



# **1st Quarterly Report** (January - March 2017)

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 99 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

### Asia Money Pakistan Banking Awards 2017

- Best International Bank

### 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

### 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	<b>Secure the foundations</b> Strengthening our balance sheet and aligning our strategy to a tightened risk tolerance	<b>Get lean and focused</b> Driving sustainable improvements in returns by restructuring our client businesses and assertively managing costs		<b>Invest and innovate</b> Investing in our core strengths and taking advantage of opportunities in our markets	
Our Values	<b>Courageous:</b> We stand up for what we believe and do the right thing	<b>Responsive:</b> We can be relied on to respond quickly and deliver lasting value	<b>International:</b> We value others and actively collaborate	<b>Creative:</b> We adapt and innovate to meet evolving needs	<b>Trustworthy:</b> We act with integrity and earn the trust of others

## 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 Abdelbary	

### 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](http://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](mailto:info@cdcpak.com)

## Directors' Report – Quarter Ended 31 March 2017

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 interim financial statements for the quarter ended 31st March 2017.

### Economy

Economic activity continues to gather pace, driven by strong domestic demand for consumption and investment. Accommodative monetary policy, rupee stability and still-low energy prices continue to support household discretionary incomes. Therefore, despite an uncertain global economic outlook, Pakistan's GDP growth is expected to accelerate to 5.2% in FY17 from 4.7% in FY16.

As the low-base effect of weak energy prices fades and domestic demand accelerates, inflation appears to have bottomed. Annual consumer price inflation rose to 4.9% in March 2017 from 3.9% a year ago. Core inflation, measured by the non-food non-energy index, has also increased to 5.3% in March 2017 from 4.7% a year ago. As such, the State Bank of Pakistan ('SBP') kept its policy rate on hold at 5.75% at its last monetary policy meeting in March.

Against this backdrop, underlying weakness in the external position has re-emerged. A widening trade deficit, stalling overseas workers' remittances and delays in the materialisation of Coalition Support Funds have seen the current-account deficit for Jul-Feb FY17 more than double to 2.6% of GDP. At the same time, sluggish capital inflows have seen the SBP's FX reserves decline to USD 16.5bn by end-March 2017 from a high of over USD 19bn in October 2016.

### Operating Results and Business Overview

	31 March 2017 (PKR millions)	December 31, 2016 (PKR millions)
<b>Balance Sheet</b>		
Paid-up capital	38,716	38,716
Total equity	54,702	56,872
Deposits	375,730	365,562
Advances – gross	157,214	133,631
Advances – net	137,928	113,951
Investments – net	267,512	245,850
	Quarter ended 31 March 2017 (PKR millions)	Quarter ended 31 March 2016 (PKR millions)
<b>Profit and Loss</b>		
Revenue	6,725	7,667
Administrative expenses	2,833	2,851
Other non mark-up expenses	83	127
Operating profit (before provisions and tax)	3,809	4,689
(Recoveries) / Provisions	(340)	(252)
Profit before tax	4,149	4,941
Profit after tax	2,665	3,209
EPS (in PKR Rupees)	0.69	0.83

Despite external challenges, the Bank delivered resilient financial performance with Profit before tax of PKR 4.1 billion compared to PKR 4.9 billion in corresponding period last year. Revenue was lower by PKR 942 million primarily due to reduced margins. The impact of margin compression on revenue was partially 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 period of last year. Further, strong recoveries of bad debts, coupled with lower impairments led to a net release of PKR 340 million in the current period.

All businesses have positive momentum in client income with strong growth in underlying drivers. This is evident from a pickup in advances, which have grown by 21% since the start of this year. This was a result of targeted strategy to build profitable, high quality and sustainable portfolios. With a diversified client base, the Bank is well positioned to cater for the needs of its clients. On the liabilities side, the bank's total deposits grew by 3% 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 92% of the deposit base.

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.

### **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 clients and business partners for their continued support and trust. We offer sincere appreciation to the SBP 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: April 26, 2017

## اسٹینڈرڈ چارٹرڈ بینک (پاکستان) لمیٹڈ

ڈائریکٹرز رپورٹ - اختتامی سرمایہ اول 31 مارچ 2017

بورڈ آف ڈائریکٹرز کی جانب سے میں انتہائی مسرت سے اسٹینڈرڈ چارٹرڈ بینک (پاکستان) لمیٹڈ کی ڈائریکٹرز رپورٹ بمعہ 31 مارچ 2017 کو ختم ہونے والی سرمایہ کی غیر پڑتال شدہ عبوری مالیاتی تفصیلات پیش کر رہا ہوں۔

## معیشیت

ملکی سطح پر اشیاء صرف کے استعمال اور سرمایہ کاری کے حوالے سے طلب میں استحکام کے باعث معاشی سرگرمیوں میں بھی تیزی کا رجحان برقرار رہا۔ معاشی لحاظ سے مرکزی بینک کی جانب سے موزوں مالیاتی حکمت عملی، روپے میں استحکام اور توانائی کی قیمتوں میں کمی گھریلو آمدنی کے حصول میں مسلسل معاون و مددگار رہی۔ لہذا بین الاقوامی سطح پر معاشی حوالے سے غیر یقینی صورت حال کے باوجود پاکستان کی مجموعی ملکی پیداوار میں مالی سال 2017 میں 5.2 فیصد تک اضافہ متوقع ہے جو گزشتہ سال 2016 میں 4.7 فیصد تھا۔

توانائی کی قیمتوں میں کمی اور ملکی سطح پر طلب میں اضافے کے باعث افراط زر میں بھی کمی دیکھنے میں آئی۔ صارفین کے حوالے سے قیمتوں میں سالانہ افراط زر مارچ 2017 میں 4.9 فیصد کا اضافہ ہوا جو گزشتہ سال 3.9 تھا۔ نان - فوڈ نان - انرجی انڈیکس کے مطابق خالص افراط زر میں گزشتہ سال اسی مدت میں 4.7 فیصد کے مقابلے میں مارچ 2017 میں 5.3 فیصد تک اضافہ ریکارڈ کیا گیا۔ مرکزی بینک نے بھی مانیٹری پالیسی کے حوالے سے مارچ میں منعقد ہونے والے اجلاس میں اپنی پالیسی کی شرح 5.75 فیصد تک برقرار رکھی ہے۔

