

3rd Quarterly Report (July - September 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 3,400 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 and Risk Management Awards 2016

- Best Treasury and Cash Management Bank
- Best Working Capital and Trade Finance Bank
- Best Structured Trade Finance Bank
- Best e-solution and Technology partner Bank

Islamic Finance News (IFN) Awards for 2015

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

Global Finance Awards 2015

Pakistan — Best Emerging Market Bank In Asia Pacific 2015

Best Islamic Digital Bank in Asia Award for 2015

Best Digital Bank in Pakistan award for 2015

National CSR Association Award for 2015 — “Child Centric CSR”

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

Company Information

Board of Directors

Mr. Sunil Kaushal	Chairman
Mr. Shazad Dada	Chief Executive Officer
Mr. Najam I. Chaudhri	
Mr. Parvez Ghias	
Mrs. Spenta Kandawalla	
Mr. Ferdinand Pieterse	
Mr. Ian Anderson Bryden	

Company Secretary

Mr. Asif Iqbal Alam

Audit Committee

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

Human Resource & Remuneration Committee

Mrs. Spenta Kandawalla	Chairman
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

Directors' Report - Quarter Ended 30th September 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 its un-audited condensed interim financial statements for the quarter ended 30th September 2016.

Economy

Pakistan's GDP grew by 4.7% in FY16 backed by improving macroeconomic fundamentals. Growth is led mainly by increased domestic demand and low inflation whereas exports witnessed a decline of 8.8% in FY16. The government's GDP growth target for FY17 is 5.7%.

The 3-year IMF Extended Fund Facility programme (2013-16) completed successfully on 28 September with disbursement of the last tranche of USD 102mn. The country's total FX reserves have increased to a record of USD 23.6bn by end-September 2016. This has helped sustain stability in the exchange rate, with USD-PKR at an average of circa 105 over the past 12 months. Pakistan has again entered the international market with the issuance of USD 1bn of Sukuk Bond which will support the reserves position.

The sustained decline in global oil prices has boosted Pakistan's domestic consumption-led economy as falling energy prices support discretionary incomes and spending. Inflation has edged up gradually from an average 1.7% for Jul-Sep FY16 to 3.9% in FY17. This uptick saw the State Bank of Pakistan hold its policy rate at 5.75% in September after a 25bps cut in May-16. Home remittances which were up 6% in FY-16 fell by 9.3% in the first three months of FY-17 with C/A deficit expanding to USD 1.3bn in first two month of FY-17.

Banks are well capitalized with CAR of 16.1% and remain profitable with ROE (after tax) of 14.4% by end-June 2016. Meanwhile, NPLs of the banking sector have declined to 11.1% down from 12.4% in June 2015.

Operating Results and Business Overview

	30 September 2016 (PKR millions)	December 31, 2015 (PKR millions) (Restated)
Balance Sheet		
Paid-up capital	38,716	38,716
Total equity	54,615	55,016
Deposits	357,445	327,238
Advances - gross	133,307	130,370
Advances - net	112,286	108,853
Investments - net	257,020	231,837

	Period ended 30 September 2016 (PKR millions)	Period ended 30 September 2015 (PKR millions)
Profit and Loss		
Revenue	20,756	22,668
Administrative expenses	8,680	8,803
Other non mark-up expenses	314	291
Operating profit (before provisions and tax)	11,762	13,573
(Reversals) / Provisions -net of charges	(351)	858
Profit before tax	12,114	12,716
Profit after tax	7,335	7,510
Earnings Per Share (EPS)	1.89	1.94

The Bank continues to deliver resilient financial performance with a profit before tax of PKR 12.1 billion on a lower revenue base of PKR 20.8 billion. 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, thereby leading to a 1 % decrease from comparative period. Moreover, strong recoveries of bad debts, coupled with lower impairments led to a net release in the charge for the period.

There is a positive momentum in the advances across all business segments with a strategy to build profitable, efficient and sustainable portfolio. On the liabilities side, the bank's total deposits grew by 9% 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 93% of the deposit base.

The bank continues to invest into its digital capabilities and infrastructure to enhance banking experience through introduction of innovative digital solutions. We are fully committed for sustained growth by consistent focus on clients and product suite along with a prudent approach to building the balance sheet and bringing the best in class services to our customer base.

Credit Rating

Pakistan Credit Rating Agency (PACRA) maintained the Bank's long-term and short-term ratings of "AAA" (Triple A) and "A1+" (A One Plus) respectively. 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.

Appreciation and Acknowledgment

We take this opportunity to express our gratitude to our customers 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 customers.

On behalf of the Board



Shazad Dada

Chief Executive Officer

Karachi: 27th October 2016

اسٹینڈرڈ چارٹرڈ بینک (پاکستان) لمیٹڈ

ڈائریکٹرز رپورٹ - اختتام سہ ماہی 30 ستمبر 2016

بورڈ آف ڈائریکٹرز کی جانب سے میں انتہائی مسرت کے ساتھ اسٹینڈرڈ چارٹرڈ بینک (پاکستان) لمیٹڈ (SCBPL) کی ڈائریکٹرز رپورٹ
بح 30 ستمبر 2016 کو ختم ہونے والی سہ ماہی کے غیر پڑتال شدہ مختصر عبوری کھاتہ جات کی رپورٹ پیش کر رہا ہوں۔

معیشت

پاکستان کی GDP مالیاتی سال 2016 میں بڑھ کر دوبارہ 4.7 فیصد تک پہنچ گئی جس کی وجہ کلاں اقتصادی اصولوں میں بہتری تھی۔ بہتری کی وجہ
مقامی طلب میں اضافہ اور افراط زر میں کمی تھی، جبکہ مالیاتی سال 2016 میں برآمدات میں 8.8 فیصد کمی آئی۔ حکومت کا مالیاتی
سال 2017 کیلئے جی پی ڈی (GDP) کا ہدف 5.7 فیصد ہے۔

تین سالہ آئی ایم ایف (IMF) ایکسٹینڈڈ فنڈ فیسیلیٹی پروگرام (2013-16)، 28 ستمبر کو 102 بلین امریکی ڈالر کی آخری قسط کی ادائیگی کے
ساتھ کامیابی سے پایہ تکمیل کو پہنچا۔ ملک کے فارن ایکسچینج کے ذخائر میں ستمبر 2016 کے اختتام تک 23.6 بلین امریکی ڈالر کا ریکارڈ اضافہ
ہوا۔ جس سے گزشتہ 12 ماہ میں تقریباً 105 کے اوسط USD-PKR کے ساتھ ایکسچینج کی شرح میں استحکام آیا۔ 1 بلین امریکی ڈالر کے سکوک
بانڈ کے اجراء کے ساتھ پاکستان پھر سے بین الاقوامی مارکیٹ میں داخل ہو گیا، جس سے ذخائر کی صورتحال میں بہتری آئے گی۔ عالمی سطح میں تیل
کی قیمتوں میں کمی برقرار رہنے سے پاکستان کی اندرونی کھپت میں اضافہ سے معیشت میں بہتری آئی، جیسے توانائی کی قیمتوں میں کمی نے باقی ماندہ
آمدنی اور اخراجات کو سنبھالا۔ افراط زر مالیاتی سال 2016 جولائی - ستمبر کی 1.7 فیصد سے بتدریج مالیاتی سال 2017 میں 3.9 فیصد تک پہنچ
گئی۔ اس معمولی اضافے کو دیکھتے ہوئے اسٹیٹ بینک آف پاکستان نے مئی 2016 میں 25bps کی تفریق کے بعد پالیسی کی شرح ستمبر
میں 5.75 فیصد پر روک دی۔

