



Annual Report 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 4186 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
- The largest international Bank in Pakistan with 77 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.
- The Bank has total assets of over PKR 550 billion and deposits of over PKR 400 billion.
- In 2018, the Bank achieved its highest ever profit of PKR 18.5 billion (before tax) and is 6th largest in terms of profitability.

Strong recognition by our stakeholders

Finance Asia 2018

- Best Foreign Bank in Pakistan

Pakistan Digital Awards 2018

- Best Digital Marketing Campaign

Asia Money Awards - 2017/2018

- 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

Standard Chartered Bank (Pakistan) Limited

Board of Directors



Mr. Ian Anderson Bryden
Chairperson of the Board of Directors



Mr. Shazad Dada
Chief Executive Officer and Member Board Risk Committee



Mr. Ferdinand Pieterse
Director Member Board Audit Committee and Board Risk Committee



Mr. Mohamed Abdelbary
Director Member Board Audit Committee and Board HR & Remuneration Committee



Mr. Waqar Ahmed Malik
Director Chairperson Board Audit Committee and Member Board HR & Remuneration Committee



Mrs. Spenta Kandawalla
Director Chairperson Board HR & Remuneration Committee



Pakistan Executive Committee - 2018, along with Andy Halford, Group Chief Financial Officer.

Top row (left to right): Muhammad Umer, Muhammad Mubbashir Yasin, Syed Mujtaba Abbas, Muslim Reza Mooman, Majid Aziz, Jehangir Qazi, Shahzad Salamullah, Asad Ali Shariff

Bottom row (left to right): Azhar Aslam, Adil Salahudin, Lubna Azam Tiwana, Andy Halford, Shazad Dada, Khadija Hashimi, Mujahid Zuberi

Company Information

Board of Directors

Mr. Ian Anderson Bryden
Mr. Shazad Dada
Mr. Ferdinand Pieterse
Mr. Mohamed Abdelbary
Mrs. Spenta Kandawalla
Mr. Waqar Ahmed Malik
Mr. Towfiq Habib Chinoy*

Chairman
Chief Executive Officer

Company Secretary

Mr. Asif Iqbal Alam

Board Audit Committee

Mr. Waqar Ahmed Malik
Mr. Ferdinand Pieterse
Mr. Mohamed Abdelbary

Chairperson

Board Risk Committee

Mr. Towfiq Habib Chinoy*
Mr. Ferdinand Pieterse
Mr. Shazad Dada

Chairperson

Board Human Resource & Remuneration Committee

Mrs. Spenta Kandawalla
Mr. Mohamed Abdelbary
Mr. Waqar Ahmed Malik

Chairperson

Shariah Board

Shaikh Nizam Yaqouby
Mufti Muhammad Abdul Mubeen
Mufti Irshad Ahmad Aijaz
Mufti Khawaja Noor ul Hassan (Resident)

Chairperson

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

Registrar/ Share Registration 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

*subject to clearance from State Bank of Pakistan as director

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STANDARD CHARTERED BANK (PAKISTAN) LIMITED

NOTICE OF ANNUAL GENERAL MEETING

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

Notice is hereby given that the Thirteenth Annual General Meeting of the shareholders of Standard Chartered Bank (Pakistan) Limited ("Bank") will be held on Friday, 29 March 2019 at 04:00 PM at the Institute of Bankers of Pakistan, Moulvi Tamizuddin Khan (M. T. Khan) Road, Karachi, to transact the following business:

A. ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Accounts of the Bank for the year ended 31 December 2018 along with the Directors' and Auditors' Reports thereon.
2. To consider the appointment of external auditors namely M/s KPMG Taseer Hadi & Co., Chartered Accountants (who being eligible, have offered themselves for re-appointment), for the year 2019 and to authorize the Chief Executive Officer and Chief Financial Officer to negotiate and agree upon their remuneration subject to concurrence of the Board in the subsequent meeting.
3. To consider and approve final cash dividend @ 15% (i.e. Rs. 1.5 per share) as recommended by the Board of Directors in addition to interim dividend of 7.5% already paid for the year 2018.

B. SPECIAL BUSINESS

4. To approve the remuneration paid to the Independent Non Executive Directors of the Bank for the year ended 31 December 2018 in accordance with the Articles of Association of the Bank and in that connection to pass the following resolution, as ordinary resolution, with or without modification, addition or deletion:

"RESOLVED THAT the decision of the Board of Directors of Standard Chartered Bank (Pakistan) Limited to pay a fee of Rs. 6,425,000 during the year ended 31 December 2018 to the independent non-executive members of the Board, in terms of their discretion under the Articles of Association of the Bank, be and is hereby confirmed and approved by the shareholders."

A statement of material facts under Section 134 (3) of the Companies Act, 2017 relating to the aforesaid special business to be transacted in the said Annual General Meeting is appended below.

C. OTHER BUSINESS

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

By Order of the Board



Asif Iqbal Alam
Company Secretary
Karachi: 08 March 2019

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

بذریعہ ہذا مطلع کیا جاتا ہے کہ اسٹینڈرڈ چارٹرڈ بینک (پاکستان) لمیٹڈ (بینک) کے حصص یافتگان کا تیسرا سالانہ اجلاس عام 29 مارچ 2019 بروز جمعہ، شام 04:00 بجے، انسٹیٹیوٹ آف بینکرز آف پاکستان، مولوی تمیز الدین خان (ایم ٹی خان) روڈ، کراچی میں درج ذیل کارروائی کیلئے منعقد کیا جائے گا۔

(الف) عمومی کارروائی

- i۔ 31 دسمبر 2018ء کو ختم ہونے والے مالی سال کیلئے بینک کے آڈیٹڈ اکاؤنٹس اور ان پر ڈائریکٹرز اور آڈیٹرز کی رپورٹس کی وصولی، ان پر غور اور ان کی توثیق۔
- ii۔ میسرز KPMG Taseer Hadi & Co.، چارٹرڈ اکائونٹنٹس (جنہوں نے اہل ہونے کے سبب پھر سے تقرری کی درخواست دی ہے) کی 2019ء کیلئے بطور بیرونی آڈیٹرز تقرری اور ان کے معاوضے کے تعین کیلئے چیف ایگزیکٹو آفیسر اور چیف فنانس آفیسر کو بات چیت اور متفقہ طور پر فیصلہ کرنے کا اختیار دینا جو بورڈ کی رضامندی سے مشروط ہوگا۔
- iii۔ بورڈ آف ڈائریکٹرز کی جانب سے تجویز کردہ 15% (یعنی 1.5 روپے فی حصص) نقد منافع کی ادائیگی پر غور اور منظور کرنا جو سال 2018ء کیلئے ادا کیے جانے والے 7.5% عبوری منافع کے علاوہ ہے۔

(ب) خصوصی کارروائی

- iv۔ 31 دسمبر 2018ء کو ختم ہونے والے سال کیلئے بینک کے آرٹیکلز آف ایسوسی ایشن کے تحت بینک کے خود مختار نان ایگزیکٹو ڈائریکٹرز کو ادا کیے گئے معاوضے کی منظوری اور اس سلسلے میں مندرجہ ذیل قرارداد کو ترمیم یا بغیر ترمیم، اضافے یا اخراج بطور عمومی قرارداد منظور کرنا:
- "قرار پایا کہ آرٹیکلز آف ایسوسی ایشن کے تحت دی گئی صوابدید پر، اسٹینڈرڈ چارٹرڈ بینک (پاکستان) لمیٹڈ کے بورڈ آف ڈائریکٹرز کا فیصلہ کہ بورڈ کے نان ایگزیکٹو ممبرز کو 31 دسمبر 2018ء کو ختم ہونے والے سال کیلئے مبلغ 6,425,000 روپے فیس ادا کرنے کو حصص یافتگان کی جانب سے توثیق اور منظوری دی جانی ہے۔"

کمپنیز ایکٹ 2017ء کے سیکشن 134(3) کے تحت مذکورہ سالانہ اجلاس عام میں عمل میں لائی جانے والی خصوصی کارروائی سے متعلق ضروری حفاظتی کی دستاویز درج ذیل منسلک ہے۔

(ج) دیگر کارروائی

- v۔ چیئر پرسن کی اجازت سے کوئی اور کارروائی عمل میں لانا۔

بحکم بورڈ



آصف اقبال عالم
کمپنی سیکریٹری

کراچی: 08 مارچ 2019ء

NOTICE OF ANNUAL GENERAL MEETING

Notes:

- The Share Transfer Books of the Bank will remain closed from 22 March 2019 to 29 March 2019 (both days inclusive). Transfer received at the Share Registrar by the close of business on 21 March 2019 will be treated in time.
- Only those persons whose names appear in the Register of Members of the Bank as at 21 March 2019 will be entitled to attend / participate in / vote at the Annual General Meeting and be entitled to receive above stated cash dividends.
- A member entitled to attend and vote at the above meeting is entitled to appoint another member as his/ her proxy to attend and vote instead of him/ her. Proxies, in order to be valid, must be received by the Bank at its registered office marked for the attention of the office of the Company Secretary, not less than 48 hours before the time for holding the meeting and must be duly stamped, signed and witnessed. A member shall not be entitled to appoint more than one proxy.
- Members are requested to notify change in their address, if any, to the Bank's Share Registrars, M/s. Central Depository Company of Pakistan Limited (Share Registrar Department), CDC House, 99-B, Block B, SMCHS, Main Shahr-e-Faisal, Karachi - 74400. Toll Free: 0800-CDCPL (23275), Fax: (021) 34326053, Email: info@cdcpak.com.
- A. For Attending the Meeting:**
 - In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his identity by showing his original Computerized National Identity Card (CNIC) or original passport at the time of attending the Meeting.
 - In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced at the time of the Meeting.
- B. For Appointing Proxies:**
 - In case of individuals, the account holder or sub-account holder and / or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirement.
 - The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
 - Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
 - The proxy shall produce his original CNIC or original passport at the time of the Meeting.
 - In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted along with proxy form to the Bank.
- Members may inspect the minutes of the Annual General Meeting held on 09 April 2018, in terms of Section 52 of the Companies Act, 2017, at the Banks registered address.
- In terms of Section 223 (7) of the Companies Act, 2017, the Annual Report for the year ended 2018 will also be placed on the Bank's website simultaneously with the dispatch of the same to the members.

Statement under Section 134 (3)

Statement for Item (4) to the Agenda

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

نوٹس:

- بینک کی حصص کی منتقلی کی کتابیں 22 مارچ 2019ء سے لے کر 29 مارچ 2019ء تک (بشمول دونوں دن) بند رہیں گی۔ 21 مارچ 2019ء کو کاروبار کے اختتام تک رجسٹرار کو موصول ہونے والے ٹرانسفرز بروقت تصدیق کیے جائیں گے۔
- صرف وہ ممبران جن کے نام 21 مارچ 2019ء کو بینک کے ممبران کے رجسٹر میں درج ہوں گے وہی اس سالانہ اجلاس عام میں شرکت کرنے، ووٹ دینے اور ڈیویڈنڈ لینے کے اہل ہوں گے۔
- ایک ممبر جو اس اجلاس میں شرکت کرنے اور ووٹ دینے کا اہل ہے اپنی جگہ کسی اور فرد کو بطور نمائندہ اجلاس میں شرکت، پولے، ووٹ ڈالنے کیلئے مقرر کر سکتا ہے۔ پروکسیز کے مؤثر ہونے کیلئے لازم ہے کہ وہ کمپنی کے رجسٹرڈ آفس میں بنام کمپنی سیکریٹری اجلاس سے 48 گھنٹے قبل مکمل طور پر اسٹیپ شدہ، دستخط شدہ اور شواہد کے ساتھ وصول ہو جائیں۔ ایک ممبر ایک سے زیادہ پروکسی نامزد کرنے کا مختار نہ ہوگا۔
- حصص یافتگان سے درخواست ہے کہ وہ اپنے رجسٹرڈ پتے میں ہونے والی کسی تبدیلی سے فوری طور پر بینک کے سیکریٹری رجسٹرار میسرز سینٹرل ڈپازٹری کمپنی آف پاکستان لمیٹڈ (سیکریٹری رجسٹرار ڈپارٹمنٹ) CDC ہاؤس، 99-B، بلاک B، SMCHS، مین شاہراہ فیصل، کراچی۔ 74400۔ ٹول فری نمبر: 0800-CDCPL (23275) فیکس: (021) 34326053، ای میل ایڈریس: info@cdcpak.com پر مطلع کریں۔
- (الف) اجلاس میں شرکت کیلئے:
 - افراد کی صورت میں اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر اور / یا وہ افراد جن کی سیکورٹیز گروپ اکاؤنٹ میں ہیں اور ان کی رجسٹریشن کی تفصیلات ضابطے کے مطابق اپ لوڈ کر دی گئی ہیں، انہیں اجلاس میں شرکت کے وقت اپنی شناخت کیلئے اصل کمپیوٹرائزڈ شناختی کارڈ (سی این آئی) یا اصل پاسپورٹ دکھانا لازمی ہوگا۔
 - کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد/مختار نامہ، نامزد کرنے والے کے دستخط کے ساتھ اجلاس کے وقت پیش کرنا لازمی ہوگا۔
 - (ب) پروکسی کی نامزدگی کیلئے
 - افراد کی صورت میں اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر اور / یا وہ افراد جن کی سیکورٹیز گروپ اکاؤنٹ میں ہیں اور ان کی رجسٹریشن کی تفصیلات ضابطے کے مطابق اپ لوڈ کر دی گئی ہیں، انہیں اپنا پروکسی فارم درج بالا قواعد کے مطابق پُر کر کے پیش کرنا ہوگا۔
 - پروکسی فارم کا دو افراد سے تصدیق شدہ ہونا لازمی ہے جن کے نام، پتے اور کمپیوٹرائزڈ قومی شناختی کارڈ نمبر فارم پر لکھے ہوں۔
 - پروکسی فارم کے ساتھ پروکسی اور اصل مالک کے کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ فوٹو کاپی منسلک کرنا ہوگی۔
 - پروکسی کو اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ اجلاس کے وقت دکھانا ہوگا۔
 - کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد/مختار نامہ، نامزد کرنے والے کے دستخط کے ساتھ پروکسی فارم کے ساتھ بینک میں جمع کروانا ہوگا۔
- کمپنیز ایکٹ، 2017ء کے سیکشن 52 کے تحت ممبران بینک کے رجسٹرڈ پتے پر 09 اپریل 2018ء کو ہونے والے سالانہ اجلاس عام کی روداد کا معائنہ کر سکتے ہیں۔
- سیکشن 223(7) کے تحت سالانہ 2018ء کی سالانہ رپورٹ کی ممبرز کو ترسیل کے ساتھ بینک کی ویب سائٹ پر بھی اپ لوڈ کر دی گئی ہے۔

سیکشن 134(3) کے تحت بیان

ایجنڈا برائے آئٹم (4)

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

NOTICE OF ANNUAL GENERAL MEETING

SHAREHOLDERS AWARENESS:

1. E-Dividend Requirements: In accordance with the Companies (Distribution of Dividend) Regulation 2017, shareholders are advised to provide their Identification Number/ Computerized National Identity Card (CNIC) Number and International Bank Account Number (IBAN) details, if they have not already done so, to our Share Registrar (if shares are held in physical form) at their above referred office address or to the respective Participants/ Broker (if shares are held through CDS Account) latest by 21 March 2019. Failing which may result in withholding of dividend payments of respective shareholders.

2. Tax Requirements: The dividend income on shares is liable to deduction of withholding tax under Section 150 of the Income Tax Ordinance, 2001 and pursuant to the provisions of Finance Act, 2018, effective from 01 July 2018; the 'Filer' and 'Non-Filer' shareholders will pay tax on dividend income @ 15% and 20% respectively. The Filer status of shareholders will only be determined on the basis of latest available Active Taxpayers List (ATL) uploaded by the Federal Board of Revenue (FBR) on their website <http://www.fbr.gov.pk/>.

In case a Folio/ CDS Account is jointly held, each joint-holder will be treated separately as Filer or Non-Filer and tax will be deducted on the gross dividend amount determined by bifurcating the shareholding of each joint-holder on equal proportions, except where shareholding proportion of joint-holders is pre-defined as per the records of Bank's Share Registrar and thus tax rates will be applied in line with respective proportions. Those shareholders, who are holding shares jointly, are requested to update/ notify the shareholding proportions of Principal and Joint-holder(s) in writing to our Share Registrar latest by 21 March 2019 at their above referred office address.

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

Corporate shareholders are requested to provide of a copy of valid Income Tax Exemption Certificate issued by the concerned authority to your institution which is compulsorily required to claim tax exemption in terms of clarification issued by FBR vide their letter C.No.1 (43) DG (WHT)/ 2008-Vol.11-66417-R dated 12 May 2015 (viewable at FBR's website at following link: <http://www.fbr.gov.pk/ShowDocument.aspx?type=Doc&Actionid=4141>). In case you are subject to any special tax rate, please also provide a copy of relevant certificate issued by the concerned authority. Relevant copies should reach our Share Registrar at their above mentioned office address.

حصص یافتگان (ممبران) کی آگاہی:

1- ای۔ ڈیویڈنڈ کی ضروریات: کمپنیز (ڈیویڈنڈ کی تقسیم) ریگولیشنز 2017ء کی ہدایت کے تحت حصص یافتگان اپنے شناختی نمبر/کمپیوٹرائزڈ قومی شناختی کارڈ (سی این آئی سی) نمبر اور انٹرنیشنل بینک اکاؤنٹ نمبر (آئی بی اے این) کی تفصیلات فراہم کریں۔ اگر انہوں نے تفصیلات فراہم نہیں کی ہیں تو ہمارے شیئر رجسٹرار (اگر شیئرز فزیکل فارم میں رکھے گئے ہیں) کو مذکورہ آفس ایڈریس یا متعلقہ پارٹیسپنٹ/ بروکر (اگر شیئرز بذریعہ سی ڈی ایس اکاؤنٹ رکھے گئے ہیں) کو 21 مارچ 2019ء تک مہیا کریں۔ ناکامی کی صورت میں متعلقہ شیئر ہولڈرز کے ڈیویڈنڈ کی ادائیگی روک دی جائے گی۔

2- ٹیکس معاملات: انکم ٹیکس آرڈیننس 2001ء کے سیکشن 150 اور فنانس ایکٹ 2018ء کی دفعات (یکم جولائی 2018ء سے مؤثر) کے مطابق ڈیویڈنڈ آمدن پر فائلر ممبران کیلئے شرح وڈ ہولڈنگ ٹیکس 15% جبکہ نان فائلر کیلئے 20% ہے۔ حصص یافتگان کے فائلر ہونے کا تعین فیڈرل بورڈ آف ریونیو (FBR) کی ویب سائٹ (<http://www.fbr.gov.pk>) پر جاری کردہ آخری ایکٹیو ٹیکس پینر لسٹ (ATL) کی بنیاد پر کیا جائے گا۔

کسی فلیو/سی ڈی ایس اکاؤنٹ کی مشترکہ ملکیت کی صورت میں ہر مشترکہ ہولڈر کو بطور فائلر یا نان فائلر علیحدہ طور پر جاننا اور ٹیکس کی کوئی ڈیویڈنڈ کی مجموعی رقم پر کی جائے گی جو کہ ممبران میں شیئر ہولڈنگ کے تناسب کو مساوی تقسیم کر کے کی جائیگی سوائے اس کے کہ شیئر ہولڈنگ کے تناسب کی تفصیل پہلے ہی بینک کے شیئر رجسٹرار کے ریکارڈز میں موجود ہو اس صورت میں ٹیکس کی شرح اس تناسب سے لاگو کی جائے گی۔ لہذا ایسے مشترکہ ہولڈرز سے درخواست کی جاتی ہے کہ اپنی ہولڈنگ کا تناسب ہمارے شیئر رجسٹرار کو مندرجہ بالا پتے پر 21 مارچ 2019ء تک فراہم کر دیں۔

اس سلسلے میں وہ ممبران جن کے نام فائلر ہونے کے باوجود ATL میں موجود نہیں، ان سے گزارش کی جاتی ہے کہ اس امر کو یقینی بنائیں کہ (i) ان کے نام مدت اختتام (مذکورہ بالا) سے قبل ATL میں موجود ہوں بصورت دیگر ٹیکس کی کوئی کیلئے انہیں نان فائلر سمجھا جائے گا اور (ii) اپنے نیشنل ٹیکس نمبر کی ایک کاپی اپنے متعلقہ پارٹیسپنٹ/ سی ڈی ایس اکاؤنٹ سروسز یا ہمارے شیئر رجسٹرار (صرف فزیکل شیئر ہولڈنگ کی صورت میں) کو مذکورہ بالا پتے پر جمع کرائیں۔

کارپوریٹ شیئر ہولڈرز جو ٹیکس سے استثناء کے دعویدار ہیں ان سے درخواست کی جاتی ہے کہ وہ متعلقہ اتھارٹیز کی جانب سے ان کے ادارے کو جاری کیا گیا مؤثر انکم ٹیکس ایگزیمپشن سرٹیفکیٹ فراہم کریں جو کہ FBR کے لیٹر C.No.1(43) DG (WHT)/ 2008-Vol.11-66417-R بتاریخ 12 مئی 2015ء کے مطابق ٹیکس ایگزیمپشن کلیم کیلئے ضروری ہے (جسے FBR کی ویب سائٹ <http://www.fbr.gov.pk/ShowDocument.aspx?type=Doc&Actionid=4141> پر دیکھا جاسکتا ہے)۔ اگر آپ خصوصی ٹیکس ریٹ کے تابع ہیں براہ مہربانی متعلقہ اتھارٹی کی جانب سے جاری کیے گئے سرٹیفکیٹ کی نقل ہمارے شیئر رجسٹرار کو درج بالا پتے پر فراہم کریں۔

CHAIRMAN'S REVIEW - 31 December 2018

I am pleased to deliver my second review, as Chairman of the Board of Directors ('the Board') of Standard Chartered Bank (Pakistan) Limited ('the Bank'), in line with the requirements of Section 192 of the Companies Act, 2017.

