. In addition, most large government related business is routed through these banks.

2.3 Private Banks, 1980s:

Set up to serve the sectors not being addressed by the larger NCBs. Not subject to state directed lending but have generally suffered from related lending to directors and their extended families.

2.4 Private banks, 1995s:

These are the better managed banks with strong capital base and good asset quality and under a much improved regulatory regime. All the banks clustered in this group have successfully raised capital from secondary market and all the shares are now traded in the stock exchange at premium.

2.5 New private sector banks:

Ten new banks have been granted licenses over the year 1999. While some bankers complain that the country is over-banked, the more commonly held view, including that of the World Bank, is that there is adequate scope for these banks to survive in the given current untapped gaps in the market, fat in existing interest margin and efficient service level disparities. It is estimated that up to 70% of the Bangladeshi economy remains un-banked. While this appears to imply that the newer banks may

move downstream in terms of asset quality but in reality the last two sets of new banks are successfully competing with NCBs (Nationalized Commercial Banks) and foreign banks on the top end market segment.

Lower credit growth in 2007 and mid 2008, compared to deposits, has meant that the banks now have excess liquidity. With investment rates in call, money market and government bonds remaining static at their lowest levels, some banks are now cutting back on their long-term deposit rates and are refusing to accept large deposits.

Clearly the banking industry is in a very poor state and it will take years to clean up. The Government and Bangladesh Bank have been working with the World Bank to introduce reforms, including related party lending, restricting lending concentrations to 15% of the capital base, capital adequacy and bankruptcy laws. The World Bank has indicated that there are funds available to assist individual banks improve their capital bases, but this depends on them first making full provision for NPLs. Some banks have also successfully raised capital through IPOs (Initial Public Offerings). Bangladesh Bank has reaffirmed its intention to continuous extension of support to banks through rediscounting. However care should be exercised when taking comfort from BB's (Bangladesh Bank) assertion that it will not allow any bank to fail. While this pledge has held true to date, in effect it means that Bangladesh Bank will allow a technically insolvent bank to continue in operation with its guidance and technical support but Bangladesh Bank will not provide a capital injection or write-off government related bad loans.

2.6 Present Situation of Commercial Bank in Bangladesh:

At the moment financial sector reform programs are underway. Private Banks and insurance companies with few exceptions are functioning creditably. Uttara, Pubali and Rupali Banks which were formally owned by the GOB were privatized. Shadaran Bima Corporation's (General Insurance) 49% shares are contemplated to be off loaded in the local stock markets soon.

There are other specialized financial institutions to support the Industrial Promotion and Development Corporation (IPDC) of Bangladesh and the Investment Corporation of Bangladesh (ICB) provide equity support to public limited companies in the private sector.

The commercial banks are now diversifying and strengthening their portfolio. They have increased term lending. Up to April 1994 they have sanctioned term loans totaling taka 10,260 million. Disbursement agricultural loans stood at taka 9,660 million 31 % increase over the same period in 1993. NCBs have introduced loan programs in off-farm and agro-based activities. NCBs, BSB and BSR have been able to rehabilitate 471 sick industrial units which have created 21,000 new jobs.

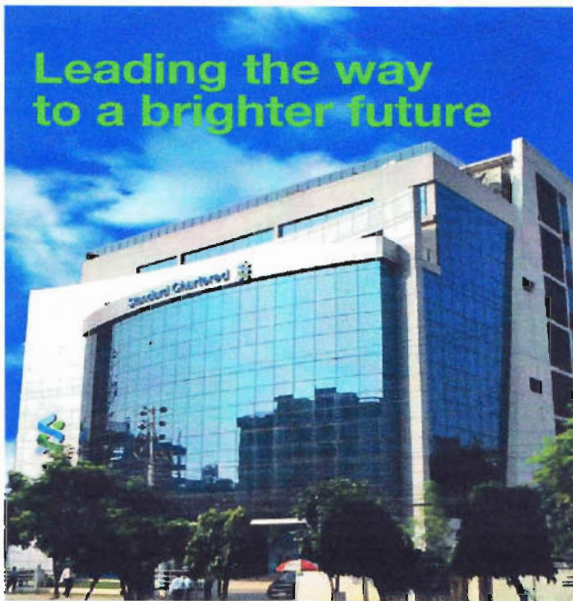
2.7 Number and Types of Banks in Bangladesh:

The number of banks in all now stands at 49 in Bangladesh. Out of the 49 banks, 4 are **Nationalized Commercial Banks (NCBs)**, 28 **local private commercial banks**, 12 **foreign banks** and the rest five are **Development Financial Institutions (DFIs)**.

Sonali Bank is the largest among the NCBs while Pubali is leading in the private ones. Among the 12 **foreign banks**, Standard Chartered has become the largest in the country. Besides the scheduled banks, Samabai (Cooperative) Bank, Ansar-VDP Bank, Karmasansthan (Employment) Bank and Grameen bank are functioning in the financial sector. The number of total branches of all scheduled banks is 6,038 as of June 2000. Of the branches, 39.95 per cent (2,412) are located in the urban areas and 60.05 per cent (3,626) in the rural areas. Of the branches NCBs hold 3,616, private commercial banks 1,214, foreign banks 31 and specialized banks 1,177. Bangladesh Bank (BB) regulates and supervises the activities of all banks. The BB is now carrying out a reform program to ensure quality services by the banks.

Chapter - 3

3.0 - The Organization (SCB)



3.1 History of the Standard Chartered Bank:

The standard Chartered Group was formed in 1969 through a merger of two banks. The Standard Bank of British South Africa founded in 1863, and the Chartered bank of India, Australia and China, founded in 1853.

Both companies were keen to capitalize on the huge expansion of trade and earn the handsome profits to be made from financing the movement of goods from Europe to the East and to Africa.

3.2 The Chartered Bank:

- Founded by James Wilson following the grant of a Royal Charter by Queen Victoria in 1853.
- Chartered opened its first branches in Mumbai (Bombai), Calcutta and Shanghai in 1858, followed by Hong Kong and Singapore in 1859.
- Traditional Business was in cotton from Mumbai (Bombay), indigo and tea from Calcutta, rice in Burma, Sugar from Java, Tobacco from Sumatra, hemp in Manila and silk from Yokohama.
- Played a major role in the development of trade with the East which followed the opening of the Suez Canal in 1869, and the extension of the telegraph to China in 1871.
- In 1957 Chartered Bank bought the Eastern Bank Together with the Ionian Bank's Cyprus Branches. This established a presence in the Gulf.

3.3 The Standard Bank:

Founded in the Cape Province of South Africa in 1862 by John Paterson. Commenced business in Port Elizabeth, South Africa, in January 1863 was prominent in financing the development of the diamond field of Kimberley from 1867 and later extended its network further north to the new town of Johannesburg when gold was discovered there in 1863. Expanded in Southern, Central and Eastern Africa and by 1953 had 600 offices. In 1965, it merged with the Bank of West Africa expanding its operations into Cameroon, Gambia, Ghana, Nigeria and Sierra Leone.

In 1969, the decision was made by Chartered and by Standard to undergo a friendly merger. All was going well until 1986, when a hostile takeover bid was made for the Group by Lloyds Bank of the United Kingdom. When the bid was defeated, Standard Chartered entered a period of change. Provisions had to be made against third world debt exposure and loans to corporations and entrepreneurs who could not meet their commitments. Standard Chartered began a series of divestments notably in the United States and South Africa, and also entered into a number of asset sales.

3.4 Rationale of selecting Standard Chartered Bank:

Advanced technology and skilled workforce become the most essential elements to go ahead with the competitors in today's dynamic banking business world. It seems like that the technological advancement is emerging immensely in every corner of the world. It has become very difficult to stay in the competitive market without remaining update with the new technological inventions, which are ensuring competitive advantages over other organization. Like the whole world banking industry, Bangladesh has also become highly competitive. This area of business provokes no less interest than others and Standard Chartered Bank is perceived to be one who is going ahead with tremendous growth rate over the centuries.

Apparently this organization runs very smoothly, but since the purpose of my internship report is to search service oriented facilities and problems, the rationale of picking this organization is, to see the changing services, to see the efficiency of the particular services and analyze whether any new technology can be implemented in the on going system and generate documents.

3.5 Establishment of Standard Chartered Bank around the world:

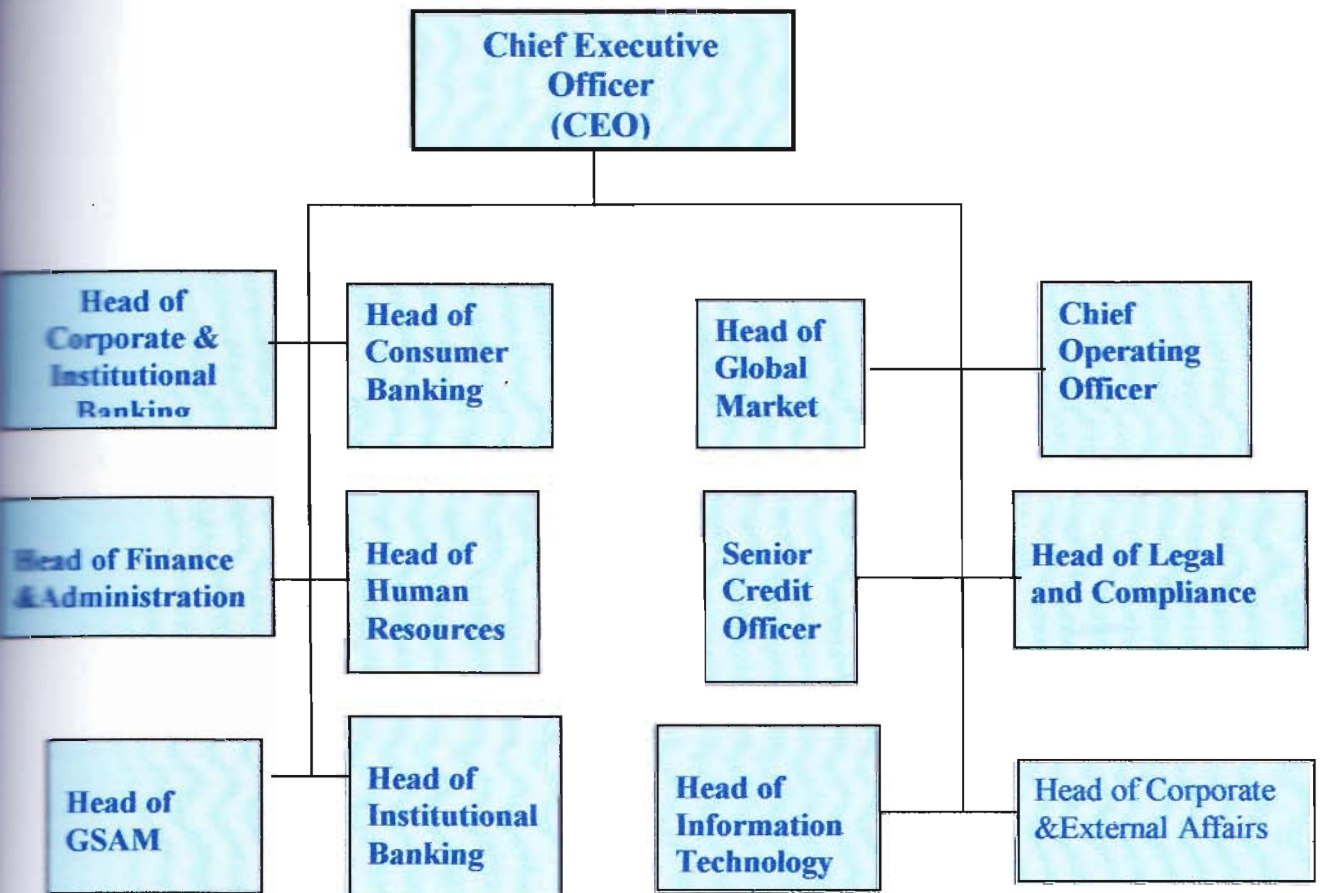
| Country | Year Established | Country | Year Established |
|--------------------------------|------------------|-------------------------|------------------|
| United Kingdom | 1853 | Australia | 1964 |
| China, India Sri Lanka | 1858 | Mexico, Oman | 1968 |
| Hong Kong, Singapore | 1859 | Peru | 1973 |
| Indonesia, Pakistan | 1863 | Jersey | 1978 |
| Philippines | 1872 | Brazil | 1979 |
| Malaysia | 1875 | Venezuela | 1980 |
| Japan | 1880 | Falkland Islands, Macau | 1983 |
| Zimbabwe | 1892 | Taiwan | 1985 |
| Gambia, Sierra Leone, Thailand | 1894 | Cameroon | 1986 |
| Ghana | 1896 | Nepal | 1987 |
| Botswana | 1897 | Vietnam | 1990 |
| USA | 1902 | Cambodia, South Africa | 1992 |
| Bangladesh | 1905 | Iran | 1999 |
| Zambia | 1906 | Colombia | 1995 |
| Kenya | 1911 | Laos, Argentina | 1996 |
| Uganda | 1912 | Nigeria | 1999 |
| Tanzania | 1917 | Lebanon | 2000 |
| Bahrain | 1920 | Cote d'Ivoire | 2001 |
| Jordan | 1925 | Mauritius | 2002 |
| Korea | 1929 | Turkey | 2003 |
| Qatar | 1950 | Afghanistan | 2004 |
| Brunei, UAE | 1958 | | |

3.5 Commitment to and from Standard Chartered Bank:

There has been mutual commitment resulted a fiduciary relationship between me and Standard Chartered Bank management that all the information obtained would solely focus on the internship project and other parties will never enter in the scenario. The management allows all necessary documents and access to all required software and processes. I was introduced to the staffs related with sales and distribution in Standard Chartered Bank so that the flow of information can not be hampered during the report preparation time.

3.7 Chain of command:

Standard Chartered Bank in Bangladesh follows a hierarchy pattern of command. The chief Executive Officer (CEO) for the country reports to the Regional Manager, MESA (Middle East South Asia) in Dubai. All other departmental heads at the headquarters report to the CEO. A manager or Senior Manager reports to the divisional heads. The respective Branch Managers or Branch Sales and Service Managers (BSSM) are responsible for the performance of their unit. Each branch is organized functionally along line divisions with some support facilities and the manager assigns tasks to his / her subordinate personnel and supervises their performance.





3.8 SCB as a whole.....



Standard Chartered is the world's leading emerging markets bank

Standard Chartered celebrates its 150th anniversary in 2003

Profile and Strategy

Standard Chartered is one of the world's best international banks, leading the way in Asia, Africa and the Middle East. They employ 42,000 people in over 800 offices in more than 56 countries and territories across the Asia Pacific Region, South Asia, the Middle East, Africa, The United Kingdom and the Americas.

The Bank serves both Consumer and Wholesale banking customers. The Consumer Bank provides credit cards, personal loans, mortgages, deposit-taking activity and wealth management services to individuals and medium sized businesses. The Wholesale Bank provides services to multinational, regional and domestic corporate and institutional clients in trade finance, cash management, custody, lending, foreign exchange, interest rate management and debt capital markets.

They are one of the world's most international banks, with a management team comprising 70 nationalities. Their unique 150-year history gives a deep understanding of the markets, their customers and local communities in which are operate.

3.9 Five Values of Standard Chartered Bank:

Standard Chartered Bank has five values and these values are keys to their success. These values determine how the employees achieve their goals, the way they work together and how it feels to be a part of Standard Chartered Bank. In brief these values are (SCB perspective):

- **Courageous:** Being courageous is about confidently doing what's right. Often the task may seem insurmountable but with courage and tenacity, the odds can be overcome. A truly courageous act both inspires and builds character.

- **Responsive:** How we response to our customer will influence their belief in our commitment to them. A proactive response is often unexpected and more effective for that. It clearly demonstrates our willingness to go beyond the unexpected.
- **International:** As a member of global village we view the world from the widest perspective. We are all global citizens and the world is full of new opportunities and exciting possibilities. We also deliver world class products and services.
- **Creative:** Creativity belongs to those of us who are excited by challenges and engage them in fresh thinking and an open mind. Creative thinkers are not limited by convention but allow their minds to soar beyond predictable solutions.
- **Trustworthy:** Trust is the foundation of every successful relationship. We trust because we believe in the sincerity of our promise. Building trust can take forever. Losing takes only moments.

3.10 SCB, Bangladesh perspective.....

The Chartered Bank started operation in Bangladesh in 1948, opening a branch in Chittagong. The branch was opened mainly to facilitate the post-war reestablishment and expansion of South and Southeast Asia. The Chartered Bank opened another branch in Dhaka in 1966, where it is still headquarter. After the merger of the Chartered Bank with the Standard Bank in 1969, the Standard Chartered Bank took up a program of expansion. It increasingly invested in people, technology and premises as it's business grew in relation to the country's economy. In 1993, there was an organizational re-structuring, which led to a substantial expansion of the Bank's business. *Bangladesh is under the Middle East and South Asia (MESA) region, with the controlling office in Dubai.* Its correspondent relationship with Sonali Bank, the largest bank in Bangladesh, gives its customers access to all major centers in the country. Standard Chartered Bank's worldwide network facilitates convenient connections with foreign trade and remittance business. Standard Chartered Bank's branch banking license in Bangladesh allows it to offer a full range of banking services.

In the year 1999, Standard Chartered has acquired the operation of Grindlays Bank in the Middle East and South East Asian countries. Former Grindlays Bank started its journey in Bangladesh in 1905 under the name of Grindlays Bank. Standard Chartered Bank took-over the operation of ANZ Grindlays Bank in Bangladesh as a part of acquisition of the South East Asian and Middle East operation of the Australia and New Zealand Banking Group. SCB with its all branches and booths across Bangladesh has employed more than 600 people. The acquisition of ANZ has enabled Standard Chartered Bank (SCB) to access 500,000 new customer and 48 branches in India, and this made them one of the biggest banks in this region and in Bangladesh it is the largest foreign bank.

After acquisition, Grindlays Bank is a part of Standard Chartered Group. The Bank presently has 26 outlets in 5 cities serving over 3,00,000 (near about) customers in the country. The network of SCB Bank in Bangladesh includes:

- ❑ 16 Branches in Dhaka city
- ❑ 1 Branch in Savar EPZ (recently started with full banking operations)
- ❑ 1 Branch in Narayanganj
- ❑ 5 Branches in Chittagong
- ❑ 1 Branch in Khulna
- ❑ 1 Branch in Sylhet.
- ❑ 1 Branch in Bogra

3.11 Organization Profile:

In the below table the Organization profile is being given in short:

| Organization Profile (Bangladesh) | |
|---|---|
| 1. Establishment In Bangladesh | 1948 including ANZ Grindlays experience: Standard Chartered Bank originally established it's first branch in Chittagong |
| 2. Address of Head Office Bangladesh | SCB House 67 Gulshan Avenue, Gulshan, Dhaka - 1212 |
| 3. Phone Number of Head Office Bangladesh | Tel- +8802883300, 8833004 |
| 4. Website Address | www.standardchartered.com |
| 5. E-mail | info@standardchartered.com |

Chapter - 4

4.0 - An overview of the Activities of SCB

An Overview of the Activities of Standard Chartered Bank

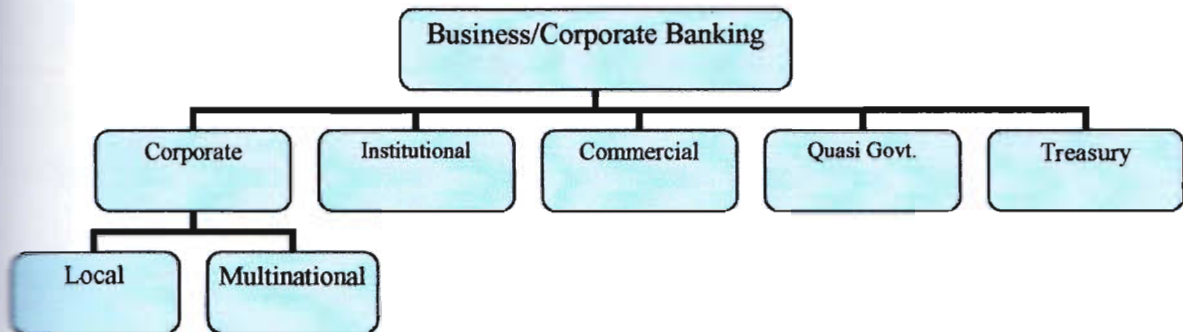
4.1 Banking Services:

There are two types of service provided by the Standard Chartered Bank.

- Business or Corporate Financial Services
- Retail or Consumer Financial Services.

4.2 Business/Corporate Banking of SCB:

Business Banking of SCGB



Source: Corporate Banking, SCB

Corporate Banking:

It is very true that major contribution to the bank's equity has been from business banking sector. It provides several types of services under business banking. SCB offers corporate banking facilities to both local corporate and multinationals.

Besides, it also provides commercial, institutional, quasi government or correspondence and treasury banking facilities.

Institutional Banking:

SCB's this service is designed for different fund based organizations like donor agencies, NGOs, voluntary organizations, foreign missions, airlines, shipping lines and their personnel with the facilities like convertible and non-convertible current accounts, convertible taka accounts, which are freely convertible to major

international currencies, local and foreign currency remittances through a large network of branches and correspondence.

❑ **Commercial Banking:**

SCB offers different commercial banking facilities to all commercial concerns specially those with particular involvement with import and export finance. It provides the finance facilities like trade finance facilities including counseling, confirming export L/Cs, and issues import L/Cs backed by its international branch and correspondent network. It also provides bonds and guarantees, investment advice, leasing facilities, project finance opportunities.

❑ **Quasi Government Banking:**

SCB's quasi government service helps the government by providing different financial service like efficient and knowledgeable management of trade business (import and export), skills in barter, swaps and counter trade deals.

