



**3rd Quarterly Report** (July - September 2018)  
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.
- Goal is Standard Chartered's leading education programme that provides financial literacy, life skills and employability training to low-income adolescent girls across its footprint. Since the launch of the programme in April 2016, the Bank has reached a total of 2447 beneficiaries in Pakistan.
- As a result of our Seeing is Believing projects in Pakistan, we are attributed to decreasing avoidable blindness by 20 per cent across the country. We are the only corporate partner of the Government and play a pivotal role in the National Committee of Eye Health
- A historic milestone was achieved in 2017 whereby the Bank's total assets crossed over PKR 500 billion.
- The largest international Bank in Pakistan with 93 branches in 11 cities and a workforce of over 3000 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 Awards - 2017

- "Best International Bank in Pakistan"

### Global Finance Awards 2016 - 2017

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

### 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

### Finance Asia Award for 2015

- "Best Foreign Bank in Pakistan" award 2015

### Islamic Finance News (IFN) Awards for 2015

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

## Company Information

### Board of Directors

Mr. Ian Anderson Bryden	Chairman
Mr. Shazad Dada	Chief Executive Officer
Mr. Najam I. Chaudhri	
Mrs. Spenta Kandawalla	
Mr. Waqar Ahmed Malik	
Mr. Ferdinand Pieterse	
Mr. Mohamed Abdel Bary	

### Company Secretary

Mr. Asif Iqbal Alam

### Audit Committee

Mr. Waqar Ahmed Malik	Chairperson
Mr. Najam I. Chaudhri	Member
Mr. Ferdinand Pieterse	Member

### Human Resource & Remuneration Committee

Mrs. Spenta Kandawalla	Chairperson
Mr. Mohamed Abdel Bary	Member
Mr. Waqar Ahmed Malik	Member

### Auditors

M/s KPMG Taseer Hadi & Co  
Chartered Accountants

### Legal Advisors

HaidermotaBNR & Co  
Barristers at Law & Corporate Counselors

### Registered/ 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 Shakra-e-Faisal  
Karachi - 74400  
Toll Free:0800 - CDCPL (23275)  
Fax: (021) 34326053  
Email: [info@cdcpak.com](mailto:info@cdcpak.com)

## Directors' Report - Period Ended 30th September 2018

On behalf of the Board of Directors, I am pleased to present the Directors' Report of Standard Chartered Bank (Pakistan) Limited ("SCBPL" or hereinafter referred to as "the Bank"), along with its un-audited condensed interim financial statements for the period ended 30th September 2018.

### Economy

Post record GDP growth of 5.8% in FY-18, Pakistan's economic growth is likely to slow down due to macroeconomic challenges faced by the country and is expected to achieve a growth of 5% in FY-19.

CPI inflation has gone up to 5.2% from FY-18 average of 3.9%. C/A account deficit has widened to 5.3% of GDP (USD 2.7bn) while SBP FX Reserves has maintained the declining trend to reach USD 8.3bn. Pakistan rupee continues to depreciate with a cumulative fall of 19% till Oct 15, 2018 since start of year. Addressing the external sector financing gap and inflation pick up, SBP has responded by increasing the policy rate by 2.75% during the year.

Pakistan has recently formally requested for IMF assistance to bridge the external financing gap and the new government will have to strike a balance between growth and stabilisation along with taking measures on fiscal and monetary policies.

Pakistani banks continue to remain well capitalized with CAR of 15.9% and remain profitable with ROE (after tax) of 11% for H1 2018. Meanwhile, NPLs of the banking sector have declined to 7.3% down from 9.3% in June 2017.

### Operating Results and Business Overview

	<b>30 September 2018</b> (PKR millions)	<b>31 December, 2017</b> (PKR millions)
<b>Balance Sheet</b>		
Paid-up capital	<b>38,716</b>	38,716
Total equity	<b>58,359</b>	57,335
Deposits	<b>410,827</b>	377,576
Advances - gross	<b>167,243</b>	157,280
Advances - net	<b>149,039</b>	137,655
Investments - net	<b>265,696</b>	272,488

	<b>Period ended 30 September 2018 (PKR millions)</b>	<b>Period ended 30 September 2017 (PKR millions)</b>
<b>Profit and Loss</b>		
Revenue	<b>20,323</b>	19,362
Administrative expenses	<b>8,367</b>	8,293
Other non mark-up expenses	<b>266</b>	212
Operating profit (before provisions and tax)	<b>11,691</b>	10,857
Provisions / (Reversals) - net of charges	<b>(955)</b>	294
Profit before tax	<b>12,645</b>	10,563
Profit after tax	<b>7,774</b>	6,320
Earnings Per Share (EPS)	<b>2.01</b>	1.63
Return on Equity (RoE)	<b>17.9%</b>	15.0%

The Bank performed fundamentally well with a Profit before tax of PKR 12.6 billion compared to PKR 10.6 billion in corresponding period last year, delivering a growth 20% year on year. Overall revenue growth was 5%, whereas client revenue has increased by 9% year on year with positive contribution from transaction banking, financial markets and retail deposits. While administrative costs increased year on year, the spending has been mainly in the Bank's products, services and people to grow the franchise.

All businesses have positive momentum in client income with strong growth in underlying drivers. This is evident from pickup in net advances, which have grown by 8% since the start of this year. This was a result of targeted strategy to build profitable, high quality and sustainable portfolios. With a diversified product 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 9%, whereas current and saving accounts grew by 10% 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 in its digital capabilities and infrastructure to enhance banking experience through introduction of innovative solutions. We have made steady progress in further strengthening our control and compliance environment by focusing on our people, culture and systems. 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 clients.

### **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. These ratings denote the lowest expectation of credit risk emanating from an exceptionally strong capacity for timely payment of financial commitments.

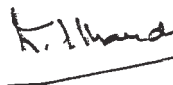
## Appreciation and Acknowledgment

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



**Chief Executive Officer**  
Karachi: 25<sup>th</sup> October 2018



**Director**

## اسٹیٹرز ڈیپازٹریٹ (پاکستان) لمیٹڈ

ڈائریکٹرز رپورٹ - ختم شدہ عرصہ 30 ستمبر 2018ء

ہم بورڈ آف ڈائریکٹرز کی طرف سے 30 ستمبر 2018ء کو ختم شدہ عرصے کیلئے اسٹیٹرز ڈیپازٹریٹ (پاکستان) لمیٹڈ (ایس سی بی پی ایل) کی ڈائریکٹرز رپورٹ مع اس کے غیر آڈٹ شدہ مختصر عبوری مالیاتی گوشوارہ جات پیش کر رہے ہیں۔

## معیشت:

مالی سال 2018ء میں پاکستان کی معیشت کی نمو کی شرح 5.8% کی بلند سطح پر رہی جو کہ آئندہ سال ملک کو درپیش میکرو اکنامک چیلنجز کی وجہ سے 5% تک رہنے کی توقع ہے۔

افراط زر کی شرح میں گزشتہ سال 3.9% کے مقابلے میں مالی سال 2018ء کے دوران 5.2% تک اضافہ ہوا۔ کرنٹ اکاؤنٹ خسارہ جی ڈی پی کے 5.3% (2.7 ارب امریکی ڈالر) کی حد تک بڑھ گیا جبکہ اسٹیٹ بینک کے زرمبادلہ کے ذخائر 8.3 ارب امریکی ڈالر کی سطح پر پہنچ گئے۔ مالی سال کے آغاز کے مقابلے میں 15 اکتوبر 2018ء تک روپے کی قدر میں مسلسل گراؤ کا رجحان رہا جس میں مجموعی طور پر 19% کی کمی دیکھی گئی۔ اسٹیٹ بینک نے بگڑتی ہوئی بیرونی مالیاتی صورت حال اور افراط زر کی شرح میں اضافے کو مد نظر رکھتے ہوئے پالیسی ریٹ میں دوران سال 2.75% تک کا اضافہ کیا۔

پاکستان نے حال ہی میں باقاعدہ طور پر آئی ایم ایف سے معاونت کی درخواست کی ہے تاکہ بگڑتی ہوئی بیرونی مالیاتی صورتحال پر قابو پایا جاسکے اور نئی حکومت کو ترقی و استحکام کے مابین توازن کو برقرار رکھنا ہوگا اور مالیاتی اشاریوں اور مانیٹری پالیسیز میں اصلاحی اقدام لینے ہوں گے۔

2018ء کی پہلی ششماہی کیلئے پاکستانی بینکنس 15.9% کی سی اے آر (CAR) کے ساتھ مستحکم رہے اور 11% آراوی (ROE) (بعد از ٹیکس) کے ساتھ منافع بخش رہے، جون 2017ء میں بینکنگ شعبے کے غیر فعال قرضہ جات (این پی ایلز) کا تناسب 9.3% سے کم ہو کر 7.3% پر آ گیا۔