اس کے نتیجے میں بیرونی صورت حال میں مذکورہ کمزوری پھر سے ابھر کر سامنے آئی ہے۔ بڑھتا ہوا تجارتی خسارہ، بیرون ملک مقیم پاکستانیوں کے ترسیلات زر میں انتہائی کمی اور کولیشن سپورٹ فنڈز کے عملدرآمد میں تاخیر کے باعث مالی سال 2017 میں جولائی تا فروری کرنٹ اکاؤنٹ کا خسارہ دیکھنے میں آیا ہے جو کہ ملک کی مجموعی پیداوار کا 2.6 فیصد کے مقابلے میں دو گنا ہے۔ اسی دوران بیرون ملک سے آنے والے سرمائے میں ست روپی کی وجہ سے اسٹیٹ بینک آف پاکستان کے غیر ملکی زرمبادلہ مارچ 2017 کے اختتام تک کمی کے ساتھ 16.5 ارب امریکی ڈالر زہرے جو اکتوبر 2016 کی اسی مدت میں 19 ارب امریکی ڈالر زہرے۔

نتائج اور عمومی کاروباری جائزہ

31 دسمبر، 2016 (ملین روپے)

31 مارچ، 2017 (ملین روپے)

## بیلنس شیٹ

38,716

38,716

ادا کردہ سرمایہ

56,872

54,702

کل ایکویٹی

365,562

375,730

جمع شدہ رقوم (ڈپازٹس)

133,631

157,214

قرضہ جات - مجموعی

113,951

137,928

قرضہ جات - خالص

245,850

267,512

سرمایہ کاری - خالص

اختتامی سہ ماہی 31 مارچ، 2016 (ملین روپے)

اختتامی سہ ماہی 31 مارچ، 2017 (ملین روپے)

نفع و نقصان

7,667	6,725	آمدنی
2,851	2,833	انتظامی اخراجات
127	83	دیگران۔ مارک اپ اخراجات
4,689	3,809	کاروباری منافع (اخراجات اور ٹیکس سے قبل)
(252)	(340)	تموین/ (وصولیوں کا خالص)
4,941	4,149	قبل از ٹیکس منافع
3,209	2,665	بعد از ٹیکس منافع
0.83	0.69	منافع فی حصص (ای پی ایس)

بیرونی طور پر چیلنجز کے باوجود، بینک نے سال 2016 اسی دورانیہ میں 4.9 ارب روپے کے مقابلے میں 4.1 ارب روپے قبل از ٹیکس منافع کے حصول کے ذریعے اپنی مستحکم مالی کارکردگی کا مظاہرہ کیا۔ کم مارجن کے باعث آمدنی میں 982 ارب روپے کی کمی واقع ہوئی۔ آمدنی پر مارجن کی کمی کے اثرات زیادہ تر سود کے علاوہ حاصل ہونے والی آمدنی اور فنڈز کی قیمت میں کمی کے باعث ہیں۔ انتظامی اخراجات میں عملی طور پر اعلیٰ کارکردگی بچتا 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 مدت میں 340 ارب روپے کے قرضے جاری کئے گئے۔

تمام کاروباری شعبہ جات میں گاہکوں کی آمدنی کے اعتبار سے مذکورہ امور میں مستحکم اضافے کے ساتھ مثبت رجحان رہا۔ یہی وجہ ہے بینک کی جانب سے فراہم کئے جانے والے قرضوں کے رجحان میں تیزی آئی جن میں اس سال کے آغاز سے اب تک 21 فیصد اضافہ ہوا ہے۔ یہ اسی حکمت عملی کا نتیجہ ہے جو منافع بخش، استعداد اور مضبوط سطح پر برقرار پورٹ فولیو کی تعمیر کیلئے اختیار کیا گیا۔ غیر ہم جہتی گاہکوں کو مد نظر رکھتے ہوئے بینک اپنے گاہکوں کی ضروریات کو پورا کرنے کیلئے ایک مستحکم حیثیت رکھتا ہے۔ واجبات کے حوالے سے اس سال کے آغاز سے اب تک بینک کے کل کھاتے میں 3 فیصد اضافہ ہوا۔ کم قیمتی کھاتے میں مسلسل اضافہ بینک کی کارکردگی میں معاون رہا اور کرنٹ اور سیونگز کا وٹنس مجموعی کھاتوں کے 92 فیصد تک رہے۔

بینک جدید سلوشنز 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 کھاتے داروں کے لئے معیاری خدمات کو پیش کرنے کے ساتھ ساتھ اپنے کھاتے داروں کیلئے اپنی پروڈکٹس کو نہایت موزوں بنانے پر اپنی خصوصی توجہ مرکوز کر کے ایک مستحکم اضافے کیلئے مسلسل کوشاں ہیں۔

### کریڈٹ ریٹنگ

پاکستان کریڈٹ ریٹنگ ایجنسی (PAKRA) نے بینک کی بااثر تیپ "AAA" (ٹرپل A) اور "A1+" (اے ون 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۔

### تسلیم و تحسین

اس موقع پر ہم اپنے کھاتے داروں اور شراکت داروں 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 رفقاء، عملے اور ہم پیشہ رفیقوں کے شکرگزار ہیں۔

منجانب



شمار ادو ادا

چیف ایگزیکٹو آفیسر

کراچی: 26 اپریل، 2017



# Standard Chartered Bank (Pakistan) Limited

## Condensed Interim Financial Statements (Un-audited)

For the Three months period ended  
31 March 2017

## Condensed Interim Statement of Financial Position

### As at 31 March 2017

	Note	31 March 2017 (Un-audited)	31 December 2016 (Audited)
(Rupees in '000)			
<b>ASSETS</b>			
Cash and balances with treasury banks		33,342,015	40,729,979
Balances with other banks		1,281,268	5,699,791
Lendings to financial institutions	6	5,621,023	19,798,390
Investments	7	267,512,351	245,850,227
Advances	8	137,928,258	113,950,767
Operating fixed assets		5,799,100	5,773,296
Intangible assets		26,095,828	26,095,890
Other assets		14,161,556	15,433,378
		<b>491,741,399</b>	<b>473,331,718</b>
<b>LIABILITIES</b>			
Bills payable		11,037,943	10,821,793
Borrowings		20,129,506	14,400,841
Deposits and other accounts	10	375,730,305	365,562,094
Sub-ordinated loans		2,500,000	2,500,000
Deferred tax liabilities - net	9	1,784,650	1,754,807
Other liabilities		21,762,309	17,009,890
		<b>432,944,713</b>	<b>412,049,425</b>
<b>NET ASSETS</b>		<b>58,796,686</b>	<b>61,282,293</b>
<b>REPRESENTED BY:</b>			
Share capital		38,715,850	38,715,850
Reserves		13,303,578	12,770,562
Unappropriated profit		2,682,177	5,385,558
		<b>54,701,605</b>	<b>56,871,970</b>
Surplus on revaluation of assets - net of deferred tax		4,095,081	4,410,323
		<b>58,796,686</b>	<b>61,282,293</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	11		