❑ **Treasury Banking:**

SCB's treasury is one of the leading treasuries that offers foreign exchange requirements, provides market commentaries, economic forecasts and advisory to its major corporate clients. To keep its customers' up-to-date with what is happening in the money markets, SCB has 'Weekly Treasury Updates'.

4.3 Retail Banking or Consumer Banking Services:

The services of PFS and card services are known as retail banking or consumer banking. Retail banking deals with the providing the bank services to individuals on a one-to-one basis.

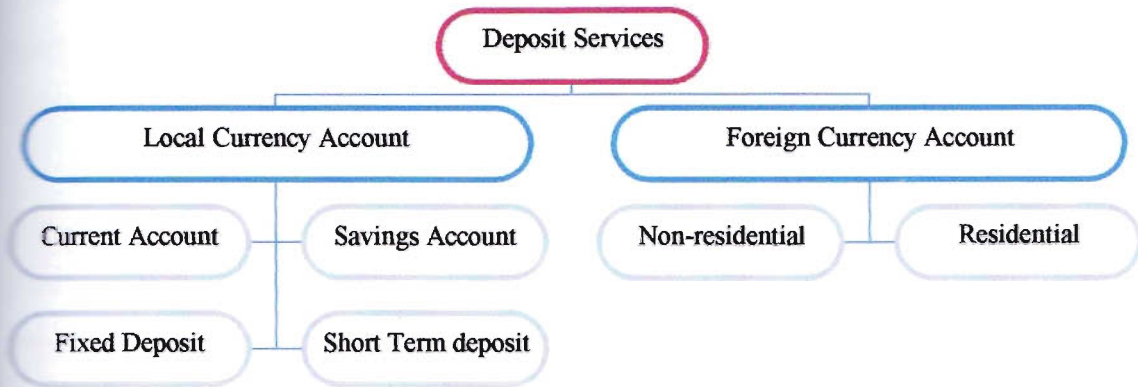
❑ **Personal Banking Services of SCB:**

SCB started its personal banking services in March 1992. Besides usual deposit services, consumer finance services of SCB have been most popular. This section of report discusses all these personal banking services provided by SCB.

Deposit Services:

SCB has the deposit services for its customers. SCB's deposit-services are shown in the following figure:

Deposit Services of SCB

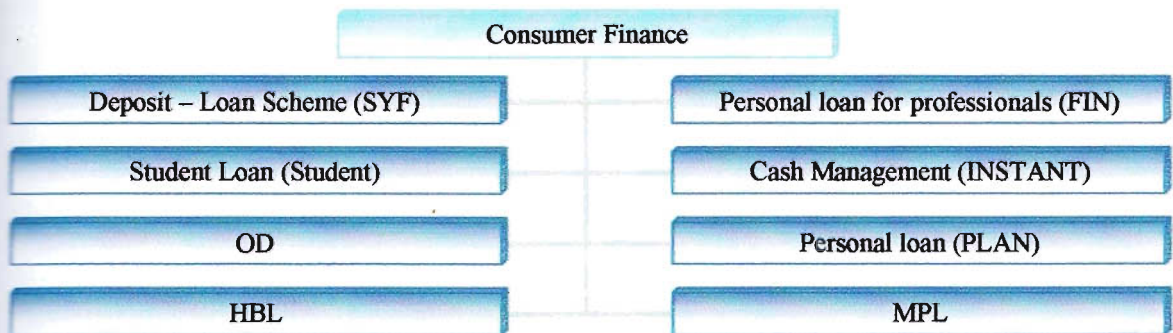


Source: SCB's Official Document

Consumer Finance:

SCB first introduced consumer finance in Bangladesh , they are the market leader. It has variety of financing it's retail customers with innovative products. These include different types of credit and savings schemes shown below in the Figure:

Scheme offered under consumer finance of SCB



Source: External affairs division, SCB

Locker Facilities:

SCB's locker service allows the customers to keep their valuable goods in a safe and secure place and access the same at convenient times. These strong and heat resistant

steel lockers lodged in reinforced concrete steel vault and sophisticated anti- burglary alarm systems provide maximum protection to the valuables of customers.

❑ **Government Bonds:**

Like other banks, SCB provides its customers with bond services. Three types of government bonds are available with the bank. These bonds are sold and related accounts are maintained according to the already established procedures.

❑ **SCB Card Services:**

Personal banking and business banking of SCB, though these two are the major functions of any commercial bank, a description of SCB's customer services will not be complete without a discussion on its card services. In fact, SCB is the pioneer in the card services of Bangladesh.

❑ **SCB Access Card:**

SCB offers its customers with SCB access Card, which allows the customers 24 hours access to SCB night and day banking by providing the services like cash withdrawals, statement requests, balance enquiries, funds transfer between the accounts. Banks issue the customers with a four digit Personal Identification Number (PIN) at the time of issue the access card. Customers need to enter their PIN every time they use their cards. For security reasons, maximum transaction is taka 20000 once and you can withdraw many times in a day.

SCB, the pioneer of card services in the country, has achieved a huge success. SCB has achieved a sharp growth rate in both silver visa card and SCB access card and a steady growth rate in gold master card over last three years.

4.4 Types of Deposit Schemes:

The number and range of deposit services offered by SCB is remarkable and often it is also confusing to the bank customers. Like any other business with different variations in product, SCB has designed their deposit plans to reach to different level of consumers according to their social class, lifestyle and nature of profession. The deposits accepted by banks may be broadly classified into: Demand deposit and time deposit.

4.4.1 Demand Deposit:

Deposits on demand deposits accounts may be withdrawn on demand and thus no prior notice is needed. Deposits in current accounts and short term deposit accounts fall under this category.

4.4.2 Current Account:

Current account is an account on which cheques are drawn and to which credits are paid. It is a non interest bearing account, it is also called checking account.

This account is appropriate for both organization and person, who expects very frequent transactions with funds coming in and going out daily. The main aspects of current account are as follows:

- Any person or organization that has a legal standing in Bangladesh can open a current account.
- Current account can also be opened in the name of minors (Jointly with adults).
- Current account can be opened in joint name. Special institution is required to operate jointly opened current account. There are a couple of modes of operation for "Joint account".
- The minimum deposit that is required to open a current account is TK 50,000.
- Customers get quarterly statements in current account.
- Customer will get cheque book for current account.
- Current account for organizations (non-person) will not get ATM card. Sole proprietorships get ATM cards if the proprietor asks for it.

- There are no restrictions in transactions from current account.
- Customer can delegate his account to another person to operate the account in his absence.
- Signatures to operate the account can be changed for both organizational and individual customers.

4.4.3 Short Term Deposit Accounts:

Short-Term Deposit (STD) is a deposit vehicle that is

- Fixed interest bearing account and
- The deposit is repayable at a fixed date or at demand.

STD account is suitable for those individuals and organizations that have a substantial amount of idle funds but those funds can be called into use at any time. Any person or organization that is entitled to receiving interest in Bangladesh can open a STD account. STD accounts cannot be opened in the name of minors.

- The minimum opening balance in SCB for an STD account is BDT. 250,000. TK. 250,000 is also the minimum balance required earning interest in STD account.
- STD can be kept in 2 forms: Demand deposit and time deposit. Demand deposit are payable on demand. The time deposits are kept for a certain period and mature at the end of the period.
- There can be another type of STD which is a combination of the above. Meaning that the deposit will be kept for a minimum period after which it can be called at any day.
- The rate of interest for STD account ranges between 3% and 5%.
- Customer will get no cheque book for a STD because STD is a non-transactional.
- There is a 10% Tax on the interest on STD.

4.4.4 Time Deposits:

Deposits maintained in the time deposits or term deposits accounts can be withdrawn on the expiry of a fixed period of time only. Deposits in savings accounts, fixed deposit accounts, recurring deposit accounts (Monthly savings scheme, Millionaires) etc. are fall in this category.

4.4.5 Savings Account:

The Savings accounts are usually opened and operated by individuals to meet their future contingencies and also to enjoy the convenience of easy accessibility of money kept in savings account. Savings accounts are designed for the investment of the personal savings.

The main attributes of a savings account are as follows:

- A savings account is an account that gives interest on the deposit kept in it. This account is for individuals and non-trading entities.
- One can put his money in this account and earn interest on the idle funds and also use the funds when he needs it.
- Savings account can be opened in joint name. These are a couple of modes of operation for “joint accounts”.
- The minimum deposit that is required for opening a savings account is TK 1 lac.
- There is a **10%** tax on interest earned in Saving Account. This tax is deducted at source, meaning the bank deducts the tax before giving it to the customer.
- There is also a **Government excise duty** on the deposit/balance level of the account. The duty is calculated on the balance between January and December. This is charged annually and applied in tier.
- Customers get **quarterly statements** (every 3 months) in savings account.
- “Standing Instruction” can take care of routine payments.
- “Stop Payment” saves the customer from loss due to theft of cheque.
- Interest on Savings Account is paid on the minimum balance of a particular month. Interest is applied to the account quarterly in a year and charge applied twice in the year June and December.

4.4.6 Access Account:

Access Account is a variant of the Savings Account. Standard Chartered Bank in its continuous effort to bring more convenience to its customers started this account targeting salaried employees, students and housewives. Like savings account, it has the following attributes:

- This account is for individuals only
- There is no cheque book in this account. Therefore no cheque book related facilities are available here.
- There is no minimum balance requirement for this account. Therefore, no relationship fee and other minimum balance related charges.
- Opening balance is tk. 20,000.
- Access account can be opened in joint name. The mode of operation must be “singly”.
- There is also a **Government excise duty** on the deposit/balance level of the Account. The duty is calculated on the balance between January and December.
- Customers get **quarterly statements** (every 3 months) in Access Account.
- There are no restrictions in fund transferring for Access Account.
- If the ATM machine is out of order, customers can still withdraw money from the Branch using a cash withdrawal slip in the Banking our.

4.5 Fixed Deposit Account:

Fixed Deposit Accounts (FD) are also called time liabilities because the money is payable on the expiry of a fixed period of time only. This time period is chosen by the customer suiting his/her convenience. The rate of interest for different periods is different. This account is appropriate for both organization and individual, who expects to earn interest on a lump sum amount of money that they can keep, invested for specific time period. FD can also be opened in the name of minors.

- Individuals: Resident Bangladeshis, Non-resident Bangladeshis
- Organizations: Sole proprietorships, registered partnerships, public limited companies, private limited companies. Clubs, associations, societies, charities, nationalized organizations, autonomous bodies, NGOs.

The minimum opening balance in SCB for FD is BDT. 100,000. FD is a non transactional account. So customer will not get either debit card or cheque book. There is a 10% Tax on the interest of FD as per Bangladesh Bank's policy.

4.6 Foreign Currency Deposit Accounts:

4.6.1 Non-resident Foreign Currency Deposit (NFCD):

NFCD is an interest bearing foreign currency account. Only non-resident Bangladeshies (NRB) can open this account. NBR can open this account on their visit to Bangladesh or from abroad. NFCD Account can be opened by the following people:

- Bangladeshi nationals who are staying another country and earning foreign currencies
- Bangladeshi national serving with embassies/high commissions of Bangladesh in abroad
- Officers/ staff of government/ semi-government department/ nationalized banks or organizations are working abroad
- Employees of corporate bodies posted abroad or deputed with international and regional agencies like ADB, World Bank, IMF etc during their assignment abroad
- Shore staff of Bangladesh shipping corporation posted abroad

The Minimum Opening Balance for NFCD account is USD 1000. There are no fees and charges in NFCD account.

4.6.2 Resident Foreign Currency Account (RFCD):

RFCD is an interest bearing foreign currency account. The funds in this account are kept as time deposit. {PRIVATE} People who are residents of Bangladesh can open this account upon their return from abroad. Since it is an interest bearing account, then non-Bangladeshies cannot open this account. The Minimum Opening Balance for an RFCD account is USD 1000 or GBP 500 equivalent currency. There are no fees and charges in RFCD account.

4.7 Others Liability account:

4.7.1 Business account:

The business account is a current checking taka account through which funds can be freely deposited and withdrawn by SME. Transactional requirements of SMEs, that is, collections and payments in the form of cash, cheque, pay order, demand draft and remittances can be performed through this account.

Key features of the business account:

- ✚ Higher debit card withdrawal limit of BDT 50,000 (sole proprietor only).
- ✚ Full waiver on over the counter transaction charge.
- ✚ Free issuance of cheque books.
- ✚ Account maintenance fee is applicable for only one account.
- ✚ Documents are required to open a business account are account opening form, specimen signature card, standard terms and condition
- ✚ Mandate including Board Resolution for incorporated entities transaction profile
- ✚ Required opening balance is BDT 500,000.
- ✚ Rate of interest applicable for the business account:
 - Balance BDT 250,000-BDT 999,999 =2.5% interest
 - Balance BDT 1000,000 & above =3.75% interest.
- ✚ All product and service related charges would be applicable according to prevailing Schedule of Charges.

4.8 Asset products and services:

4.8.1 Personal Loan:

It is a loan offered to individuals for some given purpose and is to be repaid by Equal Monthly Installments (EMI).

Features of Personal Loan:

- The interest rate for personal loan is 18%
- No cash security is required
- Maximum loan installment is 60
- Minimum loan amount is 60,000 Taka
- Maximum loan amount is 1,000, 000 Taka
- Salaried employees of MNCs, large local corporate bodies, NGO's international aid agencies, UN bodies, airlines. Government employees, businessmen and self-employed professionals can also get this loan. Since no security is taken, the income of the applicant is given prime consideration.

Requirements:

- One personal guarantee
- Bank statement for last 12 months.
- Copy of trade license
- Copy of offer letter if OD A/C statement is provided.
- House renovation.
- Marriage in the family.
- Advance rental payments.
- Hospitalization or other emergency medical needs
- Trips abroad
- Higher professional or tertiary education/professional training.
- Purchase of miscellaneous household appliances.

4.8.2 Flexi loan:

Flexi loan is a partially secured loan facility given for any legitimate purpose. The can be either partially secured or fully secured. The security for the loan should be in a readily en cashable form.

The key features are:-

- This loan is repayable in equated monthly installments-EMI
- Flexi loan cannot be taken as working capital or any business purpose.
- Maximum loan installment is 60 installments
- Minimum loan amount: BDT 100,000
- Maximum Loan amount: BDT 1,200,000 for businessman & self employed professionals.
- Maximum loan amount: BDT 3,000,000 for salaried executive. Interest rates depend on readily en cashable/the clients provide cash securities. Rates are:
 - 13% annually If security value= 100% of loan amount.
 - 14% annually If security value= 50% of loan amount.
 - 15% annually If security value= 30% to 49 of loan amount.
- Processing fee: 1% of approved loan amount or BDT 2000, whichever is higher.

Purpose of this loan:

- House renovation
- Marriage in the family
- Advance rental payments
- Hospitalization or other emergency medical needs
- Trips abroad
- Higher professional or tertiary education/ professional training.
- Purchase of Miscellaneous household appliances.

4.8.3 Auto loan:

Auto loan is a fixed loan facility given for the purpose of purchasing an automobile. The loan is secured by the automobile/vehicle. Contrary to the name the customer does not automatically gets the loan. They have to go through a loan approving process.

The key features are:

- This loan is repayable in Equated monthly installments-EMI
- This automobile must be used for non-commercial purposes.
- Minimum total monthly income of an applicant should be BDT 25, 000.
- Maximum loan installment is 60 installments
- Minimum loan account: BDT 200, 000 and maximum is BDT 4,000, 000

The interest rate for auto loan:

If customer gives no security then 14% for salaried executive and businessman/self-employed professionals. If customer provides security between 30% to 49% of the car's quotation value, then interest rate will be 13.75% for salaried executive and businessmen/self-employed professionals. If customer provides security worth between 50% to 99% of the car's quotation value, then interest rate will be 13.50% for salaried executive and businessmen/self-employed professionals. If customer provides security worth 100% of the car's quotation value, then interest rate will be 13% for salaried executive and businessmen/self-employed professionals.

4.8.4 Cash line:

Cash line is a fully cash secured lending facility. It is intended to meet the emergency cash needs of the customer without unlocking his long-term investments. Fully cash secured means that customers can get this facility by pledging/lining a security that is either cash or can be very easily converted to cash. The amount of the loan is at best, can be equal to the value of the security.

Types of cash line:

1. Overdraft
2. Fixed Loan

Minimum loan amount: Tk. 80,000

Maximum loan Amount: Tk. 5,000,000

The interest rate associated with cash line are given bellow:

- Overdrafts 7.75%-12% interest rate
- Installment loans 9% -13% interest rate
- Bullet payment loans 9%-13% interest rate

The Minimum and Maximum Tenors of Cash Line:

Minimum loan tenor: 12 months

Maximum loan tenor: 60 months

4.9 Others:

4.9.1 Debit card:

We are pleased to introduce the standard chartered debit card-our nice approach to provide financial safety, security and convenience to you. The standard chartered debit card is a dual purpose card-it has the usual ATM card functionality and it can be used for making payment across nominated merchant outlets. So, customer can enjoy the freedom to pay without the hassles of carrying cash.

1. Debit card can be used at any of the ATM booth across country with all the functionality of an ATM card. Someone can withdraw cash, check account balance, pay utility bills through ATMs, etc., using the debit card. Daily cash withdrawal limit for debit card will remain same as the present limit of ATM card.
2. With the debit card, user can pay for purchases at more than 1000 merchant establishments (accepting Visa Electro logos) directly from his/her accounts.
3. There are no interest related charges for using the debit card.
4. A debit card will help user to have a better control over his/her expenses, as spending on the debit card will be limited to the balance in his/her account.

4.9.2 Credit card:

A credit card is a piece of plastic used for purchasing goods & services and for obtaining cash disbursements on credit terms.

Key features are:

1. It is an unsecured credit, i.e. credit without collateral or security.
2. Each cardholder is assigned a revolving credit limit by issuing financial institution. Cardholders can purchase goods/services up to the credit limit and can re-use the credit facility upon repayment.
3. The cardholder is billed periodically (usually monthly) for repayment of the credit extended. The transactions during the period are summarized in the bill.
4. Credit card allows partial payments for purchases, but charges interest on the amount owed. Interest rates are traditionally higher than those charged on consumer loans. Cardholders can pay outstanding in full to avoid interest payments.
5. Credit card is a safer substitute to cash and is the major mode of payment worldwide.

Product range of standard chartered credit card:

Local card:

- Visa Silver
- Master Card Silver
- Master Card Gold
- Master Card Cricket
- Master Card Platinum

International Card:

- Visa Silver
- Visa Gold
- Visa Platinum

Product Differentiation:

Gold Card, Silver Card, Platinum & Cricket Card

| Eligibility Criteria | Silver Card | Cricket Card | Gold Card | Platinum Card |
|--|--------------|--------------|---------------|---------------|
| Minimum Required Income | BDT 10,000/- | BDT 10,000/- | BDT 55,000/- | BDT 100,000/- |
| Credit Limited Range | | | | |
| Minimum Credit Limit | BDT10,000/- | BDT10,000/- | BDT10,0000/- | BDT30,0000/- |
| Maximum Credit Limit | BDT 90,000/- | BDT 90,000/- | BDT 300,000/- | BDT 500,000/- |
| Fees/Charges | | | | |
| Half yearly fee | BDT 1750/- | BDT 1750/- | BDT 1750/- | BDT 2500/- |
| Supplementary Card Fee | BDT 1000/- | BDT 1000/- | BDT 2000/- | BDT 2500/- |
| Late Fee/Over Limit fee/ Replacement fee | BDT 200/- | BDT 200/- | BDT 500/- | BDT 500/- |

4.9.3 Gift card:

Value Range:

- 1000-5000, fee 300 Tk+15% VAT
- 5001-20000, fee 500 Tk+15% VAT
- 20001-50000, fee 800Tk+15% VAT
- 50001-100000, fee 1000 Tk+15% VAT

Type of Gift Cards:

1. Birthday
2. Appreciation
3. Any occasion
4. Wedding, Anniversaries, Special occasion, Valentines day.

It can be replaced if lost or stolen.

4.9.4 Travel card:

Key features:

- A prepaid visa card issued by standard chartered bank against travel quota entitlement.
- A convenient alternative to cash foreign currencies and travellers' cheques
- Attractive card design
- Minimum value is US \$100 and Maximum is US \$1,000 for SAARC (& Myanmar) countries and US 3,000 for non-SAARC countries.
- Can be used to withdraw money at over 850,000 Visa ATMs worldwide.
- Can be used at over 13 million outlets across the global that accepts VISA card online.

- Anyone above 18 can purchase travel card.
- Non need to maintain account/card with SCB
- Can be used multiple times until spending value is exhausted.

| Free type | Free Amount |
|------------------------|-------------|
| Cash withdrawal fee | USD 2 |
| Card replacement free | USD 5 |
| PIN replacement free | USD 5 |
| Pay-order issuance fee | USD 10 |
| Statement request fee | USD 5 |
| Pre-closure fee | USD 10 and |

Note: 15% VAT will be added to the fees/charges (excluding cash withdrawal fee)

4.10 Mortgage loan:

Product Knowledge:

- **Home Loan:**
 - Purchasing dwelling for residential purpose
- **Home Credit:**
 - Loan for house renovation, extension, face up-lift, finishing work
- **Take over:**
 - Housing/ House renovation loan of other financial institutions. Maximum 20% to be credited in a/c within DBR & LTV.

Income:

- Minimum aggregate income BDT 25k whereas one of the applicants must have minimum income of BDT 20k
- Minimum individual income (GOB employees): BDT 12k
- In case of multiple applicant, minimum BDT 5k required for aggregation.

