



Annual Report 2016

Driving investment, trade
and the creation of wealth
across Asia, Africa and the Middle East.

Standard Chartered Bank (Pakistan) Ltd.

Points of interest

- Standard Chartered is proud to be operating in Pakistan as the largest and oldest international bank since 1863.
- 2013 marked Standard Chartered's 150th year of presence in the country.
- The Bank's franchise in Pakistan has the second largest distribution network in the Standard Chartered Group.
- The largest international Bank in Pakistan with 101 branches in 11 cities and a workforce of over 3500 employees.
- Standard Chartered Pakistan is the first international bank to get an Islamic Banking license and to open the first Islamic Banking branch in Pakistan.

Strong recognition by our stakeholders

The Asset Triple A Treasury, Trade & Risk Management Awards 2016

- Best Treasury & Cash Management Bank
- Best Working Capital & Trade Finance Bank
- Best Structured Trade Finance Bank
- Best e-Solutions and Technology Partner Bank

Global Finance Awards 2015 - 2016

- Best Digital Islamic Bank Award for 2016
- Pakistan - Best Emerging Market Bank In Asia Pacific 2015 and 2016
- Best Consumer Digital Bank Award

Finance Asia Award for 2015

- "Best Foreign Bank in Pakistan" award 2015

Islamic Finance News (IFN) Awards for 2015

- Pakistan Deal of the year award for Standard Chartered Saadiq's USD 1bn Sukuk issue

Our strategy

Driving investment, trade and the creation of wealth across Asia, Africa and the Middle East

Our Brand Promise

Here for good

Our Aspirations	To establish a strongly capitalised bank poised for growth in our dynamic and growing markets, with the goal to deliver returns by business of 10 per cent				
Our Objectives	Secure the foundations Strengthening our balance sheet and aligning our strategy to a tightened risk tolerance	Get lean and focused Driving sustainable improvements in returns by restructuring our client businesses and assertively managing costs	Invest and innovate Investing in our core strengths and taking advantage of opportunities in our markets		
Our Values	Courageous: We stand up for what we believe and do the right thing	Responsive: We can be relied on to respond quickly and deliver lasting value	International: We value others and actively collaborate	Creative: We adapt and innovate to meet evolving needs	Trustworthy: We act with integrity and earn the trust of others



Standard Chartered Bank (Pakistan) Limited - Board of Directors

Standing from left to right Parvez Ghas | Spenta Kandawalla | Ian Bryden (Chairman) | Shazad Dada (Chief Executive) | Ferdinand Pieterse | Najam Chaudhri



Pakistan Executive Committee – 2016

Top row: Shezad Arif, Naveed Qazi, Majid Aziz, Shahzad Salamullah, Mubbashir Yasin, Khurram Khan, Muslim Reza, Mujahid Zuberi
Front row: Zaheer Mehdi, Adil Salahudin, Khadija Hashimi, Shazad Dada, Sunil Kaushal, Asad Shariff, Azhar Aslam, Muhammad Umer

Company Information

Board of Directors

Mr. Ian Anderson Bryden	Chairperson
Mr. Shazad Dada	Chief Executive Officer
Mr. Najam I. Chaudhri	
Mr. Parvez Ghias	
Mrs. Spenta Kandawalla	
Mr. Ferdinand Pieterse	
Mr. Mohamed Abdel Bary*	

Company Secretary

Mr. Asif Iqbal Alam

Audit Committee

Mr. Najam I. Chaudhri	Chairperson
Mr. Parvez Ghias	Member
Mr. Ferdinand Pieterse	Member

Human Resource & Remuneration Committee

Mrs. Spenta Kandawalla	Chairperson
Mr. Parvez Ghias	Member
Mr. Ian Anderson Bryden	Member

AUDITORS

M/s KPMG Taseer Hadi & Co
Chartered Accountants

LEGAL ADVISORS

HaidermotaBNR & Co
Barristers at Law & Corporate Counselors

Registered Office

Standard Chartered Bank (Pakistan) Limited
P.O. Box No. 5556, I.I. Chundrigar Road
Karachi 74000, Pakistan
Tel: (021) 32450000
Fax: (021) 32414914

Main Office

Standard Chartered Bank (Pakistan) Limited
P.O. Box No. 5556, I.I. Chundrigar Road
Karachi 74000, Pakistan
Tel: (021) 32450000
Fax: (021) 32414914

Website

www.sc.com/pk

Registrar and Share Transfer Office

M/s Central Depository Company of Pakistan Limited
(Share Registrar Department)
CDC House, 99-B, Block B
SMCHS, Main Shahra-e-Faisal
Karachi - 74400
Toll Free:0800 - CDCPL (23275)
Fax: (021) 34326053
Email: info@cdcpak.com

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STANDARD CHARTERED BANK (PAKISTAN) LIMITED

NOTICE OF ANNUAL GENERAL MEETING

STANDARD CHARTERED BANK (PAKISTAN) LIMITED NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Eleventh Annual General Meeting of the shareholders of **Standard Chartered Bank (Pakistan) Limited ("Bank")** will be held on Thursday, 30 March 2017 at 4:00 PM at the Moosa G. Desai Auditorium, Institute of Chartered Accountants of Pakistan, ICAP House, Block 8, Clifton, Karachi, to transact the following business:

A. ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Accounts of the Bank for the year ended 31 December 2016 along with the Directors' and Auditors' Reports thereon.
2. To consider the appointment of external auditors namely M/s KPMG Taseer Hadi & Co., Chartered Accountants (who being eligible, have offered themselves for re-appointment), for the year 2017 and to authorize the Chief Executive Officer and Chief Financial Officer to negotiate and agree upon their remuneration subject to concurrence of the Board in the subsequent meeting.
3. To consider and approve final cash dividend @ 12.5% (i.e. Rs. 1.25 per share) as recommended by the Board of Directors in addition to interim dividend of 7.5% already paid for the year 2016.

B. SPECIAL BUSINESS

4. To approve the remuneration paid to the Independent Non Executive Directors of the Bank for the year ended 31 December 2016 in accordance with the Articles of Association of the Bank and in that connection to pass the following resolution, as ordinary resolution, with or without modification, addition or deletion:

"RESOLVED THAT the decision of the Board of Directors of Standard Chartered Bank (Pakistan) Limited to pay a fee of Rs. 6,210,000 during the year ended 31 December 2016 to the independent non-executive members of the Board, in terms of their discretion under the Articles of Association of the Bank, be and is hereby confirmed and approved by the shareholders."

A statement of material facts under section 160 (1) (b) of the Companies Ordinance, 1984 relating to the aforesaid special business to be transacted in the said Annual General Meeting is appended below.

C. OTHER BUSINESS

5. To transact any other business as may be placed before the meeting with the permission of the Chair.

By Order of the Board

Asif Iqbal Alam
Company Secretary

Karachi: 02 March 2017

اسٹینڈرڈ چارٹرڈ بینک (پاکستان) لمیٹڈ نوٹس برائے سالانہ اجلاس عام

بذریعہ ہذا مطلع کیا جاتا ہے کہ اسٹینڈرڈ چارٹرڈ بینک (پاکستان) لمیٹڈ کے حصص یافتہ گان کا گیارہواں سالانہ اجلاس عام 30 مارچ 2017 جمعرات 04:00 بجے شام، موسیٰ جی ڈیسائی آڈیٹوریم، انسٹیٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان، ICAP ہائوس، بلاک 8 کلفٹن، کراچی میں درج ذیل کارروائی کیلئے منعقد کیا جائے گا۔

(الف) عمومی کارروائی

- i. 31 دسمبر 2016ء کو ختم ہونے والے مالی سال کیلئے بینک کے آڈیٹڈ اکاؤنٹس اور ان پر ڈائریکٹرز اور آڈیٹرز کی رپورٹس کی وصولی، ان پر غور اور انکی توثیق۔
- ii. میسرز KPMG ٹاٹیر ہادی اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس (جنہوں نے اہل ہونے کے سبب پھر سے تقرری کی درخواست دی ہے) کی 2017 کیلئے بطور بیرونی آڈیٹر تقرری اور ان کے معاوضے کے تعین کیلئے چیف ایگزیکٹو آفیسر اور چیف فنانشل آفیسر کو گفت و شنید اور اتفاق کرنے کا اختیار دینا جو بورڈ کی رضامندی سے مشروط ہو گا۔
- iii. بورڈ آف ڈائریکٹرز کی منظوری کی روشنی میں 12.5% (یعنی 1.25 روپے فی حصص) نقد منافع کی ادائیگی پر غور اور منظور کرنا جو سال 2016 کیلئے ادا کیے جانے والے 7.5% عبوری منافع کے علاوہ ہے۔

(ب) خصوصی کارروائی

- iv. 31 دسمبر 2016ء کو ختم ہونے والے سال کیلئے بینک کے آرٹیکلز آف ایسوسی ایشن کے تحت بینک کے خودمختار نان ایگزیکٹو ڈائریکٹران کو ادا کیے معاوضے کی منظوری اور اس سلسلے میں مندرجہ ذیل قرارداد کو بمعہ یا بغیر ترمیم، اضافے یا اخراج بطور عمومی قرارداد منظور کرنا:

"قراریا کہ آرٹیکلز آف ایسوسی ایشن کے تحت دی گئی صوابدید پر، بورڈ آف ڈائریکٹرز کے فیصلے کے بورڈ کے نان ایگزیکٹو ممبران کو 31 دسمبر 2016ء کو ختم ہونے والے سال کیلئے مبلغ 6,210,000 روپے فیس ادا کرنے کو حصص یافتگان کی جانب سے توثیق اور منظوری دی جاتی ہے۔"

کمپنی آرڈینینس 1984 کے سیکشن 160(1)(b) کے تحت مذکورہ سالانہ اجلاس عام میں عمل میں لائی گئی خصوصی کارروائی سے متعلق ضروری حقائق کی دستاویز درج ذیل منسلک ہے۔

(ج) دیگر کارروائی

- v. چیئرمین کی اجازت سے کوئی اور کارروائی عمل میں لانا۔

بحکم بورڈ

آصف اقبال عالم
کمپنی سیکریٹری

کراچی 02 مارچ 2017

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. The Share Transfer Books of the Bank will remain closed from 23 March 2017 to 30 March 2017 (both days inclusive). Transfer received at the Share Registrar by the close of business on 22 March 2017 will be treated in time.
2. Only those persons whose names appear in the Register of Members of the Bank as at 22 March 2017 are entitled to attend and participate in and vote at the Annual General Meeting.
3. A member entitled to attend and vote at the above meeting is entitled to appoint another member as his/ her proxy to attend and vote instead of him/ her. Proxies, in order to be valid, must be received by the Bank at its registered office marked for the attention of the office of the Company Secretary, not less than 48 hours before the time for holding the meeting and must be duly stamped, signed and witnessed. A member shall not be entitled to appoint more than one proxy.
4. Members are requested to notify change in their address, if any, to the Bank's Share Registrars, M/s. Central Depository Company of Pakistan Limited (Share Registrar Department) CDC House, 99-B, Block B, SMCHS, Main Shahra-e-Faisal, Karachi - 74400. Toll Free: 0800-CDCPL (23275), Fax: (021) 34326053, Email: info@cdcpak.com.

5. A. For Attending the Meeting:

- i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his identity by showing his original Computerized National Identity Card (CNIC) or original passport at the time of attending the Meeting.
- ii) In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced at the time of the Meeting.

B. For Appointing Proxies:

- i) In case of individuals, the account holder or sub-account holder and / or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirement.
 - ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
 - iii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
 - iv) The proxy shall produce his original CNIC or original passport at the time of the Meeting.
 - v) In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted along with proxy form to the Bank.
6. Members may inspect the minutes of the Annual General Meeting held on 30 March 2016, in terms of Section 173 of the Companies Ordinance, 1984, at the Banks registered address.
 7. In terms of Securities and Exchange Commission of Pakistan's (SECP) SRO. 634(I)/2014, the Annual Report for the year ended 2016 will also be placed on the Bank's website simultaneously with the dispatch of the same to the members.

Statement under section 160(1) (b)

Item (4) to the Agenda

The meeting fee payable to the independent non-executive members of the Board was approved by the Board of Directors in terms of Article 60 of the Articles of Association of the Bank. This meeting fee requires approval of the shareholders in Annual General Meeting in terms of paragraph C-2 of Regulation G-1 of prudential regulations for Corporate / Commercial Banking issued by the State Bank of Pakistan. The independent non-executive members of the Board are interested in the payment of fees and remaining members of the Board have no interest in the matter.

نوٹس:

1. بینک کی حصص کی منتقلی کی کتابیں 23 مارچ 2017 سے لے کر 30 مارچ 2017 تک (بشمول دونوں دن) بند رہیں گی۔ 22 مارچ 2017 کو کاروبار کے اختتام تک رجسٹرار کو موصول ہونے والے ٹرانسفرز بروقت تصور کئے جائیں گے۔
2. صرف وہ ممبران جن کے نام 22 مارچ 2017ء کو بینک کے ممبران کے رجسٹر میں درج ہوں گے وہی اس سالانہ اجلاس عام میں شرکت کرنے، ووٹ دینے اور ڈیوڈنڈ لینے کے اہل ہوں گے۔
3. ایک ممبر جو اس اجلاس میں شرکت کرنے اور ووٹ دینے کا اہل ہے اپنی جگہ کسی اور فرد کو بطور نمائندہ اجلاس میں شرکت، بولنے، ووٹ ڈالنے کے لئے مقرر کر سکتا ہے۔ پروکسیز کے مؤثر ہونے کے لئے لازم ہے کہ وہ کہنی کے رجسٹرڈ آفس میں اجلاس سے 48 گھنٹے قبل وصول ہوجائیں۔ ایک ممبر ایک سے زیادہ پراکسی نامزد کرنے کا مختار نہ ہوگا۔
4. حصص یافتگان سے درخواست ہے کہ وہ اپنے رجسٹرڈ پتہ میں ہونے والی کسی تبدیلی سے فوری طور پر شیئر رجسٹرار میسرز سینٹرل ڈپازٹری کہنی آف پاکستان لمیٹڈ (شیئر رجسٹرار ڈپارٹمنٹ) CDC ہاؤس، 99-B بلاک B، SMCHS، مین شاہراہ فیصل کراچی۔ 74400 ٹول فری نمبر: 0800-CDCPL(23275)، فیکس: 021-34326053، ای میل: info@cdcpak.com پر مطلع کریں۔

5. (الف) اجلاس میں شرکت کیلئے:

- i. افراد کی صورت میں اکائونٹ ہولڈر یا سب اکائونٹ ہولڈر یا گروپ کے اکائونٹ میں سکیورٹیز کے حامل افراد اور ان کی رجسٹریشن کی تفصیلات ضابطہ کے مطابق اپ لوڈ کردی گئی ہیں، اس لئے شناخت کیلئے اصل کیوٹرائڈ شناختی کارڈ (سی این آئی سی) یا اصل پاسپورٹ اجلاس میں شرکت کے وقت دکھانا لازمی ہوگا۔
- ii. کارپوریٹ انٹیلیٹی کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد/مختار نامہ، نامزد کرنے والے کے دستخط کے ساتھ اجلاس کے وقت پیش کرنا لازمی ہوگا۔

(ب) پراکسیز کی نامزدگی کیلئے

- i. افراد کی صورت میں اکائونٹ ہولڈر یا سب اکائونٹ ہولڈر یا گروپ کے اکائونٹ میں سکیورٹیز کے حامل افراد اور ان کی رجسٹریشن کی تفصیلات ضابطہ کے مطابق اپ لوڈ کردی گئی ہیں اس لئے پراکسی فارم بینک کی جانب سے لاگو کئے گئے قواعد کے مطابق پُر کر کے پیش کرنا ہوگا۔
- ii. پراکسی فارم کا دو افراد سے تصدیق شدہ ہونا لازمی ہے جن کے نام پتہ اور کیوٹرائڈ شناختی کارڈ کے غیر فارم پر لکھے ہوں گے۔
- iii. پراکسی فارم کی ساتھ پراکسی اور اصل مالک کے کیوٹرائڈ شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ فوٹو کاپی منسلک کرنا ہوگی۔
- iv. پراکسی کو اپنا اصل کیوٹرائڈ قومی شناختی کارڈ یا پاسپورٹ اجلاس کے وقت دکھانا ہوگا۔
- v. کارپوریٹ انٹیلیٹی کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد/مختار نامہ، نامزد کرنے والے کے دستخط کے ہمراہ پروکسی فارم کے ساتھ بینک میں جمع کرنا ہوگا۔
- vi. کہنی آرڈیننس 1984 کے سیکشن 173 کے تحت ممبران بینک کے رجسٹرڈ پتے پر 30 مارچ 2016ء کو ہونے والے سالانہ اجلاس عام کی روداد کا معائنہ کر سکتے ہیں۔
- vii. سکیورٹیز اینڈ ایکسچینج کمیشن کی شرائط 2014 / (i) S.R.O 634 کے تحت سالانہ رپورٹ 2016 کی سالانہ رپورٹ کی ممبرز کو ترسیل کی ساتھ بینک کی ویب سائٹ پر بھی فراہم کی جائے گی۔

سیکشن 160(1)(b) کے تحت بیان

بینک کے آرٹیکل آف ایسوسی ایشن کے آرٹیکل 60 کے تحت بورڈ کے خودمختار نان ایگزیکٹو ممبران کو ادا کی جانے والی میٹنگ فیس کی بورڈ آف ڈائریکٹرز کی جانب سے منظوری دی گئی۔ اس میٹنگ فیس کی اسٹیٹ بینک آف پاکستان کی جانب سے جاری کئے گئے پروڈنشل ریگولیشنز برائے کارپوریٹ/کمرشل بینکنگ کے ریگولیشنز G-1 کے پیراگراف C-2 کے تحت سالانہ اجلاس عام میں حصص یافتگان سے منظوری لینا ضروری ہے۔ بورڈ کے خودمختار نان ایگزیکٹو ممبران فیس کی ادائیگی میں دلچسپی رکھتے ہیں اور بورڈ کے باقی ممبران کے معاملے میں دلچسپی نہیں ہے۔

NOTICE OF ANNUAL GENERAL MEETING

SHAREHOLDERS AWARENESS:

1. **CINC Requirements:** In compliance with Securities and Exchange Commission of Pakistan's (SECP) directive SRO 831 dated 5 July 2012, printing of Computerized National Identity Card (CNIC) numbers of shareholders on dividend warrants is **MANDATORY**, therefore shareholders are requested to provide a copy of their valid CNICs, if they have not already done so, to our Share Registrar at their above referred office address latest by 22 March 2017. Failing which may result in withholding of dividend warrants of respective shareholders.

2. **Tax Requirements:** The dividend income on shares is liable to deduction of withholding tax under Section 150 of the Income Tax Ordinance, 2001 and pursuant to the provisions of Finance Act, 2016, effective from 01 July 2016; the 'Filer' and 'Non-Filer' shareholders will pay tax on dividend income @ 12.5% and 20% respectively. The Filer status of shareholders will only be determined on the basis of Active Taxpayers List (ATL) uploaded by the Federal Board of Revenue (FBR) on their website <http://www.fbr.gov.pk/> as on 17 April 2017.

In case a Folio/ CDS Account is jointly held, each joint-holder will be treated separately as Filer or Non-Filer and tax will be deducted on the gross dividend amount determined by bifurcating the shareholding of each joint-holder on equal proportions, except where shareholding proportion of joint-holders is pre-defined as per the records of Bank's Share Registrar and thus tax rates will be applied in line with respective proportions. Those shareholders, who are holding shares jointly, are requested to update/ notify the shareholding proportions of Principal and Joint-holder(s) in writing to our Share Registrar latest by 22 March 2017 at their above referred office address.

In this regard, all shareholders, whose names are not entered into the ATL despite the fact that they are filers, are advised to make sure that: (i) their names appear into the ATL before start of closed period (referred above), otherwise they will be treated as non-filers for tax deduction purpose, and (ii) a copy of their National Tax Number is submitted to their relevant Participant/ CDC Investor Account Services or to our Share Registrar (in case of physical shareholding only) at their above referred office address.

Corporate shareholders are requested to provide of a copy of valid Income Tax Exemption Certificate issued by the concerned authority to your institution which is compulsorily required to claim tax exemption in terms of clarification issued by FBR vide their letter C.No.1 (43) DG (WHT)/ 2008-Vol.11-66417-R dated 12 May 2015 (viewable at FBR's website at following link: <http://www.fbr.gov.pk/ShowDocument.aspx?type=Doc&Actionid=4141>).

In case you are subject to any special tax rate, please also provide a copy of relevant certificate issued by the concerned authority. Relevant copies should reach our Share Registrar at their above mentioned office address.

3. **e-Dividend/ Bank Mandate:** Furthermore, the Bank encourages its shareholders to provide dividend mandates of their respective Banks. The benefits associated with this are instant credit of dividends, no chances of dividend warrants getting lost in the post, undelivered or delivered to the wrong address etc. For more information, the members may contact our Share Registrars.

4. **Electronic Transmission of Audited Financial Statements along with Notice to members through email:** Shareholders, who wish to receive audited financial statements and notice of general meeting through email in terms of provisions of SECP's SRO 787 (I)/ 2014 dated 08 September 2014, are requested to provide their consent and their email addresses, in writing, to our Share Registrar at their above mentioned office address or at info@cdcpak.com

حصص یافتگان (ممبران) کی آگاہی:

1. **سی این آئی سی کی ضرورت:** سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی ہدایات بذریعہ خط نمبر SRO 831(i)/2012 تاریخ 5 جولائی 2012 پر عملدرآمد کیلئے حامل حصص کا سی این آئی سی نمبر ڈیویڈنڈ وارنٹ پر پرنٹ ہونا لازمی ہے، لہذا جن ممبران نے ابھی تک اپنے قومی شناختی کارڈ کی نقول جمع نہیں کرائیں ان سے درخواست کی جاتی ہے کہ وہ اپنے قومی شناختی کارڈ کی نقول ہمارے شیئرجسٹرار کے ایڈریس پر 22 مارچ 2017 تک مہیا کریں۔

2. **ٹیکس معاملات:** انکم ٹیکس آرڈیننس، 2001 کے سیکشن 150 اور فائننس ایکٹ 2015 کی دفعات کے مطابق ڈیویڈنڈ آمدن پر فائلر ممبران کیلئے شرح ودیولڈنگ ٹیکس 12.5% جبکہ نان فائلر کیلئے 20% ہے۔ فائلر کا تعین فیڈرل بورڈ آف ریونیو (FBR) کی ویب سائٹ (<http://www.fbr.gov.pk/>) پر 17 اپریل 2017 کو جاری کردہ ایکٹو ٹیکس پیئر لسٹ (ATL) کی بنیاد پر کیا جائیگا۔

کسی فولیو/ سی ڈی ایس اکاؤنٹ کی مشترکہ ملکیت کی صورت میں ہر مشترکہ ہولڈر کو بطور فائلر یا نان فائلر علیحدہ تصور کیا جائیگا اور ٹیکس کی کٹوتی ڈیویڈنڈ کی مجموعی رقم پر کی جائیگی جو کہ ممبران میں شیئر ہولڈنگ کے تناسب کو مساوی تقسیم کر کے کردی جائیگی سوائے اس کے کہ شیئر ہولڈنگ کے تناسب کی تفصیل پہلے ہی بینک کے شیئر رجسٹرار کے ریکارڈز میں موجود ہو اس صورت میں ٹیکس کی شرح اس تناسب سے لاگو کی جائیگی۔ لہذا ایسے مشترکہ ہولڈرز سے درخواست کی جاتی ہے کہ اپنی ہولڈنگ کا تناسب ہمارے شیئر رجسٹرار کو مندرجہ بالا پتے پر 22 مارچ 2017 تک فراہم کر دیں۔

اس سلسلے میں وہ ممبران جن کے نام فائلرز ہونے کے باوجود ATL میں موجود نہیں، ان سے گزارش کی جاتی ہے کہ اس امر کو یقینی بنائیں کہ ان کے نام ATL میں موجود ہوں بصورت دیگر ان کو نان فائلر سمجھا جائیگا۔

کارپوریٹ شیئر ہولڈرز جو ٹیکس سے استثناء کے دعویدار ہیں ان سے درخواست کی جاتی ہے کہ وہ متعلقہ اتھارٹیز کی جانب سے ان کے ادارے کو جاری کیا گیا موثر انکم ٹیکس ایکسپمپشن سرٹیفیکٹ فراہم کریں۔ FBR کے لیٹر C. No. 1 (43) DG (WHT)/2008-Vol.11-66417-R تاریخ 12 مئی 2015 (FBR) کی ویب سائٹ پر دستیاب ہے (<http://www.fbr.gov.pk/ShowDocument.aspx?type=Doc&Actionid=4141>) اگر آپ خصوصی ٹیکس ریٹ کے تابع ہیں یا ممبران متعلقہ اتھارٹیز کی جانب سے جاری کیے گئے سرٹیفیکٹ کی نقول ہمارے شیئر رجسٹرار کو مندرجہ بالا پتے پر فراہم کریں۔

3. **ای ڈیویڈنڈ/ بینک مینڈیٹ:** علاوہ ازیں بینک اپنے شیئر ہولڈرز کی اپنے بینکوں کو ڈیویڈنڈ مینڈیٹ فراہم کرنے کی حوصلہ افزائی کرتا ہے۔ اس طریقے کے فوائد میں ڈیویڈنڈ کی فوری منتقلی اور ڈیویڈنڈ وارنٹس کے ڈاک میں گم ہوجانے یا ترسیل نہ ہونے یا غلط پتے پر ترسیل کے امکانات کا نہ ہونا شامل ہیں۔ مزید معلومات کیلئے ممبران ہمارے شیئر رجسٹرار سے رابطہ کر سکتے ہیں۔

4. **الیکٹرانک آڈٹڈ فنانشل اسٹیٹمنٹ اور نوٹس کی ترسیل بذریعہ ای میل:** SECP کے نوٹیفیکیشن 2014 (i) SRO 787 تاریخ 8 ستمبر 2014 کے ذریعہ کمپنیوں کو سالانہ اجلاس عام کے نوٹس کے ہمراہ سالانہ آڈٹ شدہ فنانشل اسٹیٹمنٹس کی ای میل کے ذریعے ترسیل کی اجازت دی گئی ہے لہذا بینک کے وہ تمام ممبر جو سالانہ رپورٹ سافٹ کاپی کی صورت میں حاصل کرنے کے خواہشمند ہیں ان سے درخواست کی جاتی ہے کہ اپنے ای میل ایڈریسز ہمارے شیئر رجسٹرار کو فراہم کریں۔

DIRECTORS' REPORT - December 31, 2016

On behalf of the Board of Directors, I am pleased to present the Directors' Report of Standard Chartered Bank (Pakistan) Limited (SCBPL) along with the audited financial statements and auditors' report thereon for the year ended 31st December 2016.

Economy

GDP grew 4.7% in FY16 on the strength of domestic demand; however it missed the government's 5.5% target mainly due to subdued agricultural sector performance. Looking ahead, the government is targeting 5.7% growth for FY17 as economic activity gains momentum and infrastructure and energy projects as a part of the China-Pakistan Economic Corridor, are implemented.

The country's 3-year IMF Extended Fund Facility successfully concluded in September 2016, supporting an increase in the State Bank of Pakistan's FX reserves to c.USD 17bn. This, along with the decline in consumer-price inflation to an average of 2.9% in FY16 from 4.5% in the previous year, allowed the central bank to ease monetary policy by a further 25bps in 2016 to 5.75%.

As the domestic economy gathers pace, external-sector weakness has begun to emerge. Amid flagging exports and overseas workers' remittances, the country's current account deficit for H1-FY17 widened to 2.2% of GDP, up from 1.3% for the corresponding period last year.

The banking system however remains well capitalized and profitable with a capital adequacy ratio of 16.8% and ROE of 14.2%. Non-performing loans of the banking sector declined further to 11.3% of total loans by September 30, 2016 from 12.5% in September 30, 2015.

Operating Results and Business Overview

	December 31, 2016 (PKR millions)	December 31, 2015 (PKR millions) Restated
Balance Sheet		
Paid-up capital	38,716	38,716
Total equity	56,872	55,016
Deposits	365,562	327,238
Advances – gross	133,631	130,370
Advances – net	113,951	108,853
Investments – net	245,850	231,837
Profit and Loss		
Revenue	26,548	29,405
Administrative expenses	11,964	12,105
Other non mark-up expenses	380	358
Operating profit (before provisions and tax)	14,204	16,942
Recoveries / (Provisions) - net	1,141	(1,557)
Profit before tax	15,345	15,385
Profit after tax	9,618	9,288
Earnings per Share (EPS) - Rupees	2.48	2.40

The Bank delivered resilient financial performance with Profit before tax of PKR 15.3 billion compared to PKR 15.4 billion in 2015. Revenue was lower by PKR 2.9 billion primarily due to reduced margins. The impact of margin compression on revenue was largely offset by a stable non-funded income and decreasing cost of funds. Administrative costs continue to be well managed through operational efficiencies and disciplined spending, leading to a 1% decrease from comparative year. Moreover strong recoveries of bad debts, coupled with lower impairments led to a net release of PKR 1.1 billion in the current year. Resultantly, Profit after tax has increased by 4% year on year.

Advances grew by 5% since the start of this year. There is positive momentum in the advances across all business segments with a strategy to build profitable, efficient and sustainable portfolios. On the liabilities side, the bank's total deposits grew by 12% since the start of this year. The continuous increase in low cost deposits has significantly supported the Bank's performance with current and savings accounts comprising 94% of the deposit base.

During 2016, the Bank contributed around PKR 12.0 billion to the national exchequer in lieu of direct income taxes, as an agent of Federal Board of Revenue and on account of FED / Provincial Sales Taxes.

The Bank continues to invest in its digital capabilities and infrastructure to enhance banking experience through introduction of innovative solutions. We are fully committed to sustained growth by consistently focusing on our clients and product suite along with a prudent approach to building the balance sheet while bringing the best in class services to our customers.

DIRECTORS' REPORT

Outlook

These results further demonstrate our commitment to delivering a consistent and sustained performance. Having strengthened our foundations on controls and conduct, we recognise the importance of re-energising growth with a focus on income whilst keeping strong cost and risk management. This ensures that returns continue to grow at a sustainable level. The external environment remains challenging and we are committed to improving our performance whilst ensuring our clients' needs are at the heart of everything we do.

Dividend

Final cash dividend of 12.50% (Rs.1.25/- per share) has been recommended by the Board of Directors for approval at the Eleventh Annual General Meeting of the Bank's shareholders. This is in addition to 7.50% (Re. 0.75/- per share) interim cash dividend announced / paid during the year.

External Annual Audit

The financial statements of SCBPL have been audited without any qualification by the auditors of the Bank, namely KPMG Taseer Hadi & Co., Chartered Accountants.

Credit Rating

Pakistan Credit Rating Agency (PACRA) has maintained the Bank's long-term and short-term ratings of "AAA" (Triple A) and "A1+" (A One Plus) respectively in 2016. The Bank's outstanding subordinated TFC has also been assigned "AAA" rating. These ratings denote the lowest expectation of credit risk emanating from an exceptionally strong capacity for timely payment of financial commitments.

Sustainability

As the largest International Bank in the country, with 101 branches in 11 cities of Pakistan, Standard Chartered is an integral part of Pakistan's financial landscape. Through its sustainability and community investment agenda the Bank has demonstrated its commitment to the community. Through our sustainability strategy we seek to strengthen relationships between our business, community, government and clients.

In Pakistan, the Bank's community efforts are focused on health and education. Through our flagship Community Investment health programme "Seeing is Believing", we continue contributing to the prevention of avoidable blindness. Currently our projects address Diabetic Retinopathy - an emerging health problem across the nation and looking at touching over 1 million people over the span of five years. A second project is working to strengthen the overall eye healthcare system in four districts in Khyber Pakhtunkwa. Through our partners we are accredited with a 20% reduction in avoidable blindness and the Government of Pakistan has appointed Standard Chartered as the only corporate partner with presence on both the National and Sindh eye councils of the country.

In April 2016 we launched Goal in Pakistan. Goal is Standard Chartered's leading girls' education programme. Through a combination of sports and life skills training, Goal aims to empower and equip adolescent girls with the confidence, knowledge and skills they need to be integral economic leaders in their families, communities and societies. We aim to reach over 1,700 girls in urban Karachi slums through this programme.

Through our education programme, the Bank continues to extend post matriculation scholarships to deserving students and supports institutions of both vocational and higher learning. To encourage employees to participate in these initiatives and engage with communities, Standard Chartered provides three days paid volunteering leave to each member of staff. In 2016, SCBPL employees logged 2,673 volunteering days.

Corporate Governance

As required by the Code of Corporate Governance (the Code), a prescribed statement by the Board, along with Auditors' Review Report thereon, forms part of this Annual Report.

The directors are pleased to give the following statement as required by clause 5.19.11 of the Code:

- The financial statements present fairly the Bank's state of affairs, results of its operations, cash flows and changes in equity.
- Proper books of accounts of the Bank have been maintained.
- Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.

DIRECTORS' REPORT

- The International Financial Reporting Standards and International Accounting Standards as applicable in Pakistan have been followed in the preparation of financial statements.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There is no doubt upon the Bank's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- Summarized key operating and financial data is tabulated in this Annual Report.
- Details of Board and its Committees meetings held and attended by the directors/ members form part of this report.
- The Directors, CEO, CFO, HoIA and Company Secretary have confirmed that neither they nor their spouses are engaged in the business of stock brokerage.
- Statement of Compliance with the Code and the Auditors' review report thereon form part of this Annual Report.
- Details of training programs attended by directors are provided in above-referred statement of compliance.
- All statutory liabilities, if any, have been adequately disclosed in the financial statements.

Statements on Internal Controls and Risk Management Framework

The management of SCBPL is responsible for establishing and maintaining a system of adequate internal controls and procedures. Management's statements on Internal Controls and Risk Management Framework form part of this Annual Report.

Directors' Meetings

Seven (07) meetings of the Board of Directors, five (05) meetings of Board Audit Committee and five (05) meetings of Board Human Resource (HR) and Remuneration Committee were held during 2016. Attendance by each director/ member was as follows:

Sr. No.	Name of Director	Board of Directors Meetings		Board Audit Committee Meetings		Board HR & Remuneration Meetings	
		Held during the tenor in the year	Attended ¹	Held during the tenor in the year	Attended ¹	Held during the tenor in the year	Attended ¹
1	Sunil Kaushal	6	3	-	-	-	-
2	Shazad Dada ³	7	7	-	-	2	2
3	Najam I. Chaudhri ²	7	7	5	5	-	-
4	Parvez Ghias ^{2&3}	7	6	5	5	5	5
5	Spenta Kandawalla ³	7	6	-	-	5	4
6	Ferdinand Pieterse ²	3	2	3	3	-	-
7	Ian Bryden ³	3	2	-	-	3	2

¹ Leave of absence was granted to the Directors/Members who could not attend some of the meetings

² Member of Board Audit Committee

³ Member of Board HR & Remuneration Committee

Statement of investments of Provident, Gratuity and Pension Funds

Value of investments including accrued income of provident and gratuity funds as at December 31, 2016 on the basis of un-audited accounts are:

	PKR '000
Provident Fund	2,064,598
Management Staff Gratuity Fund	1,188,677
Non- Management Staff Gratuity Fund	103,453
Management Staff Pension Fund	57,639
Non- Management Staff Pension Fund	56,825

DIRECTORS' REPORT

Changes in Board of Directors

The following changes have taken place in the Board of Directors since the last directors' report:

Board of Directors has appointed Mr. Ian Anderson Bryden (who is already serving as Director) as the new Chairman and Mr. Mohamed Abdel Bary as director (subject to clearance from State Bank of Pakistan) in place of Mr. Sunil Kaushal who resigned from his office as Chairman/ Director on the Board.

The Board welcomes Mr. Bryden as the new Chairman and also places on record its sincere appreciation for the invaluable support and contribution of Mr. Kaushal during his tenure as Chairman/ Director on the Board of the Bank.

Performance Evaluation of the Board

The Board has a process in place to evaluate and enhance the overall effectiveness of the Board, its Committees, and individual Directors (including Chief Executive Officer and Independent Non Executive Directors) on an annual basis. The services of an external consultant are engaged to design a set of surveys, which are tailored to the specific circumstances of the Bank and comprise a mix of rating and free-text questions. All Board members are required to complete their surveys online and the anonymity of the respondents is ensured throughout the process in order to promote an open and frank exchange of views. The consolidated results of the exercise are analysed internally by the Company Secretary, shared with the Chairperson and presented to the Board for discussion. Recommendations from the evaluation form the basis of the action plan which is agreed by the Board for implementation.

Pattern of Shareholding

The pattern of shareholding as required under section 236(2)(d) of the Companies Ordinance, 1984, and Clause 5.19.11 (f) (x) of the Code of Corporate Governance (as contained in the Rule Book of the Exchange) forms part of this Annual Report. At 31 December 2016, Standard Chartered Bank, UK (holding company) held 98.99% shares of SCBPL.

External Auditors

The Audit Committee has suggested the name of KPMG Taseer Hadi & Co., Chartered Accountants as external auditors of the Bank for the next term. The Board of Directors, on the suggestion of Audit Committee recommended the name of retiring auditors KPMG Taseer Hadi & Co., Chartered Accountants as external auditors for the next term. The retiring auditors, being eligible, offer themselves for re-appointment in the forthcoming Annual General Meeting.

Appreciation and Acknowledgment

We take this opportunity to express our gratitude to our clients and business partners for their continued support and trust. We offer sincere appreciation to the State Bank of Pakistan for their guidance and cooperation extended to the Bank. Finally, we are also thankful to our associates, staff and colleagues for their committed services provided to our valued clients.

On behalf of the Board



Shazad Dada
Chief Executive Officer
Karachi: March 02, 2017

ڈائریکٹرز کی رپورٹ

اسٹینڈرڈ چارٹرڈ بینک (پاکستان) لمیٹڈ

31 دسمبر، 2016

ڈائریکٹرز کی رپورٹ

بورڈ آف ڈائریکٹرز کی جانب سے میں انتہائی مسرت سے اسٹینڈرڈ چارٹرڈ بینک (پاکستان) لمیٹڈ کی ڈائریکٹرز رپورٹ بمعہ 31 دسمبر 2016 کو ختم ہونے والے سال کے پڑتال شدہ کھاتہ جات اور آڈیٹڈ رپورٹ پیش کر رہا ہوں۔

معیت

ملکی سطح پر طلب میں استحکام کے باعث مالی سال 2016 میں پاکستان کی مجموعی ملکی پیداوار میں 4.7 فیصد اضافہ ہوا؛ تاہم حکومتی ہدف جو 5.5 فیصد تھا، حاصل نہ ہو سکا جس کی بنیادی وجہ شعبہ زراعت کی غیر مستحکم کارکردگی تھی۔ معاشی سرگرمی میں مستحکم اضافے، بنیادی ڈھانچے اور توانائی سے متعلق چین۔ پاکستان اقتصادی راہداری کے منصوبہ جات پر عملدرآمد ہونے کے باعث مالی سال 2017 کیلئے حکومت معاشی پیداوار میں 5.7 فیصد اضافے کا ہدف رکھتی ہے۔

ستمبر 2016 میں ملک کی 3 سالہ آئی ایم ایف ایکسٹنڈڈ فنڈ فیسلٹی کا کامیاب اختتام ہوا جس کے باعث اسٹیٹ بینک آف پاکستان کے زیر مبادلہ کے ذخائر 17 ارب ڈالر کی سطح پر پہنچ گئے۔ اس کے ساتھ ساتھ 2016 مہنگائی کی شرح 2.9 فیصد پر آگئی جو کہ گزشتہ سال 4.5 فیصد کی سطح پر تھی جس کی مدد سے مرکزی بینک کو اپنی مالیاتی پالیسی میں گنجائش کا موقع ملا اور 2016 میں شرح سود میں 25 بیس پوائنٹس کی مزید کمی کر کے 5.75 فیصد کی گئی ہے۔

ملکی معیت جوں جوں مستحکم ہو رہی ہے، بیرونی شعبہ جات (درآمدات و برآمدات) میں عدم استحکام کی نشاندہی ہونا شروع ہو گئی ہے۔ برآمدات اور بیرون ملک مقیم ورکرز کے ترسیلات زر میں کمی کے باعث مالی سال 2017 کی اول ششماہی میں ملک کے کرنٹ اکاؤنٹ کا خسارہ GDP کا 2.2 فیصد کی سطح پر رہا جو گزشتہ سال اسی مدت میں 1.3 فیصد تھا۔

شعبہ بینکاری 16.8 فیصد (سی اے آر) کے موزوں سرمائے اور 14.2 فیصد کے (ROE) کے ساتھ منافع بخش رہا۔ بینکنگ سیکٹر میں غیر ادا شدہ قرضوں کی شرح 30 ستمبر 2016 تک 11.3 فیصد کی سطح پر آ گیا جو ستمبر 2015 میں 12.5 فیصد تھی۔

نتائج اور عمومی کاروباری جائزہ

31 دسمبر، 2015 (ملین روپے)

31 دسمبر، 2016 (ملین روپے)

ریٹیل

38,716

55,016

327,238

130,370

108,853

231,837

38,716

56,872

365,562

133,631

113,951

245,850

بیلنس شیٹ

ادا کردہ سرمایہ

کل ایکویٹی

جمع شدہ رقوم

قرضہ جات۔ مجموعی

قرضہ جات۔ خالص

سرمایہ کاری۔ خالص

ڈائریکٹرز کی رپورٹ

نتائج اور عمومی کاروباری جائزہ

31 دسمبر، 2015 (ملین روپے)

31 دسمبر، 2016 (ملین روپے)

نفع و نقصان		
آمدنی	26,548	29,405
انتظامی اخراجات	11,964	12,105
دیگران - مارک اپ اخراجات	380	358
کاروباری منافع (واجبات اور ٹیکس سے قبل)	14,204	16,942
تموین / (وصولیوں کا خالص)	1,141	(1,557)
قبل از ٹیکس منافع	15,345	15,385
بعد از ٹیکس منافع	9,618	9,288
منافع فی حصص (ای پی ایس)	2.48	2.40

بینک نے سال 2015 میں 15.4 ارب روپے کے مقابلے میں اس سال 15.3 ارب روپے قبل از ٹیکس منافع کے حصول کے ذریعے اپنی مستحکم مالی کارکردگی کا مظاہرہ کیا۔ کم مارجن کے باعث آمدنی میں 2.9 ارب روپے کی کمی واقع ہوئی۔ آمدنی میں شرح سود کی کمی کے اثرات نان فنڈڈ آمدنی میں اضافہ کی بدولت مستحکم رہے۔ انتظامی اخراجات میں عملی طور پر اعلیٰ کارکردگی جتنا اخراجات اور بہتر منصوبہ بندی عمل میں لائی گئی، جس سے گزشتہ سال کے مقابلے میں 1 فیصد کمی واقع ہوئی۔ مزید یہ کہ غیر ادا شدہ قرضوں کی وصولی کے ساتھ ساتھ اس سلسلے میں کم نقصان کے باعث رواں سال میں 1.1 ارب روپے کے غیر ادا شدہ قرضے واپس کیے گئے اور نتیجتاً منافع (بعد از ٹیکس) میں سال بسال 4 فیصد اضافہ ہوا۔

اس سال کے آغاز سے بینک کی جانب سے دیئے گئے قرضوں میں 5 فیصد اضافہ ہوا۔ حکمت عملی کے ساتھ منافع بخش، استعداد اور مضبوط سطح پر برقرار پورٹ فولیو کی تعمیر کیلئے تمام کاروباری شعبہ جات میں قرضوں کا رجحان مثبت طور پر مستحکم رہا۔ واجبات کے حوالے سے اس سال کے آغاز سے اب تک بینک کے کل جمع شدہ رقوم میں 12 فیصد اضافہ ہوا۔ کم قیمت جمع شدہ رقوم میں مسلسل اضافہ بینک کی کارکردگی میں معاون رہا اور کرنٹ اور سیونگز کا وٹنس مجموعی جمع شدہ رقوم کے 94 فیصد تک رہے۔

سال 2016 کے دوران بینک نے فیڈرل بورڈ آف ریونیو اور FED / صوبائی سیلز ٹیکسز کے ایجنٹ کی حیثیت سے براہ راست انکم ٹیکسز کی مد میں حکومتی خزانے میں تقریباً 12 ارب روپے جمع کرائے۔

بینک جدید سلسلوں کو متعارف کروا کر بینکنگ سہولیات میں اضافے کیلئے اپنی ڈیجیٹل استعداد اور بنیادی ڈھانچے میں مسلسل سرمایہ کاری کرتا رہے گا۔ ہم بیلنس شیٹ کے استحکام کیلئے دانشمندانہ حکمت عملی اور اپنے تمام صارفین کے لئے اعلیٰ معیار کی خدمات کو پیش کرنے کے ساتھ ساتھ صارفین کیلئے اپنی پروڈکٹس کو نہایت موزوں بنانے پر اپنی خصوصی توجہ مرکوز کر کے ایک مستحکم اضافے کیلئے مسلسل کوشاں ہیں۔

معاشی منظر نامہ

اپنی انتظامی اور اختیارات کے ڈھانچے کو مضبوط کرنے کے بعد، ہم آمدنی کی نشوونما کی اہمیت کو سمجھتے ہوئے ساتھ ہی اخراجات میں احتیاط اور معاشی خطرات سے نمٹنے کی صلاحیت رکھتے ہیں۔ اقتصادی ماحول کے خطرات کو مد نظر رکھتے ہوئے ہم ثابت قدم ہیں کہ ہم اپنی کارکردگی بہتر کریں گے اور ساتھ ہی صارفین کی ضروریات کو اپنے ہر عمل میں ترجیح دیں گے۔