مالیاتی سال 2017 کے پہلے دو ماہ میں 1.3 بلین امریکی ڈالر کے کرنٹ اکاؤنٹ کا خسارے کے ساتھ ترسیلات زر جو مالیاتی
سال 2016 میں 6 فیصد تک تھیں مالیاتی سال 2017 کے پہلے تین ماہ میں 9.3 فیصد تک پہنچ گئیں۔

شعبہ بینکاری 16.1 فیصدی اے آر (CAR) 16.1 فیصد کے موزوں سرمائے اور جون 2016 کے اختتام تک 14.4 فیصد آراو
ای (ROE) (بعد از ٹیکس) کے ساتھ منافع بخش رہا۔ دریں اثنا بینکنگ سیکٹر کے NPLs جون 2015 کے 12.4 فیصد سے کم
ہو کر 11.1 فیصد ہو گئے۔

آپریٹنگ نتائج اور کاروباری جائزہ

31 دسمبر 2015 (ملین روپے)	30 ستمبر 2016 (ملین روپے)	بیلنس شیٹ
		ادا کردہ سرمایہ
38,716	38,716	کل ایکویٹی
55,016	54,615	جمع شدہ رقوم
327,238	357,445	پیشگی ادائیگیاں - مجموعی
130,370	133,307	پیشگی ادائیگیاں - خالص
108,853	112,286	سرمایہ کاری - خالص
231,837	257,020	

اختتام سہ ماہی	اختتام سہ ماہی	نفع نقصان
31 ستمبر 2015 (ملین روپے)	30 ستمبر 2016 (ملین روپے)	آمدنی
22,668	20,756	انتظامی اخراجات
8,803	8,680	دیگر نان - مارک اپ اخراجات
291	314	کاروباری منافع (واجبات اور ٹیکس سے قبل)
13,573	11,762	(رقوم کی واپسی) / فراہمی - خالص
858	(351)	قبل از ٹیکس منافع
12,716	12,114	بعد از ٹیکس منافع
7,510	7,335	منافع فی حصص (ای پی ایس)
1.94	1.89	

بینک نے 12.1 بلین روپے کے منافع قبل از ٹیکس کے ساتھ اپنی مستحکم مالیاتی کارکردگی برقرار رکھی حالانکہ بینک کی آمدنی کم ہو کر 20.8 بلین روپے آئینچی۔ آمدنی پر مارجن کے دباؤ کے اثرات کی کسی قدر تلافی مستحکم نان۔ فنڈ ڈ آمدنی اور فنڈ کی قیمتوں میں کمی سے ہوئی۔ بہترین کارکردگی اور محتاط اخراجات کے ذریعے انتظامی اخراجات کی بہتر منصوبہ بندی کے باعث گزشتہ سال اسی مدت کے مقابلے میں 1 فیصد کمی آئی۔ مزید برآں ناقابل وصول قرضوں کی بہترین وصولی اور کم بگاڑ سے مدت میں خالص رقم کی وصولی ہوئی۔

منافع بخش بہتر اور مستحکم پورٹ فولیو کی حکمت عملی سے ریٹیل اور کمرشل شعبہ جات مثبت تحریک پیدا ہوئی ہے۔ واجبات کے حوالے سے، بینک کی کل جمع شدہ رقوم میں، سال کے آغاز سے 9 فیصد تک اضافہ ہوا ہے۔ کم قیمت جمع شدہ رقوم میں مسلسل اضافہ بینک کی کارکردگی میں معاون رہا اور کرنٹ اور سیونگز اکاؤنٹس جمع شدہ رقوم کے 93 فیصد پر مشتمل ہیں۔

بینک نے ڈیجیٹل نظام کی بہتر استعداد اور بنیادی ڈھانچے میں سرمایہ کاری جاری رکھی تاکہ جدید ڈیجیٹل سلوشنز متعارف کروا کر بینکنگ کو مزید وسعت دی جائے۔ ہم صارفین اور پروڈکٹس پر توجہ مرکوز رکھتے ہوئے مسلسل فروغ سے گہری وابستگی پر عمل پیرا ہیں، ساتھ ہی بیلنس شیٹ کیلئے محتاط طرز عمل اور صارفین کیلئے بہترین سروسز کی فراہمی کے لئے کوشاں ہیں۔

کریڈٹ ریٹنگ

پاکستان کریڈٹ ریٹنگ ایجنسی (PACRA) نے بینک کی طویل المدتی اور قلیل المدتی ریٹنگز بالترتیب "AAA" (ٹرپل A) اور "A1+" (اے ون پلس) کو برقرار رکھا ہے۔ بینک کے ٹی ایف سی کو بھی "AAA" ریٹنگ تجویز کی گئی۔ یہ ریٹنگ قرضہ جات کے متوقع نقصان سے تحفظ اور ان کی وقت پر ادائیگی کو یقینی بنانے کی نشاندہی کرتی ہیں۔

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 اور اپنے قابل قدر کسٹمرز کو فراہم کی گئیں ذمہ دارانہ خدمات کیلئے اپنے ایسوسی ایٹس، عملے اور ہم پیشہ رفیقوں کے بھی شکر گزار ہیں۔

منجانب



شہزاد ادا

چیف ایگزیکٹو آفیسر

کراچی: 27 ستمبر 2016

Standard Chartered Bank (Pakistan) Limited

Condensed Interim Financial Statements

For the Nine months period ended
30 September 2016

Condensed Interim Statement of Financial Position

As at 30 September 2016

Note **30 September 2016** 31 December 2015
(Un-audited) (Audited)
(Restated)
(Rupees in '000)

ASSETS

Cash and balances with treasury banks		36,259,078	29,482,134
Balances with other banks		3,154,157	4,300,002
Lendings to financial institutions	6	17,516,699	20,450,620
Investments	7	257,020,034	231,837,351
Advances	8	112,286,050	108,853,436
Operating fixed assets		5,768,810	5,963,952
Intangible assets		26,097,412	26,126,720
Other assets		13,657,216	20,333,576
		471,759,456	447,347,791

LIABILITIES

Bills payable		11,012,844	11,401,191
Borrowings		19,469,975	21,784,451
Deposits and other accounts	10	357,444,601	327,237,527
Sub-ordinated loans		2,500,000	2,500,000
Deferred tax liabilities - net	9	2,540,784	3,221,120
Other liabilities		19,464,409	19,253,047
		412,432,613	385,397,336

NET ASSETS

59,326,843 **61,950,455**


REPRESENTED BY:


Share capital		38,715,850	38,715,850
Reserves		12,314,041	10,847,005
Unappropriated profit		3,584,783	5,453,310
		54,614,674	55,016,165
Surplus on revaluation of assets - net of deferred tax		4,712,169	6,934,290
		59,326,843	61,950,455

CONTINGENCIES AND COMMITMENTS

11

The annexed notes 1 to 20 form an integral part of these condensed interim financial statements.