Age:

- **Minimum age:** Primary applicant/co-borrower-25 years.
- **Minimum Age :** Co applicant 21 years
- **Maximum age:**
 - Salaried individuals: 65 years or retirement age (whichever is earlier) at the end of loan tenor
 - Self-employed: 65 years at the age of loan tenor
 - Wage earners: 60 years at the time of underwriting

Loan amount:

- **Salaried/self-employed professionals:**
 - Two mortgage loans, maximum BDT 7.5 million, minimum BDT 500k
- **Business entity:**
 - Max 2 loans per entity, maximum exposure BDT 12 m, minimum BDT 500 k.

Tenor:

- **Home Loan:**
 - Salaried individuals & self employed professionals: 180 months
 - Business persons: 144 months
 - Wage earners : 180 months
- **Home Credit:**
 - Salaried individuals 180 months
 - Self employed professionals: 144 months
 - Business persons: 120 months
 - Wage Earners: 120 months

To apply for a loan:

- Bank statement
- Copy of photo ID
- Copy of TIN certificate
- Letter of Introduction in SCB format (if salaried)
- Photocopy/ original pay slip
- Copy of MoA, AoA, trade license (for business persons)
- Copy of loan sanction letter (if applicable)
- Letter of allotment (issued by the developer) or Copy of Registered Deed of Agreement for sale (between the buyer and the developer)
- Certificate of professional degree (Example MBBS)
- Certificate of membership with respective professional association.

Interest rate:

- Currently fixed rate — 14.25% (Home 100m)

Processing fee:

- 14.85% (flat)

4.11 Best product, Business Installment Loan:

This product is the best product of this branch. This branch is the best seller for this product out of all branches of the world in 2006 and going to be again in 2007 (based on the current performance of this product).

Product statement:

The product statement of this product is:

We make your dream true.

Easy steps:

Following steps are followed:

1. What:

BIL is a term loan facility. The loan can be either partially secured or fully secured. Term loan is one of the oldest form of banking products, where the bank lends a customer a principal fund and the customer pays off the loan (principal + interest) periodically. For BIL this periodical payment is monthly called EMI (Equal Monthly installments). A customer can avail BDT 1200K to 5000K of BIL subject to approval of credit.

A new customer must provide 50% of the approved BIL amount as cash security in the form of a FDR with SCB. For old customers the security requirement is 30%.

New = A customer not having 12 month unsecured repayment history with SCB.

Old = A customer having 12 month unsecured repayment history with SCB.

BIL can be offered for 12, 24, 36, 48 and 60 months tenor, where 60 and 48 being the most common tenor.

BIL interest rates are a function of the tenor and the % of security provided against the loan.

| Interest rates Tenor | Security | |
|-------------------------|----------|-------|
| | 50% | 30% |
| 12-36 Months | 15.0% | 15.5% |
| 48-60 months | 16.0% | 16.5% |

30% secured BIL can be offered at maximum 48 months tenor.

2. Who:

Entity wise : Any proprietorship, partnership or private limited company

Experience wise : 3 years business experience

Banking wise : Must have a 12 month relationship with us or any other banks with in the designated cleaning zones (Dhaka. CTG and places of SCB Branch presence)



3. How: Documents that customers should provide to apply for BIL:

| Documents | Proprietorship | Partnership | Pvt. Ltd. Co. |
|---|----------------|-------------|---------------|
| TIN certificate | Y | Y | Y |
| Valid trade license | Y | Y | Y |
| 3 years old trade license | Y | Y | Y |
| 3 years old utility bill of the business | Y | Y | Y |
| Photo ID of the business owners | Y | Y | Y |
| 12 month bank statement | Y | Y | Y |
| Partnership deed | N/A | Y | N/A |
| Memorandum & article of incorporation, form X and XII | N/A | N/A | Y |
| Certificate of incorporation | N/A | N/A | Y |
| Board/ partnership resolution | N/A | Y | Y |

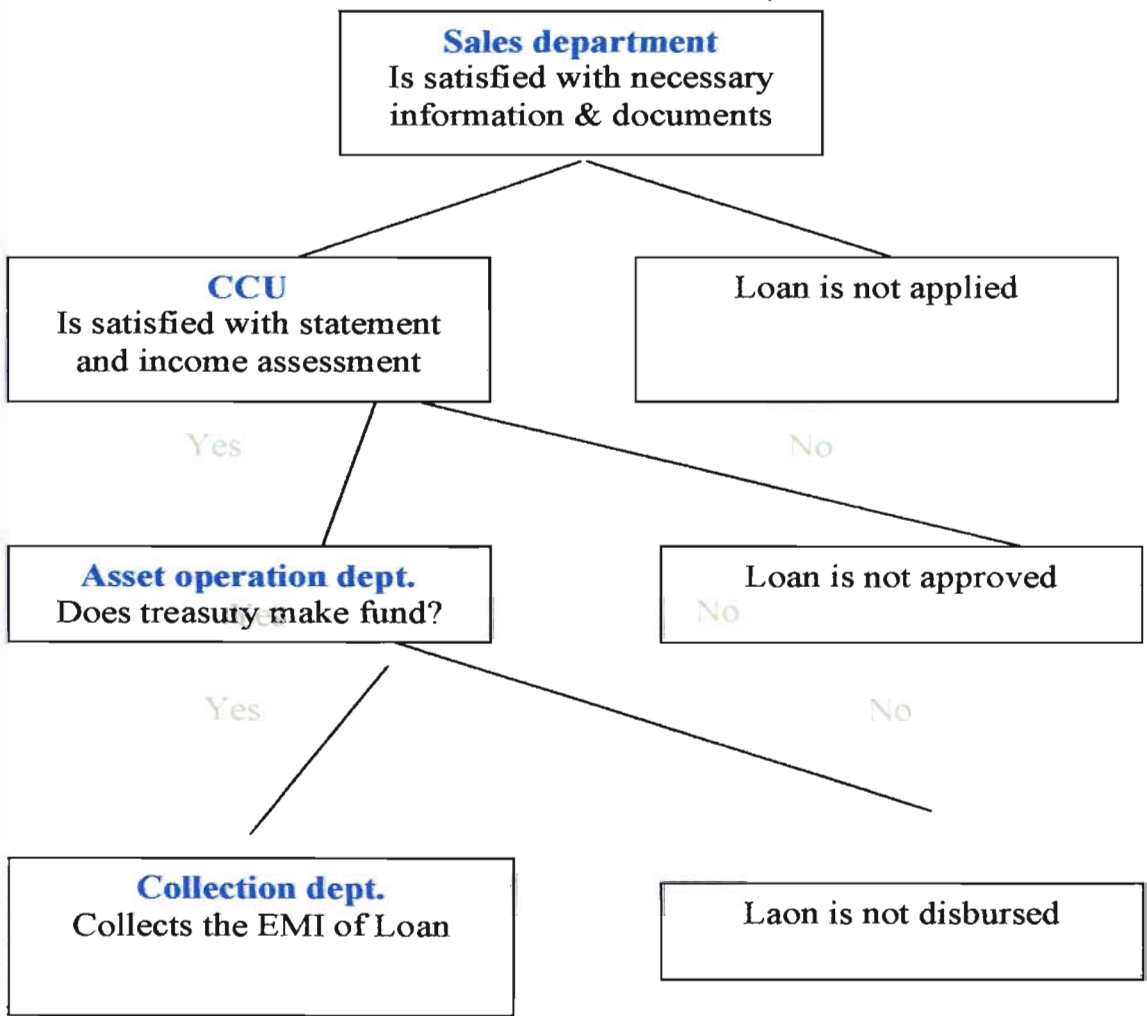
A processing fee is 1% of the BIL amount. 15% vat on the processing fee which is payable to the government. A stamp charge for the security documentation, which is about BDT 500 only.

BIL with 4 departments:

Following departments are concerned with BIL loan application to loan collection:

- i) Sales department
- ii) CCU
- iii) Asset operation department
- iv) Collection department

These departments perform their functions consecutively. It can be shown as a flow chart:-



Functions of 4 department:

Sales department:

- Communicate & inform customers about loan products
- Collect all required documents for the particular loan product
- Evaluate information and documents
- Apply for loans on behalf of clients
- Transfers all papers to CCU.

CCU:

- Make bank statement analysis
- Assess the monthly income of client.

- Match the information provided by customer with valid documents (for example: passport, driving liscence)
- Field verification to justify the information.
- Submit report for information validity. If they safisfied with information and documents then they approve loan with necessary couditions, if necessary.
- Transfer all papers to the branch which applied for loan on behalf of client. Then that particular branch collects UDC, PDC from customer, fill up the disbursement kit and delivery all documents to asset operation department.

Asset Operation department:

- Match all information with the system.
- Verify customer signature.
- Collects and provides all papers to examine. If adequate fund is available then the loan is disbursed.

Collections departments:

After the disbursement of loan this department transfers all PDC to the branch, Dhanmondi Road-8, Collection department. Collects the amount of PDC monthly at any one of the date:

1st / 8th / 16th / 25th of each month

4.12 Special Services (ISLAMIC BANKING):

Standard Chartered's Islamic Banking operations are supervised by an independent Shariah Supervisory Committee. The Committee regularly reviews and appraises the products and transactions structured by Standard Chartered's Islamic Banking. The Committee currently comprises three of the world's most renowned and respected scholars on Islamic Banking, they are:

- **Dr. Abdul Sattar Abu Ghuddah**
- **Sheikh Nizam yaqubi**
- **Dr. Mohamed Ali Elgari**

Moreover, Standard Chartered's Saadiq Bangladesh is also a member of the Central Shariah Board for Islamic Banks of Bangladesh.

4.12.1 Islamic Concepts for Different Saadiq Schemes:

4.12.1.1 Qard (Saadiq Current Account):

The Saadiq Current Account allows customers to transact frequently. The process is flexible and convenient. Customers can be sure that their funds will only be used in a Shariah compliant manner. There are no interest related charges on their Saadiq Current Account. Account opening amount is TK 50,000, not profit bearing account, regular Statement available, cheque book also available, Debit Card is available upon request.

4.12.1.2 Mudaraba (Saadiq Savings Account):

If the customers want to save, earn profit, enjoy modern banking facilities and want to keep the money grow. Saadiq Savings Account is the correct solution. The product is based on the Mudaraba concept. The bank places the deposited funds in its pool of Shariah compliant assets. The profits from these Islamic assets are shared between them and the bank. Profit is calculated on the average monthly balance maintained in the accounts. Hence the more they save, the higher profit they can earn. Account opening amount is TK 100,000, profit bearing account, Statement and Debit Card is available upon request.

4.12.1.3 Saadiq Term Deposits Account:

The Saadiq Term Deposits Account offers the potential to earn healthy returns on the customers' investment without compromising on their beliefs. If they are short term investor and want to maximize return on the well-merited funds then Saadiq Term Deposits Account is the right product. The product is based on the Mudaraba concept. The profit sharing weightages are assigned based on the various tenures available under this product between the customers and the bank. Longer the returns, the higher the profit sharing weightage with better chances of higher returns. However, they need to have either an operable Saadiq Savings or Current account with us to avail the benefits of this scheme. Account opening amount TK 100,000, this account available in local currency, maximum 1 year tenure, Auto Renewal option is available.

4.12.2 Diminishing Musharaka (Saadiq Auto Finance) :

The concept of Diminishing Musharaka or Partnership is the principal on which the Saadiq Auto Finance is based on. It is a widely accepted Islamic financing mode based on a rental and principal component structure. The consumer and the bank purchase the vehicle in a partnership agreement where the consumer has full use of the vehicle. The consumer pays rent to the bank for the bank's share in the car and also gradually buys the bank's share by paying monthly installments. At the end of the tenure the car becomes the sole of the consumer.

4.12.3 Murabaha (Saadiq Personal finance):

The bank purchases tangible goods and sells them to the consumer by adding a profit. The consumer pays the bank in equal monthly installments over a specified period of time.

4.12.4 Ujrah (Saadiq Credit Card):

The Ujrah concept is the soul of this product. The customer is not charged variable payment based on the utilization of the card. Rather the customer pays a fixed monthly fee irrespective of outstanding balance amount of enjoying the services and convenience of the card.

4.12.5 Hire Purchase under Sheerkatul Melk (Saadiq Home Finance):

This concept is based on a rental and principal component structure. Sheerkatul Melk is a form of co-ownership in which the bank and the customer share the ownership of a tangible asset in an agreed proportion. The customer buys his/her share in periodic installments to fully purchase the bank's share and become the free and clear title owner of the property.

4.12.6 Saadiq Banking Services:

- **24- Hour Call Centre:** 24- Hour contact centre is designed to provide one-stop solution for customers banking needs – any day, any time!
- **ATMs (Automated Telling Machine):** With Standard Chartered Saadiq debit card, customers don't have to carry around any more. Customers can use Debit Card to Withdraw cash at more than 300 ATMs across Bangladesh.
- **iBanking** :iBanking (Internet Banking) allows customers to Bank from anywhere, anytime with total security and confidentiality. In iBanking, customers can enjoy a range of services including balance enquiry, viewing/downloading statements and many more with absolutely free!
- **BillsPay Centres:** At Standard Chartered committed to providing customers with greater convenience. Now have 24-hour BillsPay Machines for the customers in of the bank's branches. Customers can make deposits into their Account or Credit card. And also pay utility bills.
- **SMS Banking:** By the help of SMS banking now customer can know the current status of the account and Credit card of their mobile phone (Applicable for Banglalink, Grameenphone, AKtel and Citycell subscribers) simply through an SMS. Customers will also receive a mini statement of their card or account and the month end balance of account every month, absolutely free!
- **E- Statements:** Standard Chartered has designed a unique system that enables customer to receive monthly Credit Card/Account Statement via e-mail. And all need do to get stated is an e-mail address. This fast, reliable and efficient service minimizes customers paperwork and maximizes their convenience, Absolutely free!

Chapter - 5

5.0 - An Overview of Financial Performance of SCB

An Overview of the Financial Performance of SCB

5.1 SCB's priorities in 2009

Standard Chartered Bank's expect 2009 to be a year of continued economic turbulence with global recessionary conditions. Against this backdrop they believe the maintenance of a liquid, conservative and well diversified balance sheet is the best way to sustain the Group and serve our customers. They will pace investments and discretionary expenditure through the year

- Wholesale Banking will continue with disciplined execution of the existing client focused strategy with effective management of capital, liquidity and risk
- Consumer banking will continue to undergo significant repositioning, diversifying income streams and accelerating the transition to an increasingly customer-centric model

5.2 Group summary

The Group has delivered another strong performance for the year ended 31 December 2008. Operating profit rose 13 per cent to \$4,568 million, with operating income increasing 26 per cent to \$13,968 million.

The normalized cost to income ratio was 56 per cent, flat to 2007. Normalised earnings per share increased by one per cent to 174.9 cents. In what has been a difficult year for the financial sector, the Group has focused on balance sheet management as a key priority. There has been a focus on maintaining a liquid balance sheet and the efforts of both Wholesale Banking and Consumer Banking to raise deposits have driven an improvement in the asset to deposit ratio of the Group to 75 per cent at the end of 2008, from 86 per cent at the end of 2007. The Group remains a net lender into the inter bank market. The capital position of the Group was further strengthened by a rights issue completed in December 2008 and the Core Tier 1 ratio of 7.6 per cent is up from 6.6 per cent at the end of 2007. The quality of the asset portfolios positions the Group well for

2009. The Group has tightened underwriting criteria, invested in collections capacity and tightened control processes. Whilst some deterioration in asset quality was seen in the latter months of the year, the quality of the customer assets is good. Expenses

remain under control. In the face of difficult trading conditions, Consumer Banking has been restructuring, reducing headcount while investing in distribution and product capabilities.

Wholesale Banking, even though it has had a very strong year, has also shown a disciplined approach to expenses, reducing its costs in the second half of the year. The Group's balance sheet, capital resources and expense base have been positioned to face what is a challenging outlook. The Group remains resilient and open for business. The early part of 2008 was characterised by strong economic growth across the Group's key markets, driven by strong regional trade flows, with the Middle East benefiting from high oil prices. In the middle of the year, increasing fuel and food prices heightened concerns over rising inflation, with a number of countries taking pre-emptive action to raise interest rates and moderate inflationary pressures. The last few months of 2008 witnessed severe disruption in financial markets including a significant deterioration in international trade flows and a fall in confidence across much of the world. This has already prompted

5.3 Banking Risk and Management

The risk lies at the heart of Standard Chartered bank's business. One of the main risks the Group incurs arises from extending credit to customers through its trading and lending operations. Beyond credit risk, it is also exposed to a range of other risk types such as country, market, liquidity, operational, regulatory, pension and reputational risks which are inherent to Standard Chartered's strategy, product range and geographical coverage.

5.3.1 Credit risk

Credit risk is the risk that the counterparty to a financial transaction will fail to discharge an obligation, resulting in financial loss to the Bank. Credit exposures may arise from both the banking book and the trading book. Credit risk is managed through a framework which sets out policies and procedures covering the measurement and management of credit risk. There is a clear segregation of duties between transaction originators in the businesses and approvers in the Risk function. All credit exposure limits are approved within a defined credit approval authority framework.

5.3.2 Country risk

Country risk is the risk that the Group will be unable to obtain payment from its customers or third parties on their contractual obligations as a result of certain actions taken by foreign governments, chiefly relating to convertibility and transferability of foreign currency. The GRC is responsible for the Group's country risk limits and delegates the setting and management of the country limits to the Group Country Risk function. The business and country chief executive officers manage exposures within these limits and policies. Countries designated as higher risk are subject to increased central monitoring.

5.3.3 Market risk

Standard Chartered recognizes market risk as the risk of loss resulting from changes in market prices and rates. The Group is exposed to market risk arising principally from customer-driven transactions. The objective of the Group's market risk policies

and processes is to obtain the best balance of risk and return whilst meeting customers' requirements. The primary categories of market risk for Standard Chartered are:

- Interest rate risk: arising from changes in yield curves, credit spreads and implied volatilities on interest rate options;
- Currency exchange rate risk: arising from changes in exchange rates and implied volatilities on foreign exchange options;
- Commodity price risk: arising from changes in commodity prices and commodity option implied volatilities; covering energy, precious metals, base metals and agriculture; and
- Equity price risk: arising from changes in the prices of equities, equity indices, equity baskets and implied volatilities on related options.

5.3.4 Value at Risk (VaR)

The Standard Chartered bank's measures the risk of losses arising from future potential adverse movements in market rates, prices and volatilities using a VaR methodology. VaR, in general, is a quantitative measure of market risk which applies recent historic market conditions to estimate the potential future loss in market value that will not be exceeded in a set time period at a set statistical confidence level. VaR provides a consistent measure that can be applied across trading businesses and products over time and can be set against actual daily trading profit and loss outcome.

5.3.5 Hedging

The Group uses futures, forwards, swaps and options transactions in the foreign exchange and interest rate markets to hedge risk. The Standard Chartered bank's occasionally hedges the value of its foreign currency denominated investments in subsidiaries and branches. Hedges may be taken where there is a risk of a significant exchange rate movement but, in general, management believes that the Group's reserves are sufficient to absorb any foreseeable adverse currency depreciation. The effect of exchange rate movements on the capital risk asset ratio is partially mitigated by the fact that both the underlying net asset value of these investments and the risk weighted value of assets and contingent liabilities follow broadly the same exchange rate movements.

5.3.6 Liquidity risk

Liquidity risk is the risk that the Standard Chartered bank's either does not have sufficient financial resources available to meet all its obligations and commitments as they fall due, or can only access these financial resources at excessive cost. It is the policy of the Group to maintain adequate liquidity at all times, in all geographic locations and for all currencies, and hence to be in a position to meet all obligations as they fall due. The Group manages liquidity risk both on a short-term and medium term basis. In the short-term, the focus is on ensuring that the cash flow demands can be met through asset maturities, customer deposits and wholesale funding where required.

5.3.7 Operational risk

Operational risk is the risk of direct or indirect loss due to an event or action resulting from the failure of internal processes, people and systems, or from external events. Any of these risks could result in an adverse impact on the Group's financial condition and results of operations. The Standard Chartered bank's seeks to ensure that key operational risks are managed in a timely and effective manner through a framework of policies, procedures and tools to identify, assess, monitor, control and report such risks. The Group Operational Risk Committee (GORC) oversees the management and assurance of operational risks across the Group. The GORC is also responsible for ensuring adequate and appropriate policies and procedures are in place for the identification, assessment, monitoring, control and reporting of operational risks.

5.3.8 Regulatory risk

Regulatory risk includes the risk of loss arising from a failure to comply with the laws, regulations or codes applicable to the financial services industry. The Regulatory Risk function within Group Compliance & Assurance is responsible for developing and maintaining an appropriate framework of regulatory compliance policies and procedures. Compliance with such policies and procedures is the responsibility of all employees and is monitored by the Compliance & Assurance function. The Group Regulatory Risk and Compliance Committee reviews and

approves the Group's Regulatory Compliance standards and monitors key regulatory risks across the Group.

5.3.9 Reputational risk

Reputational risk is the risk of failure to meet the standards of performance or behaviours mandated by the Group and expected by stakeholders in the way in which business is conducted. It is Group policy that, at all times, the protection of the Group's reputation should take priority over all other activities, including revenue generation. Reputational risk will arise from the failure to effectively mitigate one or more of country, credit, liquidity, market, regulatory and operational risk. It may also arise from the failure to comply with social, environmental and ethical standards. All employees are responsible for day-to-day identification and management of reputational risk. From an organizational perspective the Group manages reputational risk through the Group Reputational Risk and Responsibility Committee (GRRRC) and at country level through country management committees. The GRRRC is responsible for alerting the Group to emerging or thematic reputational risks; for seeking to ensure that effective risk monitoring is in place for reputational risk; and for reviewing the mitigation plan for any significant reputational risk that arises.