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



Ian Anderson Bryden  
Chairman



Shazad Dada  
Chief Executive Officer



Najam I. Chaudhri  
Director



Parvez Ghias  
Director

## Condensed Interim Profit and Loss Account (Un-audited)

### For the three months period ended 31 March 2017

	Note	Three months period ended 31 March 2017	Three months period ended 31 March 2016
		------(Rupees in '000')-----	
Mark-up / return / interest earned		6,783,136	7,676,794
Mark-up / return / interest expensed		(2,333,354)	(2,199,342)
<b>Net mark-up / return / interest income</b>		<b>4,449,782</b>	<b>5,477,452</b>
Reversals against non-performing loans and advances		318,879	235,828
Recovery of amounts written off		55,297	59,973
Provision for diminution in the value of investments		-	-
Bad debts written off directly		(34,373)	(44,245)
		<b>339,803</b>	<b>251,556</b>
<b>Net Mark-up / return / interest income after provisions</b>		<b>4,789,585</b>	<b>5,729,008</b>
<b>NON MARK-UP / NON INTEREST INCOME</b>			
Fees, commission and brokerage income		1,337,144	945,807
Dividend income		875	-
Income from dealing in foreign currencies		594,871	314,789
Gain on sale of securities - net		87,596	756,473
Unrealized (loss) / gain on revaluation of investments classified as held for trading		7,129	27,451
Other income	12	247,808	145,196
<b>Total non mark-up / non interest income</b>		<b>2,275,423</b>	<b>2,189,716</b>
		<b>7,065,008</b>	<b>7,918,724</b>
<b>NON MARK-UP / NON INTEREST EXPENSES</b>			
Administrative expenses	14	(2,833,484)	(2,850,505)
Other reversals / (provisions) / (assets write offs)		742	(26,727)
Other charges		(83,486)	(100,830)
<b>Total non mark-up / non interest expenses</b>		<b>(2,916,228)</b>	<b>(2,978,062)</b>
		<b>4,148,780</b>	<b>4,940,662</b>
Extra-ordinary / unusual items		-	-
<b>PROFIT BEFORE TAXATION</b>		<b>4,148,780</b>	<b>4,940,662</b>
Taxation - current		(1,254,657)	(1,608,758)
- prior years'		(31,625)	-
- deferred		(197,416)	(122,430)
		<b>(1,483,698)</b>	<b>(1,731,188)</b>
<b>PROFIT AFTER TAXATION</b>		<b>2,665,082</b>	<b>3,209,474</b>
		<b>Rupees</b>	<b>Rupees</b>
<b>BASIC / DILUTED EARNINGS PER SHARE</b>		<b>0.69</b>	<b>0.83</b>

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



Ian Anderson Bryden  
Chairman



Shazad Dada  
Chief Executive Officer



Najam I. Chaudhri  
Director



Parvez Ghias  
Director

## Condensed Interim Statement of Comprehensive Income (Un-audited)

### For the three months period ended 31 March 2017

	Three months period ended 31 March 2017	Three months period ended 31 March 2016
	(Rupees in '000)	
<b>Profit after taxation for the period</b>	<b>2,665,082</b>	<b>3,209,474</b>
<b>Other comprehensive income</b>	<b>-</b>	<b>-</b>
<b>Comprehensive income transferred to equity</b>	<b>2,665,082</b>	<b>3,209,474</b>
<b>Components of comprehensive income not reflected in equity</b>		
Movement in surplus on revaluation of available for sale securities	(478,781)	(1,502,191)
Related deferred tax charge	167,573	525,767
<b>Total comprehensive income for the period</b>	<b>2,353,874</b>	<b>2,233,050</b>

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



Ian Anderson Bryden  
Chairman



Shazad Dada  
Chief Executive Officer



Najam I. Chaudhri  
Director



Parvez Ghias  
Director

## Condensed Interim Cash Flow Statement (Un-audited)

For the three months period ended 31 March 2017

	31 March 2017	31 March 2016
	(Rupees in '000)	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation for the period	4,148,780	4,940,662
Less : Dividend income	(875)	-
	<b>4,147,905</b>	<b>4,940,662</b>
<b>Adjustments for:</b>		
Depreciation	111,322	105,273
Amortization	63	10,992
Gain on disposal of fixed assets - net	(7,080)	(41,270)
Unrealized gain / (loss) on revaluation of investments classified as held for trading - net	(7,129)	(27,451)
Other provisions /asset write-offs	(742)	26,727
Reversals against non-performing loans and advances - net of recoveries	(339,803)	(251,556)
	<b>(243,369)</b>	<b>(177,285)</b>
	<b>3,904,536</b>	<b>4,763,377</b>
<b>(Increase) / decrease in operating assets</b>		
Lendings to financial institutions	14,177,367	908,542
Net investment in 'held for trading securities'	381,590	(4,978,603)
Advances	(23,637,688)	(10,354,518)
Other assets (excluding advance taxation)	603,597	3,943,764
	<b>(8,475,134)</b>	<b>(10,480,815)</b>
<b>Increase in operating liabilities</b>		
Bills payable	216,150	(2,567,464)
Borrowings from financial institutions	5,728,665	(7,312,499)
Deposits and other accounts	10,168,211	17,448,606
Other liabilities	(87,062)	1,004,719
	<b>16,025,964</b>	<b>8,573,362</b>
<b>Cash inflow before taxation</b>	<b>11,455,366</b>	<b>2,855,924</b>
Income tax paid	(616,439)	(835,917)
<b>Net cash generated from operating activities</b>	<b>10,838,927</b>	<b>2,020,007</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Net investments in 'available for sale securities'	(22,515,367)	(9,629,811)
Net investment in operating fixed assets (including intangible assets)	(137,127)	26,718
Sale proceeds on disposal of operating fixed assets	7,080	85,020
<b>Net cash used in investing activities</b>	<b>(22,645,414)</b>	<b>(9,518,073)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Dividend paid	-	-
<b>Net cash used in financing activities</b>	<b>-</b>	<b>-</b>
<b>Increase in cash and cash equivalents for the period</b>	<b>(11,806,487)</b>	<b>(7,498,066)</b>
Cash and cash equivalents at beginning of the period	46,429,770	33,782,136
Cash and cash equivalents at end of the period	<b>34,623,283</b>	<b>26,284,070</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>		
Cash and balances with treasury banks	33,342,015	22,423,013
Balances with other banks	1,281,268	3,861,057
	<b>34,623,283</b>	<b>26,284,070</b>