ڈائریکٹرز کی رپورٹ

منافع حصص

بینک کے حصص یافتگان کے گیارہویں سالانہ اجلاس عام میں بورڈ آف ڈائریکٹران کی جانب سے منظوری کیلئے 12.5 فیصد (1.25 روپے فی حصص) کے حتمی کیش ڈیویڈنڈ کی تجویز دی گئی ہے۔ یہ منافع 7.5 فیصد (0.75 روپے فی حصص) عبوری کیش ڈیویڈنڈ کے علاوہ ہے، جس کا اعلان/ادائیگی اس سال کے دوران کی گئی تھی۔

سالانہ بیرونی آڈٹ

اسٹینڈرڈ چارٹرڈ بینک پاکستان لمیٹڈ کی کھاتہ جات کا آڈٹ بینک کے آڈیٹرز کے پی ایم جی تاثیر ہادی اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس نے کیا اور بغیر کسی اختلاف پٹنی رپورٹ پیش کی۔

کریڈٹ ریٹنگ

2016 میں پاکستان کریڈٹ ریٹنگ ایجنسی نے بینک کی بائرنیٹ "AAA" (ٹرپل A) اور "A1+" (ایون پلس) کی طویل مدتی اور قلیل مدتی درجہ بندی کو برقرار رکھا ہے۔ بینک کے ٹی ایف سی کو بھی "AAA" ریٹ کیا گیا ہے۔ یہ درجہ بندی قرضہ جات کے متوقع نقصانات سے تحفظ اور ان کی وقت پر ادائیگی کو یقینی بنانے کی نشاندہی کرتی ہیں۔

سماجی استحکام

پاکستان کے 11 شہروں میں 101 شاخوں پر مشتمل ملک کے سب سے بڑے بین الاقوامی بینک کی حیثیت سے اسٹینڈرڈ چارٹرڈ اب پاکستان کے مالی استحکام میں ایک لازمی جزو کی حیثیت رکھتا ہے۔ اپنے اسی استحکام اور معاشی امور میں سرمائے کے استعمال کے ذریعے بینک نے معاشی حوالے سے اپنے پر غلوں عزم کا اظہار کیا ہے۔ ہم بہتر حکمت عملی کی مدد سے اپنے بزنس، سماج، حکومت اور صارفین کے ساتھ مضبوط تعلقات استوار کرنے کے خواہاں ہیں۔

بینک کی پاکستان میں سماجی کاوشیں تعلیم اور صحت پر مرکوز ہیں۔ ہماری بالخصوص سماجی سرمایہ کاری ہیلتھ پروگرام "Seeing is Believing" کے ذریعے ہم قابل گریز نابینا پن کی روک تھام کیلئے مسلسل مالی تعاون کر رہے ہیں۔ ہمارے موجودہ منصوبہ جات میں ڈائیاپنک ریٹیو پیٹھتی (ڈیابیطس سے ہونے والے ریٹینا کا غیر سوزشی مرض) شامل ہے، جو صحت چشم سے متعلقہ ملک بھر میں ابھرنے والا ایک نیا مسئلہ ہے۔ اس کیلئے 5 سالہ مدت کے دوران 10 لاکھ متاثرہ افراد کا معائنہ کیا جائے گا۔ دوسرے منصوبے میں ہم خیر پختونخواہ کے چار اضلاع میں صحت چشم کی امداد کے حوالے سے مجموعی ہیلتھ کیئر سسٹم کو مستحکم کرنے کیلئے کام کر رہے ہیں۔ ہمارے شراکت داروں نے ہماری ان کاوشوں کا اعتراف کیا جن کے باعث قابل گریز نابینا پن میں 20 فیصد کمی واقع ہوئی ہے اور حکومت پاکستان نے اسٹینڈرڈ چارٹرڈ کو ملک کی نیشنل اور سندھ آئی کونسل میں اپنا واحد شراکتی پارٹنر بنالیا ہے۔

اپریل 2016 میں ہم نے پاکستان میں "گول" کا آغاز کیا۔ "گول" تعلیم نسواں کے حوالے سے اسٹینڈرڈ چارٹرڈ کا ایک مخصوص پروگرام ہے۔ مجموعی طور پر کھیلوں اور زندگی کی مہارتوں کے ذریعے "گول" کا مقصد نو جوان لڑکیوں کو با اختیار بنانا اور انہیں اپنے خاندان، سماج اور معاشرے میں معاشی طور پر قائدانہ کردار ادا کرنے کے لئے انہیں اعتماد، علم اور ضروری مہارتوں سے آراستہ کرنا ہے۔ ہم کراچی شہر کے پسماندہ علاقوں میں 1700 سے زائد لڑکیوں کو اس پروگرام سے مستفید کریں گے۔

اپنے تعلیمی پروگرام کے ذریعے بینک نے میٹرک کے بعد مستحق طالب علموں کو تعلیمی وظائف اور پیشہ ورانہ اور اعلیٰ تعلیم کے حامل اداروں کو مالی معاونت فراہم کی۔ ملازمین کی شمولیت، حوصلہ افزائی اور کمیونٹیز کے ساتھ کام کرنے کیلئے اسٹینڈرڈ چارٹرڈ اسٹاف کے ہر ممبر کو 3 دن کی رضا کارانہ چھٹیاں فراہم کرتا ہے، جس کی انہیں ادائیگی کی جاتی ہے۔ 2016 میں اسٹینڈرڈ چارٹرڈ بینک (پاکستان) لمیٹڈ کے ملازمین نے 2,673 دن رضا کارانہ طور پر اپنی خدمات انجام دیں۔

کارپوریٹ گورننس

کوڈ آف کارپوریٹ گورننس (دی کوڈ) کے تحت درکار بورڈ کی جانب سے وضاحت کردہ اسٹیٹمنٹ بمعہ آڈیٹران کی جائزہ رپورٹ اس سالانہ رپورٹ کا جزو ہے۔ ڈائریکٹران بمسرت کوڈ کی شق (5.19.11) کے تحت درکار درج ذیل اسٹیٹمنٹ پیش کرتے ہیں:

ڈائریکٹرز کی رپورٹ

- کھاتہ جات بینک کی صورتحال، اس کی کارکردگی، نقدی کے بہاؤ، ایکویٹی میں تبدیلیوں کا واضح اظہار ہیں۔
- بینک کے اکاؤنٹس کی درست کتا میں تیار کی گئی ہیں۔
- کھاتہ جات کی تیاری میں اکاؤنٹنگ کی مخصوص پالیسیوں کا یکساں اطلاق کیا گیا ہے اور اکاؤنٹنگ کے تخمینے موزوں اور محتاط اندازے پر مبنی ہیں۔
- کھاتہ جات کی تیاری میں پاکستان میں لاگو بین الاقوامی فنانس رپورٹنگ اسٹینڈرڈز، اور بین الاقوامی اکاؤنٹنگ اسٹینڈرڈز پر عمل درآمد کیا گیا ہے۔
- اندرونی انضباط درست طرز پر ڈیزائن کیا گیا ہے اور مؤثر اطلاق اور جانچ کی گئی ہے۔
- بطور ادارہ بینک کے کام جاری رکھنے کی اہلیت پر کوئی شک نہیں۔
- ضوابط کی فہرست میں بیان کردہ کارپوریٹ گورننس کی بہترین حکمت عملیوں سے انحراف نہیں کیا گیا۔
- اس سالانہ رپورٹ میں بنیادی آپریٹنگ اور فنانس ڈیٹا کا خلاصہ مرتب کیا گیا۔
- بورڈ اور اس کی کمیٹی کے منعقدہ اجلاس اور ڈائریکٹران/ممبران کی شرکت کی تفصیل اس رپورٹ کا جزو ہے۔
- ڈائریکٹران، سی ای او، سی ایف او، ہیڈ آف آڈٹ اور کمپنی سیکریٹری نے تصدیق کی ہے کہ وہ یا ان کے شریک حیات اسٹاک بروکر کے بزنس سے منسلک نہیں ہیں۔
- اسٹینڈ آف کمپلائنس، مع نظر ثانی رپورٹ اور آڈیٹران کی نظر ثانی رپورٹ اس سالانہ رپورٹ کا حصہ ہیں۔
- ڈائریکٹران کی ٹریننگ کی تفصیلات مندرجہ بالا رپورٹ میں دی گئی ہیں۔
- کھاتہ جات میں تمام قانونی ذمہ داریاں، اگر کوئی ہوں، سامنے لائی گئی ہیں۔

اسٹینٹس برائے اندرونی انضباط اور خطرات سے نمٹنے کا ڈھانچہ

اسٹینڈرڈ چارٹرڈ بینک (پاکستان) لمیٹڈ کی انتظامیہ موزوں اندرونی انضباط و طریقہ کار کو قائم اور برقرار رکھنے کی ذمہ دار ہے۔ اندرونی انضباط اور خطرات سے نمٹنے کے ڈھانچے پر انتظامیہ کی اسٹینٹس اس رپورٹ کا حصہ ہیں۔

ڈائریکٹران کے اجلاس

سال 2016 میں بورڈ آف ڈائریکٹرز کے سات (7)، بورڈ آڈٹ کمیٹی کے پانچ (5) اور بورڈ ہیومن ریسورس اینڈ ریمپو نیشن کمیٹی کے پانچ (5) اجلاس منعقد ہوئے۔ ہر ڈائریکٹر/ممبر کی شرکت کی تفصیل مندرجہ ذیل ہے:

نمبر شمار	ڈائریکٹران کے نام	بورڈ آف ڈائریکٹرز کے اجلاس		بورڈ آڈٹ کمیٹی کے اجلاس		بورڈ ایچ آر اینڈ ریمپو نیشن کے اجلاس	
		سال کے دوران منعقدہ	شرکت کی ^۱	سال کے دوران منعقدہ	شرکت کی ^۱	سال کے دوران منعقدہ	شرکت کی ^۱
1-	سنیل کوشال	6	3	-	-	-	-
2-	شہزاد ادا ^۳	7	7	-	-	2	2
3-	نجم آئی چوہدری ^۲	7	7	5	5	-	-
4-	پرویز غیاث ^۲ اور ^۳	7	6	5	5	5	5
5-	اسپینا کانڈا والا ^۳	7	6	-	-	5	4
6-	فرڈیننڈ پیٹرز ^۲	3	2	3	3	-	-
7-	این بریڈن ^۳	3	2	-	-	3	2

۱- وہ ڈائریکٹران/ممبران جو کچھ اجلاس میں شرکت نہیں کر سکتے تھے انہیں رخصت دی گئی تھی

ڈائریکٹرز کی رپورٹ

۲۔ بورڈ آڈٹ کمیٹی کے ممبر

۳۔ بورڈ ہیومن ریسورس اینڈ ریمونڈیشن کمیٹی کے ممبر

پروویڈنٹ، گریجویٹ اور پینشن فنڈ کیلئے مختص رقم کی اسٹیٹمنٹ

مختص کی گئی رقم کی قدر بشمول پروویڈنٹ، گریجویٹ فنڈ کی حاصل آمدن 31 دسمبر 2016 پر غیر آڈٹ شدہ اکاؤنٹس کی بنیاد پر مندرجہ ذیل ہے:

000 روپے

2,064,598

1,188,677

103,453

57,639

56,825

پروویڈنٹ فنڈ

گریجویٹ فنڈ برائے انتظامی عملہ

گریجویٹ فنڈ برائے غیر انتظامی عملہ

پینشن فنڈ برائے انتظامی عملہ

پینشن فنڈ برائے غیر انتظامی عملہ

بورڈ آف ڈائریکٹرز کی تبدیلیاں

ڈائریکٹران کی آخری رپورٹ سے اب تک بورڈ آف ڈائریکٹرز میں مندرجہ ذیل تبدیلیاں ہوئی ہیں:

بورڈ کے ڈائریکٹران نے جناب این اینڈرسن برائینڈن (جو پہلے ہی بطور ڈائریکٹر خدمات انجام دے رہے ہیں) کو جناب سنیل کوشال (جنہوں نے بورڈ کے چیئرمین کے عہدے سے استعفیٰ دے دیا تھا) کی جگہ بورڈ کا چیئرمین اور جناب محمد عبدالباری کو بطور ڈائریکٹر (اسٹیٹ بینک آف پاکستان کی منظوری سے مشروط) مقرر کیا ہے۔
بورڈ جناب برائینڈن کو چیئرمین مقرر ہونے پر مبارکباد پیش کرتا ہے اور جناب کوشال کی گراں قدر خدمات کا اعتراف کرتا ہے، جو انہوں نے اس مدت میں بینک کے بورڈ کے چیئرمین / ڈائریکٹر کی حیثیت سے انجام دیں۔

بورڈ کی کارکردگی کی جانچ

بورڈ اپنی کمیٹی اور انفرادی ڈائریکٹران (بشمول چیف ایگزیکٹو آفیسر اور ڈائریکٹران) کی مجموعی صلاحیت میں اضافے اور اس کی جانچ کیلئے ایک مخصوص طریقہ کار رکھتا ہے۔ بورڈ کی سالانہ کارکردگی کی جانچ میں معاونت کیلئے بیرونی ماہرین کی خدمات حاصل کی جاتی ہیں۔ اس طریقہ کار کے تحت بینک کے مخصوص حالات میں کئی سروے کئے جاتے ہیں جس میں ریٹنگ اور فری۔ ایکسٹ سوالات کئے جاتے ہیں۔ بورڈ کے تمام ممبران کیلئے اپنے سروے کو آن لائن مکمل کرنا ضروری ہوتا ہے اور اس تمام مرحلے کے دوران جواب دینے والے ممبران کو صیغہ راز میں رکھا جائے گا، تاکہ دوستانہ اور آزادانہ تبادلہ خیال ہو سکے۔ اس عمل کے مجموعی نتائج کی جانچ کمپنی سیکریٹری کرتے ہیں، تفصیلات چیئرمین کو دی جاتی ہیں اور بورڈ کے سامنے پیش کی جاتی ہیں۔ اس جائزے سے نکلنے والے نتائج عملی جامہ کی بنیاد بنایا جاتا ہے جس پر عملدرآمد کیلئے بورڈ منظوری دیتا ہے۔

شیر ہولڈنگ کا انداز

کمپنیز آرڈیننس 1984 کے سیکشن (d) (2) 236 اور کارپوریٹ گورننس کے کوڈ کی شق (5.19.11) کے تحت درکار شیر ہولڈنگ کا انداز اس سالانہ رپورٹ کا جزو ہے۔ 31 دسمبر 2016 پر اسٹیٹرز چارٹرڈ بینک، یو کے (بالادست کمپنی) اسٹیٹرز چارٹرڈ بینک پاکستان لمیٹڈ (پاکستان) کے 98.99 فیصد حصص کی مالک تھی۔

بیرونی آڈیٹران

آڈٹ کمیٹی نے اگلی مدت کیلئے بینک کے بیرونی آڈیٹران کے طور پر کے پی ایم جی تاثیر ہادی اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کا نام تجویز کیا ہے۔ آڈٹ کمیٹی کی تجویز پر بورڈ آف ڈائریکٹرز نے ریٹائر ہونے والے آڈیٹران تاثیر ہادی اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس کو اگلی مدت کے لئے بیرونی آڈیٹران کے طور پر مقرر کرنے کی سفارش کی ہے۔ ریٹائر ہونے والے آڈیٹران آئندہ منعقد ہونے والے سالانہ اجلاس عام میں خود کو دوبارہ تقرر کیلئے پیش کرنے کے اہل ہوں گے۔

ڈائریکٹرز کی رپورٹ

تسلیم و تحسین

اس موقع پر ہم اپنے کسٹمرز اور بزنس پارٹنرز کی مسلسل سرپرستی اور اعتماد کیلئے ممنون ہیں۔ ہم اسٹیٹ بینک آف پاکستان کی رہنمائی اور بے پناہ تعاون کو بھی سراہتے ہیں۔ آخر میں ہمارے قابل قدر کلائنٹس کو فراہم کی گئیں ذمہ دارانہ خدمات کیلئے ہم اپنے ایسوسی ایٹس، عملے اور ہم پیشہ رفیقوں کے شکر گزار ہیں۔

منجانب



شہزاد دادا

چیف ایگزیکٹو آفیسر

کراچی: 2 مارچ 2017

Management's Statements on Internal Controls and Risk Management Framework

The following statements are made by the management to meet the requirements of the State Bank of Pakistan (SBP) BSD Circular letter no. 2 of 2005 and BSD Circular letter no. 3 of 2005.

Internal Controls

Management of Standard Chartered Bank (Pakistan) Limited (the Bank or SCBPL) is responsible for establishing and maintaining a sound system of internal controls aimed at achieving the following objectives of the Bank:

- Efficiency and effectiveness of operations
 - Compliance with applicable laws and regulations
 - Reliability of financial reporting
1. The Management has adopted different strategies to ensure effective monitoring and improvement of internal controls. These include Internal Audit and Operational Risk Framework (ORF) in which assurance responsibilities are divided into three lines of defense i.e. first being the business function, second is the Operational Risk Assurance and support from Group Internal Audit is the third line of defense.
 2. The policies and procedures in all significant areas and as per the directives of the regulators have been duly approved by the Board.
 3. An organization structure has been established which supports clear lines of communication and tiered levels of authority with accountability.
 4. The Bank has an effective Internal Audit Department, which reports directly to the Audit Committee of the Board. The department periodically carries out detailed reviews/audits of its branches and various departments/ units based on a yearly plan which is approved by the Audit Committee.
 5. Internal control policies, tools and reporting structures have been enhanced to provide greater clarity over roles and responsibilities. Relevant training materials have also been updated and deployment is underway.
 6. Management gives due consideration to the recommendations made by the internal and external auditors for improvements in the internal control system and take action to implement such recommendations.
 7. The management has put in place evaluation and approval procedures for major capital expenditure and other transactions.
 8. There is an annual budgeting and strategic planning process. Financial forecasts are reviewed during the year on a periodic basis to reflect significant changes in business environment. Regular reporting and monitoring of financial performance of the departments and the Bank as a whole, using operating statistics and monthly management accounts which highlight key performance indicators and variance from budgets and forecasts is in place.
 9. Review and implementation of health, safety, environment and contingency management processes and other significant policies are carried out and reporting mechanism is in place.
 10. SCBPL has adopted the internationally accepted Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Controls Integrated Framework 1992 and available international practices in relation to Internal Controls over Financial Reporting (ICFR) to comply with SBP guidelines on Internal Controls.

SCBPL maintains a system of ICFR, which is designed to provide reasonable assurance to the Bank's management and Board of Directors regarding the preparation of reliable published financial statements. The system contains self-monitoring mechanisms, and actions are taken to correct deficiencies as they are identified. Even an effective internal control system, no matter how well designed, has inherent limitations and therefore can provide only reasonable assurance with respect to financial statements preparation. Further, because of changes in conditions, internal control system effectiveness may vary over time.

SCBPL has devised a well defined and comprehensive Internal Control Program along the lines of stage wise roadmap, as suggested by SBP. Accordingly, the Bank has successfully completed all of the stages of the SBP roadmap on ICFR. This involved completing detailed documentation of the existing processes and controls and related Risk and Control Matrices. It also involved completing a comprehensive gap analysis of the control design and developing remediation plans for the gaps identified. The bank has developed comprehensive management testing plans and reporting framework to ensure operating effectiveness of key controls. Furthermore, Internal Audit is currently performing assurance over ICFR.

Management's Statements on Internal Controls and Risk Management Framework

The Bank will continue enhancing its coverage and compliance with the SBP guidelines on Internal Controls and further strengthen its control environment on an ongoing basis. The Bank engaged external consultants to facilitate in reviewing the process and control documentation and provide professional guidance in documenting, assessing and testing the existing key Processes and Controls in line with requirements of SBP guidelines and leading practices. Further the consultants also independently performed the Quality Assurance / Validation exercise to provide assurance whether after completion of remedial plans, gaps have been bridged accordingly.

Risk Management Framework

The Bank in an effort to fully implement guidelines issued by SBP on risk management throughout the Bank, has integrated enterprise wide risk management, which brings together various types of risks being faced by the entire organization under one umbrella. Through the risk management framework the Bank seeks to manage efficiently the core risks: credit, market and liquidity risk. These arise directly through the Bank's commercial activities whilst operational risk, reputational risk, pension risk, capital risk and strategic risk are normal consequences of any business undertaking.

The basic risk management principles followed by the Bank include:

Balancing risk and reward: Risk is taken in line with the requirements of the Bank's stakeholders. Risk should be taken within the Bank's risk appetite, consistent with the approved strategy. Any such risks are avoided which have a material probability of causing financial distress to the Bank or its clients or customers.

Responsibility: Given the Bank is in the business of taking risk, it is everyone's responsibility to ensure that risk taking is both disciplined and focused. The Bank takes account of its social responsibilities and its commitment to customers in taking risk to produce a return.

Accountability: Risk is taken only within agreed authorities and where there is appropriate infrastructure and resource. All risk taking must be transparent, controlled and reported.

Anticipation: The Bank looks to anticipate future risks and to ensure awareness of all risk.

Competitive Advantage: The Bank seeks to achieve competitive advantage through efficient and effective risk management and control.

Risk management: The Bank aims to implement best practices and have a specialist risk function of international standards, with strength in depth, experience across risk types and economic scenarios.

Ultimate responsibility for the effective management of risk rests with the Bank's Board of Directors. Acting within an authority delegated by the Board, the Executive Committee reviews specific risk areas and monitors the activities of the Executive Risk Committee ("ERC") and the Asset and Liability Committee ("ALCO").

ERC headed by Country Chief Risk Officer (CCRO), through authority delegated by the Board through the Bank's Executive Committee, is responsible for credit risk, market risk, operational risk, compliance and regulatory risk, legal risk and reputational risk. ALCO, through authority delegated by the Board through the Bank's Executive Committee, is responsible for management of the Bank's liquidity, capital adequacy and structural foreign exchange risk. The Pensions Executive Committee through authority delegated by the Board through the Bank's Executive Committee, is responsible for the management of pension risk.

The day to day responsibility for managing risk rests with CCRO who oversees and manages the risk through a team of managers; Senior Credit Officer responsible for credit risk in Corporate & Institutional Banking and Commercial Banking, Country Credit Head is responsible for credit risk in Retail Banking including Collections and Recoveries, Head of Group Special Assets Management responsible for remedial risk and non-performing loans management, Head of Risk Operations is responsible for Credit Risk Controls, Credit Initiation and Fraud Risk Management, Market and Traded Credit Risk (MTCR) is responsible for risks associated with price movements, arising from interest and exchange rate movements. The Country Head of Operational Risk is responsible for enterprise wide operations risk. The Bank has established policies, procedures, processes, and controls and has provided the Risk team adequate support by way of risk systems and tools for measuring and reporting risk for monitoring, controlling, reviewing and managing risk.

Following are the important factors of the risk management function within the Bank.

Credit Risk

Credit risk is the risk that a counter party will not settle its obligations in accordance with agreed terms. Credit exposures may arise from lending, trade finance, securities and derivative exposures. Credit exposures include both individual borrowers and groups of connected counterparties and portfolios in the banking and trading books.

Management's Statements on Internal Controls and Risk Management Framework

The Board of Directors has delegated down the authority to ERC through the Bank's Executive Committee to establish risk appetite and make recommendations to the Board for approval of risk appetite and policies for managing credit risk. The CEO and the Executive Committee in turn rely on CCRO and the CRC to determine these and recommend for their support and Board's approval. Board has delegated credit authorities to CCRO, Senior Credit Officer (Corporate & Institutional Banking and Commercial Banking), Country Credit Head (Retail Banking), Head GSAM and Head of Collections and Recovery. These in turn, delegate authorities to their team members. Any approvals above individual delegated authority are approved by Approvals Committee.

Credit risk appetite is established through business strategy papers and underwriting standards by the business managers, which are approved by the Board once recommended, and supported by the Executive Committee.

Specific procedures for managing credit risk within Corporate & Institutional Banking, Commercial Banking and Retail Banking are determined at the Senior Credit Officer and Country Credit Head levels for their respective jurisdictions with specific policies and procedures being adapted to different risk environments and business goals. Credit analysis includes review of facility details, credit grade determination and financial spreading/ ratio analysis. Portfolio review, Early Alerts and Stress Testing based on scenario analysis is a combined responsibility of Client Relationship and Risk and Finance function. Client relationship origination and credit approval roles are clearly segregated throughout Corporate & Institutional Banking, Commercial Banking and Retail Banking.

Corporate & Institutional Banking and Commercial Banking: Within the Corporate & Institutional Banking and Commercial Banking business, an alpha numerical risk grading system is used for quantifying the risk associated with counter-party. The grading is based on a probability of default measure, with customers analyzed against a range of quantitative and qualitative measures. Expected Loss is used for further assessment of individual exposures and portfolio analysis. There is a clear segregation of duties with loan applications being prepared separately from the approval chain.

Retail Banking: Program based standard credit application forms are generally used which are processed in central units for different products and market segments. Credit Portfolio Monitoring and Forecasting team has developed Bureau scores and uses Bureau data for portfolio monitoring and for underwriting new business.

Market Risk

The Bank recognizes Market risk as the exposure created by potential changes in the market prices and rates. Market Risk exposures arise primarily from interest rate and foreign exchange related contracts. The Bank has no significant exposure to equity and commodity price risk.

Market and Traded Credit Risk (MTCR) approves the limits within delegated authorities and monitors exposures against these limits, and is locally under governance of Country Chief Risk Officer, who agrees policies and procedures and levels of risk appetite in terms of Value at Risk (VaR). Limits are then proposed by business within the terms of agreed policy. These are agreed and delegated down by Executive Risk Committee (ERC) and Approvals Committee under delegated authority from the BoD. Policies cover both trading and non-trading books.

In addition to Market Risk policies, as well as VaR and other market risk limits, independent stress testing of portfolios, factor sensitivity measures and derivatives are also employed as additional risk management tools to manage and hedge market risk exposures. Risk models are periodically back tested against actual results to ensure that pre-determined levels of accuracy are maintained.

VaR is the main limit that is being applied by the bank along with other supporting price risk limits and MATs. Interest Rate Risk is controlled via PV01 limits which are set on Net as well as Gross basis across various tenors and at currency level. Additionally curve tenor limits are applied to contain the interest rate risk exposure going beyond certain tenors. PV01s measure the sensitivity of the Net Present Value (NPV) to +1 bp shift applied at pre-defined points on a zero-coupon yield curve. PV01 strip is then applied to the historical scenarios i.e. Risk factors over the last 260 days to derive the NPV distribution which is then used to determine Value at Risk (VaR) and Stress VaR.

All limits are hard limits and any excess results in escalation to senior management, with the level of escalation depending upon nature of excess. These limits are monitored on a daily basis as part of daily risk reporting.

Liquidity Risk

The Bank defines liquidity risk as the potential that the Bank either does not have sufficient liquid financial resources available to meet all its obligations as they fall due, or can only access these financial resources at excessive cost.

Liquidity risk, both short-term and structural, is monitored through liquidity risk management framework and is managed by ALCO. This committee, chaired by the CEO, is responsible for liquidity risk management.

Management's Statements on Internal Controls and Risk Management Framework

A range of tools are used for the management of liquidity. Tools for structural liquidity comprise of commitment and wholesale borrowing guidelines, key balance sheet ratios, and medium term funding requirements whereas short-term liquidity tools include day to day monitoring of future cash flows and liquidity stress tests using various behavioral and rollover assumptions.

In addition, liquidity contingency funding plans are reviewed periodically to ensure that alternative funding strategies are in place and can be implemented on a timely basis to minimize the liquidity risk that may arise due to unforeseen adverse changes in the market place.

A substantial portion of the Bank's assets are funded by customer deposits made up of current and savings accounts and other deposits. These customer deposits, which are widely diversified by type and maturity, represent a stable source of funds. The Bank also maintains significant levels of marketable securities either for compliance with local statutory requirements or as prudential investments of surplus funds.

Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Operational risk is inherent in the Bank's activities and as with the other risk types is managed through an overall framework with checks and balances that include recognized ownership of the risk by the businesses, independent risk management oversight and an independent review by the Group Internal Audit.

The Operational Risk Framework sets out the governing principles of operational risk management. In accordance with the framework, business areas and functions are responsible to identify its key operational risks as well as the controls established to mitigate those risks and to ensure compliance with the laws, regulations, regulatory administrative actions and the Bank's policies.

Furthermore, the Country Operational Risk Committee ("CORC") ensures that an appropriate risk management framework is in place and reports, monitors and manages significant operational risks. The CORC is chaired by the Chief Executive Officer (CEO), and the Country Chief Risk Officer (CCRO) is an active member of this committee. Depending on the severity, significant issues and exceptions are also picked by the independent Risk function, for discussion at the Executive Risk Committee chaired by the CCRO.

Disaster recovery procedures, business contingency planning, self-compliance assurance and internal audits also form an integral part of the operational risk management process.

Reputational Risk

Reputational risk is any material adverse effect on the relations between the Bank and any one of its significant stakeholders. It is Bank policy that the protection of the Bank's reputation should take priority over all activities including revenue generation at all times. Reputational risk is not a primary risk, but will arise from the failure to effectively mitigate one or more of country, credit, liquidity, market, legal, regulatory and operational risk. It may also arise from the failure to comply with Social, Environmental and Ethical standards. All staff are responsible for day to day identification and management of reputational risk.

Pension Risk

Pension risk is the potential for loss that surfaces from having to meet an actuarially-assessed shortfall in the Bank's defined-benefit pension schemes. The pension obligation risk to a bank arises from its contractual or other liabilities to, or related to, an occupational pension scheme. In other words, it represents the risk that additional contributions will need to be made to a pension scheme because of a future shortfall in the funding of the scheme.

The Bank assesses and monitors the assets and liabilities within the defined-benefit scheme, with support from independent actuarial advisers. Actuarial methodologies are used for determining the present values of the assets and liabilities of the defined-benefit scheme. The assumptions used account for the projected trends in the salaries, turnover and mortality of the membership. The Bank's Country Pensions Committee has oversight of the pension schemes and reviews the assets and liabilities position on a regular basis.

Capital Risk

Capital risk is the potential for actual or opportunity loss arising from sub optimal allocation of capital or increase in cost of capital.

The Bank manages its demand for capital by regular monitoring of capital requirements and asset exposures. The Bank's ALCO monitors Risk Weighted Assets (RWA) growth and provides guidance for RWA management, capital structure and maintenance of capital adequacy ratio.

Management's Statements on Internal Controls and Risk Management Framework

Strategic Risk

Strategic risk is the potential for opportunity loss from failure to optimize the earnings potential of the Bank's franchise. A key driver of Bank's strategic risk profile is the sustainability of an expanding operations base and the ability to successfully identify and integrate value-adding acquisition targets.

The CEO is the RCO responsible for strategic risk. Strategic risk is not governed or managed through the use of a policy. Rather, the Board and relevant committees develop its strategies, which include a view on the forecast capital position, in line with the Group's stated risk appetite and overall strategy. The Bank's actual performance to budget is measured on a continual basis at a more granular level at relevant committees, but also from an overall perspective by the Board.

Compliance and Regulatory Risk

Compliance and Regulatory risk includes the risk of non-compliance with regulatory requirements. The Compliance and Regulatory risk function is responsible for establishing and maintaining an appropriate framework for implementation of regulatory requirement and compliance policies and procedures. Compliance with such policies and procedures is the responsibility of all bank staff.

Legal Risk

Legal Risk is the risk of unexpected loss, including but not limited to reputational loss arising from defective transaction or contracts, claims being made or some other event resulting in a liability (anticipated/contingent) or other loss for the Bank, failure to protect the title to and ability to control the rights to assets of the Bank (including intellectual property rights), changes in the law or jurisdiction risk. The Bank manages legal risk through Legal function, Legal risk policies and procedures and effective use of its internal and external lawyers.

By order of the Board



Shazad Dada
Chief Executive Officer

Report of Shari'ah Board

For the year ended December 31, 2016

بسم الله الرحمن الرحيم

الحمد لله رب العالمين، وصلى الله على سيدنا محمد وعلى آله وصحبه وسلم وبعد

We, as being Shari'ah Board of the SCBPL, are presenting this report on overall Shari'ah compliance environment of Standard Chartered Bank (Pakistan) Limited (SCBPL):

As per Shari'ah Governance Framework, the Shari'ah compliance of Islamic Banking within Standard Chartered Bank (Pakistan) Limited (SCBPL) is the sole responsibility of Board of Directors and Executive Management.

To form an opinion on Shari'ah Compliance of the bank, the Shari'ah Compliance Department of the bank carried out various Shari'ah reviews during the year under review, on test check basis of each class of transactions, the relevant documentation and process flows etc. Furthermore, we have also reviewed the report of the internal Shari'ah audit. Based on the above and our regular engagement with the Bank's management, we are of the view that:

1. The Bank has complied with Shari'ah rules and principles provided in the fatawa, rulings and guidelines issued by Shari'ah Board. During the year under review, the Shari'ah Board reviewed and issued fatawas for existing, as well as new products offered by the Bank.
2. The Bank has complied with directives, regulations, instructions and guidelines related to Shari'ah compliance issued by SBP in accordance with the rulings of SBP's Shari'ah Board.
3. The bank has a comprehensive mechanism in place to ensure Shari'ah compliance in their overall operations. To reiterate critical guidelines of Shari'ah Governance Framework, the Shari'ah Board issued a comprehensive Shari'ah Compliance Mechanism (SCM) across the Bank.
4. The Shari'ah Board has been provided resources enabling it to discharge its duties. However, due to continuous increase in the volume of Saadiq business, Shari'ah Board may require some resources in future.

Shari'ah Compliance Reviews:

During the year under review, annual Shari'ah compliance review of Islamic Banking Business was conducted on a test check basis. During the Shari'ah review Islamic Products including liabilities and financing transactions based on different mode of Islamic financing including Murabahah, Musawamah, Musharakah, Diminishing Musharakah, Ijarah, Ujarah etc. were checked.

The following major activities have been performed to ensure Shari'ah Compliance of Islamic Banking Business:

- I. Review of Standard Agreements of Financing products,
- II. Review of Murabahah transaction notices, confirmation of purchases, Form of offers, Payment evidences, Purchase evidences and Physical inspections,
- III. Review of Process flow adherence in Murabahah transactions,
- IV. Review of Qard and Mudarabah based accounts documents,
- V. Review of profit and loss distribution and Pool Management framework,
- VI. Review of Participation ratio of Bank & Customer in Diminishing Musharakah, and
- VII. Review of Profit / Loss Sharing Ratio and Profit Adjustment activity of Musharakah.

Shari'ah Review of dedicated Islamic branches and Islamic Windows were also conducted and suggestions for Shari'ah excellence and further improvement in understanding of Islamic Banking and Saadiq Products were advised. The overall Shari'ah compliance of the Islamic Business operation and their alignment with the Shari'ah guidelines was also reviewed.

The bank has complied with SBP instructions on profit and loss distribution and pool management. In addition, as part of continuous improvement necessary recommendations and corrective measures were suggested, all issues identified were duly addressed by management and agreed for implementation.

Late Payment and Non-Compliant Income Charity:

The Bank has a well defined system in place to ensure that any earnings realized from sources or by means prohibited

Report of Shari'ah Board

For the year ended December 31, 2016

by Shari'ah have been credited to charity account and are being properly utilized. During the year, an amount of Rs. 6.442 million has been credited to charity account. Rs. 3.687 million were received from customers due to "Delay in payments" and Rs. 2.755 million were realized from sources prohibited by Shari'ah. Further, charity amount Rs. 5.687 million were disbursed to different approved charitable institutions.

Awareness, Training and Capacity Building:

During the year under review, approximately 150 training sessions related to Islamic Banking products have been arranged and more than 1,700 staff members were trained throughout Pakistan. In addition, a session for EXCO members has also been conducted by Shari'ah Board members on the concepts of Islamic Banking and Shari'ah.

A part from in-house training sessions, the Bank has also nominated a number of employees for external Islamic Banking training programs conducted by IBA-CEIF. Furthermore, a training session was conducted in collaboration with Centre of Islamic Economics for Group Internal Audit Department and Finance Department of the Bank. The management also nominated its employees for Islamic Banking trainings conducted by SBP. The Bank also nominated some key individuals for Certification Program on Islamic Finance - Islamic Finance Qualification (IFQ) awarded by Fitch Learning & CISI London.

SCBPL has also organized awareness sessions for the bank's clients in March, 2016, under thought provoking series with the name of 'Living Islam', where leading Muslim scholars of the country discussed the topic of "Business Ethics – inspirations from the life of Prophet Muhammad (PBUH)" to create overall awareness of the clients.

It is pertinent to mention that the BOD and management are focusing on the importance of Shari'ah compliance on all level including awareness, capacity, sensitization of the staff etc.

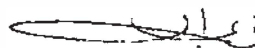
Recommendation

- 1- The bank should continue to nominate key executives/Islamic Banking staff for certification, diploma programs, seminars and workshops etc.
- 2- The bank while on boarding new customers is advised to offer Islamic products / solutions to ensure customers have Shari'ah compliant option available as well.

May Allah Subhanah wa Ta'ala accept our endeavours and grant us devotion to accomplish His cherished tasks, make us successful in this world and in the Hereafter, and forgive our mistakes.



Shaikh Nizam Yaqouby
Chairman Shari'ah Board



Mufti Muhammad Abdul Mubeen
Member Shari'ah Board



Mufti Irshad Ahmad Aijaz
Member Shari'ah Board



Mufti Muhammad Abdullah
Resident Shari'ah Board Member

- تقریریں، کتب، ۱۶۱

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۷۔ میرزا کبیر الشریعہ کے

- نیو یارک، نیو یارک، نیو یارک

4. چر بے پورہ، بڑا، افسانہ، دل، رشتہ، عقیدہ، ملازمتیں، معاوضہ، صاف کاری، عذرتیں، جملہ، انصاف، فوج، پرتو، پورہ، سبیل میں

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2. اہل حق کے لئے جو کچھ اللہ تعالیٰ نے فرمایا ہے، اسے اپنی زندگی میں عمل کرنے کی ضرورت ہے۔ اگر وہ ایسا نہیں کرتے تو ان کا ایمان بیکار ہو جاتا ہے اور ان کو اللہ تعالیٰ سے دور کر دیتا ہے۔

حکومتِ افغانستان، اقامہ برقرار ہے؟ (سی و بیس) اسپر ڈاٹری، افغانستان

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۱- حضرت مولانا محمد رفیع الرحمن صاحب دہلی کے ایک جلیل القادری عالم دین، محدث، فاضل، عالم، شاعر، اور اہل تہذیب و تمدن کے ایک بڑے علمبردار تھے۔ ان کی ولادت ۱۲۸۱ھ میں ہوئی۔ ان کی تعلیم مولانا محمد رفیع الرحمن صاحب دہلی کے ہاتھوں ہوئی۔ ان کی تعلیم مولانا محمد رفیع الرحمن صاحب دہلی کے ہاتھوں ہوئی۔

[illegible][illegible]

۱- تہذیب و تمدن کے ارتقاء کے لیے تعلیم کی اہمیت

፡። ስለዚህም ጥቅም አስተማማኝነት ያሳያል፡፡

(سمت: 2016، 31 سنه، 19 جنوري)

صحة ك | صحة ك | صحة ك

2016، 31 نسو، یم ۵

۹ ر ۶ ر ۴ ر ۳ ر

شریعہ بورڈ رپورٹ

بمطابق دسمبر 31، 2016

- ج. مشارکہ متناقصہ میں بینک اور کسٹمر کے درمیان شرکت کے تناسب کا جائزہ،
 خ. مشارکہ میں منافع / نقصان میں شرکت کا تناسب اور منافع کی ایڈجسٹمنٹ کی سرگرمی کا جائزہ،

مخصوص اسلامی برانچوں اور اسلامی ونڈوز کا بھی شرعی جائزہ لیا گیا۔ شریعہ کی فوقیت اور مزید بہتری کے لیے اسلامی بینکاری اور صادق کی پراڈکٹس کے بارے میں تقسیم کے لیے تجاویز دی گئیں۔ مجموعی طور پر اسلامک بزنس آپریشن کی شریعہ کپیلائنس اور ان کی شریعہ ہدایات کے ساتھ وابستگی / مطابقت کا جائزہ لیا گیا۔

چنانچہ ہم اپنے جائزوں اور چھان بین کے بعد یہ کہہ سکتے ہیں کہ بینک نے اسٹیٹ بینک آف پاکستان کی منافع اور نقصان کی تقسیم اور پول مینجمنٹ پر جاری کردہ ہدایات پر عمل کیا۔ اس کے علاوہ، مسلسل بہتری کے طور پر جو ضروری سفارشات دی گئیں اور اصلاحی اقدامات تجویز کیے گئے مینجمنٹ کی جانب سے تمام نشاندہی کئے جانے والے مسائل پر باضابطہ توجہ دی گئی اور انکے نفاذ پر اتفاق کیا گیا۔

تاخیر سے ادائیگی اور نان کپیلائنس اکٹم چیریٹی:

شرعی احکامات کے تحت ممنوع کردہ ذرائع یا اسباب سے آئی ہوئی کمائی کیلئے بینک نے ایک واضح طریقہ کار اختیار کیا ہوا ہے جس کے تحت ایسی تمام رقوم صدقہ کی رقم کیلئے مختص اکاؤنٹ 'چیریٹی اکاؤنٹ' میں جمع ہو جاتی ہیں اور طے شدہ طریقے کے مطابق خیراتی مقاصد میں خرچ کر دی جاتی ہے۔

رواں سال، 6.442 ملین روپے چیریٹی اکاؤنٹ میں جمع ہوئے جن میں 3.687 ملین روپے 'ادائیگی میں تاخیر' کی مد میں کسٹرز سے وصول ہوئے جبکہ 2.755 ملین روپے شریعت کی طرف سے ممنوع کردہ ذرائع سے ہونے والی آمدن کی مد میں وصول ہوئے۔ اس سال چیریٹی فنڈ میں سے 5.687 ملین روپے مختلف منظور شدہ خیراتی اداروں کو دیے گئے۔

آگہی، ٹریننگ اور صلاحیت کی تعمیر:

اس سال کے دوران، پاکستان بھر میں اسلامی بینکاری اور صادق پراڈکٹس سے متعلق تقریباً 150 ٹریننگ سیشن کا اہتمام کیا گیا اور 1700 سے زائد اسٹاف کی ٹریننگ کرائی گئی۔ اس کے علاوہ شریعہ بورڈ کے ممبران نے اعلیٰ عہدیداران پر مشتمل کمیٹی EXCO کے اراکین کے لئے بھی اسلامی بینکاری اور شریعت کے تصورات پر مبنی ایک ٹریننگ سیشن کا اہتمام کیا۔

بینک کے اندر منعقد کی جانے والی تربیتی نشستوں کے طور پر گروپ انٹرنل آڈٹ ڈپارٹمنٹ اور فنانس ڈپارٹمنٹ کے لیے ایک ٹریننگ سیشن سینٹر فار اسلامک اکنامکس کے تعاون سے منعقد کیا گیا۔ اس کے علاوہ بیرونی وسائل سے بھی تربیتی پروگرام منعقد کرائے گئے اور بینک نے اپنے اسٹاف کی بڑی تعداد کو IBA-CEIF کی طرف سے منعقد کردہ بیرونی اسلامی بینکاری کے ٹریننگ پروگراموں کے لیے نامزد کیا۔ اسکے علاوہ، مینجمنٹ نے اپنے ملازمین کو اسٹیٹ بینک آف پاکستان کے منعقد کردہ اسلامی بینکاری کے ٹریننگ پروگراموں کے لیے بھی نامزد کیا۔ بینک نے چند اہم اشخاص کو اسلامک فنانس کوالی فیکیشن (IFQ) کے سرٹیفیکیشن پروگرام کے لئے بھی نامزد کیا جو Fitch لرننگ اور CISL لندن کی طرف سے دیا گیا۔

ایک اچھی پیش رفت کے طور پر بینک نے مارچ 2016ء میں بینک کے کلائنٹس کے لیے ایک فکری نشست کا بعنوان "Living Islam" ایک آگہی سیشن کا انعقاد کیا، جس میں ملک کے نامور علماء کرام نے 'تجارتی اخلاقیات - سیرت رسول کی روشنی میں' کے بارے میں شرکاء کو فکری انگیز باتوں کی تعلیم دی اور ان کے مجموعی شعور کو اجاگر کرنے کی کوشش کی۔

یہ بات قابل ذکر ہے کہ شریعہ کپیلائنس کی اہمیت کے حوالے سے بورڈ آف ڈائریکٹرز اور مینجمنٹ کی تمام سطح پر توجہ مرکوز ہے خصوصاً اسٹاف کی آگہی، صلاحیت اور خود شریعہ کپیلائنس کی حساسیت وغیرہ -

سفارشات:

1. بینک کو اہم ایگزیکٹوز / اسلامی بینکاری کے اسٹاف کو سرٹیفیکیشن، ڈپلوما پروگرام، سیمینار اور ورکشاپس وغیرہ کے لئے نامزد کرتے رہنا چاہئے۔

2. اس بات کو یقینی بنانے کے لیے کہ بینک کے کلائنٹس کے لئے شریعیہ کپلائنس متبادل بھی موجود ہے، اس بات کا مشورہ دیا جاتا ہے کہ وہ نئے کلائنٹس کو خدمات فراہم کرتے وقت اسلامی بینکاری کی مصنوعات (پراڈکٹس) کو پیش کرے۔

اللہ سبحانہ و تعالیٰ، ہماری کوتاہیوں کو معاف فرمائے، ہماری کوششوں کو قبول فرمائے، اور اپنے اہم کام کو پورا کرنے کے لیے اخلاص عطا فرمائے، ہمیں اس دنیا اور آخرت میں کامیاب کرے۔ آمین یا رب العالمین۔



مفتی محمد عبدالمبین (ممبر شریعیہ بورڈ)



شیخ نظام یعقوبی (چیئرمین شریعیہ بورڈ)



مفتی محمد عبد اللہ (ریزیڈنٹ شریعیہ بورڈ ممبر)



مفتی ارشاد احمد اعجاز (ممبر شریعیہ بورڈ)

رپورٹ کی تاریخ: 16 فروری 2017



KPMG Taseer Hadi & Co.
Chartered Accountants
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Karachi 75530 Pakistan

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Review Report to the Members on Statement of Compliance with the Code of Corporate Governance

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance ("the Code") prepared by the Board of Directors ("the Board") of **Standard Chartered Bank (Pakistan) Limited** ("the Bank") for the year ended 31 December 2016 to comply with the requirements of Listing Regulations of the Pakistan Stock Exchange, where the Bank is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Bank. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Bank's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Bank's personnel and review of various documents prepared by the Bank to comply with the Code.