5.3.10 Pension risk

Pension risk is the risk to the Group caused by its obligations to provide pension benefits to its employees. Pension risk exposure is not concerned with the financial performance of the Group's pension schemes themselves, rather the focus is upon the risk to the Group's financial position which arises from the Group's need to meet its pension scheme funding obligations. The risk assessment is focused on the Group's obligations towards its major pension schemes, ensuring that its funding obligations to these schemes is comfortably within the financial capacity of the Group. Pension risk is monitored on a quarterly basis, taking account of the actual variations in asset values and updated expectations regarding the progression of the pension fund assets and liabilities. The Pensions Executive Committee is the body responsible for governance of pension risk and it receives its authority directly from the court.

5.3.11 Tax risk

Tax risk is any uncertainty of outcome regarding the Group's tax position. The Group manages tax risk through the Tax Management Committee (TMC), which receives its authority from the GALCO. Tax risks are identified at both a country and a Group level; significant tax risks identified in this way, and mitigating action both planned and taken, are reported to the TMC, GALCO and GORC on a quarterly basis.

5.3.12 Risk Management Framework

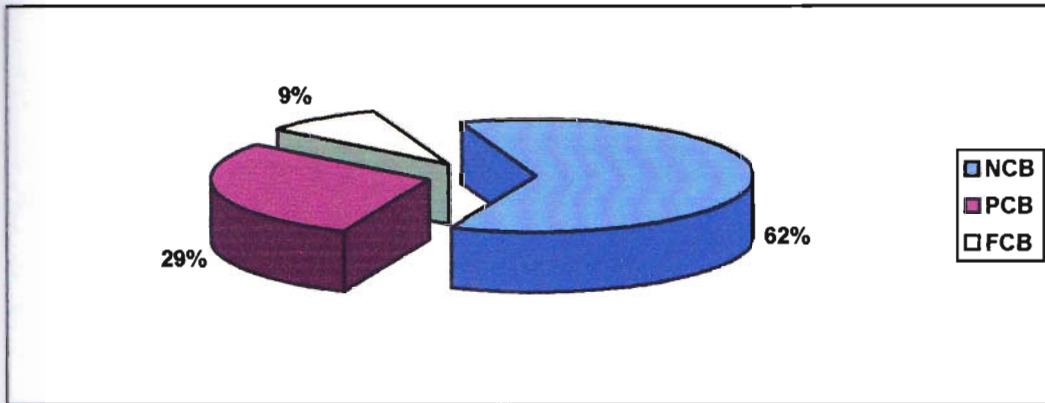
Effective risk management is fundamental to being able to generate profits consistently and sustainably – and is thus a central part of the financial and operational management of the Group. Through its risk management framework the Group manages enterprise-wide risks, with the objective of maximizing risk adjusted returns while remaining within its risk appetite. As part of this framework, the Group uses a set of principles that describe the risk management culture the Group wishes to sustain:

- **Balancing risk and reward:** risk is taken in support of the requirements of the Group's stakeholders, in line with the Group's strategy and within its risk appetite;
- **Responsibility:** it is the responsibility of all employees to ensure that risk-taking is disciplined and focused. The Group takes account of its social, environmental and ethical responsibilities in taking risk to produce a return;
- **Accountability:** risk is taken only within agreed authorities and where there is appropriate infrastructure and resource. All risk-taking must be transparent, controlled and reported;
- **Anticipation:** the Group looks to anticipate future risks and maximise awareness of all risks; and
- **Competitive advantage:** the Group seeks competitive advantage through efficient and effective risk management and control.

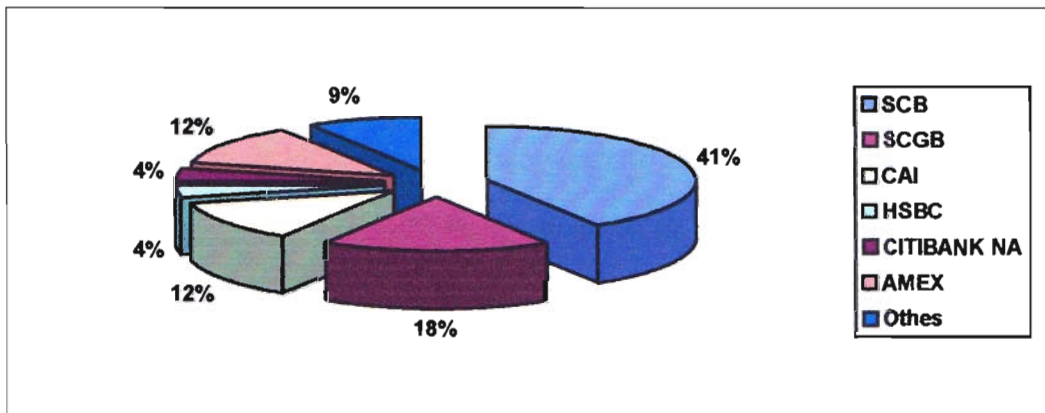
5.4 Industry Analysis and standard Chartered Bank's Competitive Position:

I have analyzed the performance of nationalized commercial banks (NCB), private commercial banks (PCB) and foreign commercial banks (FCB) operating in our country in terms of deposits and advances performance (holding market share) in the following figures:

Graph No. – 04-05



Deposits as of 31st March 2006 for NCB, FCB and PCB



Total Deposits in Different FCBs

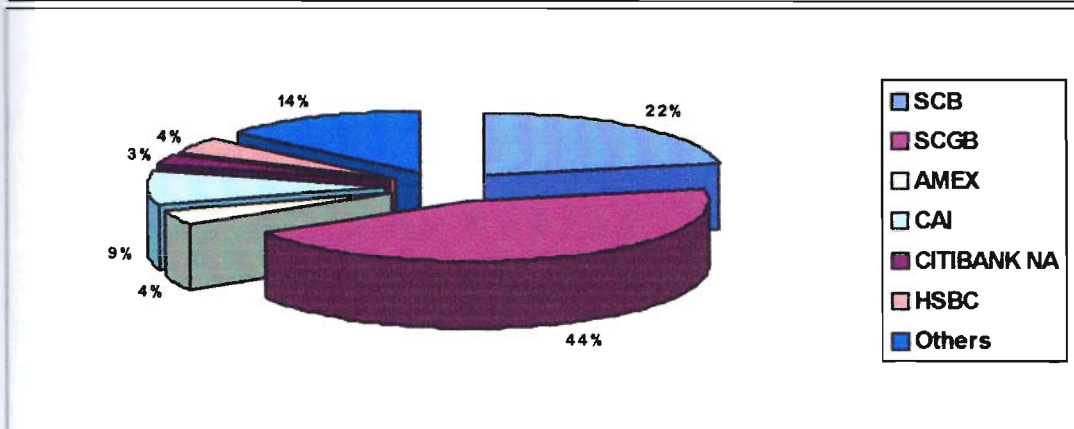
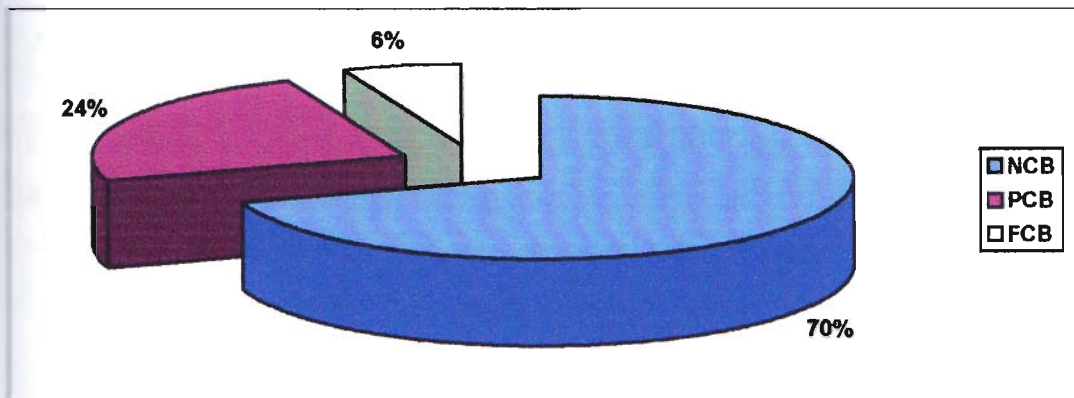
Source: Schedule Bank Statistics

From the above statistics we see that FCBs hold only 9% of the total deposits available in the market. But however of these 9% SCB and SCGB jointly command 59% of the deposits. With the integration of these two banks. Standard Chartered Group will offer more innovative and diversified personal as well as retail banking services that will ultimately attract more deposits.

5.5 Performance (holding market share) in terms of advances is presented in the following figure:

Advances Made by FCB, PCB and NCB as of 31 March 2005

Graph No. – 06-07



Percentage of Advances Made by Different FCBs

Source: Schedule Bank Statistics

In terms of advances made, Standard Chartered group also holds the leading position among the FCBs. Together they make 66% of the total advances extended by the FCBs. However after the acquisition of SCG by SCB, the portfolio of SCB is going through rigorous scrunitization. Consequently, the facilities provided to those clients will be sold to other banks of SCB will bring the outstanding result in these accounts to nil gradually. The advances made to the client will also decline resultantly.

I have chosen two nationalized commercial banks such as Agrani Bank and Janata Bank, two private commercial banks such as City Bank and Prime Bank, and one foreign bank named Standard chartered Bank in order to do the industry analysis. In this report, I have compared the total shareholders equity and total assets of all these five banks for some years.

The total Shareholders equity of Janata Bank, Agrani Bank and Standard Chartered Bank in the yeas of 2005 and 2006 has been shown separately in the following table.

The Total Shareholders' Equity of Agrani Bank, Janata Bank and Standard Chartered Bank in the Years of 2005 and 2006.

Table-1

| Name of the Bank | Total Shareholders' Equity (in Taka, cr.) | |
|-------------------------|--|---------------|
| | Year 2005 | Year 2006 |
| Agrani Bank | 3,017,720,822 | 3,253,092,422 |
| Janata Bank | 3,125,235,431 | 3,133,624,188 |
| Standard Chartered Bank | 1,058,891,891 | 1,224,998,886 |

Source: Schedule Bank Statistics

We find that the total capital of shareholders' equity is significantly less for Standard Chartered Bank compared to the total capital or shareholders' equity of Janata Bank and Agrani Bank in the years of 2005 and 2006.

The total shareholders' equity in the years of 2004 and 2005 for City Bank, Prime Bank and Standard Chartered Bank has been shown separately in the following table.

The total shareholders' equity of City Bank, Prime Bank and Standard Chartered bank in the Years of 2005 and 2006

Table-2

| Name of the Bank | Total Shareholders' Equity (in Taka, cr.) | |
|-------------------------|---|---------------|
| | Year 2005 | Year 2006 |
| City Bank | 423,119,640 | 503,119,640 |
| Prime Bank | 897,000,729 | 1,261,433,233 |
| Standard Chartered Bank | 423,119,640 | 503,119,640 |

Source: Schedule Bank Statistics

We find that the total capital or shareholders equity is lower for Standard Chartered bank compared to the total shareholders equity of Prime Bank in the years of 2004, 2005 and the total capital or shareholders equity is equal for Standard Chartered bank compared to the total shareholders equity of City Bank in the years of 2004 and 2005.

Total assets of Agrani Bank, Janata Bank, and Standard Chartered Bank in the years of 2005 and 2006 have been shown separately in the following table.

Total assets of Agrani Bank, Janata Bank and Standard Chartered Bank in the years of 2005 and 2006.

Table-3

| Name of the Bank | Total Assets (in Taka, cr.) | |
|-------------------------|-----------------------------|-----------------|
| | Year 2005 | Year 2006 |
| Agrani Bank | 114,249,553,111 | 123,262,947,481 |
| Janata Bank | 116,468,993,963 | 128,567,889,759 |
| Standard Chartered Bank | 13,568,511,854 | 16,086,573,324 |

Source: Schedule Bank Statistics

The Total Assets of City Bank, Prime Bank and Standard Chartered Bank in the years of 2005 and 2006 have been shown separately in the following table:

The total Assets of City bank prime bank and Standard Chartered bank in the Years of 2005 and 2006

Table- 4

| Name of the Bank | Total Assets (in Taka, cr.) | |
|-------------------------|-----------------------------|----------------|
| | Year 2005 | Year 2006 |
| City Bank | 17,208,058,373 | 20,726,350,021 |
| Prime Bank | 12,845,859,469 | 15,736,942,503 |
| Standard Chartered Bank | 16,086,573,324 | 21,968,329,919 |

Source: Schedule Bank Statistics

We can find that the total assets of Standard Chartered Bank are significantly higher than the total assets of Prime Bank. But the total assets of City Bank was little higher than the total assets of Standard chartered bank in the year 2004 and again in the year 2005, the total assets of Standard Chartered Bank became higher than the total assets of City Bank.

Financial Analysis of the Standard Chartered Bank:

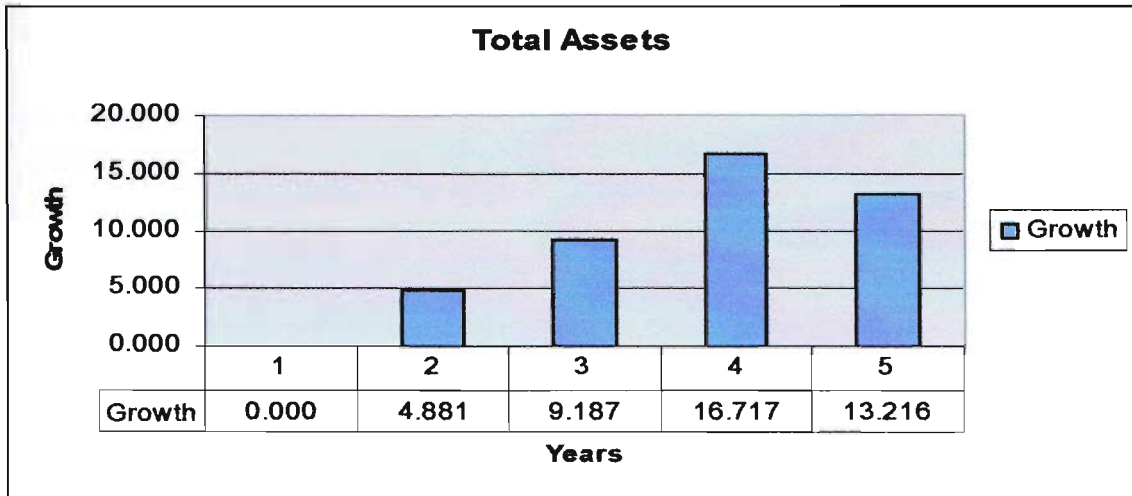
To make the financial analysis I take five years data from 2004-2008 from the annual report on Standard Chartered Bank.

5.6 Total Assets of the Standard Chartered Bank:

Table No. – 5

| Particulars/ Years | Total Assets of SCB (Tk) | Growth (%) |
|-----------------------|--------------------------|------------|
| 2004 | 69,592,891,386 | 0.000 |
| 2005 | 72,989,842,491 | 4.881 |
| 2006 | 79,695,486,267 | 9.187 |
| 2007 | 93,017,920,427 | 16.717 |
| 2008 | 105,311,120,392 | 13.216 |

Graph No. - 08



It was revealed through documents study that the total asset of the SCB has been increased about 50 per cent from the base year 2004 to year 2008. The graph shows a regular increase in total asset with an average growth of 10% which is fairly good performance of the organization. The highest growth in 2007 which is close to 17% was due to opening of a number of new branches.

5.7 Total Contingent Liabilities of the Standard Chartered Bank:

Table No. – 6

| Particulars/ Years | Total Contingent Liabilities of SCB (Tk) | Growth (%) |
|-----------------------|--|------------|
| 2004 | 25,068,592,491 | 0.000 |
| 2005 | 28,835,729,599 | 15.027 |
| 2006 | 25,007,864,002 | -13.275 |
| 2007 | 29,129,678,242 | 16.482 |
| 2008 | 30,396,111,095 | 4.348 |

Graph No. - 09



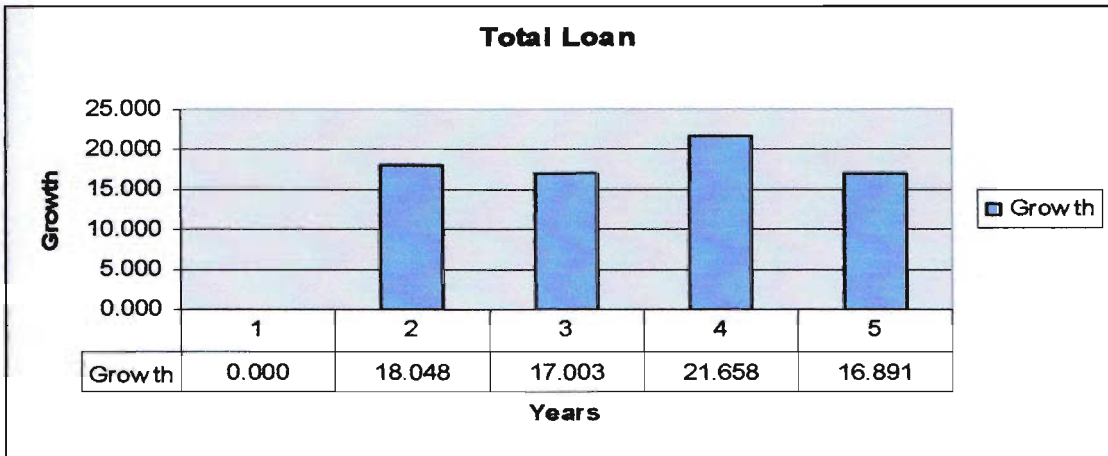
Total Contingent Liabilities table shows the contract or underlying principal amounts and risk weighted amounts of un-matured off-balance sheet transactions at the balance sheet date. The contract or underlying principal amounts indicate the volume of business outstanding and do not represent amounts at risk. The risk weighted amounts have been calculated in accordance with the FSA guidelines implementing the Basel Accord on capital adequacy. Total contingent liabilities of the SCB was 2500 core taka in 2004 its increases every year in 2008 it's reached 3000 core. Average growth is 10%, but in 2006 had been negative growth and it was -13.28%. The growth is not stable every year it's fluctuates every year.

5.8 Total Loans and Advances of the Standard Chartered Bank:

Table No. – 7

| Particulars/ Years | Total Loans and Advances of SCB (Tk) | Growth (%) |
|-----------------------|--------------------------------------|------------|
| 2004 | 34,298,592,322 | 0.000 |
| 2005 | 40,488,655,214 | 18.048 |
| 2006 | 47,373,100,365 | 17.003 |
| 2007 | 57,633,308,749 | 21.658 |
| 2008 | 67,368,098,567 | 16.891 |

Graph No. - 10



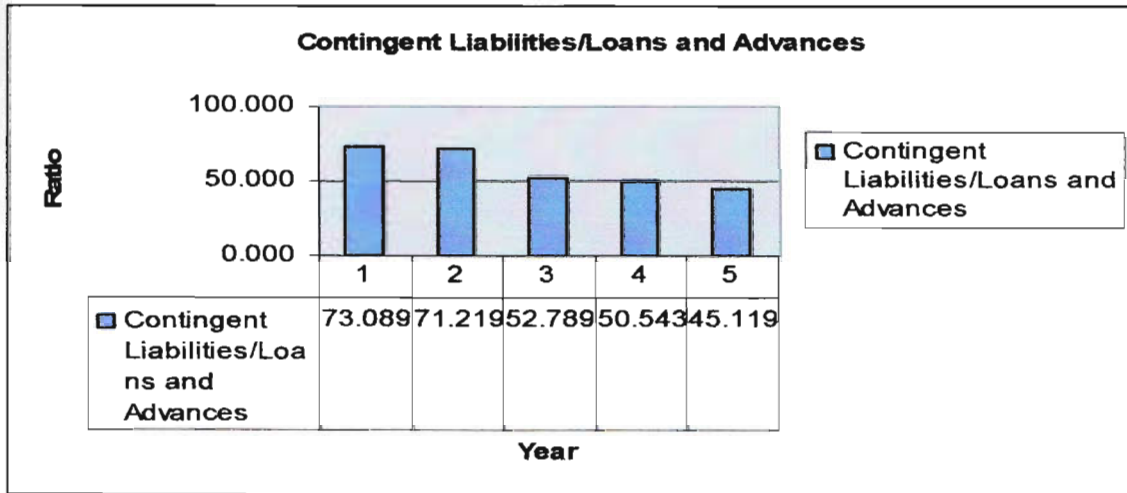
Total Loans and Advances of SCB was only 3430 core taka in 2004. It's reached close to double 6737 core taka in 2008. Every year amount of total Loans and Advances increases 16-22%. Highest growth of total loans and advances was in 2007 and the growth was 21.65% or 5763 core taka. In 2008 the growth of total loan and advances was little bit low compare to previous year 2007.