The Board's Overall Role

Standard Chartered Group views high standards of corporate governance as a critical component for the long-term success of all companies and for the economic health and stability of markets across the globe. As part of the Group's approach to corporate governance, the Board fully recognises that the success of the Bank ultimately depends upon the capacity of the directors to provide the vision and direction needed, not only to survive, but to develop and prosper. The Board endeavoured to maintain and strengthen the high level of corporate governance, continuously improving corporate transparency, ensuring the healthy development of the Bank and endeavouring to enhance corporate values.

The Board is comprised of seven members, including three Independent Non Executive Directors. The Board performs its statutory role and fulfils its objectives by ensuring that the Bank has a competent leadership and an effective executive management. The Board then establishes significant policies, frameworks and the code of conduct, and delegates the authorities and responsibilities down the line for the Bank's smooth operations.

The Board has constituted its Sub-Committees with a defined scope of work and reporting procedures and such Committees are discharging their function and duties as per their respective terms of references.

The Board meets frequently enough to discharge adequately its responsibilities and it receives the agenda papers and appropriate supporting material in sufficient time prior to the Board and its Sub-Committee meetings. The Board members have established a very open and candid atmosphere in the boardroom.

In accordance with regulations, the Board has formulated an effective mechanism to undertake the Board Effectiveness Review.

Performance Evaluation of the Board

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

This has been another good year for the Board as the overall performance and effectiveness of the Board remained as 'Satisfactory' based on the annual evaluation of the Board which was carried out in 2018 in line with the above stated process. This covered various aspects including the Board's composition and the Board's understanding of its role, responsibilities and duties as well as the Bank's risk profile and regulatory environment. It also reviewed the directors' induction process and training, the Board's involvement in strategy planning, the quality of information which the Board receives and the effectiveness of the follow up on action points. Survey results of individual Directors, including the Chairman and Chief Executive and the Sub-Committee Chairmen were also noted as 'Satisfactory'.

Improvement areas identified during the said performance evaluation of the Board have been mostly addressed and the remaining ones are being tracked, as agreed.

Acknowledgement

I would like to thank all the stakeholders for their trust and support. I also take this opportunity to convey my gratitude to my fellow Board members for their valuable contribution.



IAN BRYDEN
CHAIRMAN
26 February 2019

DIRECTORS' REPORT - 31 December 2018

On behalf of the Board of Directors, I am pleased to present the Directors' Report of Standard Chartered Bank (Pakistan) Limited (SCBPL) along with the audited financial statements and auditors' report thereon for the year ended 31 December 2018.

Economy

After witnessing GDP growth of 5.8% in FY18, Pakistan's economic growth is likely to slow down due to macroeconomic challenges and is expected to achieve a growth of 4% in FY19 which is well below the annual target of 6.2% set earlier during the year.

CPI inflation was recorded at 6.0% in first half of FY19 as compared to FY18 average of 3.8%. Current account deficit was lower by 4.4% at US\$ 8bn during July to December 2018 as compared to a deficit of US\$ 8.4bn last year. Persistent current account deficit has continued to put downward pressure on SBP FX Reserves which fell to USD 7.2bn at year end 2018. Support from bilateral flows has helped to shore up declining FX Reserves. Resultantly, PKR depreciated by 26% between the start of the year through to 31st December 2018. Addressing the external sector financing gap and inflation pick up, SBP has responded by increasing the policy rate by 4.25% during the year followed by 25bps increase in January 2019.

It is expected that a financing facility from IMF will be finalized in the coming months that may ease some pressure on FX Reserves at the cost of strict external and fiscal conditions. On the fiscal front, the Government continues to rely on borrowings from SBP which may further increase inflationary pressure. To extend support to the economy the Government in January 2019 announced a mini-budget mainly to support large scale manufacturing (LSM) and agriculture.

Pakistani banks continue to remain well capitalized with CAR of 16.1% and remain profitable with ROE (after tax) of 13.5% for Q3 2018. Meanwhile, NPLs of the banking sector have declined to 7.5% down from 8.8% in September 2017.

Purpose

At Standard Chartered our purpose is to drive commerce and prosperity through our unique diversity which captures the spirit of Standard Chartered by bringing together the best of what we already have - our incredible diversity of locations, cultures and expertise and ties it to what we do as a Bank - facilitating commerce in the real economy.

Our purpose signifies the way we want to do business with a human aspect as prosperity is not just about financial wealth but contributes towards creating healthier and happier communities. The purpose also embodies a more proactive and high performance culture.

Our strategic pillars

Our strategic pillars continue to be:

- Focus on building profitable, efficient and sustainable advances portfolio across all segments
- Continue to enhance Digital 'main bank' capabilities and maintain market leadership target areas
- Continue deposit growth; through optimal deposit mix
- Leverage the network and differentiate through innovative solutions, product specialisation and structured offshore capabilities
- Strong cost discipline; creating space for investments through saves

The Bank made significant progress on its strategic pillars in 2018.

Operating Results and Business Overview

Balance Sheet	31 December 2018 (PKR millions)	31 December 2017 (PKR millions)
Paid-up capital	38,716	38,716
Total equity	67,238	62,937
Deposits	424,899	377,576
Advances – gross	187,162	157,259
Advances – net	169,544	137,635
Investments – net	279,066	272,488

DIRECTORS' REPORT

Profit and Loss	31 December 2018 (PKR millions)	31 December 2017 (PKR millions)
Revenue	28,518	25,480
Administrative expenses	10,887	11,457
Other non mark-up expenses	403	286
Operating profit (before provisions and tax)	17,228	13,737
Recovery / (provisions) and write offs - net	1,219	(284)
Profit before tax	18,447	13,453
Profit after tax	11,239	8,245
Earnings per Share (EPS) - Rupees	2.90	2.13

A record performance in 2018 by the Bank enabled it to deliver a Profit before tax of PKR 18.5 billion. This is 37% higher than the corresponding period last year and the highest profit since incorporation. Overall revenue growth was 12%, whereas client revenue increased by 13% year on year with positive contributions from transaction banking, financial markets and retail products. In-country operating expenses increased by only 5% year on year on account of spending mainly on 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 the pickup in net advances which have grown by 23% since the start of this year. This was the result of a 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.

Due to strong risk management and prudent credit expansion, the Bank's loans recovery momentum continues and resulted in a net release of PKR 1.2 billion in 2018.

On the liabilities side, another milestone was achieved whereby the Bank's total deposits crossed over PKR 400 billion. Total deposits grew by 13%, whereas current and saving accounts grew by 15% since the start of this year and are now 94% of the deposits base. The optimal funding structure of the balance sheet continues to support the Bank's performance.

During 2018, the Bank contributed around PKR 12.9 billion to the national exchequer in lieu of direct income taxes, as an agent of Federal Board of Revenue and on account of FED / Provincial Sales Taxes.

The Bank continues to invest in its digital capabilities and infrastructure to enhance our clients' banking experience through the 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 customers.

Outlook

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

External Annual Audit

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

Credit Rating

Pakistan Credit Rating Agency (PACRA) has maintained the Bank's long-term and short-term ratings of "AAA" (Triple A) and "A1+" (A One Plus) respectively in 2018. These ratings denote the lowest expectation of credit risk emanating from an exceptionally strong capacity for timely payment of financial commitments.

Sustainability

As the largest International Bank in the country, with 77 branches in 11 cities of Pakistan, Standard Chartered is an integral part of Pakistan's financial landscape. Through its sustainability and community investment agenda the Bank has demonstrated its

DIRECTORS' REPORT

commitment to the community. Our sustainability strategy seeks to strengthen relationships between our business, community, Government and clients.

In Pakistan, the Bank's community efforts are focused on health and education. Our flagship Community Investment health programme "Seeing is Believing" which focuses on the prevention of avoidable blindness has impacted over 12 million beneficiaries. We have conducted over 500,000 sight restoration surgeries, trained over 60,000 lady healthcare workers, screened over 1.5 million children for refractive problems. We have 24 visually impaired employees working with the Bank.

Through our partners we are accredited with a 20% reduction in avoidable blindness and the Government of Pakistan has appointed Standard Chartered as the only corporate partner with a presence on both the National and Sindh eye councils of the country. Additionally, as a result of our local projects, we have prioritised eye healthcare for women with the support of our partner, Layton Rehmatulla Benevolent Trust (LRBT).

It has now been over two years since the Bank launched Goal in Pakistan. Goal is Standard Chartered's leading girls' education programme. Through a combination of sports and life skills training, Goal aims to empower and equip adolescent girls with the confidence, knowledge and skills they need to be integral economic leaders in their families, communities and societies. Since 2016, we have reached close to 4,500 girls in urban Karachi slums. We have expanded our outreach and presence to over 17 schools by the end of 2018 and hope to grow this further.

To encourage employees to participate in these initiatives and engage with communities, Standard Chartered provides three days paid volunteering leave to each member of staff. In 2018, SCBPL employees logged 1,055 volunteering days.

Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations)

There has been no material departure from the best practices of corporate governance, as detailed in the regulations. Statement of Compliance (SoC) with the Regulations and the Auditors' review report thereon form part of the Annual Report. The composition of the Board is disclosed under Para 1 and 2 of the said SoC.

Statements on Internal Controls and Risk Management Framework

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

The Board is pleased to endorse the management's evaluation on the effectiveness of our overall internal controls including Internal Control Over Financial Reporting (ICFR), as detailed in the Management's Statements on Internal Controls and Risk Management Framework.

Meetings of the Board and its Committees

Details of Board and its Committees meetings held and attendance by the directors/ members are as under:

There have been six meetings of the Board of Directors ('the Board'), five meetings of Board Audit Committee ('BAC') and five meetings of Board Human Resource and Remuneration Committee ('HR & RemCo') held during 2018. No meeting of the newly established Board Risk Committee was held during 2018. Attendance by each director/ member has been as follows:

Sr. No.	Name of Director	Board Meetings			BAC Meetings			HR & RemCo Meetings		
		Member	Held ¹	Attended ²	Member	Held ¹	Attended ²	Member	Held ¹	Attended ²
1	Ian Bryden	✓	6	6	-	-	-	-	-	-
2	Shazad Dada	✓	6	6	-	-	-	-	-	-
3	Najam I. Chaudhri ³	✓	5	5	✓	4	4	-	-	-
4	Parvez Ghias ⁴	✓	2	2	✓	1	1	✓	1	1
5	Spenta Kandawalla	✓	6	6	-	-	-	✓	5	5
6	Ferdinand Pieterse	✓	6	6	✓	5	5	-	-	-
7	Mohamed Abdelbary ⁵	✓	6	6	✓	-	-	✓	5	5
8	Waqar Ahmed Malik	✓	2	2	✓	2	2	✓	2	2

¹ Number of meetings held during the tenor of relevant director/ member

² Leave of absence was granted to the Directors/Members who could not attend some of the meetings

³ Passed away on 07 November 2018

⁴ Stepped down effective 01 April 2018

⁵ Appointed as a BAC member effective 10 December 2018

DIRECTORS' REPORT

Changes in the Board of Directors

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

Mr. Najam I. Chaudhri, a fellow member and ex-chairman of the Board Audit Committee, passed away on 07 November 2018 creating a casual vacancy on the Board. Mr. Chaudhri served on the Board for more than a decade and made an immense contribution during his association with the Bank. The Board would like to place on record its condolences on Mr. Chaudhri's passing.

Mr. Towfiq Habib Chinoy has been appointed as a new Director subject to his clearance from the State Bank of Pakistan and completion of other necessary formalities.

Directors' Remuneration

The Board has a formal policy and transparent procedures for remuneration of directors in accordance with the regulatory requirements. Key features of the policy are as under:

- Independent Directors and Non-Executive Directors (i.e. outside directors) of the Board are eligible to receive a meeting fee for attending the meetings of the Board, its Committee(s) and Shareholders and for holding the office of Chairperson of the Board or its Committee(s).
- Travel and lodging expenses for Independent Directors and Non-Executive Directors (i.e. outside directors) to attend meetings of the Board, its Committee(s) and Shareholders will be borne by the Bank.
- The policy will be reviewed by the Board from time to time. The remuneration paid to the Independent Directors and Non-Executive Directors shall be approved by the Shareholders in a general meeting on pre or post facto basis. The details of remuneration and meeting fees paid are disclosed in Note 27 to the annexed Financial Statements for the year ended 31 December 2018.

Board's Evaluation

The Board has put in place a mechanism for undertaking an annual evaluation of the performance of the Board and the same is covered in detail under the Chairman's Report which forms part of the Annual Report.

Dealing in Shares / Stock Brokerage

The Directors, Chief Executive Officer, Chief Financial Officer, Head of Internal Audit and Company Secretary have confirmed that neither they nor their spouses are engaged in the business of stock brokerage. Furthermore, no trading in shares of the Bank was carried out by the Directors, key executives and their spouses/ minor children during the year as confirmed by them.

Pattern of Shareholding

The pattern of shareholding forms part of the Annual Report. At 31 December 2018, Standard Chartered Bank, UK (holding company) held 98.99% shares of SCBPL. The Directors, Chief Executive Officer and key executives do not hold any interest in the shares of the Bank other than that disclosed in the pattern of shareholding.

Statement of investments of Provident, Gratuity and Pension Funds

The value of investments including accrued income of provident and gratuity funds as at 31 December 2018 on the basis of un-audited accounts are:

	PKR '000
Provident Fund	2,186,049
Management Staff Gratuity Fund	1,297,449
Non- Management Staff Gratuity Fund	90,565
Management Staff Pension Fund	42,970
Non- Management Staff Pension Fund	49,965

Dividend

A final cash dividend of 15.00% (PKR 1.50 per share) has been recommended by the Board of Directors for approval at the 13th Annual General Meeting of the Bank's shareholders. This is in addition to 7.50% (PKR 0.75 per share) interim cash dividend announced / paid during the year.

DIRECTORS' REPORT

External Auditors

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

Appreciation and Acknowledgment

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

On behalf of the Board



Chief Executive Officer



Director

Karachi: 26 February 2019

ڈائریکٹرز کی رپورٹ

اسٹیٹرز ڈیوٹی چارٹرڈ بینک (پاکستان) لمیٹڈ

31 دسمبر 2018ء

ڈائریکٹرز کی رپورٹ

بورڈ آف ڈائریکٹرز کی جانب سے ہم انتہائی مسرت سے اسٹیٹرز ڈیوٹی چارٹرڈ بینک (پاکستان) لمیٹڈ کی ڈائریکٹرز رپورٹ مع 31 دسمبر 2018 کو ختم ہونے والے سال کے پڑتال شدہ کھاتہ جات اور آڈیٹرز رپورٹ پیش کر رہے ہیں۔

اکانومی (معیشت):

مالی سال 2018ء میں پاکستان کی مجموعی قومی پیداوار میں 5.8% اضافہ ہوا، جو آنے والے مالی سال میں درپیش معاشی مشکلات کی وجہ سے 4% رہنے کی توقع ہے جو کہ 6.2% کے سالانہ ہدف سے کم ہے۔ مالی سال 2019ء کی پہلی ششماہی میں افراط زر کی شرح 6% رہی جو مالی سال 2018ء میں 3.8% تھی۔ کرنٹ اکاؤنٹ خسارہ پچھلے سال 8.4 ارب ڈالر کے مقابلے میں جولائی تا دسمبر 2018ء کے دوران 8 ارب ڈالر رہا جو کہ 4.4% کم ہے۔ کرنٹ اکاؤنٹ میں مسلسل خسارے کی وجہ سے اسٹیٹ بینک آف پاکستان کے غیر ملکی زرمبادلہ کے ذخائر پر دباؤ رہا جو کہ مالی سال 2018ء کے اختتام پر 7.2 ارب ڈالر رہ گئے، جس کے نتیجے میں شروع سال سے 31 دسمبر 2018ء تک روپے کی قدر میں 26 فیصد کمی دیکھنے میں آئی تاہم دوست ممالک کے تعاون کی وجہ سے زرمبادلہ کے ذخائر میں استحکام آیا ہے۔ بیرونی مالیاتی خسارے اور افراط زر پر تقابو پانے کیلئے اسٹیٹ بینک آف پاکستان نے پالیسی ریٹ میں رواں سال کے دوران 4.25% اور جنوری 2019ء میں 0.25% کا اضافہ کیا۔

یہ توقع کی جاتی ہے کہ آئی ایم ایف سے فنانسنگ فیسلٹی سخت بیرونی اور مالیاتی شرائط کے ساتھ آئندہ مہینوں میں حتمی شکل اختیار کرے گی جس سے زرمبادلہ کے ذخائر پر دباؤ میں کچھ کمی آسکتی ہے۔ مالیاتی محاذ پر حکومت کا اسٹیٹ بینک آف پاکستان سے قرضوں پر انحصار جاری رہا جس سے افراط زر کا دباؤ مزید بڑھ سکتا ہے۔ معیشت میں بہتری کیلئے حکومت نے جنوری 2019ء میں منی بجٹ کا اعلان کیا ہے جس میں لارج اسکیل مینیجنگ اور زراعت کیلئے مراعات رکھی گئی ہیں۔

2018ء کی تیسری سہ ماہی کے نتائج کے مطابق شعبہ بینکاری کے موضوع سرمائے (CAR) کی شرح 16.1% اور سرمائے پر منافع (ROE) کی شرح 13.5% رہی۔ غیر فعال قرضے 30 ستمبر 2018ء کو کل قرضوں کا 7.5% ہو گئے جو مقابلے سے 8.8% تھے۔

مقصد:

Driving Commerce and Prosperity through our Unique Diversity اسٹیٹرز ڈیوٹی چارٹرڈ کے اساس کا احاطہ کرتی ہے، جسے ہم اپنی بہترین صلاحیتوں، جداگانہ مقامات پر موجودگی، تہذیب اور مہارتوں کو بروئے کار لاتے ہوئے حقیقی معیشت میں کاروبار کے فروغ کے لئے بطور بینک باہم پہنچاتے ہیں۔

یہ مقصد ہمارے طرز کار و بار کا عکاس ہے جس میں انسانی پہلو کو ایک خاص اہمیت حاصل ہے۔ ہمارے لیے ترقی کا مقصد صرف مال و دولت کا حصول نہیں بلکہ ایک صحت افزا اور خوشحال معاشرے کے قیام میں معاونت بھی ہے۔ یہ مقصد ایک زیادہ پراثر اور فعال ماحول کو بھی تقویت دیتا ہے۔

ہماری حکمت عملی

بینک کی حکمت عملی کے بنیادی اصول درج ذیل ہیں:

- 1 تمام سیکشنز میں منافع بخش، مؤثر اور مستحکم قرضہ جاتی پورٹفولیو کی تشکیل
 - 2 اپنی ڈیجیٹل صلاحیتوں میں مسلسل بہتری، تاکہ مارکیٹ میں اپنا امتیازی مقام برقرار رکھ سکیں
 - 3 معیاری ڈپازٹس کس برقرار رکھتے ہوئے، کھاتہ جات (ڈپازٹس) کا مستقبل بڑھاؤ
 - 4 نیٹ ورک، جدید سہولیات، پروڈکٹ میں مہارت اور منظم عالمی صلاحیتوں کو بروئے کار لاتے ہوئے اپنی انفرادیت کو قائم رکھنا
 - 5 اخراجات پر سخت نظم و ضبط رکھنا، تاکہ بچت کے ذریعے سرمایہ کاری کیلئے جگہ بنائی جاسکے
- بینک نے 2018ء میں حکمت عملی کے بنیادی اصولوں میں نمایاں کارکردگی دکھائی۔

ڈائریکٹرز کی رپورٹ

عملی نتائج (آپریٹنگ نتائج) اور کاروباری جائزہ:

31 دسمبر 2017 (ملین پاکستانی روپے)

31 دسمبر 2018 (ملین پاکستانی روپے)

38,716	38,716	بیلنس شیٹ
62,937	67,238	ادا کردہ سرمایہ
377,576	424,899	کل ایکویٹی
157,259	187,162	ڈپازٹس (جمع شدہ رقوم)
137,635	169,544	قرضہ جات - مجموعی
272,488	279,066	قرضہ جات - خالص
		سرمایہ کاری - خالص
		نفع و نقصان
25,480	28,518	آمدنی
11,457	10,887	انتظامی اخراجات
286	403	دیگر نان مارک آپ اخراجات
13,737	17,228	کاروباری منافع (غیر فعال مالیات اور سرمایہ کاروں کے عوض
		نقصان اور ٹیکس سے قبل)
(284)	1,219	خالص وصولیات / قرضہ جات پر ممکنہ خسارہ
13,453	18,447	قبل از ٹیکس منافع
8,245	11,239	بعد از ٹیکس منافع
2.13	2.90	فی حصص آمدن (EPS) - روپیہ

بینک نے 2018ء میں ریکارڈ کارکردگی کا مظاہرہ کیا اور 18.5 ارب روپے کا قبل از ٹیکس منافع کمایا جو کہ پچھلے سال کے مقابلے میں 37 فیصد زیادہ ہے اور بینک کی قیام سے لے کر اب تک کا بلند ترین منافع ہے۔ رواں سال کے دوران بینک کی مجموعی آمدن میں 12% اور محصولات صارف میں 13% کا اضافہ ہوا اور ٹرانزیکشن بینکنگ، مالیاتی مارکیٹس اور ریلیٹڈ پروڈکٹس نے نمایاں کارکردگی دکھائی۔ انتظامی اخراجات میں سال بہ سال صرف 5% اضافہ دیکھا گیا جو بینک کی پروڈکٹ، خدمات، افراد اور فرنیچر میں سرمایہ کاری کا مظہر ہے۔

تمام کاروبار نے صارف کی آمدن میں بنیادی محرکات میں زبردست ترقی اور نمو کے ساتھ مثبت رفتار رکھی۔ یہ قرضہ جات (ایڈوانس) میں اضافہ سے عیاں ہے، جو کہ سال نو کے آغاز سے 23% بڑھ گئے۔ یہ ہدف بہ ہدف حکمت عملی کا نتیجہ تھا، تاکہ ایک منافع بخش، معیاری اور مستحکم پورٹفولیو کی تشکیل اور تعمیر ہو۔ پروڈکٹ کے متنوع اساس کے ساتھ بینک اپنے صارفین کی ضروریات کی تکمیل کے کیلئے پوری طرح آراستہ ہے۔

مستحکم رسک مینجمنٹ اور محتاط کریڈٹ ایلیمینٹیشن کی وجہ سے بینک کے قرضوں کی وصولی کی رفتار کا تسلسل برقرار ہے جس کے نتیجے میں 2018ء کے دوران 1.2 ارب روپے کے نیٹ ریلیز عمل میں آئی۔

واجبات (liabilities) کے پہلو سے، بینک نے رواں سال کے دوران ایک تاریخی سنگ میل حاصل کیا جب اُس کے مجموعی کھاتہ جات 400 ارب روپے سے تجاوز کر گئے۔ مجموعی طور پر کھاتوں میں 13% کا اضافہ ہوا جبکہ اس سال کے آغاز سے جاری (Current) اور بچت (Saving) کے کھاتوں میں 15% اضافہ ہوا۔ کم لاگت کھاتہ جات میں مسلسل اضافے نے جاری اور بچت کھاتوں کے ساتھ جو کہ کل کھاتہ جات کے 94% پر مشتمل ہے، بینک کی کارکردگی میں نمایاں مدد کی ہے۔

2018ء کے دوران، بینک نے ڈائریکٹ اکٹم ٹیکس، بطور فیڈرل بورڈ آف ریونیو کے ایجنٹ اور FED / صوبائی سلیز ٹیکس کی مد میں قومی خزانے میں 12.9 ارب روپے جمع کروائے۔

ڈائریکٹرز کی رپورٹ

اپنے صارفین کو جدید سہولیات سے متعارف کروانے کیلئے بینک اپنی ڈیجیٹل صلاحیتوں اور بنیادی ڈھانچے میں مسلسل سرمایہ کاری کر رہا ہے۔ ہم نے نظام کی بہتری کیلئے اپنے لوگوں کی تربیت، اقدار اور انضباط کی مضبوطی پر خصوصی توجہ دی ہے۔ ہم نے Balance Sheet کے استحکام کیلئے دانشمندانہ حکمت عملی اپنائی ہے، ہم نے اپنی خصوصی توجہ صارفین کیلئے اعلیٰ معیار کی خدمت فراہم کرنے اور اپنی پروڈکٹ پورٹ فولیو کو بہتر بنانے پر مرکوز کر رکھی ہے۔

معاشی منظر نامہ:

یہ نتائج ہمارے عزم اور مستحکم کارکردگی کی ترسیل کی عکاسی کرتے ہیں۔ اپنے انضباط اور اختیارات کے ڈھانچے کو مضبوط کرنے کے بعد ہم آمدنی میں اضافے کی اہمیت کو سمجھتے ہوئے، اخراجات میں احتیاط اور معاشی خطرات سے نمٹنے کی صلاحیت رکھتے ہیں۔ اقتصادی ماحول کے خطرات کو مد نظر رکھتے ہوئے ہم ثابت قدم ہیں کہ ہم اپنی کارکردگی کو بہتر کریں گے اور ساتھ ہی صارفین کی ضروریات کو اپنے ہر عمل میں ترجیح دیں گے۔

سالانہ بیرونی آڈٹ:

اسٹینڈرڈ چارٹرڈ بینک کے کھاتہ جات کا آڈٹ بینک کے آڈیٹر کے پی ایم جی تاثیر بادی اینڈ کو، چارٹرڈ اکاؤنٹنٹ نے کیا اور بغیر کسی اختلاف پہ مبنی رپورٹ پیش کی۔

کریڈٹ ریٹنگ:

2018ء میں پاکستان کریڈٹ ریٹنگ ایجنسی (PACRA) نے بینک کی بل ترتیب AAA اور A1+ طویل مدتی اور قلیل مدتی درجہ بندی کو برقرار رکھا ہے۔ یہ درجہ بندی مالیاتی وعدوں کے بروقت ادائیگی کیلئے مستحکم صلاحیت کا اظہار کرتی ہیں۔

سماجی استحکام:

پاکستان کے 11 شہروں میں 77 شاخوں پر مشتمل ملک کے سب سے بڑے بین الاقوامی بینک کی حیثیت سے اسٹینڈرڈ چارٹرڈ اب پاکستان کے مالی استحکام میں ایک لازمی جزو کی حیثیت رکھتا ہے اپنے اسی استحکام اور معاشی امور میں سرمائے کے استعمال کے ذریعے بینک نے معاشی حوالے سے اپنے پُر خلوص عزم کا اظہار کیا ہے۔ ہم بہتر حکمت عملی کی مدد سے اپنے بزنس، سماج، حکومت اور صارفین کے ساتھ مضبوط تعلقات استوار کرنے کے خواہاں ہیں۔

بینک کی پاکستان میں سماجی کاوشیں تعلیم اور صحت پر مرکوز ہیں۔ ہم اپنے سماجی سرمایہ کاری کے پروگرام ”Seeing is Believing“ کے ذریعے ہم قابل گریز ناپائین کی روک تھام کیلئے مسلسل مالی تعاون کر رہے ہیں جس سے 12 ملین لوگ مستفید ہو رہے ہیں۔ ہم پانچ لاکھ سے زائد بحالی پینائی سرجریز کا اہتمام کر چکے ہیں اور 60,000 سے زائد لیڈی ہیلتھ ورکرز کی تربیت میں معاونت کی ہے۔ پندرہ لاکھ سے زائد بچوں میں آنکھوں کے انعطافی مسائل کی درستی کی ہے جبکہ ہمارے بینک میں 24 بصارت سے محروم لوگ کام کرتے ہیں۔ ہمارے شراکت داروں نے ہماری ان کاوشوں کا اعتراف کیا ہے جن کے باعث قابل گریز ناپائین میں 20 فیصد کی توقع ہوئی ہے اور حکومت پاکستان نے اسٹینڈرڈ چارٹرڈ کو ملک کی نیشنل اور سندھ آئی کونسل میں اپنا واحد پارٹنر بنالیا ہے۔ کئی مقامی پروجیکٹس کے ذریعے ہم نے اپنے پارٹنر لیٹن رحمت اللہ مینو ویلنٹ ٹرسٹ (LRBT) کے ذریعے خواتین کیلئے نگہداشت صحت چشم کو ترجیح دی ہے۔

Goal کے آغاز کو پاکستان میں دو سال سے زیادہ کا عرصہ ہو چکا ہے۔ ”گول“، تعلیم نسواں کے حوالے سے اسٹینڈرڈ چارٹرڈ کا ایک مخصوص پروگرام ہے۔ مجموعی طور پر کھیلوں اور زندگی کی مہارتوں کے ذریعے ”گول“ کا مقصد نوجوان لڑکیوں کو باختیار بنانا اور انہیں اپنے خاندان، سماج اور معاشرے میں معاشی طور پر قائدانہ کردار ادا کرنے کیلئے انہیں اعتماد، علم اور ضروری مہارتوں سے آراستہ کرنا ہے۔ ہم نے کراچی شہر کے پسماندہ علاقوں میں 4,500 سے زائد لڑکیوں کو اس پروگرام سے مستفید کیا ہے۔ 2018 کے اختتام تک 17 سے زائد اسکول اس پروگرام سے مستفید ہوئے ہیں اور ہم اُمید کرتے ہیں کہ ہم اسے مزید وسیع کریں گے۔

ملازمین کی شمولیت، حوصلہ افزائی اور کمیونیز کے ساتھ کام کرنے کیلئے اسٹینڈرڈ چارٹرڈ اسٹاف کے ممبر کو 3 دن کی رضا کارانہ چھٹیاں فراہم کرتا ہے، جس کی انہیں ادائیگی کی جاتی ہے۔ 2018ء میں اسٹینڈرڈ چارٹرڈ بینک (پاکستان) لمیٹڈ کے ملازمین نے 1,055 دن رضا کارانہ طور پر اپنی خدمات انجام دیں۔

لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2017ء (دی ریگولیشنز) کے ساتھ مطابقت کا بیان:

بینک کا ادارتی نظام بسٹنگ، ریگولیشنز میں درج مفصل ہدایات سے مطابقت رکھتا ہے اور اس سے کوئی انحراف ریکارڈ نہیں کیا گیا۔ بورڈ کی تشکیل لسٹڈ کمپنیز کے ساتھ مطابقت کے بیان کے پیرا گراف 1 اور 2 میں دی گئی ہے۔

ڈائریکٹرز کی رپورٹ

اسٹیٹمنٹس برائے اندرونی انضباط اور خطرات سے نمٹنے کا ڈھانچہ:

اسٹیٹمنٹ رپورٹرز بینک (پاکستان) لمیٹڈ کی انتظامیہ موزوں انضباط و طریقہ کار کو قائم اور برقرار رکھنے کی ذمہ دار ہے۔ مجموعی انٹرل کنٹرولز، بشمول انٹرل کنٹرول اور فنانشل رپورٹنگ (آئی سی ایف آر) جیسا کہ انٹرل کنٹرولز اور رسک مینجمنٹ فریم ورک میں مینجمنٹ کے بیانات میں مفصل درج ہے، اس کی موثریت اور مینجمنٹ کی تشخیص و اندازے کی تصدیق بینک کا بورڈ کرتا ہے۔

بورڈ اور اس کی کمیٹی کے اجلاس:

بورڈ اور اس کی کمیٹی کے اجلاس کے انعقاد اور حاضری تفصیلات جس میں ڈائریکٹرز/ممبرز نے شرکت کی وہ درج ذیل ہے:

بورڈ آف ڈائریکٹرز (بورڈ) کے 6 بورڈ آف ڈٹ کمیٹی (بی اے سی) کے 5 اور بورڈ ہیومن ریسورس اینڈ ریویو نیریشن کمیٹی (ایچ آر اینڈ آئی سی) کے 5 اجلاس 2018 میں منعقد کیے گئے۔ 2018 کے دوران نئی قائم کردہ بورڈ رسک کمیٹی کا کوئی اجلاس منعقد نہیں ہوا۔ ہر ڈائریکٹر/ممبر کی حاضری درج ذیل رہی:

نمبر شمار	ڈائریکٹر کا نام	بورڈ کے اجلاس			بی اے سی کے اجلاس			ایچ آر اینڈ آئی سی کے اجلاس		
		ممبر	منعقدہ	حاضری ²	ممبر	منعقدہ	حاضری ²	ممبر	منعقدہ	حاضری ²
1	ایٹن براؤن	✓	6	6	-	-	-	-	-	-
2	شہزاد داد	✓	6	6	-	-	-	-	-	-
3	نجم آئی چوہدری ³	✓	5	5	✓	4	4	-	-	-
4	پرویز غیاث ⁴	✓	2	2	✓	1	1	✓	1	1
5	اسپیچا کا نڈا والا	✓	6	6	-	-	-	✓	5	5
6	فرڈیننڈ پیٹرس	✓	6	6	✓	5	5	-	-	-
7	محمد عبدالباری ⁵	✓	6	6	✓	-	-	✓	5	5
8	وقار احمد ملک	✓	2	2	✓	2	2	✓	2	2

1- متعلقہ ڈائریکٹر/ممبر کی مدت کے دوران منعقدہ اجلاس کی تعداد

2- غیر حاضری کی رخصت اُن ڈائریکٹرز/ممبرز کو دی گئی جو کچھ اجلاس میں شریک نہیں ہو سکتے تھے۔

3- 7 نومبر 2018ء کو انتقال کر گئے۔

4- یکم اپریل 2018ء سے رخصت ہو گئے

5- 10 دسمبر 2018ء سے ایک بی اے سی ممبر کے طور پر مقرر کر دیئے گئے۔

بورڈ آف ڈائریکٹرز میں تبدیلیاں:

آخری رپورٹ سے بورڈ آف ڈائریکٹرز میں درج ذیل تبدیلیاں عمل میں آئی ہیں:

جناب نجم آئی چوہدری، بورڈ آف ڈٹ کمیٹی کے فیو لمبر اور سابق چیئر مین، 7 نومبر 2018ء کو انتقال کر گئے جس کی وجہ سے بورڈ میں جگہ عارضی طور پر خالی رہی۔ جناب چوہدری نے ایک دھائی سے زیادہ عرصے تک بورڈ اور بینک میں زبردست خدمات انجام دیں۔ بورڈ ان کی افسوسناک رحلت پر گہرے دکھ کا اظہار کرتا ہے۔

جناب توفیق حبیب چٹائی کو نیا ڈائریکٹر مقرر کیا گیا ہے جو اسٹیٹ بینک آف پاکستان کی کلیئرنس (اجازت) اور دیگر ضروری کارروائیوں کی تکمیل پر منحصر ہے۔

ڈائریکٹرز کی مراعات:

بورڈ کے پاس انضباطی شرائط کے عین مطابق ڈائریکٹرز کی مراعات کیلئے باقاعدہ پالیسی اور شفاف طریقہ کار موجود ہے۔ پالیسی کی بنیادی خصوصیات یہ ہیں:

- بورڈ کے انڈیپنڈنٹ (آزاد) ڈائریکٹرز اور نان-ایگزیکٹو ڈائریکٹرز (یعنی آڈٹ سائڈ ڈائریکٹرز) بورڈ، اس کی کمیٹی، اور شیئر ہولڈرز کے اجلاس میں حاضری کیلئے میٹنگ فیس حاصل کرنے کے اہل ہیں اور وہ بورڈ کے چیئر مین کا عہدہ یا اس کی کمیٹی (ز) کا عہدہ پاس رکھنے کے بھی اہل ہیں۔

ڈائریکٹرز کی رپورٹ

- انڈیپنڈنٹ ڈائریکٹرز (آزاد) اور نان-ایگزیکٹو ڈائریکٹرز (یعنی آؤٹ سائڈ ڈائریکٹرز) کیلئے بورڈ، اس کی کمیٹی (ز) اور شیئر ہولڈرز کے اجلاس میں شرکت کی غرض سے سفری اور اقامتی اخراجات بینک کی جانب سے برداشت کیے جائیں گے۔
- اس پالیسی کا جائزہ بورڈ کی جانب سے وقتاً فوقتاً لیا جاتا رہے گا۔ انڈیپنڈنٹ ڈائریکٹرز (آزاد) اور نان-ایگزیکٹو (یعنی آؤٹ سائڈ ڈائریکٹرز) کو ادا کردہ مراعات کی منظوری شیئر ہولڈرز کی جانب سے اجلاس عام میں قبل یا بعد کے حقائق کی بنیاد پر دی جائے گی۔ مراعات/اداشدہ میٹنگ فیس کی تفصیلات 31 دسمبر 2018ء کو ختم شدہ سال کیلئے منسلک فنانشل اسٹیٹمنٹس کے نوٹ 27 میں ظاہر کر دی گئی ہیں۔

بورڈ کی جانچ اور تجزیہ:

بورڈ نے اپنی کارکردگی کی سالانہ جانچ اور تجزیہ کو ترتیب دینے کیلئے ایک نظام مرتب کیا ہے اور اس کو چیئر مین کی رپورٹ کے تحت تفصیل سے درج کر دیا ہے جو کہ سالانہ رپورٹ کا حصہ ہے۔

شیئرز/اسٹاک بروکرینج میں لین دین:

ڈائریکٹرز، چیف ایگزیکٹو آفیسر، چیف فنانشل آفیسر، ہیڈ آف انٹر نل آؤٹ اور کمپنی سکرٹری تصدیق کر چکے ہیں کہ نہ وہ اور نہ ہی ان کے شریک حیات اسٹاک بروکرینج کے کاروبار میں ملوث رہے ہیں۔ مزید یہ کہ ڈائریکٹرز، ایم ایگزیکٹوز اور ان کی شریک حیات/چھوٹے بچوں کی جانب سے اس سال کے دوران جیسا کہ ان کی جانب سے تصدیق کر دی گئی ہے بینک کے شیئرز میں کوئی لین دین نہیں کیا گیا ہے۔

شیئر ہولڈنگ کا انداز:

پیٹرن آف شیئر ہولڈنگ سالانہ رپورٹ کا حصہ ہے۔ 31 دسمبر 2018ء کو، اسٹینڈرڈ چارٹرڈ بینک، UK (ہولڈنگ کمپنی) کے پاس ایس سی بی پی ایل کے 98.99% شیئرز تھے۔ ڈائریکٹرز، چیف ایگزیکٹو آفیسر، اور دیگر اہم ایگزیکٹو اس بینک کے شیئرز (حصص) میں کوئی دلچسپی نہیں رکھتے، سوائے اس کے جو اس پیٹرن آف شیئر ہولڈنگ میں ظاہر کر دیے گئے ہیں۔

پروویڈنٹ، گریجویٹ اور پنشن فنڈز کی اسٹیٹمنٹس کا بیان:

اسٹیٹمنٹس کی مالیت بشمول پروویڈنٹ اور گریجویٹ فنڈز کی جمع شدہ آمدن 31 دسمبر 2018ء کے غیر آؤٹ شدہ اکاؤنٹس کی بنیاد مندرجہ ذیل ہیں:

000 روپے	
2,186,049	پروویڈنٹ فنڈ
1,297,449	مینجمنٹ اسٹاف گریجویٹ فنڈ
90,565	نان-مینجمنٹ اسٹاف گریجویٹ فنڈ
42,970	مینجمنٹ اسٹاف پنشن فنڈ
49.965	نان-مینجمنٹ اسٹاف پنشن فنڈ

ڈیویڈنڈ (منافع منقسمہ):

15% کا حتمی نقد ڈیویڈنڈ (1.50 روپے فی شیئر) بورڈ آف ڈائریکٹرز کی جانب سے بینک کے شیئر ہولڈرز کے 13 ویں سالانہ اجلاس عام میں منظوری کیلئے تجویز کیا گیا ہے۔ یہ اس سال کے دوران اعلان کردہ/اداشدہ 7.5% (0.75 روپے فی شیئر) عبوری نقد ڈیویڈنڈ کے علاوہ ہے۔

ایکسٹرل آؤٹرز

آؤٹ کمیٹی نے اگلے ٹرم کیلئے کے پی ایم جی تاثیر ہادی اینڈ کو، چارٹرڈ اکاؤنٹنٹس، کی بطور بینک ایکسٹرل آؤٹرز کی تقرری کی تجویز دی۔ آؤٹ کمیٹی کی تجویز پر بورڈ آف ڈائریکٹرز نے اگلے ٹرم کیلئے ریٹائر ہونے والے آؤٹرز کے پی ایم جی تاثیر ہادی اینڈ کو، چارٹرڈ اکاؤنٹنٹس، کا نام بطور بینک ایکسٹرل آؤٹرز پیش کیا۔ ریٹائر ہونے والے آؤٹرز اہل ہیں، اور آنے والے عمومی اجلاس عام کیلئے خود کو دوبارہ تقرری کیلئے پیش کرتے ہیں۔

ڈائریکٹرز کی رپورٹ

سائنس و اعتراف

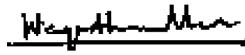
ہم اس موقع پر اپنے صارفین اور کاروباری رفقاء کا رے ان کے مسلسل تعاون اور اعتماد کے لیے بھرپور اظہار تشکر کرتے ہیں۔ ہم بینک دولت پاکستان کو ان کی جانب سے اس بینک کی طرف فراہم کی گئی رہنمائی اور اعانت کیلئے اپنا پُر خلوص اعتراف پیش کرتے ہیں۔ آخر میں ہم اپنے تمام وابستگان، عملے اور ساتھیوں کے شکر گزار ہیں جنہوں نے ہمارے معزز صارفین کیلئے گراں قدر خدمات انجام دیں۔

منجانب بورڈ



چیف ایگزیکٹو آفیسر

کراچی، مورخہ 26 فروری 2019ء



ڈائریکٹر

Management's Statements on Internal Controls and Risk Management Framework

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

Internal Controls

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

- Efficiency and effectiveness of operations
 - Compliance with applicable laws and regulations
 - Reliability of financial reporting
1. Management has adopted different strategies to ensure effective monitoring and improvement of internal controls. These include Enterprise Risk Management Framework (ERMF) and Internal Audit in which assurance responsibilities are divided into three lines of defense i.e. first being the business function, second is the Second Line Risk Assurance and support from Group Internal Audit is the third line of defense.
 2. The policies and procedures in all significant areas, and as per the directives of the regulators, have been duly approved by the Board.
 3. The Board ensures that the external auditors interact with the Audit Committee and present their Management Letter to the Board directly.
 4. An organization structure has been established which supports clear lines of communication and tiered levels of authority with accountability.
 5. The Bank has an effective Internal Audit Department, which reports directly to the Audit Committee of the Board. The department periodically carries out detailed reviews / audits of its branches and various departments / units based on a yearly plan which is approved by the Audit Committee.
 6. Internal control policies, tools and reporting structures have been enhanced to provide greater clarity over roles and responsibilities. Relevant training materials have also been updated and deployment is underway.
 7. Management gives due consideration to the recommendations made by the internal and external auditors for improvements in the internal control system and act to implement such recommendations.
 8. The management has put in place evaluation and approval procedures for major capital expenditure and other transactions.
 9. There is an annual budgeting and strategic planning process. Financial forecasts are reviewed during the year on a periodic basis to reflect significant changes in business environment. Regular reporting and monitoring of financial performance of the departments and the Bank as a whole, using operating statistics and monthly management accounts which highlight key performance indicators and variance from budgets and forecasts is in place.
 10. Review and implementation of health, safety, environment and contingency management processes and other significant policies are carried out and reporting mechanism is in place.
 11. SCBPL maintains a system of Internal Controls over Financial Reporting (ICFR), which is designed to provide reasonable assurance to the Bank's management and Board of Directors regarding the preparation of reliable published financial statements. The system contains self-monitoring mechanisms, and actions are taken to correct deficiencies as they are identified. Management acknowledges that an effective internal control system, no matter how well designed, has inherent limitations and therefore can provide only reasonable assurance with respect to achievement of the system's objectives. The Bank has documented a comprehensive ICFR Governance Framework which has been approved by the Board of Directors.

Updating and review of ICFR exercise for the year 2017-2018 as per SBP Guidelines on Internal Controls has been successfully completed and the Annual Assessment Report for the year 2018 will be submitted to the SBP within the stipulated time. SCBPL is fully committed to make continuous efforts to improve the internal control system during 2019.

Enterprise Risk Management Framework

The Bank has put in place an Enterprise Risk Management Framework (ERMF), to implement the guidelines and regulations, related to Risk Management. The ERMF sets out the principles and standards for risk management across the Bank which includes:

Management's Statements on Internal Controls and Risk Management Framework

- **Risk Culture:** A healthy risk culture to identify and assess current and future risks, to openly discuss and take prompt actions.
- **Strategic Risk Management:** The approach followed by the bank ensures that the strategy and corporate plans are aligned with the bank's risk framework and Appetite.
- **Principal Risks:** The principle risk types include Credit, Market, Capital & Liquidity, Operational, Country, Reputational, Compliance, Conduct, Information & Cyber Security and Financial Crime risk. It is ensured that these risks are embedded in the bank's strategy and business models. There are ten principle risks which are managed through distinct Risk Type Frameworks.
- **Role and Responsibilities:** The framework also defines the responsibilities of the first line, second line and the third line for effective internal control.

The ultimate responsibility for the oversight of risk management function rests with the Bank's Board of Directors. Acting within the authority delegated by the Board, the Executive Committee (EXCO) has appointed the Executive Risk Committee (ERC) and the Asset and Liability Committee (ALCO), for effective Risk Management.

ERC is chaired by the Country Chief Risk Officer (CCRO), through authority delegated by the Board via the Bank's EXCO. There are various risk related committees and forums at the management as well as the board level. These include Board Risk Committee (BRC), ERC, ALCO, Approvals Committee, Country Non-Financial Risk Committee, Country Financial Crime Risk Committee, Credit Issue Committee, Compliance and Conduct Management Committee etc.

The overall responsibility to ensure that the risks are managed adequately, rests with the CCRO through the oversight function. The CCRO is supported by a team of managers, including Senior Credit Officer responsible for credit risk in Global Banking (GB) / Commercial Banking (CB) businesses, Country Credit Head - Retail Banking responsible for credit risk management of Retail Banking including Collections and Recoveries, Head of Group Special Assets Management responsible for management of non-performing and Early Alert Accounts, Head of Fraud Risk Management unit responsible for fraud detection and management of Retail Portfolio, Head of Market and Liquidity Risk unit responsible for risks associated with price movements, changes in interest rates, exchange rate movements etc. Also reporting into the CCRO is the Country Head of Operational Risk who is responsible for the management of bank wide operational risk.

The Bank has established policies, procedures, and controls and has provided the Risk team adequate support by way of risk systems and tools for identification, measurement, monitoring, controlling and reporting risks.

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

Credit Risk

Credit Risk is defined as the "potential for loss due to the failure of a counterparty to meet its agreed obligations to pay the Bank". The credit risk management process is driven by the Bank's Enterprise Risk Management Framework including two credit risk type frameworks covering GB, CB and Retail Credit.

The Credit Risk Frameworks are built on a risk-based approach, meaning the risk management plans, processes, activities, and resource allocations are in accordance to the level of risk. The frameworks consider processes and tools that are forward-looking - which are repeatable, sustainable and anticipate future needs. The first-line, which are the lines of business and functions engaged in or supporting revenue generating activities gives due consideration to the apparent Credit Risk at the point of the strategic choices and/or decision making.

Individual credit authorities are delegated by Board to relevant approvers while any approvals beyond individual delegated authority are approved by Approvals Committee.

The ERC and BRC are responsible to oversee the implementation of the Bank's credit risk management frameworks and approve Risk Appetite Mandate of the bank. The committees ensure that the risk exposures for all types of risk across the Bank remain within the overall risk appetite and mandate.

Lending to counterparties is subject to a robust credit assessment that includes an evaluation of the client's credit quality including willingness, ability and capacity to pay. A suitability and appropriateness assessment is completed for all counterparties to ensure only credit products / facilities which are appropriate to the nature and scale of the counterparty's business are provided. The unsecured credit risk decision framework is in place to support the delivery of optimum risk adjusted returns with controlled volatility and within overall risk appetite. Furthermore, the scores cards and decision engines are in place which support the implementation of credit risk decision strategy for the Retail Credit Portfolio.

Management's Statements on Internal Controls and Risk Management Framework

The Credit Risk Framework reinforces clear accountability and roles for managing risk through the Three Lines of Defense model. The business lines and functions engaged in or supporting revenue generating activities constitute the first line of defense who are accountable for embedding the credit risk approach. The Credit Risk function is the second line control function that performs independent challenge, monitoring and oversight of the credit risk management practices. The first and second lines of defense are supported by the organization structure, job descriptions and delegated authorities.

Market Risk

The Bank has recently adopted the Traded Risk Type Framework under which the bank recognizes market risk as the 'Potential for loss of economic value due to adverse changes in the financial markets rates or prices.' Market Risk exposures arise primarily from interest rate movements and foreign exchange related contracts. The Bank has no significant exposure to equity and commodity price risk.

Traded Risk Management (TRM) performs market risk management activities for the bank. Market risk limits are proposed by TRM after discussion with relevant businesses and are reviewed twice a year. Under the framework, authority for setting market risk limits is delegated to the local risk committee i.e. ERC and Approvals committee and the CCRO. Overall risk appetite is set by the Board in terms of Value at risk (VaR).

In addition to VaR and other market risk limits, independent stress testing of portfolios, factor sensitivity measures and derivatives are also employed as additional risk management tools to manage and hedge market risk exposures. VaR is the main limit that is being applied by the bank along with other supporting price risk limits. Interest Rate Risk is controlled via PV01 limits which are set on Net as well as Gross basis across various tenors and at currency level. Additionally, curve tenor limits are applied to contain the interest rate risk exposure going beyond certain tenors. PV01 strip is then applied to the historical scenarios i.e. Risk factors over the last 260 days to derive the NPV distribution which is then used to determine VaR and Stress VaR.

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

The Executive Risk Committee provides primary oversight for Traded Risk.

Capital & Liquidity Risk

Capital risk is the potential for insufficient level or composition of capital to support bank's normal activities. The bank reviews and sets its capital risk appetite annually through its Internal Capital Adequacy Assessment Process. Risk appetite determines the maximum amount of risk the bank is willing to assume in pursuit of its strategy.

Capital risk appetite is split into Level 1 (stress risk appetite) and Level 2 (business-as-usual) risk appetite metrics. The Bank manages its demand for capital by regular monitoring of capital requirements and asset exposures. The Bank's ALCO monitors Risk Weighted Assets (RWA) growth and provides guidance for RWA management, capital structure and maintenance of capital adequacy ratio.

Liquidity and Funding Risk is the potential for loss where we may not have sufficient stable or diverse sources of funding or financial resources to meet our obligations as they fall due.

A range of tools are used for the management of liquidity. Tools for structural liquidity comprise of commitment and wholesale borrowing guidelines, key balance sheet ratios, and medium-term funding requirements whereas short-term liquidity tools include day to day monitoring of future cash flows and liquidity stress tests using various behavioral and rollover assumptions. The Bank also maintains significant levels of marketable securities either for compliance with local statutory requirements or as prudential investments of surplus funds.

Liquidity, Capital & Interest Rate Risk in the banking book is governed by Capital & Liquidity Risk Type Framework. ALCO chaired by CEO is responsible for ensuring that all these risks are managed effectively.

In addition, the Bank has prepared a Country Recovery Plan which is a live document by which the Country ensures that it has the ability to recover its financial position in the event of an extreme but plausible liquidity and / or solvency stress. The Bank has set Recovery Indicators capable of acting as early warning indicators of a liquidity and / or solvency stress which meet applicable regulations (where relevant). The RIs are designed to cover all aspects of the Country's business model and incorporate capital, liquidity, market, profitability, asset quality, macroeconomic indicators and Reputational risk.

Operational Risk

Operational risk is the potential for loss resulting from inadequate or failed internal processes and systems, human error, or from impact of external events (including legal risks). Operational risk is inherent in the Bank's activities and as with the other risk

Management's Statements on Internal Controls and Risk Management Framework

types is managed through an overall framework with checks and balances that includes recognized ownership of the risk by the businesses, independent risk management oversight and an independent review by the Group Internal Audit.

The Operational Risk Type Framework (ORTF), sets out the approach for management of operational risk as well as the roles and responsibilities of the various stakeholders. In accordance with the framework, business segments and functions are accountable for the day to day management of business activities and to manage the operational risks that arises from these activities. The independent risk management and Subject Matter Experts provide, challenge, guidance, and oversight over the business activities. Existing and future levels of Operational Risk must be maintained within the approved Risk Appetite of the Bank.

The Country Non-Financial Risk Committee (CNFRC) has oversight function over Operational risk in addition to Compliance risk, Financial Crime risk, Conduct risk, Information & Cyber Security risk, and Reputational risk. The committee has the authority to take a view on the significance of risks and to direct appropriate actions. The CNFRC is chaired by the CEO, with CCRO as the alternate Chairperson. Depending on the significance of risks, the issues are tabled at ERC chaired by the CCRO. Disaster recovery procedures, business contingency planning and internal audits also form an integral part of the operational risk management process.

Reputational Risk

Reputational Risk is defined as the "potential for damage to the franchise, resulting in loss of earnings or adverse impact on market capitalization, because of stakeholders taking a negative view of the organization, its actions or inactions - leading stakeholders to change their behavior".

The CEO or relevant Business Head along with relationship managers, process owners and credit approvers are responsible to ensure that reputational risks identified in relation to clients, transactions, products and strategic coverage are assessed and accepted in line with Reputational Risk Framework.

Where the Reputational Risk derives mostly as an outcome of another Principal Risk, the respective Framework Owners are responsible for the management of Reputational Risk.

At the country level, the CCRO provides independent oversight and challenge on matters related to Reputational Risk.

Country Risk

Country Risk is the "potential for losses due to political or economic events in a country". There are three parts to this and includes:

1. Domestic Macroeconomic Risk: Increased risk of lending in a more volatile economy or political environment.
2. Transfer Risk: Risk that a government will be unable or unwilling to make hard currency available. In other words, probability of loss due to currency conversion restrictions imposed by a government that makes it impossible to move money out of the country.
3. Sovereign Default Risk: Risk that a sovereign will fail to honor its obligations.

These risks are appropriately identified and monitored within the country.

The Executive Risk Committee provides oversight of the management of Country Risk.

Pension Risk

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

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

Management's Statements on Internal Controls and Risk Management Framework

Compliance Risk

Compliance Risk refers to the risk of legal or regulatory sanctions, material financial loss, or loss to reputation that a bank may suffer due to its failure to comply with applicable laws, regulations, rules, related self-regulatory organisation standards, and code of conduct. The Compliance Risk Type Framework (CRF) issued as part of ERMF and Compliance Program designed to adhere with the State Bank of Pakistan (SBP) Guidelines on Compliance Risk Management sets out the minimum standards for managing compliance risk and implementation of regulatory instructions. This includes oversight through the Compliance and Conduct Management Committee (CCMC), a quarterly forum has been established to manage the related risks. Compliance with applicable laws and regulations and related policies and procedures is the responsibility of all bank staff.

Conduct Risk

The Conduct Risk Type Framework (CoRF) sets out the overall end to end risk management approach for Conduct Risk and defined as the "Risk of detriment to Standard Chartered's customers/clients, investors, shareholders, market integrity, competition and counter-parties or from the inappropriate supply of financial services, including instances of willful or negligent misconduct". CoRF sets out minimum standards to deliver fair customer outcomes and to protect the integrity of the markets to safeguard bank from any regulatory sanctions, financial loss and reputational damage. CCMC monitors Conduct Risk.

Financial Crime Compliance Risk

The Financial Crime Risk Type Framework (FC) sets out the overall risk management approach to FC as a Principal Risk Type (PRT). FC is defined as the: "Potential for legal or regulatory penalties, material financial loss or reputational damage resulting from the failure to comply with applicable laws and regulations relating to International Sanctions, Anti-Money Laundering and Anti-Bribery and Corruption. This has been designed to set minimum standards to adhere the local and international regulatory authorities' related Guidelines.

Information & Cyber Security

Banks defines Information and Cyber Security Risk as potential for loss from a breach of confidentiality, integrity or availability of bank's information system and assets through cyber-attack, insider activity, error or control failure. Bank seeks to avoid risk and uncertainty for its information assets and systems and has a low appetite for material incidents affecting wider operations and reputation of bank. Information and Cyber Security Risk is managed through a structured framework comprised of a risk assessment methodology (i.e. Information and Cyber Security Risk Type Framework) and supporting policies, procedures and standards which are aligned to industry best practice models. Stress Testing of technical controls relating to Information and Cyber Security risk are performed annually by an external independent party. Bank also has Information and Cyber Security Awareness program that ensures staff is aware of how to work with the policy responsibilities. The program includes the bank's mandatory information and Cyber Security e-learning course, Information Security Champions initiatives and targeted awareness campaigns.