## عملی نتائج اور کاروباری جائزہ

31 دسمبر 2017ء (ملین پاکستانی روپے)	30 ستمبر 2018ء (ملین پاکستانی روپے)	
		بیلنس شیٹ (میزانیہ)
38,716	38,716	اداشدہ سرمایہ
57,335	58,359	کل حصص
377,576	410,827	ڈپازٹس (ودیعات)
157,280	167,243	ایڈوانسز- گراس (فرائی قرضہ جات- مجموعی)
137,655	149,039	ایڈوانسز- نیٹ (فرائی قرضہ جات- خالص)
272,488	265,696	

## پروفٹ اینڈ لاس (نفع و نقصان)

30 ستمبر 2017ء کو اختتام یافتہ عرصہ (ملین پاکستانی روپے)	30 ستمبر 2018ء کو اختتام یافتہ عرصہ (ملین پاکستانی روپے)	
19,362	20,323	ریونیو (محصولات)
8,293	8,367	انتظامی اخراجات
212	266	دیگر غیر سودی اخراجات
10,857	11,691	آپریٹنگ پروفٹ (عملی منافع قبل از پروویژنز اور ٹیکس)
294	(955)	ریورسلز/ پروویژنز- نیٹ آف چارجز
10,563	12,645	منافع قبل از ٹیکس
6,320	7,774	منافع بعد از ٹیکس
1.63	2.01	منافع فی حصص (ای پی ایس)
15.0%	17.9%	آراوای (ROE)



بینک نے بنیادی طور پر بہتر کارکردگی دکھائی ہے اور پچھلے سال کے تقابلی عرصے میں 10.6 ارب روپے کے مقابلے میں 12.6 ارب روپے قبل از ٹیکس منافع کمایا ہے جو منافع کی شرح میں 20% بہتر ہے۔ محصولات میں مجموعی اضافہ 5% رہا جبکہ کلائنٹ ریونیو (محصولات صارف) میں ٹرانزیکشن بینکنگ، مالیاتی مارکیٹس اور ریٹیل ڈپازٹس میں اچھی کارکردگی کے باعث 9% اضافہ دیکھا گیا۔ انتظامی لاگتوں میں سال بہ سال اضافہ بینک کی پروڈکٹس، خدمات، افراد اور فرنیچر میں سرمایہ کاری کا مظہر ہے۔

تمام کاروبار نے صارف کی آمدن میں بنیادی محرکات میں زبردست ترقی و نمو کے ساتھ مثبت رفتار رکھی۔ یہ قرضہ جات (Advances) میں اضافے سے عیاں ہے، جو کہ سال نو کے آغاز سے 8% بڑھ گئے۔ یہ ایک باہدف حکمت عملی کا نتیجہ تھا تاکہ ایک منافع بخش، معیاری اور پائیدار پورٹ فولیو کی تشکیل و تعمیر ہو۔ پروڈکٹ کی متنوع اساس کے ساتھ بینک اپنے صارفین کی ضروریات کی تکمیل کیلئے پوری طرح آراستہ ہے۔ واجبات (Liabilities) کے پہلو سے بینک کے مجموعی کھاتوں (Deposits) میں 9% اضافہ ہوا، جبکہ اس سال کے آغاز سے جاری (Current) اور بچت (Savings) کے کھاتوں میں 10% اضافہ ہوا۔ کم لاگت کھاتہ جات میں مسلسل اضافے نے جاری (Current) اور بچت (Savings) کھاتوں کے ساتھ جو کہ کل کھاتہ جات (Deposit Base) کے 93% پر مشتمل ہے، بینک کی کارکردگی میں نمایا طور پر مدد کی ہے۔

بینک اپنی ڈیجیٹل صلاحیتوں اور انفراسٹرکچر میں لگاتار سرمایہ کاری کرتا ہے تاکہ جدت آمیز حل متعارف کروا کے بینکاری کے تجربے کو بہتر سے بہترین بنایا جائے۔ ہم نے اپنے لوگوں کے نظم و ضبط اور سسٹمز پر توجہ مرکوز کر کے کنٹرول اور کمپلائنس کو مزید مستحکم کرنے میں تسلسل کے ساتھ ترقی کی ہے۔ ہم مستحکم ترقی و نمو کی غرض سے صارفین اور پروڈکٹ کے مجموعے پر مسلسل نگاہ رکھتے ہوئے انتہائی پرعزم ہیں اور ساتھ ہی صارفین کو بہترین سروسز کی فراہمی کو یقینی بناتے ہوئے بیلنس شیٹ کی بہتری کی غرض سے محتاط طرز فکر کا بھی اعادہ کرتے ہیں۔

### کریڈٹ ریٹنگ:

پاکستان کریڈٹ ریٹنگ ایجنسی (PACRA) نے بینک کی طویل مدتی اور قلیل مدتی درجہ بندیوں کو علی الترتیب "AAA" (ٹرپل اے) اور "A1+" (اے ون پلس) پر برقرار رکھا ہے۔ یہ درجہ بندیاں مالیاتی عہد و پیمان کی بروقت ادائیگی کیلئے مستحکم صلاحیت کا اظہار کرتی ہیں۔

### اظہار تشکر و اعتراف:

ہم اپنے صارفین اور بزنس پارٹنرز کا ان کے مسلسل تعاون اور اعتماد پر دل کی گہرائیوں سے شکریہ ادا کرتے ہیں۔ ہم اسٹیٹ بینک پاکستان سے بھی ان کی رہنمائی اور اعانت پر جو انہوں نے بینک کو فراہم کیں کیلئے پر خلوص کلماتِ اعتراف ادا کرتے ہیں۔ آخر میں ہم اپنے تمام ایسوسی ایٹس، اسٹاف اور رفقاء کار کے بھی مشکور ہیں کہ انہوں نے ہمارے گراں قدر صارفین کو اپنی پر عزم خدمات پیش کی ہیں۔

بورڈ کی طرف سے:



ڈائریکٹر

کراچی، مورخہ 25 اکتوبر 2018ء



چیف ایگزیکٹو آفیسر

کراچی، مورخہ 25 اکتوبر 2018ء

# Standard Chartered Bank (Pakistan) Limited

## Financial Statements

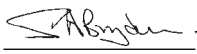
For the Nine months period ended  
30 September 2018

## Condensed Interim Statement of Financial Position

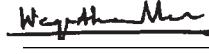
As at 30 September 2018

	Note	30 September 2018 (Un-audited)	31 December 2017 (Audited)
(Rupees in '000)			
<b>ASSETS</b>			
Cash and balances with treasury banks		42,223,757	35,085,289
Balances with other banks		1,551,562	779,856
Lending to financial institutions	6	25,207,003	8,067,665
Investments	7	265,695,609	272,487,815
Advances	8	149,039,644	137,655,093
Operating fixed assets		7,845,332	8,033,890
Intangible assets		26,095,518	26,095,642
Other assets		28,508,245	25,343,352
		<b>546,166,670</b>	<b>513,548,602</b>
<b>LIABILITIES</b>			
Bills payable		16,028,250	18,958,345
Borrowings		20,239,587	26,029,816
Deposits and other accounts	9	410,826,586	377,576,064
Deferred tax liabilities - net		4,192,117	3,706,408
Other liabilities		31,055,449	24,341,273
		<b>482,341,989</b>	<b>450,611,906</b>
<b>NET ASSETS</b>		<b>63,824,681</b>	<b>62,936,696</b>
<b>REPRESENTED BY:</b>			
Share capital		38,715,850	38,715,850
Reserves		15,974,379	14,419,594
Unappropriated profit		3,668,400	4,199,687
		<b>58,358,629</b>	<b>57,335,131</b>
Surplus on revaluation of assets - net of deferred tax		5,466,052	5,601,565
		<b>63,824,681</b>	<b>62,936,696</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	10		

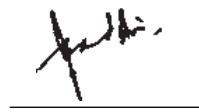
The annexed notes 1 to 20 form an integral part of these condensed interim financial statements.