5.9 Contingent Liabilities/ Total Loan and Advances:

Table No. – 8

| Particulars/ Years | Total Contingent Liabilities of SCB (Tk) | Total Loans and Advances of SCB (Tk) | Contingent Liabilities/Loans and Advances |
|-----------------------|---|--|---|
| 2004 | 25,068,592,491 | 34,298,592,322 | 73.089 |
| 2005 | 28,835,729,599 | 40,488,655,214 | 71.219 |
| 2006 | 25,007,864,002 | 47,373,100,365 | 52.789 |
| 2007 | 29,129,678,242 | 57,633,308,749 | 50.543 |
| 2008 | 30,396,111,095 | 67,368,098,567 | 45.119 |

Graph No. - 11



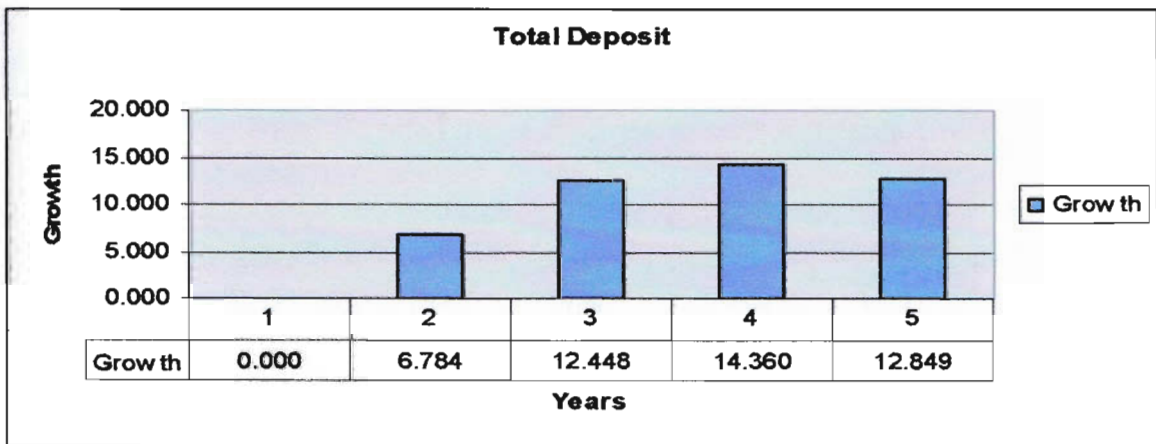
To observe the Total Contingent Liabilities and Total Loans and Advances table, SCB uses 50% average contingent liabilities from total liabilities. Its means SCB invested 50% of their total investment in the risk free assets in 2006-2007. In 2004-2005 SCB invest average 72% in Risk free assets.

5.10 Total Deposits of the Standard Chartered Bank:

Table No. – 9

| Particulars/ Years | Total Deposits SCB (Tk) | Growth (%) |
|-----------------------|-------------------------|------------|
| 2004 | 53,409,229,641 | 0.000 |
| 2005 | 57,032,422,668 | 6.784 |
| 2006 | 64,131,722,881 | 12.448 |
| 2007 | 73,341,210,867 | 14.360 |
| 2008 | 82,764,843,240 | 12.849 |

Graph No. - 12



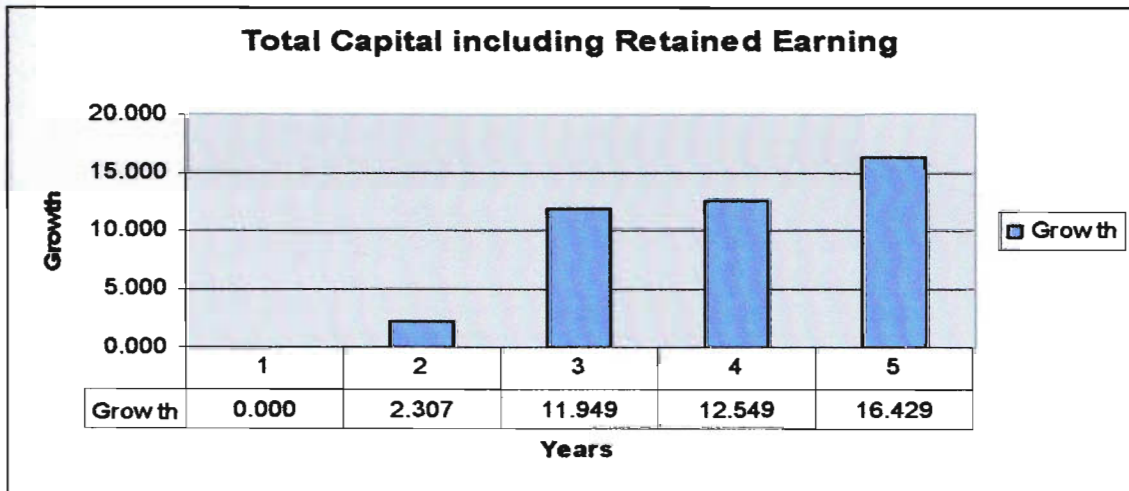
To observe the five years total assets of the SCB, Like total asset the total deposit found to be increased keeping the same pace. It was observed that the five years total deposit of the SCB has been increased to 8276 crore taka in the year 2008 from 5341 crore take in base year 2004. Average growth of the total asset is 10% which also can be denoted as good performance of SCB.

5.11 Total Capital Including Retained Earning of the Standard Chartered Bank:

Table No. – 10

| Particulars/ Years | Total Capital Including Retained Earning(Tk) | Growth (%) |
|-----------------------|--|------------|
| 2004 | 9,089,126,129 | 0.000 |
| 2005 | 9,298,771,197 | 2.307 |
| 2006 | 10,409,891,571 | 11.949 |
| 2007 | 11,716,229,382 | 12.549 |
| 2008 | 13,641,068,735 | 16.429 |

Graph No. - 13



It can observe in the table and graph of total capital including retained earning of the SCB was 908 core taka in the base year, 2004. Every year the capital was increased steadily because of successful expanding of the business. In the period 2004-2008 Capital has been increased from 908 core to 1364 core taka with highest increase in 2008 which was 16.5%.

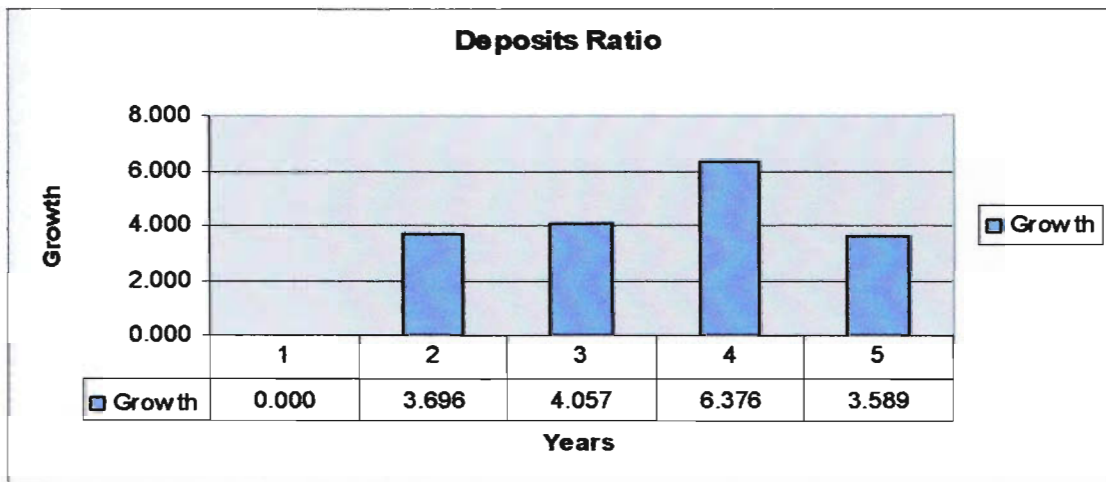


5.12 Advances/ Deposits Ratio of the Standard Chartered Bank:

Table No. – 11

| Particulars/ Years | Advances/ Deposits Ratio | Growth (%) |
|-----------------------|--------------------------|------------|
| 2004 | 68.46 | 0.000 |
| 2005 | 70.99 | 3.696 |
| 2006 | 73.87 | 4.057 |
| 2007 | 78.58 | 6.376 |
| 2008 | 81.4 | 3.589 |

Graph No. - 14



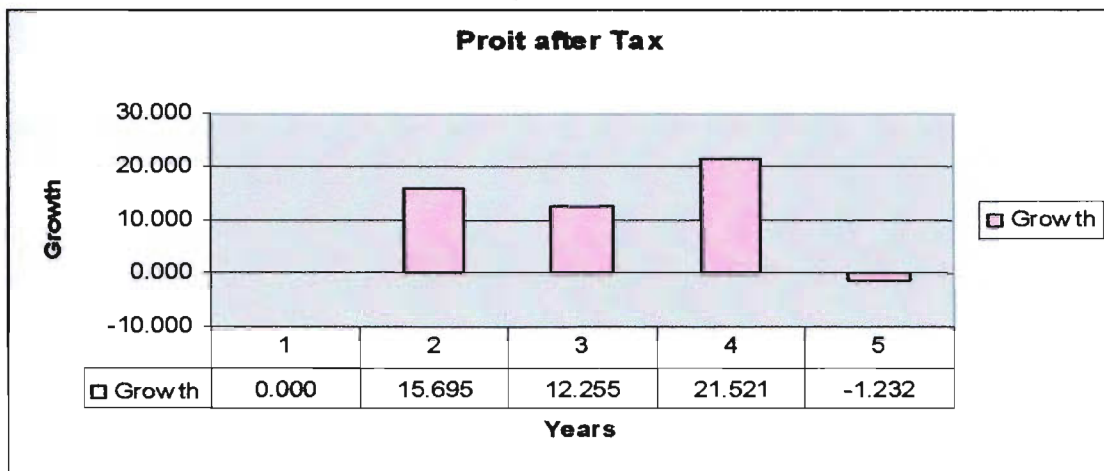
Advances/ Deposits ratio measures how much deposits invested as loans and advances. More than 80% Advances/ Deposits ratio may be increases the liquidity risk of the bank on the other side below the 60% Advances/ Deposits ratio can also affect on profitability ratio. SCB's performance in this regard revealed good as they maintained 70-80% deposits in every year. But more than 81% in 2008 indicates the bank made a high profit in short term but in long run it can be at liquidity risk.

5.13 Profit after Tax and Provisions of the Standard Chartered Bank:

Table No. – 12

| Particulars/ Years | Profit after Tax and Provisions (Tk) | Growth (%) |
|-----------------------|--------------------------------------|------------|
| 2004 | 2,488,655,214 | 0.000 |
| 2005 | 2,879,241,028 | 15.695 |
| 2006 | 3,232,086,360 | 12.255 |
| 2007 | 3,927,675,063 | 21.521 |
| 2008 | 3,879,283,593 | -1.232 |

Graph No. - 15



The table of Average Profit after Tax and Provisions of the Standard Chartered Bank shows that they made nearly 250 core taka profit in year 2004 reached at the peak in 2007 which was close to 400 core taka. In 2008 profit margin fall from previous year perhaps because of worldwide recession.

PROFIT RATIOS OF THE STANDARD CHARTERED BANK:

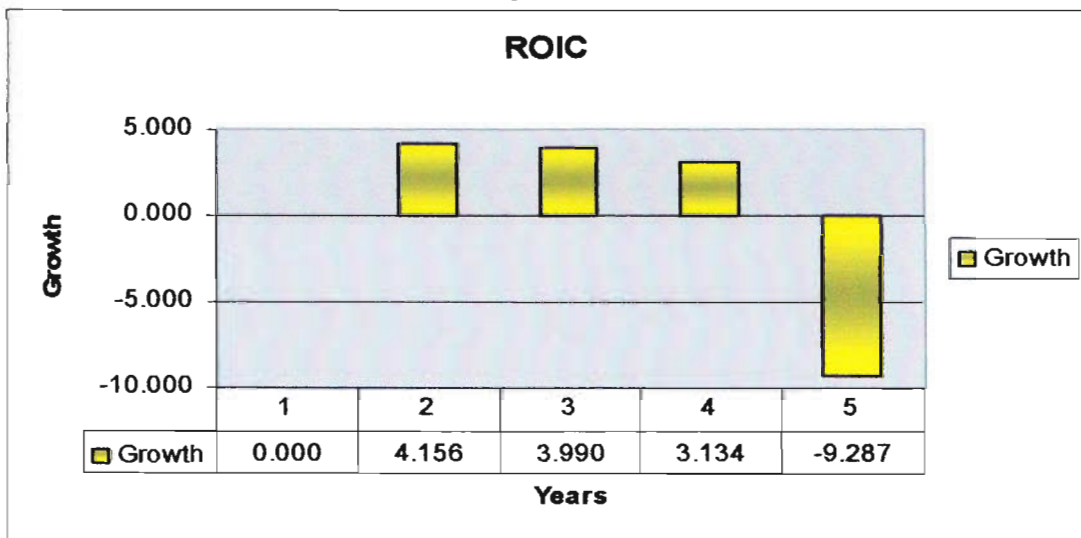
Profit ratios measure the efficiency with which the company uses its resources. The more efficient the company, the greater is its profitability. A number of different profit ratios can be use in here.

5.14 Return on Investment Capital (ROIC) of the Standard Chartered Bank:

Table No. – 13

| Particulars/ Years | Return on Investment Capital (ROIC) | Growth (%) |
|-----------------------|--|------------|
| 2004 | 31.52 | 0.000 |
| 2005 | 32.83 | 4.156 |
| 2006 | 34.14 | 3.990 |
| 2007 | 35.21 | 3.134 |
| 2008 | 31.94 | -9.287 |

Graph No. - 16



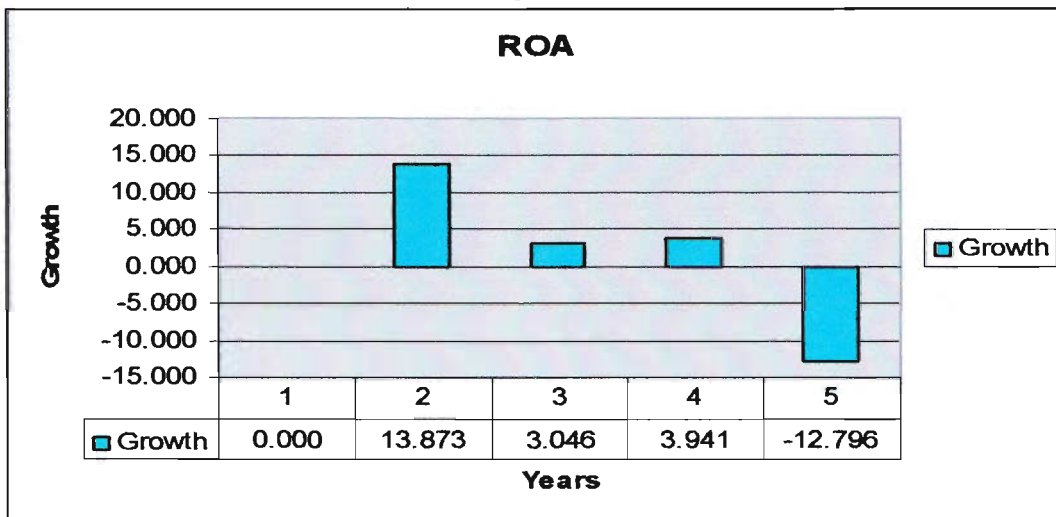
Return on Investment Capital (ROIC) measures the profit earned on the capital invested in the bank. It's calculated by dividing net profit by Invested Capital. Standard Chartered bank's yearly increase in Return on Investment Capital (ROIC) is average 3%. Highest return on investment 35.2% in 2007 but highest growth in ROIC was in 2006 at 4% compare to other four years. In 2008 growth of Return on Investment Capital (ROIC) was fall to 9.3% compare to previous year again indicates the effect of worldwide recession.

5.15 Return on Assets (ROA) of the Standard Chartered Bank:

Table No. – 14

| Particulars/ Years | Return on Assets (ROA) | Growth (%) |
|--------------------|------------------------|------------|
| 2004 | 3.46 | 0.000 |
| 2005 | 3.94 | 13.873 |
| 2006 | 4.06 | 3.046 |
| 2007 | 4.22 | 3.941 |
| 2008 | 3.68 | -12.796 |

Graph No. -17



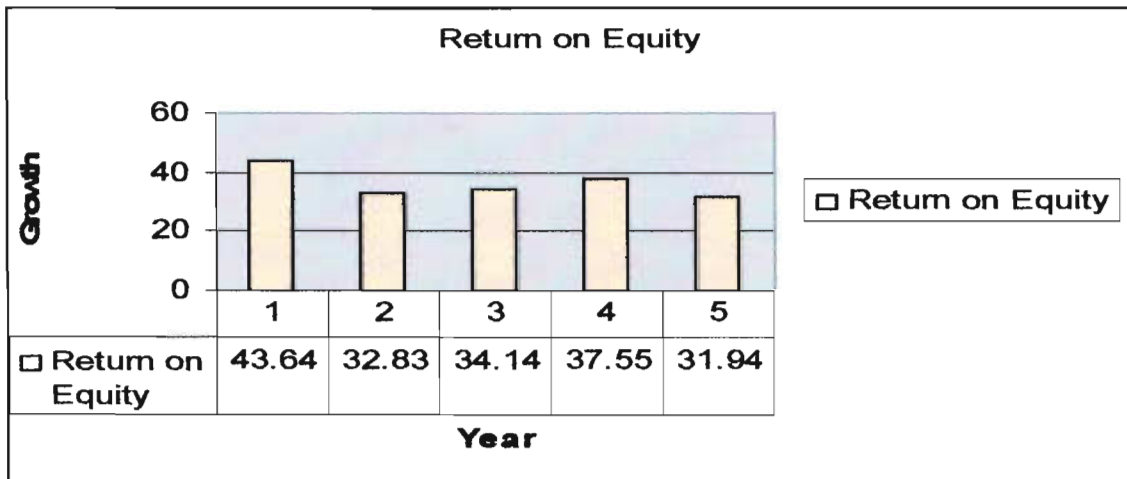
The Return on Assets (ROA) measures the overall effectiveness of management in generating profits with its available assets. There is an increasing trend in ROA over the period of time. In year 2005, the firm was able to use more efficiently of its asset than that of any year during the studied period. Recession again struck in 2008 and ROA fell to 12.8% compared to previous two years. Increases in Return on Assets will be good for the company.

5.16 Return on Equity of the Standard Chartered Bank:

Table No. – 15

| Particulars/ Years | Profit after tax and Provisions | Total Capital/ Shareholder's Equity | Return on Equity (%) |
|-----------------------|---------------------------------------|---|-------------------------|
| 2004 | 2,488,655,214 | 5,703,242,268 | 43.635 |
| 2005 | 2,879,241,028 | 8,769,360,197 | 32.832 |
| 2006 | 3,232,086,360 | 9,467,151,412 | 34.140 |
| 2007 | 3,927,675,063 | 10,459,984,382 | 37.549 |
| 2008 | 3,879,283,593 | 12,145,574,766 | 31.939 |

Graph No. - 18



The Return on Stockholder's Equity (ROE) measures the return earned on the common stockholders investment in the firm. Higher ratio is better for the owners because it gives higher return to the investors. SCB's performance in this regard unfortunately shows a negative trend. The ROE has been decreased from 44% to 32% though the total profit increased. So it can be said that SCB Bangladesh somehow failed to look after its shareholders interest as they did in 2004.

LIQUIDITY RATIOS OF THE STANDARD CHARTERED BANK:

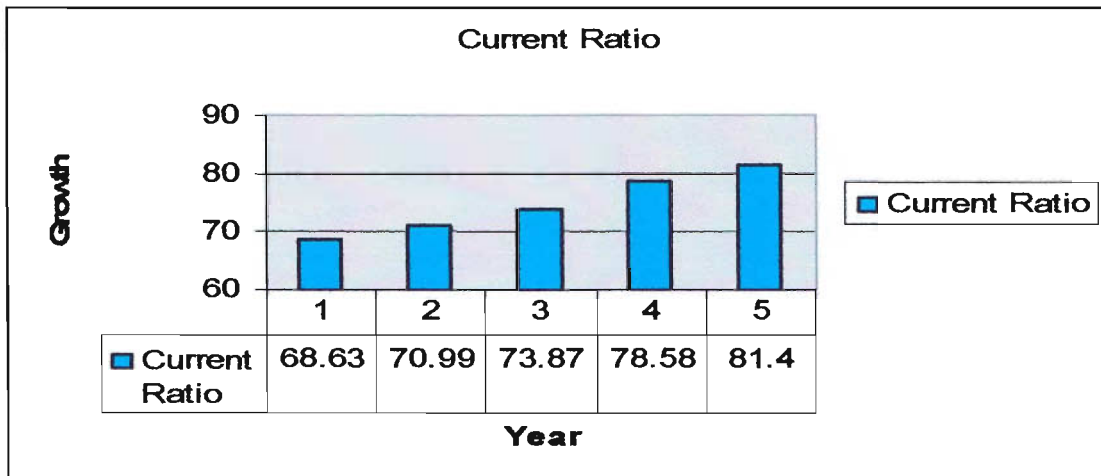
A company's liquidity is a measure of its ability to meet short-term obligations. An asset is deemed liquid if it can be readily converted into cash. Liquid assets are current assets such as cash, marketable securities, account receivable and so on

5.17 Current Ratio of the Standard Chartered Bank:

Table No. – 16

| Particulars/ Years | Current Asset | Current Liabilities | Current Ratio (%) |
|-----------------------|------------------|------------------------|-------------------|
| 2004 | 36,482,920,574 | 53,161,520,368 | 68.626 |
| 2005 | 40,488,655,214 | 57,032,422,668 | 70.992 |
| 2006 | 47,373,100,365 | 64,131,722,881 | 73.868 |
| 2007 | 57,633,308,749 | 73,341,210,867 | 78.582 |
| 2008 | 67,368,098,567 | 82,764,843,240 | 81.396 |

Graph No. - 19



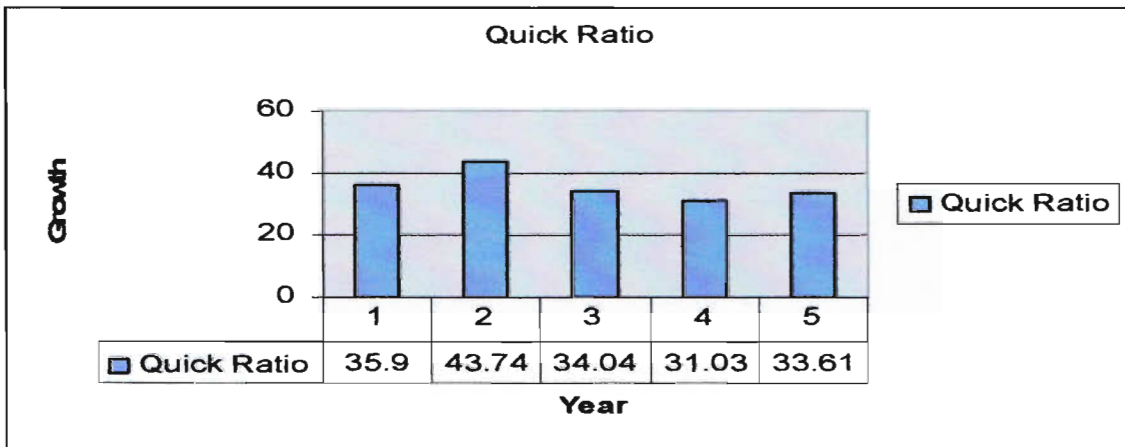
Current Ratio measures the ability of the firm to payout its current liabilities with current assets. The higher the ratio is better. Every year Current Ratio of SCB increased by 2-3%, in 2004 ratio was 68.6% and in 2008 it was 81.4%. If it is not the industry norm to maintain high level of cash holding because due to this the firm may face problem for opportunity cost.