By order of the Board



Shazad Dada
Chief Executive Officer

Report of Shari'ah Board

For the year ended 31 December 2018

بسم الله الرحمن الرحيم

الحمد لله رب العالمين، والصلاة والسلام على سيدنا محمد وعلى آله وصحبه أجمعين، وبعد

ALL PRAISE BE TO ALLAH, THE LORD OF ALL THE WORLDS AND BLESSINGS ON OUR MASTER, PROPHET MUHAMMAD AND ALL HIS HOUSEHOLD AND ALL HIS COMPANIONS.

By the grace of Allah Almighty, the year under review was the fifteenth year of Islamic Banking operated in Standard Chartered Bank (Pakistan) Limited (SCBPL) under the brand name of Saadiq.

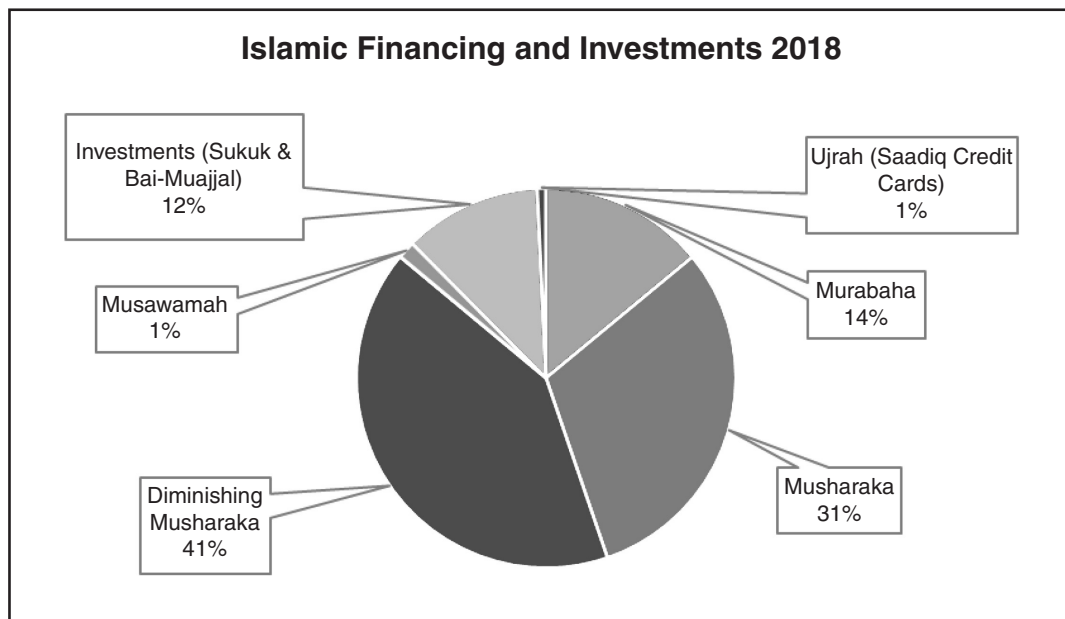
During the year, the Shariah Board (the SB) held four meetings to review and approve various products, policies, department operating instructions, transactions, processes and their Shariah compliance. The SB also met with the BOD twice this year to discuss issues relevant to Shariah.

The Shariah Board appreciates the vision of the Board of Directors and Management for Islamic banking products and services.

Following is the overview for the year 2018:

Islamic Business Review:

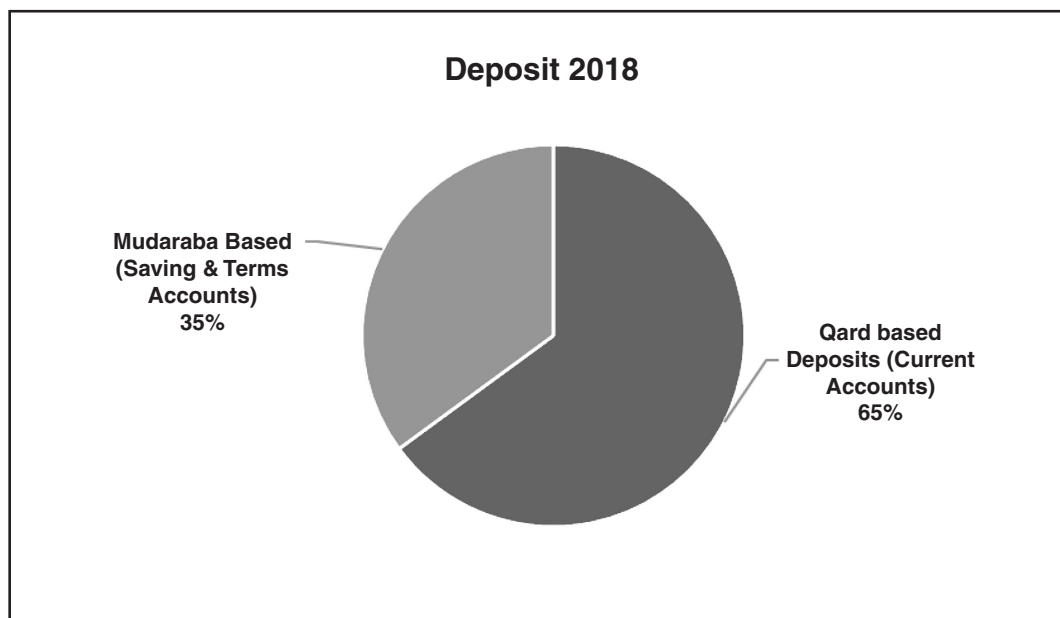
During the year under review, SCBPL diversified its portfolio into various Islamic financing and investment modes including Musharakah, Diminishing Musharakah, Murabahah, Musawamah & Ujrah. At the close of the year ended December 31st 2018, the bank had total Islamic Financing and investment of Rs.55.498 Billion.



Report of Shari'ah Board

For the year ended 31 December 2018

At the year ended December 31st 2018, the bank had total Islamic deposits of Rs. 43.334 Billion. Islamic deposits are based on Mudarabah (Saving & Term Accounts) and Qard (Current Account). The breakup of these Islamic deposits is as follows:



Shariah Compliant Product Initiatives:

Shari'ah Compliance Department in collaboration with group Islamic product & business team is in the process of revamping the Saadiq Autos for simplification purposes as per Shariah guidelines.

Shariah Compliance Reviews:

During the year under review, annual Shari'ah compliance review of Islamic Banking Business was conducted on a test check basis. The review was conducted including but not limited to Islamic liabilities products and financing transactions such as of Murabahah, Musawamah, Musharakah, Diminishing Musharakah and Ujrah.

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

- I. Review of Standard Agreements of Financing products,
- II. Review of Murabahah, Diminishing Musharakah & other mode of financings transactions,
- III. Review of Islamic branches/Islamic windows, and
- IV. Monthly Review of weightages and profit and loss distribution and pool management

Shariah Audit:

The bank's internal Shariah audit department conducted Shariah audits of different products, branches and profit & loss distribution & pool management on quarterly basis. Shariah Audit also conducted the audit of Shariah Governance Framework and rated control environment and management control approach as acceptable.

In addition, as part of continuous improvement necessary recommendations and corrective measures have been suggested by Shariah compliance and Shariah audit and different issues identified were duly addressed by management and agreed for implementation.

Charity Amounts:

The Bank has a well-defined system in place to ensure that any earnings realized from sources or by means prohibited in Shari'ah have been credited to charity account and are being properly utilised.

Report of Shari'ah Board

For the year ended 31 December 2018

During the year, an amount of Rs.4.701/- million has been credited to charity account. Rs.7.685/- million was received from clients due to "Delay in payments" and Rs. 247,000/- was realized from sources prohibited in Shari'ah. Further, charity amount of Rs.4.701/- million has been disbursed to different approved charitable institutions.

Training and Capacity Building:

During the year under review, approximately 50 training sessions related to Shari'ah and Islamic Banking products have been arranged and more than 800 staff were trained through class room trainings on a pan bank basis. Approximate 3500 staff have also successfully completed the e-learning course.

In addition, a session for BOD members and Exco members has been conducted on the Shariah Governance Framework issued by State Bank of Pakistan.

Further, external trainers from State Bank of Pakistan, IBA, CEIF & prominent Shariah scholars and professionals were engaged for Islamic banking training courses & approximate 200 staff were trained during these trainings.

Shariah Board's Opinion:

As per the Shari'ah Governance Framework, the Shari'ah compliance of Islamic Banking within Standard Chartered Bank (Pakistan) Limited (SCBPL) is the sole responsibility of Board of Directors and Executive Management. While, as being Shari'ah Board of the SCBPL, we are required to submit a report on overall Shari'ah compliance environment of the Bank.

To establish our opinion on Shariah Compliance of Islamic Banking Division, we have reviewed the reports of Shariah Compliance department, Internal Shariah Audit Unit and external Shari'ah Audits.

Based on the above, we are of the view that:

1. The Bank has complied with Shari'ah rules and principles provided in the light of fatawa, rulings and guidelines issued by Shari'ah Board.
2. The Bank has complied with directives, regulations, instructions and guidelines related to Shari'ah compliance issued by SBP in accordance with the rulings of SBP's Shari'ah Advisory Committee.
3. During review, any matters requiring corrective measures have been noted and were resolved by the management and/or ensured to be rectified in future. Subject to the foregoing, the bank has a comprehensive mechanism in place to ensure Shari'ah compliance in their overall operations.
4. The bank has a well-defined system in place which is sound enough to ensure that any earnings realized from sources or by means prohibited by Shari'ah have been credited to charity account and are being properly utilized.
5. The bank has complied with the SBP instructions on profit and loss distribution and pool management.
6. The SB appreciates the efforts of Learning & Development towards capacity building through Islamic Banking training programs and awareness sessions.
7. The Shari'ah Board has been provided resources enabling it to discharge its duties. However, considering the increase in volume of work, additional resource in Shariah Team will further strengthen the Shari'ah Compliance function in the bank.

Recommendations:

Based on the above, we recommend that:

1. The bank should continue to nominate key executives, Islamic Banking staff and different concerned stakeholders for Islamic Banking and Finance courses and refresher training. Furthermore, the bank is encouraged to

Report of Shari'ah Board

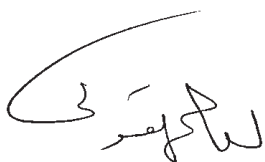
For the year ended 31 December 2018

introduced awareness program for customers and general public on Islamic banking.

2. The bank is encouraged to make available more innovative Shari'ah compliant products to the existing & new to bank customers.
3. The promotion and marketing of Islamic Banking products and services should be enhanced at all available forums.
4. The BOD should continue to encourage the stakeholders and management on focusing the importance of Shari'ah compliance at all levels.

And Allah Subhanah wa Ta'ala knows the Best.

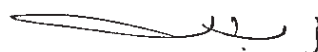
May Allah Subhanah wa Ta'ala accept our endeavours and grant us devotion to accomplish His cherished tasks, make us successful in this world and in the Hereafter, and forgive our mistakes.



Shaikh Nizam Yaqouby
Chairman Shariah Board



Mufti Irshad Ahmad Aijaz
Member Shari'ah Board



Mufti Muhammad Abdul Mubeen
Member Shari'ah Board



Mufti Khawaja Noor ul Hassan
Resident Shari'ah Board Member

Dated: February 08, 2019 | Jumad al Saniyah 02, 1440 A.H.

شریعہ بورڈ رپورٹ

برائے سال دسمبر ۳۱، ۲۰۱۸

بسم الله الرحمن الرحيم

الحمد لله رب العالمين، والصلاة والسلام على سيدنا محمد وعلى آله وصحبه أجمعين، وبعد

الحمد لله، اسٹینڈرڈ چارٹرڈ بینک (پاکستان) لمیٹڈ، اسلامی بینکاری (صادق) کے پندرہویں سال کا تجزیہ آپ کے سامنے ہے۔

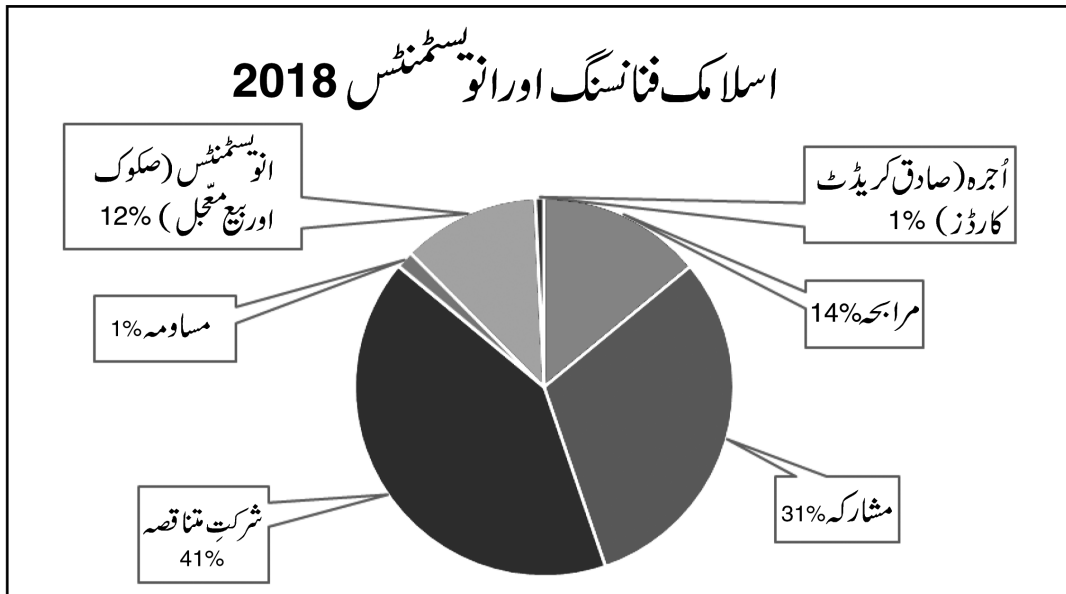
اس سال کے دوران، شریعہ بورڈ نے مختلف پروڈکٹس، پالیسیز، ڈیپارٹمنٹ آپریٹنگ انسٹرکشنز، ٹرانزیکشنز، پروسیز اور ان کی شریعہ کمپلائنس کے جائزے اور منظوری کی غرض سے چار اجلاس منعقد کیے۔ اس سال شریعہ بورڈ نے بورڈ آف ڈائریکٹرز کے ساتھ بھی شریعہ سے متعلق مسائل پر گفتگو کی غرض سے دو بار ملاقات کی ہے۔

شریعہ بورڈ اسلامی بینکاری پروڈکٹس اور سروسز کیلئے بورڈ آف ڈائریکٹرز اور مینجمنٹ کی بصیرت کو سراہتا ہے۔

سال 2018 کا جائزہ درج ذیل ہے:

اسلامی کاروبار کا جائزہ:

زیر جائزہ سال کے دوران اسٹینڈرڈ چارٹرڈ بینک نے اپنے مجموعی کاروبار کو فناننگ اور انویسٹمنٹ کے مختلف اسلامی طریقوں جس میں مشارکہ، شرکت، متناقصہ، مراجمہ، مساومہ اور اجرہ شامل ہیں، کے ذریعے وسعت دی۔ 31 دسمبر 2018 کو سال کے اختتام پر بینک کے پاس کل 55.498 ارب روپے کی اسلامک فناننگ اور انویسٹمنٹ موجود تھی۔

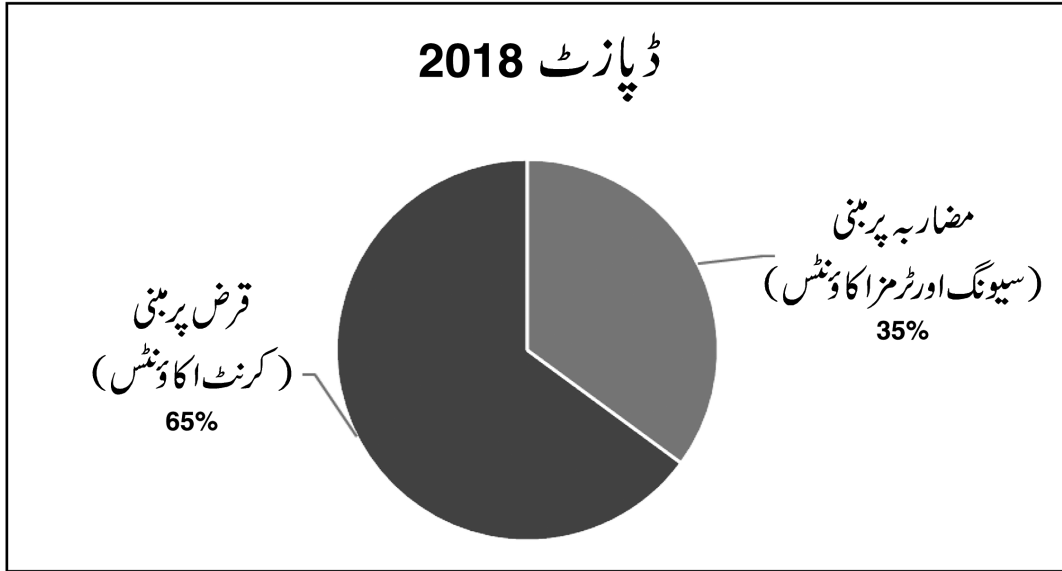


نوٹ: زیر نظر رپورٹ شریعہ بورڈ رپورٹ کا باجاورہ ترجمہ ہے۔ اصل رپورٹ انگریزی میں ہے۔ انگریزی اور اردو متن میں اختلاف ہونے کی صورت میں انگریزی متن کا اعتبار کیا جائے گا۔

شریعہ بورڈ رپورٹ

برائے سال دسمبر ۲۰۱۸ء

31 دسمبر 2018 کو سال کے اختتام پر، بینک کے پاس 43.334 ارب روپے کے کل اسلامک ڈپازٹس تھے۔ اسلامک ڈپازٹس مضاربہ (سیونگ اور ٹرم اکاؤنٹس) اور قرض (کرنٹ اکاؤنٹ) پر مبنی ہیں۔ ان اسلامک ڈپازٹس کے اجزاء درج ذیل ہیں:



شریعہ کمپلائنس پروڈکٹس کیلئے اقدامات:

شریعہ کمپلائنس ڈپارٹمنٹ، گروپ اسلامک پروڈکٹ اور بزنس ٹیم کے ساتھ مل کر، شریعت کے اصولوں کے مطابق، اُسے آسان بنانے کیلئے اور اس کی بہتری کیلئے کوشاں ہے۔

شریعہ کمپلائنس جائزے:

زیر جائزہ سال کے دوران، اسلامک بینکنگ بزنس کے سالانہ شریعہ کمپلائنس کے جائزے، نمونہ جاتی بنیادوں پر منعقد کیے گئے۔ یہ جائزے اسلامک لائبریری پروڈکٹس اور فنانشنگ ٹرانزیکشنز جیسے مراہجہ، مساومہ، مشارکہ، شرکت متناقصہ اور اجرہ وغیرہ پر مشتمل تھے۔

اسلامک بینکنگ بزنس کے شرعی کمپلائنس کو یقینی بنانے کی غرض سے درج ذیل اہم سرگرمیاں انجام دی گئیں:

- مالیاتی مصنوعات کے معیاری معاہدوں کا جائزہ
- مراہجہ، شرکت متناقصہ اور دیگر مالیاتی طریقہ ہائے عمل کا جائزہ
- اسلامک برانچز/اسلامک ونڈوز کا جائزہ؛ اور
- نفع اور نقصان اور اس کے حساب کتاب کا ماہانہ بنیادوں پر جائزہ

شریعہ آڈٹ:

بینک کے انٹرنل شریعہ آڈٹ ڈپارٹمنٹ نے سہ ماہی بنیاد پر مختلف پروڈکٹس، برانچز اور نفع و نقصان کی تقسیم اور پول مینجمنٹ کے شریعہ آڈٹس کا انعقاد کیا۔ شریعہ آڈٹ نے بینک کے شریعہ گورننس فریم ورک کا بھی آڈٹ کیا جس کے تحت انتظامی ماحول کو قابل قبول ریٹنگ دی گئی۔

شریعی بورڈ رپورٹ

برائے سال دسمبر ۲۰۱۸ء

اس کے علاوہ مسلسل بہتری کے جزو کے طور پر ضروری سفارشات اور اصلاحی اقدامات شریعہ کمپلائنس اور شریعہ آڈٹ کی جانب سے تجویز کیے جاتے رہے ہیں اور مینجمنٹ کی جانب سے نشاندہی کیے گئے مختلف مسائل کا بھی ازالہ کیا گیا اور تجاویز کے نفاذ کیلئے اتفاق بھی کیا۔

چیریٹی اماؤنس (رقوم خیرات):

بینک کے پاس ایک واضح نظام عمل کیلئے موجود ہے تاکہ شریعت کی طرف سے منع کردہ وسائل یا ذرائع سے حاصل ہو جانے والی کمائی کو چیریٹی اکاؤنٹ میں جمع کیے جاتے رہنے اور انہیں مناسب طور پر بروئے کار لاتے رہنے کو یقینی بنایا جائے۔

اس سال کے دوران -/4.701 ملین روپے کی رقم چیریٹی اکاؤنٹ میں جمع ہوئی۔ کلائنٹس کی طرف سے ”ادائیگی میں تاخیر“ کی وجہ سے حاصل کردہ رقم -/7.685 ملین روپے تھی اور شریعت میں ممنوع وسائل سے حاصل شدہ رقم -/247,000 روپے تھی۔ مزید یہ کہ 4.071 ملین روپے کی چیریٹی رقم مختلف منظور کردہ خیراتی اداروں میں تقسیم کی گئی۔

ٹریڈنگ اور صلاحیت کی تعمیر

زیر جائزہ سال کے دوران، شریعہ اور اسلامک بینکنگ پروڈکٹس سے متعلق تقریباً 50 ٹریڈنگ سیشنز کا اہتمام کیا گیا اور 800 سے زائد اسٹاف کو پورے پاکستان کی بنیاد پر کلاس روم ٹریڈنگز کے ذریعے تربیت دی گئی۔ تقریباً 3500 اسٹاف نے ای۔لرننگ کورس بھی کامیابی سے مکمل کیا۔ اس کے علاوہ، BOD ممبرز اور EXCO ممبرز کیلئے اسٹیٹ بینک آف پاکستان کی جانب سے جاری کردہ شریعہ گورننس فریم ورک پر ایک سیشن کا انعقاد کیا گیا۔

مزید یہ کہ مختلف بیرونی اداروں مثلاً CEIF، IBA، اسٹیٹ بینک آف پاکستان اور معروف شریعہ اسکالرز اور پروفیشنلز کے توسط سے تقریباً 200 اسٹاف نے ٹریڈنگز حاصل کیں۔

شریعی بورڈ کی رائے:

شریعی گورننس فریم ورک کے مطابق، اسٹینڈرڈ چارٹرڈ بینک (پاکستان) لمیٹڈ میں اسلامک بینکاری کی شرعی احکام سے موافقت بورڈ آف ڈائریکٹرز اور ایگزیکٹو مینجمنٹ کی ذمہ داری ہے۔ جبکہ ایس سی بی پی ایل کے شریعہ بورڈ ہونے کے ناتے، ہمارے لیے بینک کے مجموعی شرعی اصولوں کے مطابق ہونے پر ایک رپورٹ پیش کرنا مطلوب ہے۔

اسلامک بینکنگ ڈویژن کی شرعی موافقت پر اپنی رائے کو مستحکم کرنے کی غرض سے ہم نے شریعہ کمپلائنس ڈپارٹمنٹ، انٹرنل شریعہ آڈٹ یونٹ اور ایکسٹرنل شریعہ آڈٹس کی رپورٹس کا جائزہ لیا۔

مذکورہ بالا تفصیل کی بنیاد پر ہماری رائے درج ذیل ہے:

1. بینک نے شریعہ بورڈ کی جانب سے جاری کردہ فتاویٰ، احکام اور اصولوں کی روشنی میں فراہم کردہ شرعی قوانین اور اصولوں کی پاسداری کی ہے۔
2. بینک نے اسٹیٹ بینک کی شریعہ ایڈوائزری کمیٹی کے احکام کے مطابق اسٹیٹ بینک کی جانب سے جاری کردہ شریعہ کمپلائنس سے متعلق احکامات، ضوابط، ہدایات اور اصولوں کی پاسداری کی ہے۔

شریعی بورڈ رپورٹ

برائے سال دسمبر ۲۰۱۸ء

3. جائزے کے دوران، کسی بھی ایسے معاملے جسے اصلاحی اقدامات کی ضرورت ہو، پر غور کیا گیا اور مینجمنٹ کی جانب سے قابل اصلاح امور کا ازالہ کیا گیا اور/یا مستقبل میں اُن کی درستی کی یقین دہانی کروائی گئی۔ مذکورہ بالا تفصیل کی بنیاد پر، بینک کے پاس اس کے تمام معاملات میں شریعہ کمپلائنس کو یقینی بنانے کی غرض سے ایک جامع نظام موجود ہے۔
4. بینک کے پاس ایک واضح نظام موجود ہے جو تمام تر غیر شرعی ذرائع سے حاصل شدہ رقم چیریٹی اکاؤنٹ میں جمع کیے جانے اور اسے مناسب طور پر بروئے کار لائے جانے کو یقینی بناتا ہے۔
5. بینک نے نفع و نقصان کی تقسیم اور پول مینجمنٹ پرائسٹ بینک کی ہدایات کی پاسداری کی ہے۔
6. شریعہ بورڈ، اسلامک بینکنگ ٹریننگ پروگرامز اور آگاہی سیشنز کے ذریعے صلاحیتوں کی تعمیر کیلئے لرننگ اینڈ ڈیولپمنٹ کی کوششوں کو سراہتا ہے۔
7. شریعہ بورڈ کو اس کی ذمہ داریوں کی ادائیگی کیلئے وسائل فراہم کیے گئے ہیں۔ تاہم کام کے حجم میں اضافے کو مد نظر رکھتے ہوئے شریعہ ٹیم میں اضافی وسائل بینک میں شریعہ کمپلائنس فنکشن کو مزید مستحکم کریں گے۔

تجاویز:

درج بالا کی بنیاد پر ہم تجویز کرتے ہیں کہ:

1. بینک کو اسلامک بینکنگ اینڈ فنانس کورسز اور ریفریشرز کیلئے اہم ایگزیکٹوز، اسلامی بینکنگ اسٹاف اور مختلف متعلقہ افراد کی نامزدگی جاری رکھنی چاہیے۔ مزید یہ کہ بینک اسلامک بینکنگ پکٹورل اور عام لوگوں کیلئے آگاہی پروگرام کو متعارف کرے۔
2. بینک موجودہ اور نئے کسٹمرز کو جدید شریعہ کمپلائنس پروڈکٹس کو دستیاب بنانے میں بھرپور حوصلہ افزائی کرے۔
3. اسلامک بینکنگ پروڈکٹس اور سروسز کی پروموشن اور مارکیٹنگ تمام دستیاب فورمز پر بڑھانی چاہیے۔
4. بورڈ آف ڈائریکٹرز کو تمام سطحوں پر شریعہ کمپلائنس کی اہمیت پر توجہ دلانے کیلئے متعلقہ افراد اور انتظامیہ کی حوصلہ افزائی جاری رکھنی چاہیے۔

اور اللہ سبحانہ و تعالیٰ سب سے بہتر جاننے والا ہے۔

اللہ سبحانہ و تعالیٰ ہماری کوششوں کو قبول فرمائے اور ہمیں توفیق عطا فرمائے کہ ہم اُس کے مطلوب امور کی تکمیل کر پائیں اور ہمیں دنیا و آخرت میں کامیابیوں سے سرفراز فرمائے اور ہماری خطاؤں کو معاف کر دے۔

محمد عبدالمبین

ممبر شریعہ بورڈ

مفتی خواجہ نور الحسن

ریزیڈنٹ شریعہ بورڈ ممبر

شیخ نظام یعقوبی

چیرمین شریعہ بورڈ

مفتی ارشاد احمد اعجاز

ممبر شریعہ بورڈ

مورخہ 08 فروری 2019ء بمطابق 2 جمادی الثانی 1440 ہجری



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**Independent Auditor's Review Report to the Members on Statement of
Compliance contained in the Listed Companies
(Code of Corporate Governance) Regulations, 2017**

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of Standard Chartered Bank (Pakistan) Limited ('the Bank') for the year ended 31 December 2018 in accordance with the requirements of regulation 40 of the Regulations.

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

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

The Regulations require the Bank to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Bank's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Bank's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Bank for the year ended 31 December 2018.

Date: 26 February 2019

Karachi

KPMG Taseer Hadi & Co.
KPMG Taseer Hadi & Co.
Chartered Accountants

Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2017

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

This statement is being presented under Regulation 40 of the Listed Companies (Code of Corporate Governance) Regulations, 2017 ('the Code'). For the year ended 31 December 2018, the Bank has applied the principles contained in the Code in the following manner:

1. The total number of directors is seven as per the following:

- | | |
|------------|-----|
| a) Male: | Six |
| b) Female: | One |

2. The composition of Board is as follows:

- | | |
|---|--|
| a) Independent Non Executive Directors: | Ms. Spenta Kandawalla
Mr. Waqar Ahmed Malik
Mr. Towfiq Habib Chinoy ¹ |
| b) Non Executive Directors: | Mr. Ian Bryden
Mr. Mohamed Abdelbary
Mr. Ferdinand Pieterse |
| c) Executive Directors: | Mr. Shazad Dada |

3. The directors have confirmed that none of them is serving as a director in more than five listed companies, including this Bank.

4. The Bank has adopted Group's 'Code of Conduct', which has been approved by the Board and is disseminated to all the directors and employees of the Bank along with its supporting policies and procedures.

5. The Board has developed and approved a vision/ mission statement and overall corporate strategy. The Board has also approved significant policies and adopted certain Standard Chartered Group policies as far as they are in accordance with the local laws and regulations. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board as empowered by the relevant provisions of the Companies Act, 2017 ('the Act') and the Code.

7. The Board met at least once in every quarter. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of the Act and the Code with respect to frequency, recording and circulating minutes of the Board meetings.

8. The Board has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and the Code.

9. All Directors are provided with an Orientation Pack on their appointment. All directors on the Board have already completed directors training programs/ courses arranged by Pakistan Institute of Corporate Governance. During the year under review, a number of in-house orientation sessions were attended by the directors.

10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit including their remuneration and terms and conditions of employment and complied with relevant requirements of the Code.

11. The financial statements of the Bank were duly endorsed by CEO and CFO before approval of the Board.

12. The Board has formed Committees comprising of members given below:

- | | | |
|---------------------------|------------------------|---------------|
| a) Board Audit Committee: | Mr. Waqar Ahmed Malik | (Chairperson) |
| | Mr. Ferdinand Pieterse | (Member) |
| | Mr. Mohamed Abdelbary | (Member) |

¹ subject to regulatory clearance as director

Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2017

b) Board Human Resource & Remuneration Committee:	Ms. Spenta Kandawalla Mr. Mohamed Abdelbary Mr. Waqar Ahmed Malik	(Chairperson) (Member) (Member)
c) Board Risk Committee:	Mr. Towfiq Habib Chinoy ² Mr. Shazad Dada Mr. Ferdinand Pieterse	(Chairperson) (Member) (Member)

13. The terms of reference of the aforesaid Committees have been formed, documented and advised to the Committee for compliance.
14. The frequency of meetings of the aforesaid Committees were as follows:
- | | |
|---|----------------------------|
| a) Board Audit Committee: | At least once in a quarter |
| b) Board Human Resource & Remuneration Committee: | At least twice in a year |
| c) Board Risk Committee: | At least once in a quarter |
15. The Board has set up an effective Internal Audit (IA) function. Head of IA reports directly to the Chairperson of the Board Audit Committee. Personnel of internal audit function are suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Bank.
16. The statutory auditors of the Bank have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan ('ICAP') and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Bank and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by ICAP.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, the Code or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. The 'closed period', prior to the announcement of interim/final results, was determined and intimated to directors, employees and Stock Exchange within due timelines.
19. Material/ price sensitive information, if any, has been disseminated to the Stock Exchange and Securities and Exchange Commission of Pakistan in a timely manner.
20. The Bank has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.
21. The Bank continued to present the details of all related party transactions as disclosed in the financial statements before the Board Audit Committee and upon their recommendation to the Board for review and approval. The Bank also has in place a process to identify the related parties and related transactions entered into with them. However, full compliance of the requirements as laid down in Section 208 of the Companies Act, 2017 is dependent on clarification from SECP with respect to definition of related parties.
22. All other material principles contained in the Code have been complied with.

By Order of the Board



Shazad Dada
Chief Executive Officer



Waqar Ahmed Malik
Director

² subject to regulatory clearance as director

Six Years Key Financial Data

Rupees in million

Key Financial Date	2013	2014	2015	2016	2017	2018
Revenue	24,214	28,256	29,405	26,548	25,480	28,518
Operating Profit	15,213	15,696	16,942	14,204	13,737	17,228
Profit before Tax	16,144	15,231	15,385	15,345	13,453	18,447
Profit after Tax	10,528	9,725	9,288	9,618	8,245	11,239
Net Mark-up Income before provision	18,329	20,863	22,308	19,385	16,498	18,830
Non Mark-up Income	5,885	7,393	7,097	7,163	8,982	9,688
Non Mark-up Expenses	9,000	12,560	12,463	12,344	11,743	11,290
Shareholder's Equity	55,729	60,715	61,950	61,282	62,937	67,238
Total Assets	394,508	409,568	447,348	474,752	519,832	576,081
Advances - net	135,495	128,590	108,853	113,951	137,635	169,544
Investments - net	146,687	189,678	231,837	245,850	272,488	279,066
Deposits	296,557	304,504	327,238	365,562	377,576	424,899
Expense / Income Ratio	37%	44%	42%	46%	46%	40%
Advances / Deposits Ratio	46%	42%	33%	31%	36%	40%
Return on Equity	19.14%	16.70%	15.14%	15.61%	13.28%	17.27%
Return on Assets	2.7%	2.4%	2.2%	2.1%	1.7%	2.1%

Standard Chartered Bank (Pakistan) Limited

Financial Statements

For the year ended
31 December 2018



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Independent Auditor's Report To the Members of Standard Chartered Bank (Pakistan) Limited

Opinion

We have audited the annexed financial statements of **Standard Chartered Bank (Pakistan) Limited** (the Bank), which comprise the statement of financial position as at 31 December 2018, and profit and loss account, the statement of comprehensive income, the cash flow statement and the statement of changes in equity for the year then ended, notes to the financial statements, including a summary of significant accounting policies and other explanatory information and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, profit and loss account, statement of comprehensive income, cash flow statement and the statement of changes in equity together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan, and, give the information required by the Banking Companies Ordinance, 1962 and the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Bank's affairs as at 31 December 2018 and of the profit and other comprehensive income, its cash flows and the changes in equity for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are Key Audit Matters:

S. No.	Key audit matters	How the matters were addressed in our audit
1	Goodwill impairment	
	<p>Refer note 10.1 to the financial statements giving details on management testing performed on goodwill for impairment.</p> <p>The Bank has recognized goodwill of Rs. 26,095 million on acquisition of Union Bank Limited in 2006.</p> <p>The identification of indicators of impairment and the preparation of the estimate of recoverable amount involves subjective judgment and uncertainties.</p> <p>Goodwill may be misstated if the carrying value is not supported by the estimated discounted future cash flows of the underlying businesses.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> Assessed that allocation to cash generating units (CGUs) reflect our understanding of the business and how it operates including assessment of the independence of the underlying cash flows. Assessed management's ability to accurately prepare forecasts compared to actual results. Assessed the consistency of the projected cash flows to the Board's approved corporate plan. Involved our own valuation specialist to assist in evaluating the appropriateness of discount rates applied, which included comparing the cost of capital with sector averages for the banking industry in Pakistan.

S. No.	Key audit matters	How the matters were addressed in our audit
		<ul style="list-style-type: none"> Performed breakeven analysis on the discount rate, the future cash flows and future inflation rate projections to assess the sensitivities. Considered adequacy of disclosures about key assumptions / discount rate.
2	Impairment of Loans and advances	
	<p>Refer note 8 to the financial statements on loans and advances</p> <p>The Bank's advances to customers represent 29.4% of its total assets. These are stated at net of provision against advances of Rs. 169.544 billion.</p> <p>The provision against advances was identified as a key focus area in our audit as it involves a considerable degree of management judgment and compliance with the Prudential Regulations issued by the State Bank of Pakistan.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> Assessed the design and tested the operation of manual and automated controls over classification and grading of customers, including: <ul style="list-style-type: none"> The accuracy of data input into the system used for credit grading; The ongoing monitoring and identification of advances displaying indicators of impairment and whether they are migrating on a timely basis to early alert or to higher risk grade; Identification of past due customers. For a risk based sample of Corporate (CIB) and Commercial Banking (CB) advances, where the management has not identified as displaying indicators of impairment, challenged the management's assessment by comparing the historical performance, financial ratios and reports on security maintained with the expected future performance and formed our own view whether any impairment indicators are present. Where management has identified as displaying indicators of impairment, assessed the number of days overdue, assessed external valuers' credentials, compared values used in the valuation reports and factors used for calculation of provision in accordance with the Prudential Regulations. For retail, consumer and SME advances, analyzed the days past due report and factors used for calculation of specific provision required in accordance with Prudential Regulations. For retail, consumer and SME advances, where the management has not identified as displaying any indicators of impairment, compared the general provision calculated with provision required in accordance with Prudential Regulations.
3	Taxation	
	<p>Refer note 11, 15 and 30 to the financial statements on deferred and current taxation.</p> <p>The Bank has recognized a net deferred tax liability of Rs. 3,631 million including deferred tax asset of Rs. 4,445 million and advance tax asset of Rs.13,848 million.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> Assessed that appropriate tax rates are applied which have been enacted at the balance sheet date and are appropriate at the time of reversal of temporary differences. Assessed customer wise position of provision against advances which will be claimed for tax

S. No.	Key audit matters	How the matters were addressed in our audit
	<p>The deferred tax asset primarily relates to provision against advances amounting to Rs. 2,486 million which would be allowed at the time of write off or when the charge is lower than the limit specified.</p> <p>Advance tax asset has arisen due to various tax assessments which are at various stage of appeal. Use of incorrect judgments / assumptions may result in misstatement of deferred tax and advance tax asset.</p>	<p>deduction in future years and compared with deferred tax asset calculation.</p> <ul style="list-style-type: none"> Inspected the assessment orders, appellate Tribunal decisions and Court decisions and challenged management's assessment of tax positions by involving our own tax specialists to evaluate the Bank's tax positions.
4	Processing through Information System	
	<p>IT systems and controls over financial reporting were identified as a key audit matter because of the pervasive nature and complexity of the IT environment, the extensive volume of transactions and reliance of financial reporting process on IT system.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> Obtained an understanding, evaluated the design and tested the operating effectiveness of access controls for applications and systems relevant to Bank's financial reporting processes. This included controls over system access and system change management and computer operations. Obtained management's evaluation of the access rights granted to applications relevant to financial accounting and reporting systems and tested a resolution of sample of exceptions. Assessed the operating effectiveness of controls over granting, removal and appropriateness of access rights.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. Other information comprises the information included in the Directors' Report for the year ended 31 December 2018, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Banking Companies Ordinance, 1962 and Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Board of Directors are responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance

is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide to the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Bank as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, profit and loss account, statement of comprehensive income, cash flow statement and the statement of changes in equity together with the notes thereon have been drawn up in conformity with the Banking Companies Ordinance, 1962 and Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account;
- c) investments made, expenditure incurred and guarantees extended during the year were in accordance with the object and powers of the Bank and the transactions of the Bank which have come to our notice have been within the powers of the Bank; and
- d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Bank and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

We confirm that for the purpose of our audit we have covered more than sixty percent of the total loans and advances of the Bank.