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



Ian Anderson Bryden  
Chairman



Shazad Dada  
Chief Executive Officer



Najam I. Chaudhri  
Director



Parvez Ghias  
Director

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

For the three months period ended 31 March 2017

	Share Capital	Share Premium	Statutory Reserve (Rupees in '000)	Unappropriated Profit (a)	Total
<b>Balance as at 01 January 2016</b>	38,715,850	1,036,090	9,810,915	5,453,310	55,016,165
<b>Total Comprehensive income for the period</b>					
Profit after tax for the three months period ended 31 March 2016	-	-	-	3,209,474	3,209,474
Surplus on revaluation of assets - net of tax	-	-	-	-	-
<i>Other Comprehensive income</i>					
Remeasurement of post employment obligations - net of tax	-	-	-	-	-
	-	-	-	3,209,474	3,209,474
<b>Transactions with owners, recorded directly in equity</b>					
Share based payment transactions (Contribution from holding company)	-	-	-	-	-
Payment against share based payment transactions (to holding company)	-	-	-	-	-
Cash dividend (Final 2015) at Rs. 1.25 per share	-	-	-	(4,839,481)	(4,839,481)
	-	-	-	(4,839,481)	(4,839,481)
Transfer to statutory reserve	-	-	641,895	(641,895)	-
Transferred from surplus on revaluation of fixed asset - net of deferred tax	-	-	-	(1,501)	(1,501)
<b>Balance as at 31 March 2016</b>	<b>38,715,850</b>	<b>1,036,090</b>	<b>10,452,810</b>	<b>3,179,907</b>	<b>53,384,657</b>
<b>Total Comprehensive income for the period</b>					
Profit after tax for the nine months ended 31 December 2016	-	-	-	6,408,311	6,408,311
<i>Other Comprehensive income</i>					
Remeasurement of post employment obligations - net of tax	-	-	-	3,814	3,814
	-	-	-	6,412,125	6,412,125
<b>Transactions with owners, recorded directly in equity</b>					
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 (Interim 2016) at Rs. 0.75 per share	-	-	-	(2,903,689)	(2,903,689)
	-	-	-	(2,936,846)	(2,936,846)
Transfer to statutory reserve	-	-	1,281,662	(1,281,662)	-
Transferred from surplus on revaluation of fixed asset - net of deferred tax	-	-	-	12,034	12,034
<b>Balance as at 31 December 2016</b>	<b>38,715,850</b>	<b>1,036,090</b>	<b>11,734,472</b>	<b>5,385,558</b>	<b>56,871,970</b>
<b>Total Comprehensive income for the period</b>					
Profit after tax for the three months ended 31 March 2017	-	-	-	2,665,082	2,665,082
<i>Other Comprehensive income</i>					
Remeasurement of post employment obligations - net of tax	-	-	-	-	-
	-	-	-	2,665,082	2,665,082
<b>Transactions with owners, recorded directly in equity</b>					
Share based payment transactions (contribution from holding company)	-	-	-	-	-
Payment against share based payment transactions (to holding company)	-	-	-	-	-
Cash dividend (Final 2016) at Rs. 1.25 per share	-	-	-	(4,839,481)	(4,839,481)
	-	-	-	(4,839,481)	(4,839,481)
Transfer to statutory reserve	-	-	533,016	(533,016)	-
Transferred from surplus on revaluation of fixed assets - net of deferred tax	-	-	-	4,034	4,034
<b>Balance as at 31 March 2017</b>	<b>38,715,850</b>	<b>1,036,090</b>	<b>12,267,488</b>	<b>2,682,177</b>	<b>54,701,605</b>

(a) As further explained in note 8.2.1 of these condensed interim financial statements the amount of Rs 244,384 million net of tax as at 31 March 2017 represents additional profit arising from availing forced sale value benefit for determining provisioning requirement is not available for the purpose of distribution of dividend to shareholders / bonus to employees.

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



Ian Anderson Bryden  
Chairman



Shazad Dada  
Chief Executive Officer



Najam I. Chaudhri  
Director



Parvez Ghias  
Director

## Notes to the Condensed Interim Financial Statements (Un-audited) For the three months period ended 31 March 2017

### 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 99 branches in Pakistan (2016: 101 branches in Pakistan) in operation at 31 March 2017.

Last 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 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 2016.

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

### For the three months period ended 31 March 2017

#### 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 2016. 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 2016.

#### 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 2016.

#### 6 LENDINGS TO FINANCIAL INSTITUTIONS

	Note	31 March 2017	31 December 2016
		------(Rupees in '000)-----	
Repurchase agreement lendings (Reverse Repo)	6.1	500,000	8,135,575
Placements	6.2	5,121,023	11,662,815
		<b>5,621,023</b>	<b>19,798,390</b>

**6.1** These carry mark-up at rate ranging 5.85 percent per annum payable at maturity, and are due to mature during April 2017 (2016: 5.80 percent to 5.85 percent per annum). 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 1.0 percent per annum (2016: 0.08 percent to 1.20 percent per annum), and are due to mature during April 2017.



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

### For the three months period ended 31 March 2017

7 INVESTMENTS	31 March 2017			31 December 2016		
	Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total
<b>Investments by type</b>	----- (Rupees in '000) -----					
<b>Held for trading</b>						
Market Treasury Bills	266,258	-	266,258	59,794	-	59,794
Pakistan Investment Bonds	487,593	-	487,593	1,075,647	-	1,075,647
<b>Available for sale</b>						
Market Treasury Bills	214,718,270	-	214,718,270	192,086,748	-	192,086,748
Pakistan Investment Bonds	43,135,655	18,822	43,154,477	43,219,957	18,849	43,238,806
GoP Ijarah Sukuk Bonds	7,006,881	-	7,006,881	7,005,946	-	7,005,946
Sukuk Bonds	1,025,000	-	1,025,000	1,050,000	-	1,050,000
Term Finance Certificates -unlisted	285,025	-	285,025	285,025	-	285,025
Equity shares of listed companies	783,077	-	783,077	783,077	-	783,077
Equity shares of unlisted companies	3,004	-	3,004	3,004	-	3,004
<b>Investments at cost</b>	<b>267,710,763</b>	<b>18,822</b>	<b>267,729,585</b>	<b>245,569,198</b>	<b>18,849</b>	<b>245,588,047</b>
Provision for diminution in the value of investments	(898,118)	-	(898,118)	(898,118)	-	(898,118)
<b>Investments (net of provisions)</b>	<b>266,812,645</b>	<b>18,822</b>	<b>266,831,467</b>	<b>244,671,080</b>	<b>18,849</b>	<b>244,689,929</b>
Surplus on revaluation of held for trading securities - net	7,129	-	7,129	7,761	-	7,761
Surplus on revaluation of available for sale securities - net	673,490	265	673,755	1,152,060	477	1,152,537
<b>Total Investments - net</b>	<b>267,493,264</b>	<b>19,087</b>	<b>267,512,351</b>	<b>245,830,901</b>	<b>19,326</b>	<b>245,850,227</b>