Shazad Dada
Chief Executive Officer


Najam I. Chaudhri
Director


Parvez Ghias
Director


Spenta Kandawalla
Director

Condensed Interim Profit and Loss Account (Un-audited)


For the nine months period ended 30 September 2016

Note	Three months period ended 30 September 2016	Nine months period ended 30 September 2016	Three months period ended 30 September 2015	Nine months period ended 30 September 2015
	----- (Rupees in '000') -----			
Mark-up / return / interest earned	6,539,786	21,627,883	8,285,996	25,024,736
Mark-up / return / interest expensed	(2,246,658)	(6,674,339)	(2,663,896)	(8,303,639)
Net mark-up / return / interest income	4,293,128	14,953,544	5,622,100	16,721,097
(Provision) / reversals against non-performing loans and advances	261,585	300,609	(254,868)	(910,410)
Recovery of amounts written off	52,041	165,693	58,883	186,290
Provision for diminution in the value of investments	-	-	-	(4,729)
Bad debts written off directly	(27,824)	(114,792)	(45,308)	(128,811)
	285,802	351,510	(241,293)	(857,660)
Net Mark-up / return / interest income after provisions	4,578,930	15,305,054	5,380,807	15,863,437
NON MARK-UP / NON INTEREST INCOME				
Fees, commission and brokerage income	807,981	2,539,395	834,010	3,036,139
Income from dealing in foreign currencies	500,300	1,217,436	310,494	1,558,560
Gain on sale of securities - net	56,019	1,409,164	255,170	877,581
Unrealized (loss) / gain on revaluation of investments classified as held for trading	43,627	40,593	(2,812)	7,319
Other income	91,344	595,556	192,390	467,105
Total non mark-up / non interest income	1,499,271	5,802,144	1,589,252	5,946,704
	6,078,201	21,107,198	6,970,059	21,810,141
NON MARK-UP / NON INTEREST EXPENSES				
Administrative expenses	(2,873,555)	(8,679,520)	(2,630,175)	(8,802,654)
Other reversals / (provisions) / (assets write offs)	-	(26,727)	-	-
Other charges	(63,362)	(287,199)	(87,563)	(291,983)
Total non mark-up / non interest expenses	(2,936,917)	(8,993,446)	(2,717,738)	(9,094,637)
	3,141,284	12,113,752	4,252,321	12,715,504
Extra-ordinary / unusual items	-	-	-	-
PROFIT BEFORE TAXATION	3,141,284	12,113,752	4,252,321	12,715,504
Taxation - current	(829,497)	(3,742,890)	(1,467,931)	(4,003,568)
- prior years'	-	(522,991)	-	(504,583)
- deferred	(271,466)	(512,691)	(259,321)	(696,963)
	(1,100,963)	(4,778,572)	(1,727,252)	(5,205,114)
PROFIT AFTER TAXATION	2,040,321	7,335,180	2,525,069	7,510,390
	Rupees	Rupees	Rupees	Rupees
BASIC / DILUTED EARNINGS PER SHARE	0.53	1.89	0.65	1.94

The annexed notes 1 to 20 form an integral part of these condensed interim financial statements.



Shazad Dada
Chief Executive Officer



Najam I. Chaudhri
Director



Parvez Ghias
Director




Spenta Kandawalla
Director

Condensed Interim Statement of Comprehensive Income (Un-audited)


For the nine months period ended 30 September 2016

	Three months period ended 30 September 2016	Nine months period ended 30 September 2016	Three months period ended 30 September 2015	Nine months period ended 30 September 2015
	------(Rupees in '000)-----			
Profit after taxation for the period	2,040,321	7,335,180	2,525,069	7,510,390
Other comprehensive income	-	-	-	-
Comprehensive income transferred to equity	2,040,321	7,335,180	2,525,069	7,510,390
Components of comprehensive income not reflected in equity				
Movement in surplus on revaluation of available for sale securities	(517,800)	(3,408,648)	(261,757)	2,330,984
Related deferred tax charge	181,230	1,193,026	102,208	(805,252)
Total comprehensive income for the period	1,703,751	5,119,558	2,365,520	9,036,122

The annexed notes 1 to 20 form an integral part of these condensed interim financial statements.



Shazad Dada
Chief Executive Officer



Najam I. Chaudhri
Director



Parvez Ghias
Director



Spenta Kandawalla
Director

Condensed Interim Cash Flow Statement (Un-audited)

For the nine months period ended 30 September 2016

30 September 2016

30 September 2015

(Rupees in '000)

CASH FLOW FROM OPERATING ACTIVITIES

Profit before taxation for the period	12,113,752	12,715,504
Adjustments for:		
Depreciation	336,508	359,018
Amortization	29,309	34,797
Gain realised on disposal of subsidiaries	(248,621)	-
Gain on disposal of fixed assets - net	(46,635)	(3,460)
Unrealized gain / (loss) on revaluation of investments classified as held for trading - net	(40,593)	(7,319)
Other provisions /asset write-offs	26,727	-
Provision for diminution in the value of investments	-	4,729
(Reversals) / provision against non-performing loans and advances - net of recoveries	(351,510)	852,931
	(294,815)	1,240,696
	11,818,937	13,956,200
Decrease in operating assets		
Lendings to financial institutions	2,933,921	(5,382,110)
Net investment in 'held for trading' securities	(5,340,046)	7,358,030
Advances	(3,081,104)	10,518,050
Other assets (excluding advance taxation)	5,936,339	7,152,945
	449,110	19,646,915
Increase in operating liabilities		
Bills payable	(388,347)	6,986,377
Borrowings from financial institutions	(2,314,476)	(1,396,875)
Deposits and other accounts	30,207,074	28,476,910
Other liabilities	(2,610,839)	564,609
	24,893,412	34,631,021
Cash inflow before taxation	37,161,459	68,234,136
Income tax paid	(3,526,733)	(3,638,565)
Net cash generated from operating activities	33,634,726	64,595,571

CASH FLOW FROM INVESTING ACTIVITIES

Net investments in 'available for sale' securities	(23,896,966)	(51,536,770)
Proceeds from sale of subsidiaries	935,767	-
Net investment in operating fixed assets (including intangible assets)	(211,844)	(151,956)
Sale proceeds on disposal of operating fixed assets	90,385	47,210
Net cash used in investing activities	(23,082,658)	(51,641,516)

CASH FLOW FROM FINANCING ACTIVITIES

Dividend paid	(4,920,969)	(5,758,918)
Net cash used in financing activities	(4,920,969)	(5,758,918)
Increase in cash and cash equivalents for the period	5,631,099	7,195,137
Cash and cash equivalents at beginning of the period	33,782,136	21,862,646
Cash and cash equivalents at end of the period	39,413,235	29,057,783

CASH AND CASH EQUIVALENTS AT END OF THE PERIOD

Cash and balances with treasury banks	36,259,078	24,693,647
Balances with other banks	3,154,157	4,364,136
	39,413,235	29,057,783

The annexed notes 1 to 20 form an integral part of these condensed interim financial statements.