  
Ian Anderson Bryden  
Chairman

  
Shazad Dada  
Chief Executive Officer

  
Waqar Ahmed Malik  
Director

  
Mohamed Abdelbary  
Director

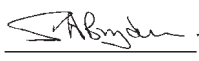
  
Asad Ali Shariff  
Chief Financial Officer

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


For the nine months period ended 30 September 2018

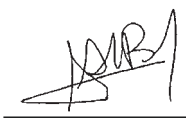
Note	Three months period ended 30 September 2018	Nine months period ended 30 September 2018	Three months period ended 30 September 2017	Nine months period ended 30 September 2017
----- (Rupees in '000) -----				
Mark-up / return / interest earned	7,838,340	21,744,187	6,633,777	20,211,897
Mark-up / return / interest expensed	(2,875,628)	(7,794,376)	(2,404,203)	(7,060,252)
<b>Net mark-up / return / interest income</b>	<b>4,962,712</b>	<b>13,949,811</b>	<b>4,229,574</b>	<b>13,151,645</b>
Reversals / (provision) against non-performing loans and advances	365,651	867,975	(838,570)	(350,654)
Recovery of amounts written off	93,134	254,526	53,936	163,599
Provision for diminution in the value of investments	-	(5,370)	-	-
Bad debts written off directly	(56,640)	(162,157)	(33,141)	(107,003)
	402,145	954,974	(817,775)	(294,058)
<b>Net Mark-up / return / interest income after provisions</b>	<b>5,364,857</b>	<b>14,904,785</b>	<b>3,411,799</b>	<b>12,857,587</b>
<b>NON MARK-UP / NON INTEREST INCOME</b>				
Fees, commission and brokerage income	744,723	2,978,301	925,017	3,315,503
Dividend income	-	-	-	875
Income from dealing in foreign currencies	644,148	2,842,547	611,995	1,845,980
Gain on sale of securities - net	388,374	997,178	239,691	636,807
Unrealized gain / (loss) on revaluation of investments classified as held for trading	18,648	31,307	(30,592)	451
Other income	(156,430)	(476,245)	12,990	410,315
<b>Total non mark-up / non interest income</b>	<b>1,639,463</b>	<b>6,373,088</b>	<b>1,759,101</b>	<b>6,209,931</b>
	7,004,320	21,277,873	5,170,900	19,067,518
<b>NON MARK-UP / NON INTEREST EXPENSES</b>				
Administrative expenses	(2,737,006)	(8,366,731)	(3,139,319)	(8,292,869)
(Asset write-offs) / (provisions) / other reversals	(278)	(7,226)	-	-
Other charges	(88,219)	(258,417)	(39,773)	(211,898)
<b>Total non mark-up / non interest expenses</b>	<b>(2,825,503)</b>	<b>(8,632,374)</b>	<b>(3,179,092)</b>	<b>(8,504,767)</b>
	4,178,817	12,645,499	1,991,808	10,562,751
Extra-ordinary / unusual items	-	-	-	-
<b>PROFIT BEFORE TAXATION</b>	<b>4,178,817</b>	<b>12,645,499</b>	<b>1,991,808</b>	<b>10,562,751</b>
Taxation - current	(1,256,614)	(4,326,272)	(818,002)	(3,467,206)
- prior years'	-	-	-	(660,266)
- deferred	(336,479)	(545,300)	120,869	(115,255)
	(1,593,093)	(4,871,572)	(697,133)	(4,242,727)
<b>PROFIT AFTER TAXATION</b>	<b>2,585,724</b>	<b>7,773,927</b>	<b>1,294,675</b>	<b>6,320,024</b>
	<b>Rupees</b>	<b>Rupees</b>	<b>Rupees</b>	<b>Rupees</b>
<b>BASIC / DILUTED EARNINGS PER SHARE</b>	<b>0.67</b>	<b>2.01</b>	<b>0.33</b>	<b>1.63</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

  
Waqar Ahmed Malik  
Director

  
Mohamed Abdelbary  
Director

  
Asad Ali Shariff  
Chief Financial Officer

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

For the nine months period ended 30 September 2018

	Three months period ended 30 September 2018	Nine months period ended 30 September 2018	Three months period ended 30 September 2017	Nine months period ended 30 September 2017
------(Rupees in '000)-----				
<b>Profit after taxation for the period</b>	2,585,724	7,773,927	1,294,675	6,320,024
<b>Other comprehensive income</b>	-	-	-	-
<b>Comprehensive income transferred to equity</b>	<u>2,585,724</u>	<u>7,773,927</u>	<u>1,294,675</u>	<u>6,320,024</u>
<b>Components of comprehensive income not reflected in equity</b>				
Movement in surplus on revaluation of available for sale securities	(92,995)	(170,258)	(170,905)	(1,120,900)
Related deferred tax charge	32,548	59,591	59,816	392,315
<b>Total comprehensive income for the period</b>	<u>2,525,277</u>	<u>7,663,260</u>	<u>1,183,586</u>	<u>5,591,439</u>


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



Waqar Ahmed Malik  
Director



Mohamed Abdelbary  
Director



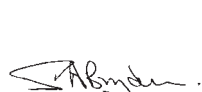
Asad Ali Shariff  
Chief Financial Officer

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

For the nine months period ended 30 September 2018

	30 September 2018	30 September 2017
	(Rupees in '000)	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation for the period	12,645,499	10,562,751
Less : Dividend income	-	(875)
	12,645,499	10,561,876
<b>Adjustments for:</b>		
Depreciation	326,349	332,307
Amortization	124	187
Gain on disposal of fixed assets - net	(13,142)	(15,851)
Unrealized (loss) / gain on revaluation of investments classified as held for trading - net	(31,307)	(451)
Other provisions /asset write-offs	7,226	(263)
Reversals against non-performing loans and advances - net of recoveries	(960,344)	294,058
	(665,724)	609,987
	11,979,775	11,171,863
<b>(Increase) / decrease in operating assets</b>		
Lending to financial institutions	(17,139,338)	4,610,016
Net investment in 'held for trading' securities	199,575	(1,607,908)
Advances	(10,424,207)	(21,655,548)
Other assets (excluding advance taxation)	(3,114,829)	456,311
	(30,478,799)	(18,197,129)
<b>Increase in operating liabilities</b>		
Bills payable	(2,930,095)	621,522
Borrowings from financial institutions (excluding overdrawn nostros)	(6,666,041)	3,824,801
Deposits and other accounts	33,250,522	25,046,488
Other liabilities	3,801,964	1,719,650
	27,456,350	31,212,461
<b>Cash inflow before taxation</b>	8,957,326	24,187,195
Income tax paid	(4,376,615)	(3,608,834)
<b>Net cash generated from / (used in) operating activities</b>	4,580,711	20,578,361
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Net investments in 'available for sale' securities	6,448,310	(22,062,567)
Dividend income received	-	875
Net investment in operating fixed assets (including intangible assets)	(144,739)	(340,179)
Sale proceeds on disposal of operating fixed assets	13,142	15,851
<b>Net cash generated from investing activities</b>	6,316,713	(22,386,020)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Dividend paid	(3,863,062)	(4,860,755)
<b>Net cash used in financing activities</b>	(3,863,062)	(4,860,755)
<b>Increase / (decrease) in cash and cash equivalents for the period</b>	7,034,362	(6,668,414)
Cash and cash equivalents at beginning of the period	35,865,145	46,429,770
Cash and cash equivalents at end of the period	42,899,507	39,761,356
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>		
Cash and balances with treasury banks	42,223,757	41,342,247
Balances with other banks	1,551,562	390,989
Overdrawn nostros	(875,812)	(1,971,880)
	42,899,507	39,761,356

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



Waqar Ahmed Malik  
Director



Mohamed Abdelbary  
Director



Asad Ali Shariff  
Chief Financial Officer




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

For the nine months period ended 30 September 2018

	Share Capital	Share Premium	Statutory Reserve	Unappropriated Profit (a)	Total
	(Rupees in '000)				
<b>Balance as at 01 January 2017</b>	38,715,850	1,036,090	11,734,472	5,385,558	56,871,970
<b>Total Comprehensive income for the period</b>					
Profit after tax for the nine months period ended 30 September 2017	-	-	-	6,320,024	6,320,024
Surplus on revaluation of fixed assets - net of tax	-	-	-	-	-
Other Comprehensive income	-	-	-	-	-
Remeasurement of post employment obligations - net of tax	-	-	-	-	-
				6,320,024	6,320,024
<b>Transactions with owners, recorded directly in equity</b>					
Cash dividend (Final 2016) at Rs. 1.25 per share	-	-	-	(4,839,481)	(4,839,481)
Cash dividend (Interim 2017) at Rs. 0.75 per share	-	-	-	(2,903,689)	(2,903,689)
				(7,743,170)	(7,743,170)
Transfer to statutory reserve	-	-	1,264,005	(1,264,005)	-
Transferred from surplus on revaluation of fixed assets - net of deferred tax	-	-	-	12,116	12,116
<b>Balance as at 30 September 2017</b>	<b>38,715,850</b>	<b>1,036,090</b>	<b>12,998,477</b>	<b>2,710,523</b>	<b>55,460,940</b>
<b>Total Comprehensive income for the period</b>					
Profit after tax for the three months ended 31 December 2017	-	-	-	1,925,138	1,925,138
Other Comprehensive income	-	-	-	-	-
Remeasurement of post employment obligations - net of tax	-	-	-	(3,506)	(3,506)
				1,921,632	1,921,632
<b>Transactions with owners, recorded directly in equity</b>					
Share based payment transactions (contribution from holding company)	-	-	-	28,661	28,661
Payment against share based payment transactions (to holding company)	-	-	-	(80,151)	(80,151)
				(51,490)	(51,490)
Transfer to statutory reserve	-	-	385,027	(385,027)	-
Transferred from surplus on revaluation of fixed assets - net of deferred tax	-	-	-	4,049	4,049
<b>Balance as at 31 December 2017</b>	<b>38,715,850</b>	<b>1,036,090</b>	<b>13,383,504</b>	<b>4,199,687</b>	<b>57,335,131</b>
<b>Total Comprehensive income for the period</b>					
Profit after tax for the nine months period ended 30 September 2018	-	-	-	7,773,927	7,773,927
Other Comprehensive income	-	-	-	-	-
Remeasurement of post employment obligations - net of tax	-	-	-	-	-
				7,773,927	7,773,927
<b>Transactions with owners, recorded directly in equity</b>					
Cash dividend (Final 2017) at Rs. 1.00 per share	-	-	-	(3,871,585)	(3,871,585)
Cash dividend (Interim 2018) at Rs. 0.75 per share	-	-	-	(2,903,689)	(2,903,689)
				(6,775,274)	(6,775,274)
Transfer to statutory reserve	-	-	1,554,785	(1,554,785)	-
Transferred from surplus on revaluation of fixed assets - net of deferred tax	-	-	-	24,845	24,845
<b>Balance as at 30 September 2018</b>	<b>38,715,850</b>	<b>1,036,090</b>	<b>14,938,289</b>	<b>3,668,400</b>	<b>58,358,629</b>

(a) As further explained in note 8.2.1 of these condensed interim financial statements the amount of Rs 44.194 million net of tax as at 30 September 2018 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



Waqar Ahmed Malik  
Director



Mohamed Abdelbary  
Director



Asad Ali Shariff  
Chief Financial Officer

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

For the nine months period ended 30 September 2018

### 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 80 branches in Pakistan (2017: 93 branches in Pakistan) in operation at 30 September 2018.