8 ADVANCES	Note	31 March 2017	31 December 2016
		----- (Rupees in '000) -----	
Loans, cash credits, running finances, etc.			
- In Pakistan		104,138,121	94,098,584
- Outside Pakistan		-	-
Islamic Financing and Related Assets (Gross)	8.1	104,138,121 39,226,060	94,098,584 32,822,175
Bills discounted and purchased (excluding treasury bills)			
- Payable in Pakistan		11,477,376	3,901,614
- Payable outside Pakistan		2,372,146	2,808,964
		13,849,522	6,710,578
Advances - gross		157,213,703	133,631,337
Provision for non-performing advances	8.2	(19,285,445)	(19,680,570)
Advances - net of provision		137,928,258	113,950,767

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

**8.2** Advances include Rs 21,183.199 million (31 December 2016: Rs 21,873.219 million) which have been placed under non-performing status as detailed below:

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

### For the three months period ended 31 March 2017

31 March 2017								
Category of classification	Classified Advances			Provision Required			Provision Held	
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas
(Rupees in '000)								
OAEM	20,996	-	20,996	-	-	-	-	-
Substandard	439,734	-	439,734	60,075	-	60,075	60,075	-
Doubtful	4,679,041	-	4,679,041	2,904,600	-	2,904,600	2,904,600	-
Loss	16,043,428	-	16,043,428	15,757,494	-	15,757,494	15,757,494	-
	21,183,199	-	21,183,199	18,722,169	-	18,722,169	18,722,169	-
General Provision	-	-	-	563,276	-	563,276	563,276	-
	21,183,199	-	21,183,199	19,285,445	-	19,285,445	19,285,445	-

31 December 2016								
Category of classification	Classified Advances			Provision Required			Provision Held	
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas
(Rupees in '000)								
OAEM	37,407	-	37,407	-	-	-	-	-
Substandard	444,903	-	444,903	60,341	-	60,341	60,341	-
Doubtful	4,684,018	-	4,684,018	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	-
	21,873,219	-	21,873,219	19,133,049	-	19,133,049	19,133,049	-
General Provision	-	-	-	547,521	-	547,521	547,521	-
	21,873,219	-	21,873,219	19,680,570	-	19,680,570	19,680,570	-

**8.2.1** At 31 March 2017, the provision requirement has been reduced by Rs. 375.976 million (31 December 2016: Rs. 401.589 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. 244.384 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

	31 March 2017			31 December 2016		
	Specific	General	Total	Specific	General	Total
(Rupees in '000)						
Opening balance	19,133,049	547,521	19,680,570	20,960,812	555,906	21,516,718
Charge for the year	88,200	24,861	113,061	1,752,208	70,134	1,822,342
Reversals	(423,268)	(9,106)	(432,374)	(2,565,869)	(78,519)	(2,644,388)
	(335,068)	15,755	(319,313)	(813,661)	(8,385)	(822,046)
Amounts written off	(75,812)	-	(75,812)	(997,832)	-	(997,832)
Other movements	-	-	-	(16,270)	-	(16,270)
Closing balance	18,722,169	563,276	19,285,445	19,133,049	547,521	19,680,570

## 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. 5,734 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.

## 10 DEPOSITS AND OTHER ACCOUNTS

Note **31 March 2017** **31 December 2016**

### Customers

#### Remunerative

- Fixed deposits	30,485,398	22,231,104
- Savings deposits	181,821,815	186,007,700

#### Non-Remunerative

- Current accounts	158,322,603	151,796,941
- Margin accounts	1,974,582	1,354,922
- Special exporters' account	1,211,635	1,853,939
	373,816,033	363,244,606

#### Financial Institutions

- Remunerative deposits	4,951	64,888
- Non-remunerative deposits - Current account	1,909,321	2,252,600
	375,730,305	365,562,094

10.1

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

### For the three months period ended 31 March 2017

**10.1** This includes Rs. 492.077 million (2016: Rs.589.579 million) against balances of other branches and subsidiaries of Standard Chartered Group operating outside Pakistan.

<b>11 CONTINGENCIES AND COMMITMENTS</b>	Note	<b>31 March 2017</b> (Un-audited)	<b>31 December 2016</b> (Audited)
<b>11.1 Transaction-related contingent liabilities</b>		------(Rupees in '000)-----	
Guarantees issued favouring:	11.1.1		
- Government		<b>44,455,482</b>	49,381,038
- Others		<b>37,155,891</b>	40,631,891
		<b>81,611,374</b>	90,012,929

**11.1.1** Guarantees relating to Islamic Banking Business amount to Rs 92 million (2016: Rs 620 million).

#### **11.2 Trade-related contingent liabilities**

Letters of credit	11.2.1	<b>26,350,248</b>	22,583,980
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**11.2.1** Letters of credit relating to Islamic Banking Business amount to Rs 1,850 million (2016: Rs 3,195 million).

#### **11.3 Trade-related commitments**

Acceptances		<b>10,097,529</b>	6,988,336
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**11.3.1** Acceptances relating to Islamic Banking Business amount to Rs 2,547 million (2016: Rs 1,599 million).

<b>11.4 Commitment for acquisition of fixed assets</b>		<b>14,094</b>	23,491
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#### **11.5 Other contingencies**

Claims against the Bank not acknowledged as debt	11.5.1	<b>11,683,903</b>	11,654,963
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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 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 2016, 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.

**11.5.3** 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.

**11.5.4** 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.

#### **11.6 Commitments in respect of forward foreign exchange contracts**

Purchase			
State Bank of Pakistan		<b>45,723,200</b>	16,321,650
Banks		<b>63,598,442</b>	53,856,408
Customers		<b>2,789,173</b>	3,524,916
Sale			
State Bank of Pakistan		-	-
Other banks		<b>71,146,371</b>	48,280,141
Customers		<b>12,388,598</b>	3,397,802

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

### For the three months period ended 31 March 2017

#### 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.

#### 11.9 Derivative Instruments

##### Product Analysis

Counterparties	31 March 2017			
	Interest Rate Swaps		FX Options	
	No. of Contracts	Notional Principal * (Rupees in '000)	No. of Contracts	Notional Principal * (Rupees in '000)
<b>With Banks for</b>				
<b>Hedging</b>	-	-	-	-
<b>Market Making</b>	14	7,284,099	10	156,910
<b>With FIs other than banks</b>				
<b>Hedging</b>	-	-	-	-
<b>Market Making</b>	-	-	-	-
<b>With other entities for</b>				
<b>Hedging</b>	-	-	-	-
<b>Market Making</b>	14	7,430,493	10	156,910
<b>Total</b>				
<b>Hedging</b>	-	-	-	-
<b>Market Making</b>	28	14,714,592	20	313,821
31 December 2016				
<b>With Banks for</b>				
<b>Hedging</b>	-	-	-	-
<b>Market Making</b>	12	3,290,210	41	874,205
<b>With FIs other than banks</b>				
<b>Hedging</b>	-	-	-	-
<b>Market Making</b>	-	-	-	-
<b>With other entities for</b>				
<b>Hedging</b>	-	-	-	-
<b>Market Making</b>	13	3,803,088	41	874,205
<b>Total</b>				
<b>Hedging</b>	-	-	-	-
<b>Market Making</b>	25	7,093,298	82	1,748,410

\* 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 4 contracts with local banks having notional principal of Rs. 610,544 million.