Shazad Dada
Chief Executive Officer



Najam I. Chaudhri
Director



Parvez Ghias
Director




Spenta Kandawalla
Director


Condensed Interim Statement of Changes in Equity (Un-audited)

For the nine months period ended 30 September 2016

	Share Capital	Share Premium	Statutory Reserve (Rupees in '000)	Unappropriated Profit (a)	Total
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 period					
Profit after tax for the nine months period ended 30 September 2015	-	-	-	7,510,390	7,510,390
Other Comprehensive income	-	-	-	7,510,390	7,510,390
Transfer to statutory reserve	-	-	1,502,078	(1,502,078)	-
Cash dividend (Interim 2015) at Rs. 0.75 per share	-	-	-	(2,903,689)	(2,903,689)
Cash dividend (Final 2014) at Rs. 1.5 per share	-	-	-	(5,807,378)	(5,807,378)
Reversal of liability against share based payment to holding company	-	-	-	(36,910)	(36,910)
Transferred from surplus on revaluation of fixed assets - net of deferred tax	-	-	-	30,736	30,736
Balance as at 30 September 2015	38,715,850	1,036,090	9,455,308	4,042,374	53,249,622
Total Comprehensive income for the period					
Profit after tax for the three months period ended 31 December 2015	-	-	-	1,778,036	1,778,036
Other Comprehensive income	-	-	-	(52,877)	(52,877)
Remeasurement of post employment obligations - net of tax	-	-	-	1,725,159	1,725,159
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 (to holding company)	-	-	-	15,163	15,163
Transfer to statutory reserve	-	-	-	40,858	40,858
Transferred from surplus on revaluation of fixed assets - net of deferred tax	-	-	-	(355,607)	-
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 period					
Profit after tax for the nine months period ended 30 September 2016	-	-	-	7,335,180	7,335,180
Other Comprehensive income	-	-	-	-	-
Transfer to statutory reserve	-	-	1,467,036	7,335,180	7,335,180
Reversal of liability against share based payment to holding company	-	-	-	(1,467,036)	-
Cash dividend (Interim 2016) at Rs. 0.75 per share	-	-	-	-	-
Cash dividend (Final 2015) at Rs. 1.25 per share	-	-	-	(2,903,689)	(2,903,689)
Transferred from surplus on revaluation of fixed assets - net of deferred tax	-	-	-	(4,839,481)	(4,839,481)
Balance as at 30 September 2016	38,715,850	1,036,090	11,277,951	6,499	54,614,674

The annexed notes 1 to 20 form an integral part of these condensed interim financial statements.


Shazad Dada
Chief Executive Officer


Najam I. Chaudhri
Director


Parvez Ghias
Director


Spenta Kandawalla
Director

Notes to the Condensed Interim Financial Statements (Un-audited) For the nine months period ended 30 September 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 30 September 2016.

During the year, upon receiving all the necessary approvals from the regulators, the Bank disinvested its entire shareholding in the following 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 interim 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 19 to these condensed interim financial statements.

2.2 Statement of compliance

These condensed interim financial statements of the Bank have been prepared in accordance with the requirements of International Accounting Standards (IAS) 34, Interim Financial Reporting, the requirements of the Companies Ordinance 1984, the Banking Companies Ordinance 1962 and the directives issued by the Securities and Exchange Commission of Pakistan (SECP) and the State Bank of Pakistan (SBP). In case requirements differ, the requirements of the Companies Ordinance 1984, Banking Companies Ordinance 1962 and the said directives have been followed.

The disclosures made in these condensed interim financial statements have been limited based on a format prescribed by the SBP vide BSD Circular Letter No. 2 dated May 12, 2004 and IAS 34, Interim Financial Reporting. They do not include all the disclosures required for annual financial statements, and these condensed interim financial statements should be read in conjunction with the financial statements of the Bank for the year ended 31 December 2015.

Notes to the Condensed Interim Financial Statements (Un-audited)

For the nine months period ended 30 September 2016

3 ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual separate financial statements of the Bank for the year ended 31 December 2015. However, certain reclassifications as required by SBP Circular number 05 of 2016 (refer note 20.1) and additional disclosures in respect of Islamic Index Screening as required by Circular 14 of 2016 issued by Securities and Exchange Commission of Pakistan (SECP) have been made.

4 ACCOUNTING ESTIMATES

The basis and the methods used for critical accounting estimates and judgments adopted in these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Bank for the year ended 31 December 2015.

5 FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Bank are consistent with those disclosed in the annual financial statements of the Bank for the year ended 31 December 2015.

6 LENDINGS TO FINANCIAL INSTITUTIONS

	Note	30 September 2016	31 December 2015 (Restated)
----- (Rupees in '000) -----			
Call money lendings		-	2,000,000
Repurchase agreement lendings (Reverse Repo)	6.1	1,460,442	2,000,000
Placements	6.2	16,056,257	16,450,620
		17,516,699	20,450,620

6.1 These carry mark-up at rate 5.85 percent per annum (2015: 6.35 percent per annum) payable at maturity, and are due to mature during October 2016. 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 1.2 percent per annum (2015: 0.18 percent to 0.35 percent per annum), and are due to mature during March 2017.

Notes to the Condensed Interim Financial Statements (Un-audited)

For the nine months period ended 30 September 2016

7	INVESTMENTS	Note	30 September 2016			31 December 2015 (Restated)		
			Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total
	Investments by type		----- (Rupees in '000) -----					
	Held for trading							
	Market Treasury Bills		4,541,268	-	4,541,268	246,513	-	246,513
	Pakistan Investment Bonds		2,282,927	-	2,282,927	1,240,669	-	1,240,669
	GOP Sukuk Bond		5,023	-	5,023	1,990	-	1,990
	Available for sale							
	Market Treasury Bills		195,780,573	5,451,699	201,232,272	67,952,335	1,192,726	69,145,061
	Pakistan Investment Bonds		34,663,350	18,779	34,682,129	143,388,679	18,953	143,407,632
	GOP Sukuk and Ijarah Bonds	7.1	5,933,180	-	5,933,180	5,425,000	-	5,425,000
	Term Finance Certificates -unlisted		285,025	-	285,025	285,025	-	285,025
	Equity shares of listed companies		783,077	-	783,077	662,061	-	662,061
	Equity shares of unlisted companies		3,004	-	3,004	3,004	-	3,004
	Bai Muajjal with GOP		6,518,946	-	6,518,946	6,518,946	-	6,518,946
	Investments at cost		250,796,373	5,470,478	256,266,851	225,724,222	1,211,679	226,935,901
	Provision for diminution in the value of investments		(898,118)	-	(898,118)	(808,221)	-	(808,221)
	Investments (net of provisions)		249,898,255	5,470,478	255,368,733	224,916,001	1,211,679	226,127,680
	Surplus / (deficit) on revaluation of held for trading securities - net		40,593	-	40,593	4,042	-	4,042
	Surplus on revaluation of available for sale securities - net		1,609,907	801	1,610,708	5,018,926	430	5,019,356
			251,548,755	5,471,279	257,020,034	229,938,969	1,212,109	231,151,078
	Subsidiaries - Held for sale		-	-	-	686,273	-	686,273
	Total Investments - net		251,548,755	5,471,279	257,020,034	230,625,242	1,212,109	231,837,351

7.1 This represent lending to Government of Pakistan under Bai Muajjal agreement at a return of 5.93% per annum (31 December 2015: 5.93% per annum) and are due to mature in November 2016.