### 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.

The disclosures made in the condensed interim financial information have been limited based on the format prescribed by the SBP through BSD Circular Letter No. 2 dated May 12, 2004 and the requirements of International Accounting Standard 34, "Interim Financial Reporting". They do not include all of the information required for the full set of annual financial statements and the condensed interim financial information should be read in conjunction with the annual financial statements of the Bank for the year ended 31 December 2017.

Key financial figures of the Islamic banking branches are disclosed in note 19 to these condensed interim financial statements.

#### 2.2 Statement of compliance

The condensed interim financial information has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017.
- Provisions of and directives issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017; and
- Directives issued by the State Bank of Pakistan (SBP) and Securities and Exchange Commission of Pakistan (SECP).

In case the requirement of Companies Act, 2017, Banking Companies Ordinance, 1962, directives issued by SBP or IFAS differ from the requirement of IAS 34, the requirement of Companies Act, 2017, Banking Companies Ordinance, 1962, directives issued by SBP and IFAS have been followed.

The SBP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and International Accounting Standard (IAS) 40, 'Investment Property' for Banking Companies in Pakistan through BSD Circular Letter 10 dated August 26, 2002 till further instructions. Further, the SECP has deferred

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

### For the nine months period ended 30 September 2018

the applicability of International Financial Reporting Standard (IFRS) 7 'Financial Instruments: Disclosures' through its notification S.R.O 411(I)/2008 dated April 28, 2008. Accordingly, the requirements of these standards have not been considered in the preparation of these financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars.

The Securities and Exchange Commission of Pakistan (SECP) has notified Islamic Financial Accounting Standard (IFAS) 3, 'Profit and Loss Sharing on Deposits' issued by the Institute of Chartered Accountants of Pakistan. IFAS 3 shall be followed with effect from the financial periods beginning after January 1, 2014 in respect of accounting for transactions relating to 'Profit and Loss Sharing on Deposits' as defined by the said standard. The standard has resulted in certain new disclosures in the financial statements of the Bank. The SBP through BPRD Circular Letter No. 4 dated February 25, 2015, has deferred the applicability of IFAS 3 till further instructions and prescribed the Banks to prepare their annual and periodical financial statements as per existing prescribed formats issued vide BSD Circular 04 of 2006 and BSD Circular Letter No. 02 of 2004, as amended from time to time.

### 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 financial statements of the Bank for the year ended 31 December 2017, except for the following:

#### Revaluation of Operating Fixed Assets

The Companies Ordinance, 1984 was repealed through the enactment of the Companies Act, 2017. However, as directed by the Securities and Exchange Commission of Pakistan vide Circular No. 23 dated October 4, 2017, the financial reporting requirements of the Companies Act, 2017 were only made applicable for reporting periods starting from 1 January 2018.

Consequently, the Bank has changed its policy for accounting for deficit arising on revaluation of fixed assets. The Bank's previous accounting policy (as described in Note 3.6 of the annual financial statements), in accordance with the repealed Companies Ordinance, 1984, required that a deficit arising on revaluation of a particular property was to be adjusted against the balance in the surplus account or, if no surplus existed, was to be charged to the profit and loss account as an impairment of the asset. The Companies Act, 2017 removed the specific provisions allowing the above treatment. Accordingly, the Bank has changed its accounting policy to account for the deficit against a particular asset in the profit and loss account. However, there is no impact on the condensed interim financial statements due to the change in accounting policy.

The repealed Companies Ordinance, 1984 also required to present surplus / deficit on revaluation of operating fixed assets below equity. However, the same has not been carried forward in the Companies Act, 2017. Accordingly, the surplus on revaluation of fixed assets should now form part of equity. Furthermore, new format of annual financial statements prescribed by SBP which is effective from reporting on or after 31 December 2018 require same presentation. The Bank has not changed the presentation of surplus on revaluation of fixed assets in these condensed interim financial statements and continues to present the surplus on revaluation of operating fixed assets below equity as the Bank considers that these changes are applicable from the annual financial statements for the year ended 31 December 2018.

#### 3.1 Standards, interpretations and amendments to approved accounting standards that are not yet effective

The following revised standards, amendments and interpretations with respect to the approved accounting standards would be effective from the dates mentioned below against the respective standard or interpretation:

- **IFRS 9 'Financial Instruments' - effective for annual period beginning on or after 1 July 2018**

The Bank is currently awaiting instructions from the SBP as applicability of IAS 39 was deferred by the SBP till further instructions. However, the SBP has instructed banks to prepare potential qualitative and quantitative impact assessments as a result of adoption of IFRS 9 using the performa financial statements for the year ended 31 December 2017. The Bank is required to submit its impact assessment to the SBP in due course of time.

- **IFRS 15 'Revenue from contracts with customers' - effective for annual period beginning on or after 1 July 2018**

The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 'Revenue' which covers contracts for goods and services and IAS 11 'Construction Contracts' which covers construction contracts.

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

### For the nine months period ended 30 September 2018

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer - so the notion of control replaces the existing notion of risks and rewards. A new five-step process has been introduced which must be applied before revenue can be recognised. Entities will have a choice of full retrospective application, or prospective application with additional disclosures.

The Bank does not expect any significant impact on revenue recognition from adoption of the standard.

- **IFRS 16 'Leases' - effective for annual period beginning on or after 1 January 2019**

IFRS 16 will affect primarily the accounting by lessees and will result in the recognition of almost all leases on statement of financial position. The standard removes the current distinction between operating and finance leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases. The accounting for lessors will not significantly change.

As at the reporting date, the Bank is currently in the process of assessing the potential impacts of changes as a result of adoption of IFRS 16.

### 3.2 Standards, interpretations and amendments to approved accounting standards that are effective in the current year

There are certain new and amended standards, interpretations and amendments that are mandatory for the Bank's accounting periods beginning on or after 1 January 2018 but are considered not to be relevant or do not have any significant effect on the Bank's operations and therefore not detailed in these condensed interim financial statements.

## 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 2017, except for the following:

### 4.1 Change in accounting estimate

During the current period, the Bank has revised its estimate of useful life for buildings on freehold and leasehold land ranging from 10 to 35 years based on opinion of independent professional consultant. The management believes that the revised useful lives of buildings on freehold and leasehold land will more appropriately reflect the pattern in which economic benefits are expected to be consumed by the Bank through continuing use of these assets. The change in accounting estimate has been applied prospectively in accordance with the requirements of International Accounting Standard 8, 'Accounting Policies, Changes in Accounting Estimates and Errors' (IAS 8). The effects of change in accounting estimate on depreciation expense in current and future years on estimated basis is as follow:

Year	Increase / (decrease) in depreciation expense Amount in ('000)
2018	(334,613)
2019	(97,067)
2020	(97,613)
2021	(97,136)
2022	6,927
Later	619,502

## 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 2017.

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

For the nine months period ended 30 September 2018

### 6 LENDING TO FINANCIAL INSTITUTIONS

	Note	30 September 2018 (Un-audited)	31 December 2017 (Audited)
------(Rupees in '000)-----			
Repurchase agreement lending (Reverse Repo)	6.1	14,948,862	2,161,425
Bai Muajjal receivable from State Bank of Pakistan		-	509,253
Placements	6.2	10,258,141	5,396,987
		<b>25,207,003</b>	<b>8,067,665</b>

- 6.1** These carry mark-up rates ranging from 7.25 percent to 7.9 percent per annum (2017: 5.75 percent per annum) payable at maturity, and are due to mature during October 2018. 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 0.55 percent to 2.20 percent per annum (2017: 0.3 percent to 1.15 percent per annum), and are due to mature during October 2018.