5.18 Quick Ratio of the Standard Chartered Bank:

Table No. – 17

| Particulars/ Years | Cash | Marketable Securities | Current Liabilities | Quick Ratio (%) |
|-----------------------|-----------------|--------------------------|------------------------|--------------------|
| 2004 | 6936804672.000 | 12,145,574,766 | 53,161,520,368 | 35.895 |
| 2005 | 8167565626.000 | 16,781,203,720 | 57,032,422,668 | 43.744 |
| 2006 | 9118553914.000 | 12,712,054,002 | 64,131,722,881 | 34.040 |
| 2007 | 10484312507.000 | 12,276,655,037 | 73,341,210,867 | 31.034 |
| 2008 | 11405387476.000 | 16,410,210,881 | 82,764,843,240 | 33.607 |

Graph No. - 20



Quick or Acid Test ratio measures liquidity position of the firm without inventory expenses. In 2005 quick and acid test ratio was highest 43.74% compare to other four years. Average ratio is 35%. This graph shows the liquidity position of the firm over 2004 to 2008, which was not well for the bank. The bank needs to increase its current assets (Trade debtors, advances, deposits prepayments, investment on marketable securities, short term loans or cash and cash equivalents) or decrease its current liabilities by decreasing short term bank loans, trade creditors etc.

LEVERAGE RATIOS OF THE STANDARD CHARTERED BANK:

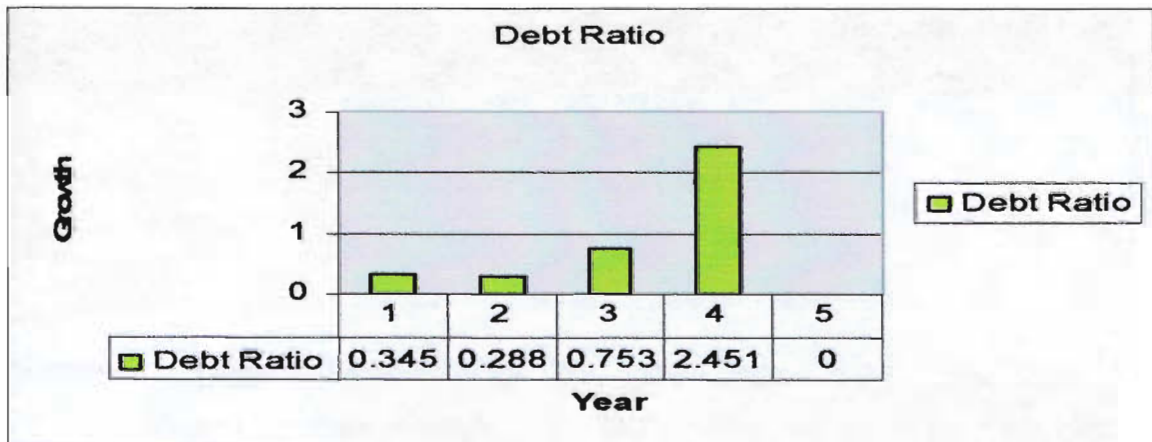
A company is said to be highly leveraged if it uses more debt than equity, including stock and retained earning.

5.19 Debt Ratio of the Standard Chartered Bank:

Table No. – 18

| Particulars/ Years | Total Debt | Total Assets | Debt Ratio (%) |
|-----------------------|---------------|-----------------|----------------|
| 2004 | 240,000,000 | 69,592,891,386 | 0.345 |
| 2005 | 210,000,000 | 72,989,842,491 | 0.288 |
| 2006 | 600,000,000 | 79,695,486,267 | 0.753 |
| 2007 | 2,280,000,000 | 93,017,920,427 | 2.451 |
| 2008 | 0 | 105,311,120,392 | 0 |

Graph No. - 21



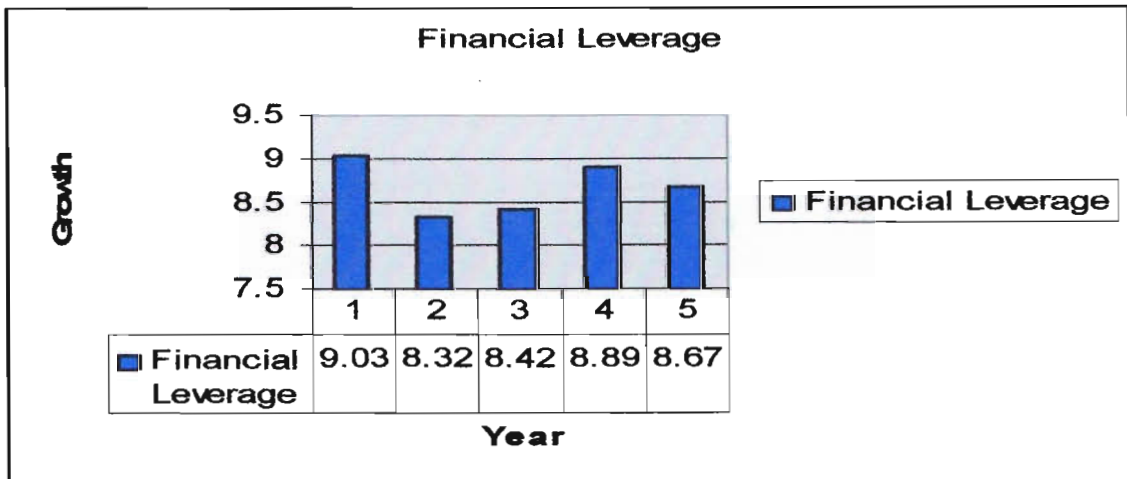
The Debt Ratio measures the proportion of total assets financed by the firm's creditors. The higher this ratio, the greater the amount of other people's money being used to generate profit. The increasing trend of the ratio from the year 2004 to year 2007 means that the proportion of debt backed by the firm's asset is increasing. So, the management of SCB is eligible to repay debt more suitably from the asset's financial benefit is year 2006 that financial year 2007. In 2007 the debt ratio of SCB was highest 2.45% compare to other years. But in 2008 total debt was nil that's why debt ratio was zero in 2008.

5.20 Financial Leverage of the Standard Chartered Bank:

Table No. – 19

| Particulars/ Years | Total Assets | Total Capital/ Shareholder's Equity | Financial Leverage |
|-----------------------|-----------------|---|-----------------------|
| 2004 | 69,592,891,386 | 7,703,242,268 | 9.034 |
| 2005 | 72,989,842,491 | 8,769,360,197 | 8.323 |
| 2006 | 79,695,486,267 | 9,467,151,412 | 8.418 |
| 2007 | 93,017,920,427 | 10,459,984,382 | 8.892 |
| 2008 | 105,311,120,392 | 12,145,574,766 | 8.670 |

Graph No. - 22



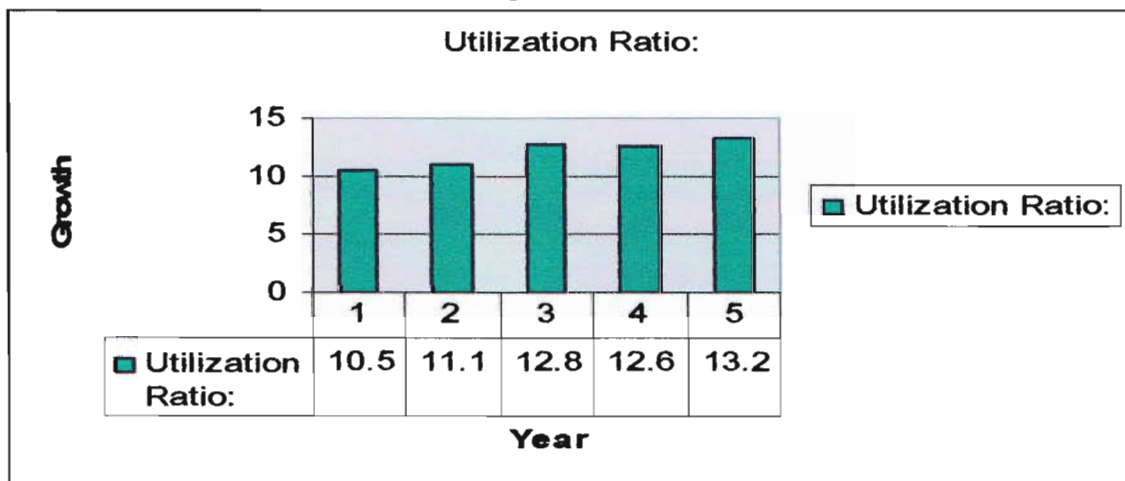
To observe the Financial Leverage of the SCB, 9.1% is highest in 2004; average ratio is 8.5% in every year. Comparatively, it's a bad performance where bank's equity contribution decreases and degree of leverage increases. If this trend continues, then there will be a slight chance of takeover and power of SCB's own management may be hampered in the near future. As the Financial Leverage in 2008 decreased by 0.2% compare to previous three year its may create a good advances for the Standard Chartered Bank

5.21 Utilization Ratio of the Standard Chartered Bank:

Table No. – 20

| Particulars/ Years | Interest Income | Non- Interest Income | Total Assets | Utilization Ratio: (%) |
|-----------------------|--------------------|-------------------------|-----------------|---------------------------|
| 2004 | 4,668,684,009 | 2,650,995,612 | 69,592,891,386 | 10.517 |
| 2005 | 4,831,324,279 | 3,238,984,113 | 72,989,842,491 | 11.056 |
| 2006 | 6,350,188,968 | 3,827,758,220 | 79,695,486,267 | 12.771 |
| 2007 | 7,555,249,429 | 4,170,521,233 | 93,017,920,427 | 12.605 |
| 2008 | 9,643,689,912 | 4,288,782,434 | 105,311,120,392 | 13.229 |

Graph No. - 23



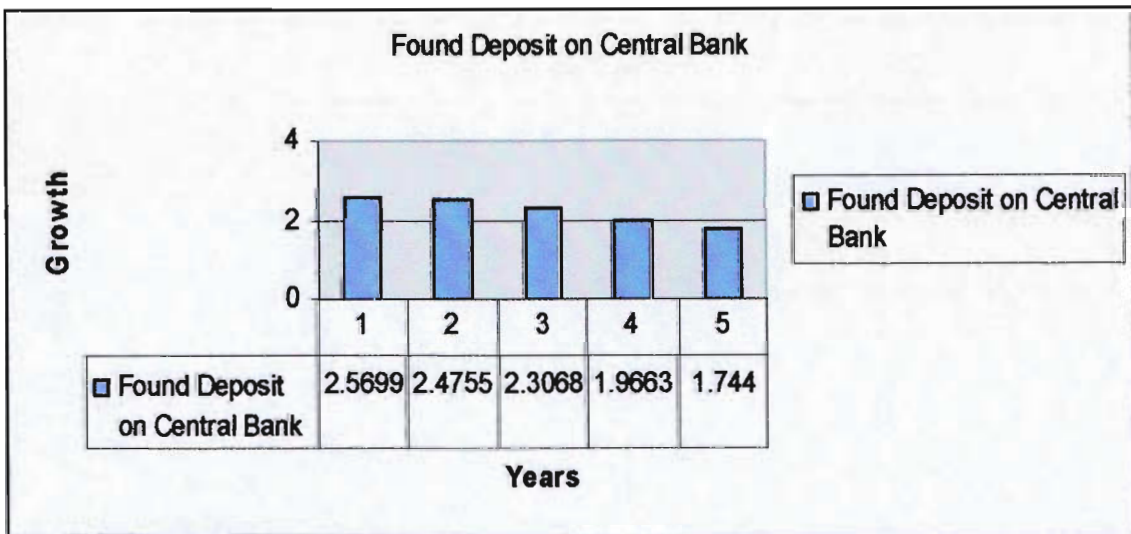
This earning measure can be broken down into two components, the average interest return on asset and the average non interest return on asset. As competition for loans has increased and many loans turned sour, SCB shifts their attention to increase their non interest income via income from investment and other operating income. The growth rate of non interest income and income from loans is well enough to keep pace with the growth of asset. That's why every year Utilization Ratio will increase by only one percent. Highest ratio was 13.22 in 2008 and the lowest was 10.5 in 2004.

5.22 Found Deposit on Bangladesh Bank, by Standard Chartered Bank:

Table No. – 21

| Particulars/ Years | Capital- Found Deposited with Bangladesh Bank | Total Assets | Found Deposit on Bangladesh Bank |
|-----------------------|---|-----------------|--|
| 2004 | 1,788,459,052 | 69,592,891,386 | 2.569 |
| 2005 | 1,806,829,737 | 72,989,842,491 | 2.475 |
| 2006 | 1,838,386,384 | 79,695,486,267 | 2.307 |
| 2007 | 1,829,052,728 | 93,017,920,427 | 1.966 |
| 2008 | 1,836,608,545 | 105,311,120,392 | 1.744 |

Graph No. - 24



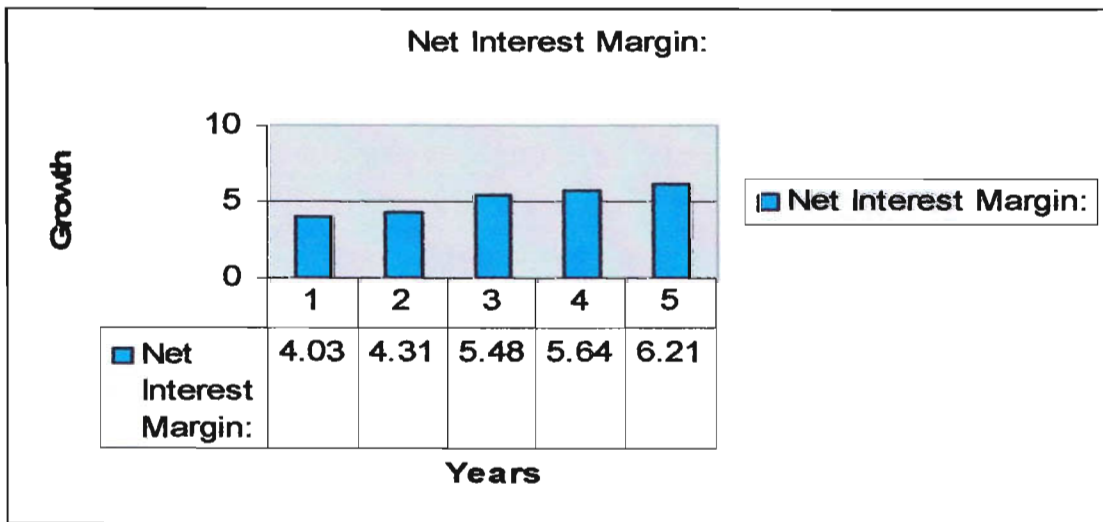
Every year Standard Chartered Bank deposited 1800 core taka “Capital- Found Deposited with Bangladesh Bank”. Both Found Deposited with Bangladesh Bank and total Assets increases every year, but growth of total asset is grater than growth of fund which is deposited in Bangladesh. From 2004 to 2006 fund ratio increases more than 2 %, but after 2006 the ratio decreases by .04% compare to previous year.

5.23 Net Interest Margin of the Standard Chartered Bank:

Table No. – 22

| Particulars/ Years | Interest Income | Interest Expenses | Total Assets | Net Interest Margin (%) |
|-----------------------|--------------------|----------------------|-----------------|-------------------------------|
| 2004 | 4,668,684,009 | 1,863,895,799 | 69,592,891,386 | 4.030 |
| 2005 | 4,831,324,279 | 1,686,509,742 | 72,989,842,491 | 4.308 |
| 2006 | 6,350,188,968 | 1,986,347,017 | 79,695,486,267 | 5.475 |
| 2007 | 7,555,249,429 | 2,305,835,368 | 93,017,920,427 | 5.643 |
| 2008 | 9,643,689,912 | 3,099,396,035 | 105,311,120,392 | 6.214 |

Graph No. - 25



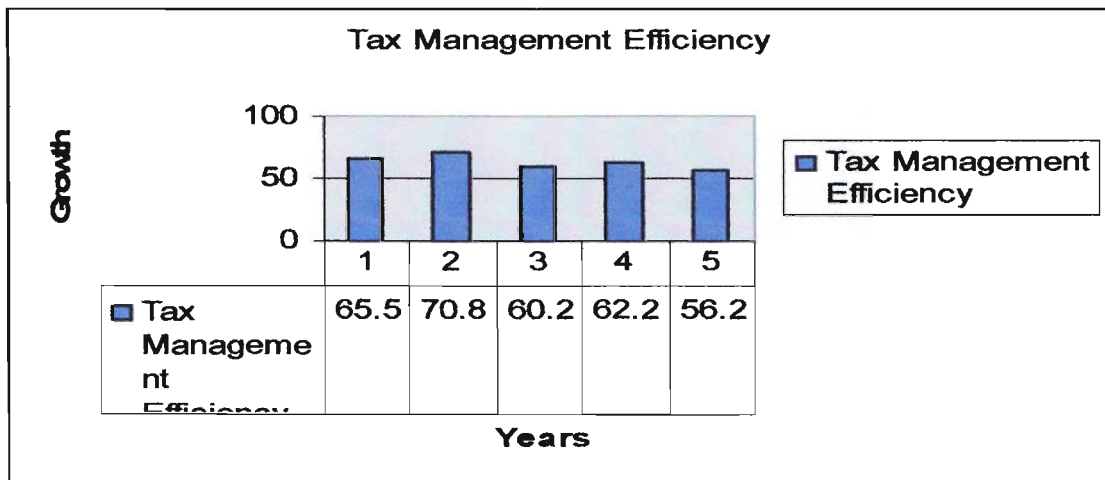
Growth Net interest Expenses is grater than the growth of Interest income. Every year Net Interest Margin increased by 4-6.2%. Since net income before taxes increased in year 2008 than year 2007, SCB fell in the higher tax bracket and thus paid higher taxes. Government fixes the rate of tax and monitors it, so SCB has least to do in managing tax. In foreign countries, to control the taxes companies usually purchases tax exempt municipal bond. But in our country this type of bonds are not available.

5.24 Tax Management Efficiency of the Standard Chartered Bank:

Table No. – 23

| Particulars/ Years | Profit after tax and Provisions | Net Income Before Tax | Tax Management Efficiency (%) |
|-----------------------|------------------------------------|--------------------------|-------------------------------------|
| 2004 | 2,488,655,214 | 3,796,858,531 | 65.545 |
| 2005 | 2,879,241,028 | 4,067,786,281 | 70.782 |
| 2006 | 3,232,086,360 | 5,366,434,720 | 60.228 |
| 2007 | 3,927,675,063 | 6,318,978,473 | 62.157 |
| 2008 | 3,879,283,593 | 6,906,964,724 | 56.165 |

Graph No. - 26



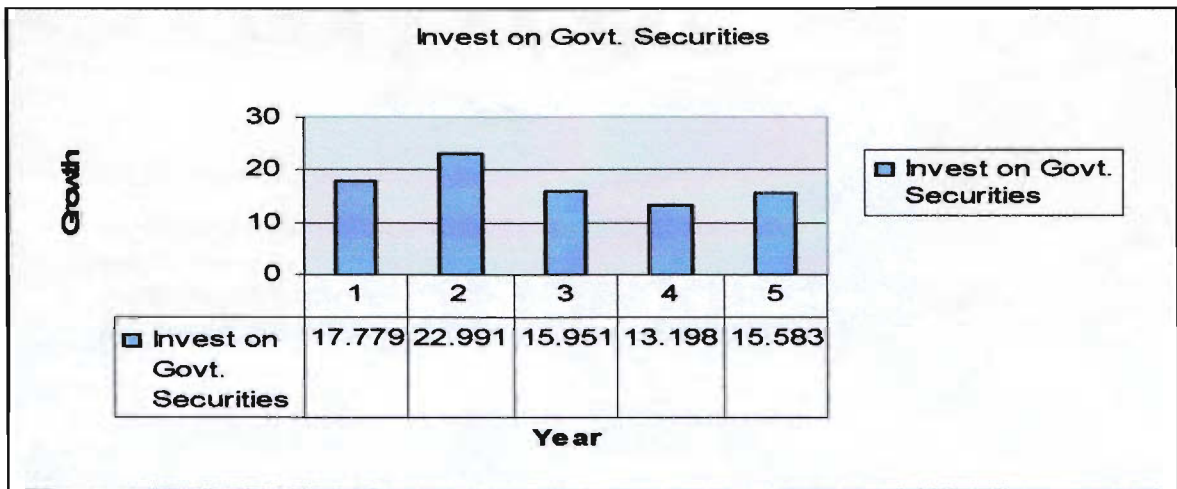
Standard Chartered Bank's net income after tax was 300 core taka and before tax 500 core taka in 2006. So every year the bank paid up to 35-45% of tax of their income its depend on Earning before interest and tax. In 2004 bank's paid on 30% of tax so Tax management efficiency was 70% but in 2008 bank's Tax management efficiency was 56.16%. SCB fell in the higher tax bracket and thus paid higher taxes. Government fixes the rate of tax and monitors it, so SCB has least to do in managing tax. In foreign countries, to control the taxes companies usually purchases tax exempt municipal bond. But in our country this type of bonds are not available.