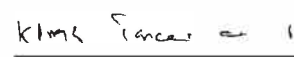
As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Director's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Bank's corporate governance procedures and risks.

The Code requires the Bank to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of approval of related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Bank's compliance, in all material respects, with the best practices contained in the Code as applicable to the Bank for the year ended 31 December 2016.

Date: 02 March, 2017

Karachi


KPMG Taseer Hadi & Co.
Chartered Accountants

Statement of Compliance with the Code of Corporate Governance

The Board of Directors of Standard Chartered Bank (Pakistan) Limited ("Bank") supports and re-confirms its commitment to continued support and implementation of the highest standards of Corporate Governance at all times.

This statement is being presented to comply with Clause 5.19 of the Code of Corporate Governance ('the Code') as contained in the Rule Book of the Pakistan Stock Exchange, for the purpose of establishing a framework of Good Governance, whereby a listed company is managed in compliance with the best practices of Corporate Governance.

The Bank has applied the principles contained in the Code in the following manner:

1. The Bank encourages representation of independent non-executive directors on its Board of Directors. At present the Board consists of the following directors:

Mr. Ian Bryden (Chairman)	Non Executive Director
Mr. Shazad Dada (CEO)	Executive Director
Mr. Ferdinand Pieterse	Non Executive Director
Mr. Mohamed Abdel Bary*	Non Executive Director
Mr. Najam I. Chaudhri	Independent Non Executive Director
Mr. Parvez Ghias	Independent Non Executive Director
Mrs. Spenta Kandawalla	Independent Non Executive Director

Independent non-executive directors meet the criteria of independence under clause 5.19.1 (b) of the Code.

2. The Directors have confirmed that none of them is serving as a director in more than seven listed companies, including this Bank.
3. All the resident directors of the Bank are registered taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. The Bank has adopted Group's 'Code of Conduct', which has been approved by the Board and is disseminated to all the directors and employees of the Bank along with its supporting policies and procedures.
5. The Board has developed and approved a vision/ mission statement and overall corporate strategy. The Board has also approved significant policies and adopted certain Standard Chartered Group policies as far as they are in accordance with the local laws and regulations. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO are taken by the Board.
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose.
8. Two casual vacancies were created during the year on 07 March 2016 and 01 December 2016. The first one was filled by the Board in March 2016 whereas the later one has been filled in February 2017.
9. The Board met at least once in every quarter. Notices of meetings, agendas and related papers are circulated at least seven days before the meeting except in case where an emergent meeting is to be held. The minutes of the meetings were appropriately recorded and circulated.
10. The Board approved appointment of CFO, Head of Internal Audit and Company Secretary including their remuneration and terms and conditions of employment.
11. The Board has formed an Audit Committee. The terms of reference of this Committee have been approved by the Board and advised to the Committee for compliance. Committee also ensures independence of the internal audit function and independence and objectivity of the External Auditors.

* Subject to clearance from State Bank of Pakistan

Statement of Compliance with the Code of Corporate Governance

12. The Audit Committee of the Board comprises of three members. Two members including the Chairman are independent non-executive directors while the other member is a non-executive director.
13. The meetings of the Audit Committee are held at least once every quarter prior to approval of interim and final results of the Bank as required by the Code.
14. The Board has constituted a Human Resource & Remuneration Committee. It comprises of three members; two independent non-executive directors including the Chairperson, and a non-executive director.
15. The Directors' Report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
16. The financial statements of the Bank were duly endorsed by CEO and CFO before approval of the Board.
17. The directors, CEO and executives do not hold any interest in the shares of the Bank other than that disclosed in the pattern of shareholding. No trading in shares of the Bank was carried out by the Directors, Executives and their spouses and minor children during the year as confirmed by them.
18. All Directors are provided with an Orientation Pack on their appointment. During the period under review, a number of in-house orientation sessions were attended by the directors. All Directors on the Board have completed directors training programs arranged by Pakistan Institute of Corporate Governance (PICG) except for the one recently appointed Non-Executive Director for whom training will be arranged within stipulated timelines once his clearance is received from State Bank of Pakistan.
19. The Bank has complied with all the corporate and financial reporting requirements of the Code.
20. The Board has set up an effective Internal Audit department. Head of Internal Audit Department reports directly to the Chairman of the Board Audit Committee. Personnel of internal audit function are suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Bank.
21. The Board of Directors has put in place a mechanism for undertaking annual evaluation of the performance of the Board.
22. The statutory auditors of the Bank have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Bank and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.
23. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
24. Material/ price sensitive information, if any, as described in 5.19.13 (c) of the Code has been disseminated to the Stock Exchanges and Securities and Exchange Commission of Pakistan in a timely manner.
25. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange(s).
26. The Bank has all requisite information of persons having access to inside information which is maintained by designated senior management officer in a timely manner, including basis for inclusion or exclusion of names of persons from the said list. Moreover, the Bank is in the process of formalizing the register as per the prescribed manner.
27. The Bank has complied with the requirements as stipulated in 5.19.6 (b) of the Listing Regulations relating to Related Party transactions.
28. All other material principles contained in the Code have been complied with.

By Order of the Board



Shazad Dada
Chief Executive Officer

Six Years Key Financial Data

Rupees in million

Key Financial Date	2011	2012	2013	2014	2015	2016
Revenue	26,755	26,796	24,214	28,256	29,405	26,548
Operating Profit	12,912	12,705	15,213	15,696	16,942	14,204
Profit before Tax	8,431	9,108	16,144	15,231	15,385	15,345
Profit after Tax	5,446	5,911	10,528	9,725	9,288	9,618
Net Mark-up Income before provision	20,540	19,480	18,329	20,863	22,308	19,385
Non Mark-up Income	6,215	7,316	5,885	7,393	7,097	7,163
Non Mark-up Expenses	13,843	14,091	9,000	12,560	12,463	12,344
Shareholder's Equity	51,270	50,331	52,286	54,456	55,016	56,872
Total Assets	356,405	388,872	394,508	409,568	447,348	473,332
Advances - net	129,620	135,184	135,495	128,590	108,853	113,951
Investments - net	104,375	131,977	146,687	189,678	231,837	245,850
Deposits	235,953	266,670	296,557	304,504	327,238	365,562
Expense / Income Ratio	52%	53%	37%	44%	42%	46%
Advances / Deposits Ratio	55%	51%	46%	42%	33%	31%
Return on Equity	10.96%	11.63%	20.52%	18.22%	17.23%	17.35%
Return on Assets	1.61%	1.59%	2.69%	2.42%	2.23%	2.17%

Standard Chartered Bank (Pakistan) Limited

Financial Statements

For the year ended
31 December 2016

Auditors' Report to the Members

We have audited the annexed statement of financial position of **Standard Chartered Bank (Pakistan) Limited** ("the Bank") as at 31 December 2016 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof (here-in-after referred to as the 'financial statements') for the year then ended, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

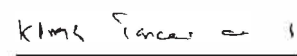
It is the responsibility of the Bank's Board of Directors to establish and maintain a system of internal control, and prepare and present the financial statements in conformity with the approved accounting standards and the requirements of the Banking Companies Ordinance, 1962 (LVII of 1962), and the Companies Ordinance, 1984 (XLVII of 1984). Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the International Standards on Auditing as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, which in case of loans and advances covered more than sixty percent of the total loans and advances of the Bank, we report that:

- a) in our opinion, proper books of account have been kept by the Bank as required by the Companies Ordinance, 1984 (XLVII of 1984);
- b) in our opinion:
 - i) the statement of financial position and the profit and loss account together with the notes thereon have been drawn up in conformity with the Banking Companies Ordinance, 1962 (LVII of 1962), and the Companies Ordinance, 1984 (XLVII of 1984), and are in agreement with the books of account and are further in accordance with the accounting policies consistently applied;
 - ii) the expenditure incurred during the year was for the purpose of the Bank's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Bank and the transactions of the Bank which have come to our notice have been within the powers of the Bank;
- c) in our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Banking Companies Ordinance, 1962 (LVII of 1962), and the Companies Ordinance, 1984 (XLVII of 1984), in the manner so required and give a true and fair view of the state of the Bank's affairs as at 31 December 2016 and its true balance of profit, its cash flows and its changes in equity for the year then ended; and
- d) in our opinion Zakat deductible at source, under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Bank and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

Date: 02 March, 2017

Karachi


KPMG Taseer Hadi & Co.
Chartered Accountants
Syed Iftikhar Anjum

Statement of Financial Position

As at 31 December 2016

	Note	31 December 2016	31 December 2015 (Restated)	01 January 2015 (Restated)
		(Rupees in '000)		
ASSETS				
Cash and balances with treasury banks	4	40,729,979	29,482,134	21,475,345
Balances with other banks	5	5,699,791	4,300,002	387,301
Lendings to financial institutions	6	19,798,390	20,450,620	10,813,559
Investments	7	245,850,227	231,837,351	189,678,370
Advances	8	113,950,767	108,853,436	134,183,591
Operating fixed assets	9	5,773,296	5,963,952	6,282,553
Intangible assets	10	26,095,890	26,126,720	26,173,114
Other assets	12	15,433,378	20,333,576	20,574,050
		473,331,718	447,347,791	409,567,883
LIABILITIES				
Bills payable	13	10,821,793	11,401,191	5,563,605
Borrowings	14	14,400,841	21,784,451	17,244,671
Deposits and other accounts	15	365,562,094	327,237,527	304,503,668
Sub-ordinated loans	16	2,500,000	2,500,000	2,500,000
Deferred tax liabilities - net	11	1,754,807	3,221,120	2,575,833
Other liabilities	17	17,009,890	19,253,047	16,464,654
		412,049,425	385,397,336	348,852,431
NET ASSETS		61,282,293	61,950,455	60,715,452
REPRESENTED BY:				
Share capital	18	38,715,850	38,715,850	38,715,850
Reserves	19	12,770,562	10,847,005	8,989,320
Unappropriated profit		5,385,558	5,453,310	6,751,303
		56,871,970	55,016,165	54,456,473
Surplus on revaluation of assets - net of deferred tax	20	4,410,323	6,934,290	6,258,979
		61,282,293	61,950,455	60,715,452
CONTINGENCIES AND COMMITMENTS		21		

The annexed notes 1 to 43 and Annexure I form an integral part of these annual financial statements.



Ian Anderson Bryden
Chairman



Shazad Dada
Chief Executive Officer



Najam I. Chaudhri
Director




Parvez Ghias
Director


Profit and Loss Account


For the year ended 31 December 2016

	Note	2016	2015
		----- (Rupees in '000) -----	
Mark-up / return / interest earned	22	28,395,001	32,937,559
Mark-up / return / interest expensed	23	(9,009,663)	(10,629,849)
Net mark-up / return / interest income		19,385,338	22,307,710
Recovery / (provision) against non-performing loans and advances - net	8.3 & 17.2	1,069,467	(1,616,385)
Recovery of amounts written off		224,126	245,573
Provision for diminution in the value of investments	7.3	-	(4,729)
Bad debts written off directly	8.5.1	(152,695)	(181,865)
		1,140,898	(1,557,406)
Net mark-up / return / interest income after provisions		20,526,236	20,750,304
NON MARK-UP / NON INTEREST INCOME			
Fees, commission and brokerage income		3,329,942	3,671,329
Dividend income		-	14,977
Income from dealing in foreign currencies	24	1,732,619	2,061,390
Gain on sale of securities - net	25	1,543,649	1,015,697
Unrealized gain on revaluation of investments classified as held for trading	7.11	7,761	4,042
Other income	26	548,804	329,689
		7,162,775	7,097,124
Total non mark-up / non interest income		27,689,011	27,847,428
NON MARK-UP / NON INTEREST EXPENSES			
Administrative expenses	27	(11,964,196)	(12,104,946)
Other (provisions) / reversal / asset write-offs	28	(27,593)	(3,164)
Other charges	29	(352,356)	(354,699)
		(12,344,145)	(12,462,809)
Total non mark-up / non interest expenses		15,344,866	15,384,619
Extra-ordinary / unusual items		-	-
PROFIT BEFORE TAXATION		15,344,866	15,384,619
Taxation - current		(5,500,616)	(5,105,573)
- prior years'		(340,495)	(697,323)
- deferred		114,030	(293,297)
	30	(5,727,081)	(6,096,193)
PROFIT AFTER TAXATION		9,617,785	9,288,426
		----- (Rupees) -----	
BASIC / DILUTED EARNINGS PER SHARE	31	2.48	2.40

The annexed notes 1 to 43 and Annexure I form an integral part of these annual financial statements.


Ian Anderson Bryden
Chairman


Shazad Dada
Chief Executive Officer


Najam I. Chaudhri
Director


Parvez Ghias
Director

Statement of Comprehensive Income

For the year ended 31 December 2016

	2016	2015
	----- (Rupees in '000) -----	
Profit after tax for the year	9,617,785	9,288,426
Other comprehensive income		
<i>Items that will never be reclassified to profit or loss subsequently</i>		
Remeasurement of post employment obligations	5,868	(81,349)
Related tax charge	(2,054)	28,472
	3,814	(52,877)
Comprehensive income transferred to equity	9,621,599	9,235,549
Components of comprehensive income not reflected in equity		
Surplus on revaluation of available for sale securities- net	(3,866,819)	1,087,035
Related tax charge	1,353,386	(380,462)
	(2,513,433)	706,573

The annexed notes 1 to 43 and Annexure I form an integral part of these annual financial statements.



Ian Anderson Bryden
Chairman



Shazad Dada
Chief Executive Officer



Najam I. Chaudhri
Director



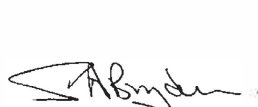
Parvez Ghias
Director

Cash Flow Statement


For the year ended 31 December 2016

Note	2016	2015 (Restated)
	----- (Rupees in '000) -----	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation for the year	15,344,866	15,384,619
Less: Dividend income	-	(14,977)
	15,344,866	15,369,642
Adjustments for:		
Depreciation	445,603	475,501
Amortization	30,830	46,394
Gain realised on disposal of subsidiaries operations	(248,621)	-
Gain on disposal of fixed assets - net	(49,203)	(3,460)
Unrealized gain on revaluation of investments classified as held for trading - net	(7,761)	(4,042)
Asset write-offs / other provisions / (reversals)	27,593	3,164
Provision for diminution in the value of investments	-	4,729
Provision against non-performing loans and advances - net of recoveries	(1,140,898)	1,552,677
	(942,457)	2,074,963
	14,402,409	17,444,605
Decrease / (increase) in operating assets		
Lendings to financial institutions	652,230	(9,637,061)
Net investments in 'held for trading' securities	353,731	6,725,869
Advances	(3,956,433)	18,183,946
Other assets (excluding advance taxation)	5,650,533	6,403,015
	2,700,061	21,675,769
Increase / (decrease) in operating liabilities		
Bills payable	(579,398)	5,837,586
Borrowings from financial institutions	(7,383,610)	4,539,780
Deposits and other accounts	38,324,567	22,733,859
Other liabilities	(2,286,563)	2,740,288
	28,074,996	35,851,513
Cash inflow before taxation	45,177,466	74,971,887
Income tax paid	(6,588,269)	(6,453,254)
Net cash generated from operating activities	38,589,197	68,518,633
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in 'available for sale' securities	(18,911,938)	(47,798,502)
Proceeds from sale of investment in subsidiaries	935,767	14,977
Net investment in fixed assets (including intangible assets)	(420,790)	(203,814)
Sale proceeds on disposal of operating fixed assets	188,319	47,210
Net cash used in investing activities	(18,208,642)	(47,940,129)
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid	(7,732,921)	(8,659,014)
Net cash used in financing activities	(7,732,921)	(8,659,014)
Increase / (decrease) in cash and cash equivalents for the year	12,647,634	11,919,490
Cash and cash equivalents at beginning of the year	33,782,136	21,862,646
Cash and cash equivalents at end of the year	46,429,770	33,782,136
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		
Cash and balances with treasury banks	40,729,979	29,482,134
Balances with other banks	5,699,791	4,300,002
	46,429,770	33,782,136

The annexed notes 1 to 43 and Annexure I form an integral part of these annual financial statements.


Ian Anderson Bryden
Chairman


Shazad Dada
Chief Executive Officer


Najam I. Chaudhri
Director


Parvez Ghias
Director


Statement of Changes in Equity

For the year ended 31 December 2016


	Share Capital	Share Premium	Statutory Reserve	Unappropriated Profit (a)	Total
	(Rupees in '000)				
Balance as at 01 January 2015	38,715,850	1,036,090	7,953,230	6,751,303	54,456,473
Total Comprehensive income for the year					
Profit after tax for year ended 31 December 2015	-	-	-	9,288,426	9,288,426
Other Comprehensive income	-	-	-	(52,877)	(52,877)
Remeasurement of post employment obligations - net of tax	-	-	-	9,235,549	9,235,549
Transactions with owners, recorded directly in equity					
Share based payment transactions (contribution from holding company)	-	-	-	25,695	25,695
Payment against share based payment transactions (received from holding company)	-	-	-	15,163	15,163
Remeasurement of liability against share based payment to holding company	-	-	-	(36,910)	(36,910)
Cash dividend (Final 2014) at Rs. 1.50 per share	-	-	-	(5,807,378)	(5,807,378)
Cash dividend (Interim 2015) at Rs. 0.75 per share	-	-	-	(2,903,689)	(2,903,689)
Transfer to statutory reserve	-	-	1,857,685	(8,707,119)	(8,707,119)
Transferred from surplus on revaluation of fixed asset - net of deferred tax	-	-	-	31,262	31,262
Balance as at 31 December 2015	38,715,850	1,036,090	9,810,915	5,453,310	55,016,165
Total Comprehensive income for the year					
Profit after tax for year ended 31 December 2016	-	-	-	9,617,785	9,617,785
Other Comprehensive income	-	-	-	3,814	3,814
Remeasurement of post employment obligations - net of tax	-	-	-	9,621,599	9,621,599
Transactions with owners, recorded directly in equity					
Share based payment transactions (contribution from holding company)	-	-	-	21,890	21,890
Payment against share based payment transactions (to holding company)	-	-	-	(55,047)	(55,047)
Cash dividend (Final 2015) at Rs. 1.25 per share	-	-	-	(4,839,481)	(4,839,481)
Cash dividend (Interim 2016) at Rs. 0.75 per share	-	-	-	(2,903,689)	(2,903,689)
Transfer to statutory reserve	-	-	1,923,557	(7,776,327)	(7,776,327)
Transferred from surplus on revaluation of fixed asset - net of deferred tax	-	-	-	(1,923,557)	-
Balance as at 31 December 2016	38,715,850	1,036,090	11,734,472	5,385,558	56,871,970

(a) As further explained in note 8.2.1 of these annual financial statements the amount of Rs. 261.033 million as at 31 December 2016 represents additional profit arising from availing forced sale value benefit for determining provisioning requirement which is not available for the purpose of distribution of dividend to shareholders / bonus to employees.

The annexed notes 1 to 43 and Annexure I form an integral part of these annual financial statements.


Ian Anderson Bryden
Chairman


Shazad Dada
Chief Executive Officer


Najam I. Chaudhri
Director


Parvez Ghias
Director

Notes to the Financial Statements

For the year ended 31 December 2016

1. STATUS AND NATURE OF BUSINESS

Standard Chartered Bank (Pakistan) Limited ("the Bank") was incorporated in Pakistan on 19 July 2006 and was granted approval for commencement of banking business by State Bank of Pakistan, with effect from 30 December 2006. The ultimate holding company of the Bank is Standard Chartered PLC, incorporated in England. The registered office is at Standard Chartered Bank Building, I.I. Chundrigar Road, Karachi.

The Bank commenced formal operations on 30 December 2006 through amalgamation of entire undertaking of Union Bank Limited and the business carried on by the branches in Pakistan of Standard Chartered Bank, a bank incorporated by Royal Charter and existing under the laws of England. The scheme of amalgamation was sanctioned by State Bank of Pakistan vide its order dated 4 December 2006. The Bank's shares are listed on Pakistan Stock Exchange.

The Bank is engaged in the banking business as defined in the Banking Companies Ordinance, 1962 and has a total number of 101 branches in Pakistan (2015: 101 branches in Pakistan) in operation at 31 December 2016.

During the year, upon receiving all the necessary approvals from the regulators, the Bank divested its entire shareholding in all of its subsidiaries:

- Standard Chartered Leasing Limited, effective 27 May 2016 – (84,579,276 ordinary shares)
- Standard Chartered Modaraba effective 20 June 2016 – (4,538,353 ordinary shares) and
- Standard Chartered Services of Pakistan (Private) Limited, (management company of Standard Chartered Modaraba) effective 20 June 2016 (4,450,000 ordinary shares)

These shareholding were acquired by Orix Leasing Pakistan Limited.

Due to divestment of all the subsidiaries, the Bank is not required to prepare consolidated financial statements. Accordingly only one set of financial statements has been prepared. The comparative figures in these financial statements are based on separate unconsolidated financial statements of the Bank.

2. BASIS OF PREPARATION

2.1 Basis of presentation

In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, the State Bank of Pakistan has issued various circulars from time to time. One permissible form of trade related mode of financing comprises of purchase of goods by the Bank from its customers and immediate resale to them at appropriate mark-up in price on deferred payment basis. The purchases and sales arising under these arrangements are not reflected in these financial statements as such but are restricted to the amount of facility actually utilised and the appropriate portion of mark-up thereon.

Key financial figures of the Islamic banking branches are disclosed in note 42 to these financial statements.

2.2 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984 and Banking Companies Ordinance, 1962 and the directives issued by State Bank of Pakistan. In case the requirements differ, the provisions of and directives issued under the Companies Ordinance, 1984 and Banking Companies Ordinance, 1962 and the directives issued by the State Bank of Pakistan shall prevail.

The Securities and Exchange Commission of Pakistan has approved and notified the adoption of International Accounting Standard 39, 'Financial Instruments: Recognition and Measurement' (IAS 39) and International Accounting Standard 40, 'Investment Property' (IAS 40). The requirements of these standards have not been followed in the preparation of these financial statements as the State Bank of Pakistan has deferred the implementation of these standards for banks in Pakistan till further instructions. Investments have been classified and valued in accordance with the requirements of various circulars issued by the State Bank of Pakistan.

Notes to the Financial Statements

For the year ended 31 December 2016

2.3 Basis of measurement

These financial statements have been prepared under the historical cost convention, except that certain available for sale, trading and derivative financial instruments have been measured at fair value, whereas certain fixed assets are stated at revalued amounts less accumulated depreciation and accumulated impairment losses, where applicable.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that effect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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

- Note 7 Classification and provisioning against investments
- Note 8.3 Classification and provisioning against non-performing advances
- Note 9 & 10 Valuation and depreciation / amortisation rates for fixed / intangible assets
- Note 9 & 10 Impairment of non-financial assets including goodwill and other intangibles.
- Note 11 Deferred taxation
- Note 21.7 Derivative instruments
- Note 30 Income taxes
- Note 34 Employees' retirement defined benefit plans

2.5 Functional and presentation currency

These financial statements are presented in Pakistan Rupees, which is the Bank's functional currency. Except as indicated, financial information presented in Pakistan Rupees has been rounded to the nearest thousand.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all years presented. However, certain reclassification as required by SBP Circular no. 05 of 2016 have been made (Refer note 43.1).

3.1 Business acquisitions

Acquisitions from entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented. For this purpose comparatives are restated, where required. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the combining entity's financial statements.

Other acquisitions

Other business combinations are accounted for using the acquisition method. For acquisition prior to 1 January 2009, the cost of acquisition is measured as the fair value of the asset given, equity instruments issued and the liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identified assets acquired are fair valued at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of cost of acquisition over the fair value of identifiable net assets acquired is recorded as goodwill. Subsequently, any recoveries or losses to fair value of net assets are taken to profit and loss account and disclosed in note 26 to these financial statements.

3.2 Cash and cash equivalents

For the purposes of cash flow statement, cash and cash equivalents comprise of cash and balances with treasury banks and balances with other banks.

Notes to the Financial Statements

For the year ended 31 December 2016

3.3 Investments

The Bank classifies its investments as follows:

a) Held for trading

These are securities, which are acquired with the intention to trade by taking advantage of short term market / interest rate movements and are carried at market value. The surplus / deficit arising as a result of revaluation at market value is recognised in the profit and loss account. These securities are to be sold within 90 days from the date of their classification as 'Held for trading' under normal circumstances, in accordance with the requirements specified by BSD Circular 10 dated 13 July 2004 issued by the State Bank of Pakistan. Market value of investment in Government securities is determined based on the relevant PKRV and PKISRV rates.

b) Held to maturity

These are securities with fixed or determinable payments and fixed maturity that are held with the intention and ability to hold to maturity. These are carried at amortised cost.

c) Available for sale

These are investments that do not fall under the held for trading or held to maturity categories and are carried at market value. The surplus / deficit arising as a result of revaluation at market value is kept in a separate account below equity. Market value of investment in Government securities is determined based on the relevant PKRV and PKISRV rates.

Impairment

Impairment loss in respect of equity securities classified as available for sale and subsidiaries is recognised based on management's assessment of objective evidence of impairment as a result of one or more events that may have an impact on the estimated future cash flows of the investments. A significant or prolonged decline in fair value of an equity investment below its cost is also considered an objective evidence of impairment. Provision for diminution in the value of debt securities is made as per the Prudential Regulations issued by the State Bank of Pakistan. In case of impairment of available for sale securities, the cumulative loss that has been recognised directly in surplus / (deficit) on revaluation of securities on the statement of financial position below equity is removed there from and recognised in the profit and loss account. For investments in subsidiaries, the impairment loss is assessed by deferment to estimated cash flows of the investment and the loss is recognised in the profit and loss account.

3.4 Sale and repurchase agreements

Securities sold subject to repurchase agreements ('repos') remain on the balance sheet; the counterparty liability is included in borrowings from financial institutions. Securities purchased under agreements to resell ('reverse repos') are recorded as lendings to financial institutions. The difference between sale and repurchase price is treated as interest / mark-up / return and accrued over the life of the underlying agreement using the effective interest method.

3.5 Advances

Advances are stated net of provision against non-performing advances. Specific and general provisions are made based on an appraisal of the loan portfolio that takes into account Prudential Regulations issued by the State Bank of Pakistan from time to time. Specific provisions are made where the repayment of identified loans is in doubt and reflect an estimate of the amount of loss expected. The general provision is for the inherent risk of losses which, although not separately identified, are known from experience to be present in any loan portfolio. Provision made / reversed during the year is charged to the profit and loss account and accumulated provision is netted off against advances. Advances are written-off when there is no realistic prospect of recovery.

When the Bank is the lessor in a lease agreement that transfers substantially all of the risks and rewards incidental to ownership of an asset to the lessee, the arrangement is presented within loans and advances.

Islamic financing

Murabaha financings are reflected as receivables at the sale price. Actual sale and purchase is not reflected as the goods are purchased by the customer as agent of the Bank and all documents relating to purchase are in customer's name. Funds disbursed under Murabaha financing arrangements for purchase of goods are recorded as Advance Against Murabaha.

In Diminishing Musharaka based financing, the Bank enters into a Musharaka based on Shirkat-ul-milk for financing an agreed share of fixed asset (e.g. house, land, plant or machinery) with its customers and enters into a periodic rental payment agreement for the utilization of the Bank's Musharaka share by the customer.

Notes to the Financial Statements

For the year ended 31 December 2016

Assets under Ijarah are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Assets under Ijarah are depreciated over the term of the lease.

Musharakah is a partnership contract where the Bank enters into financing relationship with the customer based on Shirkat-ul-Aqd. The profits are shared as per agreed ratios between partners and losses are borne in proportion to their respective capital contributions.

3.6 Operating fixed assets - tangible

Owned

Operating fixed assets, other than land and buildings, are stated at cost less accumulated depreciation and accumulated impairment losses thereon. Cost includes expenditure that is directly attributable to the acquisition of fixed assets. Land and buildings are stated at revalued amounts less accumulated depreciation.

Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. All other repairs and maintenance expenditures are charged to profit and loss account during the financial period in which they are incurred.

Land and buildings are revalued by independent professionally qualified valuer(s). Surplus arising on revaluation is credited to the 'surplus on revaluation of fixed assets' account (net of deferred tax). Under the provisions of the Companies Ordinance, 1984, deficit arising on revaluation of fixed assets is adjusted against the balance in the above-mentioned surplus account. The revaluation is carried out with sufficient regularity to ensure that the carrying amount does not differ materially from that which would have been determined using fair value at the balance sheet date.

Accumulated depreciation on owned buildings, at the date of revaluation, is eliminated against the gross carrying amount of buildings. The net amount is then restated to the revalued amount.

Surplus on revaluation of fixed assets (net of deferred tax) is transferred to unappropriated profit to the extent of incremental depreciation charged on related assets.

Land is not depreciated. Depreciation on all other fixed assets is calculated using the straight line method to allocate their depreciable cost or revalued amount to their residual values over their estimated useful lives.

The residual values and useful lives of fixed assets are reviewed, and adjusted (if appropriate) at each balance sheet date.

Gains and losses on disposal of fixed assets are included in profit and loss account currently, except that the related surplus on revaluation of fixed assets (net of deferred tax) is transferred directly to unappropriated profits.

Leased

Fixed assets held under finance lease are stated at the lower of fair value of asset and present value of minimum lease payments at the inception of lease, less accumulated depreciation. Financial charges are allocated over the period of lease term so as to provide a constant periodic rate of financial charge on the outstanding liability. Depreciation is charged on the basis similar to owned assets.

3.7 Intangible assets

Goodwill

Goodwill represents the excess of cost of an acquisition over the fair value of the share of net identifiable assets acquired at the date of acquisition. Goodwill is tested annually for impairment and carried at cost less accumulated impairment.

Computer software

Acquired computer software licenses are capitalised on the basis of costs incurred to acquire and bring to use the specific software. These costs are amortised over their expected useful lives using the straight line method.

Acquired intangibles in business combination

Acquired intangibles in business combination that have finite lives are amortised over their economic useful life based on the manner that benefits of the relevant assets are consumed.

Notes to the Financial Statements

For the year ended 31 December 2016

3.8 Impairment of non-financial assets

The carrying amounts of the Bank's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated pre-tax future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

3.9 Staff retirement benefits

Defined benefit plan

The Bank operates approved funded management and non management pension scheme only for its existing pensioners.

For defined benefit plans, the net defined benefit liability / asset recognised in the balance sheet is the deficit or surplus, adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The deficit or surplus is:

- (a) the present value of the defined benefit obligation less
- (b) the fair value of plan assets (if any).

The present value of defined benefit obligation is calculated annually by independent actuaries by discounting the estimated future cash flows using an interest rate equal to the yield on high-quality corporate bonds.

Actuarial gains or losses that arise are recognised in other comprehensive income in the period they arise. Service cost and Net interest on net defined benefit liability / (asset) are also recognised in profit and loss account.

Defined contribution plan

The Bank also operates a defined contribution gratuity scheme for all its management and non management staff, and a provident fund scheme for all its permanent staff, contributing at 8.33 percent and 10 percent of basic salary respectively.

3.10 Foreign currency transactions

Transactions in foreign currencies are translated to Pakistan Rupees at exchange rates prevailing at the date of transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to Pakistan Rupees at the exchange rate prevailing at that reporting date. Foreign currency differences arising on retranslation are recognised in profit or loss account.

3.11 Taxation

Income tax expense comprises of current and deferred tax. Income tax expense is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current tax

Current tax is the expected tax payable on the taxable income for the year (using tax rates enacted or substantively enacted at the balance sheet date), and any adjustment to tax payable in respect of previous years.

Deferred tax

Deferred tax is provided for using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Notes to the Financial Statements

For the year ended 31 December 2016

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.12 Revenue recognition

Mark-up / return on advances and investments is recognised on an accrual basis using the effective interest rate method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability.

Mark-up recoverable on classified loans, advances and investments is recognised on a receipt basis in accordance with the requirements of Prudential Regulations issued by the State Bank of Pakistan. Mark-up on rescheduled / restructured loans, advances and investments is also recognised in accordance with the requirements of these Prudential Regulations.

Where debt securities are purchased at a premium or discount, those premiums / discounts are amortized through profit and loss account over the remaining maturity, using the effective yield method.

Fees, commission and brokerage income is recognised on an accrual basis except where in the opinion of the management, it would not be prudent to do so. Fees and commission which in substance amount to an additional interest charge, are recognised over the life of the underlying transaction on a level yield basis.

Dividend income is recognised when the right to receive income is established.

In-line with IFRIC-13, a portion of income is deferred for loyalty reward credits awarded to customers for usage of bank's various products and is measured by reference to their fair value. Upon expiry / redemption of the reward credits, the income previously deferred will be reversed and cost related to the redemption will be recognized.

Murabaha transactions are reflected as receivable at sale price. Actual sale and purchase are not reflected as the goods are purchased by the customer as agent of the Bank. Profit on the sales revenue not due for payment is deferred by recording a credit to 'Deferred Murabaha Income' account.

Ijarah income is recognized on an accrual basis as and when the rental becomes due unless another systematic basis is more representative of the time pattern in which benefit of use is derived from the leased asset is diminished.

3.13 Derivative financial instruments

Derivative financial instruments are initially recognised at fair value and are subsequently remeasured at fair value. All derivative financial instruments are carried as assets when fair value is positive and liabilities when fair value is negative. Any change in the fair value of derivative financial instruments is taken to profit and loss account.

3.14 Provisions

Provisions for restructuring costs and legal claims are recognised when: (i) the Bank has a present legal or constructive obligation as a result of past events; (ii) it is more likely than not that an outflow of resources will be required to settle the obligation; and (iii) the amount has been reliably estimated.

3.15 Fiduciary activities

The Bank commonly acts in fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions for which it earns a fee. These assets and its related income arising thereon are excluded from these financial statements, as they are not assets of the Bank.

3.16 Segment reporting

A segment is a component of the Bank that engages in business activities for which it may earn revenues and incur expenses (including revenue and expense relates to transactions with other component), whose results are regularly reviewed by the Chief decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which financial information is available. A brief description of the products and services offered by different segments of the Bank is given in note 38 to these financial statements.

Notes to the Financial Statements

For the year ended 31 December 2016

3.17 Offsetting

Financial assets and liabilities are set off and the net amount presented in the balance sheet when, and only when, the Bank has a legal right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

3.18 Subordinated liabilities

Subordinated liabilities are initially measured at fair value plus transaction costs, and subsequently measured at their amortised cost using the effective interest method.

3.19 Non-current assets and disposal groups held for sale

Non-current assets and disposal groups comprising of assets and liabilities that are expected to be recovered primarily through sale rather than continuing use are classified as held for sale. Immediately before being classified as held for sale, the assets and components of disposal group are remeasured in accordance with the Bank's accounting policies. Thereafter, the assets and disposal group are measured at the lower of their carrying values and fair values less cost to sell.

3.20 Share-based compensation

The Group operates various share-based compensation plans which are accounted for as equity settled share based payment transactions, regardless of inter group repayment arrangements. The cost for such share based payment transactions is determined by reference to the fair value of options at the grant date. The fair value is determined based on the market price or using an appropriate valuation technique. The cost is charged to profit and loss account and credited to equity as a contribution from parent. The liability for these transactions which is based on the fair value of these options at the settlement date is settled through debiting equity.

3.21 Acceptances

Acceptances comprise undertakings by the Bank to pay bills of exchange drawn on customers. The Bank expects most acceptances to be simultaneously settled with the reimbursement from the customers. Acceptances are accounted for as off-balance sheet transactions.

3.22 Basic and diluted earnings per share

The Bank presents basic and diluted earnings per share (EPS) for its shareholders. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the period / year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any. There were no convertible dilutive potential ordinary shares in issue at 31 December 2016.

3.23 Dividend and appropriation to reserves

Dividend and appropriation to reserves, except appropriation which are required by law after the balance sheet date, are recognised as liability in the Bank's financial statements in the year in which these are approved.

3.24 Borrowings / deposits and their cost

- Borrowings / deposits are recorded at the time when the proceeds are received.
- Borrowing / deposit costs are recognised as an expense in the period in which these are incurred using effective mark-up / interest rate method.

3.25 Financial assets and liabilities

Financial instruments carried on the balance sheet include cash and balances with treasury banks, balances with other banks, lendings to financial and other institutions, investments, advances, certain receivables, bills payable, borrowings from financial institutions, deposit accounts and other payables. The particular recognition methods adopted for significant financial assets and financial liabilities are disclosed in the individual policy statements associated with them.

Notes to the Financial Statements

For the year ended 31 December 2016

3.26 Provision for guarantee claims and other off balance sheet obligations

Provision for guarantee claims and other off balance sheet obligations are recognised when intimated and reasonable certainty exists for the Bank to settle the obligation. Charge to profit and loss account is stated net of expected recoveries.

3.27 New standards and interpretations not yet adopted

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 1 January 2017:

- Amendments to IAS 12 'Income Taxes' are effective for annual periods beginning on or after 1 January 2017. The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments further clarify that when calculating deferred tax asset in respect of insufficient taxable temporary differences, the future taxable profit excludes tax deductions resulting from the reversal of those deductible temporary differences. The amendments are not likely to have an impact on Bank's financial statements.
- Amendments to IAS 7 'Statement of Cash Flows' are part of IASB's broader disclosure initiative and are effective for annual periods beginning on or after 1 January 2017. The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes.
- Amendments to IFRS 2 - Share-based Payment clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after 1 January 2018. The amendments cover three accounting areas (a) measurement of cash-settled share-based payments; (b) classification of share-based payments settled net of tax withholdings; and (c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurement of these arrangements and potentially the timing and amount of expense recognized for new and outstanding awards. The amendments are likely to have an impact on Bank's financial statements.
- Annual Improvements 2014-2016 cycles (amendments are effective for annual periods beginning on or after 1 January 2017). The new cycle of improvements contain amendments to the following standards:
 - Amendments to IFRS 12 'Disclosure of Interests in Other Entities' (effective for annual periods beginning on or after 1 January 2017) clarify that the requirements of IFRS 12 apply to an entity's interests that are classified as held for sale or discontinued operations in accordance with IFRS 5 – 'Non-current Assets Held for Sale and Discontinued Operations'. The amendments are likely to have an impact on Bank's financial statements.
 - Amendments to IAS 28 'Investments in Associates and Joint Ventures' (effective for annual periods beginning on or after 1 January 2018) clarifies that a venture capital organization and other similar entities may elect to measure investments in associates and joint ventures at fair value through profit or loss, for each associate or joint venture separately at the time of initial recognition of investment. Furthermore, similar election is available to non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture. The amendments are not likely to have an impact on Bank's financial statements.
 - IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after 1 January 2018) clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognized. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration. The amendments are not likely to have an impact on Bank's financial statements.

Notes to the Financial Statements

For the year ended 31 December 2016

4 CASH AND BALANCES WITH TREASURY BANKS

In hand

- Local currency
- Foreign currencies

With State Bank of Pakistan in:

- Local currency current account
- Local currency current account-Islamic Banking
- Foreign currency deposit account
 - Cash reserve account
 - Special cash reserve account
 - Local US Dollar collection account

With National Bank of Pakistan in:

- Local currency current account

Note	2016	2015
	----- (Rupees in '000) -----	
4.1	2,941,306	3,135,496
	3,451,082	3,586,031
	16,763,160	8,814,291
	6,002,173	1,468,964
	2,822,747	3,051,786
	7,944,823	8,521,249
	87,739	42,833
	716,949	861,484
	40,729,979	29,482,134

4.1 This includes National Prize Bonds of Rs. 0.888 million (2015: Rs. 1.055 million).

5 BALANCES WITH OTHER BANKS

In Pakistan

- In current accounts

Outside Pakistan

- In current accounts

	2016	2015
	----- (Rupees in '000) -----	
	-	-
5.1	5,699,791	4,300,002
	5,699,791	4,300,002

5.1 This includes balances of Rs. 5,578.725 million (2015: Rs. 4,253.892 million) held with other branches and subsidiaries of Standard Chartered Group outside Pakistan.

6 LENDINGS TO FINANCIAL INSTITUTIONS

Call money lendings

Repurchase agreement lendings (Reverse Repo)

Placements

Note	2016	2015
	----- (Rupees in '000) -----	
6.1 & 6.4	-	2,000,000
6.2	8,135,575	2,000,000
	11,662,815	16,450,620
	19,798,390	20,450,620

6.1 These carry mark-up rates ranging from 5.80 percent to 5.85 percent per annum (2015: 6.35 percent per annum) payable at maturity, and are due to mature during February 2017. These arrangements are governed under Master Repurchase Agreements.

6.2 This represents placements with other branches and subsidiaries of Standard Chartered Group outside Pakistan at mark-up rates ranging from 0.08 percent to 1.20 percent per annum (2015: 0.18 percent to 0.35 percent per annum), and are due to mature during March 2017.

6.3 Particulars of lending

In local currency

In foreign currencies

	2016	2015
	----- (Rupees in '000) -----	
	8,135,575	4,000,000
	11,662,815	16,450,620
	19,798,390	20,450,620

Notes to the Financial Statements

For the year ended 31 December 2016

6.4 Securities held as collateral against lendings to financial institutions

	2016			2015		
	Held by bank	Further given as collateral	Total	Held by bank	Further given as collateral	Total
(Rupees in '000)						
Market Treasury Bills	7,832,398	-	7,832,398	-	-	-
Pakistan Investment Bonds	303,177	-	303,177	2,000,000	-	2,000,000
	8,135,575	-	8,135,575	2,000,000	-	2,000,000

6.4.1 The market value of securities held as collateral against lendings to financial institutions amounted to Rs. 8,135.960 million (2015: Rs. 2,074.792 million).

7 INVESTMENTS

		2016			2015 (Restated)		
		Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total
		(Rupees in '000)					
7.1	Investments by type	Note					
Held for trading securities							
	Market Treasury Bills	59,794	-	59,794	246,513	-	246,513
	Pakistan Investment Bonds	1,075,647	-	1,075,647	1,240,669	-	1,240,669
	Sukuk and Ijarah Bonds	-	-	-	1,990	-	1,990
Available for sale securities							
	Market Treasury Bills	7.7 192,086,748	-	192,086,748	67,952,335	1,192,726	69,145,061
	Pakistan Investment Bonds	7.7 43,219,957	18,849	43,238,806	143,388,679	18,953	143,407,632
	GoP Ijarah Sukuk Bonds	7.7 7,005,946	-	7,005,946	4,000,000	-	4,000,000
	Sukuk Bonds	7.10.2 1,050,000	-	1,050,000	1,425,000	-	1,425,000
	Term Finance Certificates -unlisted	7.10.1 285,025	-	285,025	285,025	-	285,025
	Equity shares of listed companies	7.8 783,077	-	783,077	662,061	-	662,061
	Equity shares of unlisted companies	7.9 3,004	-	3,004	3,004	-	3,004
	Bai Muajjal with GOP	7.6 -	-	-	6,518,946	-	6,518,946
	Investments at cost	245,569,198	18,849	245,588,047	225,724,222	1,211,679	226,935,901
	Provision for diminution in the value of investments	7.3 (898,118)	-	(898,118)	(808,221)	-	(808,221)
	Investments (net of provisions)	244,671,080	18,849	244,689,929	224,916,001	1,211,679	226,127,680
	Surplus on revaluation of held for trading securities - net	7.11 7,761	-	7,761	4,042	-	4,042
	Surplus / (deficit) on revaluation of available for sale securities - net	1,152,060	477	1,152,537	5,018,926	430	5,019,356
		245,830,901	19,326	245,850,227	229,938,969	1,212,109	231,151,078
	Subsidiaries - Held for sale	7.12 -	-	-	686,273	-	686,273
	Total Investments - net	245,830,901	19,326	245,850,227	230,625,242	1,212,109	231,837,351

Notes to the Financial Statements

For the year ended 31 December 2016

7.2 Investments by segment

Federal Government Securities

Market Treasury Bills

Pakistan Investment Bonds

GoP Ijarah Sukuk Bonds

Bai Muajjal with GOP

Fully paid up ordinary shares

Listed companies

Unlisted companies

Bonds and Term Finance Certificates - Unlisted

Term Finance Certificates

Sukuk Bonds

Total investment at cost

Less: Provision for diminution in the value of investments

Investment (net of provisions)

Surplus on revaluation of held for trading securities - net

Surplus on revaluation of available for sale securities - net

Investment in subsidiaries - Held for sale

Total Investments - net

Note

2016

2015

----- (Rupees in '000) -----

192,146,542 69,391,574

44,314,453 144,648,301

5,955,946 2,576,990

- 6,518,946

783,077 662,061

3,004 3,004

285,025 285,025

1,050,000 1,425,000

244,538,047 225,510,901

(898,118) (808,221)

243,639,929 224,702,680

7,761 4,042

1,152,537 5,019,356

244,800,227 229,726,078

- 686,273

244,800,227 230,412,351

7.3 Particulars of provision for diminution in the value of investments

Opening balance

Charge for the year

Other movement

Closing Balance

808,221 803,492

- 4,729

89,897 -

898,118 808,221

7.3.1 The details of provision held against investments are as follows:

Ordinary shares - available for sale

Term Finance Certificates -unlisted

7.8 & 7.9

7.10.1

613,093 523,196

285,025 285,025

898,118 808,221

7.4 Investments include securities having book value of Rs. 18.849 million (2015: Rs. 18.953 million) pledged with the State Bank of Pakistan as security to facilitate T.T. discounting facility to the Bank, including an amount earmarked against the facilities allocated to branches now in Bangladesh.