Other Matter

The engagement partner on the audit resulting in this independent auditor's report is Syed Iftikhar Anjum.

Date: 26th February 2019

Karachi

KPMG Taseer Hadi & Co.

KPMG Taseer Hadi & Co.
Chartered Accountants

Statement of Financial Position

As at 31 December 2018

	Note	2018	2017 (Restated)
----- (Rupees in '000) -----			
ASSETS			
Cash and balances with treasury banks	4	50,293,497	35,085,289
Balances with other banks	5	2,344,297	779,856
Lendings to financial institutions	6	6,465,508	8,067,665
Investments	7	279,065,904	272,487,815
Advances	8	169,543,762	137,634,512
Fixed assets	9	7,837,979	8,033,890
Intangible assets	10	26,095,476	26,095,642
Deferred tax assets - net		-	-
Other assets	11	34,434,913	31,647,479
		576,081,336	519,832,148
LIABILITIES			
Bills payable	12	16,943,627	18,958,345
Borrowings	13	24,023,697	26,029,816
Deposits and other accounts	14	424,898,936	377,576,064
Liabilities against assets subject to finance lease		-	-
Sub-ordinated debt		-	-
Deferred tax liabilities - net	15	3,631,209	3,706,408
Other liabilities	16	39,345,498	30,624,819
		508,842,967	456,895,452
NET ASSETS		67,238,369	62,936,696
REPRESENTED BY:			
Share capital	17	38,715,850	38,715,850
Reserves	18	16,667,466	14,419,594
Surplus on revaluation of assets	19	5,528,671	5,601,565
Unappropriated profit		6,326,382	4,199,687
		67,238,369	62,936,696

CONTINGENCIES AND COMMITMENTS

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



Ian Bryden
Chairman



Shazad Dada
Chief Executive Officer



Asad Ali Shariff
Chief Financial Officer



Waqar Malik
Director




Ferdinand Pieterse
Director


Profit and Loss Account


For the year ended 31 December 2018

	Note	2018	2017 (Restated)
		----- (Rupees in '000) -----	
Mark-up / return / interest earned	21	31,206,960	26,798,792
Mark-up / return / interest expensed	22	(12,376,471)	(10,300,723)
Net mark-up / interest income		18,830,489	16,498,069
NON MARK-UP / INTEREST INCOME			
Fee and commission income	23	4,156,666	4,414,208
Dividend income		-	875
Foreign exchange income	24	5,480,279	3,080,797
Income / (loss) from derivatives		(1,336,192)	527,693
Gain / (loss) on securities	25	1,278,642	893,201
Other income	26	108,297	65,076
Total non mark-up / interest income		9,687,692	8,981,850
Total Income		28,518,181	25,479,919
NON MARK-UP / INTEREST EXPENSES			
Operating expenses	27	(10,886,745)	(11,456,760)
Workers welfare fund		(369,546)	(269,061)
Other charges	28	(33,774)	(17,309)
Total non mark-up / interest expenses		(11,290,065)	(11,743,130)
Profit before provisions		17,228,116	13,736,789
Recovery / (provisions) and write offs - net	29	1,218,457	(283,664)
Extra-ordinary / unusual items		-	-
PROFIT BEFORE TAXATION		18,446,573	13,453,125
Taxation	30	(7,207,213)	(5,207,963)
PROFIT AFTER TAXATION		11,239,360	8,245,162
		(Rupees)	
BASIC / DILUTED EARNINGS PER SHARE	31	2.90	2.13

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


Ian Bryden
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Ferdinand Pieterse
Director

Statement of Comprehensive Income

For the year ended 31 December 2018

	Note	2018	2017
		----- (Rupees in '000) -----	
Profit after tax for the year		11,239,360	8,245,162
Other comprehensive income			
Items that may be reclassified to profit and loss account in subsequent periods:			
Movement in surplus / (deficit) on revaluation of investments - net of tax		(54,202)	(787,218)
Items that will not be reclassified to profit and loss account in subsequent periods:			
Remeasurement gain / (loss) on defined benefit obligations - net of tax		14,076	(3,506)
Movement in surplus on revaluation of operating fixed assets - net of tax	19.1	-	1,994,625
		14,076	1,991,119
Total comprehensive income		11,199,234	9,449,063

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



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Cash Flow Statement

For the year ended 31 December 2018

	Note	2018	2017
----- (Rupees in '000) -----			
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation for the year		18,446,573	13,453,125
Less: Dividend income		-	(875)
		18,446,573	13,452,250
Adjustments for:			
Depreciation	9.2	446,848	453,537
Amortization	10	166	248
Gain on sale of fixed assets	26	(13,788)	(16,813)
Unrealized gain on revaluation of investments classified as held for trading - net	25	(52,025)	(18,876)
Recovery / (provisions) and write offs - net	29	(1,218,457)	283,664
		(837,256)	701,760
		17,609,317	14,154,010
Decrease / (increase) in operating assets			
Lendings to financial institutions		1,602,157	11,730,725
Held-for-trading securities		(7,313,409)	(3,678,760)
Advances		(30,678,197)	(23,930,858)
Other assets (excluding advance taxation)		(3,101,109)	(6,070,509)
		(39,490,558)	(21,949,402)
Increase / (decrease) in operating liabilities			
Bills payable		(2,014,718)	6,024,552
Borrowings from financial institutions		(3,928,624)	12,122,908
Deposits		47,322,872	12,013,970
Other liabilities		7,948,154	6,553,439
		49,327,684	36,714,869
Cash inflow before taxation		27,446,443	28,919,477
Income tax paid		(7,490,543)	(6,116,014)
Net cash flow from operating activities		19,955,900	22,803,463
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments in available for sale securities		698,586	(24,215,085)
Dividend received		-	875
Investment in fixed assets		(276,932)	(556,331)
Proceeds from sale of fixed assets		13,788	16,813
Net cash flow from / (used in) investing activities		435,442	(24,753,728)
CASH FLOW FROM FINANCING ACTIVITIES			
Payment of subordinated debt (Term Finance Certificates)		-	(388,000)
Dividend paid		(5,541,198)	(7,732,427)
Net cash flow used in financing activities		(5,541,198)	(8,120,427)
Increase / (decrease) in cash and cash equivalents for the year		14,850,144	(10,070,692)
Cash and cash equivalents at beginning of the year		35,076,357	45,191,598
Effect of exchange rate changes on cash and cash equivalents		702,035	657,486
		35,778,392	45,849,084
Cash and cash equivalents at end of the year	33	50,628,536	35,778,392

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


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Ferdinand Pieterse
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Statement of Changes in Equity

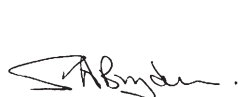
For the year ended 31 December 2018

	Share Capital	Share Premium	Statutory Reserve	Surplus / (Deficit) on revaluation of		Unappropriated Profit (a)	Total
				Investments	Fixed Assets		
	(Rupees in '000)						
Balance as at 01 January 2017	38,715,850	1,036,090	11,734,472	-	-	5,385,558	56,871,970
Surplus on revaluation of investments and fixed assets reclassified as part of equity	-	-	-	749,149	3,661,174	-	4,410,323
Balance as at 01 January 2017 - Restated	38,715,850	1,036,090	11,734,472	749,149	3,661,174	5,385,558	61,282,293
Total comprehensive income for the year							
Profit after tax for the year ended 31 December 2017	-	-	-	-	-	8,245,162	8,245,162
Other comprehensive income:							
Movement in surplus / (deficit) on revaluation of investments - net of tax	-	-	-	(787,218)	-	-	(787,218)
Remeasurement of post employment obligations - net of tax	-	-	-	-	-	(3,506)	(3,506)
Movement in surplus on revaluation of operating fixed assets - net of tax	-	-	-	-	1,994,625	-	1,994,625
	-	-	-	(787,218)	1,994,625	8,241,656	9,449,063
Transactions with owners, recorded directly in equity							
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)
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)
	-	-	-	-	-	(7,794,660)	(7,794,660)
Transfer to statutory reserve	-	-	1,649,032	-	-	(1,649,032)	-
Transfer from surplus on revaluation of fixed asset - net of tax	-	-	-	-	(16,165)	16,165	-
Balance as at 31 December 2017	38,715,850	1,036,090	13,383,504	(38,069)	5,639,634	4,199,687	62,936,696
Total comprehensive income for the year							
Profit after tax for the year ended 31 December 2018	-	-	-	-	-	11,239,360	11,239,360
Other comprehensive income:							
Movement in surplus / (deficit) on revaluation of investments - net of tax	-	-	-	(54,202)	-	-	(54,202)
Remeasurement of post employment obligations - net of tax	-	-	-	-	-	14,076	14,076
	-	-	-	(54,202)	-	11,253,436	11,199,234
Transactions with owners, recorded directly in equity							
Share based payment transactions (Contribution from holding Company)	-	-	-	-	-	46,502	46,502
Payment against share based payment transactions (to holding Company)	-	-	-	-	-	(168,789)	(168,789)
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)
	-	-	-	-	-	(6,897,561)	(6,897,561)
Transfer to statutory reserve	-	-	2,247,872	-	-	(2,247,872)	-
Transfer from surplus on revaluation of fixed assets - net of tax	-	-	-	-	(18,692)	18,692	-
Balance as at 31 December 2018	38,715,850	1,036,090	15,631,376	(92,271)	5,620,942	6,326,382	67,238,369

Financial statements and notes

(a) As further explained in note 8.2.1 of these annual financial statements the amount of Rs. 29.142 million as at 31 December 2018 represents additional profit arising from availing forced sale value benefit for determining provisioning requirement which is not available for the purpose of distribution of dividend to shareholders / bonus to employees.

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



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Notes to the Financial Statements

For the year ended 31 December 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 77 branches in Pakistan (2017: 93 branches in Pakistan) in operation at 31 December 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 customer on behalf of the Bank and immediate sale to the customer at appropriate profit 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 Annexure II to these financial statements.

2.2 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards comprise of:

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan, as are 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 State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP).

Whenever the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 or the directives issued by SBP and SECP differ with the requirements of the IFRS or IFAS, requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives shall prevail.

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 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 on or after 1 January 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 25 February 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 BPRD Circular 02 of 2018, as amended from time to time.

Notes to the Financial Statements

For the year ended 31 December 2018

2.3 Standards, interpretations and amendments to accounting and reporting standards as applicable in Pakistan that are effective in the current year

There are certain new and amended IFRS, 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 financial statements.

State Bank of Pakistan prescribed a new format for financial statements of banks effective from the year ended 31 December 2018. Accordingly, these financial statements are prepared in accordance with the new format. The changes impacting (other than certain presentation changes) these financial statements include:

- Recording of acceptances on the balance sheet (previously disclosed as off-balance sheet) (note 3.21, 11 and 16).
- Inclusion of surplus / deficit on revaluation of investments and fixed assets as part of equity (previously shown below equity).
- Foreign currency swap costs have been grossed up from foreign exchange income and included in mark-up / return / interest expensed (note 22).
- Other provisions / write offs have now been combined under provisions and write offs - net (note 29).

In addition, Companies Act, 2017 also became effective for the financial statements for the year ended 31 December 2018. As the Bank's financial statements are prepared in accordance with the format prescribed by SBP, it did not have a direct impact on the financial statements except that for disclosure of related parties transactions, as required by fourth schedule of Companies Act, 2017 the definition of related parties as given in IAS 24 - Related parties has been followed. In addition, as section 235 of the Companies Ordinance, 1984 has not been continued in the Companies Act, 2017, this required change in Bank's accounting policy for off-setting of deficit arising on revaluation against surplus on revaluation of other items of fixed assets (see note 3.6).

2.4 Standards, interpretations and amendments to published accounting and reporting standards as applicable in Pakistan that are not yet effective

The following IFRS, amendments and interpretations will be effective for accounting periods beginning on or after 1 January 2019:

- IFRS 16 'Leases' (effective for annual period beginning on or after 1 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases.

The Bank has completed an initial assessment of the potential impact on its financial statements but has not yet completed its detailed assessment. The actual impact of applying IFRS 16 on the financial statements in the period of initial application will depend on future economic conditions, the development of the Bank's leases portfolio, the Bank's assessment of whether it will exercise any lease renewal options and the extent to which the Bank chooses to use practical expedients and recognition exemptions. The nature of expenses related to these leases will now change because IFRS 16 replaces the straight line operating lease expense with a depreciation charge for right-of-use assets and interest expense on lease liabilities.

The Bank plans to apply IFRS 16 initially on 1 January 2019, using a modified retrospective approach. Based on Bank's initial assessment as at 1 January 2019, the Bank is estimated to record a right-of-use asset and lease liability of around Rs. 2 billion.

- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The application of interpretation is not likely to have an impact on Bank's financial statements.
- IFRS 15 'Revenue from contracts with customers' (effective for annual periods beginning on or after 1 July 2018). IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It

Notes to the Financial Statements

For the year ended 31 December 2018

replaces existing revenue recognition guidance, including IAS 18 'Revenue', IAS 11 'Construction Contracts' and IFRIC 13 'Customer Loyalty Programmes'. The management has completed an initial assessment of changes required in revenue recognition policies on adoption of the standard and considers that the impact would not be significant.

- IFRS 9 'Financial Instruments' and amendment – Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 July 2018 and 1 January 2019 respectively). IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The Bank has carried out an impact assessment as at 31 December 2017 which has been submitted to State Bank of Pakistan. The management has completed an initial assessment of changes required in classification and measurement of financial instruments on adoption of the standard and has also carried out an initial exercise to calculate impairment required under expected credit loss model which results in an estimated reduction of provision by around Rs. 1.6 billion as at 31 December 2018.
- Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests (LTI) in Associates and Joint Ventures (effective for annual period beginning on or after 1 January 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as LTI). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on Bank's financial statements.
- Amendments to IAS 19 'Employee Benefits' - Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of amendments is not likely to have an impact on Bank's financial statements.
- Amendment to IFRS 3 'Business Combinations' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.
- Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make material judgements when preparing their general purpose financial statements in accordance with IFRS Standards.

Annual improvements to IFRS Standards 2015–2017 Cycle - the improvements address amendments to following IFRS:

- IFRS 3 'Business Combinations' and IFRS 11 'Joint Arrangement' - the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company remeasures its previously held interest in a joint operation when it obtains control of the business. A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
- IAS 12 'Income Taxes' - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.
- IAS 23 'Borrowing Costs' - the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

The above amendments are effective for annual periods beginning on or after 1 January 2019 and are not likely to have an impact on Bank's financial statements.

2.5 Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires management to make

Notes to the Financial Statements

For the year ended 31 December 2018

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

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

- Note 7 Classification and provisioning against investments
- Note 8.2 Classification and provisioning against non-performing advances
- Note 9 Valuation and depreciation rates for fixed assets
- Note 10 Impairment of goodwill
- Note 15 Deferred taxation
- Note 20.7 Derivative instruments
- Note 30 Income taxes

2.5.1 Change in accounting estimate

During the current year, 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 are as follow:

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

2.6 Basis of measurement

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

2.7 Functional and presentation currency

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all years presented except as described in note 3.6 in respect of deficit on revaluation of assets.

3.1 Business acquisitions

Acquisitions from entities under common control

Business combinations arising from transfers of interest in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period

Notes to the Financial Statements

For the year ended 31 December 2018

presented. For this purpose comparatives are restated, where required. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the combining entity's financial statements.

Other acquisitions

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

3.2 Cash and cash equivalents

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

3.3 Lending and Borrowing

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

3.4 Investments

The Bank classifies its investments as follows:

a) Held for trading

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

b) Held to maturity

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

c) Available for sale

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

All 'regular way' purchases and sales of investments are recognised on the trade date i.e. the date that the bank commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of investments that require delivery of assets within the time frame generally established by regulation or convention in the market place.

Impairment

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

Notes to the Financial Statements

For the year ended 31 December 2018

3.5 Advances

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

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

Islamic financing

In Murabaha transactions, the Bank purchases the goods and after taking the possession, sells them to the customer on cost plus profit basis either in a spot or credit transaction.

In Diminishing Musharakah financing, the Bank enters into Musharakah based on Shirkat-ul-milk for financing an agreed share of fixed asset (e.g. house, plant or machinery) with its customers. The customers pay periodic profit as per the agreement for the utilisation of the Bank's Musharakah share and also periodically purchase the Bank's share over the tenure of the transaction.

In Musharakah financing, the Bank enters into financing with the customer in his operating business based on Shirkatul Aqd. The customer pays provisional profit as per the desired profit rate which is subject to final settlement based on the annual accounts of the customer.

3.6 Operating fixed assets - tangible

Owned

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

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

Land and buildings are revalued by independent professionally qualified valuer(s). Surplus arising on revaluation is credited to the 'surplus on revaluation of fixed assets' account (net of deferred tax). Under the provisions of the repealed Companies Ordinance, 1984, deficit arising on revaluation of fixed assets was adjusted against the balance in the above-mentioned surplus account. However with the repeal of Companies Ordinance, 1984 a deficit arising on a particular asset is charged to profit and loss account after adjusting any surplus recorded on that asset previously. The change in accounting policy did not have an impact on Bank's financial statements. The revaluation is carried out with sufficient regularity to ensure that the carrying amount does not differ materially from that which would have been determined using fair value at the balance sheet date.

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

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

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

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

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

Notes to the Financial Statements

For the year ended 31 December 2018

Capital work in progress

Capital work in progress is stated at cost less accumulated impairment losses, if any.

3.7 Intangible assets

Goodwill

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

Computer software

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

Acquired intangibles in business combination

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

3.8 Impairment of non-financial assets

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

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

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

3.9 Borrowings / deposits and their cost

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

3.10 Staff retirement benefits

Defined benefit plan

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

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

- (a) the present value of the defined benefit obligation; less

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

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

Notes to the Financial Statements

For the year ended 31 December 2018

Defined contribution plan

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

3.11 Foreign currency transactions

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

3.12 Revenue recognition

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

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

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

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

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

A portion of income is deferred for loyalty reward credits awarded to customers for usage of the Bank's credit card and are measured by reference to their fair value. Upon expiry / redemption of the reward credits, the income previously deferred will be recognised.

Profit on Murabaha transactions from the date of disbursement to the date of culmination of Murabaha (offer and acceptance) is recognised immediately on the date of culmination and thereafter, profit on Murabaha is recognised on accrual basis.

Profit on Diminishing Musharakah financings is recognised on an accrual basis.

Profit on Musharakah financing is booked on an accrual basis and is subject to adjustment upon declaration of profit by Musharakah partners.

3.13 Taxation

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

Current tax

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

Deferred tax

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

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

Notes to the Financial Statements

For the year ended 31 December 2018

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

3.14 Derivative financial instruments

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

3.15 Provisions

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

3.16 Fiduciary activities

The Bank commonly acts in fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions for which it earns a fee. These assets and its related income arising thereon are excluded from these financial statements, as they are not assets of the Bank. The assets under custody amount to Rs. 290,719 million as at 31 December 2018.

3.17 Segment reporting

A segment is a component of the Bank that engages in business activities for which it may earn revenues and incur expenses (including revenue and expense relating to transactions with other component), whose results are regularly reviewed by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which financial information is available.

Business Segment

A brief description of the products and services offered by different segments of the Bank is given in note 39 to these financial statements.

Geographical Segment

The Bank operates only in Pakistan.