5.25 Invest on Govt. Securities by Standard Chartered Bank:

Table No. – 24

| Particulars/ Years | Government Securities | Total Assets | Invest on Govt. Securities |
|-----------------------|--------------------------|-----------------|-------------------------------|
| 2004 | 12,373,100,365 | 69,592,891,386 | 17.779 |
| 2005 | 16,781,203,720 | 72,989,842,491 | 22.991 |
| 2006 | 12,712,054,002 | 79,695,486,267 | 15.950 |
| 2007 | 12,276,655,037 | 93,017,920,427 | 13.198 |
| 2008 | 16,410,210,881 | 105,311,120,392 | 15.582 |

Graph No. - 27



Standard Chartered Bank invests in Government Securities like bond to minimize their risk. Invest on Government Securities 16% means 16 paisa invests in Government Securities when the total asset is one taka. The growth ratio of the investment capital in SCB is fluctuating in every year, but amount of the securities increasing in every year. In 2004 amount was 1237 core taka and in 2008 its reached to 1641 core taka. The lowest growth of Invest on Government Securities was 13.2% in 2007 and highest was 23 % in 2005 compare to previous year

Chapter - 6

Finding of the Study & Conclusion

6.1 Limitations and Problems of Standard Chartered Bank:

Standard Chartered Bank's experience for more than 55 years provides SCB, the strength of being the market leader in the foreign banking sector. This strength of SCB is totally unmatched by any other multinational bank in Bangladesh, as the long term success of a bank heavily depends on its reputations while dealing with every sensitive commodity like money. There is no company which does not have any problems some limitations can affect on the reputations. In my three month's internee from Chawk Bazar Branch in Standard Chartered Bank I observe some problems and limitations of the banks that can effect on the overall performance of the SCB. The following problems and limitations can also effect on the financial report.

- The problem is insufficient spaces in branches, in fact sometime specially Sunday and Thursday queue of the customer cross the bank are enter the road side, that's why customer can change the others bank for better service.
- Shortage of employees, that's why to serve a customer for withdraw deposit and services takes more than one hour.
- SCB first introduced debit card in Bangladesh but ATM both, branches are not available as customers' expectations, SCB have only 50 ATM booths.
- Low investment in small business. To provide any loan like personal loan or business loan needs more than one core taka transaction within one year. But in our country maximum small business man doing their business with cash transaction.
- Very little sponsorship in the social and others development sectors.
- Low Fixed deposit interest rate- investors who are less concerned about the security of the money are not satisfied with the present low deposit interest rate.
- Hidden charges: more transactions per month mean more charges. Like over transaction fees, late payment fee. High plenty fees for any cheque bounces.
- Irregular bank statement and poor advisory services, bank system provided are very irregular and some times the customers are not advised when a cheque has bounced.

- Lack of contact and maximum number of current account; SCB emphasize more on current account as there's no interest on this account. The large number of the account with the client manager also means customers are often not advised.
- In case of Savings Account customer must be maintain at least 20000tk-50000tk, below the 20000tk half yearly charges 1150-2300tk.
- Sales executive (third party) some time not provide clear information. In fact some customer can fall in misunderstanding with the bank.
- Islamic Banking of Standard Chartered Bank's are not clear of the people, No Advertisement, have only one Branch in Gulshan. Customer are not clear about the product and credit card Services.

6.2 Findings:

- High liquidity ratio: High liquidity ratio is obviously positive for any bank, but I think SCB is maintaining very high liquidity ratio which is reducing the profit.
- Profit margin after tax and provisions growth will be 15-20%. In 2008 Profit after Tax decreases one percent compare to previous year because recession of world economic.
- Islami Banking of Standard Chartered Bank Bangladesh is a member of the Central Shariah Board for Islamic Banks of Bangladesh and also have world's most and respected scholars. In fact strength and growth will be high higher in Islamic Banking.
- The economy of Bangladesh has simultaneously also been affected directly or indirectly by the serious debacles as it happened with many other countries of the world. In 2008 world faced in recession in fact global economy fall down, its effect fall also in Standard Chartered bank, that's why decrease in profit, investment, deposits compare to last five years.
- Every year total assets increases its positive for the SCB,
- SCB uses more than 50% investment in their risk free Assets.

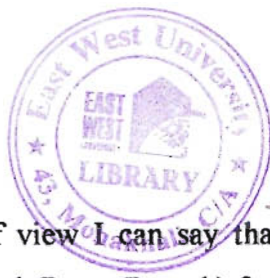
- SCB more focus on investment, in fact ratio of deposits is lower than the Total loan and advances.
- For expanding the Business of SCB, The total deposits increases more than 10% in every year.
- In 2008 Profit after Tax decreases one percent compare to previous year because recession of world economic.
- Return on Investment capital of SCB is more than 30%. Every year almost equal growth of investment is low average only 3%. In 2008 had negative growth.
- SCB maintain 68-82% balance of Current ratio. So we can say SCB has Strong ability to pay out the Current liabilities.
- The debt ratio of the SCB is very low of Because of as this bank is multinational so fund generate by central wise.
- Return on Stockholders security as average 32%. It's a very positive for a multinational company.
- SCB maintain 2-3% fund of total Assets deposit in Bangladesh Bank as to minimize some industry risk. SCB also maintain 13-22% of total invested fund invest in Government Security.
- SCB's Financial leverage is very low almost 10% that's means takeover chance is comparatively low in SCB.
- Islami Banking of Standard Chartered Bank Bangladesh is a member of the Central Shariah Board for Islamic Banks of Bangladesh and also have world's most and respected scholars.

6.3 Recommendations:

This strength of SCB is totally unmatched by any other multinational bank in Bangladesh, as the long term success of a bank heavily depends on its reputations .SCB is a well-known international bank with reputation. It is the best and right time to improve the performance of the SCB branches before more damage in the form of customer dissatisfaction occurs. A set of suggestion is set forth below to improve customer service and also some suggestion for financial evaluation of SCB.

- Every information which the executive give to the customer should be clear and authentic. There should not have any kind of miscommunications.
- Sales Executive (third party) should get proper training and should treat the customer in the proper way. And the authotity must have eyes on them what are they doing.
- More manpower is required to handle the problems associated with customer service.
- The bank should issue cheque books, ATM, statement, PIN and TIN on time.
- It the time to take initiative to increase space at branch level and increases branches in different area in Bangladesh.
- Increases investment in small business based on their business growth or types of business.
- More sponsorship can make their contribution in the country disaster management, children and women empowerment governmental programs.
- Need more concern about the sufficient liquidity ratio.
- The population of Bangladesh is continuously increasing at a rate of 5% per annum and also increases the rate of educated person. As the bulk of our population is middle class, different types of products have very large and easily capturable market.
- By offering more attractive interest rates and lowering the minimum balance eligible for interest. The bank can attract a lot of the old customer who have strewn away to other banks as well as new customers.

- Expand the business outside the Dhaka city, like all metro politon are in Bangladesh.
- Should increase the liquidity ratio to minimize the risk.
- Should give more concern about the ratio of fixed deposit and other liabilities.
- Need to increase the more invest in Government security; in fact will be lower the credit risk and other risk.
- Need more focus on Islamic Banking product, service and credit cards. Should be take more mass promotion Islamic Banking.



6.4 Conclusion:

From the learning and experience point of view I can say that I really enjoy my internship in Standard Chartered Bank (Chawk Bazar Branch) from the very first day. SCB gives me all the support. I am confident that these 3 (three) months internship programme in Standard Chartered Bank will definitely help me to realize my further carrier in the job market.

Banking activities are very much sensitive and crucial thing. Overall Activities of a bank is not sufficient within this short time of my internship period to measure and express perfectly. But it is a great opportunity for me to get use to with the Sales and Customer Service Team of Standard Chartered Bank. I have tried by soul to incorporate the report with necessary relevant information in my report.

Few loyal committed customer based, lack of sufficient manpower (employee) and effective facilities, not enough skilled employee in some sector, considering all of these very important factors, Standard Chartered bank should always try to improve their service level in every term. In World recession 2008 all bank in the world affected but only Islamic bank less affected in the world. In fact Standard Chartered Bank should more focus in Islamic banking in the Islamic Country.

Economic growth during 2008-09 is now projected to be about $\frac{1}{2}$ percentage points higher than forecast by the IMF in April, reaching 2.5 percent in 2010, according to the World Economic Outlook Update. Among the major economies, growth rates have been marked up mainly for the United States and Japan. In fact this year growth of Standard Chartered Bank also increases compare to previous year.

To analyze the SCB as a service oriented organization, branch operation, customer satisfaction, job satisfaction and other factor finally I can say that SCB's future prospect in the financial sector is good. But it needs to change some policy, management should monitor all the work of branch level, take strong decision and implement them. SCB has reach in the first and top banking position in Bangladesh.

6.5 Bibliography:

Books and Journals:

1. Sustainability Review, 2006-2008.
2. Annual report and accounts, 2004-2808.
3. Schedule bank statistics 2005-2006.
4. Essentials of Managerial Finance written by Scoot Basely and Eugene F. Florida.

Internet:

- www.standardchartered.com/bd
- <http://www.thefinancialexpress-bd.com>
- <http://www.bangladesh-bank.org/>
- <http://college.cengage.com/business/resources/casestudies>

Global presence of Standard Chartered Bank:

Standard Chartered Bank has its prominence presence in total of 48 countries:

| Africa | Asia Pacific | Latin America | Middle East & South Asia | UK & USA |
|---|--|--|--|---|
| Botswana Cameroon Gambia Ghana Kenya Sierra Leon South Africa Tanzania Uganda Zambia Zimbabwe | Australia Brunei Darussalam Cambodia China Hong Kong Indonesia Japan Laos Macao Malaysia Myanmar Philippines Singapore South Korea Taiwan Thailand Vietnam | Argentina Brazil Colombia Mexico Peru Venezuela | Bahrain Bangladesh India Iran Nepal Oman Pakistan Qatar Sri Lanka UAE | Falkland Islands Jersey UK USA |

Organization Profile:

Organization Profile

| | |
|--------------------------------------|--|
| 1. Organization Name | <i>Standard Chartered Bank.</i> |
| 2. Establishment of The Bank | <i>1958</i> |
| 3. First Location of the Bank | <i>Brunei Darussalam</i> |
| 4. Address of Head Office | <i>Ground Floor, Unit 1&2, Simpang 570, Jalan Tutong, Bunut, Brunei Darussalam BF1320.</i> |
| 5. Telephone Number | <i>+673 2651774</i> |
| 6. Total Branch Number | <i>600 offices in more than 50 countries</i> |
| 7. Total Staff Number | <i>A staff of about 28000 people managing assets worth 47.65 billion</i> |

Standard Chartered's Global Network:

Standard Chartered has over 800 offices in 56 countries with a strategic focus on the Emerging Markets of Asia, Africa, the Middle East and Latin America.



STANDARD CHARTERED BANK, BANGLADESH

Interest Rate Matrix - (Effective – 05 July 09)

No Deviation from the Published Rates are allowed

A. DEPOSIT RATES

1. Current Accounts (LCY & FCY):

| | |
|--------------------------|--------------------------|
| Minimum balance required | BDT 50,000 or equivalent |
| Interest Rate | No interest is paid |

2. Savings Accounts (LCY) – Consumer Banking:

For existing portfolio enquiry only:

| Generic Savings A/c | | VIP Savers A/c | | Freedom A/c | |
|----------------------------|-------|----------------------------|-------|----------------------------------|-------|
| Monthly Min Bal | Rate | Monthly Avg Bal | Rate | Monthly Avg Bal | Rate |
| Below BDT 200K | 0.00% | Below BDT 500K | 0.00% | Below BDT 25K | 0.00% |
| BDT 200K up to BDT 1M | 2.75% | BDT 500K up to BDT 1.5M | 4.00% | BDT 25K up to less than BDT 50K | 4.00% |
| BDT 1M and above | 3.00% | BDT 1.5M and above | 4.50% | BDT 50K up to less than BDT 100K | 5.00% |
| | | | | BDT 100K and above | 3.00% |
| Minimum balance – BDT 200K | | Minimum balance – BDT 500K | | Minimum balance – BDT 25K | |

Note: Other conditions apply (e.g. maximum number/amount withdrawal).

| Power Savers A/c | |
|---------------------------|-------|
| Monthly Avg Bal | Rate |
| Below BDT 50K | 0.00% |
| BDT 50K up to BDT 100K | 4.00% |
| BDT 100K up to BDT 500K | 5.00% |
| BDT 500K and above | 3.00% |
| Minimum balance – BDT 50K | |

For opening of New To Bank Savings A/c:

| Super Savers A/c | | eSavers A/c (Access A/c Repackaged) | |
|---------------------------------|-------|--------------------------------------|-------|
| Monthly Avg Bal | Rate | Monthly Avg Bal | Rate |
| Below BDT 50K | 0.00% | Below BDT 20K | 0.00% |
| BDT 50K up to below BDT 250K | 4.00% | BDT 20K up to below BDT 250K | 5.00% |
| BDT 250K up to below BDT 500K | 4.50% | BDT 250K up to below BDT 500K | 5.50% |
| BDT 500K up to below BDT 1000K | 5.00% | BDT 500K up to below BDT 1000K | 6.00% |
| BDT 1000K up to below BDT 1500K | 5.50% | BDT 1000K up to below BDT 1500K | 6.50% |
| BDT 1500K and above | 6.00% | BDT 1500K and above | 7.00% |
| Minimum balance – BDT 50K | | Minimum balance – BDT 20K | |

3. Super Savings Account (LCY) – Origination & Client Coverage:

| Account | Balance | Interest Rate |
|---------------------------------|-----------------|---------------|
| Operating Savings Account (OSA) | up to BDT 250 K | 0.00% |
| | Above BDT 250 K | 2.50% |

Note: If balance falls below BDT 250,000 on any day during a month, interest will be forfeited for that full month.

| Account | Monthly Average Balance | Interest Rate |
|----------------------------------|----------------------------|---------------|
| Investment Savings Account (ISA) | up to BDT 5 M | 4.00% |
| | Above BDT 5 M to BDT 10 M | 4.50% |
| | Above BDT 10 M to BDT 15 M | 5.00% |
| | Above BDT 15 M to BDT 20 M | 5.25% |
| | Above BDT 20 M | 5.75% |

4. Resident Foreign Currency Deposit Account (FCY):

Minimum balance required - USD 1,000 or GBP 500 or equivalent. No interest to be accrued if the balance falls below the minimum amount.

Interest rate - based on international market rates and Bangladesh Bank guidelines - to be advised by Global Markets to all branches from time to time.

5. STD Account & VIP Call Account– Consumer Banking:

Minimum balance required BDT 250,000 for CTB and BDT 50,000 for SME. If balance falls below minimum balance, no interest will be accrued. Details will be circulated from VC in a separate communication.

Interest rate: **2.00% to 3.75% *(CTB) & 2.00% to 4.00% (SME)**

* For new booking of STD A/c (CTB) the rate is 2.00%

6. STD Account – Origination & Client Coverage:

Minimum balance required BDT 500,000. If balance falls below BDT 500,000, no interest will be accrued.

Interest rate: **3.00% to 6.00%**

7. Fixed Deposit (LCY) - Consumer Banking:

Minimum Amount Required: BDT 50,000

| Tenor | BDT2 M & Below | Above BDT 2 M & up to BDT10M | Above BDT 10 M |
|----------|----------------|------------------------------|----------------|
| 1 Month | 5.25% | 5.50% | 6.00% |
| 3 Months | 5.75% | 6.00% | 6.00% |
| 6 Months | 6.00% | 6.25% | 6.50% |
| 1 Year | 7.00% | 7.25% | 7.50% |
| 2 Years | 7.50% | 8.00% | 8.00% |
| 3 Years | 8.00% | 8.25% | 8.50% |
| 4 Years* | 8.25% | 8.50% | 9.00% |
| 5 Years* | 8.50% | 9.00% | 9.50% |

SPECIAL OFFER:

Platinum Savers FD (up to BDT 8M) – 13 months – 1-year FD rate will be applicable
Product details have been communicated in a separate broadcast.

* Renewal/Roll-over/New Bookings will require prior approval from GM, Unsecured and CTB

8. Fixed Deposit (LCY) – Origination & Client Coverage:

Minimum Amount Required: BDT 100,000

| Tenor | BDT 2 M & | Above BDT | Above BDT | Above BDT | Above BDT | Over BDT |
|-------|-----------|-----------|-----------|-----------|-----------|----------|
|-------|-----------|-----------|-----------|-----------|-----------|----------|

| | Below | 2M & up to BDT 10M | 10M & up to BDT 50M | 50M & up to BDT 60M | 60M & up to BDT 100M | 100M |
|----------|-------|--------------------|---------------------|---------------------|----------------------|-------|
| 1 Month | 4.00% | 4.50% | 4.75% | 5.00% | 5.00% | 5.00% |
| 3 Months | 4.25% | 4.75% | 5.00% | 5.25% | 5.25% | 5.25% |
| 6 Months | 4.50% | 5.00% | 5.50% | 5.25% | 5.75% | 5.75% |
| 1 Year | 5.00% | 6.00% | 6.00% | 6.50% | 6.50% | 6.50% |
| 2 Years* | 5.50% | 6.50% | 6.75% | 6.75% | 7.00% | 7.25% |
| 3 Years* | 6.00% | 6.75% | 7.00% | 7.00% | 7.50% | 7.75% |
| 4 Years* | 6.00% | 6.75% | 7.00% | 7.00% | 7.50% | 8.00% |
| 5 Years* | 6.00% | 6.75% | 7.00% | 7.00% | 7.50% | 8.00% |

* New Bookings will require prior approval from MD-OCC

For Wholesale Deposits at broken tenors, please contact MD-OCC / Segment Heads. Current indicative rates are shown in addendum.

9. Fixed Deposit-Foreign Currency:

Based on international market rates and Bangladesh Bank guidelines - to be advised by Global Markets to all branches from time to time.