7.5 Market Treasury Bills and Pakistan Investment Bonds are eligible for discounting with the State Bank of Pakistan.

7.6 This represents lending to Government of Pakistan under Bai Muajjal agreement at a return of 5.93% per annum (2015: 5.93% per annum) and were settled in November 2016. These have been reclassified from lending to financial institutions in the current year.

Quality of 'Available for Sale' securities	Note	2016			2015		
		Rating	Cost	Market value	Rating	Cost	Market value
		----- (Rupees in '000) -----			----- (Rupees in '000) -----		
7.7 Federal Government Securities							
Market Treasury Bills		Unrated	192,086,748	192,011,182	Unrated	69,145,061	69,193,099
Pakistan Investment Bonds		Unrated	43,238,806	44,208,797	Unrated	143,407,632	148,330,821
GoP Ijarah Sukuk Bonds	7.7.1	Unrated	7,005,946	7,154,256	Unrated	4,000,000	4,016,000
Total			242,331,500	243,374,235		216,552,693	221,539,920

7.7.1 GoP Ijarah Sukuk Bonds carry mark-up rates of 0.22% below weighted average yield of 6 months treasury bills. The profit is payable semi-annually with principal redemption at maturity falling due on February 2019.

Notes to the Financial Statements

For the year ended 31 December 2016

7.8 Particulars of shares held - listed

		2016			2015			
		Rating	Cost	Market value	Rating	Cost	Market value	
2016	2015	(Rupees in '000)			(Rupees in '000)			
(Number of shares)								
22,373,615	18,916,023	Agritech Limited	Unrated	783,077	783,077	D	662,061	662,061
				783,077	783,077		662,061	662,061
		Provision for diminution in the value - note 7.3.1		-	(610,089)		-	(520,192)
		Surplus on revaluation		-	110,709		-	34,995
				783,077	283,697		662,061	176,864

All shares are ordinary shares of Rs. 10 each except otherwise mentioned.

7.9 Particulars of shares held - unlisted

2016	2015		2016	2015	2016	2015
(Number of shares)			Rating		(Rupees in '000)	
573,769	573,769	Pakistan Export Finance Guarantee Agency Limited	Unrated	Unrated	3,004	3,004
		Chairman : Mr Rizwan Ahmed			3,004	3,004
		Provision for diminution in the value 7.3.1			(3,004)	(3,004)
					-	-

7.10 Bonds and Term Finance Certificates - unlisted

7.10.1 Term Finance Certificates of Rs. 5,000 each

	2016	2015
	(Rupees in '000)	
Agritech Limited	147,000	147,000
Azgard Nine Limited	138,025	138,025
	285,025	285,025
Provision for diminution in the value - note 7.3.1	(285,025)	(285,025)
	-	-

7.10.2 Sukuk Bonds

	Note	2016			2015		
		Rating	Cost	Market value	Rating	Cost	Market value
		(Rupees in '000)			(Rupees in '000)		
Wapda Sukuk Bonds	7.10.3	Unrated	50,000	49,093	Unrated	100,000	97,134
Pakistan International Airlines (PIA) Sukuk Bonds		Unrated	-	-	Unrated	1,325,000	1,325,000
Fatima Fertilizer Sukuk Bonds	7.10.4	AA-	1,000,000	1,000,000	N/A	-	-
			1,050,000	1,049,093		1,425,000	1,422,134

7.10.3 Wapda Sukuk Bonds carry mark-up rates 0.25% below 6 months KIBOR. The principal and profit is payable semi-annually with maturity in July 2017.

7.10.4 Fatima Fertilizer Sukuk bonds carry mark-up rates 1.1% above 6 months KIBOR. The principal and profit is payable semi-annually with maturity in November 2021.

Notes to the Financial Statements

For the year ended 31 December 2016

7.11 Unrealized gain / (loss) on revaluation of investments classified as held for trading

Market Treasury Bills
Pakistan Investment Bonds
GoP Ijarah Sukuk Bonds

2016	2015
----- (Rupees in '000) -----	
149	148
7,612	3,886
-	8
7,761	4,042

7.12 During the year, upon receiving all necessary approvals from the regulators, the Bank divested its entire shareholding in all of its subsidiaries. (Refer note 1).

8 ADVANCES

Note

Loans, cash credits, running finances, etc.

- In Pakistan
- Outside Pakistan

Islamic Financing and Related Assets (Gross)

Bills discounted and purchased (excluding treasury bills)

- Payable in Pakistan
- Payable outside Pakistan

Advances - gross

Provision for non-performing advances

Advances - net of provision

8.1 Particulars of advances - gross

8.1.1 In local currency
In foreign currencies

8.1.2 Short term (for upto one year)
Long term (for over one year)

8.1.3 These represent financing and related assets placed under Shariah permissible modes as disclosed in note 42.1.1.

2016	2015
(Restated)	
----- (Rupees in '000) -----	
94,098,584	91,645,675
-	-
94,098,584	91,645,675
32,822,175	30,343,793
3,901,614	6,670,843
2,808,964	1,709,843
6,710,578	8,380,686
133,631,337	130,370,154
(19,680,570)	(21,516,718)
113,950,767	108,853,436
124,203,041	123,979,306
9,428,296	6,390,848
133,631,337	130,370,154
116,817,126	112,321,202
16,814,211	18,048,952
133,631,337	130,370,154

Notes to the Financial Statements

For the year ended 31 December 2016

8.2 Advances include Rs. 21,873.219 million (2015: Rs. 24,018.416 million) which have been placed under non-performing status as detailed below:

Category of classification	2016								
	Classified Advances			Provision Required			Provision Held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
	(Rupees in '000)								
OAEM	37,407	-	37,407	-	-	-	-	-	-
Substandard	444,903	-	444,903	60,341	-	60,341	60,341	-	60,341
Doubtful	4,684,018	-	4,684,018	2,920,254	-	2,920,254	2,920,254	-	2,920,254
Loss	16,706,891	-	16,706,891	16,152,454	-	16,152,454	16,152,454	-	16,152,454
	21,873,219	-	21,873,219	19,133,049	-	19,133,049	19,133,049	-	19,133,049
General Provision				547,521	-	547,521	547,521	-	547,521
	21,873,219	-	21,873,219	19,680,570	-	19,680,570	19,680,570	-	19,680,570

Category of classification	2015								
	Classified Advances			Provision Required			Provision Held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
	(Rupees in '000)								
OAEM	39,676	-	39,676	-	-	-	-	-	-
Substandard	710,067	-	710,067	139,866	-	139,866	139,866	-	139,866
Doubtful	3,313,782	-	3,313,782	1,526,603	-	1,526,603	1,526,603	-	1,526,603
Loss	19,954,891	-	19,954,891	19,294,343	-	19,294,343	19,294,343	-	19,294,343
	24,018,416	-	24,018,416	20,960,812	-	20,960,812	20,960,812	-	20,960,812
General Provision	-	-	-	555,906	-	555,906	555,906	-	555,906
	24,018,416	-	24,018,416	21,516,718	-	21,516,718	21,516,718	-	21,516,718

8.2.1 At 31 December 2016, the provision requirement has been reduced by Rs. 401.589 million (2015: Rs. 778.020 million) being benefit of Forced Sale Value (FSV) of commercial, residential and industrial properties (land and building only) held as collateral, in accordance with the State Bank of Pakistan Prudential Regulations (PR) and SBP Circular 10 dated 21 October 2011. Increase in accumulated profits amounting to Rs. 261.033 million due to the said FSV benefit is not available for distribution of cash and stock dividend / bonus to employees.

8.3 Particulars of provision against non-performing advances

Note	2016			2015		
	Specific	General	Total	Specific	General	Total
	(Rupees in '000)					
Opening balance	20,960,812	555,906	21,516,718	20,910,535	539,465	21,450,000
Charge for the year	1,752,208	70,134	1,822,342	2,755,378	48,009	2,803,387
Reversals	(2,565,869)	(78,519)	(2,644,388)	(1,408,778)	(31,568)	(1,440,346)
	(813,661)	(8,385)	(822,046)	1,346,600	16,441	1,363,041
Amounts written off	(997,832)	-	(997,832)	(1,238,681)	-	(1,238,681)
Other movements	(16,270)	-	(16,270)	(57,642)	-	(57,642)
Closing balance	19,133,049	547,521	19,680,570	20,960,812	555,906	21,516,718

Notes to the Financial Statements

For the year ended 31 December 2016

8.4 Particulars of provision against non-performing advances	Note	2016	2015
----- (Rupees in '000) -----			
In local currency		18,978,307	20,814,455
In foreign currencies		702,263	702,263
		19,680,570	21,516,718
8.5 Particulars of write offs			
8.5.1 Against provisions		997,832	1,238,681
Charged and written off during the year		152,695	181,865
	8.5.2	1,150,527	1,420,546
8.5.2 Write-offs of Rs. 500,000 and above		826,888	1,026,913
Write-offs of below Rs. 500,000		323,639	393,633
		1,150,527	1,420,546
8.6 Details of loans written-off of Rs. 500,000 and above			
In terms of sub-section (3) of section 33A of the Banking Companies Ordinance, 1962, the statement in respect of written-off loans or any other financial relief of five hundred thousand rupees or above allowed to a person(s) during the year ended 31 December 2016 is given in Annexure 1.			
8.7 This includes loans charged off as per Bank's policy. Recovery efforts on the amount charged off are ongoing, as the Bank continues to have the legal right of recovery.			
8.8 Particulars of loans and advances to directors, associated companies, etc.			
(i) Debts due by directors, executives or officers of the bank or any of them either severally or jointly with any other persons	Note	2016	2015
----- (Rupees in '000) -----			
Balance at beginning of the year		2,004,638	2,084,716
Loans granted during the year		879,516	571,919
Repayments		(387,610)	(651,997)
Balance at end of the year		2,496,544	2,004,638
(ii) Debts due by companies or firms in which the directors of the bank are interested as directors, partners or in the case of private companies as members			
Balance at beginning of the year		121,347	693,293
Loans granted during the year		877,440	777,216
Repayments		(933,998)	(1,349,162)
Balance at end of the year		64,789	121,347
(iii) Debts due by subsidiary companies, controlled firms, managed modarabas and other related parties			
Balance at beginning of the year		321,813	776,579
Loans granted during the year		1,178,183	2,681,969
Repayments		(1,368,007)	(3,136,735)
Balance at end of the year		131,989	321,813
9 OPERATING FIXED ASSETS			
Capital work-in-progress	9.1	45,753	-
Property and equipment	9.2	5,727,543	5,963,952
		5,773,296	5,963,952
9.1 Capital work-in-progress			
Civil works		45,592	-
Consultants' fee and other charges		161	-
		45,753	-

Notes to the Financial Statements

For the year ended 31 December 2016

9.2 Property and equipment

2016								
Freehold land	Leasehold land	Buildings on freehold land	Buildings on leasehold land	Leased hold improvements	Furniture, fixtures and office equipment	Vehicles	Total	
(Rupees in '000)								
Cost / Valuations								
At 1 January 2016	588,374	3,778,358	238,401	605,441	1,253,150	2,693,339	95,134	9,252,197
Additions during the year	-	-	-	10,046	-	361,518	3,473	375,037
Transfers / write offs	-	-	153	13,337	(114,820)	2,909	-	(98,421)
Deletions	(7,680)	(123,860)	(3,904)	(5,091)	(9)	(30,430)	(3,712)	(174,686)
At 31 December 2016	580,694	3,654,498	234,650	623,733	1,138,321	3,027,336	94,895	9,354,127
Accumulated Depreciation								
At 1 January 2016	-	-	39,644	88,532	838,754	2,227,902	93,413	3,288,245
Charge for the year	-	-	30,988	81,079	104,290	227,126	2,120	445,603
Transfers / write offs	-	-	153	13,337	(88,173)	2,989	-	(71,694)
Deletions	-	-	(590)	(829)	(9)	(30,430)	(3,712)	(35,570)
At 31 December 2016	-	-	70,195	182,119	854,862	2,427,587	91,821	3,626,584
Net book value	580,694	3,654,498	164,455	441,614	283,459	599,749	3,074	5,727,543
Rate of depreciation	-	-	6.67%	6.67%	6.67%-10%	14.28% - 33.33%	33.33%	

2015								
Freehold land	Leasehold land	Buildings on freehold land	Buildings on leasehold land	Leased hold improvements	Furniture, fixtures and office equipment	Vehicles	Total	
(Rupees in '000)								
Cost / Valuations								
At 1 January 2015	588,374	3,822,108	238,401	604,799	1,268,665	2,758,523	93,393	9,374,263
Additions during the year	-	-	-	642	16,455	184,976	1,741	203,814
Transfers / write offs	-	-	-	-	(31,970)	(203,027)	-	(234,997)
Deletions	-	(43,750)	-	-	-	(47,133)	-	(90,883)
At 31 December 2015	588,374	3,778,358	238,401	605,441	1,253,150	2,693,339	95,134	9,252,197
Accumulated Depreciation								
At 1 January 2015	-	-	-	-	764,525	2,245,293	81,892	3,091,710
Charge for the year	-	-	39,644	88,532	103,036	232,768	11,521	475,501
Transfers / write offs	-	-	-	-	(28,807)	(203,026)	-	(231,833)
Deletions	-	-	-	-	-	(47,133)	-	(47,133)
At 31 December 2015	-	-	39,644	88,532	838,754	2,227,902	93,413	3,288,245
Net book value	588,374	3,778,358	198,757	516,909	414,396	465,437	1,721	5,963,952
Rate of depreciation	-	-	6.67%	6.67%	6.67%-10%	14.28% - 33.33%	33.33%	

9.3 The Bank's owned land and buildings were revalued by independent accredited professional valuers, Iqbal A. Nanjee & Co. (Private) Limited and Colliers International. The valuation performed by the valuers was based on active market prices, adjusted for any difference in the nature, location or condition of the specific land and building. The date of revaluation was 31 December 2014. If the owned land and buildings were measured using the cost model, the carrying amounts would have been as follows:

	2016	2015
(Rupees in '000)		
Cost	2,248,154	2,338,065
Accumulated depreciation	(1,110,735)	(979,580)
Carrying amount	1,137,419	1,358,485

The movement in surplus on revaluation of fixed assets is given in note 20.1 to the financial statements.

9.4 As at 31 December 2016, the cost of fully depreciated fixed assets still in use amounted to Rs. 2,764.999 million (2015: Rs. 2,502.215 million).

Notes to the Financial Statements

For the year ended 31 December 2016

9.5 Depreciation rates for furniture, fixtures and office equipment are as follows:

Furniture and fixtures	33.33 percent
Printers	33.33 percent
Other office equipment	20.00 percent
Computer equipment	33.33 percent
ATM machines	14.28 percent

9.6 Details of disposal of fixed assets whose original cost or book value exceeds Rs. 1 million or Rs. 250,000, which ever is less, and assets disposed of to the Chief Executive or to a director or to executives or to a shareholder holding not less than 10% of the voting shares of the bank or to any related party, irrespective of value, are given below:

	Cost/ Revalued amount	Accumulated depreciation	Book value	Sale Proceeds	Gain / (Loss) on Sale	Mode of Disposal	Particulars of Purchaser
	(Rupees in '000)						
Freehold land	7,680	-	7,680	10,000	2,320	Tender	Mr. Muhammad Shahid
Leasehold Land	123,860	-	123,860	157,500	33,640	Tender	Mr. Shaukat Fayaz Ahmed Tarin
Building on freehold land	3,904	590	3,314	5,700	2,386	Tender	Mr. Muhammad Shahid
Building on leasehold land	5,091	829	4,262	4,000	(262)	Tender	Mr. Shaukat Fayaz Ahmed Tarin
Furniture, fixtures and office equipment	5,671	5,671	-	1,860	1,860	Tender	M/S Zim Trading
	3,247	3,247	-	481	481	Tender	M/S Pakistan International
	3,234	3,234	-	846	846	Tender	M/S Pakistan International
	2,743	2,743	-	345	345	Tender	M/S Muhammad Shahid Soomro
	2,665	2,665	-	1,555	1,555	Tender	M/S Muhammad Hashim & Sons
	2,084	2,084	-	650	650	Tender	M/S Pakistan International
	2,031	2,031	-	857	857	Tender	M/S Pakistan International
	1,827	1,827	-	304	304	Tender	M/S Pakistan International
	1,462	1,462	-	696	696	Tender	M/S Muhammad Shahid Soomro
	1,220	1,220	-	133	133	Tender	M/S Pakistan International
	1,078	1,078	-	620	620	Tender	M/S Pakistan International
Vehicles	2,150	2,150	-	1,236	1,236	Tender	Mr. Usman Shahid
	1,562	1,562	-	1,010	1,010	Tender	Mr. Muhammad Imran
	171,509	32,393	139,116	187,793	48,677		
Items having book value of less than Rs. 250,000 and cost of less than Rs. 1,000,000:							
Leased hold improvements	9	9	-	1	1		
Furniture, fixtures and office equipment	3,168	3,168	-	525	525		
Total	174,686	35,570	139,116	188,319	49,203		

Notes to the Financial Statements

For the year ended 31 December 2016

10 INTANGIBLE ASSETS

	2016					
	Goodwill	Core deposits intangible	Customer relationships intangible	Brand names	Computer Software	Total
	(Rupees in '000)					
Cost						
At 1 January 2016	26,095,310	1,982,413	774,680	389,400	338,350	29,580,153
Additions during the year	-	-	-	-	-	-
At 31 December 2016	26,095,310	1,982,413	774,680	389,400	338,350	29,580,153
Amortised						
At 1 January 2016	-	1,982,413	769,071	363,599	338,350	3,453,433
Charge for the year	-	-	5,029	25,801	-	30,830
At 31 December 2016	-	1,982,413	774,100	389,400	338,350	3,484,263
Net book value	26,095,310	-	580	-	-	26,095,890
Rate of amortisation					20%	
	2015					
	Goodwill	Core deposits intangible	Customer relationships intangible	Brand names	Computer Software	Total
	(Rupees in '000)					
Cost						
At 1 January 2015	26,095,310	1,982,413	774,680	389,400	338,350	29,580,153
Additions during the year	-	-	-	-	-	-
At 31 December 2015	26,095,310	1,982,413	774,680	389,400	338,350	29,580,153
Amortised						
At 1 January 2015	-	1,982,413	761,611	324,665	338,350	3,407,039
Charge for the year	-	-	7,460	38,934	-	46,394
At 31 December 2015	-	1,982,413	769,071	363,599	338,350	3,453,433
Net book value	26,095,310	-	5,609	25,801	-	26,126,720
Rate of amortisation					20%	

10.1 As at 31 December 2016, the gross carrying amount of fully amortised intangible assets (computer software) still in use amounted to Rs. 338.350 million (2015: Rs. 338.350 million).

10.2 The recoverable amount for the purpose of assessing impairment on goodwill on acquisition of Union Bank Limited was based on value in use. The calculations are based on the 2017 budget and forecasts for subsequent four years as approved by the management. These have then been extrapolated for a further period of 15 years using a steady long term forecast GDP growth rate and a terminal value determined based on a long term earnings multiple. The cash flows are discounted using a discount rate which reflects the current market rate appropriate for the business. For the calculation as at 31 December 2016, the bank has used a long term forecast GDP growth rate of 4.95 percent and a discount rate of 20.3 percent. The management believes that any reasonable possible changes to the key assumptions on which calculation of recoverable amount is based, would not cause the carrying amount to exceed the recoverable amount.

Notes to the Financial Statements

For the year ended 31 December 2016

11 DEFERRED TAX ASSETS / (LIABILITIES)

The following are major deferred tax assets / (liabilities) recognised and movement thereon:

Note		2016			
		At 1 January 2016	(Charge) / credit to profit and loss	Debit / (credit) to equity / other comprehensive income	At 31 December 2016
----- (Rupees in '000) -----					
Available for sale investments	20.2	(1,756,774)	-	1,353,386	(403,388)
Provisions for loans and advances	11.1	5,870,796	77,992	-	5,948,788
Other assets / (Other liabilities)		(87,150)	844,493	-	757,343
Fixed assets		(142,840)	60,499	-	(82,341)
Surplus on revaluation of Fixed Assets		(52,206)	8,587	951	(42,668)
Goodwill		(7,067,947)	(877,541)	-	(7,945,488)
Actuarial gains on retirement benefits		15,001	-	(2,054)	12,947
		<u>(3,221,120)</u>	<u>114,030</u>	<u>1,352,283</u>	<u>(1,754,807)</u>
2015					
		At 1 January 2015	(Charge) / credit to profit and loss	Debit / (credit) to equity /other comprehensive income	At 31 December 2015
----- (Rupees in '000) -----					
Available for sale investments	20.2	(1,376,312)	-	(380,462)	(1,756,774)
Provisions for loans and advances		5,356,246	514,550	-	5,870,796
Other assets / (Other liabilities)		(86,986)	(164)	-	(87,150)
Fixed assets		(195,311)	52,471	-	(142,840)
Surplus on revaluation of Fixed Assets		(69,039)	16,833	-	(52,206)
Goodwill		(6,190,960)	(876,987)	-	(7,067,947)
Actuarial gains on retirement benefits		(13,471)	-	28,472	15,001
		<u>(2,575,833)</u>	<u>(293,297)</u>	<u>(351,990)</u>	<u>(3,221,120)</u>

- 11.1 In terms of the Seventh Schedule to the Income Tax Law, the claim of provision for advances and off balance sheet items in respect of Corporate and Consumer (including SME) advances has been restricted to 1% and 5% of gross advances respectively. As such Deferred tax asset on advances of Rs. 5,949 million has been recognised. The management based on the exercise carried out, concludes that the Bank would, in future years be able to achieve deductions in excess of the aforesaid prescribed limits.

Notes to the Financial Statements

For the year ended 31 December 2016

	Note	2016	2015 (Restated)
----- (Rupees in '000) -----			
12 OTHER ASSETS			
Income / mark-up accrued in local currency		3,962,941	8,618,263
Income / mark-up accrued in foreign currencies		13,911	13,434
Advances, deposits, advance rent and other prepayments		577,171	581,292
Receivable from defined benefit plans		5,635	18,025
Advance taxation (payments less provisions)		9,072,182	9,745,525
Branch adjustment account		481	175
Unrealized gain on forward foreign exchange contracts		430,464	338,424
Interest rate derivatives and currency options - positive fair value		1,557	157,607
Receivable from SBP / Government of Pakistan		197,966	146,060
Receivable from associated undertakings		280,255	34,416
Receivable from Standard Chartered Bank, Sri Lanka operations	12.2	34,471	39,654
Advance Federal Excise Duty		188,443	188,443
Unsettled trades		104,284	-
Others		627,561	568,631
		15,497,322	20,449,949
Less: Provision against other assets	12.1	(63,944)	(116,373)
Other Assets - net of provisions		15,433,378	20,333,576
12.1 Provision against other assets			
Opening balance		116,373	116,373
Net charge for the year		-	-
Write off during the year		(52,429)	-
Closing balance		63,944	116,373
12.2 Consequent to Sale and Purchase Agreement (SPA) signed between Standard Chartered Bank, Sri Lanka (SCBSL) and Standard Chartered Bank (Pakistan) Limited (SCBPL), the Sri Lanka branch operations of SCBPL were amalgamated with SCBSL with effect from close of business on 10 October 2008. According to the terms of SPA, 'unproductive debts', 'staff loans of SCBPL who are not retained by the purchaser', 'their corresponding housing loans' and 'assets arising from litigation which cannot be assigned' are held in trust with SCBSL. The recoveries made (net of expenses) from such assets are taken to income from Sri Lanka branch operations alongwith foreign exchange translation impacts as disclosed in note 26 to these financial statements, and consequently recorded as receivable. Moreover, loans which were fully provided and deemed non recoverable were written-off after necessary approvals.			
13 BILLS PAYABLE	Note	2016	2015
----- (Rupees in '000) -----			
In Pakistan		10,149,120	11,395,470
Outside Pakistan		672,673	5,721
		10,821,793	11,401,191
14 BORROWINGS			
In Pakistan		13,820,357	20,738,176
Outside Pakistan		580,484	1,046,275
	14.1	14,400,841	21,784,451
14.1 Particulars of borrowings with respect to currencies			
In local currency		13,820,357	20,738,176
In foreign currencies		580,484	1,046,275
		14,400,841	21,784,451

Notes to the Financial Statements

For the year ended 31 December 2016

14.2 Details of borrowings secured / unsecured

Secured	Note	2016	2015
----- (Rupees in '000) -----			
Borrowings from State Bank of Pakistan under Export Refinance (ERF) scheme	14.2.1	13,147,531	14,831,179
Repurchase agreement borrowings (Repo)		-	1,192,726
State Bank of Pakistan - LTFF	14.2.2	672,624	1,055,711
		<u>13,820,155</u>	<u>17,079,616</u>
Unsecured			
Call borrowings		-	3,650,000
Overdrawn nostro accounts	14.2.3	580,686	1,054,835
		<u>14,400,841</u>	<u>21,784,451</u>

14.2.1 Mark-up on Export Refinance (ERF) from State Bank of Pakistan is charged at 1 percent to 3 percent (2015: 1.5 percent to 3.5 percent) per annum. ERF borrowings also include borrowings under Islamic Export Refinance scheme amounting to Rs. 2.625 billion (2015: Rs. 1.459 billion). These borrowings are secured against demand promissory notes executed by the Bank in favour of State Bank of Pakistan.

14.2.2 Mark-up on Long Term Finance Facility (LTFF) from State Bank of Pakistan carry mark up rates ranging from 2.5 percent to 6.5 percent (2015: 2.5 percent to 8.2 percent) per annum. These loans are secured against promissory notes executed by the Bank in favour of State Bank of Pakistan.

14.2.3 These include overdrawn nostro accounts with other branches and subsidiaries of Standard Chartered Group outside Pakistan amounting to Rs. 498.580 million (2015: Rs. 1,046.275 million).

15 DEPOSITS AND OTHER ACCOUNTS

Customers	Note	2016	2015
----- (Rupees in '000) -----			
Remunerative			
- Fixed deposits		22,231,104	24,083,614
- Savings deposits		186,007,700	152,388,122
Non-Remunerative			
- Current accounts		151,796,941	142,746,731
- Margin accounts		1,354,922	945,934
- Special exporters' account		1,853,939	572,198
		<u>363,244,606</u>	<u>320,736,599</u>
Financial Institutions			
Remunerative deposits		64,888	612,825
Non-remunerative deposits - Current account	15.1	2,252,600	5,888,103
		<u>365,562,094</u>	<u>327,237,527</u>

15.1 This includes Rs. 589.579 million (2015: Rs. 496.085 million) against balances of other branches and subsidiaries of Standard Chartered Group operating outside Pakistan.

15.2 Particulars of deposits

	Note	2016	2015
----- (Rupees in '000) -----			
In local currency		305,757,660	267,837,354
In foreign currencies		59,804,434	59,400,173
		<u>365,562,094</u>	<u>327,237,527</u>

16 SUB-ORDINATED LOANS

Term Finance Certificates issued	16.1	2,500,000	2,500,000
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Notes to the Financial Statements

For the year ended 31 December 2016

- 16.1** The Bank, on 29 June 2012, issued fourth rated, unsecured, subordinated TFCs of Rs 2,500 million by way of private placement. Terms for the fourth outstanding issue are as follow:

	4th Issue
Year of Issue	2012
Rating	AAA
Rate	0.75% above the six months Karachi Inter-Bank Offered Rate ("KIBOR") prevailing one working day prior to the beginning of each semi annual period
Floor	Nil
Ceiling	Nil
Repayment	10 years
Call Option	After 5 Years from date of issue , subject to prior approval of SBP and notice to investors
Maturity	June 2022

	Note	2016	2015
17 OTHER LIABILITIES			
		----- (Rupees in '000) -----	
Mark-up / return / interest payable in local currency		196,128	335,223
Accrued expenses		2,036,605	2,937,185
Advance payments		242,630	207,914
Sundry creditors		2,718,688	1,795,376
Unrealized loss on forward foreign exchange contracts		85,338	171,676
Unrealized loss on interest rate derivatives and currency options	21.8.2	134,365	120,633
Due to Holding Company	17.1	9,247,383	7,739,048
Unclaimed balances		30,180	3,364,784
Dividend Payable		62,302	52,053
Provision against off balance sheet obligations	17.2	330,110	667,428
Worker's Welfare Fund (WWF) payable	17.3	1,378,918	1,071,945
Unsettled trades		29,781	203,152
Others		517,462	586,630
		17,009,890	19,253,047
17.1 Due to Holding Company			
On account of reimbursement of executive and general administrative expenses		8,751,072	7,258,241
Royalty and other payable		496,311	480,807
		9,247,383	7,739,048
17.2 Provision against off-balance sheet obligations			
Opening balance		667,428	414,084
Charge for the year		43,755	253,344
Reversals		(291,176)	-
Other movements		(89,897)	-
Closing balance		330,110	667,428

Notes to the Financial Statements

For the year ended 31 December 2016

- 17.3** During the current year, the Supreme Court of Pakistan vide its order dated 10 November 2016 has held that the amendments made in the law introduced by the Federal Government by Finance Act 2008 for the levy of Workers Welfare Funds (WWF) on banks were not lawful. The Federal Board of Revenue has filed review petitions against this order, which are currently pending.

Legal advice obtained on the matter indicates that consequent to filing of these review petitions the judgment may not currently be treated as conclusive until the review petition is decided. Accordingly, the amount charged for WWF since 2008 has not been reversed.

Further, as a consequence of passage of 18th Amendment to the Constitution, levy for Workers Welfare was also introduced by the Government of Sindh (Sindh WWF) which was effective from 01 January 2014. The definition of industrial undertakings under the aforesaid Sindh WWF law includes banks and financial institutions as well. The Bank is in consultation with its legal counsel for challenging the applicability of the said law on Banks.

18 SHARE CAPITAL

18.1 Authorized Capital

2016	2015	Note	2016	2015
(Number of shares)			(Rupees in '000)	
4,000,000,000	4,000,000,000	Ordinary shares of Rs.10 each	40,000,000	40,000,000
18.2 Issued, subscribed and paid-up Capital				
2,939,785,018	2,939,785,018	Ordinary shares of Rs. 10 each Fully paid in cash	29,397,850	29,397,850
931,800,003	931,800,003	Issued in terms of scheme of amalgamation	9,318,000	9,318,000
3,871,585,021	3,871,585,021		38,715,850	38,715,850

- 18.3** These represent 892,554,151 shares of Rs. 10/- each issued and allotted at par to Standard Chartered Bank, United Kingdom against transfer of entire undertaking of SCB Branch Business by SCB to the Bank, and 39,245,852 shares issued and allotted at par credited as fully paid up to persons who were registered shareholders of Union Bank. These shares have been issued in accordance with the scheme of amalgamation duly approved by State Bank of Pakistan on 4 December 2006.

- 18.4** At 31 December 2016, Standard Chartered Bank, United Kingdom, held 98.99% shares of the Bank.

19 RESERVES

	Note	2016	2015
(Rupees in '000)			
Share premium	19.1	1,036,090	1,036,090
Statutory reserve	19.2	11,734,472	9,810,915
		12,770,562	10,847,005

- 19.1** This represents excess of fair value of the shares over par value of shares issued to registered shareholders of Union Bank in terms of the amalgamation scheme.

- 19.2** In accordance with the Banking Companies Ordinance, 1962, the Bank is required to transfer twenty percent of its profit of each year to a reserve fund until the amount in such fund equals the paid-up capital of the Bank.

- 19.3** The Board of Directors in their meeting held on 2 March 2017 have announced a final cash dividend of 12.50% (Rs 1.25/- per share) in respect of the year ended 31 December 2016 (2015: Rs. 1.25 per share). This is in addition to 7.50% (Rs. 0.75/- per share) interim cash dividend announced during the year. The financial statements for the year ended 31 December 2016 do not include the effect of final dividend appropriations which will be accounted for subsequent to the year end.

Notes to the Financial Statements

For the year ended 31 December 2016

20 SURPLUS ON REVALUATION OF ASSETS - NET OF DEFERRED TAX	Note	2016	2015
Surplus arising on revaluation of:			
----- (Rupees in '000) -----			
Fixed assets	20.1	3,661,174	3,671,708
Available for Sale Securities	20.2	749,149	3,262,582
		<u>4,410,323</u>	<u>6,934,290</u>
20.1 Surplus on revaluation of fixed assets - net of tax			
Surplus on revaluation of fixed assets as at 1 January Deficit / (surplus) realized on disposal of revalued properties			
		3,723,913 4,508	3,772,008 (9,782)
Transferred to unappropriated profit in respect of incremental depreciation charged during the year - net of deferred tax			
Related deferred tax liability		(15,992) (8,587)	(24,904) (13,409)
		<u>(24,579)</u>	<u>(38,313)</u>
Surplus on revaluation of fixed assets as at 31 December		3,703,842	3,723,913
Less: Related deferred tax liability on:			
Revaluation surplus as at 1 January		(52,206)	(69,039)
Revaluation surplus realized on disposal during the year		951	3,424
Incremental depreciation charged during the year transferred to profit and loss account		8,587	13,409
		<u>(42,668)</u>	<u>(52,206)</u>
Surplus on revaluation of fixed assets as at 31 December - net of tax		<u>3,661,174</u>	<u>3,671,708</u>
20.2 Surplus on revaluation of Available for Sale securities - net of tax			
Market Treasury Bills		(75,566)	48,038
Pakistan Investment Bonds		969,991	4,923,189
Sukuk and Ijarah Bonds		147,403	13,134
Listed shares		110,709	34,995
		<u>1,152,537</u>	<u>5,019,356</u>
Related deferred tax liability		<u>(403,388)</u>	<u>(1,756,774)</u>
		<u>749,149</u>	<u>3,262,582</u>
21 CONTINGENCIES AND COMMITMENTS			
21.1 Transaction-related contingent liabilities			
Guarantees issued favouring:			
- Government	21.1.1	49,381,038	53,137,229
- Others		40,631,891	24,925,787
		<u>90,012,929</u>	<u>78,063,016</u>
21.1.1 Guarantees relating to Islamic Banking Business amount to Rs. 620 million (2015: Rs. 3,364 million).			
21.2 Trade-related contingent liabilities			
Letters of credit	21.2.1	<u>22,583,980</u>	16,782,316
21.2.1 Letters of credit relating to Islamic Banking Business amount to Rs. 3,195 million (2015: Rs. 4,377 million).			
21.3 Trade-related commitments			
Acceptances	21.3.1	<u>6,988,336</u>	6,672,058
21.3.1 Acceptances relating to Islamic Banking Business amount to Rs. 1,599 million (2015: Rs. 2,056 million).			

Notes to the Financial Statements

For the year ended 31 December 2016

	Note	2016	2015
		----- (Rupees in '000) -----	
21.4 Commitment for acquisition of fixed assets		23,491	60,260
21.5 Other contingencies			
Claims against the Bank not acknowledged as debt	21.5.1	11,654,963	11,930,386

21.5.1 These represent certain claims by third parties against the Bank, which are being contested in the Courts of law. The management is of the view that these relate to the normal course of business and the possibility of an outflow of economic resources is remote.

21.5.2 The Bank has identified that a case has been before the Court on the land where an office building is constructed and the bank owns a portion of that premises. A request for clearance of its premises from the competent court has been filed based on the fact that the bank is a bonafide purchaser of the premises having no relevance with the principal case. Considering the facts of the case the management expects a favourable decision in this case from the competent court. The Bank is also in litigation with various tenants for repossessing its office space in one of its other owned properties. These cases are now being adjudicated before the Court of Rent Controller. During the year, positive decision were rendered for certain office spaces in favour of the Bank. Based on the facts of the case and the opinion of legal counsel, the management expects a favourable decision from the dealing court in remaining cases.

21.5.3 The Tax Authorities have passed an order for the income years 2009 and 2010 levying Federal Excise Duty amounting to Rs. 141 million on certain items. The Bank is contesting the order in the appeal. The Bank has paid entire amount under protest.

Further, an order for income year 2011 levying Federal Excise Duty of Rs. 515.6 million has been issued. The demand has been stayed by the Sindh High Court.

21.6 Commitments in respect of forward foreign exchange contracts	2016	2015
	----- (Rupees in '000) -----	
Purchase from:		
State Bank of Pakistan	16,321,650	19,536,300
Other banks	53,856,408	51,623,327
Customers	3,524,916	3,217,691
Sale to:		
Other banks	48,280,141	53,329,213
Customers	3,397,802	572,496

The maturities of the above contracts are spread over a period of one year.

21.7 Commitments to extend credit

The bank makes commitments to extend credit in the normal course of its business but these being revocable commitments do not attract any significant penalty or expense if the facility is unilaterally withdrawn.

Notes to the Financial Statements

For the year ended 31 December 2016

21.8 Derivative instruments

21.8.1 Product analysis

2016				
Counterparties	Interest Rate Swaps Cross Currency Swaps		FX Options	
	No. of Contracts	Notional Principal * (Rupees in '000)	No. of Contracts	Notional Principal * (Rupees in '000)
With Banks for				
Hedging	-	-	-	-
Market Making	12	3,290,210	41	874,205
With FIs other than banks				
Hedging	-	-	-	-
Market Making	-	-	-	-
With other entities for				
Hedging	-	-	-	-
Market Making	13	3,803,088	41	874,205
Total				
Hedging	-	-	-	-
Market Making	25	7,093,298	82	1,748,410

2015				
Counterparties	Interest Rate Swaps Cross Currency Swaps		FX Options	
	No. of Contracts	Notional Principal * (Rupees in '000)	No. of Contracts	Notional Principal * (Rupees in '000)
With Banks for				
Hedging	-	-	-	-
Market Making	8	2,487,312	7	83,624
With FIs other than banks				
Hedging	-	-	-	-
Market Making	3	649,631	-	-
With other entities for				
Hedging	-	-	-	-
Market Making	13	6,080,535	7	83,624
Total				
Hedging	-	-	-	-
Market Making	24	9,217,478	14	167,248

* At the exchange rate prevailing at year end.

Contracts with banks represent contracts entered with branches of Standard Chartered Bank, UK to obtain cover against the contracts with customers, except for 3 contracts with local banks having notional principal of Rs. 669.5 million.

Notes to the Financial Statements

For the year ended 31 December 2016

21.8.2 Maturity analysis

Interest Rate Swaps & Cross Currency Swaps

Remaining Maturity	No. of contracts	Notional principal	Mark to Market		
			Negative	Positive	Net
			(Rupees in '000)		
Upto 1 month	-	-	-	-	-
1 to 3 months	-	-	-	-	-
3 to 6 months	8	557,857	(68,608)	(140,539)	(209,147)
6 month to 1 year	1	121,960	(24,874)	-	(24,874)
1 to 2 years	4	1,233,282	-	37,229	37,229
2 to 3 years	5	2,661,652	(2,492)	31,551	29,059
3 to 5 years	3	1,356,224	(660)	15,397	14,737
5 to 10 years	4	1,162,323	(37,731)	57,919	20,188
Above 10 years	-	-	-	-	-
	25	7,093,298	(134,365)	1,557	(132,808)

22 MARK-UP / RETURN / INTEREST EARNED

Note

	2016	2015
	(Rupees in '000)	
On loans and advances to customers	9,565,766	11,776,186
On loans and advances to financial institutions	108,036	38,050
On investments in: i) Held for trading securities	275,054	338,859
ii) Available for sale securities	17,962,422	20,446,823
On securities purchased under resale agreements	480,815	315,962
On call money lending /Placements	2,908	21,679
	28,395,001	32,937,559

23 MARK-UP / RETURN / INTEREST EXPENSED

Deposits	8,183,708	9,305,522
Securities sold under repurchase agreements	282,597	464,939
Call borrowings	15,824	33,506
Borrowings from State Bank of Pakistan under Export Refinance (ERF) scheme	351,356	600,116
Term Finance Certificates (sub-ordinated loan)	176,178	225,766
	9,009,663	10,629,849

24 INCOME FROM DEALING IN FOREIGN CURRENCIES

Gain / (loss) realised from dealing in:		
Foreign Currencies	1,632,881	1,822,900
Derivative financial instruments	99,738	238,490
	1,732,619	2,061,390

25 GAIN ON SALE OF SECURITIES - NET

Federal Government Securities

Market Treasury Bills	93,420	401,881
Pakistan Investment Bonds	1,446,926	600,291
Ijarah Sukuks	3,303	13,525
	1,543,649	1,015,697

26 OTHER INCOME

Rent on property	19,651	22,363
Gain on disposal of fixed assets	49,203	3,460
Gain on sale of subsidiaries operation	248,621	-
Gain / (loss) on derivatives - net	220,053	233,456
Sri Lanka branch operations cost & fx translation	(5,183)	(325)
Recoveries against assets at acquisition of Union Bank Limited	16,270	57,640
Other income	189	13,095
	548,804	329,689

12.2

Notes to the Financial Statements

For the year ended 31 December 2016

27 ADMINISTRATIVE EXPENSES

Note

		2016	2015
		(Rupees in '000)	
Salaries, allowances etc.		5,451,234	5,485,007
Charge / (reversals) for defined benefit plans		233	(38,848)
Contributions to defined contribution plans		330,251	349,656
Rent, taxes, insurance, electricity etc.		1,180,357	1,268,501
Legal and professional charges		135,334	116,738
Communications		436,781	445,073
Premises repairs and refurbishment		895,262	651,029
Equipment and consumables		225,682	297,430
Software licenses and renewals		122,630	116,271
Stationery and printing		204,717	238,372
Advertisement and publicity		196,539	413,872
Donations	27.1	24,436	17,656
Auditors' remuneration	27.2	21,193	19,622
Depreciation		445,603	475,501
Amortization		30,830	46,394
Travelling, conveyance and vehicles' running		161,217	188,379
Reimbursement of executive and general administrative expenses - net	27.3	1,436,786	1,431,588
Royalty - net		-	(77,512)
Premises security and cash transportation services		333,000	339,749
Documentation and processing charges		156,579	145,799
Others		175,532	174,669
		11,964,196	12,104,946

27.1 Details of the donations given in excess of Rs. 100,000 are given below:

Donee

Institute of Business Administration	8,000	8,000
Right to Play International - Goal Programme	5,280	-
Aman Foundation	3,600	3,456
The Citizen Foundation	-	1,000
Habib University	-	4,000
Lahore University of Management Sciences	1,056	1,200

27.2 Auditors' remuneration

Audit and review fee	18,498	16,927
Fee for audit of pension, gratuity and provident funds	310	310
Special certifications and others	1,385	1,385
Out-of-pocket expenses	1,000	1,000
	21,193	19,622

27.3 Total cost for the year included in Administrative Expenses relating to outsourced activities is Rs. 1,820 million (2015: Rs. 1,816 million). This includes payments to local companies for obtaining routine services such as personnel for collection and recoveries, contact centre, service quality and technology maintenance, courier services and executive and general administrative expenses of SCB UK. Moreover, this includes a reversal of Rs. 167 million pertaining to 2013.

28 OTHER PROVISIONS / ASSET WRITE OFFS

	2016	2015
	(Rupees in '000)	
Fixed asset write offs	26,727	3,164
Provision released against other assets	866	-
	27,593	3,164

Notes to the Financial Statements

For the year ended 31 December 2016

29	OTHER CHARGES	Note	2016	2015
			----- (Rupees in '000) -----	
	Net charge against fines and penalties imposed by SBP Worker's Welfare Fund (WWF)	17.3	45,382 306,974 352,356	40,725 313,974 354,699
30 TAXATION				
	For the year			
	- Current		5,500,616	5,105,573
	- Deferred		(114,030)	293,297
			5,386,586	5,398,870
	For prior years		340,495	697,323
			5,727,081	6,096,193
30.1 Relationship between tax expense and accounting profit				
	Profit before taxation		15,344,866	15,384,619
	Tax at the applicable tax rate of 35% (2015: 35%)		5,370,703	5,384,617
	Expenses that are not deductible in determining taxable income		15,883	14,253
	Prior year provision		340,495	697,323
			5,727,081	6,096,193
30.2 The return for income year 2016 (Tax Year 2017) is due for filing by 30 September 2017.				
<p>The tax department amended the assessment for income years 2007 to 2015 (tax years 2008 to 2016 respectively) under the related provisions of the Income Tax Law, determining additional tax liability on account of various issues such as disallowances of expenses relating to provision against loans and advances, goodwill amortisation etc. The resultant tax demands have been paid by the Bank which includes Rs. 7,623 million for which no provision has been made. Appeals against the amended assessment orders are pending before different appellate forums. The management considers that a significant amount of the additional tax liability is the result of timing differences and is confident that the issues in the above mentioned tax years will be decided in favour of the Bank at appellate forums. Accordingly, no additional provision is required.</p> <p>The Sindh High Court has decided the issue of goodwill amortization in favour of the Bank for the years 2007 and 2011, resulting in refund of Rs. 893 million. The Federal Board of Revenue has filed leave to appeal before the Supreme Court of Pakistan.</p>				
31 EARNINGS PER SHARE - BASIC AND DILUTED				
			2016	2015
			----- (Rupees in '000) -----	
	Profit for the year		9,617,785	9,288,426
			(Number of shares)	
	Weighted average number of ordinary shares in issue during the year		3,871,585,021	3,871,585,021
			----- (Rupees) -----	
	Earnings per share - basic and diluted		2.48	2.40

Notes to the Financial Statements

For the year ended 31 December 2016

32 CASH AND CASH EQUIVALENTS

Cash and balances with treasury banks
Balances with other banks

2016	2015
(Rupees in '000)	
40,729,979	29,482,134
5,699,791	4,300,002
46,429,770	33,782,136

33 STAFF STRENGTH

Permanent
Temporary / on contractual basis / direct contracts
Bank's own staff at the end of year

(Number)	
3,559	3,384
6	6
3,565	3,390
238	408
3,803	3,798

Outsourced
Total staff strength

34 DEFINED BENEFIT PLANS

34.1 General description

Non Management Staff Pension Fund

The plan provides pension calculated at 50% of the average pensionable salary after completing 30 years of service. The employees of the bank are entitled to either pension or gratuity, but not both. However, the employees of ANZ Grindlays Bank transferred to the bank are entitled to both pension and gratuity and the minimum number of years required for entitlement of pension is 25 years for these employees. Pension is calculated as 1/120 times the last drawn merged salary for each year of service.