### 7 INVESTMENTS

	30 September 2018 (Un-audited)			31 December 2017 (Audited)		
	Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total
----- (Rupees in '000) -----						
<b>Investments by type</b>						
<b>Held for trading securities</b>						
Market Treasury Bills	3,962,468	-	3,962,468	4,536,363	-	4,536,363
Pakistan Investment Bonds	652,158	-	652,158	277,838	-	277,838
<b>Available for sale securities</b>						
Market Treasury Bills	247,797,205	-	247,797,205	255,150,423	6,297,554	261,447,977
Pakistan Investment Bonds	6,805,806	18,739	6,824,545	-	-	-
GOP Ijarah Sukuk Bonds	5,853,162	-	5,853,162	5,356,369	-	5,356,369
Sukuk Bonds	700,000	-	700,000	800,000	-	800,000
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>266,841,905</b>	<b>18,739</b>	<b>266,860,644</b>	<b>267,192,099</b>	<b>6,297,554</b>	<b>273,489,653</b>
Provision for diminution in the value of investments	(967,517)	-	(967,517)	(962,147)	-	(962,147)
<b>Investments (net of provisions)</b>	<b>265,874,388</b>	<b>18,739</b>	<b>265,893,127</b>	<b>266,229,952</b>	<b>6,297,554</b>	<b>272,527,506</b>
Surplus on revaluation of held for trading securities - net	31,307	-	31,307	18,876	-	18,876
Surplus on revaluation of available for sale securities - net	(228,503)	(322)	(228,825)	(58,712)	145	(58,567)
<b>Total Investments - net</b>	<b>265,677,192</b>	<b>18,417</b>	<b>265,695,609</b>	<b>266,190,116</b>	<b>6,297,699</b>	<b>272,487,815</b>

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

For the nine months period ended 30 September 2018

8 ADVANCES	Note	30 September 2018	31 December 2017
		(Un-audited)	(Audited)
		------(Rupees in '000)-----	
Loans, cash credits, running finances, etc.			
- In Pakistan		114,845,127	106,379,877
- Outside Pakistan		-	-
		<b>114,845,127</b>	106,379,877
Islamic Financing and Related Assets (Gross)	8.1	<b>50,471,089</b>	43,159,548
Bills discounted and purchased (excluding treasury bills)			
- Payable in Pakistan		<b>993,021</b>	6,456,222
- Payable outside Pakistan		<b>933,779</b>	1,284,007
		<b>1,926,800</b>	7,740,229
Advances - gross		<b>167,243,016</b>	157,279,654
Provision for non-performing advances	8.2	<b>(18,203,372)</b>	(19,624,561)
Advances - net of provision		<b>149,039,644</b>	137,655,093

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

8.2 Advances include Rs. 18,003.293 million (31 December 2017: Rs. 19,587.098 million) which have been placed under non-performing status as detailed below:

Category of classification	30 September 2018 (Un-Audited)								
	Classified Advances			Provision Required			Provision Held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
	------(Rupees in '000)-----								
OAEM	9,295	-	9,295	-	-	-	-	-	-
Substandard	268,296	-	268,296	46,615	-	46,615	46,615	-	46,615
Doubtful	407,840	-	407,840	158,090	-	158,090	158,090	-	158,090
Loss	17,317,862	-	17,317,862	17,240,661	-	17,240,661	17,240,661	-	17,240,661
	18,003,293	-	18,003,293	17,445,366	-	17,445,366	17,445,366	-	17,445,366
General Provision	-	-	-	758,006	-	758,006	758,006	-	758,006
	<b>18,003,293</b>	-	<b>18,003,293</b>	<b>18,203,372</b>	-	<b>18,203,372</b>	<b>18,203,372</b>	-	<b>18,203,372</b>

Category of classification	31 December 2017 (Audited)								
	Classified Advances			Provision Required			Provision Held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
	------(Rupees in '000)-----								
OAEM	7,961	-	7,961	-	-	-	-	-	-
Substandard	249,632	-	249,632	44,470	-	44,470	44,470	-	44,470
Doubtful	892,775	-	892,775	644,096	-	644,096	644,096	-	644,096
Loss	18,436,730	-	18,436,730	18,265,415	-	18,265,415	18,265,415	-	18,265,415
	19,587,098	-	19,587,098	18,953,981	-	18,953,981	18,953,981	-	18,953,981
General Provision	-	-	-	670,580	-	670,580	670,580	-	670,580
	<b>19,587,098</b>	-	<b>19,587,098</b>	<b>19,624,561</b>	-	<b>19,624,561</b>	<b>19,624,561</b>	-	<b>19,624,561</b>

8.2.1 At 30 September 2018, the provision requirement has been reduced by Rs. 67.991 million (31 December 2017: Rs. 162.554 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. 44.194 million due to the said FSV benefit is not available for distribution of cash and stock dividend / bonus to employees.

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

For the nine months period ended 30 September 2018

### 8.3 Particulars of provision against non-performing advances

	30 September 2018 (Un-audited)			31 December 2017 (Audited)		
	Specific	General	Total	Specific	General	Total
Opening balance	18,953,981	670,580	19,624,561	19,133,049	547,521	19,680,570
Charge for the period	296,714	93,424	390,138	1,469,674	137,629	1,607,303
Reversals	(1,266,330)	(5,998)	(1,272,328)	(1,216,481)	(14,570)	(1,231,051)
	(969,616)	87,426	(882,190)	253,193	123,059	376,252
Amounts written off	(571,986)	-	(571,986)	(405,961)	-	(405,961)
Other movements	32,987	-	32,987	(26,300)	-	(26,300)
Closing balance	17,445,366	758,006	18,203,372	18,953,981	670,580	19,624,561

9	DEPOSITS AND OTHER ACCOUNTS	Note	30 September 2018	31 December 2017
			(Un-audited)	(Audited)
	Customers		----- (Rupees in '000) -----	
	<b>Remunerative</b>			
	- Fixed deposits		29,665,493	29,598,100
	- Savings deposits		198,550,827	185,500,901
	<b>Non-Remunerative</b>			
	- Current accounts		174,395,006	154,429,040
	- Margin accounts		2,287,759	1,512,656
	- Special exporters' account		2,824,809	3,264,141
			407,723,894	374,304,838
	<b>Financial Institutions</b>			
	- Remunerative deposits		82,313	52,198
	- Non-remunerative deposits - Current account	9.1	3,020,379	3,219,028
			410,826,586	377,576,064

9.1 This includes Rs. 859.586 million (2017: Rs. 835.108 million) against balances of other branches and subsidiaries of Standard Chartered Group operating outside Pakistan.

### 10 CONTINGENCIES AND COMMITMENTS

#### 10.1 Transaction-related contingent liabilities

	10.1.1		
Guarantees issued favouring:			
- Government		49,414,836	60,698,935
- Others		51,873,035	37,713,529
		101,287,872	98,412,464

10.1.1 Guarantees relating to Islamic Banking Business amount to Rs. 392 million (31 December 2017: Rs. 400 million).

#### 10.2 Trade-related contingent liabilities

	10.2.1		
Letters of credit		23,589,449	18,747,847

10.2.1 Letters of credit relating to Islamic Banking Business amount to Rs. 3,506 million (31 December 2017: Rs. 3,801 million).



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

For the nine months period ended 30 September 2018

	<b>30 September 2018</b> <b>(Un-audited)</b> ------(Rupees in '000)-----	<b>31 December 2017</b> <b>(Audited)</b>
<b>10.3 Trade-related commitments</b>		
Acceptances	<u>8,006,926</u>	<u>6,283,546</u>
<b>10.3.1</b> Acceptances relating to Islamic Banking Business amount to Rs. 181 million (31 December 2017: Rs. 1,035 million).		
<b>10.4 Commitment for acquisition of fixed assets</b>	<u>58,289</u>	<u>45,377</u>
<b>10.5 Other contingencies</b>		
Claims against the Bank not acknowledged as debt	<u>11,726,546</u>	<u>10,988,832</u>
<b>10.5.1</b> 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.		
<b>10.5.2</b> The Bank has identified that a case has been pending 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 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 and 2017, positive decisions were rendered for certain office spaces in favour of the Bank. The Bank has repossessed a portion of such office space from the tenants. Based on the facts of the case and the opinion of legal counsel, the management expects a favourable decision from the dealing court.		
<b>10.5.3</b> The Tax Authorities have passed orders for the income years 2009 and 2010 levying Federal Excise Duty amounting to Rs. 188 million on certain items. The Bank has paid entire amount under protest and contesting the orders in the appeals.		
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.		
<b>10.5.4</b> The Supreme Court of Pakistan vide its order dated 10 November 2016 has held that the amendments made in the law introduced by the Federal Government by Finance Act 2008 for the levy of Workers Welfare Funds (WWF) on banks were not lawful. The Federal Board of Revenue has filed review petitions against this order, which are currently pending.		
Legal advice obtained on the matter indicates that consequent to filing of these review petitions the judgment may not currently be treated as conclusive until the review petition is decided. Accordingly, the amount charge for WWF since 2008 has not been reversed.		
Further, as a consequence of passage of 18th Amendment to the Constitution, levy for Workers Welfare was also introduced by the Government of Sindh (Sindh WWF) which was effective from 01 January 2014. The definition of industrial undertakings under the aforesaid Sindh WWF law includes banks and financial institutions as well. The Bank has challenged applicability of the said law on Banks before the Sindh High Court.		
<b>10.6 Commitments in respect of forward foreign exchange contracts</b>		
<b>Purchase</b>		
State Bank of Pakistan	<u>92,875,463</u>	119,080,713
Other banks	<u>82,111,097</u>	39,719,754
Customers	<u>1,018,906</u>	377,862
<b>Sale</b>		
State Bank of Pakistan	-	-
Other banks	<u>91,483,533</u>	115,408,324
Customers	<u>22,845,206</u>	13,663,482