8 ADVANCES

		30 September 2016	31 December 2015 (Restated)
	Note	----- (Rupees in '000) -----	
Loans, cash credits, running finances, etc.			
- In Pakistan		92,438,464	91,645,675
- Outside Pakistan		-	-
Islamic Financing and Related Assets (Gross)	8.1	92,438,464 28,428,968	91,645,675 30,343,793
Bills discounted and purchased (excluding treasury bills)			
- Payable in Pakistan		10,474,381	6,670,843
- Payable outside Pakistan		1,964,689	1,709,843
		12,439,070	8,380,686
Advances - gross		133,306,501	130,370,154
Provision for non-performing advances	8.2	(21,020,451)	(21,516,718)
Advances - net of provision		112,286,050	108,853,436

8.1 These represent financing and related assets placed under Shariah permissible modes.

8.2 Advances include Rs 22,385.376 million (31 December 2015: Rs 24,018.416 million) which have been placed under non-performing status as detailed below:

Notes to the Condensed Interim Financial Statements (Un-audited)

For the nine months period ended 30 September 2016

30 September 2016								
Category of classification	Classified Advances			Provision Required			Provision Held	
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas
(Rupees in '000)								
OAEM	25,253	-	25,253	-	-	-	-	-
Substandard	444,897	-	444,897	55,748	-	55,748	55,748	-
Doubtful	3,106,341	-	3,106,341	2,136,634	-	2,136,634	2,136,634	-
Loss	18,808,885	-	18,808,885	18,318,417	-	18,318,417	18,318,417	-
	22,385,376	-	22,385,376	20,510,799	-	20,510,799	20,510,799	-
General Provision	-	-	-	509,652	-	509,652	-	-
	22,385,376	-	22,385,376	21,020,451	-	21,020,451	21,020,451	-

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

8.2.1 At 30 September 2016, the provision requirement has been reduced by Rs. 335.964 million (31 December 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.218.376 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

	30 September 2016			31 December 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 period / year	1,491,629	25,853	1,517,482	2,755,378	48,009	2,803,387
Reversals	(1,488,277)	(72,107)	(1,560,384)	(1,408,778)	(31,568)	(1,440,346)
	3,352	(46,254)	(42,902)	1,346,600	16,441	1,363,041
Amounts written off	(437,095)	-	(437,095)	(1,238,681)	-	(1,238,681)
Other movements	(16,270)	-	(16,270)	(57,642)	-	(57,642)
Closing balance	20,510,799	509,652	21,020,451	20,960,812	555,906	21,516,718

9 DEFERRED TAX LIABILITIES - NET

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. 5,944 million has been recognised. The Bank, since 2010 to date has been able to realise deferred tax assets aggregating to Rs. 1,321 million. 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.

10 DEPOSITS AND OTHER ACCOUNTS

Note **30 September 2016** **31 December 2015**

(Rupees in '000)		
Customers		
Remunerative		
- Fixed deposits	25,147,358	24,083,614
- Savings deposits	176,705,773	152,388,122
Non-Remunerative		
- Current accounts	150,837,992	142,746,731
- Margin accounts	1,073,813	945,934
- Special exporters' account	884,136	572,198
	354,649,072	320,736,599
Financial Institutions		
- Remunerative deposits	288,923	612,825
- Non-remunerative deposits - Current account	2,506,606	5,888,103
	357,444,601	327,237,527

10.1

Notes to the Condensed Interim Financial Statements (Un-audited)

For the nine months period ended 30 September 2016

10.1 This includes Rs. 973.922 million (2015: Rs.496.085 million) against balances of other branches and subsidiaries of Standard Chartered Group operating outside Pakistan.

11	CONTINGENCIES AND COMMITMENTS	Note	30 September 2016 (Un-audited)	31 December 2015 (Audited)
11.1	Transaction-related contingent liabilities		------(Rupees in '000)-----	
	Guarantees issued favouring:	11.1.1		
	- Government		58,421,389	53,137,229
	- Others		28,901,153	24,925,787
			87,322,542	78,063,016

11.1.1 Guarantees relating to Islamic Banking Business amount to Rs. 1,977 million (December 2015: Rs. 3,364 million).

11.2 Trade-related contingent liabilities

Letters of credit	11.2.1	21,560,448	16,782,316
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11.2.1 Letters of credit relating to Islamic Banking Business amount to Rs. 4,351 million (December 2015: Rs. 4,377 million).

11.3 Trade-related commitments

Acceptances		5,500,447	6,672,058
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11.3.1 Acceptances relating to Islamic Banking Business amount to Rs 2,047 million (2015: Rs 2,056 million).

11.4 Commitment for acquisition of fixed assets

	116,294	60,260
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11.5 Other contingencies

Claims against the Bank not acknowledged as debt	11.5.1	73,935,110	24,417,886
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11.5.1 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.

11.5.2 The Bank has identified that a regulatory authority has filed a case 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 and the opinion of legal expert, the management expects a favourable decision 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. A decision of the High Court of Sindh has been received whereby the High Court has directed the Lower Court to expeditiously decide these cases on merit. The cases are now being tracked at the Rent Controller's court. Based on the facts of the case and the opinion of legal expert, the management expects a favourable decision from the dealing court.

11.6 Commitments in respect of forward foreign exchange contracts

Purchase			
State Bank of Pakistan		10,506,500	19,536,300
Other banks		39,166,706	51,623,327
Customers		4,000,213	3,217,691
Sale			
State Bank of Pakistan		-	-
Other banks		32,904,932	53,329,213
Customers		2,192,124	572,496

11.7 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.

11.8 For Contingencies related to taxation refer note 13.

Notes to the Condensed Interim Financial Statements (Un-audited)

For the nine months period ended 30 September 2016

11.9 Derivative Instruments

Product Analysis

		30 September 2016			
		(Rupees in '000)		(Rupees in '000)	
Counterparties		Interest Rate Swaps *		FX Options *	
		No. of Contracts	Notional Principal	No. of Contracts	Notional Principal
With Banks for Hedging		-	-	-	-
Market Making		10	2,822,860	3	73,060
With FIs other than banks		-	-	-	-
Hedging		-	-	-	-
Market Making		-	-	-	-
With other entities for Hedging		-	-	-	-
Market Making		12	4,204,609	3	73,060
Total		-	-	-	-
Hedging		22	7,027,469	6	146,119
Market Making					
31 December 2015 (Audited)					
With Banks for Hedging		-	-	-	-
Market Making		8	2,487,312	7	83,624
With FIs other than banks		-	-	-	-
Hedging		3	649,631	-	-
Market Making		-	-	-	-
With other entities for Hedging		-	-	-	-
Market Making		13	600,535	7	83,624
Total		-	-	-	-
Hedging		24	9,217,478	14	167,248
Market Making					

* At the exchange rate prevailing at the end of the reporting period

Contracts with banks represent contracts entered with branches of Standard Chartered Bank, UK to obtain cover against the contracts with customers, except for 2 contracts with local banks having notional principal of Rs. 758 million.

12. OTHER INCOME

	Three months period ended 30 September 2016	Nine months period ended 30 September 2016	Three months period ended 30 September 2015	Nine months period ended 30 September 2015
----- (Rupees in '000) -----				
Income from Sri Lanka branch operations	-	-	-	(325)
Rent on property	7,704	15,015	5,656	17,178
Gain / (loss) on disposal of fixed assets	1,860	46,635	2,450	3,460
Gain / (loss) on derivatives	89,081	269,015	125,822	377,565
Gain on Sale of subsidiaries operations	(7,301)	248,621	-	-
Recoveries against assets at acquisition of Union Bank Limited	-	16,270	57,640	57,640
Other Income	-	-	822	11,587
	<u>91,344</u>	<u>595,556</u>	<u>192,390</u>	<u>467,105</u>

Notes to the Condensed Interim Financial Statements (Un-audited)

For the nine months period ended 30 September 2016

13 TAXATION

The return for income year 2015 (Tax Year 2016) is due for filing by 31 October 2016.