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

### For the three months period ended 31 March 2017

	Three months period ended <b>31 March 2017</b>	Three months period ended <b>31 March 2016</b>
	<b>(Rupees in '000)</b>	
<b>12 OTHER INCOME</b>		
Rent on property	4,870	5,734
Gain / (loss) on disposal of fixed assets	7,080	41,270
Gain / (loss) on derivatives	235,858	93,192
Recoveries against assets at acquisition of Union Bank Limited	-	5,000
	<b>247,808</b>	<b>145,196</b>
<b>13 TAXATION</b>		
The return for income year 2016 (Tax Year 2017) is due for filing by 30 September 2017.		
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.		
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.		
<b>14 ADMINISTRATIVE EXPENSES</b>		
Salaries, allowances etc.	1,303,482	1,321,863
Contributions to defined contribution plans	95,987	92,334
Non-executive directors' fee	1,415	1,865
Rent, taxes, insurance, electricity etc.	285,755	298,080
Legal and professional charges	25,026	25,503
Communications	112,100	121,554
Premises repairs and refurbishment	199,764	142,000
Equipment and consumables	66,561	54,541
Software licenses and renewals	31,939	30,837
Stationery and printing	51,356	59,260
Advertisement and publicity - net	4,247	75,638
Auditors' remuneration	5,034	4,232
Depreciation	111,322	105,273
Amortization	63	10,992
Travelling, conveyance and vehicles' running	32,711	36,315
Reimbursement of executive and general administrative expenses	371,848	329,837
Custody service charges	74,884	80,763
Documentation and processing charges	38,812	45,052
Others	21,178	14,566
	<b>2,833,484</b>	<b>2,850,505</b>
<b>15 INCOME FROM DEALING IN FOREIGN CURRENCY</b>		
Gain/ (loss) realised from dealing in:		
Foreign currency	473,392	299,441
Foreign exchange derivative	121,479	15,348
	<b>594,871</b>	<b>314,789</b>

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

### For the three months period ended 31 March 2017

#### 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

		31 March 2017									
		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)											
<b>Financial assets measured at fair value</b>											
- Investments											
	- Government Securities (Tbills + PIBs + Sukuks)	760,980	265,435,770	-	-	-	266,196,750	-	266,196,750	-	266,196,750
	- Sukuk Bonds (other than government)		24,819	-	-	-	24,819	-	24,819	-	24,819
	- Equity securities traded (Shares)		283,473	-	-	-	283,473	283,473	-	-	283,473
- Other assets											
	-Unrealized gain on Forward foreign exchange contracts	-	328,937	-	-	-	328,937	-	328,937	-	328,937
	-Unrealized gain on Interest rate derivatives & currency options	-	214,205	-	-	-	214,205	-	214,205	-	214,205
<b>Financial assets not measured at fair value</b>											
	- Cash and bank balances with SBP and NBP	16.1	-	-	33,342,015	-	33,342,015	-	-	-	-
	- Balances with other banks	16.1	-	-	1,281,268	-	1,281,268	-	-	-	-
	- Lending to financial institutions	16.1	-	-	5,621,023	-	5,621,023	-	-	-	-
	- Advances	16.1	-	137,928,258	-	-	137,928,258	-	-	-	-
	- Other assets	16.1	-	-	4,373,226	-	4,373,226	-	-	-	-
			760,980	266,287,204	137,928,258	44,617,532	449,593,974				
<b>Financial liabilities measured at fair value</b>											
- Other liabilities											
	-Unrealized loss on Forward foreign exchange contracts	-	228,315	-	-	-	228,315	-	228,315	-	228,315
	-Unrealized loss on Interest rate derivatives & currency options	-	3,433	-	-	-	3,433	-	3,433	-	3,433
<b>Financial liabilities not measured at fair value</b>											
	- Bills Payable	16.1	-	-	-	11,037,943	11,037,943	-	-	-	-
	- Deposits and other accounts	16.1	-	-	-	375,730,305	375,730,305	-	-	-	-
	- Borrowings	16.1	-	-	-	20,129,506	20,129,506	-	-	-	-
	- Sub - ordinated loans	16.1	-	-	-	2,500,000	2,500,000	-	-	-	-
	- Other liabilities (excluding Liabilities against assets subject to finance lease)	16.1	-	-	-	19,624,287	19,624,287	-	-	-	-
			-	231,748	-	429,022,041	429,253,789	-	-	-	-
<b>Off-balance sheet financial instruments</b>											
Interest Rate swaps / Foreign currency options / Forward purchase contracts											
		-	-	-	121,119,211	-	121,119,211	-	121,662,353	-	121,662,353
Interest Rate swaps / Foreign currency options / Forward sale contracts											
		-	-	-	89,554,985	-	89,554,985	-	89,786,733	-	89,786,733

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

### For the three months period ended 31 March 2017

#### On balance sheet financial instruments

balance sheet financial instruments		31 December 2016									
Note	Carrying 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)											
<b>Financial assets measured at fair value</b>											
- 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	
<b>Financial assets not measured at fair value</b>											
- Cash and bank balances with SBP and NBP	16.1	-	-	40,729,979	-	40,729,979					
- Balances with other banks	16.1	-	-	5,699,791	-	5,699,791					
- Lending to financial institutions	16.1	-	-	19,798,390	-	19,798,390					
- Advances	16.1	-	113,950,767	-	-	113,950,767					
- Other assets	16.1	-	-	5,253,738	-	5,253,738					
		1,143,202	243,080,378	113,950,767	71,481,898	429,656,245					
<b>Financial liabilities measured at fair value</b>											
- Other liabilities											
-Unrealized gain on Forward foreign exchange contracts		85,338	-	-	-	85,338	-	85,338	-	85,338	
-Unrealized gain on Interest rate derivatives & currency options		134,365	-	-	-	134,365	-	134,365	-	134,365	
<b>Financial liabilities not measured at fair value</b>											
- Bills Payable	16.1	-	-	-	10,821,793	10,821,793					
- Deposits and other accounts	16.1	-	-	-	365,562,094	365,562,094					
- Borrowings	16.1	-	-	-	14,400,841	14,400,841					
- Sub - ordinated loans	16.1	-	-	-	2,500,000	2,500,000					
- Other liabilities (excluding Liabilities against assets subject to finance lease)	16.1	-	-	-	15,699,985	15,699,985					
		-	219,703	-	408,984,713	409,204,416					
<b>Off-balance sheet financial instruments</b>											
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	