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

For the nine months period ended 30 September 2018

### 10.7 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.

10.8 For Contingencies related to taxation refer note 11.

### 10.9 Derivative Instruments

#### Product Analysis

Counterparties		30 September 2018 (Un-audited)			
		(Rupees in '000)		(Rupees in '000)	
		Interest Rate Swaps *		FX Options *	
		No. of Contracts	Notional Principal	No. of Contracts	Notional Principal
With Banks for	Hedging	-	-	-	-
	Market Making	20	11,268,095	-	-
With FIs other than banks	Hedging	-	-	-	-
	Market Making	-	-	-	-
With other entities for	Hedging	-	-	-	-
	Market Making	22	13,249,127	-	-
Total	Hedging	-	-	-	-
	Market Making	42	24,517,222	-	-
31 December 2017 (Audited)					
With Banks for	Hedging	-	-	-	-
	Market Making	12	6,877,998	7	115,705
With FIs other than banks	Hedging	-	-	-	-
	Market Making	-	-	-	-
With other entities for	Hedging	-	-	-	-
	Market Making	16	7,099,180	7	115,705
Total	Hedging	-	-	-	-
	Market Making	28	13,977,178	14	231,411

\* 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 6 contracts with local banks having notional principal of Rs. 3,031.537 million.

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

### For the nine months period ended 30 September 2018

#### 11 TAXATION

The return for income year 2017 (Tax Year 2018) is due for filing by 30 November 2018.

The tax department amended the assessment for income years 2007 to 2016 (tax years 2008 to 2017 respectively) under the related provisions of the Income Tax Law, net contingent amount is Rs. 4,027 million on account of various issues such as disallowances relating to provision against loans and advances and Rs.2,712 million on account of goodwill amortization (for which deferred tax is also booked) which have been paid by the Bank. 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.

During the year the Assessing Officer has issued appeals effect orders for various tax years, deciding certain issues including claim of provision for bad debts under the seventh schedule in favour of the Bank, resulting in aggregate refund of Rs. 2,781 million due to the Bank.

The Sindh High Court has decided the issue of goodwill amortization in favour of the Bank for the years 2007 and 2011. An appeal effect order determining tax refund of Rs. 893 million has been issued by the Assessing Officer. The Federal Board of Revenue has filed leave to appeal before the Supreme Court of Pakistan.

		<b>Three months period ended 30 September 2018 (Un-audited)</b>	<b>Nine months period ended 30 September 2018 (Un-audited)</b>	Three months period ended 30 September 2017 (Un-audited)	Nine months period ended 30 September 2017 (Un-audited)
----- (Rupees in '000) -----					
<b>12. INCOME FROM DEALING IN FOREIGN CURRENCY</b>					
Gain/ (loss) realised from dealing in:					
Foreign Currency		561,991	1,886,739	528,110	1,514,947
Foreign exchange derivatives	13.1	82,157	955,808	83,885	331,033
		<u>644,148</u>	<u>2,842,547</u>	<u>611,995</u>	<u>1,845,980</u>
<b>13. OTHER INCOME</b>					
Rent on property		5,667	16,750	5,777	15,750
Gain / (loss) on disposal of fixed assets		5,835	13,142	1,931	15,851
Gain / (loss) on derivatives	13.1	(184,358)	(567,452)	(14,752)	358,680
Sri Lanka branch operations cost & fx translation		363	1,628	-	-
Recoveries against assets at acquisition of Union Bank Limited		15,350	51,500	18,650	18,650
Other income		713	8,187	1,384	1,384
		<u>(156,430)</u>	<u>(476,245)</u>	<u>12,990</u>	<u>410,315</u>
<b>13.1</b>	The FX gain on hedging of Cross Currency Swaps of Rs. 552.224 million (September 2017: Rs. (26.873) million) is reported in Income From Dealing In Foreign Currency (Note 12)				

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

For the nine months period ended 30 September 2018

	Three months period ended 30 September 2018	Nine months period ended 30 September 2018	Three months period ended 30 September 2017	Nine months period ended 30 September 2017
Note	(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)
------(Rupees in '000)-----				
<b>14. ADMINISTRATIVE EXPENSES</b>				
Salaries, allowances etc.	1,510,957	4,497,938	1,384,765	4,067,294
Contributions to defined contribution plans	103,578	274,752	101,648	256,126
Non-executive directors' fee	850	3,825	895	4,070
Rent, taxes, insurance, electricity etc.	224,994	689,861	231,501	683,560
Utility charges	84,228	235,634	82,828	226,277
Legal and professional charges	17,291	77,391	32,862	95,179
Communications	62,798	309,968	104,894	319,895
Premises repairs and refurbishment	221,890	416,013	111,639	305,731
Cleaning and Janitorial Cost	108,192	252,472	61,752	203,488
Equipment and consumables	-	161,360	59,166	192,737
Software licenses and renewals	-	76,062	30,619	92,486
Stationery and printing	48,433	151,846	48,962	145,085
Advertisement and publicity - net	95,880	347,700	85,960	175,764
Donations	-	5,890	8,000	8,000
Auditors' remuneration	8,069	21,163	5,033	13,966
Depreciation	102,052	326,349	111,087	332,307
Amortization	41	125	62	187
Travelling, conveyance and vehicles' running	32,403	103,100	30,763	94,616
Reimbursement of executive and general administrative expenses	-	-	533,613	1,186,869
Royalty - net of reversal	-	-	-	(496,311)
Premises security and cash transportation services	51,494	197,161	80,004	227,406
Others	63,856	218,120	33,266	158,137
	<u>2,737,006</u>	<u>8,366,731</u>	<u>3,139,319</u>	<u>8,292,869</u>

- 14.1 Bank is awaiting approval from State Bank of Pakistan (SBP) for payment of group executive & general administrative expenses for prior years. In concurrence with counterparty, no expenses have been charged for the nine months period to 30 September 2018.

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

### For the nine months period ended 30 September 2018

#### 15 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

		30 September 2018 (Un-audited)									
		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											
	4,645,933	260,188,030	-	-	-	264,833,963	-	264,833,963	-	264,833,963	
	-	705,032	-	-	-	705,032	-	705,032	-	705,032	
	-	156,614	-	-	-	156,614	156,614	-	-	156,614	
- Other assets											
	-	1,345,579	-	-	-	1,345,579	-	1,345,579	-	1,345,579	
	-	63,641	-	-	-	63,641	-	63,641	-	63,641	
- Unrealized gain on Forward foreign exchange contracts											
- Unrealized gain on Interest rate derivatives & currency options											
<b>Financial assets not measured at fair value</b>											
15.1	-	-	-	42,223,757	-	42,223,757	-	-	-	-	
15.1	-	-	-	1,551,562	-	1,551,562	-	-	-	-	
15.1	-	-	-	25,207,003	-	25,207,003	-	-	-	-	
15.1	-	-	149,039,644	-	-	149,039,644	-	-	-	-	
15.1	-	-	-	12,807,822	-	12,807,822	-	-	-	-	
	4,645,933	262,458,896	149,039,644	81,790,144	-	497,934,617	-	-	-	-	
<b>Financial liabilities measured at fair value</b>											
- Other liabilities											
	-	2,472,601	-	-	-	2,472,601	-	2,472,601	-	2,472,601	
	-	1,391,379	-	-	-	1,391,379	-	1,391,379	-	1,391,379	
- Unrealized loss on Forward foreign exchange contracts											
- Unrealized loss on Interest rate derivatives & currency options											
<b>Financial liabilities not measured at fair value</b>											
15.1	-	-	-	-	16,028,250	16,028,250	-	-	-	-	
15.1	-	-	-	-	410,826,586	410,826,586	-	-	-	-	
15.1	-	-	-	-	20,239,587	20,239,587	-	-	-	-	
15.1	-	-	-	-	-	-	-	-	-	-	
15.1	-	-	-	-	23,175,333	23,175,333	-	-	-	-	
	-	3,863,980	-	-	470,269,756	474,133,736	-	-	-	-	
<b>Off-balance sheet financial instruments</b>											
Interest Rate swaps / Foreign currency options / Forward purchase contracts											
	-	-	-	192,756,500	-	192,756,500	-	194,165,720	-	194,165,720	
Interest Rate swaps / Foreign currency options / Forward sale contracts											
	-	-	-	122,094,927	-	122,094,927	-	125,958,907	-	125,958,907	