The tax department amended the assessment for income years 2007 to 2014 (tax years 2008 to 2015 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 7,542 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.

The issue of allowability of tax amortization of goodwill for the years 2007 and 2011 has been decided by the Sindh High Court in favour of the Bank and as a result thereof a refund of Rs. 893 million has become due to the Bank.

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.

14. ADMINISTRATIVE EXPENSES

Note	Three months period ended 30 September 2016	Nine months period ended 30 September 2016	Three months period ended 30 September 2015	Nine months period ended 30 September 2015
----- (Rupees in '000) -----				
Salaries, allowances etc.	1,315,544	4,007,228	1,279,925	3,996,235
Charge / (income) for defined benefit plans	-	-	1,816	5,446
Contributions to defined contribution plans	52,692	242,617	92,857	270,492
Rent, taxes, insurance, electricity etc.	296,754	897,142	320,804	947,170
Legal and professional charges	33,838	82,813	20,885	76,032
Communications	113,551	346,390	110,397	340,554
Repairs and maintenance	254,608	735,708	235,812	729,578
Stationery and printing	46,391	155,776	48,785	161,429
Advertisement and publicity	52,883	156,001	57,620	189,778
Donations	1,056	17,936	17,656	17,656
Auditors' remuneration	(1,970)	12,855	4,908	10,776
Depreciation	119,747	336,508	115,567	359,018
Amortization	7,327	29,309	11,599	34,797
Travelling, conveyance and vehicles' running	28,814	108,001	45,676	151,064
Reimbursement of executive and general administrative expenses	14.1 365,832	1,078,454	250,569	1,021,251
Royalty - net of reversal	-	-	(221,999)	(130,488)
Reward and bonus points redemption	16,042	54,325	16,263	44,639
Custody Service	77,204	235,372	88,950	261,867
Others	93,242	183,085	132,083	315,358
	<u>2,873,555</u>	<u>8,679,520</u>	<u>2,630,173</u>	<u>8,802,652</u>

14.1 Total cost for the year included in Administrative Expenses relating to outsourced activities is Rs 1,301.928 million (Sep 2015 Quarter: Rs 1,320.398 million. This includes payments to local companies for obtaining routine services such technology maintenance, courier services and executive and general administrative expenses of SCB UK.

15. INCOME FROM DEALING IN FOREIGN CURRENCY

Gain/ (loss) realised from dealing in:

Foreign Currency	473,789	1,156,581	289,340	1,342,681
Derivative Financial Instruments	26,511	60,855	21,154	215,879
	<u>500,300</u>	<u>1,217,436</u>	<u>310,494</u>	<u>1,558,560</u>

Notes to the Condensed Interim Financial Statements (Un-audited)

For the nine months period ended 30 September 2016

16 FAIR VALUE OF FINANCIAL INSTRUMENTS

The table below analyses 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

On balance sheet financial instruments		30 September 2016									
		Carrying value						Fair value			
Note		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)	6,869,811	241,966,068	-	-	-	248,835,879	-	248,835,879	-	248,835,879
	- Sukuk Bonds (other than government)		48,905	-	-	-	48,905		48,905	-	48,905
	- Equity securities traded (Shares)		291,304	-	-	-	291,304	291,304	-	-	291,304
- Other assets											
	-Unrealized gain on Forward foreign exchange contracts	173,431	-	-	-	-	173,431	-	173,431	-	173,431
	-Unrealized gain on Interest rate derivatives & currency options	53,614	-	-	-	-	53,614	-	53,614	-	53,614
Financial assets not measured at fair value											
	- Cash and bank balances with SBP and NBP	16.1	-	-	-	36,259,078	36,259,078	-	-	-	-
	- Balances with other banks	16.1	-	-	-	3,154,157	3,154,157	-	-	-	-
	- Lending to financial institutions	16.1	-	-	-	17,516,699	17,516,699	-	-	-	-
	- Bai Muajjal with GOP	16.1	-	-	-	6,518,946	6,518,946	-	-	-	-
	- Sukuk Bonds (other than government)	16.1	-	1,325,000	-	-	1,325,000	-	-	-	-
	- Advances	16.1	-	-	112,286,050	-	112,286,050	-	-	-	-
	- Other assets	16.1	-	-	-	7,832,811	7,832,811	-	-	-	-
		7,096,856	243,631,277	112,286,050	71,281,691	-	434,295,873	291,304	249,111,829	-	249,403,133
Financial liabilities measured at fair value											
- Other liabilities											
	-Unrealized loss on Forward foreign exchange contracts	17,732	-	-	-	-	17,732		17,732	-	17,732
	-Unrealized loss on Interest rate derivatives & currency options	72,965	-	-	-	-	72,965		72,965	-	72,965
Financial liabilities not measured at fair value											
	- Bills Payable	16.1	-	-	-	-	11,012,844	11,012,844	-	-	-
	- Deposits and other accounts	16.1	-	-	-	-	357,444,601	357,444,601	-	-	-
	- Borrowings	16.1	-	-	-	-	19,469,975	19,469,975	-	-	-
	- Sub -ordinated loans	16.1	-	-	-	-	2,500,000	2,500,000	-	-	-
	- Other liabilities (excluding Liabilities against assets subject to finance lease)	16.1	-	-	-	-	15,168,392	15,168,392	-	-	-
		90,697	-	-	-	-	405,595,812	405,686,509	-	90,697	90,697
Off-balance sheet financial instruments											
		7,187,553	243,631,277	112,286,050	71,281,691	405,595,812	839,982,383	291,304	249,202,526	-	249,493,830
Interest Rate swaps / Foreign currency options / Forward purchase contracts											
		-	-	-	58,712,216	-	58,712,216	-	58,939,261	-	58,939,261
Interest Rate swaps / Foreign currency options / Forward sale contracts											
		-	-	-	37,231,847	-	37,231,847	-	37,322,544	-	37,322,544

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For the nine months period ended 30 September 2016

On balance sheet financial instruments

balance sheet financial instruments		31 December 2015 (Restated)									
		Carrying value						Fair value			
Note		Held for Trading	Available for Sale	Loans and Receivables	Other financial Assets	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
<hr style="border-top: 1px dashed black;"/> <div style="text-align: right;">(Rupees in '000)</div> <hr style="border-top: 1px dashed black;"/>											
Financial assets measured at fair value											
- Investments											
- Government Securities (Tbills + PIBs + Sukuks)		1,493,214	221,539,920	-	-	-	221,539,920	-	223,033,134	-	223,033,134
- 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	16.1	-	-	-	29,482,134	-	29,482,134				
- Balances with other banks	16.1	-	-	-	4,300,002	-	4,300,002				
- Lending to financial institutions	16.1	-	-	-	20,450,620	-	20,450,620				
- Bai Muajjal with GOP	16.1	-	-	-	6,518,946	-	6,518,946				
- Sukuk Bonds (other than government)	16.1	-	1,325,000	-	-	-	1,325,000				
- Investments in Subsidiaries - Held for Sale - Listed	16.1	-	-	-	641,773	-	641,773				
- Investments in Subsidiaries - Held for Sale - Unlisted	16.1	-	-	-	44,500	-	44,500				
- Advances		-	-	-	108,853,436	-	108,853,436				
- Other assets		-	-	-	10,210,686	-	10,210,686				
		1,493,214	223,477,517	-	180,502,097	-	403,979,614	176,864	223,468,867	-	223,645,731
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	16.1	-	-	-	-	11,401,191	11,401,191				
- Deposits and other accounts	16.1	-	-	-	-	327,237,527	327,237,527				
- Borrowings	16.1	-	-	-	-	21,784,451	21,784,451				
- Sub - ordinated loans	16.1	-	-	-	-	2,500,000	2,500,000				
- Other liabilities (excluding Liabilities against assets subject to finance lease)	16.1	-	-	-	-	17,510,204	17,510,204				
		-	292,309	-	-	380,433,373	380,725,682	-	292,309	-	292,309
Off-balance sheet financial instruments		1,493,214	223,769,826		180,502,097	380,433,373	784,705,296	176,864	223,761,176		223,938,040
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).