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 three months period ended 31 March 2017

#### 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
<b>31 March 2017</b>	(Rupees in '000) -----				
Internal Income	919,570	(668,611)	2,694,683	(2,939,879)	5,763
Net mark-up / return / interest income	(257,962)	999,335	(474,347)	4,182,756	4,449,782
Non mark-up / non interest income	705,738	605,916	1,134,084	(170,315)	2,275,423
Operating income	1,367,346	936,640	3,354,420	1,072,562	6,730,968
Non mark-up / non interest expenses	569,966	250,815	1,937,679	157,768	2,916,228
Internal non mark-up / non interest expenses	804	376	4,490	93	5,763
Operating profit before provisions and taxation	796,576	685,449	1,412,251	914,701	3,808,977
(Direct write-offs) / (provisions) / reversals against non-performing loans and advances - net of recoveries	993	(266,763)	(74,033)	-	(339,803)
Provision for diminution in the value of investments	-	-	-	-	-
Profit before taxation	795,583	952,212	1,486,284	914,701	4,148,780
Other segment items:					
Depreciation on tangible fixed assets	23,298	12,862	73,995	1,167	111,322
Amortisation on intangible assets	14	7	41	1	63
Segment assets (gross)	68,409,417	93,670,265	39,859,974	310,049,250	511,988,906
Segment non performing loans	3,305,762	14,736,976	3,140,461	-	21,183,199
Segment provision required	2,596,286	13,204,587	3,484,572	-	19,285,445
Segment liabilities	111,649,238	15,488,255	281,741,210	24,066,010	432,944,713
Segment return on net assets (ROA) (%) - annualised	4.85%	4.75%	16.39%	1.18%	3.38%
Segment cost of funds (%) - annualised	3.22%	1.93%	1.83%	5.66%	2.32%
<b>31 March 2016</b>					
Internal Income	725,578	(565,378)	2,835,116	(2,980,219)	15,097
Net mark-up / return / interest income	(45,482)	927,312	(484,193)	5,079,815	5,477,452
Non mark-up / non interest income	664,340	183,328	974,532	367,516	2,189,716
Operating income	1,344,436	545,262	3,325,455	2,467,112	7,682,265
Non mark-up / non interest expenses	522,619	283,073	1,947,390	224,980	2,978,062
Internal non mark-up / non interest expenses	1,913	1,165	11,712	307	15,097
Operating profit before provisions and taxation	819,904	261,024	1,366,353	2,241,825	4,689,106
(Direct write-offs) / (provisions) / reversals against non-performing loans and advances - net of recoveries	56	(145,671)	(105,941)	-	(251,556)
Provision for diminution in the value of investments	-	-	-	-	-
Profit before taxation	819,848	406,695	1,472,294	2,241,825	4,940,662
Other segment items:					
Depreciation of tangible fixed assets	22,032	12,163	66,729	4,349	105,273
Amortisation of intangible assets	2,300	1,270	6,968	454	10,992
Segment assets (gross)	61,995,547	86,869,137	34,366,996	296,407,919	479,639,599
Segment non performing loans	3,309,519	16,143,593	3,709,022	-	23,162,134
Segment provision required	1,921,415	15,185,233	3,857,490	-	20,964,138
Segment liabilities	97,031,969	14,571,440	266,182,738	20,620,696	398,406,843
Segment return on net assets (ROA) (%) - annualised	5.47%	2.28%	19.36%	3.03%	4.32%
Segment cost of funds (%) - annualised	3.50%	2.39%	1.86%	5.94%	2.45%

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

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

During last 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.

##### 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 Treasury -Markets, 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 three months period ended 31 March 2017

#### 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:

	Note	31 March 2017	31 December 2016
<b>OUTSTANDING BALANCES</b>			
------(Rupees in '000)-----			
<b>Group</b>			
Nostro balances with other subsidiaries and branches of the holding company		1,232,349	5,578,725
Overdrawn nostro balances with other subsidiaries and branches of the holding company		1,665,541	498,580
Vostro balances of other subsidiaries and branches of the holding company		492,077	589,579
Placements with other subsidiaries and branches of the holding company		5,121,023	11,662,815
Deposits of group company	18.1	10,677	12,029
Due to holding company		14,416,790	9,247,383
Call borrowing		2,621,145	-
Due from other subsidiaries and branches of the company		448,335	314,725
Interest receivable from group companies		230	17,396
Inter-company derivative assets		27,063	67,738
Inter-company derivative liabilities		289,085	122,218
Other receivables - SLA		-	847
Transaction-related contingent liabilities - Guarantees		23,197,545	31,113,935
Commitments in respect of forward foreign exchange contracts		8,976,504	5,039,057
Derivative instruments- Interest rate swaps - Notional		5,894,700	2,155,390
Derivative instruments- FX options - Notional		156,910	874,205
<b>Key management personnel</b>			
Loans and advances to key management personnel	18.1	171,504	131,989
Deposits of key management personnel	18.1	135,768	79,199
Advance Rent		418	1,171
<b>Others</b>			
Loans and advances to customers with common directorship	18.1	58,413	64,789
Deposits by staff retirement benefit funds	18.1	185,716	144,940
Deposits by customers with common directorship	18.1	442,435	329,148
Accrued interest receivable against loans and advances to customers with common directorship		1,216	1,299
Receivable from defined benefit plans		5,635	5,635
Derivative liabilities		104	801
Transaction-related contingent liabilities - Guarantees		494,479	591,040
Trade-related contingent liabilities - Letter of Credit		210,289	23,739

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

### For the three months period ended 31 March 2017

	Three months period ended	
	31 March 2017	31 March 2016
	------(Rupees in '000)-----	
<b>PROFIT AND LOSS</b>		
<b>Group</b>		
Mark-up / return / interest earned	2,483	11,282
Mark-up / return / interest expensed	3,416	36
Fee and commission expense	-	71
Fee and commission income	208,450	1,426
Reimbursement of executive and general administrative expenses	371,848	329,837
Reimbursement of administrative expenses (including rent and other charges)	-	3,948
Net gain / (loss) on inter-company derivatives	(207,542)	8,475
<b>Subsidiaries</b>		
Mark-up / return / interest earned	-	1,909
Mark-up / return / interest expensed	-	277
Commission income earned	-	12,020
Reimbursement of administrative expenses (including rent and other charges)	-	6,392
<b>Key management personnel</b>		
Mark-up / return / interest earned	1,541	1,529
Mark-up / return / interest expensed	136	205
Salaries and benefits	72,581	59,826
Post retirement benefits	6,537	5,659
Remuneration / fee paid to non-executive directors	1,415	1,865
Rent and renovation expenses	748	696
<b>Others</b>		
Contribution to defined contribution plans - net of payments received	95,987	92,334
Charge for defined contribution plans	95,987	92,334
Mark-up / return / interest expensed on deposits of staff retirement benefit funds	2,054	2,298
Mark-up / return / interest expensed on deposits of customers with common directorship	3,245	5,191
Mark-up / return / interest earned on advances to customers with common directorship	1,216	2,275
Net (loss) / gain on derivatives	697	-
Gas charges	-	250
Miscellaneous income from company with common directorship	-	176