Non Management Staff Gratuity Fund

Last year the bank has converted its non management staff gratuity defined benefit scheme into defined contribution scheme w.e.f December 31, 2015. The plan provided a lump sum gratuity calculated at one month's salary for each completed year of service (maximum 40 months) after completing 5 years of service. For the employees of ex-ANZ Grindlays Bank, the plan provided a lump sum calculated at 50% of last drawn merged salary for each completed year of service (maximum 40 months) after completing 5 years of service. However, if the employee is not entitled for pension, the percentage is increased to 100%. The employees of SCB were entitled to either pension or gratuity, but not both.

Management Staff Pension Fund

The plan is closed to active employees. The entire liability is in respect of existing pensioners.

34.2 Principal Actuarial Assumptions

The last actuarial valuation of the scheme was carried out on 31 December 2016 and the key assumptions used for actuarial valuation were as follows:

	2016	2015
Discount rate	8.1% p.a.	9% p.a.
Expected rate of increase in salary in future years	8.0% p.a.	10% p.a.
Expected rate of return on plan assets	8.1% p.a.	9% p.a.
Expected long term rate of increase in pension	3.5% p.a.	5% p.a.
Mortality rate	SLIC (2001-05) ultimate mortality table rated down one year Light	SLIC (2001-05) ultimate mortality table rated down one year Light
Withdrawal rate		

Notes to the Financial Statements

For the year ended 31 December 2016

	SCB Non Management Pension Fund		SCB Non Management Gratuity Fund		SCB Management Pension Fund		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
34.3 Reconciliation of (receivable) / payable from / to defined benefit plan	(Rupees in '000)							
Present value of defined benefit obligations	53,466	55,546	-	-	55,363	59,277	108,829	114,823
Fair value of plan assets	(56,825)	(51,615)	-	(20,772)	(57,639)	(60,461)	(114,464)	(132,848)
(Asset) / liability recognised	(3,359)	3,931	-	(20,772)	(2,276)	(1,184)	(5,635)	(18,025)
34.4 Movement in defined benefit obligation								
Obligation as at 1 January	55,546	52,681	-	75,665	59,277	47,543	114,823	175,889
Current service cost	-	218	-	3,060	-	-	-	3,278
Interest cost	4,731	6,792	-	9,614	5,057	6,079	9,788	22,485
Amount transferred to Defined Contribution Plan	-	-	-	(95,003)	-	-	-	(95,003)
Benefits paid	(5,903)	(6,606)	-	(13,123)	(6,038)	(6,264)	(11,941)	(25,993)
Re measurement : Actuarial (gain) / loss on obligation	(908)	2,461	-	65,824	(2,933)	11,919	(3,841)	80,204
Liability Settlement (gain) / loss	-	-	-	(46,037)	-	-	-	(46,037)
Obligation as at 31 December	53,466	55,546	-	-	55,363	59,277	108,829	114,823
34.5 Movement in fair value of plan assets								
Fair value as at 1 January	51,615	72,941	20,772	26,444	60,461	44,427	132,848	143,812
Interest income on plan asset	4,392	9,513	-	3,377	5,163	5,684	9,555	18,574
Contribution / (refund) by the bank	3,931	(22,983)	-	99,397	(1,184)	16,189	2,747	92,603
Amount transferred to Defined Contribution Plan	-	-	(20,772)	(95,003)	-	-	(20,772)	(95,003)
Benefits paid	(5,903)	(6,606)	-	(13,123)	(6,038)	(6,264)	(11,941)	(25,993)
Re measurement : Actuarial gain / (loss) on plan assets	2,790	(1,250)	-	(320)	(763)	425	2,027	(1,145)
Fair value as at 31 December	56,825	51,615	-	20,772	57,639	60,461	114,464	132,848
34.6 Movement in (receivable) / payable from / to defined benefit plan								
Balance as at 1 January	3,931	(20,260)	(20,772)	49,221	(1,184)	3,116	(18,025)	32,077
Charge for the year	339	(2,503)	-	(36,740)	(106)	395	233	(38,848)
Contribution to the fund during the year	(3,931)	22,983	-	(99,397)	1,184	(16,189)	(2,747)	(92,603)
Amount transferred to defined contribution plan	-	-	20,772	-	-	-	20,772	-
Actuarial (gain) / loss on plan assets	(3,698)	3,711	-	66,144	(2,170)	11,494	(5,868)	81,349
Balance as at 31 December	(3,359)	3,931	-	(20,772)	(2,276)	(1,184)	(5,635)	(18,025)
34.7 Actual return on plan assets								
- Expected return on plan assets	4,392	9,513	-	3,377	5,163	5,684	9,555	18,574
- Actuarial gain / (loss) on plan assets	2,790	(1,250)	-	(320)	(763)	425	2,027	(1,145)
	7,182	8,263	-	3,057	4,400	6,109	11,582	17,429
Amount recognized in total comprehensive income								
The following amounts have been charged in respect of these benefits to profit and loss account and other comprehensive income:								
Components of defined benefit costs recognized in profit and loss account.								
Current service cost	-	218	-	3,060	-	-	-	3,278
Interest cost	4,731	6,792	-	9,614	5,057	6,079	9,788	22,485
Expected return on plan assets	(4,392)	(9,513)	-	(3,377)	(5,163)	(5,684)	(9,555)	(18,574)
Liability settlement (gain)/ loss	-	-	-	(46,037)	-	-	-	(46,037)
	339	(2,503)	-	(36,740)	(106)	395	233	(38,848)
Components of defined benefit costs (re-measurement) recognised in other comprehensive income								
Re-measurement : Actuarial gain / loss on obligation								
- Change in financial assumptions	(2,737)	(788)	-	26,177	(2,635)	(880)	(5,372)	24,509
- Change in experience assumptions	1,829	3,249	-	39,647	(298)	12,799	1,531	55,695
	(908)	2,461	-	65,824	(2,933)	11,919	(3,841)	80,204
Re-measurement : interest income net of return on plan assets								
Actual net return on plan assets	(6,341)	(8,263)	-	(3,057)	(5,733)	(6,109)	(12,074)	17,429
Interest income on plan assets	4,392	9,513	-	3,377	5,163	5,684	9,555	18,574
Opening difference	(841)	-	-	-	1,333	-	492	-
	(2,790)	1,250	-	320	763	(425)	(2,027)	1,145
Net re-measurement recognised in other comprehensive income	(3,698)	3,711	-	66,144	(2,170)	11,494	(5,868)	81,349
34.7.1 Components of plan assets as a percentage of total plan assets								
Bonds	88%	95%	-	21%	70%	84%		
Cash and net current assets	12%	5%	-	79%	30%	16%		

Notes to the Financial Statements

For the year ended 31 December 2016

34.7.2 Sensitivity Analysis on defined benefit obligations

	+1% Discount rate	-1% Discount rate	+1 % Pension increase	-1 % Pension increase
	(Amount in '000)			
Non Management Pension Fund	49,745	57,735	57,893	49,556
Management Pension Fund	51,754	59,466	59,617	51,569

34.7.3 Five year data on surplus/ (deficit) of the plans and experience adjustments

	2016	2015	2014	2013	2012
	(Rupees in '000)				
Present value of defined benefit obligation	108,829	114,823	175,889	206,827	168,429
Fair value of plan assets	114,464	132,848	143,812	179,291	175,729
Deficit / (Surplus)	(5,635)	(18,025)	32,077	27,536	(7,300)
Experience adjustments on plan liabilities - loss / (gain)	1,531	65,004	(6,493)	5,373	(18,000)
Experience adjustments on plan assets - loss / (gain)	(2,519)	1,145	3,977	6,439	(7,637)

35 SHARE BASED PAYMENTS

The Bank's employees participate in the following share compensation plans operated globally by the ultimate holding company, Standard Chartered Plc (SCPLC). For employees in Pakistan, the Group has changed its arrangement to issue shares of SCPLC upon meeting the vesting conditions. Previously the Group operated cash equivalent or "phantom" arrangements under which employees can receive a cash benefit linked to either the growth in Group's share (Sharesave scheme) or the value of the Group's share (restricted / performance share awards) and the arrangement did not give an option to the Bank's employees to buy SCPLC shares. The market value of shares is denominated in pounds sterling at the time of grant. Phantom scheme not yet vested are still being accounted for cash settled basis.

The total income / expense recognised in respect of above schemes on equity settled basis amounts to Rs. 33.157 million (2015: Rs. 40.858 million) and is also included in managerial remuneration in note 36. As also explained in note 3.20 in detail, the Bank's liability towards its parent, however continues to be determined and recorded on cash settled basis for options not yet vested. The main features of each plan are as follows:

i) Standard Chartered Share Plan

The 2012 Standard Chartered Share Plan replaced all the Group's existing discretionary share plan arrangements following approval by shareholders at the Group's Annual General Meeting on 5 May 2011. It is the Group's main share plan, applicable to all employees with the flexibility to provide a variety of award types including performance shares, deferred awards (shares or cash) and restricted shares. Performance and restricted share awards will generally be in the form of nil price options to participate in the shares of SCPLC. The remaining life of the plan is ten years.

Movements in the number of share options held by the Bank's employees are as follows:

	2016 Number (‘000)	Weighted average exercise price £ per share	2015 Number (‘000)	Weighted average exercise price £ per share
At 1 January	82	-	85	-
Granted during the year	14	-	28	-
Exercised during the year	(9)	-	(14)	-
Lapsed during the year	(20)	-	(22)	-
Notional dividend	-	-	1	-
Adjustment due to right issue	-	-	4	-
At 31 December	67	-	82	-

The weighted average price at the time the options were exercised during 2016 was £ NIL (2015: £ NIL).

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For the year ended 31 December 2016

Range of exercise price	2016				2015			
	Weighted average exercise price	No. of options (000)	Weighted average remaining life		Weighted average exercise price	No. of options (000)	Weighted average remaining life	
			Expected years	Contractual years			Expected years	Contractual years
NIL	-	67	10	6.74 / 8.04	-	82	10	5.46 / 7.41

The intrinsic value of vested International Sharesave cash-settled awards as at 31 December 2016 was Rs. 34,370 thousand (2015: Rs. 23,647 thousand).

As at 31 December 2016, total number of options exercisable were 19,190.

ii)

ii) International Sharesave Scheme

The International Sharesave Scheme was first launched in 1996 and made available to all employees of the Bank. Employees have the choice of opening a three-year or a five-year savings contract. Within a period of six months after the third or fifth anniversary, employees may exercise the awards and receive any benefit in cash; alternatively, the employee may elect to have the savings, plus interest, repaid in cash. The price at which they may purchase shares is at a discount of up to 20 percent on the share price at the date of the invitation. There are no performance conditions attached to options granted. The options granted do not confer any right to participate in any share issue of any other company.

Movements in the number of share options held by the Bank's employees are as follows:-

	2016 Number (‘000)	Weighted average exercise price £ per share	2015 Number (‘000)	Weighted average exercise price £ per share
At 1 January	62	8.11 / 10.89	70	10.83 / 10.85
Granted during the year	7	5.30	25	5.86
Exercised during the year	-	-	(3)	10.65
Lapsed during the year	(25)	8.33 / 13.93	(33)	9.78 / 10.45
Adjustment due to right issue	-	-	3	5.86
At 31 December	44	7.47 / 10.14	62	8.11 / 10.89

The weighted average price at the time the options were exercised during 2016 was NIL (2015: £10.65).

Range of exercise price	2016				2015			
	Weighted average exercise price	No. of options (000)	Weighted average remaining life		Weighted average exercise price	No. of options (000)	Weighted average remaining life	
			Expected years	Contractual years			Expected years	Contractual years
£5.3 / £11.21	7.47 / 10.14	44	3.33/5.33	0.41 / 1.99	8.11 / 10.89	62	3.33/5.33	1.22/2.61

The intrinsic value of vested International Sharesave cash-settled awards as at 31 December 2016 was Rs. 20,461 thousand (2015: Rs. 2,408 thousand).

As at 31 December 2016, total number of options exercisable were 11,424.

iii) Restricted Share Scheme

The Restricted Share Scheme is a discretionary share incentive scheme for high performing and high potential staff at any level of the organisation whom the Group wishes to motivate and retain. Except upon appointment when an executive director may be granted an award of restricted shares, the Restricted Share Scheme is not applicable to the Group's executive directors, as it has no performance conditions attached to it. Fifty per cent of the award vests two years after the date of the grant and the remainder after three years. The awards granted under this scheme are nil cost options with any benefit payable in cash. The options granted do not confer any right to participate in any share issue of any other company.

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Movements in the number of share options held by the Bank's employees are as follows:-

	2016 Number (‘000)	Weighted £ per share	2015 Number (‘000)	Weighted £ per share
At 1 January	10	-	13	-
Granted during the year	-	-	-	-
Exercised during the year	-	-	(1)	-
Lapsed during the year	(3)	-	(3)	-
Adjustment due to right issue	-	-	1	-
At 31 December	7	-	10	-

The weighted average price at the time the options were exercised during 2016 was Nil (2015: Nil).

Range of exercise price	2016				2015			
	Weighted average exercise price	No. of options (000)	Weighted average remaining life		Weighted average exercise price	No. of options (000)	Weighted average remaining life	
			Expected years	Contractual years			Expected years	Contractual years
N/A	-	10	-	0.62	-	10	-	1.30

The intrinsic value of vested Restricted Share Scheme cash-settled awards as at 31 December 2016 was Rs. 12,191 thousand (2015: Rs. 21,211 thousand). As at 31 December 2016, total number of options exercisable were 6,807.

iv) Supplementary Restricted Share Scheme

The Group operates a Supplementary Restricted Share Scheme which can be used to defer part of an employee's annual bonus in shares. The plan is principally used for employees in the global markets area and is similar to the RSS outlined above for three important factors: executive directors are specifically prohibited from the plan; no new shares can be issued to satisfy awards; and there is no individual annual limit.

Movements in the number of share options held by the Bank's employees are as follows:-

	2016 Number (‘000)	Weighted average exercise price £ per share	2015 Number (‘000)	Weighted average exercise price £ per share
At 1 January	1	-	1	-
Granted during the year	-	-	-	-
Exercised during the year	-	-	-	-
Lapsed during the year	-	-	-	-
Adjustment due to right issue	-	-	-	-
At 31 December	1	-	1	-

Range of exercise price	2016				2015			
	Weighted average exercise price	No. of options (000)	Weighted average remaining life		Weighted average exercise price	No. of options (000)	Weighted average remaining life	
			Expected years	Contractual years			Expected years	Contractual years
N/A	-	1	5	1.07	-	1	5	2.07

The intrinsic value of vested Supplementary Restricted Share Scheme cash-settled awards as at 31 December 2016 was Rs. 2,558 thousand (2015: Rs. 3,089 thousand).

As at 31 December 2016, total number of options exercisable were 1,428.

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v) Management Long-Term Incentive Plan (MLTIP)

Management Long-term incentive plan (LTIP) awards are granted to selected senior management with vesting subject to performance measures. Performance measures attached to awards granted includes: total shareholder return (TSR); return on equity (RoE) with a Common Equity Tier 1 (CET1) underpin; strategic measures; earnings per share (EPS) growth; and return on risk-weighted assets (RoRWA). Each measure is assessed independently over a three-year period. In an event of non compliance in conduct gateway requirement or exit from the Group (unless it falls within eligible leaver criteria) the MLTIP will be forfeited / lapsed.

Movements in the number of share options held by the Bank's employees are as follows:-

	2016 Number (‘000)	Weighted average exercise price £ per share	2015 Number (‘000)	Weighted average exercise price £ per share
At 1 January	-	-	-	-
Granted during the year	92	-	-	-
Exercised during the year	-	-	-	-
Lapsed during the year	-	-	-	-
Adjustment due to right issue	-	-	-	-
At 31 December	92	-	-	-

Range of exercise price	2016				2015			
	Weighted average exercise price	No. of options (000)	Expected years	Contractual years	Weighted average exercise price	No. of options (000)	Expected years	Contractual years
N/A	-	92	3	9.2	-	-	-	-

The intrinsic value of vested Management Long-Term Incentive Plan (MLTIP) awards as at 31 December 2016 was Rs. Nil (2015: Rs. Nil).

As at 31 December 2016, total number of options exercisable were NIL.

36 COMPENSATION OF CHIEF EXECUTIVE AND EXECUTIVES

		Chief Executive		Directors		Executives	
	Note	2016	2015	2016	2015	2016	2015
		(Rupees in '000)					
Director's remuneration / fees	36.1	-	-	6,210	5,335	-	-
Managerial remuneration	36.2	45,000	45,000	-	-	2,029,272	1,946,098
Contribution to defined contribution plan		5,499	5,499	-	-	250,780	233,031
Rent and house maintenance		13,200	13,200	-	-	-	-
Others		8,033	5,757	-	-	693,013	735,767
		71,732	69,456	6,210	5,335	2,973,065	2,914,896
Number of persons		1	1	3	3	1,236	1,213

36.1 The director's remuneration / fees represents remuneration paid to the Bank's 3 non-executive directors (2015: 3) for attending Board and Sub-Committee meetings.

36.2 Managerial remuneration comprises of gross salary.

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36.3 The Chief Executive is also entitled to house allowance in lieu of furnished accommodation and provided with Bank maintained car. In addition, the Chief Executive and some of the executives are also reimbursed for cost of medical expenses and other benefits like club subscription, utilities, etc. as per their terms of employment.

36.4 In addition to the above, all Executives, including Chief Executive of the Bank are also eligible for discretionary variable compensation which includes cash and / or share awards. This is determined on the basis of employee's evaluation and the Bank's performance during the year. The aggregate amount in this respect, relating to all Executives, including Chief Executive of the Bank amounted to Rs. 882.021 million (2015: Rs. 509.018 million).

37 FAIR VALUE OF FINANCIAL INSTRUMENTS

37.1 The table below analysis financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

On balance sheet financial instruments

Note	2016									
	Carry value					Fair value				
	Held for Trading	Available for Sale	Loans and Receivables	Other financial Assets	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
(Rupees in '000)										
Financial assets measured at fair value										
- Investments										
- Government Securities (Tbills + PIBs + Sukuks)	1,143,202	242,315,567	-	-	-	243,458,769	-	243,458,769	-	243,458,769
- Sukuk Bonds (other than government)	-	49,093	-	-	-	49,093	-	49,093	-	49,093
- Equity securities traded (Shares)	-	283,697	-	-	-	283,697	283,697	-	-	283,697
- Other assets										
- Unrealized gain on Forward foreign exchange contracts	-	430,464	-	-	-	430,464	-	430,464	-	430,464
- Unrealized gain on Interest rate derivatives & currency options	-	1,557	-	-	-	1,557	-	1,557	-	1,557
Financial assets not measured at fair value										
- Cash and bank balances with SBP and NBP	37.2	-	-	-	40,729,979	40,729,979	-	-	-	-
- Balances with other banks	37.2	-	-	-	5,699,791	5,699,791	-	-	-	-
- Lending to financial instruments	37.2	-	-	-	19,798,390	19,798,390	-	-	-	-
- Sukuk Bonds (other than government)	37.2	-	-	-	-	-	-	-	-	-
- Advances	37.2	-	-	113,950,767	-	113,950,767	-	-	-	-
- Other assets	37.2	-	-	-	5,253,738	5,253,738	-	-	-	-
		1,143,202	243,080,378	113,950,767	71,481,898	429,656,245	-	-	-	-
Financial liabilities measured at fair value										
- Other liabilities										
- Unrealized loss on Forward foreign exchange contracts	37.2	-	85,338	-	-	85,338	-	85,338	-	85,338
- Unrealized loss on Interest rate derivatives & currency options	37.2	-	134,365	-	-	134,365	-	134,365	-	134,365
Financial liabilities not measured at fair value										
- Bills Payable	37.2	-	-	-	10,821,793	10,821,793	-	-	-	-
- Deposits and other accounts	37.2	-	-	-	365,562,094	365,562,094	-	-	-	-
- Borrowings	37.2	-	-	-	14,400,841	14,400,841	-	-	-	-
- Sub -ordinated loans	37.2	-	-	-	2,500,000	2,500,000	-	-	-	-
- Other liabilities (excluding liabilities against assets subject to finance lease)	37.2	-	-	-	15,699,985	15,699,985	-	-	-	-
		-	219,703	-	408,984,713	409,204,416	-	-	-	-
Off balance sheet financial instruments										
Interest Rate swaps / Foreign currency options / Forward purchase contracts		-	-	-	79,553,584	79,553,584	-	79,985,604	-	79,985,604
Interest Rate swaps / Foreign currency options / Forward sale contracts		-	-	-	54,669,043	54,669,043	-	54,888,746	-	54,888,746

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On balance sheet financial instruments

Note	2015									
	Carry value					Fair value				
	Held for Trading	Available for Sale	Loans and Receivables	Other financial Assets	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
(Rupees in '000)										
Financial assets measured at fair value										
- Investments										
- Government Securities (Tbills + PIBs + Sukuks)	1,493,214	220,108,012	-	-	-	221,601,226	-	221,601,226	-	221,601,226
- Sukuk Bonds (other than government)	-	97,134	-	-	-	97,134	-	97,134	-	97,134
- Equity securities traded (Shares)	-	176,864	-	-	-	176,864	176,864	-	-	176,864
- Other assets										
- Unrealized gain on Forward foreign exchange contracts	-	175	-	-	-	175	-	175	-	175
- Unrealized gain on Interest rate derivatives & currency options	-	338,424	-	-	-	338,424	-	338,424	-	338,424
Financial assets not measured at fair value										
- Cash and bank balances with SBP and NBP	37.2	-	-	29,482,134	-	29,482,134	-	-	-	-
- Balances with other banks	37.2	-	-	4,300,002	-	4,300,002	-	-	-	-
- Lending to financial instruments	37.2	-	-	20,450,620	-	20,450,620	-	-	-	-
- Bai Muajjal with GOP	37.2	-	-	6,518,946	-	6,518,946	-	-	-	-
- Sukuk Bonds (other than government)	37.2	1,325,000	-	-	-	1,325,000	-	-	-	-
- Investments in Subsidiaries - Held for Sale - Listed	37.2	-	-	641,773	-	641,773	-	-	-	-
- Investments in Subsidiaries - Held for Sale - Unlisted	37.2	-	-	44,500	-	44,500	-	-	-	-
- Advances	37.2	-	108,853,436	-	-	108,853,436	-	-	-	-
- Other assets	37.2	-	-	10,210,686	-	10,210,686	-	-	-	-
		222,045,609	108,853,436	71,648,661	-	404,040,920	-	-	-	-
Financial liabilities measured at fair value										
- Other liabilities										
- Unrealized gain on Forward foreign exchange contracts	-	171,676	-	-	-	171,676	-	171,676	-	171,676
- Unrealized gain on Interest rate derivatives & currency options	-	120,633	-	-	-	120,633	-	120,633	-	120,633
Financial liabilities not measured at fair value										
- Bills Payable	37.2	-	-	-	11,401,191	11,401,191	-	-	-	-
- Deposits and other accounts	37.2	-	-	-	327,237,527	327,237,527	-	-	-	-
- Borrowings	37.2	-	-	-	21,784,451	21,784,451	-	-	-	-
- Sub -ordinated loans	37.2	-	-	-	2,500,000	2,500,000	-	-	-	-
- Other liabilities (excluding liabilities against assets subject to finance lease)	37.2	-	-	-	17,510,204	17,510,204	-	-	-	-
		-	292,309	-	380,433,373	380,725,682	-	-	-	-
Off balance sheet financial instruments										
Interest Rate swaps / Foreign currency options / Forward purchase contracts	-	-	-	81,295,849	-	81,295,849	-	81,791,880	-	81,791,880
Interest Rate swaps / Foreign currency options / Forward sale contracts	-	-	-	56,367,907	-	56,367,907	-	56,660,216	-	56,660,216

The Bank measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

37.2 These financial assets and liabilities are for short term or reprice over short term. Therefore their carrying amounts are reasonable approximation of fair value.

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38 SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

Segment analysis with respect to business activity

2016

	Corporate and Institutional Banking	Commercial Banking	Retail Banking	Central and Other Items	Total
	(Rupees in '000)				
Internal Income	3,422,920	(2,543,417)	11,200,194	(12,023,385)	56,312
Net mark-up / return / interest income	(945,713)	3,797,684	(1,785,892)	18,319,259	19,385,338
Non mark-up / non interest income	2,606,481	690,832	3,430,593	434,869	7,162,775
Operating income	5,083,688	1,945,099	12,844,895	6,730,743	26,604,425
Non mark-up / non interest expenses	2,215,512	1,275,565	8,207,467	645,601	12,344,145
Internal non mark-up / non interest expenses	8,291	4,426	42,846	749	56,312
Operating profit before provisions and taxation	2,859,885	665,108	4,594,582	6,084,393	14,203,968
Direct write-offs / provisions against non-performing loans and advances - net of recoveries	673,935	(1,657,326)	(157,507)	-	(1,140,898)
Provision for diminution in the value of investments - net	-	-	-	-	-
Profit before taxation	2,185,950	2,322,434	4,752,089	6,084,393	15,344,866
Other segment items:					
Depreciation on tangible fixed assets	93,258	51,486	282,449	18,410	445,603
Amortisation on intangible assets	6,453	3,562	19,541	1,274	30,830
Segment assets (gross)	56,969,717	81,426,868	37,913,443	317,664,323	493,974,351
Segment non performing loans	3,304,769	15,222,537	3,345,913	-	21,873,219
Segment provision required	2,595,292	13,453,675	3,631,603	-	19,680,570
Segment liabilities	110,774,498	13,768,996	269,444,337	18,061,594	412,049,425
Segment return on net assets (ROA) (%) *	4.02%	3.42%	13.86%	1.92%	3.24%
Segment cost of funds (%) **	3.69%	4.90%	1.84%	4.96%	2.48%

2015

Internal Income	672,966	(1,152,936)	13,797,905	(13,242,855)	75,079
Net mark-up / return / interest income	2,226,873	2,500,030	(3,024,598)	20,605,405	22,307,710
Non mark-up / non interest income	3,409,130	1,106,352	3,462,705	(881,064)	7,097,123
Operating income	6,308,969	2,453,446	14,236,012	6,481,486	29,479,912
Non mark-up / non interest expenses	2,168,449	1,302,873	8,395,815	595,672	12,462,809
Internal non mark-up / non interest expenses	14,736	2,850	56,066	1,427	75,079
Operating profit before provisions and taxation	4,125,784	1,147,723	5,784,131	5,884,387	16,942,024
Direct write-offs / provisions against non-performing loans and advances - net of recoveries	1,352,906	245,042	(45,271)	-	1,552,677
Provision for diminution in the value of investments - net	-	4,729	-	-	4,729
Profit before taxation	2,772,878	897,952	5,829,402	5,884,387	15,384,618
Other segment items:					
Depreciation of tangible fixed assets	137,895	19,020	313,831	4,755	475,501
Amortisation of intangible assets	13,454	1,856	30,620	464	46,394
Segment assets (gross)	61,678,457	78,468,199	35,010,599	294,631,848	469,789,103
Segment non performing loans	3,309,463	16,783,581	3,925,372	-	24,018,416
Segment provision required	1,770,948	15,727,786	4,017,984	-	21,516,718
Segment liabilities	94,027,888	10,123,608	253,792,772	27,453,068	385,397,336
Segment return on net assets (ROA) (%) *	4.63%	1.43%	18.81%	2.00%	3.43%
Segment cost of funds (%) **	4.48%	5.27%	2.19%	5.89%	2.97%

* Segment ROA = Profit before tax / (Segment assets - Segment provisions)

** Segment cost of funds have been computed based on the average balances.

During the period, the Bank has revised the composition of its reportable segments and segregated activities not directly related to client segments. These are disclosed separately under 'Central & other Items'. Accordingly, the comparative information has been restated. This change has no impact on the Bank's overall profit and loss account, balance sheet or reported metrics.

Corporate and Institutional Banking

Corporate & Institutional Banking comprises International Corporates and Financial Institutions clients. The services include deposits, trade, advisory services and other lending activities. The products include FX forwards, FX options and interest rate swaps.

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Commercial Banking

Commercial Banking serves small and medium-sized corporate clients. The services include deposits, trade, wealth management and other lending activities for SME and local corporate clients.

Retail Banking

Retail Banking serves Priority, Personal and Small Business Clients. The services include wealth management, deposits, secured lending (mortgages, overdrafts etc.), unsecured lending (credit cards, personal loans etc.).

Central & Other Items

Activities not directly related to a client segment are included in Central & other Items. This mainly includes Asset and Liability Management, specific strategic investments (if any) and certain central costs of the Bank such as workers welfare fund and property management cost.

39 RELATED PARTY TRANSACTIONS

Related parties comprise of Standard Chartered Plc., ultimate parent company, its other subsidiaries and branches and bank's subsidiaries, key management personnel, employees' retirement benefit funds and other associated undertakings. The transactions with related parties are conducted at commercial / agreed terms. The Bank also provides advances to employees at reduced rates in accordance with their terms of employment.

The transactions and balances with related parties are summarised as follows:

OUTSTANDING BALANCES	Note	2016	2015
		----- (Rupees in '000) -----	
Group			
Nostro balances with other subsidiaries and branches of the holding company		5,578,725	4,253,892
Overdrawn nostro balances with other subsidiaries and branches of the holding company		498,580	1,046,275
Vostro balances of other subsidiaries and branches of the holding company		589,579	496,085
Placements with other subsidiaries and branches of the holding company		11,662,815	16,450,620
Deposits of group company	39.1	12,029	25,445
Due from group companies		-	19,748
Due to holding company		9,247,383	7,739,048
Due from other subsidiaries and branches of the company		314,725	74,069
Interest receivable from group companies		17,396	202
Inter-company derivative assets		67,738	31,079
Inter-company derivative liabilities		122,218	56,183
Other receivables - SLA		847	453
Transaction-related contingent liabilities - Guarantees		31,113,935	21,183,434
Commitments in respect of forward foreign exchange contracts		5,039,057	4,037,342
Derivative instruments- Interest rate swaps - Notional		2,155,390	2,382,572
Derivative instruments- FX options - Notional		874,205	83,624
Subsidiaries			
Deposits of subsidiaries	39.1	-	116,203
Loans to subsidiaries	39.1	-	190,095
Accrued interest receivable		-	2,814
Other receivables - SLA		-	2,131
Commission payable		-	4,601
Key management personnel			
Loans and advances to key management personnel	39.1	131,989	131,718
Deposits of key management personnel	39.1	79,199	87,112
Advance Rent		1,171	-
Others			
Loans and advances to customers with common directorship	39.1	64,789	121,347
Deposits by staff retirement benefit funds	39.1	144,940	176,807
Deposits by customers with common directorship	39.1	329,148	555,683
Accrued interest receivable against loans and advances to customers with common directorship		1,299	3,506
Receivable from defined benefit plans		5,635	18,025
Derivative liabilities		801	-
Transaction-related contingent liabilities - Guarantees		591,040	101,739
Trade-related contingent liabilities - Letter of Credit		23,739	1,689,606

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	Note	2016	2015
----- (Rupees in '000) -----			
PROFIT AND LOSS			
Group			
Mark-up / return / interest earned		74,718	23,747
Mark-up / return / interest expensed		-	28
Fee and commission expense		-	6,363
Fee and commission income		245,509	77,414
Reimbursement of executive and general administrative expenses	27.3	1,436,786	1,431,588
(Receivable from) / payment to group company for direct sales services rendered		-	207,628
Reimbursement of administrative expenses (including rent and other charges)		7,757	11,687
Net gain / (loss) on inter-company derivatives		(29,376)	169,088
Royalty expense / (reversal)		-	(77,512)
Dividend paid		7,664,678	8,623,085
Subsidiaries			
Mark-up / return / interest earned		3,646	8,268
Mark-up / return / interest expensed		1,522	4,695
Commission income earned		24,998	51,026
Reimbursement of administrative expenses (including rent and other charges)		11,000	27,309
Key management personnel			
Mark-up / return / interest earned		4,981	4,304
Mark-up / return / interest expensed		997	1,540
Salaries and benefits		519,147	421,158
Post retirement benefits		25,423	24,702
Remuneration / fee paid to non-executive directors		6,210	5,335
Rent and renovation expenses		5,217	2,706
Others			
Contribution to defined contribution plans - net of payments received		330,251	488,605
Charge for defined contribution plans		330,251	349,656
Net charge / (income) for defined benefit plans		233	(38,848)
Mark-up / return / interest expensed on deposits of staff retirement benefit funds		13,704	11,745
Mark-up / return / interest expensed on deposits of customers with common directorship		16,369	17,820
Mark-up / return / interest earned on advances to customers with common directorship		7,699	28,613
Net gain / (loss) on derivatives		(801)	-
Gas charges		409	873
Miscellaneous income from company with common directorship		176	5,625

39.1 Net movements in loans and deposits are summarised as follows:

	Balance as at 31 December 2015	Net disbursement / deposits	Net repayments / withdrawals	Balance as at 31 December 2016
----- (Rupees in '000) -----				
Loans and advances				
Key management personnel	131,718	58,266	(57,995)	131,989
Subsidiaries	190,095	1,119,917	(1,310,012)	-
Others	121,347	877,440	(933,998)	64,789
Deposits				
Group companies	25,445	116,465	(129,881)	12,029
Subsidiaries	116,203	5,960,408	(6,076,611)	-
Key management personnel	87,112	668,747	(676,660)	79,199
Others	732,490	149,520,481	(149,778,883)	474,088

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40 CAPITAL ASSESSMENT AND ADEQUACY

Capital Structure

The State Bank of Pakistan through its BSD Circular No. 07 dated 15 April 2009 requires the minimum paid up capital (net of losses) for all locally incorporated banks to be Rs. 10 billion on 31 December 2013 and onwards. The raise was to be achieved in a phased manner requiring Rs. 10 billion paid up capital (net of losses) by the end of the financial year 2013. The paid up capital of the Bank for the year ended 31 December 2016 stands at Rs. 38.715 billion and is in compliance with the SBP requirement.

Furthermore, the State Bank requires the Bank to maintain prescribed capital to total risk-weighted assets ratios. The capital adequacy ratios of the Bank were subject to the Basel III capital adequacy guidelines stipulated by the State Bank through its BPRD Circular No. 06 dated 15 August 2013. These instructions are effective from 31 December 2013 in a phased manner with full implementation intended by 31 December 2019. Under Basel III guidelines banks are required to maintain the following ratios on an ongoing basis:

Phase-in arrangement and full implementation of the minimum capital requirements:

S No.	Ratio	Year End						31 December 2019
		2013	2014	2015	2016	2017	2018	
1	Common Equity Tier 1 (CET 1)	5.00%	5.50%	6.00%	6.00%	6.00%	6.00%	6.00%
2	Additional Tier-1 (ADT 1)	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
3	Tier 1	6.50%	7.00%	7.50%	7.50%	7.50%	7.50%	7.50%
	Total Capital	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
4	*Capital Consumption Buffer (CCB)	-	-	0.25%	0.65%	1.28%	1.90%	2.50%
	Total Capital plus CCB	10.00%	10.00%	10.25%	10.65%	11.28%	11.90%	12.50%

*(Consisting of CET1 only)

Banking operations are categorised in either the trading book or the banking book, and risk-weighted assets are determined according to specified requirements that seek to reflect the varying levels of risk attached to assets and off-balance sheet exposures.

The Bank's regulatory capital is analysed into three tiers, with total Tier 1 capital being the sum of CET1 and ADT1 below:

- Common Equity Tier I capital, which includes fully paid up capital (including the bonus shares), balance in share premium account, general reserves, statutory reserves as disclosed on the balance sheet and un-appropriated profits (net of accumulated losses, if any). Goodwill and other intangibles are deducted from Tier I capital.
- Additional Tier I capital, which includes perpetual non-cumulative preference shares and share premium resulting from the same. The Bank did not have any ADT1 as of 31 December 2016.

The deduction from Tier 1 Capital include mainly:

- i) Book value of goodwill / intangibles;
 - ii) Deficit on revaluation of available for sale investments;
 - iii) Defined-benefit pension fund net assets;
 - iv) Reciprocal cross holdings in equity capital instruments of other banks, financial institutions and insurance companies;
 - v) Investment in mutual funds above a prescribed ceiling;
 - vi) Threshold deductions applicable from 2014 on deferred tax assets and certain investments;
 - vii) 50% of investments in majority owned securities or other financial subsidiaries not consolidated in the statement of financial position.
- Tier II capital includes sub-ordinated debt, revaluation reserves on assets, exchange translation reserves and impairment allowances that are not held against identified debts. Information on the terms, conditions and other features of the Bank's sub-ordinated debt currently in issue is given in note 16 to these financial statements. There is a restriction on the amount of impairment allowances that are not held against identified debts upto 1.25 percent of credit risk weighted assets.

Notes to the Financial Statements

For the year ended 31 December 2016

The deductions from Tier 2 include mainly:

- i) Reciprocal cross holdings in other capital instruments of other banks, financial institution and insurance companies;
- ii) 50% of investments in majority owned securities or other financial subsidiaries not consolidated in the statement of financial position, during transition phase.

The Bank remained compliant with all externally imposed capital requirements through out the year. Further, there has been no material change in the Bank's management of capital during the year.

Leverage Ratio

SBP vide BPRD Circular No. 06 dated 15 August 2013 introduced leverage ratio (Tier 1 Capital to total exposure) under Basel III Framework. Banks are required to maintain minimum leverage ratio of 3% and to disclose the same from 31 December 2015.

The leverage ratio of the Bank for the year ended 31 December 2016 stood at 6.43% (2015: 6.60%).

	2016	2015 Restated
	----- (Rupees in '000) -----	
On-Balance Sheet Assets		
On-balance sheet items (excluding derivatives)	447,347,948	421,273,736
Derivatives	432,021	496,031
Total On balance sheet exposure (A)	447,779,969	421,769,767
Off-Balance Sheet Assets		
Off-balance sheet Items (excluding derivatives)	126,470,747	105,779,730
Commitments in respect of Derivatives (Derivatives having negative fair value are also included)	1,030,687	953,667
Total Off balance sheet exposure (B)	127,501,434	106,733,397
Capital and Total Exposures		
Tier-1 Capital (C)	37,009,696	34,890,616
Total Exposures (D = A + B)	575,281,403	528,503,164
Leverage Ratio (C/D)	6.43%	6.60%
40.1 Capital Adequacy Ratio		
Common Equity Tier 1 capital (CET1): Instruments and reserves		
1 Fully Paid-up Capital	38,715,850	38,715,850
2 Balance in Share Premium Account	1,036,090	1,036,090
3 Reserve for issue of Bonus Shares	-	-
4 Discount on Issue of shares	-	-
5 General/ Statutory Reserves	11,734,472	9,810,915
6 Gain / (losses) on derivatives held as Cash Flow Hedge	-	-
7 Unappropriated profits	5,385,558	5,453,310
8 Minority Interests arising from CET1 capital instruments issued to third parties by consolidated bank subsidiaries (amount allowed in CET1 capital of the consolidation group)	-	-
9 CET 1 before Regulatory Adjustments	56,871,970	55,016,165
10 Total regulatory adjustments applied to CET1 (Note 40.2.1)	19,862,274	20,125,549
11 Common Equity Tier 1	37,009,696	34,890,616
Additional Tier 1 (AT 1) Capital		
12 Qualifying Additional Tier-1 capital instruments plus any related share premium	-	-
13 of which: Classified as equity	-	-
14 of which: Classified as liabilities	-	-
15 Additional Tier-1 capital instruments issued to third parties by consolidated subsidiaries (amount allowed in group AT 1)	-	-
16 of which: instrument issued by subsidiaries subject to phase out	-	-
17 AT1 before regulatory adjustments	-	-
18 Total regulatory adjustment applied to AT1 capital (Note 40.2.2)	-	-
19 Additional Tier 1 capital after regulatory adjustments	-	-
20 Additional Tier 1 capital recognized for capital adequacy	-	-

Notes to the Financial Statements

For the year ended 31 December 2016

	2016	2015
		Restated
	----- (Rupees in '000) -----	
21 Tier 1 Capital (CET1 + admissible AT1) (11+20)	37,009,696	34,890,616
Tier 2 Capital		
22 Qualifying Tier 2 capital instruments under Basel III plus any related share premium	-	-
23 Tier 2 capital instruments subject to phase-out arrangement issued under pre-Basel 3 rules	1,500,000	1,750,000
24 Tier 2 capital instruments issued to third parties by consolidated subsidiaries (amount allowed in group tier 2)	-	-
25 of which: instruments issued by subsidiaries subject to phase out	-	-
26 General provisions or general reserves for loan losses-up to maximum of 1.25% of Credit Risk Weighted Assets	547,521	555,906
27 Revaluation Reserves (net of taxes)	3,440,052	4,645,974
28 of which: Revaluation reserves on fixed assets	2,855,716	2,460,044
29 of which: Unrealized gains/losses on AFS	584,336	2,185,930
30 Foreign Exchange Translation Reserves	-	-
31 Undisclosed/Other Reserves (if any)	-	-
32 T2 before regulatory adjustments	5,487,573	6,951,880
33 Total regulatory adjustment applied to T2 capital (Note 40.2.3)	-	205,882
34 Tier 2 capital (T2) after regulatory adjustments	-	-
35 Tier 2 capital recognized for capital adequacy	-	-
36 Portion of Additional Tier 1 capital recognized in Tier 2 capital	-	-
37 Total Tier 2 capital admissible for capital adequacy	5,487,573	6,745,998
38 TOTAL CAPITAL (T1 + admissible T2) (21+37)	42,497,269	41,636,614
39 Total Risk Weighted Assets (RWA) {for details refer Note 40.6}	209,111,891	197,920,540
Capital Ratios and buffers (in percentage of risk weighted assets)		
40 CET1 to total RWA	17.70%	17.63%
41 Tier-1 capital to total RWA	17.70%	17.63%
42 Total capital to total RWA	20.32%	21.04%
43 Bank specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus any other buffer requirement)	-	-
44 of which: capital conservation buffer requirement	-	-
45 of which: countercyclical buffer requirement	-	-
46 of which: D-SIB or G-SIB buffer requirement	-	-
47 CET1 available to meet buffers (as a percentage of risk weighted assets)	7.05%	7.38%
National minimum capital requirements prescribed by SBP		
48 CET1 minimum ratio (including Capital Conservation Buffer)	6.65%	6.25%
49 Tier 1 minimum ratio (including Capital Conservation Buffer)	8.15%	7.75%
50 Total capital minimum ratio	10.65%	10.25%

Notes to the Financial Statements

For the year ended 31 December 2016

40.2 Regulatory Adjustments and Additional Information

40.2.1 Common Equity Tier 1 capital: Regulatory adjustments

	2016		2015
	(Rupees in '000)		Restated
	Amount	Amounts subject to Pre-Basel III treatment*	Amount
1 Goodwill (net of related deferred tax liability)	18,149,823	-	18,928,832
2 All other intangibles (net of any associated deferred tax liability)	579	-	31,410
3 Shortfall in provisions against classified assets	-	-	-
4 Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-	-
5 Defined-benefit pension fund net assets	3,381	2,254	7,210
6 Reciprocal cross holdings in CET1 capital instruments of banking, financial and insurance entities	-	-	-
7 Cash flow hedge reserve	-	-	-
8 Investment in own shares/ CET1 instruments	-	-	-
9 Securitization gain on sale	-	-	-
10 Capital shortfall of regulated subsidiaries	-	-	-
11 Deficit on account of revaluation from bank's holdings of fixed assets/ AFS	-	-	-
12 Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-	-
13 Significant investments in the common stocks of banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	-	-
14 Deferred Tax Assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	1,708,491	1,138,994	952,215
15 Amount exceeding 15% threshold	-	-	-
16 of which: significant investments in the common stocks of financial entities	-	-	-
17 of which: deferred tax assets arising from temporary differences	-	-	-
18 National specific regulatory adjustments applied to CET1 capital	-	-	-
19 Investments in TFCs of other banks exceeding the prescribed limit	-	-	-
20 Any other deduction specified by SBP	-	-	-
21 Adjustment to CET1 due to insufficient AT1 and Tier 2 to cover deductions	-	-	205,882
22 Total regulatory adjustments applied to CET1 (sum of 1 to 21)	<u>19,862,274</u>		<u>20,125,549</u>