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

Notes to the Condensed Interim Financial Statements (Un-audited)

For the nine months period ended 30 September 2016

17 SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

Segment analysis with respect to business activity

	Corporate and Institutional Banking	Commercial Banking	Retail Banking	Central and Other Items	Total
30 September 2016	(Rupees in '000) -				
Internal income	2,426,353	(1,950,163)	8,470,192	(8,902,276)	44,106
Net mark-up / return / interest income	(527,912)	2,957,505	(1,497,004)	14,020,955	14,953,544
Non mark-up / non interest income	1,940,778	546,681	2,653,366	661,319	5,802,144
Operating income	3,839,219	1,554,023	9,626,554	5,779,998	20,799,794
Non mark-up / non interest expenses	1,696,856	969,779	5,940,003	386,808	8,993,446
Internal non mark-up / non interest expenses	6,494	3,495	33,538	579	44,106
Operating profit before provisions and taxation	2,135,869	580,749	3,653,013	5,392,611	11,762,242
(Direct write-offs) / (provisions) / reversals against non-performing loans and advances - net of recoveries	675,215	(860,475)	(166,250)	-	(351,510)
Provision for diminution in the value of investments	-	-	-	-	-
Profit before taxation	1,460,654	1,441,224	3,819,263	5,392,611	12,113,752
Other segment items:					
Depreciation on tangible fixed assets	70,426	38,881	213,299	13,902	336,508
Amortisation on intangible assets	6,135	3,386	18,577	1,211	29,309
Segment assets (gross)	54,952,255	85,129,608	36,109,338	317,603,197	493,794,398
Segment non performing loans	3,309,298	15,613,505	3,462,573	-	22,385,376
Segment provision required	2,596,572	14,727,392	3,696,487	-	21,020,451
Segment liabilities	105,696,546	14,551,613	268,248,756	23,935,698	412,432,613
Segment return on net assets (ROA) (%) - annualised	3.73%	2.74%	15.75%	2.27%	3.43%
Segment cost of funds (%) - annualised	3.34%	2.25%	1.85%	5.94%	2.35%
30 September 2015					
Internal income	296,878	(979,105)	10,721,303	(9,980,527)	58,549
Net mark-up / return / interest income	1,849,018	2,017,024	(2,447,314)	15,302,369	16,721,097
Non mark-up / non interest income	2,974,008	887,183	2,794,590	(709,077)	5,946,704
Operating income	5,119,904	1,925,102	11,068,579	4,612,765	22,726,350
Non mark-up / non interest expenses	1,567,615	945,698	6,275,125	306,199	9,094,637
Internal non mark-up / non interest expenses	11,969	2,850	43,410	320	58,549
Operating profit before provisions and taxation	3,540,320	976,554	4,750,044	4,306,246	13,573,164
(Direct write-offs) / (provisions) / reversals against non-performing loans and advances - net of recoveries	702,164	163,141	(12,374)	-	852,931
Provision for diminution in the value of investments	-	4,729	-	-	4,729
Profit before taxation	2,838,156	808,684	4,762,418	4,306,246	12,715,504
Other segment items:					
Depreciation of tangible fixed assets	104,115	14,361	236,952	3,590	359,018
Amortisation of intangible assets	10,091	1,392	22,966	348	34,797
Segment assets (gross)	66,849,787	84,471,796	36,022,306	284,627,469	471,971,358
Segment non performing loans	3,363,450	17,670,598	4,088,278	-	25,122,326
Segment provision required	1,208,889	16,599,611	4,129,126	-	21,937,626
Segment liabilities	91,429,774	12,859,842	261,952,414	21,732,695	387,974,725
Segment return on net assets (ROA) (%) - annualised	5.78%	1.59%	19.96%	2.02%	3.78%
Segment cost of funds (%) - annualised	4.41%	3.03%	2.41%	7.34%	3.13%

* 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 a client segment. These are disclosed separately under 'Central & other Items'. Accordingly, the comparative information has been restated. This change shall have 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.

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.

Notes to the Condensed Interim Financial Statements (Un-audited)

For the nine months period ended 30 September 2016

18 RELATED PARTY TRANSACTIONS

Related parties comprise of Standard Chartered Plc., ultimate parent company, its other subsidiaries and branches, 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:

		30 September 2016	31 December 2015
	Note		
		------(Rupees in '000)-----	
OUTSTANDING BALANCES			
Group			
Nostro balances with other subsidiaries and branches of the holding company		3,112,806	4,253,892
Overdrawn nostro balances with other subsidiaries and branches of the holding company		930,180	1,046,275
Vostro balances of other subsidiaries and branches of the holding company		973,922	496,085
Placements with other subsidiaries and branches of the holding company		16,056,257	16,450,620
Deposits of group company	18.1	12,380	25,445
Due from group companies		-	19,748
Due to holding company		11,709,378	7,739,048
Due from other subsidiaries and branches of the company		188,560	74,069
Interest receivable from group companies		6,551	202
Inter-company derivative assets		29,126	31,079
Inter-company derivative liabilities		50,297	56,183
Other receivables - SLA		292	453
Transaction-related contingent liabilities - Guarantees		27,547,479	21,183,434
Commitments in respect of forward foreign exchange contracts		6,088,698	4,037,342
Derivative instruments - Interest rate swaps - Notional		2,064,808	2,382,572
Derivative instruments - FX options - Notional		73,060	83,624
Subsidiaries			
Deposits of subsidiaries	18.1	-	116,203
Loans to subsidiaries	18.1	-	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	18.1	129,666	131,718
Deposits of key management personnel	18.1	98,640	87,112
Others			
Loans and advances to customers with common directorship	18.1	124,672	121,347
Deposits by staff retirement benefit funds	18.1	511,384	176,807
Deposits by customers with common directorship	18.1	241,557	555,683
Accrued interest receivable against loans and advances to customers with common directorship		2,364	3,506
Receivable from defined benefit plans		10,840	18,025
Transaction-related contingent liabilities - Guarantees		723,016	101,739
Trade-related contingent liabilities - Letters of Credit		1,022,682	1,689,606

Notes to the Condensed Interim Financial Statements (Un-audited)