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

### For the nine months period ended 30 September 2018

#### On balance sheet financial instruments

Note	31 December 2017 (Audited)				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 + Sukukls)	4,833,077	266,745,779	-	-	-	271,578,856	-	271,578,856	-	271,578,856
- Sukuk Bonds (other than government)	-	822,000	-	-	-	822,000	-	822,000	-	822,000
- Equity securities traded (Shares)	-	108,959	-	-	-	108,959	-	-	-	108,959
- Other assets	-	-	-	-	-	-	-	-	-	-
- Unrealized gain on Forward foreign exchange contracts	-	4,666,957	-	-	-	4,666,957	-	4,666,957	-	4,666,957
- Unrealized gain on Interest rate derivatives & currency options	-	158,703	-	-	-	158,703	-	158,703	-	158,703
<b>Financial assets not measured at fair value</b>										
- Cash and bank balances with SBP and NBP				35,085,289	-	35,085,289				
- Balances with other banks				779,856	-	779,856				
- Lending to financial institutions				8,067,665	-	8,067,665				
- Advances			137,655,093	-	-	137,655,093				
- Other assets			-	6,165,540	-	6,165,540				
	4,833,077	272,502,398	137,655,093	50,098,350	-	465,088,918				
<b>Financial liabilities measured at fair value</b>										
- Other liabilities										
- Unrealized gain on Forward foreign exchange contracts	-	2,894,953	-	-	-	2,894,953	-	2,894,953	-	2,894,953
- Unrealized gain on Interest rate derivatives & currency options	-	213,527	-	-	-	213,527	-	213,527	-	213,527
<b>Financial liabilities not measured at fair value</b>										
- Bills Payable					18,958,345	18,958,345				
- Deposits and other accounts					377,576,064	377,576,064				
- Borrowings					26,029,816	26,029,816				
- Sub -ordinated loans					-	-				
- Other liabilities					20,078,826	20,078,826				
	-	3,108,480	-	-	442,643,051	445,751,531				
<b>Off-balance sheet financial instruments</b>										
<b>Interest Rate swaps / Foreign currency options / Forward purchase contracts</b>										
	-	-	-	167,583,816	-	167,583,816	-	172,409,475	-	172,409,475
<b>Interest Rate swaps / Foreign currency options / Forward sale contracts</b>										
	-	-	-	134,874,907	-	134,874,907	-	137,983,387	-	137,983,387

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).

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 2018

#### 16 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>30 September 2018</b>	(Rupees in '000)				
Internal Income	2,727,646	(2,062,216)	9,533,248	(10,186,404)	12,274
Net mark-up / return / interest income	(854,188)	3,299,177	(1,460,917)	12,965,739	13,949,811
Non mark-up / non interest income	<u>3,397,680</u>	<u>795,290</u>	<u>2,684,622</u>	<u>(504,504)</u>	<u>6,373,088</u>
Operating income	5,271,138	2,032,251	10,756,953	2,274,831	20,335,173
Non mark-up / non interest expenses	1,465,394	904,937	5,663,266	598,777	8,632,374
Internal non mark-up / non interest expenses	2,095	1,012	8,934	233	12,274
Operating profit before provisions and taxation	<u>3,803,649</u>	<u>1,126,302</u>	<u>5,084,753</u>	<u>1,675,821</u>	<u>11,690,525</u>
(Direct write-offs) / (provisions) / reversals against non-performing loans and advances - net of recoveries	(15,749)	(1,027,650)	83,055	-	(960,344)
Provision for diminution in the value of investments	-	-	-	5,370	5,370
Profit before taxation	<u>3,819,398</u>	<u>2,153,952</u>	<u>5,001,698</u>	<u>1,670,451</u>	<u>12,645,499</u>
Other segment items:					
Depreciation on tangible fixed assets	68,533	37,856	216,696	3,264	326,349
Amortisation on intangible assets	26	14	83	1	124
Segment assets (gross)	66,842,558	95,277,443	55,435,053	347,818,000	565,373,054
Segment non performing loans	3,327,513	12,172,702	2,503,078	-	18,003,293
Segment provision required	3,318,522	11,765,381	3,119,469	-	18,203,372
Segment liabilities	127,319,017	26,345,101	302,458,098	26,219,773	482,341,989
Segment return on net assets (ROA) (%) - annualised	8.04%	3.45%	12.78%	0.64%	3.09%
Segment cost of funds (%) - annualised	3.27%	3.50%	1.97%	3.74%	2.48%
<b>30 September 2017</b>					
Internal income	2,687,391	(1,930,245)	8,414,089	(9,154,958)	16,277
Net mark-up / return / interest income	(860,771)	3,079,566	(1,407,870)	12,340,720	13,151,645
Non mark-up / non interest income	<u>2,557,377</u>	<u>1,029,024</u>	<u>2,975,212</u>	<u>(351,682)</u>	<u>6,209,931</u>
Operating income	4,383,997	2,178,345	9,981,431	2,834,080	19,377,853
Non mark-up / non interest expenses	1,546,294	967,592	5,667,348	323,533	8,504,767
Internal non mark-up / non interest expenses	2,364	1,123	12,537	253	16,277
Operating profit before provisions and taxation	<u>2,835,339</u>	<u>1,209,630</u>	<u>4,301,546</u>	<u>2,510,294</u>	<u>10,856,809</u>
(Direct write-offs) / (provisions) / reversals against non-performing loans and advances - net of recoveries	677,520	(332,100)	(51,362)	-	294,058
Profit before taxation	<u>2,157,819</u>	<u>1,541,730</u>	<u>4,352,908</u>	<u>2,510,294</u>	<u>10,562,751</u>
Other segment items:					
Depreciation of tangible fixed assets	69,547	38,395	220,882	3,483	332,307
Amortisation of intangible assets	40	21	124	2	187
Segment assets (gross)	67,255,802	90,337,736	41,944,480	328,161,930	527,699,948
Segment non performing loans	3,308,813	14,056,902	2,982,897	-	20,348,612
Segment provision required	3,272,813	13,082,534	3,412,856	-	19,768,203
Segment liabilities	117,293,171	19,653,412	286,032,907	24,859,632	447,839,122
Segment return on net assets (ROA) (%) - annualised	4.51%	2.67%	15.10%	1.02%	2.78%
Segment cost of funds (%) - annualised	3.10%	2.71%	1.83%	5.44%	2.34%

\* 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 Business Banking 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 (Asset and Liability Management), specific strategic investments (if any) and certain central costs of the Bank such as workers welfare fund and property management unit.



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

For the nine months period ended 30 September 2018

### 17 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:

		<b>30 September 2018</b>	31 December 2017
	Note	(Un-audited)	(Audited)
------(Rupees in '000)-----			
<b>OUTSTANDING BALANCES</b>			
<b>Group</b>			
Nostro balances with other subsidiaries and branches of the holding company		<b>1,508,933</b>	735,502
Overdrawn nostro balances with other subsidiaries and branches of the holding company		<b>790,625</b>	75,526
Vostro balances of other subsidiaries and branches of the holding company		<b>859,586</b>	835,108
Placements with other subsidiaries and branches of the holding company		<b>10,258,141</b>	5,396,987
Deposits of group company	17.1	<b>338</b>	10,021
Due to holding company		<b>13,351,074</b>	10,330,627
Interest payable to group companies		<b>9,207</b>	-
Call borrowing		<b>6,212,460</b>	-
Due from other subsidiaries and branches of the company		<b>1,023,988</b>	554,680
Interest receivable from group companies		<b>1,516</b>	754
Inter-company derivative assets		<b>26,185</b>	73,524
Inter-company derivative liabilities		<b>503,710</b>	99,492
Transaction-related contingent liabilities - Guarantees		<b>38,089,870</b>	34,653,395
Commitments in respect of forward foreign exchange contracts		<b>5,788,557</b>	6,814,535
Derivative instruments- Interest rate swaps - Notional		<b>7,985,984</b>	5,643,865
Derivative instruments- FX options - Notional		<b>-</b>	115,705
<b>Key management personnel</b>			
Loans and advances to key management personnel	17.1	<b>207,140</b>	178,551
Deposits of key management personnel	17.1	<b>503,187</b>	100,273
Advance rent		<b>2,218</b>	1,259
<b>Others</b>			
Loans and advances to customers with common directorship	17.1	<b>666,990</b>	48,850
Deposits by staff retirement benefit funds	17.1	<b>247,423</b>	482,103
Deposits by customers with common directorship	17.1	<b>176,376</b>	986,971
Accrued interest receivable from customers with common directorship		<b>6,975</b>	823
Receivable from defined benefit plans		<b>26,203</b>	(4,981)
Derivative liabilities		<b>-</b>	621
Transaction-related contingent liabilities - Guarantees		<b>139,351</b>	1,782,776
Trade-related contingent liabilities - Letter of Credit		<b>194,944</b>	171,485
Trade-related commitment liabilities - Acceptances		<b>384,949</b>	12,116