40.2.2 Additional Tier-1 & Tier-1 Capital: regulatory adjustments

23 Investment in mutual funds exceeding the prescribed limit	-	-	-
24 Investment in own AT1 capital instruments	-	-	-
25 Reciprocal cross holdings in Additional Tier 1 capital instruments of banking, financial and insurance entities	-	-	-
26 Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-	-
27 Significant investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	-	-
28 Portion of deduction applied 50:50 to Tier-1 and Tier-2 capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from additional tier-1 capital	-	-	205,882
29 Adjustments to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-	-	-
30 Total regulatory adjustment applied to AT1 capital (sum of 23 to 29)	<u>-</u>	<u>-</u>	<u>205,882</u>

* as the Bank does not have Additional TIER 1 Capital, deduction is made from CET 1

40.2.3 Tier 2 Capital: regulatory adjustments

31 Portion of deduction applied 50:50 to Tier-1 and Tier-2 capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-2 capital	-	-	205,882
32 Reciprocal cross holdings in Tier 2 instruments of banking, financial and insurance entities	-	-	-
33 Investment in own Tier 2 capital instrument	-	-	-
34 Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-	-
35 Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	-	-
36 Total regulatory adjustment applied to T2 capital (sum of 31 to 35)	<u>-</u>	<u>-</u>	<u>205,882</u>

Notes to the Financial Statements

For the year ended 31 December 2016

40.2.4 Additional Information

	2016	2015
		Restated
		----- (Rupees in '000) -----
Risk Weighted Assets subject to pre-Basel III treatment		
37 Risk weighted assets in respect of deduction items (which during the transitional period will be risk weighted subject to Pre-Basel III Treatment)	-	-
(i) of which: deferred tax assets	1,138,994	1,428,323
(ii) of which: Defined-benefit pension fund net assets	-	-
(iii) of which: Recognized portion of investment in capital of banking, financial and insurance entities where holding is less than 10% of the issued common share capital of the entity	-	137,256
(iv) of which: Recognized portion of investment in capital of banking, financial and insurance entities where holding is more than 10% of the issued common share capital of the entity	-	-
Amounts below the thresholds for deduction (before risk weighting)		
38 Non-significant investments in the capital of other financial entities	-	-
39 Significant investments in the common stock of financial entities	-	411,764
40 Deferred tax assets arising from temporary differences (net of related tax liability)	3,871,593	3,603,790
Applicable caps on the inclusion of provisions in Tier 2		
41 Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardized approach (prior to application of cap)	547,521	555,906
42 Cap on inclusion of provisions in Tier 2 under standardized approach	1,922,029	1,810,943
43 Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	-	-
44 Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	-	-

40.3 Capital Structure Reconciliation

40.3.1 Step 1

	Balance sheet as in published financial statements 2016	Under regulatory scope of consolidation 2016
		----- (Rupees in '000) -----
Assets		
Cash and balances with treasury banks	40,729,979	40,729,979
Balances with other banks	5,699,791	5,699,791
Lending to financial institutions	19,798,390	19,798,390
Investments	245,850,227	245,850,227
Advances	113,950,767	113,950,767
Operating fixed assets	5,773,296	5,773,296
Deferred tax assets	-	6,719,078
Intangible assets	26,095,890	26,095,890
Other assets	15,433,378	15,433,378
Total assets	473,331,718	480,050,796
Liabilities & Equity		
Bills payable	10,821,793	10,821,793
Borrowings	14,400,841	14,400,841
Deposits and other accounts	365,562,094	365,562,094
Sub-ordinated loans	2,500,000	2,500,000
Liabilities against assets subject to finance lease	-	-
Deferred tax liabilities	1,754,807	8,473,885
Other liabilities	17,009,890	17,009,890
Total liabilities	412,049,425	418,768,503
Share capital	38,715,850	38,715,850
Reserves	12,770,562	12,770,562
Unappropriated profit	5,385,558	5,385,558
Surplus on revaluation of assets	4,410,323	4,410,323
Total liabilities & equity	473,331,718	480,050,796

Notes to the Financial Statements

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40.3.2 Step 2

	Balance sheet as in published financial statements 2016	Under regulatory scope of consolidation 2016	Reference
	—— (Rupees in '000) ——		
Assets			
Cash and balances with treasury banks	40,729,979	40,729,979	
Balances with other banks	5,699,791	5,699,791	
Lending to financial institutions	19,798,390	19,798,390	
Investments	245,850,227	245,850,227	
of which: Non-significant investments in the capital instruments			
of banking, financial and insurance entities exceeding 10% threshold	-	-	a
of which: significant investments in the capital instruments issued by			
banking, financial and insurance entities exceeding regulatory threshold	-	-	b
of which: Mutual Funds exceeding regulatory threshold	-	-	c
of which: reciprocal crossholding of capital instrument (separate for			
CET1, AT1, T2)	-	-	d
of which: others	-	-	e
Advances	113,950,767	113,950,767	
shortfall in provisions/ excess of total EL amount over eligible provisions			
under IRB	-	-	f
general provisions reflected in Tier 2 capital	547,521	547,521	g
Fixed Assets	5,773,296	5,773,296	
Deferred Tax Assets	-	6,719,078	
of which: DTAs that rely on future profitability excluding those			
arising from temporary differences	-	-	h
of which: DTAs arising from temporary differences exceeding			
regulatory threshold	1,708,491	1,708,491	i
Other assets	41,529,268	41,529,268	
of which: Goodwill	26,095,310	26,095,310	j
of which: Intangibles	580	580	k
of which: Defined-benefit pension fund net assets	5,635	5,635	l
Total assets	<u>473,331,718</u>	<u>480,050,796</u>	
Liabilities & Equity			
Bills payable	10,821,793	10,821,793	
Borrowings	14,400,841	14,400,841	
Deposits and other accounts	365,562,094	365,562,094	
Sub-ordinated loans	2,500,000	2,500,000	
of which: eligible for inclusion in AT1	-	-	m
of which: eligible for inclusion in Tier 2	2,500,000	2,500,000	n
Liabilities against assets subject to finance lease	-	-	
Deferred tax liabilities	1,754,807	8,473,885	
of which: DTLs related to goodwill	-	7,945,488	o
of which: DTLs related to intangible assets	-	-	p
of which: DTLs related to defined pension fund net assets	-	-	q
of which: other deferred tax liabilities	-	528,397	r
Other liabilities	17,009,890	17,009,890	
Total liabilities	<u>412,049,425</u>	<u>418,768,503</u>	
Share capital	38,715,850	38,715,850	
of which: amount eligible for CET1	38,715,850	38,715,850	s
of which: amount eligible for AT1	-	-	t
Reserves	12,770,562	12,770,562	
of which: portion eligible for inclusion in CET1 (Share Premium)	1,036,090	1,036,090	u
of which: portion eligible for inclusion in CET1 (Statutory Reserve)	11,734,472	11,734,472	v
of which: portion eligible for inclusion in Tier 2	-	-	w
Unappropriated profit	5,385,558	5,385,558	x
Minority Interest	-	-	y
of which: portion eligible for inclusion in CET1	-	-	z
of which: portion eligible for inclusion in AT1	-	-	aa
of which: portion eligible for inclusion in Tier 2	-	-	
Surplus on revaluation of assets	4,410,323	4,410,323	
of which: Revaluation reserves on Property	3,661,174	3,661,174	ab
of which: Unrealized Gains/Losses on AFS	749,149	749,149	
In case of Deficit on revaluation (deduction from CET1)	-	-	ac
Total liabilities & Equity	<u>473,331,718</u>	<u>480,050,796</u>	

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Note: Difference between 'Balance sheet as in published financial statements' and 'Under regulatory scope of consolidation' is due to BASEL III transitional arrangements

40.3.3 Basel III Disclosure

	Component of regulatory capital reported by bank (Rupees in '000)	Source based on reference number from step 2
Common Equity Tier 1 capital (CET1): Instruments and reserves		
1 Fully Paid-up Capital/ Capital deposited with SBP	38,715,850	(s)
2 Balance in Share Premium Account	1,036,090	(u)
3 Reserve for issue of Bonus Shares	-	
4 General/ Statutory Reserves	11,734,472	(v)
5 Gain/(Losses) on derivatives held as Cash Flow Hedge	-	
6 Unappropriated profits	5,385,558	(x)
7 Minority Interests arising from CET1 capital instruments issued to third party by consolidated bank subsidiaries (amount allowed in CET1 capital of the consolidation group)	-	(y)
8 CET 1 before Regulatory Adjustments	56,871,970	
Common Equity Tier 1 capital: Regulatory adjustments		
9 Goodwill (net of related deferred tax liability)	18,149,823	(j) - (o)
10 All other intangibles (net of any associated deferred tax liability)	579	(k) - (p)
11 Shortfall of provisions against classified assets	-	(f)
12 Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	{(h) - (r)} * x%
13 Defined-benefit pension fund net assets	3,381	{(l) - (q)} * x%
14 Reciprocal cross holdings in CET1 capital instruments	-	(d)
15 Cash flow hedge reserve	-	
16 Investment in own shares/ CET1 instruments	-	
17 Securitization gain on sale	-	
18 Capital shortfall of regulated subsidiaries	-	
19 Deficit on account of revaluation from bank's holdings of fixed assets/ AFS	-	(ac)
20 Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	(a) - (ad) - (af)
21 Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	(b) - (ae) - (ag)
22 Deferred Tax Assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	1,708,491	(i)
23 Amount exceeding 15% threshold	-	
24 of which: significant investments in the common stocks of financial entities	-	
25 of which: deferred tax assets arising from temporary differences	-	
26 National specific regulatory adjustments applied to CET1 capital	-	
27 of which: Investment in TFCs of other banks exceeding the prescribed limit	-	
28 of which: Any other deduction specified by SBP	-	
29 Regulatory adjustment applied to CET1 due to insufficient AT1 and Tier 2 to cover deductions	-	
30 Total regulatory adjustments applied to CET1	19,862,274	
Common Equity Tier 1	37,009,696	
Additional Tier 1 (AT 1) Capital		
31 Qualifying Additional Tier-1 instruments plus any related share premium	-	
32 of which: Classified as equity	-	(t)
33 of which: Classified as liabilities	-	(m)
34 Additional Tier-1 capital instruments issued by consolidated subsidiaries and held by third parties (amount allowed in group AT 1)	-	(z)
35 of which: instrument issued by subsidiaries subject to phase out	-	
36 AT1 before regulatory adjustments		
Additional Tier 1 Capital: regulatory adjustments		
37 Investment in mutual funds exceeding the prescribed limit (SBP specific adjustment)	-	
38 Investment in own AT1 capital instruments	-	
39 Reciprocal cross holdings in Additional Tier 1 capital instruments	-	
40 Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	(ad)

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	Component of regulatory capital reported by bank (Rupees in '000)	Source based on reference number from step 2
41 Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	(ae)
42 Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-1	-	
43 Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-	
44 Total of Regulatory Adjustment applied to AT1 capital	-	
45 Additional Tier 1 capital	-	
46 Additional Tier 1 capital recognized for capital adequacy	-	
Tier 1 Capital (CET1 + admissible AT1)	37,009,696	
Tier 2 Capital		
47 Qualifying Tier 2 capital instruments under Basel III plus any related share premium	-	
48 Capital instruments subject to phase out arrangement from tier 2 (Pre-Basel III instruments)	1,500,000	(n)
49 Tier 2 capital instruments issued to third party by consolidated subsidiaries (amount allowed in group tier 2)	-	(aa)
50 of which: instruments issued by subsidiaries subject to phase out	-	
51 General Provisions or general reserves for loan losses-up to maximum of 1.25% of Credit Risk Weighted Assets	547,521	(g)
52 Revaluation Reserves	3,440,052	
53 of which: Revaluation reserves on fixed assets	2,855,716	portion of (ab)
54 of which: Unrealized Gains/Losses on AFS	584,336	
55 Foreign Exchange Translation Reserves	-	(w)
56 Undisclosed/Other Reserves (if any)	-	
57 T2 before regulatory adjustments	5,487,573	
Tier 2 Capital: regulatory adjustments		
58 Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-2	-	
59 Reciprocal cross holdings in Tier 2 instruments	-	
60 Investment in own Tier 2 capital instrument	-	
61 Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	(af)
62 Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	(ag)
63 Amount of Regulatory Adjustment applied to T2 capital	-	
64 Tier 2 capital (T2)	5,487,573	
65 Tier 2 capital recognized for capital adequacy	5,487,573	
66 Excess Additional Tier 1 capital recognized in Tier 2 capital	-	
67 Total Tier 2 capital admissible for capital adequacy	5,487,573	
TOTAL CAPITAL (T1 + admissible T2)	42,497,269	

Notes to the Financial Statements

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40.4 Main features of regulatory capital instruments

Main Features	Common Shares	TFCs
1 Issuer	Standard Chartered Bank (Pakistan) Limited	Standard Chartered Bank (Pakistan) Limited
2 Unique identifier (KSE Symbol)	SCBPL	SCBPL
3 Governing law(s) of the instrument	Relevant regulations / laws	Relevant regulations / laws
Regulatory treatment		
4 Transitional Basel III rules	Common Equity Tier 1	Tier 2
5 Post-transitional Basel III rules	Common Equity Tier 1	Ineligible
6 Eligible at solo / group / group & solo	Solo and Group	Solo and Group
7 Instrument type	Ordinary shares	Other Tier 2 (Subordinated Debt)
8 Amount recognized in regulatory capital (Currency in PKR thousands, as of reporting date)	38,715,850	2,500,000
9 Par value of instrument	PKR 10 per share	PKR 5,000 per Certificate
10 Accounting classification	Shareholders' equity	Sub-ordinated debt / liability
11 Original date of issuance	Dec 2006	June 2012
12 Perpetual or dated	Perpetual	Dated
13 Original maturity date	Not applicable	June 29, 2022
14 Issuer call subject to prior supervisory approval	Not applicable	Yes
15 Optional call date, contingent call dates and redemption amount	Not applicable	May be called, subject to regulatory approval, at any time after 60th month from the issuance date
16 Subsequent call dates, if applicable	Not applicable	Not applicable
Coupons / dividends		
17 Fixed or floating dividend / coupon	Not applicable	Floating
18 Coupon rate and any related index / benchmark	Not applicable	6 M KIBOR + 0.75% pa
19 Existence of a dividend stopper	Not applicable	No
20 Fully discretionary, partially discretionary or mandatory	Fully Discretionary	Mandatory
21 Existence of step up or other incentive to redeem	Not applicable	No
22 Noncumulative or cumulative	Not applicable	Cumulative
23 Convertible or non-convertible	Not applicable	Nonconvertible
24 If convertible, conversion trigger (s)	Not applicable	Not applicable
25 If convertible, fully or partially	Not applicable	Not applicable
26 If convertible, conversion rate	Not applicable	Not applicable
27 If convertible, mandatory or optional conversion	Not applicable	Not applicable
28 If convertible, specify instrument type convertible into	Not applicable	Not applicable
29 If convertible, specify issuer of instrument it converts into	Not applicable	Not applicable
30 Write-down feature	Not applicable	Not applicable
31 If write-down, write-down trigger(s)	Not applicable	Not applicable
32 If write-down, full or partial	Not applicable	Not applicable
33 If write-down, permanent or temporary	Not applicable	Not applicable
34 If temporary write-down, description of write-up mechanism	Not applicable	Not applicable
35 Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Subordinated debt/TFCs	Creditors including Depositors
36 Non-compliant transitioned features	Not applicable	Yes
37 If yes, specify non-compliant features	Not applicable	Absence of point of non-viability clause

40.5 Tier II Capital Instrument

During 2012, the Bank issued unsecured, subordinated TFCs of Rs. 2,500 million by way of private placement. The instrument was issued at 0.75% above KIBOR to support the capital base of the Bank and is for a tenor of 10 years. The instrument is structured to redeem in two equal semi-annual installments of 50% of the issue amount in 2022. The Bank may however call the TFC subject to prior approval of the State Bank, on any profit payment date after the 60th month from the issuance date. The instrument is also subject to a lock-in clause meaning neither principal nor profit may be paid (even at maturity) if such payment means that the Bank falls below or remains below its minimum capital requirements. The instrument is currently rated at AAA.

The instrument is classified as a liability and is subordinated to payment of principal and profit to all other indebtedness of the Bank, including deposits.

For further details of the capital instrument currently part of Tier 2 capital, please refer Note 16 of the financial statements.

Notes to the Financial Statements

For the year ended 31 December 2016

40.6 Capital Adequacy

The Bank's capital management approach is driven by its desire to maintain a strong capital base to support the development of its business, to meet regulatory capital requirements at all times and to maintain good credit ratings, maximising shareholders' value and at the same time maintaining investor, creditor and market confidence.

The capital position is reviewed and monitored by the Asset and Liability Committee (ALCO) of the Bank. Regular reviews help to ensure that adequate levels of capital and an optimum mix of different components of capital are maintained by the Bank to support the strategy. This is integrated with the Bank's annual planning process that takes into consideration business growth assumptions across products and business segments and the related impact on capital resources.

The following matters are taken into account while reviewing the Bank's capital position:

- a) current regulatory capital requirements and our assessment of future standards;
- b) demand for capital due to business growth forecasts;
- c) forecasted demand for capital to support credit ratings and as a signalling tool to the market;
- d) available supply of capital and capital-raising options

For calculation of Capital Adequacy Ratio, the Bank adheres to the calculation of capital requirements for credit, market and operational risk as per the guidelines of SBP.

For credit risk, the Bank uses the 'Standardized Approach'. The Bank uses reputable and SBP approved rating agencies (ECAIs) for deriving risk weights for specific credit exposures. These are consistently applied across the Bank's credit portfolio for both on and off balance sheet exposures. The ECAIs used for rating various types of exposures are tabled in note 40.7 to these financial statements.

For the purposes of Credit Risk Mitigation under the 'Standardized Approach', the Bank follows the instructions laid down by SBP vide their Circular No. 08 dated 27 June 2006 with regard to eligibility of collaterals, valuation and management. Where a transaction is secured by an eligible collateral and meets the eligibility criteria and minimum requirements as laid down by SBP, the Bank reduces its exposure under that particular transaction by taking into account the risk mitigating effect of the collateral for the calculation of capital requirement. Collaterals used include: Government of Pakistan guarantees, Inter-group guarantees, margins / liens and saving certificates.

The Bank calculates its capital requirement for market risk in its portfolio, based on the methodology provided by SBP which takes account of specific and general market risk capital charge for interest rate risk using the duration method.

For calculation of operational risk capital charge, the business activities of the Bank are divided into eight business lines: corporate finance, trading and sales, retail banking, commercial banking, payment and settlement, agency services, asset management and retail brokerage. The Bank's operations are mapped into these eight business lines as per the criteria laid down by SBP vide Circular No. 08 dated 27 June 2006.

Within each business line, gross income is the broad indicator that serves as a proxy for the scale of business operations and thus the likely scale of operational risk exposure within each of these business lines. The capital charge for each business line is calculated by multiplying gross income by beta factors assigned by SBP to that business line. Beta serves as a proxy for the industry-wide relationship between the operational risk loss experience for a given business line and the aggregate level of gross income for that business line.

The total capital charge is calculated as the three-year average of the simple summation of the regulatory capital charges across each of the business lines in each year.

The 'Standardised Approach' is preferred over the 'Basic Indicator Approach' so as to arrive at a capital charge that is reflective of the risks associated with each of the Bank's business lines.

Notes to the Financial Statements

For the year ended 31 December 2016

Credit Risk

Portfolios subject to standardized approach (Simple)

Cash & cash equivalents

Sovereign

Public Sector entities

Banks

Corporate

Retail

Residential Mortgages

Past Due loans

Operating Fixed Assets

Other assets

Off-Balance sheet

Non-market related

Loan Repayment Guarantees

Performance Bonds etc.

Stand By Letters of Credit

Market related

Equity Exposure Risk in the Banking Book

Listed

Unlisted

Market Risk

Capital Requirement for portfolios subject to Standardized Approach

Interest rate risk

Equity position risk

Foreign Exchange risk

Operational Risk

Capital Requirement for operational risks

TOTAL

Capital Adequacy Ratio

CET1 to total RWA

Tier-1 capital to total RWA

Total capital to total RWA

(e)

(i)

Capital Requirements		Risk Weighted Assets	
2016	2015 Restated	2016	2015 Restated
(Rupees in '000)			
-	-	-	-
14,016	6,586	131,609	64,250
2,614	4,978	24,546	48,567
414,551	1,044,883	3,892,497	10,193,977
7,100,530	6,606,913	66,671,648	64,457,686
1,365,486	942,380	12,821,465	9,193,950
119,734	89,248	1,124,259	870,711
274,021	335,972	2,572,963	3,277,772
614,856	611,305	5,773,296	5,963,952
1,508,722	1,442,983	14,166,405	14,077,882
11,414,530	11,085,248	107,178,688	108,148,747
2,460,847	2,246,879	23,106,543	21,920,770
2,014,425	1,136,205	18,914,792	11,084,926
401,156	272,768	3,766,720	2,661,149
4,876,428	3,655,852	45,788,055	35,666,845
54,515	90,506	511,875	882,986
30,214	18,129	283,697	176,864
-	-	-	-
30,214	18,129	283,697	176,864

5,423,816	5,093,826	50,927,849	49,695,862
22,270,417	20,286,858	209,111,891	197,920,540

2016		2015	
Required	Actual	Required	Actual
6.65%	17.70%	6.25%	17.63%
8.15%	17.70%	7.75%	17.63%
10.65%	20.32%	10.25%	21.04%

40.7 Types of exposures and ECAI's used

JCR - VIS

PACRA

STANDARD AND POORS

MOODY'S

FITCH

Corporate

Banks

Sovereigns

✓
✓
✓
✓
✓

✓
✓
✓
✓
✓

✓
✓
✓
✓
✓

The Bank adheres to the mapping instructions issued by SBP on the Revised Regulatory Capital Framework under Basel II, issued vide BSD Circular No. 08 of 2006 dated 27 June 2006, vide BSD Circular Letter No. 09 of 2007 dated 24 August 2007, vide BSD Letter No. BSD/BAI-2/201/1141/2009 dated 2 December 2009 and vide BSD Circular No. 5 of 2010 dated 5 October 2010 with regard to credit ratings to be used. These are as follows:

Notes to the Financial Statements

For the year ended 31 December 2016

LONG-TERM RATING GRADES MAPPING

Risk Weightage	Standard & Poors Ratings Services	Moody's Investors Service	Fitch Ratings	PACRA	JCR VIS
20%	AAA	Aaa	AAA	AAA	AAA
	AA+	Aa1	AA+	AA+	AA+
	AA	Aa2	AA	AA	AA
	AA-	Aa3	AA-	AA-	AA-
50%	A+	A1	A+	A+	A+
	A	A2	A	A	A
	A-	A3	A-	A-	A-
100%	BBB+	Baa1	BBB+	BBB+	BBB+
	BBB	Baa2	BBB	BBB	BBB
	BBB-	Baa3	BBB-	BBB-	BBB-
100%	BB+	Ba1	BB+	BB+	BB+
	BB	Ba2	BB	BB	BB
	BB-	Ba3	BB-	BB-	BB-
150%	B+	B1	B+	B+	B+
	B	B2	B	B	B
	B-	B3	B-	B-	B-
150%	CCC+	Caa1	CCC+	CCC+	CCC+
	CCC	Caa2	CCC	CCC	CCC
	CCC-	Caa3	CCC-	CCC-	CCC-
	CC	Ca	CC	CC	CC
	C	C	C	C	C
	D		D	D	D

SHORT-TERM RATING GRADES MAPPING

Risk Weightage	Standard & Poors Ratings Services	Moody's Investors Service	Fitch Ratings	PACRA	JCR VIS
20%	A-1+	P-1	F1+	A-1	A-1
	A-1		F1		
50%	A-2	P-2	F2	A-2	A-2
100%	A-3	P-3	F3	A-3	A-3
150%	B	NP	B	Others	Others
	B-1		C		
	B-2		D		
	B-3				
	C				

Notes to the Financial Statements

For the year ended 31 December 2016

41. RISK MANAGEMENT

Through its risk management structure, the Bank seeks to manage efficiently the core risks: credit, market, operational, country, and liquidity risks. These arise directly through the Bank's commercial activities whilst compliance and regulatory risk, operational risk and reputational risks are normal consequences of any business undertaking.

The basic principles of risk management followed by the Bank include:

Balancing risk and return

Risk is taken in line with the requirements of the Bank's stakeholders. Risk should be taken within the Bank's risk appetite, consistent with the approved strategy. Any such risks are avoided which have a material probability of causing financial distress to the Bank or its clients or customers.

Responsibility

Given the Bank is in the business of taking risk, it is everyone's responsibility to ensure that risk taking is both disciplined and focused. The Bank takes account of its social responsibilities and its commitment to customers in taking risk to produce a return.

Accountability

Risk is taken only within agreed authorities and where there is appropriate infrastructure and resource. All risk taking must be transparent, controlled and reported.

Anticipation

The Bank looks to anticipate future risks and to ensure awareness of all risk.

Competitive Advantage

The Bank seeks to achieve competitive advantage through efficient and effective risk management and control.

Risk management

The Bank aims to implement best practices and have a specialist risk function of international standards, with strength in depth, experience across risk types and economic scenarios.

Ultimate responsibility for the effective management of risk rests with the Company's Board of Directors. Acting within an authority delegated by the Board, the Executive Committee reviews specific risk areas and monitors the activities of the Executive Risk Committee ("ERC") and the Asset and Liability Committee ("ALCO").

ERC headed by Country Chief Risk Officer (CCRO), through authority delegated by the Board through the Bank's Executive Committee, is responsible for credit risk, market risk, operational risk, compliance risk and regulatory risk, legal risk, information security risk and reputational risk. ALCO, through authority delegated by the Board through the Bank's Executive Committee, is responsible for management of the Bank's liquidity, capital adequacy and structural foreign exchange risk. The Pension Executive Committee, through authority delegated by the Board through the Bank's Executive Committee is responsible for management of pension risk.

The day to day responsibility for managing risk rests with CCRO who oversees and manages the risk through a team of managers; Senior Credit Officer responsible for credit risk in Corporate & Institutional Banking and Commercial Banking, Country Credit Head responsible for credit risk in Retail Banking, Head of Special Assets Management responsible for remedial risk management, Head of Credit Risk Controls responsible for collateral management, security documentation, credit MIS and controls, Head of Market Risk responsible for liquidity risk and risks associated with price movements, arising from interest and exchange rate movements and Head of Operational Risk responsible for enterprise wide operations. The Bank has established policies, procedures, processes, and controls and have provided the Risk team adequate support by way of risk systems and tools for measuring and reporting risk for monitoring, controlling, reviewing and managing risk.

41.1 Credit risk

Credit risk is the risk that a counter party will not settle its obligations in accordance with agreed terms. Credit exposures may arise from lending, trade finance, securities and derivative exposures. Credit exposures include both individual borrowers and groups of connected counterparties and portfolios in the banking and trading books.

The Board of Directors has delegated down the authority to ERC through the Bank's Executive Committee to propose risk appetite and make recommendations to the Board for approval of risk appetite and policies for managing credit risk. The CEO and the Executive Committee in turn rely on CCRO and the Risk Committee to determine these and recommend for their support and Board's approval. BOD delegates credit authorities to CCRO, SCO, RCO.

Notes to the Financial Statements

For the year ended 31 December 2016

Credit risk appetite is established through business strategy papers and underwriting standards by the business managers, which are approved by the Board once recommended, and supported by the Executive Committee.

Specific procedures for managing credit risk within Corporate & Institutional Banking, Commercial Banking and Retail Banking are determined at the Senior Credit Officer and Country Credit Head levels for their respective jurisdictions with specific policies and procedures being adapted to different risk environments and business goals. Credit analysis includes review of facility details, credit grade determination and financial spreading / ratio analysis. Portfolio review, Early Alerts and Stress Testing based on scenario analysis is a combined responsibility of Client Relationship and Risk and Finance function. Client relationship origination and credit approval roles are clearly segregated throughout the business segments.

Credit concentration risk is governed by specific policy, the adherence to which is managed by the Executive Risk Committee (ERC). Credit concentration risk is principally managed based on three components: single name borrower exposure, industry concentrations and product concentration. In addition to the SBP specified prudential limits on single or group exposures, limits are also established by the CCRO and approved by ERC.

41.1.1 Corporate and Institutional & Commercial Banking

Within the two business segments, a alpha numerical risk grading system is used for quantifying the risk associated with a counter-party. The grading is based on a probability of default measure, with customers analysed against a range of quantitative and qualitative measures. Expected Loss is used for further assessment of individual exposures and portfolio analysis. There is a clear segregation of duties with loan applications being prepared separately from the approval chain.

41.1.2 Retail Banking

For Retail Banking, program based standard credit application forms are generally used, which are processed in central units for different products and market segments. Retail Banking Analytics team has developed Bureau scores and uses Bureau data for portfolio monitoring and for underwriting new business.

Notes to the Financial Statements

For the year ended 31 December 2016

41.1.3 Segment by Class of Business

	2016					
	Advances - Gross		Deposits		Contingencies and Commitments	
	(Rupees in '000)	Percent	(Rupees in '000)	Percent	(Rupees in '000)	Percent
Chemical and pharmaceuticals	13,575,855	10.16	8,600,736	2.35	9,814,479	8.21
Agri business	5,629,922	4.21	100,852	0.03	-	-
Textile	30,384,716	22.74	2,070,810	0.57	3,576,038	2.99
Communication	213,887	0.16	13,917,222	3.81	131,477	0.11
Insurance	-	-	1,365,878	0.37	-	-
Telecommunications and information technology	3,353,534	2.51	3,658,197	1.00	8,367,855	7.00
Cement	972,214	0.73	16,595	-	437,339	0.37
Sugar	2,761,707	2.07	10,744	-	2,400	-
Automobile and transportation equipment	1,498,827	1.12	1,645,328	0.45	4,632,330	3.87
Transportation	2,058,957	1.54	4,501,619	1.23	6,175,898	5.16
Financial	666,222	0.50	697,904	0.19	51,350,328	42.94
Electronics and electrical appliances	2,384,480	1.78	7,566,727	2.07	11,155,557	9.33
Production and transmission of energy	17,235,785	12.90	18,624,038	5.09	3,915,887	3.27
Shoes and leather garments	1,301,643	0.97	56,882	0.02	202,328	0.17
Individuals	19,677,889	14.73	223,054,028	61.02	-	-
Others	31,915,699	23.88	79,674,534	21.80	19,823,329	16.58
	<u>133,631,337</u>	<u>100.00</u>	<u>365,562,094</u>	<u>100.00</u>	<u>119,585,245</u>	<u>100.00</u>

	2015					
	Advances - Gross (Restated)		Deposits		Contingencies and Commitments	
	(Rupees in '000)	Percent	(Rupees in '000)	Percent	(Rupees in '000)	Percent
Chemical and pharmaceuticals	14,670,185	11.25	8,568,500	2.62	13,968,987	13.76
Agri business	4,753,012	3.65	149,805	0.05	-	-
Textile	25,733,572	19.74	1,506,909	0.46	1,763,140	1.74
Communication	273,652	0.21	11,095,326	3.39	5,906,301	5.82
Insurance	-	-	1,139,814	0.35	-	-
Telecommunications and information technology	4,789,558	3.67	2,424,927	0.74	639,243	0.63
Cement	1,033,619	0.79	12,725	0.00	266,153	0.26
Sugar	914,302	0.70	7,174	0.00	2,400	0.00
Automobile and transportation equipment	1,879,497	1.44	1,348,926	0.41	3,755,074	3.70
Transportation	1,803,988	1.38	2,730,114	0.83	3,063,500	3.02
Financial	2,491,367	1.91	805,054	0.25	43,178,917	42.53
Electronics and electrical appliances	929,120	0.71	6,432,204	1.97	7,990,607	7.87
Production and transmission of energy	13,932,278	10.69	9,993,338	3.05	4,204,780	4.14
Shoes and leather garments	922,777	0.71	66,366	0.02	22,941	0.02
Individuals	16,256,171	12.47	212,400,283	64.91	-	-
Others	39,987,056	30.67	68,556,062	20.95	16,755,347	16.51
	<u>130,370,154</u>	<u>100.00</u>	<u>327,237,527</u>	<u>100.00</u>	<u>101,517,390</u>	<u>100.00</u>

Notes to the Financial Statements

For the year ended 31 December 2016

41.1.4 Details of Non-performing Advances and Specific Provisions by Class of Business Segment

	2016		2015	
	Classified Advances	Specific Provision held	Classified Advances	Specific Provision held
	(Rupees in '000)			
Chemical and pharmaceuticals	238,468	238,468	239,568	239,568
Textile	6,273,480	6,249,881	7,119,609	7,114,549
Automobile and transportation equipment	388,905	306,120	402,830	291,939
Production and transmission of energy	616,009	385,259	161,379	155,379
Individuals	14,500	14,500	14,500	14,500
Telecommunications and information technology	2,700,088	2,026,612	2,704,210	1,352,105
Others	11,641,769	9,912,209	13,376,320	11,792,772
	<u>21,873,219</u>	<u>19,133,049</u>	<u>24,018,416</u>	<u>20,960,812</u>

41.1.5 Segment by Sector

	2016					
	Advances		Deposits		Contingencies and Commitments	
	(Rupees in '000)	%	(Rupees in '000)	%	(Rupees in '000)	%
Public / Government	5,780,841	4.33%	7,893,642	2.16%	-	-
Private	<u>127,850,496</u>	<u>95.67%</u>	<u>357,668,452</u>	<u>97.84%</u>	<u>119,585,245</u>	<u>100.00%</u>
	<u>133,631,337</u>	<u>100.00%</u>	<u>365,562,094</u>	<u>100.00%</u>	<u>119,585,245</u>	<u>100.00%</u>

	2015					
	Advances (Restated)		Deposits		Contingencies and Commitments	
	(Rupees in '000)	%	(Rupees in '000)	%	(Rupees in '000)	%
Public / Government	5,566,884	4.34%	3,823,086	1.17%	-	-
Private	<u>124,803,270</u>	<u>95.66%</u>	<u>323,414,441</u>	<u>98.83%</u>	<u>101,517,391</u>	<u>100.00%</u>
	<u>130,370,154</u>	<u>100.00%</u>	<u>327,237,527</u>	<u>100.00%</u>	<u>101,517,391</u>	<u>100.00%</u>

41.1.6 Details of Non-performing Advances and Specific Provisions by Sector

	2016		2015	
	Classified Advances	Specific Provision held	Classified Advances	Specific Provision held
	(Rupees in '000)			
Public / Government	-	-	-	-
Private	<u>21,873,219</u>	<u>19,133,049</u>	<u>24,018,416</u>	<u>20,960,812</u>
	<u>21,873,219</u>	<u>19,133,049</u>	<u>24,018,416</u>	<u>20,960,812</u>

41.1.7 Geographical Segment Analysis

	2016			
	Profit before taxation	Total assets employed	Net Assets employed	Contingencies and Commitments
	(Rupees in '000)			
Pakistan	15,344,866	473,331,718	61,282,293	112,596,909
	<u>15,344,866</u>	<u>473,331,718</u>	<u>61,282,293</u>	<u>112,596,909</u>

	2015			
	Profit before taxation	Total assets employed	Net Assets employed	Contingencies and Commitments
	(Rupees in '000)			
Pakistan	15,384,619	447,347,791	61,950,455	94,845,332
	<u>15,384,619</u>	<u>447,347,791</u>	<u>61,950,455</u>	<u>94,845,332</u>

Notes to the Financial Statements

For the year ended 31 December 2016

41.2 Market Risk

The Bank recognizes Market risk as the exposure created by potential changes in the market prices and rates. Market Risk exposures arise primarily from interest rate and foreign exchange related contracts. The Bank has no significant exposure to equity and commodity price risk.

Market and Traded Credit Risk (MTCR) approves the limits within delegated authorities and monitors exposures against these limits, and is locally under governance of Country Chief Risk Officer, who agrees policies and procedures and levels of risk appetite in terms of Value at Risk (VaR). Limits are then proposed by business within the terms of agreed policy. These are agreed and delegated down by Executive Risk Committee (ERC) and Approvals Committee under delegated authority from the BoD. Policies cover both trading and non-trading books.

In addition to Market Risk policies, as well as VaR and other market risk limits, independent stress testing of portfolios, factor sensitivity measures and derivatives are also employed as additional risk management tools to manage and hedge market risk exposures. Risk models are periodically back tested against actual results to ensure that pre-determined levels of accuracy are maintained.

VaR is the main limit that is being applied by the bank along with other supporting price risk limits and MATs. Interest Rate Risk is controlled via PV01 limits which are set on Net as well as Gross basis across various tenors and at currency level. Additionally curve tenor limits are applied to contain the interest rate risk exposure going beyond certain tenors. PV01s measure the sensitivity of the Net Present Value (NPV) to +1 bp shift applied at pre-defined points on a zero-coupon yield curve. PV01 strip is then applied to the historical scenarios i.e. Risk factors over the last 260 days to derive the NPV distribution which is then used to determine Value at Risk (VaR) and Stress VaR.

All limits are hard limits and any excess results in escalation to senior management, with the level of escalation depending upon nature of excess. These limits are monitored on a daily basis as part of daily risk reporting.

41.3 Foreign Exchange Risk

	2016			
	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
	(Rupees in '000)			
Pakistan rupee	391,999,774	349,455,923	60,954,074	103,497,925
United States dollar	31,926,509	52,138,147	(51,935,721)	(72,147,359)
Great Britain pound	4,792,953	4,792,954	(345,407)	(345,408)
Euro	2,839,727	2,691,669	(6,927,164)	(6,779,106)
Swiss Franc	21,554	21,554	(153,283)	(153,283)
Japanese yen	36,088	2,569	(870,708)	(837,189)
Others	98,308	101,600	(721,791)	(725,083)
	431,714,913	409,204,416	-	22,510,497
	2015 (Restated)			
	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
	(Rupees in '000)			
Pakistan rupee	362,905,503	319,137,144	53,837,167	97,605,526
United States dollar	33,057,459	52,117,116	(48,598,110)	(67,657,767)
Great Britain pound	5,668,669	5,668,606	(229,477)	(229,414)
Euro	3,758,134	3,758,396	(3,497,927)	(3,498,189)
Swiss Franc	22,167	22,142	(49,502)	(49,477)
Japanese yen	35,218	2,677	(739,986)	(707,445)
Others	25,678	19,601	(722,165)	(716,088)
	405,472,828	380,725,682	-	24,747,146

41.3.1 Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

41.3.2 The management sets limits on the level of exposure by currency in total which are monitored daily.

Notes to the Financial Statements

For the year ended 31 December 2016

41.4 Mismatch of Interest Rate Sensitive Assets and Liabilities

2016											
Effective yield / interest rate	Total	Exposed to yield / interest rate risk									Non interest bearing financial instruments
		Upto one month	Over one month to three months	Over three months to six months	Over six months to one year	Over one year to two years	Over two years to three years	Over three years to five years	Over five years to ten years	Over ten years	
(Rupees in '000)											
On-balance sheet financial instruments											
Assets											
Cash and balances with treasury banks	-	40,729,979	7,944,823	-	-	-	-	-	-	-	32,785,156
Balances with other banks	-	5,699,791	-	-	-	-	-	-	-	-	5,699,791
Lendings to financial institutions	2.94%	19,798,390	18,972,220	826,170	-	-	-	-	-	-	-
Investments	7.64%	245,850,227	58,687,895	120,667,643	10,180,462	46,595,249	5,304,881	4,130,400	-	-	283,697
Advances	9.02%	113,950,767	49,297,505	37,053,900	18,069,947	3,298,434	1,587,060	1,277,891	1,173,381	-	2,192,649
Other assets	-	5,685,759	-	-	-	-	-	-	-	-	5,685,759
		431,714,913	134,902,443	158,547,713	28,250,409	49,893,683	6,891,941	5,408,291	1,173,381	-	46,647,052
Liabilities											
Bills payable	-	10,821,793	-	-	-	-	-	-	-	-	10,821,793
Borrowings	3.59%	14,400,841	225,000	9,956,585	2,961,278	-	-	437,524	239,768	-	580,686
Deposits and other accounts	4.14%	365,562,094	198,905,553	4,639,510	1,387,163	2,465,421	210,222	695,823	-	-	157,258,402
Sub-ordinated loans	7.05%	2,500,000	-	-	2,500,000	-	-	-	-	-	-
Other liabilities	-	15,919,688	-	-	-	-	-	-	-	-	15,919,688
		409,204,416	199,130,553	14,596,095	6,848,441	2,465,421	210,222	1,133,347	239,768	-	184,580,569
On-balance sheet gap		22,510,497	(64,228,110)	143,951,618	21,401,968	47,428,262	6,681,719	4,274,944	933,613	-	(137,933,517)
Off-balance sheet financial instruments											
Forward Lending											
Interest Rate Swap	-	4,976,406	-	-	278,929	121,960	1,233,282	1,830,826	911,681	599,728	-
Foreign Currency option	-	874,205	263,471	457,502	153,232	-	-	-	-	-	-
Forward Foreign Exchange Contracts	-	73,702,973	34,475,024	32,434,697	6,777,307	15,945	-	-	-	-	-
		79,553,584	34,738,495	32,892,199	7,209,468	137,905	1,233,282	1,830,826	911,681	599,728	-
Forward Borrowing											
Interest Rate Swap	-	2,116,894	-	-	278,929	-	-	830,826	444,544	562,595	-
Foreign Currency option	-	874,205	263,471	457,502	153,232	-	-	-	-	-	-
Forward Foreign Exchange Contracts	-	51,677,943	28,943,803	18,208,353	3,425,937	1,099,850	-	-	-	-	-
		54,669,042	29,207,274	18,665,855	3,858,098	1,099,850	-	830,826	444,544	562,595	-
Off-balance sheet gap		24,884,542	5,531,221	14,226,344	3,351,370	(961,945)	1,233,282	1,000,000	467,137	37,133	-
Total yield / interest risk sensitivity gap		47,395,039	(58,696,889)	158,177,962	24,753,338	46,466,317	7,915,001	5,274,944	1,400,750	37,133	(137,933,517)
Cumulative yield / interest risk sensitivity gap											
				99,481,073	124,234,411	170,700,728	178,615,729	183,890,673	185,291,423	185,328,556	185,328,556

2015 (Restated)											
Effective yield / interest rate	Total	Exposed to yield / interest rate risk									Non interest bearing financial instruments
		Upto one month	Over one month to three months	Over three months to six months	Over six months to one year	Over one year to two years	Over two years to three years	Over three years to five years	Over five years to ten years	Over ten years	
(Rupees in '000)											
On-balance sheet financial instruments											
Assets											
Cash and balances with treasury banks	-	29,482,134	8,521,249	-	-	-	-	-	-	-	20,960,885
Balances with other banks	-	4,300,002	-	-	-	-	-	-	-	-	4,300,002
Lendings to financial institutions	1.99%	20,450,620	20,450,620	-	-	-	-	-	-	-	-
Investments	10.02%	231,837,351	18,458,702	34,255,193	7,160,606	112,639,360	36,595,830	22,326,728	224,068	-	176,864
Advances	7.79%	108,853,436	51,265,080	31,345,688	18,589,018	2,670,363	986,150	810,066	685,373	-	2,501,698
Other assets	-	10,549,285	-	-	-	-	-	-	-	-	10,549,285
		405,472,828	98,695,651	65,600,881	25,749,624	115,309,723	37,581,980	23,136,794	909,441	-	38,488,734
Liabilities											
Bills payable	-	11,401,191	-	-	-	-	-	-	-	-	11,401,191
Borrowings	5.63%	21,784,451	5,032,726	12,416,514	2,224,665	-	-	82,681	955,267	17,763	1,054,835
Deposits and other accounts	5.09%	327,237,527	166,718,872	4,025,990	1,998,236	3,340,817	757,975	242,671	-	-	150,152,966
Sub-ordinated loans	9.03%	2,500,000	-	-	2,500,000	-	-	-	-	-	-
Other liabilities	-	17,802,513	-	-	-	-	-	-	-	-	17,802,513
		380,725,682	171,751,598	16,442,504	6,722,901	3,340,817	757,975	325,352	955,267	17,763	180,411,505
On-balance sheet gap		24,747,146	(73,055,947)	49,158,377	19,026,723	111,968,906	36,824,005	22,811,442	(45,826)	(17,763)	(141,922,771)
Off-balance sheet financial instruments											
Forward Lending											
Interest Rate Swap	-	6,834,907	649,631	-	809,362	167,200	2,513,567	959,865	1,735,282	-	-
Foreign Currency option	-	83,625	29,640	3,092	50,893	-	-	-	-	-	-
Forward Foreign Exchange Contracts	-	74,377,317	36,551,675	35,696,721	1,780,115	348,806	-	-	-	-	-
		81,295,849	37,230,946	35,699,813	2,640,370	516,006	2,513,567	959,865	1,735,282	-	-
Forward Borrowing											
Interest Rate Swap	-	2,382,572	-	-	809,362	-	837,928	-	735,282	-	-
Foreign Currency option	-	83,625	29,640	3,092	50,893	-	-	-	-	-	-
Forward Foreign Exchange Contracts	-	53,901,709	36,101,210	15,415,008	2,371,709	13,782	-	-	-	-	-
		56,367,906	36,130,850	15,418,100	3,231,964	13,782	837,928	-	735,282	-	-
Off-balance sheet gap		24,927,943	1,100,096	20,281,713	(591,594)	502,224	1,675,639	959,865	1,000,000	-	-
Total yield / interest risk sensitivity gap		49,675,089	(71,955,851)	69,440,090	18,435,129	112,471,130	38,499,644	23,771,307	954,174	(17,763)	(141,922,771)
Cumulative yield / interest risk sensitivity gap				(2,515,761)	15,919,368	128,390,498	166,890,142	190,661,449	191,615,623	191,597,860	191,597,860

Notes to the Financial Statements

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41.5 Yield / Interest Rate Risk

Yield risk is the risk of decline in earnings due to adverse movement of the yield curve. Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in the market interest rates. The Bank is exposed to various risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The Bank manages this risk by matching the re-pricing of assets and liabilities and off-balance sheet instruments.