For the nine months period ended 30 September 2016

	Nine months period ended	
	30 September 2016	30 September 2015
	------(Rupees in '000)-----	
PROFIT AND LOSS	Note	
Group		
Mark-up / return / interest earned	38,090	18,672
Mark-up / return / interest expensed	-	28
Fee and commission expense	142	6,363
Fee and commission income	15,991	77,223
Reimbursement of executive and general administrative expenses	1,078,454	1,021,251
(Receivable from) / payment to group company for direct sales services rendered	-	207,628
Reimbursement of administrative expenses (including rent and other charges)	6,910	10,688
Net (loss) / gain on inter-company derivatives	3,933	105,956
Royalty (reversal) / expense	-	(130,488)
Dividend paid	4,790,602	5,748,723
Subsidiaries		
Mark-up / return / interest earned	3,646	5,454
Mark-up / return / interest expensed	1,522	3,335
Commission income earned	24,998	37,568
Reimbursement of administrative expenses (including rent and other charges)	11,000	20,376
Key management personnel		
Mark-up / return / interest earned	3,876	2,381
Mark-up / return / interest expensed	569	1,106
Salaries and benefits	207,557	205,020
Post retirement benefits	18,794	18,578
Remuneration / fee paid to non-executive directors	4,470	3,595
Rent and renovation expenses	4,469	2,011
Others		
Contribution to defined contribution plans - net of payments received	242,617	281,992
Charge for defined contribution plans	242,617	270,492
Net charge / (income) for defined benefit plans	-	5,446
Mark-up / return / interest expensed on deposits of staff retirement benefit funds	10,002	7,451
Mark-up / return / interest expensed on deposits of customers with common directorship	13,369	15,311
Mark-up / return / interest earned on advances to customers with common directorship	6,400	25,021
Gas charges	409	758
Miscellaneous income from company with common directorship	18.2 176	15,769

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For the nine months period ended 30 September 2016

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

	Note	Balance as at 31 December 2015	Net disbursement/ deposits	Net repayments / withdrawals	Balance as at 30 September 2016
Loans and advances					
----- (Rupees in '000) -----					
Key Management Personnel		131,718	45,616	(47,668)	129,666
Subsidiaries	18.3	190,095	1,119,917	(1,310,012)	-
Others		121,347	728,212	(724,887)	124,672
Deposits					
Group companies		25,445	109,173	(122,238)	12,380
Subsidiaries	18.3	116,203	5,960,408	(6,076,611)	-
Key Management Personnel		87,112	515,692	(504,164)	98,640
Others		732,490	115,418,716	(115,398,265)	752,941

18.2 The CEO of the Bank was also member of the Board of these organisations during the period mentioned.

18.3 As mentioned in note 1, during the period, the Bank has divested all of its shareholding in subsidiaries. Accordingly the closing balances have been adjusted to reflect the same.

Notes to the Condensed Interim Financial Statements (Un-audited)

For the nine months period ended 30 September 2016

19 ISLAMIC BANKING BUSINESS

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

Balance Sheet	Note	30 September 2016	31 December 2015 (Restated)
------(Rupees in '000)-----			
Assets			
Cash and balances with treasury banks		4,770,138	2,385,567
Due from Financial Institutions		4,721,700	3,918,570
Investments		12,546,240	11,959,078
Islamic Financing and Related Assets-net	19.1	27,773,631	29,605,233
Operating fixed assets		34,426	39,644
Other assets		841,876	537,069
		50,688,011	48,445,161
Liabilities			
Bills payable		108,128	147,117
Due to Financial Institutions		1,394,000	1,459,000
Deposits and other accounts			
Current Accounts		24,180,200	22,627,461
Saving Accounts		13,771,854	13,028,585
Term Deposits		1,398,759	1,681,517
Others		58,546	8,184
Deposit from Financial Institutions -Remunerative		16,100	612,820
Deposit from Financial Institutions -Non-Remunerative		-	-
		39,425,459	37,958,567
Due to Head Office		5,043,520	3,879,318
Other liabilities		307,089	265,005
		46,278,196	43,709,007
Net Assets		4,409,815	4,736,154
Represented by:			
Islamic Banking Fund		200,000	200,000
Unappropriated / Unremitted profit		4,120,623	4,523,020
		4,320,623	4,723,020
Surplus / (Deficit) on revaluation of assets - net		89,192	13,134
		4,409,815	4,736,154
Contingencies and Commitments	11		
Remuneration to Shariah Advisor/Board		8,137	9,092
Charity fund			
Opening balance		2,186	2,208
Additions during the year		4,431	10,877
Payments / utilization during the period		(3,424)	(10,899)
Closing balance		3,193	2,186
19.1 Islamic Financing and Related Assets			
Murabaha	19.1.1a	2,383,970	2,742,295
Musharaka	19.1.1b	11,149,054	12,496,852
Dimishing Musharaka	19.1.1c	13,698,638	13,472,362
Ijarah	19.1.1d	190,421	476,053
Musawammah	19.1.1e	32,400	141,492
Others	19.1.1f	319,148	276,179
		27,773,631	29,605,233

Notes to the Condensed Interim Financial Statements (Un-audited)

For the nine months period ended 30 September 2016

	Note	30 September 2016	31 December 2015 (Restated)
------(Rupees in '000)-----			
19.1.1a Murabaha			
Financings / Investments / Receivables		469,546	673,855
Advances		1,597,816	689,479
Assets/Inventories		316,608	1,378,961
		2,383,970	2,742,295
19.1.1b Musharaka			
Financings / Investments / Receivables		11,149,054	12,496,852
19.1.1c Dimishing Musharaka			
Financings / Investments / Receivables		13,698,638	13,472,362
19.1.1d Ijarah			
Financings / Investments / Receivables		190,421	476,053
19.1.1e Musawammah			
Financings / Investments / Receivables		32,400	141,492
19.1.1f Others			
Financings / Investments / Receivables		319,148	276,179
		Nine months period ended 30 September 2016	Nine months period ended 30 September 2015
------(Rupees in '000)-----			
19.2 Profit and Loss			
Profit / return earned on financings, investments and placements		2,611,891	3,113,533
Return on deposits and others dues expensed		(710,191)	(896,379)
Net spread earned		1,901,700	2,217,154
Provision against non performing financing		76,165	(84,805)
Net spread after provisions		1,977,865	2,132,349
Other income			
Fees, commission and brokerage income		515,259	546,292
Other income		605	226
Total other income		515,864	546,518
		2,493,729	2,678,867
Other expenses			
Administrative expenses		(1,396,126)	(1,384,225)
Profit before taxation		1,097,603	1,294,642
19.3	Deposit and other accounts include redeemable capital of Rs.15,186.713 million (December 31,2015 : Rs.15,331.106 million) and deposits on Qard basis of Rs.24,180.200 million (December 31,2015 : 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.		

Notes to the Condensed Interim Financial Statements (Un-audited)

For the nine months period ended 30 September 2016

20. GENERAL

20.1 CORRESPONDING FIGURES

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 " as part of Lending to Financial Institution in the Statement of Financial Position. During the current year, they have been reclassified and shown as part of "Advances" and "Investment" based on the directions of the State Bank of Pakistan. The impact of these reclassifications on corresponding figures is as follows:

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

20.2 Date Of Authorization

These condensed interim financial statements were authorized for issue in the Board of Directors meeting held on 27th October, 2016.



Shazad Dada
Chief Executive Officer



Najam I. Chaudhri
Director



Parvez Ghias
Director



Spenta Kandawalla
Director

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