B. LENDING RATES FOR ORIGINATION & CLIENT COVERAGE

| Category | Lowest | Highest | Mid-rate |
|---|--------|---------|----------|
| Agriculture | 8.50% | 11.50% | 10.00% |
| Large & Medium Scale Industry – Term Loan | | | |
| Secured | 10.00% | 13.00% | 11.50% |
| Others | 11.00% | 14.00% | 12.50% |
| Industrial Sector – Working Capital | | | |
| Secured | 9.5% | 12.5% | 11.00% |
| Others | 10.00% | 13.00% | 11.50% |
| Exports | 7.00% | 7.00% | 7.00% |
| Commercial Loan | | | |
| Secured | 9.75% | 12.75% | 11.25% |
| Others | 10.00% | 13.00% | 11.50% |
| Loans to FI | | | |
| Secured | 9.50% | 12.50% | 11.00% |
| Others | 11.00% | 14.00% | 12.50% |
| Other Loans | | | |
| Secured | 8.00% | 11.00% | 9.50% |
| Others | 10.00% | 13.00% | 11.50% |

C. LENDING RATES FOR CONSUMER BANKING

| Products | Rates |
|---|---|
| a. Cashline (Loan) & Cashline (Overdraft) (For FD & MSS) | 13% |
| b. Cashline (Loan) & Cashline (Overdraft) (For other securities) | 13% |
| c. Personal Loan i) Type A (EOSB assigned) ii) Type B (Salary a/c with us) iii) Type C (Salary a/c with other banks) iv) Type D (others) | 18% 19% 20% 20.5% |
| d. Auto Loan i) Type A (Selective Corporate Clients) ii) Type B (All Other) | 13.5% - 16.5% 15% - 17% |
| e. Mortgage i) Type A (Variable) | 12.5% - 14.25% |
| f. Credit Cards i) Type A (Regular) ii) Type B (Saadiq) | 30% - 33% N/A |
| g. Personal Loan for Development Partners | 14% - 16% |
| h. Corporate Executive Package i) Type A (EOSB assigned) ii) Type A (Salary a/c with us) | 16% 17% |
| i. Installment Loans i) Type A (100% secured) ii) Type B (50% secured) iii) Type C (30% secured) iv) Type D (Education Flexi – 100% secured) | 18% 19% 20% 18% |
| j. Business Installment Loan – SME i) Type A (100% secured) ii) Type B (50% secured) i) Type C (30% secured) | 15% - 17% 17.5% - 20.5% 17.5% - 20.5% |
| k. Trade & Working Capital - SME | 11% - 14% |
| l. Loan Against Property ii) Type A | 16% |

Standard Chartered Bank
Bangladesh Branches

Financial Highlights
as at 31 December 2008

| <u>Particulars</u> | | <u>2008</u> | <u>2007</u> |
|---|------|-----------------|----------------|
| Capital - Fund deposited with Bangladesh Bank | Taka | 1,836,608,545 | 1,829,052,728 |
| Total capital including retained earnings | Taka | 13,641,068,735 | 11,716,229,382 |
| Surplus/(shortage) of capital | Taka | 6,201,478,931 | 5,322,628,194 |
| Total assets | Taka | 105,311,120,392 | 93,017,920,427 |
| Total deposits | Taka | 82,764,843,240 | 73,341,210,867 |
| Total loans and advances | Taka | 67,368,098,567 | 57,633,308,749 |
| Total contingent liabilities | Taka | 30,396,111,095 | 29,129,678,242 |
| Advances/deposits ratio | % | 81.40% | 78.58% |
| Classified advances as percentage of total advances | % | 2.73% | 2.46% |
| Profit after tax and provisions | Taka | 3,879,283,593 | 3,927,675,063 |
| Amount of loans classified during the year | Taka | 613,330,198 | 482,493,025 |
| Amount of provision against classified loans | Taka | 1,142,895,760 | 980,251,046 |
| Provision surplus/(shortage) | Taka | 218,137,729 | 385,381,872 |
| Interest expenses | Taka | 3,099,396,035 | 2,305,835,368 |
| Interest bearing assets | Taka | 86,304,393,795 | 75,080,542,463 |
| Non-interest bearing assets | Taka | 19,006,726,597 | 17,937,377,964 |
| Return on investment (ROI) | % | 31.94% | 35.21% |
| Return on assets (ROA) | % | 3.68% | 4.22% |
| Income from investment | Taka | 1,019,691,855 | 1,337,906,135 |



Annexure - D

Standard Chartered Bank
Bangladesh Branches

Financial Highlights
 as at 31 December 2006

| <u>Particulars</u> | <u>2006</u> <u>Taka</u> | <u>2005</u> <u>Taka</u> |
|---|----------------------------|----------------------------|
| Capital - Fund deposited with Bangladesh Bank | 1,838,386,384 | 1,806,829,737 |
| Total capital including retained earnings | 10,409,891,571 | 9,298,771,197 |
| Surplus/(shortage) of capital | 5,898,592,291 | 5,300,836,827 |
| Total assets | 79,695,486,267 | 72,989,842,491 |
| Total deposits | 64,131,722,881 | 57,032,422,668 |
| Total loans and advances | 47,373,100,365 | 40,488,655,214 |
| Total contingent liabilities | 25,007,864,002 | 28,835,729,599 |
| Advances/deposits ratio (%) | 73.87% | 70.99% |
| Classified advances as % of total advances | 1.92% | 2.50% |
| Profit after tax and provisions | 3,232,086,360 | 2,879,241,028 |
| Amount of loans classified during the year | 545,694,959 | 182,244,895 |
| Amount of provision against classified loans | 907,437,678 | 879,900,861 |
| Provision surplus /(shortage) | 509,080,000 | 445,607,000 |
| Interest expenses | 1,971,734,984 | 1,686,509,742 |
| Interest bearing assets | 69,224,399,824 | 64,330,148,654 |
| Non-interest bearing assets | 10,471,086,443 | 8,659,455,591 |
| Return on investment (ROI) - % | 34.14% | 32.83% |
| Return on assets (ROA) - % | 4.06% | 3.94% |
| Income from investment | 1,011,910,435 | 954,322,477 |

Standard Chartered Bank
Bangladesh Branches

Profit and Loss Account
for the year ended 31 December 2008

| | Notes | 2008 Taka | 2007 Taka |
|---|-------|-----------------------------|-----------------------------|
| Interest income | 19 | 9,643,689,912 | 7,555,249,429 |
| Interest expense on deposits and borrowings | 20 | 3,099,396,035 | 2,305,835,368 |
| Net interest income | | <u>6,544,293,877</u> | <u>5,249,414,061</u> |
| Income from investments | 21 | 1,019,691,855 | 1,337,906,135 |
| Commission, exchange and brokerage | 22 | 3,265,263,931 | 2,747,656,870 |
| Other operating income | 23 | 3,826,648 | 84,958,228 |
| Total operating income | | <u>10,833,076,311</u> | <u>9,419,935,294</u> |
| Salaries and allowances | | 1,451,981,852 | 1,203,266,532 |
| Rent, taxes, insurance, lighting etc. | | 247,916,288 | 226,803,150 |
| Legal expenses | | 18,054,016 | 19,694,660 |
| Postage, stamp, telegram and telephone | | 141,852,164 | 146,838,155 |
| Auditors' fee | | 399,736 | 396,000 |
| Printing, stationery and advertisement | | 145,300,107 | 138,166,981 |
| Chief executive officer's salary | | 7,430,751 | 7,414,035 |
| Repair, maintenance and depreciation | 24 | 504,588,339 | 401,940,558 |
| Other expenses | 25 | 835,520,415 | 594,859,351 |
| Total operating expenses | | <u>3,353,043,668</u> | <u>2,739,379,422</u> |
| Profit before provisions | | <u>7,480,032,643</u> | <u>6,680,555,872</u> |
| Provisions for loans and advances and off-balance sheet exposures | 16.2 | 573,067,919 | 361,577,399 |
| Profit before tax | | <u>6,906,964,724</u> | <u>6,318,978,473</u> |
| Provisions for tax: | | | |
| Current tax expense | 4.5 | 3,090,392,240 | 2,300,294,503 |
| Deferred tax expense/(income) | 4.6 | (62,711,109) | 91,008,907 |
| | | <u>3,027,681,131</u> | <u>2,391,303,410</u> |
| Profit after tax | | <u><u>3,879,283,593</u></u> | <u><u>3,927,675,063</u></u> |

The annexed notes 1 to 29 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.



Auditors

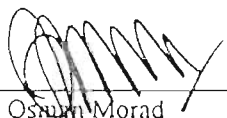
Dhaka, 30 March 2009

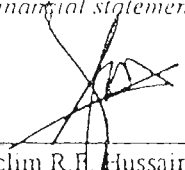


Profit and Loss Account
for the year ended 31 December 2006

| | <u>Notes</u> | <u>2006</u> Taka | <u>2005</u> Taka |
|---|--------------|----------------------|----------------------|
| Interest income | 18 | 6,350,188,968 | 4,831,324,279 |
| Interest expense on deposits and borrowings | 19 | 1,971,734,984 | 1,686,509,742 |
| Net interest income | | 4,378,453,984 | 3,144,814,537 |
| Income from investments | 20 | 1,011,910,435 | 954,322,477 |
| Commission, exchange and brokerage | 21 | 2,780,482,584 | 2,283,347,265 |
| Other operating income | 22 | 51,634,508 | 1,314,371 |
| Total operating income | | 8,222,481,511 | 6,383,798,650 |
| Salaries and allowances | | 969,845,831 | 927,693,954 |
| Rent, taxes, insurance, lighting etc. | | 139,969,304 | 128,106,339 |
| Legal expenses | | 12,788,602 | 11,181,037 |
| Postage, stamp, telegram and telephone | | 143,339,113 | 129,646,572 |
| Auditors' fee | | 396,000 | 396,000 |
| Printing, stationery and advertisement | | 193,516,075 | 124,443,956 |
| Chief executive officer's salary | | 9,403,946 | 4,799,847 |
| Repair, maintenance and depreciation | 23 | 309,934,876 | 342,844,268 |
| Other expenses | 24 | 510,776,742 | 311,231,987 |
| Total operating expenses | | 2,289,970,489 | 1,980,343,961 |
| Profit before provisions | | 5,932,511,022 | 4,403,454,689 |
| Provisions for loans and advances | 15.2 | 566,076,302 | 335,668,408 |
| Profit before tax | | 5,366,434,720 | 4,067,786,281 |
| Provisions for tax: | | | |
| Current tax | 3.9 | 2,116,250,755 | 1,608,118,874 |
| Deferred tax | 3.10 | 18,097,605 | (419,573,621) |
| | | 2,134,348,360 | 1,188,545,253 |
| Profit after tax | | 3,232,086,360 | 2,879,241,028 |

Accompanying notes 1 to 27 form an integral part of these financial statements.


 Osman Morad
 Chief Executive Officer, Bangladesh


 Selim R.F. Hussain
 Chief Financial Officer

As per our annexed report of same date.


 Auditors

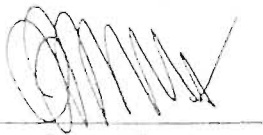
Dhaka, 29 March 2007

Standard Chartered Bank
 Bangladesh Branches

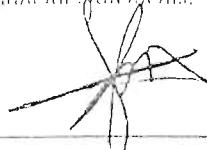
Profit and Loss Account
 for the year ended 31 December 2005

| | Notes | 2005 Taka | 2004 Taka |
|--|-------|----------------------|----------------------|
| Interest income | 17 | 4,831,324,279 | 4,668,684,009 |
| Interest paid on deposits and borrowings | 18 | 1,686,509,742 | 1,863,895,799 |
| Net interest income | | <u>3,144,814,537</u> | <u>2,804,788,210</u> |
| Income from investments | 19 | 954,322,477 | 749,055,946 |
| Commission, exchange and brokerage | 20 | 2,283,347,265 | 1,901,620,905 |
| Other operating income | 21 | 1,314,371 | 318,761 |
| Total operating income | | <u>6,383,798,650</u> | <u>5,455,783,822</u> |
| Salaries and allowances | | 927,693,954 | 610,221,066 |
| Rent, taxes, insurance, lighting etc. | | 100,717,127 | 87,208,509 |
| Legal expenses | | 11,181,037 | 3,951,092 |
| Postage, stamp, telegram and telephone | | 129,646,572 | 95,068,207 |
| Directors' fee | | 396,000 | 396,000 |
| Printing, stationery and advertisement | | 124,443,956 | 126,989,873 |
| Chief executive officer's salary | | 4,799,847 | 6,627,565 |
| Repair, maintenance and depreciation | 22 | 342,844,268 | 255,927,849 |
| Other expenses | 23 | 338,621,200 | 298,473,772 |
| Total operating expenses | | <u>1,980,343,961</u> | <u>1,484,863,933</u> |
| Profit before provisions | | <u>4,403,454,689</u> | <u>3,970,919,889</u> |
| Provisions for loans and advances | 15.2 | 335,668,408 | 174,031,358.00 |
| Profit before tax | | <u>4,067,786,281</u> | <u>3,796,888,531</u> |
| Provisions for tax: | | | |
| Current tax | 3.8 | 1,608,118,874 | 1,152,108,489 |
| Deferred tax | 3.9 | (419,573,621) | 161,196,036 |
| | | <u>1,188,545,253</u> | <u>1,313,304,525</u> |
| | | <u>2,879,241,028</u> | <u>2,483,554,006</u> |

Complying notes 1 to 20 form an integral part of these financial statements.



Osman Morad
 Chief Executive Officer, Bangladesh



Selim Rza Hussain
 Chief Financial Officer

As per our annexed report of same date.

Masih Muhith Haque & Co.

Auditors

Taka, 23 March 2006

Standard Chartered Bank
Bangladesh Branches

Balance Sheet
as at 31 December 2008


PRIMARY AND ASSETS

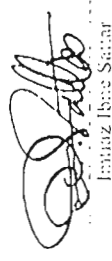
| | 2008 Taka | 2007 Taka |
|--|-----------------|----------------|
| Deposits from foreign correspondents | 1,376,116,000 | 1,412,095,017 |
| Deposits from Bangladesh branches including foreign currencies | 10,699,270,864 | 9,072,215,400 |
| | 11,405,387,864 | 10,484,310,417 |
| Assets with other banks and financial institutions | 812,857,881 | 2,247,756,808 |
| Other assets | 1,000,000 | 5,459,674 |
| Loans to customers | 8,133,563,328 | 1,250,243,482 |
| Assets at call and short notice | 1,607,603,750 | |
| Investments | 16,392,210,681 | 11,248,655,054 |
| Reserves | 18,606,170 | 1,000,000,000 |
| Assets of Central Depository Bangladesh Limited | 16,410,710,681 | 11,249,655,054 |
| Assets of business | 65,528,736,337 | 56,253,478,071 |
| Assets, cash, claims, overdrafts, etc. | 2,039,562,280 | 1,379,870,671 |
| Assets owned and purchased | 67,568,098,367 | 57,633,368,749 |
| Assets including premises, furniture and fixtures | 1,381,935,764 | 1,456,336,200 |
| Other assets | 7,831,136,759 | 9,919,564,451 |
| Banking assets | 105,311,130,392 | 95,017,920,427 |
| Other assets | | |

LIABILITIES AND CAPITAL

| | | |
|--|----|----------------|
| Borrowing from other banks and financial institutions and agents | 14 | 2,286,000,000 |
| Deposits and other accounts | 15 | 16,212,229,614 |
| Current and other accounts, etc. | | 1,569,875,957 |
| Bills payable | | 20,194,677,644 |
| Savings deposits | | 24,607,657,883 |
| Term deposits | | 18,816,156,593 |
| Short term deposits | | 1,365,645,531 |
| Other deposits | | 82,764,833,241 |
| Other liabilities | 16 | 19,401,762,389 |
| Total liabilities | | 93,168,545,423 |
| Capital/shareholders' equity: | 17 | 1,836,668,328 |
| Fund deposited with Bangladesh Bank | 18 | 357,754,474 |
| Other reserves | | 9,921,211,357 |
| Profit and loss account | | 12,147,674,379 |
| Total capital/shareholders' equity | | 10,559,995,158 |
| Total liabilities and capital/shareholders' equity | | 93,017,920,427 |
| OFF BALANCE SHEET ITEMS | 27 | |
| Contingent liability | | 7,212,198,336 |
| Acceptances and endorsements | | 14,159,022,412 |
| Letters of guarantee | | 7,640,360,471 |
| Irrevocable letters of credit | | 61,455,894 |
| Other contingent liabilities | | 1,362,249,882 |
| Bills for collection | | |
| Other commitments | | 26,824,319 |
| Forward contracts | | 30,396,111,755 |

The annexed notes 1 to 29 form an integral part of these financial statements


Sultan Moud
Chief Executive Officer, Bangladesh


Imtiaz Ibne Samir
Chief Financial Officer

As per our report of same date

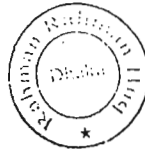

Auditors

Standard Chartered Bank

Bangladesh Branches


Balance Sheet
as at 31 December 2007

| | Notes | 2007 Taka | 2006 Taka |
|---|-------|----------------|----------------|
| PROPERTY AND ASSETS | | | |
| Cash | 6 | | |
| In hand (including foreign currencies) | | 1,412,095,017 | 1,380,355,924 |
| With Bangladesh Bank (including foreign currencies) | | 9,072,217,490 | 7,738,197,990 |
| | | 10,484,312,507 | 9,118,553,914 |
| Balances with other banks and financial institutions | 7 | | |
| Inside Bangladesh | | 1,244,786,803 | 1,242,278,281 |
| Outside Bangladesh | | 5,456,674 | 13,673,414 |
| | | 1,250,243,482 | 1,255,951,695 |
| Money at call and short notice | 8 | | 250,000,000 |
| Investments | 9 | | |
| Government securities | | 11,258,655,039 | 12,694,054,002 |
| Reverse repo | | 1,000,000,000 | - |
| Shares of Central Depository Bangladesh Limited | | 18,000,000 | 18,000,000 |
| | | 12,276,655,039 | 12,712,054,002 |
| Loans and advances | | | |
| Loans, cash credits, overdrafts, etc. | 10 | 56,253,478,077 | 45,195,166,825 |
| Bills discounted and purchased | 11 | 1,379,830,672 | 2,177,933,540 |
| | | 57,633,308,749 | 47,373,100,365 |
| Fixed assets including premises, furniture and fixtures | 12 | 1,456,336,200 | 570,994,115 |
| Other assets | 13 | 9,917,064,450 | 8,414,832,176 |
| Non-banking assets | | | |
| Total assets | | 93,017,920,427 | 79,695,486,267 |




| | Notes | 2007 Taka | 2006 Taka |
|--|-------|----------------|----------------|
| LIABILITIES AND CAPITAL | | | |
| Borrowing from other banks and financial institutions and agents | 14 | 2,250,000,000 | 600,000,000 |
| Deposits and other accounts | 15 | | |
| Current and other accounts, etc. | | 16,547,428,866 | 15,040,026,985 |
| Bills payable | | 1,546,229,610 | 719,518,192 |
| Savings deposits | | 19,713,444,993 | 19,046,234,979 |
| Term deposits | | 16,654,629,700 | 14,780,946,715 |
| Other deposits | | 15,879,477,698 | 14,544,996,010 |
| | | 73,341,210,867 | 64,131,722,881 |
| Other liabilities | 16 | 6,936,725,173 | 5,496,011,974 |
| Total liabilities | | 82,557,936,045 | 70,228,334,855 |
| Capital/shareholders' equity: | | | |
| Fund deposited with Bangladesh Bank | 5.1 | 1,829,052,728 | 1,838,386,384 |
| Other reserves | 17 | 207,976,762 | 30,932,888 |
| Profit and loss account balance | 18 | 8,422,954,592 | 7,597,832,140 |
| Total capital/shareholders' equity | | 10,459,984,382 | 9,467,151,412 |
| Total liabilities and capital/shareholders' equity | | 93,017,920,427 | 79,695,486,267 |
| OFF BALANCE SHEET ITEMS | | | |
| Contingent liability | 27 | | |
| Acceptances and endorsements | | 4,316,948,081 | 3,315,111,202 |
| Letters of guarantee | | 13,324,479,930 | 13,322,972,544 |
| Irrevocable letters of credit | | 9,516,357,583 | 6,787,293,326 |
| Bills for collection | | 1,205,540,829 | 1,274,494,687 |
| Other contingent liabilities | | 755,504,712 | 285,250,351 |
| Other commitments | | - | - |
| Forward contracts | | 10,847,107 | 22,741,892 |
| | | 29,129,678,242 | 25,007,864,002 |

Accompanying notes 1 to 28 form an integral part of these financial statements.


Osman Morad
Chief Executive Officer, Bangladesh


Imtiaz Ibne Sattar
Chief Financial Officer

As per our annexed report of same date.


Auditors

Dhaka, 31 MAR 2008

Rahman Rahman Huq

Standard Chartered Bank
Bangladesh Branches

Balance Sheet
as at 31 December 2006


| | Notes | 2006 Taka | 2005 Taka |
|---|-------|----------------|----------------|
| PROPERTY AND ASSETS | | | |
| Investments | 5 | | |
| Government securities | | 1,380,355,924 | 1,481,726,904 |
| Shares of Central Depository Bangladesh Limited | | 7,738,197,990 | 6,685,838,722 |
| Other investments | | 9,118,553,914 | 8,167,565,626 |
| Loans and advances | 6 | | |
| Loans to other banks and financial institutions | | 1,242,278,281 | 494,355,794 |
| Loans to Bangladesh | | 13,673,414 | 11,443,383 |
| Loans to outside Bangladesh | | 1,255,951,695 | 505,799,177 |
| Loans at call and short notice | 7 | 250,000,000 | 820,000,000 |
| Other investments | 8 | | |
| Government securities | | 12,694,054,002 | 16,763,203,720 |
| Shares of Central Depository Bangladesh Limited | | 18,000,000 | 18,000,000 |
| Other investments | | 12,712,054,002 | 16,781,203,720 |
| Loans and advances | 9 | | |
| Loans, cash credits, overdrafts, etc. | | 45,195,166,825 | 38,385,467,088 |
| Loans discounted and purchased | 10 | 2,177,933,540 | 2,103,188,126 |
| | | 47,373,100,365 | 40,488,655,214 |
| Fixed assets including premises, furniture and fixtures | 11 | 570,994,115 | 474,923,097 |
| Other assets | 12 | 8,414,832,176 | 5,751,695,657 |
| Banking assets | | | |
| Other assets | | 79,695,486,267 | 72,989,842,490 |

LIABILITIES AND CAPITAL

| | Notes | 2006 Taka | 2005 Taka |
|--|-------|----------------|----------------|
| Borrowing from other banks and financial institutions and agents | 13 | 600,000,000 | 210,000,000 |
| Deposits and other accounts | 14 | | |
| Current and other accounts, etc. | | 15,040,026,985 | 13,716,398,303 |
| Bills payable | | 719,518,192 | 769,656,086 |
| Savings deposits | | 19,046,234,979 | 16,562,411,974 |
| Term deposits | | 14,780,946,715 | 14,706,470,700 |
| Other deposits | | 14,544,996,010 | 11,277,485,605 |
| | | 64,131,722,881 | 57,032,422,668 |
| Other liabilities | 15 | 5,496,611,974 | 6,978,059,625 |
| Total liabilities | | 70,228,334,855 | 64,220,482,293 |
| Capital/shareholders' equity: | | | |
| Fund deposited with Bangladesh Bank | 4.1 | 1,838,386,384 | 1,806,826,954 |
| Other reserves | 16 | 30,932,888 | 52,134,579 |
| Profit and loss account balance | 17 | 7,597,832,140 | 6,910,398,664 |
| Total capital/shareholders' equity | | 9,467,151,412 | 8,769,360,197 |
| Total liabilities and capital/shareholders' equity | | 79,695,486,267 | 72,989,842,490 |
| OFF BALANCE SHEET ITEMS | 26 | | |
| Contingent liability | | 3,315,111,202 | 6,445,608,989 |
| Acceptances and endorsements | | 13,322,972,544 | 15,945,691,559 |
| Letters of guarantee | | 6,787,293,326 | 5,196,353,578 |
| Irrevocable letters of credit | | 1,274,494,687 | 817,465,186 |
| Bills for collection | | 285,250,351 | 56,507,006 |
| Other contingent liabilities | | | |
| Other commitments | | | |
| Forward contracts | | 22,741,892 | 374,103,282 |
| | | 25,007,864,002 | 28,835,729,599 |

Accompanying notes 1 to 27 form an integral part of these financial statements.


Osman Morad
Chief Executive Officer, Bangladesh


Slim R.F. Hussain
Chief Financial Officer

As per our annexed report of same date.