41.6 Liquidity Risk

The Bank defines liquidity risk as the potential that the Bank either does not have sufficient liquid financial resources available to meet all its obligations as they fall due, or can only access these financial resources at excessive cost.

Liquidity risk, both short term and structural is monitored through the internal liquidity risk management framework and is managed through the Asset and Liability Committee ("ALCO"). This committee, chaired by the CEO, is responsible for both statutory and prudential liquidity.

A range of tools are used for the management of liquidity. These comprise commitment and wholesale borrowing guidelines, key balance sheet ratios, medium term funding requirements and day to day monitoring of future cash flows.

In addition, liquidity contingency funding plans are reviewed periodically to ensure that alternative funding strategies are in place and can be implemented on a timely basis to minimize the liquidity risk that may arise due to unforeseen adverse changes in the market place.

A substantial portion of the Bank's assets are funded by customer deposits made up of current and savings accounts and other deposits. These customer deposits, which are widely diversified by type and maturity, represent a stable source of funds.

The Bank also maintains significant levels of marketable securities either for compliance with local statutory requirements or as prudential investments of surplus funds.

41.7 MATURITIES OF ASSETS AND LIABILITIES - based on contractual maturity of assets and liabilities of the bank

In accordance with the guidelines issued by SBP through BSD Circular Letter No. 3 of 2011 and BSD Circular Letter No. 2 of 2013, Banks are required to disclose maturities of assets and liabilities separately for 'contractual maturities' and 'expected maturities'. The expected maturities are calculated using three (3) years historical balances and identifying "Core" and "Non-Core" balances using monthly volatility analysis. Fixed / intangible assets are presented on the basis of their depreciation / amortisation schedule.

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2016										
	Total	Upto one month	Over one month to three months	Over three months to six months	Over six months to one year	Over one year to two years	Over two years to three years	Over three years to five years	Over five years to ten years	Over ten years
Assets	(Rupees in '000)									
Cash and balances with treasury banks	40,729,979	40,729,979	-	-	-	-	-	-	-	-
Balances with other banks	5,699,791	5,699,791	-	-	-	-	-	-	-	-
Lendings to financial institutions	19,798,390	18,972,220	826,170	-	-	-	-	-	-	-
Investments	245,850,227	58,687,894	120,667,643	9,180,462	46,595,249	5,304,881	4,130,400	1,000,000	283,698	-
Advances	113,950,767	47,086,594	31,335,271	12,782,164	3,739,878	7,997,671	4,624,376	4,057,752	1,045,263	1,281,798
Other assets	15,433,378	793,781	4,413,296	241,612	911,877	3,327,312	5,745,735	(58,154)	57,919	-
Operating fixed assets	5,773,296	59,767	119,530	179,296	358,590	762,934	717,182	1,434,363	1,997,701	143,933
Intangible assets	26,095,890	22	41	62	124	166	152	13	-	26,095,310
Deferred tax assets	-	-	-	-	-	-	-	-	-	-
	473,331,718	172,030,048	157,361,951	22,383,596	51,605,718	17,392,964	15,217,845	6,433,974	3,384,581	27,521,041
Liabilities										
Bills payable	10,821,793	10,821,793	-	-	-	-	-	-	-	-
Borrowings	14,400,841	805,686	9,956,585	2,961,278	-	-	437,524	239,768	-	-
Deposits and other accounts	365,562,094	356,163,955	4,639,510	1,387,163	2,465,421	210,222	695,823	-	-	-
Sub-ordinated loans	2,500,000	-	-	-	-	-	-	-	2,500,000	-
Other liabilities	17,009,890	2,529,504	3,354,290	704,678	10,380,535	-	2,492	660	37,731	-
Deferred tax liabilities	1,754,807	-	-	-	-	-	1,754,807	-	-	-
	412,049,425	370,320,938	17,950,385	5,053,119	12,845,956	210,222	1,135,839	1,995,235	2,537,731	-
	61,282,293	(198,290,890)	139,411,566	17,330,477	38,759,762	17,182,742	14,082,006	4,438,739	846,850	27,521,041
Net assets										
Share capital	38,715,850									
Reserves	12,770,562									
Unappropriated profit	5,385,558									
Surplus on revaluation of assets - net	4,410,323									
	61,282,293									

2015 (Restated)										
	Total	Upto one month	Over one month to three months	Over three months to six months	Over six months to one year	Over one year to two years	Over two years to three years	Over three years to five years	Over five years to ten years	Over ten years
Assets	(Rupees in '000)									
Cash and balances with treasury banks	29,482,134	29,482,134	-	-	-	-	-	-	-	-
Balances with other banks	4,300,002	4,300,002	-	-	-	-	-	-	-	-
Lendings to financial institutions	20,450,620	20,450,620	-	-	-	-	-	-	-	-
Investments	231,837,351	17,772,428	34,941,466	5,835,606	112,639,360	36,595,830	22,326,728	1,549,068	176,865	-
Advances	108,853,436	47,284,234	25,979,677	11,329,411	3,709,464	6,357,367	5,600,537	6,502,608	1,047,597	1,042,541
Other assets	20,333,576	866,522	7,607,920	218,873	1,747,479	4,066,392	5,800,013	26,377	-	-
Operating fixed assets	5,963,952	70,564	141,126	211,690	423,378	846,757	846,757	1,693,517	1,589,962	140,201
Intangible assets	26,126,720	220	439	659	1,317	2,634	2,634	5,267	13,169	26,100,381
Deferred tax assets	-	-	-	-	-	-	-	-	-	-
	447,347,791	120,226,724	68,670,628	17,596,239	118,520,998	47,868,980	34,576,669	9,776,837	2,827,593	27,283,123
Liabilities										
Bills payable	11,401,191	11,401,191	-	-	-	-	-	-	-	-
Borrowings	21,784,451	6,087,561	12,416,514	2,224,665	-	-	82,681	955,267	17,763	-
Deposits and other accounts	327,237,527	316,871,838	4,025,990	1,998,236	3,340,817	757,975	242,671	-	-	-
Sub-ordinated loans	2,500,000	-	-	-	-	-	-	-	2,500,000	-
Other liabilities	19,253,047	1,725,663	3,540,594	1,300,488	12,593,560	88,111	-	4,631	-	-
Deferred tax liabilities	3,221,120	-	-	-	-	-	3,221,120	-	-	-
	385,397,336	336,086,253	19,983,098	5,523,389	15,934,377	846,086	325,352	4,181,018	2,517,763	-
	61,950,455	(215,859,529)	48,687,530	12,072,850	102,586,621	47,022,894	34,251,317	5,595,819	309,830	27,283,123
Net assets										
Share capital	38,715,850									
Reserves	10,847,005									
Unappropriated profit	5,453,310									
Surplus on revaluation of assets - net	6,934,290									
	61,950,455									

Notes to the Financial Statements

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41.8 Maturities of Assets and Liabilities - based on expected maturity of assets and liabilities of the bank

2016										
	Total	Upto one month	Over one month to three months	Over three months to six months	Over six months to one year	Over one year to two years	Over two years to three years	Over three years to five years	Over five years to ten years	Over ten years
Assets	(Rupees in '000)									
Cash and balances with treasury banks	40,729,979	40,729,979	-	-	-	-	-	-	-	-
Balances with other banks	5,699,791	5,699,791	-	-	-	-	-	-	-	-
Lendings to financial institutions	19,798,390	18,972,220	826,170	-	-	-	-	-	-	-
Investments	245,850,227	58,687,894	120,667,643	9,180,462	46,595,249	5,304,881	4,130,400	1,000,000	283,698	-
Advances	113,950,767	19,631,911	34,759,912	17,919,127	14,013,803	16,616,825	4,624,376	4,057,752	1,045,263	1,281,798
Other assets	15,433,378	793,781	4,413,296	241,612	911,877	3,327,312	5,745,735	(58,154)	57,919	-
Operating fixed assets	5,773,296	59,767	119,530	179,296	358,590	762,934	717,182	1,434,363	1,997,701	143,933
Intangible assets	26,095,890	22	41	62	124	166	152	13	-	26,095,310
Deferred tax assets	-	-	-	-	-	-	-	-	-	-
	473,331,718	144,575,365	160,786,592	27,520,559	61,879,643	26,012,118	15,217,845	6,433,974	3,384,581	27,521,041
Liabilities										
Bills payable	10,821,793	10,821,793	-	-	-	-	-	-	-	-
Borrowings	14,400,841	805,686	9,956,585	2,961,278	-	-	437,524	239,768	-	-
Deposits and other accounts	365,562,094	44,633,945	17,433,622	20,578,331	40,847,757	241,372,616	695,823	-	-	-
Sub-ordinated loans	2,500,000	-	-	-	-	-	-	-	2,500,000	-
Other liabilities	17,009,890	2,529,504	3,354,290	704,678	10,380,535	-	2,492	660	37,731	-
Deferred tax liabilities	1,754,807	-	-	-	-	-	1,754,807	-	-	-
	412,049,425	58,790,928	30,744,497	24,244,287	51,228,292	241,372,616	1,135,839	1,995,235	2,537,731	-
	61,282,293	85,784,437	130,042,095	3,276,272	10,651,351	(215,360,498)	14,082,006	4,438,739	846,850	27,521,041
Net assets										
Share capital	38,715,850									
Reserves	12,770,562									
Unappropriated profit	5,385,558									
Surplus on revaluation of assets - net	4,410,323									
	61,282,293									
2015 (Restated)										
	Total	Upto one month	Over one month to three months	Over three months to six months	Over six months to one year	Over one year to two years	Over two years to three years	Over three years to five years	Over five years to ten years	Over ten years
Assets	(Rupees in '000)									
Cash and balances with treasury banks	29,482,134	29,482,134	-	-	-	-	-	-	-	-
Balances with other banks	4,300,002	4,300,002	-	-	-	-	-	-	-	-
Lendings to financial institutions	20,450,620	20,450,620	-	-	-	-	-	-	-	-
Investments	231,837,351	17,772,428	34,941,466	5,835,606	112,639,360	36,595,830	22,326,728	1,549,068	176,865	-
Advances	108,853,436	12,739,187	29,544,063	16,675,990	14,402,622	21,298,291	5,600,537	6,502,608	1,047,597	1,042,541
Other assets	20,333,576	866,522	7,607,920	218,873	1,747,479	4,066,392	5,800,013	26,377	-	-
Operating fixed assets	5,963,952	70,564	141,126	211,690	423,378	846,757	846,757	1,693,517	1,589,962	140,201
Intangible assets	26,126,720	220	439	659	1,317	2,634	2,634	5,267	13,169	26,100,381
Deferred tax assets	-	-	-	-	-	-	-	-	-	-
	447,347,791	85,681,677	72,235,014	22,942,818	129,214,156	62,809,904	34,576,669	9,776,837	2,827,593	27,283,123
Liabilities										
Bills payable	11,401,191	11,401,191	-	-	-	-	-	-	-	-
Borrowings	21,784,451	6,087,561	12,416,514	2,224,665	-	-	82,681	955,267	17,763	-
Deposits and other accounts	327,237,527	41,377,198	13,749,105	16,582,910	32,510,164	222,775,479	242,671	-	-	-
Sub-ordinated loans	2,500,000	-	-	-	-	-	-	-	2,500,000	-
Other liabilities	19,253,047	1,725,663	3,540,594	1,300,488	12,593,560	88,111	-	4,631	-	-
Deferred tax liabilities	3,221,120	-	-	-	-	-	-	3,221,120	-	-
	385,397,336	60,591,613	29,706,213	20,108,063	45,103,724	222,863,590	325,352	4,181,018	2,517,763	-
	61,950,455	25,090,064	42,528,801	2,834,755	84,110,432	(160,053,686)	34,251,317	5,595,819	309,830	27,283,123
Net assets										
Share capital	38,715,850									
Reserves	10,847,005									
Unappropriated profit	5,453,310									
Surplus on revaluation of assets - net	6,934,290									
	61,950,455									

41.9 Operational Risk

Operational risk is defined as the potential for loss from inadequate or failed internal processes, people, and systems or from the impact of external events, including legal risks.

The Operational Risk Framework (ORF) sets out SCB's approach to the management of operational risk. The Country Operational Risk Committee (CORC) oversee the management of operational risks at the country level and its scope includes all client segments, products and functions. The CORC is chaired by the CEO, and CCRO is an active member of this forum, and monitors and reviews the full operational risk profile in the country.

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All areas within the Bank monitor their operational risks using set standards and indicators, with significant issues and exceptions reported to CORC.

42 ISLAMIC BANKING BUSINESS

The Bank is operating with 10 Islamic Banking branches at the end of current period (2015: 10 branches).

42.1 Balance Sheet

	Note	2016	2015 (Restated)
		----- (Rupees in '000) -----	
Assets			
Cash and balances with treasury banks		6,793,256	2,385,567
Due from Financial Institutions		4,513,007	3,918,570
Investments		8,203,350	11,959,078
Islamic Financing and Related Assets	42.1.1	32,133,361	29,605,233
Operating fixed assets		39,526	39,644
Other assets		717,271	537,069
		52,399,771	48,445,161
Liabilities			
Bills payable		209,340	147,117
Due to Financial Institutions		2,625,237	1,459,000
Deposits and other accounts			
Current Accounts		24,894,128	22,627,461
Saving Accounts		12,892,874	13,028,585
Term Deposits		1,538,052	1,681,517
Others		55,494	8,184
Deposit from Financial Institutions -Remunerative		16,204	612,820
		39,396,752	37,958,567
Due to Head Office		4,964,928	3,879,318
Other liabilities		594,650	265,005
		47,790,907	43,709,007
Net Assets		4,608,864	4,736,154
Represented by:			
Islamic Banking Fund		200,000	200,000
Unappropriated/ Unremitted profit		4,261,461	4,523,020
		4,461,461	4,723,020
Surplus / (deficit) on revaluation of assets - net		147,403	13,134
		4,608,864	4,736,154
CONTINGENCIES AND COMMITMENTS	21		
Remuneration to Shariah Advisor/Board		11,249	9,092
Charity fund			
Opening balance		2,186	2,208
Additions during the year			
Penalty on delayed payment		3,687	9,387
Income purification		2,755	1,490
		6,442	10,877
Payments / utilization during the year			
Education		(3,261)	(7,228)
Health		(2,426)	(3,671)
		(5,687)	(10,899)
Closing balance		2,941	2,186

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42.1.1 Islamic Mode of Financing

	Note	2016	2015
		----- (Rupees in '000) -----	
Murabaha	42.1.1a	980,380	2,742,295
Musharaka	42.1.1b	15,527,233	12,496,852
Diminishing Musharaka	42.1.1c	15,149,995	13,472,362
Ijarah	42.1.1d	95,211	476,053
Musawammah	42.1.1e	21,200	141,492
Others	42.1.1f	359,342	276,179
		32,133,361	29,605,233
42.1.1a Murabaha			
Financings/Investments/Receivables		822,451	673,855
Advances		157,929	689,479
Assets/Inventories		-	1,378,961
		980,380	2,742,295
42.1.1b Musharaka			
Financings/Investments/Receivables		15,527,233	12,496,852
		15,527,233	12,496,852
42.1.1c Diminishing Musharaka			
Financings/Investments/Receivables		15,149,995	13,472,362
		15,149,995	13,472,362
42.1.1d Ijarah			
Financings/Investments/Receivables		95,211	476,053
		95,211	476,053
42.1.1e Musawammah			
Financings/Investments/Receivables		21,200	141,492
		21,200	141,492
42.1.1f Others			
Financings/Investments/Receivables		359,342	276,179
		359,342	276,179

42.2 Deposit and other accounts include redeemable capital of Rs. 14,502.624 million (2015: Rs. 15,331.106 million) and deposits on Qard basis of Rs. 24,894.128 million (2015: Rs. 22,627.461 million). Remunerative deposits which are on Modaraba basis are considered as Redeemable Capital and non-remunerative deposits are classified as being on Qard basis.

42.3 Profit and Loss

	2016	2015
	----- (Rupees in '000) -----	
Profit / return earned on financings, investments and placements	3,388,511	4,025,195
Return on deposits and others dues expensed	(946,563)	(1,175,437)
Net spread earned	2,441,948	2,849,758
Provision against non performing financing	39,904	(193,334)
Net spread after provisions	2,481,852	2,656,424
Other income		
Fees, commission and brokerage income	671,767	674,712
Other income	607	43
Total other income	672,374	674,295
	3,154,226	3,330,719
Other expenses		
Administrative expenses	(1,915,785)	(1,899,722)
	1,238,441	1,430,997

Notes to the Financial Statements

For the year ended 31 December 2016

42.4 CASH FLOW FROM OPERATING ACTIVITIES

	2016	2015
	----- (Rupees in '000) -----	
Profit before tax for the year	1,238,441	1,430,997
Adjustments for:		
Depreciation	16,075	12,640
Gain on disposal of fixed assets - net	(607)	(123)
Provision / (reversal) against loans and advances - net of recoveries	(39,904)	193,334
	(24,436)	205,851
	1,214,005	1,636,848
Decrease / (increase) in operating assets		
Lendings to financial institutions	(594,437)	(1,105,043)
Net investments in 'held for trading' securities	1,998	(996)
Advances	(2,488,225)	3,524,015
Other assets	(180,202)	328,787
	(3,260,866)	2,746,763
Increase / (decrease) in operating liabilities		
Bills payable	62,223	147,000
Borrowings from financial institutions	1,166,237	110,000
Deposits and other accounts	1,438,185	1,435,725
Other liabilities	1,415,255	(4,397,175)
	4,081,900	(2,704,450)
Cash inflow before taxation	2,035,039	1,679,161
Income tax paid	-	-
Net cash generated from operating activities	2,035,039	1,679,161
Net investments in 'available for sale' securities	3,888,000	(73,414)
Net investment in fixed assets	(15,350)	(4,246)
Net cash used in / (generated from) investing activities	3,872,650	(77,660)
Appropriation / payments made to Head office	(1,500,000)	(1,500,000)
Net cash used in financing activities	(1,500,000)	(1,500,000)
Increase in cash and cash equivalents for the year	4,407,689	101,501
Cash and cash equivalents at beginning of the year	2,385,567	2,284,066
Cash and cash equivalents at end of the year	6,793,256	2,385,567
Cash and balances with treasury banks	6,793,256	2,385,567
Balances with other banks	-	-
	6,793,256	2,385,567

Notes to the Financial Statements

For the year ended 31 December 2016

42.5 Ijarah Financing

Cost

As at 1 January
Additions during the year
Transfer/ Write offs
Deletions

As at 31 December

Accumulated Depreciation

As at 1 January

Charge for the year
Transfer/ Write offs
Deletions

As at 31 December

Net Book value

Future Ijarah payments

Not later than one year
Later than one and less than five years
Total Future Ijarah payments

2016	2015
----- (Rupees in '000) -----	
1,206,000	1,206,000
-	-
-	-
1,206,000	1,206,000
729,947	349,105
380,842	380,842
-	-
-	-
1,110,789	729,947
95,211	476,053
110,151	442,406
-	110,601
110,151	553,007

42.6 Profit & Loss distribution and Pool Management

The Bank manages following assets pools for profit and loss distribution:

- Islamic Export Refinance Scheme (IERS) Musharakah Pool; and
- Mudarabah Depositors Pool

a) IERS Musharakah Pool

Key features, risks, rewards and calculation of profit/loss of this pool are in compliance with the SBP IER Scheme and the relevant circulars issued by SBP from time to time.

Type of Pool	Profit rate and weightage announcement period	Average return on Pool Assets	Bank Profit	SBP Profit	Bank Profit %	SBP Profit %
IERF Pool	Monthly	5.47%	170,121	30,846	84.65%	15.35%

b) Mudarabah Depositors Pool

- General Depositors Pool
- Special Depositors Pool

i) Key features and risk & reward characteristics

Saadiq Current account is a Shariah compliant non-profit bearing transactional account, based on the Islamic banking principle of "Qard". While Saadiq Savings & Term accounts are Shariah compliant account based on the Islamic principle of "Mudarabah".

Mudarabah is a partnership where one party gives money to other for investing in a business. The partner who is providing the money is "Rab-ul-Mal (Investor) and the partner who manages the investment is "Mudarib" (working partner). The Bank (Mudarib) invests the funds given by the account holder "Rab-ul-Mal" in Shariah compliant businesses to earn profits. This profit is shared on the basis of profit & loss sharing as per the pre-agreed ratio between the Bank and the customer.

In case of loss, the same is borne by the depositors in proportion to their investments, and the Bank (Mudarib) bears the loss of its efforts / services in managing Mudarabah.

Notes to the Financial Statements

For the year ended 31 December 2016

ii) Parameters used for allocation of profit, charging expenses and provisions

The profit for the deposit pool is calculated from income earned on all the remunerative assets booked by utilising the funds from the deposit pool and is distributed between Mudarib and Rab-ul-Mal based on declared sharing ratios (before start of every given month).

The ratio for Mudarib and Rab-ul-maal is 50:50 for general pool, where as for Special pool it is 40:60 (from Jan-Nov 2016) while for Dec 2016 it is kept at 50:50 for both the pool. No general or administrative expenses are charged to pools. No provision against any non-performing asset of the pool is passed on to the pool except for the actual loss / write-off of such non-performing asset.

iii) Deployment of Mudaraba based deposits

The deposits and funds accepted under the above mentioned pools are provided to diverse sectors including Chemical, Communication, Production and Transmission of Energy, Sugar, Textile, etc. as well as in Government of Pakistan backed Ijarah Sukuks.

iv) Other information

	Type of Pool	
	General	Special
Profit rate / weightage announcement frequency	Monthly	Monthly
Mudarib share (amount in 000)	342,223	108,304
Mudarib share (%)	49.82%	35.46%
Mudarib Share transferred through Hiba (Amount in 000)	1,245	16,609
Mudarib Share transferred through Hiba (%)	0.36%	13.30%
Average return on pool assets	6.29%	7.25%
Average return on deposits	3.15%	4.68%

43. GENERAL

43.1 CORRESPONDING FIGURES


Certain corresponding figures have been re-arranged / reclassified to reflect more appropriate presentation that are not material in nature.

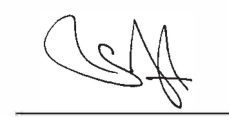
Until last year the bank was classifying its 'advances against future Murabaha' and 'Commodities under Islamic finance' as part of Other assets and "Bai Muajjal with GOP" as part of Lending to Financial Institution in the Statement of Financial Position. During the current year, these have been reclassified and shown as part of "Advances" and "Investments" based on State Bank of Pakistan circular dated 29 February 2016. The impact of these reclassifications is as follows:

Reclassification from Statement of Financial Position	Reclassification to Statement of Financial Position	31 December 2015 (Rupees in '000)	01 January 2015 (Rupees in '000)
Other Assets -Advances against future Murabaha	Advances	689,479	5,593,532
Other Assets - Commodities under Islamic finance	Advances	1,378,961	-
Lending to FI - Bai Muajjal	Investment	6,518,946	-

43.2 DATE OF AUTHORIZATION

These financial statements were authorized for issue in the Board of Directors meeting held on 02 March 2017.


Ian Anderson Bryden
Chairman


Shazad Dada
Chief Executive Officer


Najam I. Chaudhri
Director


Parvez Ghias
Director

Financial Statements

Annexure-1

Statement in respect of written-off loans or any other financial relief of five hundred thousand rupees or above as required under sub-section (3) of section 33A of the Banking Companies Ordinance, 1962 during the year ended 31 December, 2016.

Amount in PKR Rupees

Sr. NO.	Name	Address	Name of Partners/ Directors NIC / CNIC	Father / Husband Name	Outstanding Liabilities at Beginning of Year			Amount Written off / Concession		
					Principal	Interest/ Mark up	Total	Principal	Interest/ Mark up	Total Balance
1	Olympia Spinning & Weaving Mills Limited	E-3, Farzana Building, 1st Floor, Block 7 & 8, Shaheed E Millat Road, Karachi.	1) Mohammad Waqar Monnoo (CNIC 517-86-116428) 2) Ghazala Waqar (CNIC 517-86-177284) 3) Hajra Begum (CNIC 517-86-177284) 4) Siraj Sadiq Monnoo (CNIC 517-79-477102) 5) Khalid Gulzar (CNIC 42000-048480-5) 6) Syed Ayaz Uddin (CNIC 501-89-187951) 7) Muhammad Anwar Saigal (CNIC 42000-0463306-7)	1) S/O Mohammad Sadiq Monnoo 2) S/O Mohammad Waqar Monnoo 3) W/O Mian Mohammad Sadiq Monnoo 4) S/O Mohammad Waqar Monnoo 5) S/O Mohammad Gulzar 6) S/O Syed Qayyum Uddin 7) S/O Muhammad Gulza Saigal	287,098,188	74,501,763	361,599,951	287,098,188	74,501,763	361,599,951
2	Taj Textile Mills Limited	31/C-1, Ghalib Road, Gulberg III, Lahore.	1) Jahangir Elahi (CNIC 35202-2561094-5) 2) Tanvir Elahi (CNIC 35200-5622225-3) 3) Tanvir Elahi (CNIC 270-55-009898) 4) Umer Elahi (CNIC 270-82-806036) 5) Amir Jahangir (CNIC 272-92-508997) 6) Shahrulh Elahi (CNIC 270-80-574475)	1) Ehsan Elahi 2) Ehsan Elahi 3) Ehsan Elahi 4) Alamgir Elahi 5) Jahangir Elahi 6) Tanvir Elahi	81,357,273	231,051,237	312,408,510	81,357,273	231,051,237	312,408,510
3	Tandianwala Sugar Mills Ltd	32-N, Gulberg II, Lahore.	1. Haroon Akhtar Khan (CNIC: 35201-1692334-1) 2. Ghazi Akhtar Khan (CNIC: 35201-1692334-9) 3. Akbar Akhtar Khan (CNIC: 35201-1692327-5) 4. Rasheeda Begum (CNIC: 35201-1544922-0) 5. Mobina Akbar Khan (CNIC: 35201-1556315-8) 6. Saeed Ullah Khan Paracha (CNIC: 35200-3394444-5) 7. Nazli Rafat Jamal (CNIC 42301-6787044-4) 8. Hameed Ullah Khan Paracha (CNIC: 42000-5529643-1)	1. S/O Akhtar Abdur Rehman Khan 2. S/O Akhtar Abdur Rehman Khan 3. S/O Akhtar Abdur Rehman Khan 4. W/O Akhtar Abdur Rehman Khan 5. W/O Akbar Akhtar Khan 6. S/O Habibullah Khan Paracha 7. W/O Rafi Malik Jamal 8. S/O Habibullah Khan Paracha	173,203,409	48,543,312	221,746,721	173,203,409	48,543,312	221,746,721
4	Talon Sports	Daska Ripad, Addah, Sialkot	1) Muhammad Saleem (CNIC# 34603-8040796-9) 2) Nasir Iqbal (CNIC# 34603-5451311-5) 3) Qaisar Iqbal (CNIC # 34603-5603371-9) 4) Ansar Iqbal (CNIC # 34601-3990717-1)	1) Ch Anayat Muhammad 2) Ch Anayat Muhammad 3) Ch Anayat Muhammad 4) Ch Anayat Muhammad	244,791,981	116,712,967	361,504,948	79,791,981	116,711,048	196,503,030
5	Bismillah Soap	Chowk Jogayian Wala, Near Zibah Khana, Tehsil Chishtian, Bahawal Nagar	1) Abdul Aziz (CNIC # 31102-0342887-5) 2) Muhammad Amin (CNIC # 31102-9474648-9) 3) Ubaid Ullah (CNIC # 31102-0247482-5) 4) Habibullah (CNIC # 31102-639651-9)	1) S/O Ameer Din 2) S/O Abdul Aziz 3) W/O Abdul Aziz 4) W/O Abdul Aziz	22,001,500	28,634,182	50,635,682	22,001,500	28,634,182	50,635,682
6	S A Traders	Al Rehman Chamber, 1st Floor Room No. 3, 51 Nishtar Road, Lahore	Atif Khaliq (CNIC #35202-2585250-7)	S/O Abdul Khaliq	14,496,203	24,526,400	39,022,602	14,496,203	24,526,400	39,022,602
7	Al Hadi Industries Pvt Ltd	1.Plot No Sb-93, Sector 11-A, Surjani Township, Karachi 2.D-19, Block 9, Gulshan-e-Iqbal, Karachi	1. Mr. Mohammad Akhtar Lakhani (CNIC: 42201-2412649-3) 2. Mrs. Razia Akhter Lakhani (CNIC 42000-0841102-4)	1. S/O Abdul Sattar 2. W/O Mohammad Akhtar Lakhani	4,000,000	31,522,251	35,522,251	4,000,000	31,522,251	35,522,251
8	Shaheen Aluminium Industries (Private) Limited	14-Km Multan Road Lahore	1) Farooq Hassan (CNIC #35202-736692-1) 2) Basharat Ali (CNIC #35202-9788147-7) 3) Suriyya Saleem (CNIC # 3520-5550799-4)	1) S/O Mirza Khushi Muhammad 2) S/O Mirza Khushi Muhammad 3) W/O Muhammad Saleem	19,913,383	15,722,283	35,635,666	4,913,383	15,722,283	20,635,666
9	Swati Hddings (Pvt) Ltd	405-Regency Plaza, Mini Market Gulberg II, Lahore.	1) Muhammad Saleem Imran (CNIC # 13503-3022396-9) 2) Shazia Saleem (CNIC # 13503-8957884-8)	1) Muhammad Iqbal Khan 2) Muhammad Imran Saleem	9,976,089	8,074,374	18,050,463	9,976,089	8,074,374	18,050,463
10	Tarannum Sabeen	162, 29Th Street, Off Khayaban-E-Muhafiz, Phase VI, D.H.A., Karachi.	42301-2774872-4	S Kamal	8,145,493	5,663,117	13,808,611	2,045,493	5,663,117	7,708,611
11	Syed Salik Hassan	House No. 42 - S1 Block No. 6 P.E.C.H.S Karachi.	42000-0517476-1	Syed Mazhar Hussain	14,748,854	6,149,989	20,898,843	1,473,854	6,149,989	7,623,843
12	Zafar Ali Khan	P-1 Block No.1 Shahrah-Ghalib Clifton Karachi	42000-9086554-1	Sher Muhammad Khan	13,408,266	6,585,262	19,991,528	-	6,584,678	6,584,678
13	Ijaz Ahmed Qureshi	House No. 233 - Y D.H.A. Lahore.	35201-2588151-9	Ghulam Ahmed Qureshi	6,383,356	4,126,640	10,509,995	1,983,356	4,126,640	6,109,995
14	Muhammad Naeem	Shop # 89 K New Alamgir Market Shahalam Lahore	35202-9856104-3	Sheikh Sadiq Ali	1,499,163	4,174,751	5,673,914	1,499,163	4,174,751	5,673,914
15	Usman Irfan Textile Industry	12.50 Km Lahore Sheikhupura Road Lahore	1) Muhammad Aslam (CNIC # 35202-3149623-5) 2) Muhammad Usman (CNIC #35202-1359972-7) 3) Muhammad Irfan (CNIC# 3520-9903084-7) 4) Muhammad Abid (CNIC #3520-7582482-5)	1) S/O Chiragh Din 2) S/O Muhammad Aslam 3) S/O Muhammad Aslam 4) S/O Muhammad Aslam	20,992,128	2,803,160	23,795,288	2,492,128	2,803,160	5,295,288
16	Shahid Manzoor	118,119 Islam Block Azam Garden Multan Road Lahore	35202-2651715-7	Manzoor Hussain	5,747,967	3,633,372	9,381,339	1,247,967	3,633,372	4,881,339

Financial Statements

Annexure-1

Sr. NO.	Name	Address	Name of Partners/ Directors NIC / CNIC	Father / Husband Name	Amount in PKR Rupees					
					Outstanding Liabilities at Beginning of Year			Amount Written off / Concession		
					Principal	Interest/ Mark up	Total	Principal	Interest/ Mark up	Total Balance
17	Azhar Hussain	P-560 D Yousaf Chowk Sargodha Road Faisalabad	33100-0796866-3	Muhammad Munir	5,264,220	2,626,339	7,890,559	1,798,220	2,626,339	4,424,559
18	Mian Muhammad Usman Aziz	House No. 15 - A Ichra Road Ichra Lahore.	35202-5679673-1	Mian Abdul Salam	6,471,501	4,160,149	10,631,650	-	4,131,650	4,131,650
19	Muzammil & Co.	4080/56/4, Pull Shahwala Q/S Bohar G Ate Multan	1) Muzammil Hussain (CNIC # 35202-4802519-1) 2) Naveed Hussain (CNIC # 35202-9033460-9) 3) Nayyar Sultana (CNIC # 35302-9946340-8)	1) S/O Ali Hussain 2) S/O Ali Hussain 3) W/O Ali Hussain	20,992,895	-	20,992,895	3,992,215	-	3,992,215
20	Khalid Mehmood Khan	H. No. 122/II, J-Block, Model Town, Lahore.	35202-7346762-1	Shaikh Noor Hussain	2,497,210	5,252,800	7,750,010	2,497,210	1,359,745	3,856,955
21	Hassan Ali Shahbaz	House No. 140 Street No. 7 Halli Road Westridge I Rawalpindi.	37405-4052272-7	Sh Inayat Ullah	6,089,620	2,786,029	8,875,649	889,620	2,786,029	3,675,649
22	Amir Bilal	51-B Grain Market Vehari	36603-1463747-7	Muhammad Azam	1,540,087	2,009,794	3,549,881	1,540,087	2,009,794	3,549,881
23	Abdul Sattar	H. No. 788, F2, Block, Johar Town, Lahore	35202-0944435-9	Gull Hussain	5,287,468	2,478,019	7,765,486	1,057,468	2,478,019	3,535,486
24	Abdul Nasir Qureshi/ Qasir Qureshi	H# 2-A/1 West Street Phase -I Defence Housing Authority Karachi	42201-0348326-1	Abdul Hafeez Qureshi	10,335,033	4,076,473	14,411,506	-	3,284,558	3,284,558
25	Sardar Azam Rasheed	H 94 F Block, Model Town, Lahore.	35202-0280145-5	Sardar Abdul Rasheed Bakhshi	3,887,974	4,862,492	8,550,465	887,974	2,049,843	2,937,817
26	Khalid Aziz	Main Bazar Hasilpur	31203-1717961-3	Abdul Aziz	1,000,602	1,916,181	2,916,782	1,000,602	1,916,181	2,916,782
27	Pak Alam Ind.	Pak Alam Street, Commissioner Road Sialkot	1) Gayum Mehbub Rana (CNIC # 34803-4867043-7) 2) Ahsan Gayum Rana (CNIC # 34803-3010990-1)	1) Mehbub Alam Rana 2) Gayum Mehbub Rana	9,998,924	866,533	10,865,457	1,998,924	866,533	2,865,457
28	Razi Ullah Khan	B-268 Block 14 Scheme 36 Gulistan-e-Johar Karachi	42201-5310027-7	Muhammad Wasilullah Khan	7,723,629	2,775,339	10,498,968	-	2,775,338	2,775,338
29	Rehman Khalid	House No 197-D Model Town Lahore.	35202-7316312-7	Khalid Aziz	4,592,184	2,081,584	6,673,767	489,999	2,081,584	2,571,582
30	M Farooq	B 28, Scheme # 7, Al Hilal Co Operative Housing Society Karachi	42201-0984769-5	Mohammad Yousuf	2,548,961	-	2,548,961	2,548,961	-	2,548,961
31	Matloob Elahi	House No. 122 Street No. 12 Lane No. 04 Chaklaia Scheme No. 3 Rawalpindi.	37405-6281703-5	Mehboob Elahi Piracha	8,296,218	4,273,161	12,569,379	996,218	1,194,716	2,190,934
32	Ghulran Atta Khan	2nd Floor Kesc House 39-B Sunset Boulevard Ext II DHIA Karachi Karachi	42000-0479704-3	Atta Ullah Khan	1,746,469	295,161	2,041,630	1,746,469	295,161	2,041,630
33	Ehtisham Munawar	H. No. 599-A, Ghulam Muhammad Abad, Faisalabad	33100-8512947-5	Chudhary Munawar Ahmad	1,116,227	1,505,733	2,621,961	489,927	1,505,733	1,995,661
34	Tariq Ishaq Rao / Ghazala Muzafar	House # 17-e-II Officer Colony, Multan	36302-3330524-3	Tariq Ishaq Rao	2,198,753	3,120,378	5,319,132	2,198,753	(218,419)	1,980,334
35	Muhammad Sohail Anwar	H # 1, Block Ee, Phase IV/DHA Lahore	35202-9056207-3	Sheikh Muhammad Anwar	13,236,466	10,135,343	23,371,809	103,668	1,766,075	1,869,742
36	Ali Mohammad	H. No. 2/277 Mill Street Garden West, Karachi.	42201-5987592-7	Ali Muhammad	1,498,312	1,853,480	3,351,792	-	1,851,792	1,851,792
37	Faraz Ismail	House No -C/76 Block -8 Gulshan e Iqbal Karachi	42201-4371085-1	Ismail Yousf	7,796,030	6,645,742	14,441,771	-	1,851,315	1,851,315
38	Nageen Riffat	Paxar Pakistan Pvt Ltd C-1 Sector No 31-A Meharan Town Ext Korangi Industrial Area Brookes Chowrangi	42101-2626642-8	Muhammad Shoab	1,719,354	36,023	1,755,377	1,641,182	137,506	1,778,688
39	Muhammad Younas Babar	H. No. P-170/D, Street No. 6, Raja Chowk Alghanaabad No. 1, Faisalabad.	33100-0728538-3	Mian Muhammad Din Marhoom	2,494,870	1,287,444	3,782,314	479,870	1,287,444	1,767,314
40	Tariq Fakhri	H No 4- E D.H.A Erme Metro Sector Multan Road Lahore	34302-1262080-1	Jamal Sadia	1,455,937	133,387	1,589,324	1,369,915	287,795	1,657,711
41	Ahsan Ilyas	Park Avenue 3rd Floor Suit No 301 Block 06 P.E.C.H.S Opp Lal Kothi Shahrah e Faisal Karachi	41307-9455024-5	Muhammad Ilyas Khan	1,500,000	96,437	1,596,437	1,500,000	155,732	1,655,732
42	Amber Apparel	Plot No. 642 Kacha Jail Road, Kot Lakpat, Lahore.	Abdul Rehman Baig (CNIC # 35202-6892327-9)	S/O Abdul Rahef Baig	5,695,563	-	5,695,563	1,495,563	-	1,495,563
43	Muhammad Bilal Sikandar Shiekh	75 East 2nd Floor Instaphone Building Fazal-E-Haq Road Blue Area Saouur Foods Islamabad	37405-0288998-9	Shiekh Sikandar Hayat	1,333,143	78,343	1,411,486	1,333,143	115,829	1,448,972
44	M.M Hussain Traders	Near National Bank, Kacha Sheikhpura Road, Gujranwala.	Akmal Shahzad Malik (CNIC 34101-5658385-9)	Muhammad Hussain	1,000,000	441,671	1,441,671	1,000,000	441,671	1,441,671
45	Abdul Mujeeb	B 9/H, North Nazimabad Karachi	42101-4330052-1	Abdul Haseeb	1,241,973	140,497	1,382,470	-	1,404,137	1,404,137
46	Muhammad Moin	House No 585 Nasheman-E-Iqbal Housing Society Lahore	36502-1354905-9	Maqsood Ahmed	1,500,000	9,480	1,509,480	1,304,227	83,664	1,387,890
47	Azam Ali Khan	Philip Morris Pak Ltd 19th Floor The Harbour Front Hyperstar/Dolmen City H3 Block 4 Clifton Karachi	42201-7736517-5	Alsar Ali Khan	1,222,951	159,567	1,382,517	1,222,951	159,567	1,382,517
48	Muhammad Ayub	E-157-51-E Near Bank Stop Walton Road Lahore	35201-4573655-3	Abdul Ghafoor	2,472,492	1,028,835	3,501,328	347,492	1,028,835	1,376,328
49	Ali Hussain Khan	House # 64, St # 1, Main Road, Ghee Mill Shop, Model Town Humak Near Khan Restaurants, Islamabad	13302-1955787-9	Karam Khan	1,249,863	97,541	1,347,404	1,249,863	84,270	1,334,134
50	Mehmood Ali Siddiqui	House No 1689 Block 18 FB Area Masjid e Umar Karachi	42101-1381147-5	Nazim Ali Siddiqui	1,402,926	53,686	1,456,612	1,287,242	44,327	1,331,570
51	Ahmer Abdi	House # A-408 North Nazimabad Munawwar Hospital Block - H Karachi	42101-7397102-1	Syed Akhlaque Hussain	1,250,000	14,516	1,264,516	1,168,024	134,736	1,302,760
52	Mirza Niaz Muhammad & Sons	Plot No. 3331-Hurbance Pura Road, Near Jura Pull, Lahore	1) Mirza Nasir Saeed (CNIC # 35201-2381125-9) 2) Mirza Tahir Saeed (CNIC # 35201-5736750-3)	S/O Mirza Saeed Ahmad	5,250,529	-	5,250,529	1,250,529	-	1,250,529
53	Muhammad Naeem Haneef	House 2/73 Mohallah Al Noor Mir Hassan Road Model Town Sialkot.	34803-2127587-3	Mohammed Hanif	3,245,666	744,711	3,990,378	199,066	1,044,561	1,243,627