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

For the nine months period ended 30 September 2018

PROFIT AND LOSS	Nine months period ended	
	30 September 2018	30 September 2017
	(Un-audited)	(Un-audited)
	------(Rupees in '000)-----	
<b>Group</b>		
Mark-up / return / interest earned	28,478	7,626
Mark-up / return / interest expensed	12,361	14,151
Fee and commission expense	52,211	4,176
Fee and commission income	532,869	147,320
Reimbursement of executive and general administrative expenses	-	1,186,869
Net gain / (loss) on inter-company derivatives	(451,557)	(52,879)
Royalty (reversal) / expense	-	(496,311)
Dividend paid	6,706,594	4,790,424
<b>Key management personnel</b>		
Mark-up / return / interest earned	13,112	11,038
Mark-up / return / interest expensed	1,277	1,063
Salaries and benefits	239,014	232,103
Post retirement benefits	21,243	20,962
Remuneration / fee paid to non-executive directors	3,825	4,070
Rent expenses	2,498	2,324
<b>Others</b>		
Contribution to defined contribution plans - net of payments received	274,752	256,126
Charge for defined contribution plans	274,752	256,126
Mark-up / return / interest expensed on deposits of staff retirement benefit funds	34,935	7,936
Mark-up / return / interest expensed on deposits of customers with common directorship	6,050	16,801
Mark-up / return / interest earned on advances to customers with common directorship	6,956	4,819
Fee and commission income from customers with common directorship	53,694	28,835
Net (loss) / gain on derivatives	-	-

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

	Balance as at 31 December 2017	Net disbursement/ deposits	Net repayments / withdrawals	Balance as at 30 September 2018
	------(Rupees in '000)-----			
<b>Loans and advances</b>				
Key Management Personnel	178,551	148,342	(119,753)	207,140
Others	48,850	1,577,559	(959,419)	666,990
Placements	5,396,987	1,454,440,459	(1,449,579,305)	10,258,141
<b>Deposits</b>				
Group companies	10,021	-	(9,683)	338
Key Management Personnel	100,273	1,029,945	(627,031)	503,187
Others	1,469,074	52,877,150	(53,922,425)	423,799

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

### For the nine months period ended 30 September 2018

#### 18 LIQUIDITY RISK

The SBP has introduced two liquidity standards through its guidelines on Basel III: Liquidity Standards. These are the Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR). The objective of LCR is to ensure that Banks have an adequate stock of unencumbered high quality liquid assets (HQLA) to survive a significant stress scenario. The objective of NSFR is to reduce funding risk over a longer time horizon by requiring Banks to fund their activities with sufficiently stable sources of funding on an ongoing basis.

Note	<b>30 September 2018</b>	<b>31 December 2017</b>
	(Un-audited)	(Audited)
	------(Rupees in '000)-----	
<b>Liquidity Coverage Ratio</b>		
High Quality Liquid Assets (A)	<b>310,617,420</b>	305,361,466
Total Net Cash Outflows (B)*	<b>74,835,441</b>	64,451,333
Liquidity Coverage Ratio (A/B)	<b>415%</b>	474%
Minimum SBP Requirement	<b>90%</b>	90%
<b>Net Stable Funding Ratio</b>		
Available amount stable funding (X)	<b>393,606,462</b>	372,751,703
Required amount of stable funding (Y)	<b>145,649,010</b>	132,552,979
Net Stable Funding Ratio (X/Y)	<b>270%</b>	281%
Minimum SBP Requirement	<b>100%</b>	100%

\* Total net cash outflows = Total expected cash outflows – Min {total expected cash inflows; 75% of total expected cash outflows}

#### 19 ISLAMIC BANKING BUSINESS

The bank is operating 8 Islamic banking branches at the end of current period (Dec 2017: 9 branches)

Balance Sheet	Note	<b>30 September 2018</b>	<b>31 December 2017</b>
		(Un-audited)	(Audited)
		------(Rupees in '000)-----	
<b>Assets</b>			
Cash and balances with treasury banks		<b>2,686,881</b>	2,725,969
Due from Financial Institutions		<b>4,662,918</b>	4,788,058
Investments		<b>6,509,007</b>	6,233,447
Islamic Financing and Related Assets-net	19.1	<b>49,906,633</b>	42,572,814
Operating fixed assets		<b>32,876</b>	40,400
Other assets		<b>765,407</b>	500,941
		<b>64,563,722</b>	56,861,629
<b>Liabilities</b>			
Bills payable		<b>205,327</b>	162,877
Due to Financial Institutions		<b>2,959,000</b>	3,724,000
<b>Deposits and other accounts</b>			
Current Accounts		<b>28,134,512</b>	25,744,605
Saving Accounts		<b>14,697,195</b>	13,423,428
Term Deposits		<b>1,050,680</b>	1,052,881
Others		<b>235,973</b>	50,366
Deposits from Financial Institutions -Remunerative	19.4	<b>3,016</b>	2,948
		<b>44,121,376</b>	40,274,228
Due to Head Office		<b>9,378,593</b>	6,675,569
Other liabilities		<b>538,149</b>	661,180
		<b>57,202,445</b>	51,497,854
<b>Net Assets</b>		<b>7,361,277</b>	5,363,775

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

For the nine months period ended 30 September 2018

	Note	30 September 2018 (Un-audited)	31 December 2017 (Audited)
------(Rupees in '000)-----			
<b>Represented by:</b>			
Islamic Banking Fund		200,000	200,000
Unappropriated / Unremitted profit		7,205,432	5,086,697
		<u>7,405,432</u>	<u>5,286,697</u>
Surplus / (Deficit) on revaluation of assets - net		(44,155)	77,078
		<u>7,361,277</u>	<u>5,363,775</u>
<b>Contingencies and Commitments</b>			
<b>Charity fund</b>			
Opening balance	10	4,701	2,941
Additions during the year			
Penalty on delayed payment		2,846	3,437
Income purification		2	2,907
		<u>2,848</u>	<u>6,344</u>
Payments / utilization during the year			
Education		(887)	(1,540)
Health		(3,814)	(3,044)
		<u>(4,701)</u>	<u>(4,584)</u>
Closing balance		<u>2,848</u>	<u>4,701</u>
<b>19.1 Islamic Financing and Related Assets</b>			
Murabaha	19.1.1a	3,091,103	1,004,855
Musharaka	19.1.1b	20,429,510	20,072,238
Dimishing Musharaka	19.1.1c	23,261,539	19,862,104
Musawammah	19.1.1d	2,724,061	1,245,000
Others	19.1.1e	400,420	388,617
		<u>49,906,633</u>	<u>42,572,814</u>
<b>19.1.1a Murabaha</b>			
Financings/Investments/Receivables		2,223,557	682,554
Advances		158,851	6,277
Assets/Inventories		708,695	316,024
		<u>3,091,103</u>	<u>1,004,855</u>
<b>19.1.1b Musharaka</b>			
Financings / Investments / Receivables		<u>20,429,510</u>	<u>20,072,238</u>
<b>19.1.1c Dimishing Musharaka</b>			
Financings / Investments / Receivables		23,213,802	19,806,390
Advances		47,737	55,714
		<u>23,261,539</u>	<u>19,862,104</u>
<b>19.1.1d Musawammah</b>			
Financings / Investments / Receivables		<u>2,724,061</u>	<u>1,245,000</u>
<b>19.1.1e Others</b>			
Financings / Investments / Receivables		<u>400,420</u>	<u>388,617</u>

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

For the nine months period ended 30 September 2018


	Nine months period ended <b>30 September 2018</b>	Nine months period ended <b>30 September 2017</b>
------(Rupees in '000)-----		
<b>19.2 Profit and Loss</b>		
Profit / return earned on financings, investments and placements	2,944,374	2,341,722
Return on deposits and others dues expensed	(466,045)	(505,023)
Net spread earned	2,478,329	1,836,699
Reversal against non performing financing	16,253	101,277
Net spread after provisions	2,494,582	1,937,976
<b>Other income</b>		
Fees, commission and brokerage income	413,829	634,629
Gain / (loss) from dealing in foreign currencies	458,957	361,366
Other income	15	614
Total other income	872,801	996,609
<b>Other expenses</b>		
Administrative expenses	(1,248,648)	(1,300,875)
<b>Profit before taxation</b>	<b>2,118,735</b>	<b>1,633,710</b>
<b>19.3 Remuneration to Shariah Advisor/Board</b>	<b>3,980</b>	<b>3,863</b>

**19.4** Deposit and other accounts include redeemable capital of Rs. 15,750.891 million (2017: Rs.14,479.26 million) and deposits on Qard basis of Rs. 28,370.485 million (2017: Rs.25,794.97 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 25th October, 2018.


  
Ian Anderson Bryden  
Chairman

  
Shazad Dada  
Chief Executive Officer

  
Waqar Ahmed Malik  
Director

  
Mohamed Abdelbary  
Director

  
Asad Ali Shariff  
Chief Financial Officer



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- RMB FX - Facilitate FX Spot, Forward/Swap

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\*\*Further details can be obtained from your Corporate Banking Relationship Manager.

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