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

	Balance as at 31 December 2016	Net disbursement/ deposits	Net repayments / withdrawals	Balance as at 31 March 2017
	------(Rupees in '000)-----			
<b>Loans and advances</b>				
Key Management Personnel	131,989	63,023	(23,508)	171,504
Others	64,789	124,608	(130,984)	58,413
<b>Deposits</b>				
Group companies	12,029	6,919	(8,271)	10,677
Key Management Personnel	79,199	238,480	(181,911)	135,768
Others	474,088	41,915,323	(41,761,260)	628,151

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

### For the three months period ended 31 March 2017

#### 19 ISLAMIC BANKING BUSINESS

The Bank is operating with 10 Islamic Banking branches at the end of current period (Dec 2016: 10 branches).

##### Balance Sheet

Note

31 March 2017

31 December 2016

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

##### Assets

Cash and balances with treasury banks	2,541,209	6,793,256
Due from Financial Institutions	4,072,565	4,513,007
Investments	8,128,821	8,203,350
Islamic Financing and Related Assets - net	38,533,229	32,133,361
Operating fixed assets	42,649	39,526
Other assets	742,115	717,271
	<b>54,060,588</b>	<b>52,399,771</b>

##### Liabilities

Bills payable	376,905	209,340
Due to Financial Institutions	3,195,237	2,625,237

##### Deposits and other accounts

Current Accounts	25,299,433	24,894,128
Saving Accounts	12,708,424	12,892,874
Term Deposits	1,344,369	1,538,052
Others	40,155	55,494
Deposit from Financial Institutions -Remunerative	360	16,204
Deposit from Financial Institutions -Non-Remunerative	-	-
	<b>39,392,741</b>	<b>39,396,752</b>

Due to Head Office	5,306,591	4,964,928
Other liabilities	526,966	594,650
	<b>48,798,440</b>	<b>47,790,907</b>

##### Net Assets

	<b>5,262,148</b>	<b>4,608,864</b>
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##### Represented by:

Islamic Banking Fund	200,000	200,000
Unappropriated / Unremitted profit	4,965,208	4,261,461
	<b>5,165,208</b>	<b>4,461,461</b>
Surplus / (Deficit) on revaluation of assets - net	96,940	147,403
	<b>5,262,148</b>	<b>4,608,864</b>

##### Contingencies and Commitments

11

##### Remuneration to Shariah Advisor/Board

	<b>1,479</b>	<b>5,456</b>
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##### Charity fund

Opening balance	2,941	2,186
Additions during the period	1,033	6,442
Penalty on delayed payment	350	3,687
Income purification	683	2,755
Payments / utilization during the period	(2,941)	(5,687)
Education	(930)	(3,261)
Health	(2,011)	(2,426)
	<b>1,033</b>	<b>2,941</b>

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

## For the three months period ended 31 March 2017

	Note	31 March 2017	31 December 2016
		------(Rupees in '000)-----	
<b>19.1 Islamic Financing and Related Assets</b>			
Murabaha	19.1.1a	1,241,944	980,380
Musharaka	19.1.1b	17,885,128	15,527,233
Dimishing Musharaka	19.1.1c	15,204,395	15,149,995
Ijarah	19.1.1d	-	95,211
Kafalah	19.1.1e	10,099	-
Musawammah	19.1.1f	3,841,127	21,200
Others	19.1.1g	350,536	359,342
		<b>38,533,229</b>	<b>32,133,361</b>
<b>19.1.1a Murabaha</b>			
Financings / Investments / Receivables		1,209,444	822,451
Advances		32,500	157,929
		<b>1,241,944</b>	<b>980,380</b>
<b>19.1.1b Musharaka</b>			
Financings / Investments / Receivables		<b>17,885,128</b>	<b>15,527,233</b>
<b>19.1.1c Dimishing Musharaka</b>			
Financings / Investments / Receivables		<b>15,204,395</b>	<b>15,149,995</b>
<b>19.1.1d Ijarah</b>			
Financings / Investments / Receivables		-	95,211
<b>19.1.1e Kafalah</b>			
Financings / Investments / Receivables		<b>10,099</b>	-
<b>19.1.1f Musawammah</b>			
Financings / Investments / Receivables		<b>3,841,127</b>	<b>21,200</b>
<b>19.1.1g Others</b>			
Financings / Investments / Receivables		<b>350,536</b>	<b>359,342</b>
		<b>Three months period ended</b>	<b>Three months period ended</b>
		<b>31 March 2017</b>	<b>31 March 2016</b>
<b>19.2 Profit and Loss</b>			
		------(Rupees in '000)-----	
Profit / return earned on financings, investments and placements		858,680	950,928
Return on deposits and others dues expensed		(228,174)	(236,335)
Net spread earned		630,506	714,593
Provision against non performing financing		(4,904)	42,527
Net spread after provisions		625,602	757,120
<b>Other income</b>			
Fees, commission and brokerage income		527,424	220,787
Other income		80	48
Total other income		527,504	220,835
		<b>1,153,106</b>	<b>977,955</b>
<b>Other expenses</b>			
Administrative expenses		(449,359)	(462,647)
<b>Profit before taxation</b>		<b>703,747</b>	<b>515,308</b>

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

### For the three months period ended 31 March 2017

**19.3** Deposit and other accounts include redeemable capital of Rs.14,093.308 million (2016: Rs. 14,502.624 million) and deposits on Qard basis of Rs. 25,299.433 million (2016: Rs. 24,894.128 million). Remunerative deposits which are on Modaraba basis are considered as Redeemable Capital and non-remunerative deposits are classified as being on Qard basis.

## **20. GENERAL**

### **20.1 Date Of Authorization**

These condensed interim financial statements were authorized for issue in the Board of Directors meeting held on 26th April, 2017.



Ian Anderson Bryden  
Chairman




Shazad Dada  
Chief Executive Officer



Najam I. Chaudhri  
Director



Parvez Ghias  
Director



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