Financial Statements

Annexure-1

Sr. NO.	Name	Address	Name of Partners/ Directors NIC / CNIC	Father / Husband Name	Outstanding Liabilities at Beginning of Year			Amount Written off / Concession		
					Principal	Interest/ Mark up	Total	Principal	Interest/ Mark up	Total Balance
54	Ali Mirza	207 E Sector E DHA Jalalsons Phase 5 Street 5	42000-8715387-1	Mumtaz Mirza	1,086,902	19,927	1,106,828	1,071,072	156,106	1,227,178
55	Haroon Younus	Flat No 303 Farhan Square Blk 14 Gulistan-E-Johar, Darul Sehat Hospital Karachi	42201-4608046-7	Mohammad Younus Khan	1,102,933	83,565	1,186,498	1,102,933	122,698	1,225,631
56	Muhammad Siddique Ansari	Mohallah Chah Sarafan Street No 6 Hafiz Abad Road Gujranwala	34101-7790405-5	Haji Ali Muhammad	2,278,582	805,986	3,084,568	378,582	805,986	1,184,568
57	Karim Hassan Ali	Golden Textile Mills Ltd 213 214 Uni Plaza Chundrigar Road Karachi	35200-6742103-9	Hassan Ali Chatoor	905,968	175,289	1,081,257	905,969	267,725	1,173,693
58	Rana Awais Ahmed	30 W 1 Madina Town Faisalabad	33100-7969332-3	Rana Idrees Ahmed Khan	2,063,132	855,955	2,919,088	303,132	855,955	1,159,088
59	Syed Farukh Raza	19-B Khayaban-E-Khalid Phase 8 DHA Near Wohens College Karachi	42101-1703297-9	Syed Vaqar Raza	974,257	24,394	998,651	977,864	173,733	1,151,597
60	Sheikh Amir Hussain	F-8 Ground Floor Railway Colony Housing Scheme No 3 Crescent Marriage Hall Model Colony Karachi	42101-1611551-1	Ghulam Mustafa	1,040,426	110,054	1,150,481	1,040,426	110,054	1,150,481
61	Naeem Ahmed	H No-1166/14 F.B Area Karachi	42101-1439463-9	Abdul Raheem	982,728	149,389	1,132,117	982,728	149,389	1,132,117
62	Rafaqat Hussain	Khasra No 397/50 Benazir Chowk Mohra Chappar Chakri Road Near Shahryar Bakery Rawalpindi	37405-0443536-9	Gul Siraj Khan	1,083,506	22,780	1,106,286	1,006,823	114,150	1,120,974
63	Muhammad Ali	Dollar Paint Industries New Railway Phatak Railway Phatak Muhammad Pura Lahore	35201-4973245-9	Javed Hussain	984,896	109,086	1,093,982	969,897	137,279	1,107,176
64	Muhammad Ayub Khan	House# 184 Street# 35 G-9/I Islamabad.	61101-4315464-9	Zikr Muhammad Khan	789,134	294,803	1,083,937	789,134	294,803	1,083,937
65	Imran Shafiq	19/2, Sheet-21, Model Colony, Karachi	42201-6236720-9	Shafiq Allah	2,525,579	2,556,404	5,081,984	800,753	271,820	1,072,573
66	Zaheer Ul Mateen Butt	Stahco Wood Tech Industries 21 Km, Ferozpur Road Lahore,	35202-8245811-5	Muhammad Amin Butt	1,821,971	735,646	2,557,617	321,971	735,646	1,057,617
67	M Asghar Khan	Plot No 53-B South Sea View Avenue Phase II, DHA, Karachi.	42201-0721216-5	Muhammad Saleem	850,369	77,856	928,225	850,368	204,491	1,054,860
68	Muhammad Awais	Bilytica 305 F-2 Johar Town Lacas Lahore	36502-9797137-1	Maqsood Ahmad	1,000,000	538	1,000,538	1,000,000	52,555	1,052,555
69	Muhammad Asad Masood	Shop No 51-B First Floor Link Arif Center Hall Road Regal Chowk Lahore	33302-2251299-3	Masood Ahmed	896,495	97,545	994,040	898,490	147,863	1,046,353
70	Muhammad Alzal	H No 2 Ichra Rana Street Jinnah Colony Mazar Baba Peer Ghazi Pir Ghazi Road Lahore	35202-0989702-7	Main Khushi Muhammad	1,031,547	1,608	1,033,156	917,510	121,684	1,039,194
71	Muhammad Irfan Siddiqui	House # 43-W DHA Phase III Lahore Cantt	36302-3360678-5	Humayoun Sultan	980,439	18,575	999,013	980,439	54,969	1,035,408
72	Mohammad Younus	6Th Floor Madina City Mall Abdullah Haroon Road Zainab Market Karachi	42301-1364502-7	Mohammad Hussain	886,173	123,053	1,009,226	886,173	147,890	1,034,063
73	Muhammad Yasir Ijaz	House No 135 Block No 4 Karim Park Ravi Road Near Allah Wali Masjid Lahore	35202-1178347-3	Muhammad Ejaz	4,566,970	1,911,178	6,478,149	490,000	536,762	1,026,762
74	Nauman Ahmad	Bilytica 305 F2 Block Johar Johar Nr Lacos School	36502-9786782-1	Maqsood Ahmad	-	-	-	960,803	53,610	1,014,413
75	Mehmood Ahmed	Haier Pakistan Pvt Limited 8Th Floor, Mega Tower Adjacent To Mcdonalds Main Boulevard, Gulberg II	42000-0511643-1	Said Rasool	976,363	17,900	994,263	925,165	81,167	1,006,332
76	Muhammad Farooq	Zafar Securities Pvt.Ltd. 11-G 1St Flr. Masjid Chowk DHA Lahore.	35201-1261612-1	Abdul Raheem	897,855	-	897,855	881,689	122,167	1,003,856
77	Syed Mohsin Rizvi	H No 617 Road D Phase 5 Behria Town Dunkin Donut Islamabad	54400-8388200-7	S.M Muzahir Rizvi	929,325	8,694	938,019	900,897	99,346	1,000,243
78	Atiq Ur Rehman	Ministry Of Commerce Block A Room No 507 Marriott Apk Secreate Islamabad	37405-0294065-7	Rasool Muhammad	943,056	24,576	967,632	911,947	79,899	991,845
79	Zafar Iqbal	Gop Pral House No 14 Hill Road F-6-3 F-6 Markaz Islamabad	37405-0474607-3	Muhammad Shafi	988,836	1,276	990,112	877,677	98,476	976,153
80	Tahir Siddique	21-E Marghazar Colony Multan Road Lahore	35202-9725488-3	Mohammad Siddique	4,494,293	864,842	5,359,135	-	972,247	972,247
81	Aftab Ahmed	H. No. B-229, Block "J", North Nazimabad, K.D.A., Scheme No.2 Karachi.	42101-1665527-0	Maik Mohammad Mobin	4,719,868	-	4,719,868	944,868	-	944,868
82	Ghulam Ali S Larik	A - 1003 Rim Jhim Tower Kesc Scheme - 33 Karachi	43203-8615698-7	Ahmed Buksh Larik	338,323	795,601	1,133,924	339,860	587,990	927,849
83	Syed Ali Raza	R-139 Sector 10 North Karachi Kalyana Society Near Disco More Karachi	42101-1706276-7	Syed Mushtaq Hasan	798,581	6,661	805,242	765,060	156,732	921,793
84	Adil Akhtar	4-B 11/13 Nazimabad Karachi	42101-9167473-5	Mohammad Izhar Ul Haq	802,297	22,488	824,785	804,210	109,127	913,337
85	Syed Shakir Hussain Rizvi	H.No.A-144 Block-I North Nazimabad Near Five Star Signal Karachi	42101-5633438-5	S Shokat H Rizvi	3,792,144	3,700,877	7,493,021	192,144	716,782	908,926
86	Saif Ur Rehman	House-21, Street-4 Sector-C Phase-1 DHA Near DHA Gate Islamabad	37405-0812577-1	Haji Barkat Ali	877,347	48,973	926,320	868,267	36,888	905,155
87	Tayyeb Mahmood	H No 150 Block B New Chauburji Park Near Ahmed Fabrics	35202-1230126-7	Khalid Mahmood	850,000	12,613	862,613	802,987	93,070	896,057
88	Naseem Ahmed	41 A-2 Eleventh South Street DHA Phase II Karachi.	42301-2904036-5	Manzoor Ul Haq	779,004	108,556	887,561	757,989	126,687	884,676
89	Mohammad Fahad Aslam Choudhary	7-C, Mezzanine # 3 Lane # 10, Bukari Commercial Phase VI	35202-8095325-7	Mohammad Aslam Choudhry	8,398,000	2,811,393	11,209,393	-	877,138	877,138
90	Mian Muti Ur Rehman	House No. 679 Areana Street No. 19, Phase-IV, Bahria Town	61101-7587382-3	Mian Muhammad Aslam	872,369	17,481	889,850	791,909	82,323	874,232

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Annexure-1

Amount in PKR Rupees

Sr. NO.	Name	Address	Name of Partners/ Directors NIC / CNIC	Father / Husband Name	Outstanding Liabilities at Beginning of Year			Amount Written off / Concession		
					Principal	Interest/ Mark up	Total	Principal	Interest/ Mark up	Total Balance
91	Nadeem Sarwar	156 Jade Block Park View Villas At River Edge Housing Scheme DHA Eme Sector Multan Road	35202-8994662-9	Mohammad Sarwar Marhoom	817,964	16,359	834,324	772,103	89,091	861,194
92	Khaavar Tehseen Sheikh	Hbl Cca J Block Phase V DHA Lahore Lahore. Near ABL Lahore	35201-1313513-3	Tehseen Ahmed Sheikh	904,960	16,967	921,928	832,628	28,479	861,106
93	Muhammad Sarwar Javed	Al Bario Engineering Pvt Ltd, Rasul Building, 80 Shahrah e Quaid E Azam, Lahore	36601-7838502-5	Muhammad Sharif	785,542	61,496	847,037	785,542	74,601	860,143
94	Shakeel Muzaffar Khokhar	Inter Flow Communication Pvt Ltd 74 B-II Gulberg-III Lahore	35201-3534312-9	Mohammad Muzaffar Khokhar	787,200	67,300	854,500	717,953	140,008	857,961
95	Hussain Bajwa	Baker Hughes 6Th Floor Ise Tower Saudi Pak Tower Blue Area Near Ise Tower	90406-0144930-3	Muhammad Sohail Bajwa	839,418	8,936	848,353	787,045	67,577	854,622
96	Sardar Shahid Hameed Khan	Butt Plaza Main Commercial Area Maroof Hospital F-10 Markaz Islamabad	37405-3029419-5	Abdul Hameed Khan	772,651	65,368	838,019	772,651	81,001	853,652
97	Syed Anis Ur Rehman Bukhari	Fiat No A-27 Kda Palace View Apartment Phase 2 Hascol Pump Gulistan-E-Johar Block 10 Karachi	42101-3168223-3	Syed Iqbal Ur Rehman Bukhari	744,319	35,776	780,095	744,319	105,689	850,008
98	Najeeb Ur Rehman	Livestock Complex Directorate General Exd 16 Cooper Road Lahore Back Side Punjab Assembly Lahore	35202-2680067-7	Abdul Hameed	785,542	31,349	816,891	785,542	58,159	843,701
99	Shafique Ahmed	S-6 E-4 Officers Colony Cavalry Ground Lahore	35201-2064497-9	Haji Munir Ahmed	6,638,576	3,001,878	9,640,454		833,068	833,068
100	Muhammad Junaid Mitha	Plot No Sd-12 North Nazimabad Block A Near Dilpasand Sweats & Bakers Karachi	42101-6563700-1	Abdul Rasheed Mitha	746,993	27,605	774,598	746,993	85,245	832,238
101	Muhammad Faraz Ahmed Khan	House No 13/E Sunset Lane 8 Phase 2 Ext DHA Karachi	42000-3147344-1	Itikhar AKhan	732,541	12,563	745,104	726,437	100,758	827,195
102	Abdul Hameed Qureshi	H # A-507, Block # J, North Nazimabad, Karachi	42301-9571884-3	Abdul Majeed Qureshi	2,795,912	1,920,889	4,716,801		823,967	823,967
103	M Ashraf	M Ashraf Motton Shop 10 E, Main Market Gulberg II Lahore	35202-6338632-7	Aziz Din	5,959,861	319,648	6,279,508	478,961	319,648	798,608
104	Mian Abrar Ahmed	53/II Khayaban-E-Muhafiz Phase VI DHA Karachi	42301-8934277-1	Mian Riaz Ahmed	713,968	23,906	737,874	673,459	124,869	798,329
105	Muhammad Rukhsan	Garja Road Abadi No 2 C/O Shahid Magze Bakery Rawalpindi	37405-3277180-1	Muhammad Suleman	695,000	2,167	697,167	689,735	97,993	787,728
106	Ch.Shabbir Hussain Warriach	Street Warriach Mohallah Sharif Pura Rahwali Gujranwala	34101-0518801-9	Chaudhry Bashir Ahmed Warriach	2,562,154	1,068,453	3,630,607	486,809	297,701	784,510
107	Tahir Mahmood	Karwan E Arafat Travel And Tours Pvt Ltd F-2 Nazir Summit Bank Lahore Centre	35202-4322315-5	Choudry Ghulam Nabi	666,932	124,259	791,191	656,488	124,385	780,873
108	Adeel	1404 14Th Floor National It Park Ceasars Towers Shahrah e Faisal	42301-2853945-1	Muhammad Pervaiz	740,373	19,126	759,500	716,374	63,876	780,250
109	Zubaida Hussain	Appartment 2 Aram Mehal Main Bani Gala Road Taaj House Islamabad	36303-3215755-6	Khalid Hussain	834,925	22,211	857,136	705,752	61,458	767,210
110	Mohammad Farooq	11-G, Commercial Area, Zafar Securities Masjid Chowk, DHA Lahore	35201-1261612-1	Abdul Rahim	733,301	85	733,386	710,323	56,268	766,590
111	Muhammad Shahid	Flat # 251 3Rd Floor Parveen Arcade UBL Bank Mehmoodabad No 3 Karachi	42301-1012286-7	Nazir Ahmed	681,713	20,545	702,259	681,713	79,933	761,646
112	Saif Ur Rehman	House-21, Street-4 Sector-C Phase-1 DHA Near DHA Gate Islamabad	37405-0812577-1	Haji Barkat Ali	699,225	56,063	755,289	667,753	92,141	759,894
113	Muhammad Ahsan Majeed	House No 273-Q Phase No II DHA Lahore Near G Block Clnx Medical Store Lahore	35201-8367852-5	Abdul Majeed Khan Pervaiz	690,104	14,663	704,767	675,136	76,306	751,442
114	Arif Raza Shao	Eme Karachi Office 905 Business Avenue Avenue Block 26-A P.E.C.H.S Karachi	42301-0835499-5	Karim Bhai Shao	668,060	44,342	712,401	668,060	61,503	729,563
115	Mohammad Khurram Ehsan Khan	E-13/13, V-9 Hassan Lane Abid Road Cavalry Ground Lahore Cantt, Lahore	35201-3512717-9	Shan Mohammad Khan	677,995	13,560	691,555	677,995	50,400	728,395
116	Muhammad Sadiq	Street# 20 House# 2 Mohallah Empress Park Bibi Pak Damon Lahore	35202-0639349-5	Muhammad Sharif	2,975,940	1,240,927	4,216,867	369,940	345,699	715,639
117	Ghazala Ghayur	D-120 Site Karachi Near Hinopak Karachi	42101-1557690-6	Muhammad Faraz Khan				640,000	73,702	713,702
118	Muhammad Zubair	House# 258-A, Cp Berar Society, Block-7 And 8 Karachi	42101-1403834-5	Abdul Sattar	8,150,561	3,052,747	11,203,308		702,895	702,895
119	Muhammad Awais Khan Niazi	House No 92 B Street No 5 Sui Gas Society Near DHA Phase 4 Lahore	35201-4054743-3	Riaz Ahmed Khan Niazi	687,953	25,487	713,440	687,624	13,645	701,270
120	Imad Malik	401-402, 4Th Floor Century Tower Kalma Chowk Gulberg III	35202-9892481-3	Malik Abdul Rasheed	590,969	89,079	680,048	590,969	107,148	698,117
121	Faiz Alam	R21/1 Sector 7D4 Shadman Town Nazish Apartment North Karachi	42101-9025389-1	Rasool Buksh	600,000	52,849	652,849	600,000	84,929	684,929
122	Arif Masaud Ahmad	Room No#10 Ground Floor Additional Block Law, Dte.CDA Chairman Office G7/4 Islamabad	17301-1479814-7	Manzoor Ahmad Malik	635,185	15,350	650,535	594,899	82,718	677,617
123	Kamran Rasheed	5Th Floor Office 508 Beaumont Plaza Pldc Beaumont Road Karachi	38201-5380272-1	Abdul Rasheed	634,389	16,238	650,627	622,686	52,105	674,792
124	Tariq Mehmood Butt	H. No. 21-D, Lane 5-A, Tuisa Road, Lalazar Rawalpindi.	37405-2756214-3	Haji Ghulam Muraza	1,241,671	500,765	1,742,436	171,671	500,765	672,436
125	Mr Anas Jamal Saeed	Standard Chartered Bank Trust Plaza Model Town Gujranwala	42101-0439229-3	Muhammad Abbas	504,275	129,210	633,485	504,275	166,724	670,999
126	Ammar Sultan	Curemd 30 Davis Rd UBL Bank Lahore	13302-4812641-1	Sultan Mehmood	638,488	12,770	651,257	620,341	48,483	668,825

Financial Statements

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Sr. NO.	Name	Address	Name of Partners/ Directors NIC / CNIC	Father / Husband Name	Outstanding Liabilities at Beginning of Year			Amount Written off / Concession		
					Principal	Interest/ Mark up	Total	Principal	Interest/ Mark up	Total Balance
127	Ghulam Mohyuddin Jagirani	Plot No B78/2Nd Floor Estate Avenue Nbp Site Br Site Karachi	43202-2550865-7	Ghulam Serwar Khan Jagirani	594,824	33,622	628,446	551,759	116,502	668,261
128	Taj Muhammad Khan (Jica)	Japan International Cooperation Agency (Jica) 4Th, Fl, Serena Office Khayaban-I-Suhrawardy Complex, Plot No.17, G-5/1 Islamabad	37406-1573563-9	Hafiz Muhammad Mustafa Khan	723,416	14,468	737,884	641,773	25,324	667,097
129	Majid Ali	Fiat # 8 Plot # 28 -C 21-Commercial Street DHA Phase II Extension Karachi	45504-2652523-7	Liaquat Ali	617,303	34,111	651,415	617,303	45,129	662,432
130	Mustafa Siraj	S-61 Khayabn-E-Abdali Phase 8-B DHA Opposite Creek Vista Apartment Karachi	42301-2816104-3	Siraj Abdullah	598,562	14,465	613,027	590,490	69,143	659,633
131	Mr Muhammad Mansoor Alam	142/1 P Street Khayaban-E-Rahat Phase 7 Defence Housing Authority Near DHA College	42101-2165882-5	Hamid Uddin Peracha	503,115	98,662	601,777	503,116	151,820	654,935
132	Pervez Iqbal	75-A Kny-E-Badar Phase-VI DHA Karachi.	42301-0963764-7	M Hidayat Ullah	564,075	48,594	612,669	538,291	113,061	651,352
133	Mr Muhammad Umer Rasheed	House# 222/2 Street# 34 Kh-E-Roomi D.H.A-08 Phase Near Daraksha Thana	42301-0135287-9	M Ibrahim Rasheed	499,000	98,129	597,129	499,000	150,885	649,885
134	Amjad Ali Shah	Fiat #B-50 6Th Floor , Falak Naz View Apartment, Shahra e Faisal Airport Karachi	42000-6664316-1	Abdul Badshah	611,519	4,569	616,089	590,221	56,685	646,907
135	Imran Ahmed	H.M.B Bank Site Area Branch Manghopir Road Karachi Near Metro	42101-1762119-3	Sheikh Atta Ullah	622,077	16,637	638,714	597,285	46,473	643,758
136	Tahir Ali Jafri	Lahore High Court Transport And Protocol Dept Lahore High Court Lahore Near GPO Chowk Lahore	33202-1206225-3	Abdul Ali	668,801	12,365	681,166	630,666	10,466	641,132
137	Mr Yasir Hussain	Fiat # A-1 Block A Amina Square Business Recorder Road Garden East Karachi	42301-7494843-3	Ghulam Hussain	496,722	-	496,722	498,753	141,592	640,344
138	Majid Ahmed Khan	B-76, Qadri Jama Masjid Unit # 02, Latifabad	41303-1523504-3	Jamil Ahmed Khan	615,025	51,814	666,839	612,657	25,170	637,827
139	Zafar Iqbal	Plot No G1 To G4 Port Qasim Authorities Near Akbar Godown	37406-1609763-7	Feroz Qamar	616,239	12,325	628,564	570,098	64,663	634,761
140	Anwar Ali Baloch	Pqa Harbour Operation Dept Control Room National Highway Tower Port Qasim Karachi	42501-4645748-9	Abdulla Baloch	592,439	11,849	604,288	576,860	56,946	633,806
141	Muhammad Mushtaq	Shop # 1, Shakeel Plaza, Khayaban E Sir Syed Sector 2, Near Awan Market Rawalpindi	37405-4310770-5	Muhammad Iqbal	1,045,000	1,341,937	2,386,937	-	633,261	633,261
142	Irum	Bungalow 1-A S# 08 Sector F8/3 F8 Markaz Islamabad	54400-7121028-2	Muhammad Tariq Barlas	586,032	5,482	591,515	554,908	78,352	633,260
143	Mr Muhammad Arshad	H 2 Bara Sanda Near Haq Bahoo Traders Main Band Road	35202-2709540-9	Muhammad Ashraf	-	-	-	499,598	131,360	630,958
144	Ajaz Ahmed Gohar	Fiat No C-4 Wapda Colony Sector I-8/1 Isd Islamabad	17301-1302524-7	Mushtaq Ahmed Khan	557,128	40,596	597,723	557,128	73,389	630,517
145	Mr Muhammad Shahbaz	Al Azam Travels And Tours Mz-74 Empress Tower 46-Empress Road Lahore	35202-7739882-1	Mushtaq Ahmed Bhatti	489,731	88,849	578,580	489,731	140,702	630,433
146	Muhammad Abid Khan	B-125, Block 13 D /2 Gulshan-E-Iqbal Karachi	42201-0168602-9	Bashir Uddin	531,423	13,639	545,062	516,515	108,304	624,819
147	Tara Chand	Fiat# 1003 10Th Floor Block-B Naz Plaza 85 Th Lane M.A Jinnah Road	42301-6826017-3	Jesu Mli	485,584	117,159	602,743	485,584	134,309	619,893
148	Khawja Naveed Rasheed	House No A-125, Sector 15A-5 Buffer Zone Peoples Chorangi North Nazimabad Karachi	42101-4017455-3	Khawja Abdul Rashid	614,025	11,964	625,989	572,321	47,309	619,630
149	Kamil Medicine	Basti Neel Kot Bosan Road Mohalla Sabzazar Colony Multan	36302-3966112-1	Ahmed Buksh	934,136	474,062	1,408,198	140,136	474,062	614,198
150	Mr Ilyas Ahmad	Muslim Book Centre 17 Aziz Market Urdu Bazar Near Friends Book Centre	35202-9762578-9	Ahmad Din	478,895	101,139	580,034	478,895	135,003	613,898
151	Muhammad Rafiq Mandvia	Electronics Market Br Sub Branch Preedy Street Branch Shop No 1-B Mobile Market Queens Court Abdullah Haroon Road Karachi	42201-6291672-9	Abdul Sattar	614,480	12,345	626,825	582,266	30,377	612,643
152	Mohammad Fayyaz Awan.	House No Cb-1410, Street No 3, Mohallah Niyazi Town, Misriyal Road, Rawalpindi Cantt, Tehsil & Distt Rawalpindi	37405-0443275-5	Mohammad Riaz Awan	550,216	24,275	574,490	550,216	59,363	609,579
153	Muhammad Azam Ali	House No. 414-P, Street No. 03 Main Bazar, Afghan Abad No.1 Faisalabad.	33100-0628688-9	Mairaj Din	2,405,405	902,753	3,308,158	355,405	253,887	609,292
154	Muhammad Ayub	A&A Associates Raja Chambers 2nd Floor Suite-1 35 Shahrah-E-Fatima Jinnah Lahore	35202-4080149-7	Muhammad Ismail	548,072	27,506	575,578	534,216	74,329	608,545
155	Ali Mirza	207 E Sector E DHA Jalalsons Phase 5 Street 5	42000-8715387-1	Mumtaz Mirza	499,939	-	499,939	501,921	102,658	604,579
156	Naveed Ishaq Butt	Shop No 01 Shally Vallay Range Road Rawalpindi Opp Hakeem Plaza	37405-4796676-5	Muhammad Ishaq Butt	489,277	-	489,277	499,981	98,742	598,723
157	Lubna Raza	Askari Bank Ltd Sector F-10 Markaz Isd Islamabad	12101-0915743-6	Muhammad Majeed Raza	589,535	10,319	599,854	589,535	8,319	597,854
158	Mr Syed Ali Raza	R-139 Sector 10 North Karachi Kalyana Society Near Disco More Karachi	42101-1706276-7	Syed Mushtaq Hasan	431,144	-	431,144	502,212	92,326	594,538
159	Mr Yasir Hussain	Fiat # A-1 Block A Amina Square Business Recorder Road Garden East Karachi	42301-7494843-3	Ghulam Hussain	-	-	-	492,668	101,664	594,333

Financial Statements

Annexure-1

Amount in PKR Rupees

Sr. NO.	Name	Address	Name of Partners/ Directors NIC / CNIC	Father / Husband Name	Outstanding Liabilities at Beginning of Year			Amount Written off / Concession		
					Principal	Interest/ Mark up	Total	Principal	Interest/ Mark up	Total Balance
160	Tanvir Ahmed Khan	Bbc Pakistan House No 28 F-7 Markaz Street No 8 F7 3 Islamabad	61101-1749333-1	Khalil Ahmad Khan	471,059		471,059	499,300	94,306	593,606
161	Muhammad Akram	64 Ground Floor West Point DHA Ph II Ext Utility Store Korangi Road Karachi	42201-3291122-3	Ahmed Buksh	499,916	44,592	544,508	501,911	89,499	591,410
162	Asif Manzoor	Shans Granities And Marbels Unit 07 2K Plaza I-9 Markaz Near Sui Northeren Gas Office Islamabad	61101-9809622-9	Manzoor Hussain	470,321	39,656	509,977	498,027	93,210	591,237
163	Mehmood Ahmad	H#2 St#10 New Mozang Lahore	35202-1196217-9	Man Zahoor Din	483,577		483,577	496,322	93,373	589,694
164	Shahzad Rafique	H# 20 St# 9-H Darbar Baba Beri Peer Karmandi	35202-1152045-7	Muhammad Rafique	500,602	6,672	507,274	503,706	85,245	588,951
165	Azhar Ayub Bhatti	House No 735 Street No 23 Galileo 106 Sector I-10/4 Ptd One Stop Shop Street Islamabad	37406-3166627-9	Muhammad Ayub	508,636	62,751	571,387	508,636	75,035	583,671
166	Hareesh Kumar	Suit No 608 6Th Floor Ponawala Trade Tower Opp City Court Chaba Street Karachi	41303-3413794-9	Pehaj Mal	498,893	44,647	543,539	493,524	89,799	583,324
167	Mr Muhammad Ali	Dollar Paint Industries New Railway Phatak Railway Phatak Muhammad Pura Lahore	35201-4973245-9	Javed Hussain	491,838	76,306	568,144	496,830	86,433	583,263
168	Guizar Ahmed	Chak No 217 Jb, DHAnola, Milat Road, Faisalabad.	33100-7860896-3	Muhammad Ali	1,089,270	579,528	1,668,798		579,528	579,528
169	Syed Mustafa Quli	Meinhardt D-91/3 Kda Scheme#1 Main Tipu Sultan Rd Nr Khaadi Stop	42301-5310608-3	Syed Mehdi Quli	498,301	51,206	549,507	500,296	79,165	579,461
170	Abdul Rehman	Haji & Sons 464 Chowk Rehman Pura Lahore	35200-1525197-1	Muhammad Sharif	481,858		481,858	484,649	93,572	578,221
171	Aziz Ahmed	House No L-417 Street 6 Sector 16-A Shah Lateef Town Haji Karyana Store Bin Qasim Town Karachi	42501-1477391-9	Muhammad Ismail	631,887	14,712	646,599	569,243	8,946	578,189
172	Muhammad Shahbaz	Al Azam Travels And Tours Mz-74 Empress Tower 46-Empress Road Lahore	35202-7739882-1	Mushtaq Ahmed Bhatti	493,791	67,663	561,454	493,791	81,503	575,294
173	Muhammad Ashtaq	1-B, Grain Market, Vehari	36603-6985389-5	Mushtaq Ahmed	1,180,551	598,729	1,779,280		574,704	574,704
174	Tahir Islam	585 P Ayub Jhang Road Faisalabad	33100-5132939-5	Choudhary Muhammad Bota	440,542	65,058	505,600	440,542	133,767	574,309
175	Mr Amir Sohail Sheikh	H No 93-A/2 Satellite Town Block # E	61101-5011670-3	Sheikh Muhammad Hussain	467,698	50,646	518,344	467,698	104,548	572,245
176	Kashif Muneer	House No 0/598, Street/ Muhallah 5, Kartar Pura	37405-0228386-3	Muneer Ahmed	424,950		424,950	474,508	95,909	570,417
177	Riaz Ali	Pharmagen Ltd 34 Km Ferozpur Road Kot Nabi Bukhs Pharmagen Near Descon Eng Wala Lahore	35201-9876317-1	Niaz Ali	500,000	31,777	531,777	500,000	70,340	570,340
178	Babar Baig	A-76 Block S North Nazimabad Karachi	42101-5932410-9	Zaheer Baig	486,806	53,740	540,546	486,806	81,028	567,834
179	Zafar Abbas Siddiqui	Office No 122 1St Floor Anum Blassing Kchs Block 7/8 Duty Free Shop Main Shahrah-e-Faisal Karachi	42501-8789753-5	Muhammad Nawaz	478,841	87,144	565,985	478,841	87,144	565,985
180	Shahzad Quadri	A-33/B Street No 2 Textile Avenue S.I.T.E Karachi	42301-1116137-5	Muhammad Haroon Quadri	474,833	17,944	492,777	464,875	98,739	563,614
181	Naila Iqbal	Shalimar Recording And Broadcasting Company 36 H-9 Islamabad Near H-9 Islamabad	61101-1834345-8	Iqbal Ahmed	533,212	41,053	574,265	533,212	30,333	563,545
182	Munir Ahmed	Rehmani St # 390/16, 390/15 N R Hafiz Building Material Store Salamat Pura Lahore	35201-0806707-5	Ch Nazir Ahmed	2,316,687	948,104	3,264,791		563,457	563,457
183	Faisal Masood	S-30 National Bank Staff Colony Cakes Bakes Allama Iqbal Town	35202-8714647-5	Masood Akhtar	492,771	62,687	555,458	492,771	70,108	562,879
184	Mr Syed Farrukh Raza	House#19-B Khy-E-Khalid P#VIII DHA Nr DHA Women College	42101-1703297-9	Syed Vaqar Raza	383,852	32,332	416,184	447,539	114,918	562,458
185	Mr Shahid Akhtar	H- 12-C St#01 Nayal Housing Society F-11-1	61101-3070126-3	Muhammad Suleman	461,678	85,048	546,726	462,462	99,768	562,230
186	Muhammad Faheem Anjum	H.No 176 Pitalia House Race Course Lahore	33202-1355837-5	Mohd Ashraf	2,589,996	2,570,912	5,160,908	517,996	44,053	562,049
187	Nauman Ahmad	Bilytica 305 F2 Block Johar Johar Nr Lacos School	36502-9786782-1	Maqsood Ahmad	442,467	11,426	453,892	463,167	98,231	561,398
188	Rashid Javed	H No 891 St No 90 Faizabad Sec I-B/4 Islamabad	37405-5712744-5	Javed Ahmed Khan	470,810		470,810	472,705	87,931	560,635
189	Mr Syed Mustafa Quli	Meinhardt D-91/3 Kda Scheme#1 Main Tipu Sultan Rd Nr Khaadi Stop	42301-5310608-3	Syed Mehdi Quli	450,355	81,544	531,899	453,114	106,518	559,632
190	Syed Waseem Abbas	Vigour Impex 12 T Biloc Gulberg II Lahore Near Behind M.M Alam Road Lahore	35202-8758360-9	Syed Abbas Ali Shah	485,163	49,510	534,674	485,163	73,615	558,779
191	Usman Adil Rasheed	Blk D National Police Foundation H#1782 St#12A Sec O-9 Islamabad	37405-5826443-1	Abdul Rasheed Bhatti	499,536	54,745	554,281	477,109	80,343	557,452
192	Summer Ziaullah	House No. 174 Street No. 5 Satluj Block Allama Iqbal Town Lahore	35202-2692636-8	Zia Ullah	317,881	9,313	327,195	459,906	95,016	554,922
193	Mr Sunil Sheroon	Tera Fund H#399 St#34 F-11-2 Near F-11 Markaz	61101-5294522-7	Pitras Masih	510,606	37,986	548,592	497,368	53,928	551,296
194	Sumaira Irfan	Munshi Hospital Bund Road Chohan Road Lahore Lahore	34601-5611092-8	Irfan Naeem	532,701	12,747	545,448	532,701	18,301	551,001
195	Mohammad Khurram	Office No 714, 7Th Floor Segal Trade Square Skin Hospital Saddar Karachi	42301-2362179-3	Mohammad Razzaq	465,200	70,770	535,970	465,200	84,993	550,193

Financial Statements

Annexure-1

Sr. NO.	Name	Address	Name of Partners/ Directors NIC / CNIC	Father / Husband Name	Amount in PKR Rupees					
					Outstanding Liabilities at Beginning of Year			Amount Written off / Concession		
					Principal	Interest/ Mark up	Total	Principal	Interest/ Mark up	Total Balance
196	Mr Abdul Rehman	Haji & Sons 464-C Chowk Rehman Pura Near Bhatti Tikka Shop	35200-1525197-1	Muhammad Shrif	446,175	-	446,175	446,175	102,468	548,643
197	Mr Muhammad Usman Ahmed	Bilytica 305 F 2 Johar Town Near Lacas School	36502-5467259-9	Maqsood Ahmad	-	-	-	487,398	59,568	546,966
198	Tauqir Hussain Shah	E96 Farooq Colony 02 Waeton Lahore	35201-1494766-5	Syed Muhammad Hussain Shah	404,296	10,525	414,821	460,851	86,018	546,869
199	Shoaib Qasim Jeeva	L-18, Ittehad Banglows Block 11, Gulshan e Iqbal Karachi	42201-8198043-9	Qasim Ismail Jeeva	1,056,004	630,132	1,686,136	466,004	79,734	545,737
200	Qazi Muhammad Tahir	Office No B-2 Mehran Vip Dr Daud Pota Road Habib Bank Cantt Station Karachi	31302-8201381-1	Qazi Muhammad Saeed	449,690	26,997	476,687	451,265	91,831	543,096
201	Ali Abdullah	House No B-181 Sector 35-A Zaman Town Tayaba Masjid Korangi No 4 Karachi	42201-5489278-7	Arshad Hafeez	-	-	-	495,206	42,924	538,131
202	Safdar Ali	Karim Block Markete Allama Iqbal Town City Marriage Hall Lahore	31101-4939853-9	Muhammad Shafi	506,617	10,132	516,750	482,691	55,429	538,120
203	Gohar Ayub	United Lubricants Pvt Ltd 2, Lmc Market, Suit#2 Badamibagh, Lahore.	35202-2255457-3	Muhammad Ayub	458,461	94,226	552,687	458,460	78,698	537,159
204	Laila Batool	House # 54 Block A Wapda Town Main Road taru Jabba	17301-3483382-4	Mohammad Younis Khan	511,684	38,930	550,614	511,684	22,678	534,362
205	Muhammad Awais	Bilytica 305 F-2 Johar Town Lacas Lahore	36502-9797137-1	Maqsood Ahmad	499,997	5,529	505,525	465,601	68,399	534,000
206	Yasir Rasheed	H No 288 St No 1-A Main Market Judicial Colony Rawalpindi	37405-0500549-7	Abdul Rasheed	467,234	27,349	494,583	434,489	91,685	526,174
207	Mohammad Zubairuddin	1556 Block 15, F.B Area, Dastagir Colony, Karachi	42301-0733368-1	Muhammad Zaheer Uddin Ahmad	507,858	9,657	517,515	507,858	17,931	525,789
208	Mr Abdul Rehman	24/2 Main Kh-E-Badar Phase 5 DHA Near Sultan Masjid	42301-8664793-7	Abdul Samad	202,947	6,639	209,586	374,323	150,872	525,194
209	Mr Nauman Ahmad	Bilytica 305 F2 Block Johar Johar Nr LACOS School	36502-9786782-1	Maqsood Ahmad	335,016	-	335,016	418,696	103,475	522,171
210	Mr Muhammad Yunus	162/2 Main Khy-Tariq Phase 6 DHA Near CAS School	42301-1364502-7	Muhammad Hussain	388,655	102,960	491,615	388,655	132,958	521,614
211	Muhammad Iqbal Qazi	H/No 37/5 Liaqat Road Civil Lines Cantt, Hyderabad.	42301-8587433-5	Ahmed Muhammad Qazi	499,153	13,050	512,203	449,882	71,430	521,312
212	Muhammad Shahid Rehman	2nd Floor 32/5 Near Green Building Stop Multan Road Lahore	35202-5336758-3	Abdul Qadar Khan	466,605	36,531	503,135	466,605	53,984	520,589
213	Tariq Shahzad Azam	H No-2 Block-B Fort Villas Rifle Range Road Near Iqbal Park Walton Cantt Lahore	35201-2394000-7	Muhammad Azam	449,863	18,857	468,720	445,457	73,719	519,176
214	Sardar Shahid Hameed Khan	Butt Plaza Main Commercial Area Maroof Hospital F-10 Markaz Islamabad	37405-3029419-5	Abdul Hameed Khan	443,236	73,460	516,696	443,236	73,460	516,696
215	Saeed Ahmad Khan	H No 322 Sector B-1 Block No 4 Muazzam Park Township Lahore	35200-3627099-5	Qadeer Ahmad Naz	481,931	3,731	485,662	462,372	53,847	516,220
216	Syed Anwer Iftikhar Zaidi	Seven Seas International C3 Fish Harbor West Wharf Karachi	42301-1096180-5	Syed Iftikhar Ahmed Zaidi	451,617	32,801	484,418	433,083	82,454	515,537
217	Syed Mukhtar Ali	House No A-774/12 F.B. Area Gulberg Karachi.	42101-4075654-5	Syed Mumtaz Ali	1,767,224	736,876	2,504,099	-	514,490	514,490
218	Shaikh Muhammad Afzal	Time Agencies 907 9Th Floor Gul Tower I.I.Chundrigar Road Karachi	42301-1099377-1	Shaikh Muhammad Sadiq	426,601	11,572	438,172	433,415	80,338	513,753
219	Muhammad Ali	Plot#26 Sect#23 Korangi Ind Area Brooks Chowrangli Suzi South Adjecon Unit#3 Karachi	42201-8293432-9	Ghaflar Ahmed	-	-	-	452,947	57,984	510,930
220	Pervez Iqbal	B.B.C.L. Office# 26-C B.B.C.L. H Ouse Khayaban-E-Jami Phase VII DHA	42301-0983764-7	M Hidayat Ullah	432,685	5,700	438,385	474,009	36,332	510,341
221	Al Rehman Trading Co	Rex Market, 6-Allama Iqbal Road Lahore	Habib Ur Rehman (CNIC # 35200-1322971-5)	S/O Abdul Rehman	350,016	143,931	493,947	350,016	159,205	509,220
222	Muhammad Fawad Zia	Plot No 1095 F/F102 Mubashir Arcade Hyderabad Colony Shell Petrol Pump Jail Road Chowrangli Karachi	42101-5656811-3	Muhammad Zia Uddin	430,461	-	430,461	430,461	78,328	508,789
223	Mohammad Zia	D-11,12 Al-Fazal Plaza North Nazimabad BI-B Karachi.	42101-3797812-1	Muhammad Abbas	508,034	3,569	511,603	113,929	394,551	508,479
224	Nizar Noor Ali	Lakhani Tower Flat D-2 Lobo Street Garde West Karachi	42201-8512338-1	Noor Ali Saif Uddin	456,912	34,073	490,985	456,912	50,249	507,161
225	Muhammad Amin Nasir	H No As-13 Block 10 Gulshan E Iqbal Opp Alladin Park National Cement Housing Society Karachi	42301-9695873-7	Hakim Ali	526,300	13,127	539,427	491,255	15,588	506,842
226	Mr Naveed Ishaq Butt	P/1079-C. Asghar Mall Road Rawalpindi	37405-4796676-5	Muhammad Ishaq Butt	188,341	(6,840)	181,501	395,526	111,089	506,615
227	Obaid Iqbal Siddiqui	House No A-1, Str#15 Sector No 14B Shadman Town Near Oxford School Karachi	42501-7442434-3	Iqbal Ahmed Siddiqui	446,788	59,428	506,216	446,788	59,428	506,216
228	Muhammad Jawad	Flat NoB-103 1St Floor Sana Tower Firdous Colony Nazimabad No 1 Karachi	42101-4595077-1	Muhammad Habib	457,388	26,875	484,263	457,388	47,743	505,131
229	Waseem Uddin Ahmed	H. No. A-126/127, Block B, Liaquat Abad, Karachi.	42101-1878120-3	Saleem Uddin Ahmed	1,217,946	504,500	1,722,446	-	504,186	504,186
230	Khalil Ahmed	House No 1530 T.B Hospital Road Out Side Delhi Gate Multan	322-90-648256	Siraj Din	1,559,000	698,602	2,257,602	309,000	194,882	503,882
231	Muhammad Haris	House No C-9, Block 4A Azeem Goth Bilal Masjid Abdul Hassan Isphani Road	42501-1509075-9	Shafeeq Ahmed Siddiqui	526,300	13,515	539,815	473,521	28,156	501,678
232	Mr Hidayat Ullah	M/S Amaan Trading Office 8,9 3rd Floor, Mustafa Centre Bara Market Shah Alam Lahore	21201-9622553-5	Toor Aman	392,398	-	392,398	383,682	116,339	500,022
					1,256,973,282	721,985,448	1,978,958,730	826,887,546	683,684,091	1,510,571,637

PATTERN OF SHAREHOLDERS

As of 31 December 2016

NO. OF SHAREHOLDERS	SHAREHOLDINGS' SLAB			TOTAL SHARES HELD
1196	1	to	100	45,319
1818	101	to	500	559,356
1036	501	to	1000	805,932
2298	1001	to	5000	5,839,784
770	5001	to	10000	4,770,304
103	10001	to	15000	1,262,077
69	15001	to	20000	1,208,285
37	20001	to	25000	852,922
23	25001	to	30000	647,191
18	30001	to	35000	578,214
12	35001	to	40000	456,682
4	40001	to	45000	168,632
7	45001	to	50000	340,771
5	50001	to	55000	260,253
3	55001	to	60000	171,018
3	60001	to	65000	187,397
6	65001	to	70000	411,219
2	70001	to	75000	145,524
3	75001	to	80000	231,343
1	80001	to	85000	85,000
1	85001	to	90000	89,000
6	95001	to	100000	595,400
1	100001	to	105000	103,045
2	120001	to	125000	244,000
2	125001	to	130000	255,400
1	130001	to	135000	134,400
1	155001	to	160000	157,000
2	170001	to	175000	346,500
2	195001	to	200000	400,000
1	215001	to	220000	220,000
1	220001	to	225000	220,200
1	235001	to	240000	238,900
2	245001	to	250000	497,232
1	260001	to	265000	262,000
1	265001	to	270000	270,000
1	280001	to	285000	282,500
3	295001	to	300000	900,000
1	360001	to	365000	362,000
1	370001	to	375000	375,000
1	415001	to	420000	419,000
2	420001	to	425000	845,500
1	440001	to	445000	440,179
1	455001	to	460000	459,415
2	495001	to	500000	1,000,000
1	710001	to	715000	712,500
1	815001	to	820000	819,295
1	910001	to	915000	914,570
1	970001	to	975000	974,000
1	1075001	to	1080000	1,078,600
1	1495001	to	1500000	1,500,000
1	1510001	to	1515000	1,511,500
1	1590001	to	1595000	1,591,500
1	1995001	to	2000000	2,000,000
1	3832335001	to	3832340000	3,832,339,162
7462				3,871,585,021

CATEGORY WISE LIST OF SHAREHOLDERS

As at 31 December 2016

Categories of Shareholders	Shareholders	Shares Held	Percentage
Directors and their spouse(s) and minor children			
MR. NAJMUL ISLAM CHAUDHRI	1	1	0.00
MR. SULTAN MOHAMMAD PARVEZ GHAS	1	1	0.00
MRS. SPENTA KANDAWALLA	1	1	0.00
MR. SHAZAD DADA	1	1	0.00
MR. IAN ANDERSON BRYDEN	1	1	0.00
MR. FERDINAND PIETERSE	1	1	0.00
Associated Companies, undertakings and related parties			
Standard Chartered Bank (UK)	1	3,832,339,162	98.99
Executives	-	-	-
Public Sector Companies and Corporations	6	1,587,951	0.04
Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds	13	1,610,443	0.04
Mutual Funds			
CDC - TRUSTEE AKD INDEX TRACKER FUND	1	40,848	0.00
General Public			
a. Local	7333	29,233,357	0.76
b. Foreign	6	309,222	0.01
Foreign Companies	13	2,462,579	0.06
Others	83	4,001,453	0.10
Totals	7462	3,871,585,021	100.00
Shareholders holding 5% or more		Shares Held	Percentage
Standard Chartered Bank (UK)		3,832,339,162	98.99

**11TH ANNUAL GENERAL MEETING
STANDARD CHARTERED BANK (PAKISTAN)
LIMITED**

نمائندگی کا فارم (پراکسی فارم)
گیارہواں سالانہ اجلاس
اسٹینڈرڈ چارٹرڈ بینک (پاکستان) لمیٹڈ

میں اہم
محیط رکن اسٹینڈرڈ چارٹرڈ بینک (پاکستان)
ایڈ اور حامل - عام حصص،
کا یا ان کی غیرووجود کی میں
جو اسٹینڈرڈ چارٹرڈ بینک (پاکستان) ایڈ کے رکن ہیں، کو اپنی غیر
حاضری میں بینک کے سالانہ اجلاس عام جو 30 مارچ 2017 کو منعقد ہوتا ہے
یا اس کے التواء کی صورت میں حاضری اور حق رائے دہی کے استعمال کے لئے اپنا
نمائندہ (پراکسی) مقرر کرنا کوئی ہوں۔
آج بروز - تاریخ - 2017
مستط کے گئے۔

Folio/ CDC No.
فولیو نمبر ڈی سی

Rs. 5/-
Revenue
Stamp

کواہ :

1. دستخط
نام
می این آئی سی / پاسپورٹ نمبر
پتہ

2. دستخط _____
نام _____
می این آئی سی / پاسپورٹ نمبر _____
پتہ _____

نوٹ:

1. شادی کا فارم (براکری فارم) چلنے والے ایک کے جسٹسز پر ہر جمعہ کو، سالانہ اجلاس عام کے اجلاس سے 48 گھنٹے پہلے تک موصول ہونے والے فارم موثر تصور کیے جائیں گے۔ بعد ازاں موصول ہونے والا کوئی بھی فارم قابل قبول نہیں ہوگا۔
2. کسی بھی غیر رکن شخص کا تحریر بطور نااہلہ (براکری) نہیں کیا جاسکتا۔

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Company Secretary

Standard Chartered Bank (Pakistan) Limited
P.O.Box No. 5556,
I.I.Chundrigar Road,
Karachi 74000, Pakistan

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Disclosure on Complaint Handling

The Bank has a comprehensive Treating Clients Fairly (TCF) framework in place. TCF is an integral part of the Bank and is at the core of our brand promise - "Here for good". The leadership of the Bank embraces TCF as a key differentiator and enabler of its strategy. Along with an overarching TCF framework, the Bank has a well defined Complaint Policy and Procedures. The Consumer Grievance Handling Mechanism has been fully embedded in our service structure in line with Financial Consumer Protection (FCP) policy requirements and other directives issued by the State Bank of Pakistan from time to time.

The Bank continued its journey of delivering superior client experience in the year 2016. The number of complaints has continued to reduce, backed by a strong service culture. Major improvements this year have been in digital space and IT-enabled infrastructure. With the launch of SC Mobile App (formerly called Breeze) and implementation of client-services front-end and workflow systems for back-office, the Bank has improved the ease of transactions for clients and enhanced the operational efficiency at the back-end at the same time. Availability of Client Experience Management System (CEMS) is a key step in the direction of single-view client information system available to our Frontline, which has been recently enhanced to lodge / record customer complaints.

Total logins against client concerns during the year 2016 were 36,491 - a 31% reduction as compared to the previous year. Over 99% of the issues have been resolved within the regulatory turnaround timelines.

Channels available for our clients to lodge complaints are:

- 24 hours Client Care Centre - +92 21 111 002 002 or +92 42 111 002 002
- Email: Complaints.Pakistan@sc.com
- Web: sc.com/pk
- Postal Address: Client Care Unit,
Standard Chartered Bank (Pakistan) Limited,
1st Floor, Jubilee Insurance Building,
I.I.Chundrigarh Road, Karachi.








The Bank will continue to focus on delivering simpler, faster and better service to all its clients. We are committed to exceeding our client expectations and intend to set higher service standards year on year.










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Here for good



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