3.18 Off-setting

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

3.19 Sub-ordinated debt

Sub-ordinated debt is initially measured at fair value plus transaction costs, and subsequently measured at their amortised cost using the effective interest method.

3.20 Share-based compensation

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

3.21 Acceptances

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

Notes to the Financial Statements

For the year ended 31 December 2018

3.22 Basic and diluted earnings per share

The Bank presents basic and diluted earnings per share (EPS) for its shareholders. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the period / year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any. There were no convertible dilutive potential ordinary shares in issue at 31 December 2018.

3.23 Dividend and appropriation to reserves

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

3.24 Financial assets and liabilities

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

3.25 Provision for guarantee claims and other off-balance sheet obligations

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

4	CASH AND BALANCES WITH TREASURY BANKS	Note	2018	2017
			----- (Rupees in '000) -----	
	In hand			
	- Local currency		4,786,076	3,874,253
	- Foreign currencies		4,974,694	4,389,291
	With State Bank of Pakistan in:			
	- Local currency current account	4.1	22,318,671	13,223,096
	- Local currency current account - Islamic Banking	4.1	1,949,185	1,853,289
	- Foreign currency deposit account			
	Cash reserve account	4.2	4,141,199	2,974,253
	Special cash reserve account	4.2	11,555,317	8,364,702
	Local US Dollar collection account		63,245	53,843
	With National Bank of Pakistan in:			
	- Local currency current account		496,166	350,048
	- Prize Bonds		8,944	2,514
			<u>50,293,497</u>	<u>35,085,289</u>
4.1	The local currency current account is maintained with the State Bank of Pakistan (SBP) as per the requirements of Section 22 of the Banking Companies Ordinance, 1962. This section requires banking companies to maintain a local currency cash reserve in the current account opened with the SBP at a sum not less than such percentage of its demand and time liabilities in Pakistan as may be prescribed by SBP.			
4.2	As per BSD Circular No. 15 dated 21 June 2008, cash reserve of 5% and special cash reserve of 15% (for Islamic 6%) are required to be maintained with SBP on deposits held under the New Foreign Currency Accounts Scheme (FE-25 deposits).			
5	BALANCES WITH OTHER BANKS	Note	2018	2017
			----- (Rupees in '000) -----	
	Outside Pakistan			
	- In current accounts	5.1	2,344,297	779,856
			<u>2,344,297</u>	<u>779,856</u>
5.1	This includes balances of Rs. 2,295.707 million (2017: Rs. 735.502 million) held with branches of other subsidiaries of Standard Chartered Group outside Pakistan.			

Notes to the Financial Statements

For the year ended 31 December 2018

6 LENDINGS TO FINANCIAL INSTITUTIONS

Note	2018	2017
	----- (Rupees in '000) -----	
	-	2,161,425
	-	509,253
6.1	6,465,508	5,396,987
	6,465,508	8,067,665

6.1 This represents placements with branches of other subsidiaries of Standard Chartered Group outside Pakistan at mark-up rates ranging from 0.55 percent to 2.90 percent per annum (2017: 0.3 percent to 1.15 percent per annum), and are due to mature during January 2019.

6.2 Particulars of lending

Note	2018	2017
	----- (Rupees in '000) -----	
	-	2,670,678
	6,465,508	5,396,987
6.4	6,465,508	8,067,665

6.3 Securities held as collateral against lendings to financial institutions

	2018			2017		
	Held by bank	Further given as collateral	Total	Held by bank	Further given as collateral	Total
	----- (Rupees in '000) -----					
Market Treasury Bills	-	-	-	-	-	-
Pakistan Investment Bonds	-	-	-	2,161,425	-	2,161,425
	-	-	-	2,161,425	-	2,161,425

6.3.1 The market value of securities held as collateral against lendings to financial institutions amounted to Rs. Nil (2017: Rs. 2,167.386 million).

6.4 None of the lending to financial institutions were classified at year end.

7 INVESTMENTS

2018				2017			
Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying value
----- (Rupees in '000) -----							

7.1 Investments by type

Note

Held for trading securities

Federal Government Securities	12,127,610	-	52,025	12,179,635	4,814,201	-	18,876	4,833,077
	12,127,610	-	52,025	12,179,635	4,814,201	-	18,876	4,833,077

Available for sale securities

Federal Government Securities	7.6.1 & 7.6.2	266,324,636	-	(148,733)	266,175,903	266,804,346	-	(80,567)	266,723,779
Shares	7.6.3	786,081	(682,492)	1,566	105,155	786,081	(677,122)	-	108,959
Non Government Debt Securities	7.6.4	885,025	(285,025)	5,211	605,211	1,085,025	(285,025)	22,000	822,000
		267,995,742	(967,517)	(141,956)	266,886,269	268,675,452	(962,147)	(58,567)	267,654,738
Total Investments		280,123,352	(967,517)	(89,931)	279,065,904	273,489,653	(962,147)	(39,691)	272,487,815

Notes to the Financial Statements

For the year ended 31 December 2018

7.2 Investments by segment

Federal Government Securities

Market Treasury Bills

Pakistan Investment Bonds

GoP Ijarah Sukuk

Bai Muajjal with GoP

Shares

Listed companies

Unlisted companies

Non Government Debt Securities

Listed

Unlisted

Total investments

2018				2017			
Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying value
(Rupees in '000)							
271,471,215	-	(83,043)	271,388,172	265,984,340	-	(119,703)	280,772
1,090,053	-	(5,215)	1,084,838	277,838	-	2,934	5,411,447
4,500,000	-	(8,450)	4,491,550	5,356,369	-	55,078	-
1,390,978	-	-	1,390,978	-	-	-	-
278,452,246	-	(96,708)	278,355,538	271,618,547	-	(61,691)	271,556,856
783,077	(679,488)	1,566	105,155	783,077	(674,118)	-	108,959
3,004	(3,004)	-	-	3,004	(3,004)	-	-
786,081	(682,492)	1,566	105,155	786,081	(677,122)	-	108,959
600,000	-	5,211	605,211	800,000	-	22,000	822,000
285,025	(285,025)	-	-	285,025	(285,025)	-	-
885,025	(285,025)	5,211	605,211	1,085,025	(285,025)	22,000	822,000
280,123,352	(967,517)	(89,931)	279,065,904	273,489,653	(962,147)	(39,691)	272,487,815

7.2.1 Investments given as collateral

Market Treasury Bills

Pakistan Investment Bonds

7.3 Provision for diminution in the value of investments

Opening balance

Charge for the year

Closing balance

7.3.1 Particulars of provision against debt securities

Category of classification

Other assets especially mentioned

Substandard

Doubtful

Loss

2018		2017	
----- (Rupees in '000) -----			
	-	6,279,185	-
	-	-	-
	-	6,279,185	-
	962,147	898,118	
	5,370	64,029	
	967,517	962,147	

2018		2017	
Non Performing Investment	Provision	Non Performing Investment	Provision
----- (Rupees in '000) -----			
	-	-	-
	-	-	-
	-	-	-
285,025	285,025	285,025	285,025
285,025	285,025	285,025	285,025

7.4 Investments include securities having book value of Rs. 18.111 million (2017: Rs. 18.369 million) pledged with the State Bank of Pakistan as security to facilitate T.T. discounting facility to the Bank, including an amount earmarked against the facilities allocated to branches now in Bangladesh.

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

7.6 Quality of 'Available for Sale' securities

Details regarding quality of Available for Sale (AFS) securities are as follows:

7.6.1 Federal Government Securities - Government guaranteed

Market Treasury Bills

GoP Ijarah Sukuk

Pakistan Investment Bonds

7.6.2 Federal Government Securities - Not guaranteed

Bai Muajjal with GoP

2018	2017
Cost	
(Rupees in '000)	
259,538,484	261,447,977
4,500,000	5,356,369
895,174	-
264,933,658	266,804,346
1,390,978	-
266,324,636	266,804,346

Notes to the Financial Statements

For the year ended 31 December 2018

7.6.3 Shares

Listed Companies

Sector wise exposure
Agritech Limited Fertilizer

2018	2017
Cost ----- (Rupees in '000) -----	
783,077	783,077
783,077	783,077

Unlisted Companies

	2018		2017	
	Cost	Breakup value	Cost	Breakup value
		----- (Rupees in '000) -----		
Pakistan Export Finance Guarantee Agency Limited	3,004	-	3,004	-
	3,004	-	3,004	-

The company is under liquidation. Hence, the Bank considers that the breakup value of the entity to be Nil (2017: Nil).

7.6.4 Non Government Debt Securities

Listed

Sukuk Bonds

Note	2018		2017	
	Rating	Cost	Rating	Cost
		----- (Rupees in '000) -----		
Fatima Fertilizer Sukuk Bonds	7.6.4.1 AA-	600,000	AA-	800,000
		600,000		800,000

Unlisted

Bonds and Term Finance Certificates - unlisted

Term Finance Certificates of Rs. 5,000 each

	2018		2017	
	Rating	Cost	Rating	Cost
		----- (Rupees in '000) -----		
Agritech Limited	Unrated	147,000	Unrated	147,000
Azgard Nine Limited	Unrated	138,025	Unrated	138,025
		285,025		285,025

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

8 ADVANCES

Note

	Performing		Non Performing		Total	
	2018	2017	2018	2017	2018	2017
----- (Rupees in '000) -----						
Loans, cash credits, running finances, etc.	117,624,884	87,339,590	16,915,712	19,040,286	134,540,596	106,379,876
Islamic financing and related assets	49,077,231	42,592,156	486,990	546,812	49,564,221	43,138,968
Bills discounted and purchased (excluding treasury bills)	3,057,432	7,740,229	-	-	3,057,432	7,740,229
Advances - gross	169,759,547	137,671,975	17,402,702	19,587,098	187,162,249	157,259,073
Provision for non-performing advances						
- Specific	-	-	(16,841,631)	(18,953,981)	(16,841,631)	(18,953,981)
- General	(776,856)	(670,580)	-	-	(776,856)	(670,580)
Advances - net of provision	(776,856)	(670,580)	(16,841,631)	(18,953,981)	(17,618,487)	(19,624,561)
	168,982,691	137,001,395	561,071	633,117	169,543,762	137,634,512

Notes to the Financial Statements

For the year ended 31 December 2018

8.1 Particulars of advances - gross

	2018	2017
	(Rupees in '000)	
In local currency	181,776,109	149,105,421
In foreign currencies	5,386,140	8,153,652
	<u>187,162,249</u>	<u>157,259,073</u>

8.2 Advances include Rs. 17,402.702 million (2017: Rs. 19,587.098 million) which have been placed under non-performing status as detailed below:

Category of classification	2018		2017	
	Non-Performing Loans	Provision	Non-Performing Loans	Provision
Domestic	(Rupees in '000)			
Other Assets Especially Mentioned	23,099	-	7,961	-
Substandard	321,582	68,015	249,632	44,470
Doubtful	365,798	144,450	892,775	644,096
Loss	16,692,223	16,629,166	18,436,730	18,265,415
	<u>17,402,702</u>	<u>16,841,631</u>	<u>19,587,098</u>	<u>18,953,981</u>
General Provision	-	776,856	-	670,580
	<u>17,402,702</u>	<u>17,618,487</u>	<u>19,587,098</u>	<u>19,624,561</u>

8.2.1 At 31 December 2018, the provision requirement has been reduced by Rs. 44.834 million (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. 29.142 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 advances	Note	2018			2017		
			Specific	General	Total	Specific	General	Total
			(Rupees in '000)					
	Opening balance	18,953,981	670,580	19,624,561	19,133,049	547,521	19,680,570	
	Charge for the year	393,398	113,656	507,054	1,469,674	137,629	1,607,303	
	Reversals	(1,588,039)	(7,380)	(1,595,419)	(1,216,481)	(14,570)	(1,231,051)	
		(1,194,641)	106,276	(1,088,365)	253,193	123,059	376,252	
	Amounts written off	8.5.1	(1,018,712)	-	(1,018,712)	(405,961)	-	(405,961)
	Other movements		101,003	-	101,003	(26,300)	-	(26,300)
	Closing balance		16,841,631	776,856	17,618,487	18,953,981	670,580	19,624,561

8.4 Particulars of provision against advances

	2018			2017		
	Specific	General	Total	Specific	General	Total
(Rupees in '000)						
In local currency	15,996,985	776,856	16,773,841	18,251,718	670,580	18,922,298
In foreign currencies	844,646	-	844,646	702,263	-	702,263
	<u>16,841,631</u>	<u>776,856</u>	<u>17,618,487</u>	<u>18,953,981</u>	<u>670,580</u>	<u>19,624,561</u>

8.5 Particulars of write-offs

8.5.1	Particulars of write-offs	Note	2018	2017
			Cost (Rupees in '000)	
Against provisions		8.3	1,018,712	405,961
	Directly charged to profit and loss account	29	177,254	119,416
		8.5.2 & 8.7	<u>1,195,966</u>	<u>525,377</u>
8.5.2	Write-offs of Rs. 500,000 and above - Domestic		932,581	299,131
	Write-offs of below Rs. 500,000		263,385	226,246
			<u>1,195,966</u>	<u>525,377</u>

Notes to the Financial Statements

For the year ended 31 December 2018

8.6 Details of loans written-off of Rs. 500,000 and above

In terms of sub-section (3) of section 33A of the Banking Companies Ordinance, 1962, the statement in respect of written-off loans or any other financial relief of five hundred thousand rupees or above allowed to a person(s) during the year ended 31 December 2018 is given in Annexure I.

8.7 This includes loans charged off as per Bank's policy. Recovery efforts on the amount charged off are ongoing, as the Bank continues to have the legal right of recovery.

	Note	2018	2017
9 FIXED ASSETS		Cost	
		----- (Rupees in '000) -----	
Capital work-in-progress	9.1	12,203	228,027
Property and equipment	9.2	7,825,776	7,805,863
		7,837,979	8,033,890
9.1 Capital work-in-progress			
Civil works		12,203	61,146
Equipment		-	165,744
Consultants' fee and other charges		-	1,137
		12,203	228,027

9.2 Property and equipment

	2018							
	Freehold land	Leasehold land	Buildings on freehold land	Buildings on leasehold land	Furniture and fixtures	Electrical, Office and Computer Equipment	Vehicles	Leased hold improvements
	(Rupees in '000)							
At 1 January 2018								
Cost / Revalued amount	662,136	5,237,282	219,113	805,356	252,261	2,706,665	96,836	1,161,177
Accumulated depreciation	-	-	-	-	(242,722)	(2,110,963)	(92,978)	(888,300)
Net book value	<u>662,136</u>	<u>5,237,282</u>	<u>219,113</u>	<u>805,356</u>	<u>9,539</u>	<u>595,702</u>	<u>3,858</u>	<u>272,877</u>
Year ended December 2018								
Opening net book value	662,136	5,237,282	219,113	805,356	9,539	595,702	3,858	272,877
Additions	-	-	2,563	1,277	11,870	342,494	46,359	69,424
Disposals - Cost	-	-	-	-	-	(73,282)	-	-
Disposals - Accumulated Depreciation	-	-	-	-	-	73,282	-	-
Depreciation charge	-	-	(14,710)	(62,049)	(10,621)	(280,170)	(7,619)	(71,679)
Other adjustments / transfers - Cost	(2,038)	-	2,038	-	-	(75,354)	-	(77,016)
Other adjustments / transfers - Accumulated Depreciation	-	-	-	-	-	75,076	-	70,068
Closing net book value	<u>660,098</u>	<u>5,237,282</u>	<u>209,004</u>	<u>744,584</u>	<u>10,788</u>	<u>657,748</u>	<u>42,598</u>	<u>263,674</u>
At 31 December 2018								
Cost / Revalued amount	660,098	5,237,282	223,714	806,633	264,131	2,900,523	143,195	1,153,585
Accumulated depreciation	-	-	(14,710)	(62,049)	(253,343)	(2,242,775)	(100,597)	(889,911)
Net book value	<u>660,098</u>	<u>5,237,282</u>	<u>209,004</u>	<u>744,584</u>	<u>10,788</u>	<u>657,748</u>	<u>42,598</u>	<u>263,674</u>
Rate of depreciation (percentage)	-	-	2.86% - 6.67%	2.86% - 6.67%	33.33%	14.28% - 33.33%	33.33%	6.67% - 10%

Notes to the Financial Statements

For the year ended 31 December 2018

	2017								
	Freehold land	Leasehold land	Buildings on freehold land	Buildings on leasehold land	Furniture and fixtures	Electrical, Office and Computer Equipment	Vehicles	Leased hold improvements	Total
	(Rupees in '000)								
At 1 January 2017									
Cost / Revalued amount	580,694	3,654,498	234,650	623,733	252,258	2,775,077	94,895	1,138,321	9,354,126
Accumulated depreciation	-	-	(70,195)	(182,119)	(244,170)	(2,183,417)	(91,821)	(854,862)	(3,626,584)
Net book value	<u>580,694</u>	<u>3,654,498</u>	<u>164,455</u>	<u>441,614</u>	<u>8,088</u>	<u>591,660</u>	<u>3,074</u>	<u>283,459</u>	<u>5,727,542</u>
Year ended December 2017									
Opening net book value	580,694	3,654,498	164,455	441,614	8,088	591,660	3,074	283,459	5,727,542
Additions	-	-	6,727	15,082	8,898	255,263	2,750	85,338	374,058
Movement in surplus on assets revalued during the year	81,442	1,582,784	79,404	429,999	-	-	-	-	2,173,629
Revaluation adjusment - Cost*	-	-	(101,668)	(263,458)	-	-	-	-	(365,126)
Revaluation adjusment - Accumlated depreciation*	-	-	101,668	263,458	-	-	-	-	365,126
Disposals - Cost	-	-	-	-	-	(170,484)	(809)	-	(171,293)
Disposals - Accumulated depreciation	-	-	-	-	-	170,484	809	-	171,293
Depreciation charge	-	-	(31,473)	(81,339)	(7,419)	(251,249)	(1,966)	(80,091)	(453,537)
Other adjustments / transfers - Cost	-	-	-	-	(8,895)	(153,191)	-	(62,482)	(224,568)
Other adjustments / transfers - Accumulated depreciation	-	-	-	-	8,867	153,219	-	46,653	208,739
Closing net book value	<u>662,136</u>	<u>5,237,282</u>	<u>219,113</u>	<u>805,356</u>	<u>9,539</u>	<u>595,702</u>	<u>3,858</u>	<u>272,877</u>	<u>7,805,863</u>
At 31 December 2017									
Cost / Revalued amount	662,136	5,237,282	219,113	805,356	252,261	2,706,665	96,836	1,161,177	11,140,826
Accumulated depreciation	-	-	-	-	(242,722)	(2,110,963)	(92,978)	(888,300)	(3,334,963)
Net book value	<u>662,136</u>	<u>5,237,282</u>	<u>219,113</u>	<u>805,356</u>	<u>9,539</u>	<u>595,702</u>	<u>3,858</u>	<u>272,877</u>	<u>7,805,863</u>
Rate of depreciation (percentage)	-	-	6.67%	6.67%	33.33%	14.28% - 33.33%	33.33%	6.67% - 10%	

* The revaluation adjustment relates to the accumulated depreciation as at revaluation date that was eliminated against the gross carrying amount of the revalued buildings.

- 9.3 In year 2017, the Bank's owned land and buildings were revalued by independent accredited professional valuers, Iqbal A. Nanjee & Co. (Private) Limited and Colliers International (Level 3 measurements).

Both valuers appointed by the Bank are also on the panel of State Bank of Pakistan. The valuation experts used a market based approach to arrive at the fair value of the Bank's properties. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable or similar properties. These values are adjusted to reflect the nature, current condition and location of the properties. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty, accordingly a qualitative disclosure of sensitivity has not been presented in these financial statements.

If the owned land and buildings were measured using the cost model, the carrying amounts would have been as follows:

	2018	2017
	(Rupees in '000)	
Carrying amount		
Freehold land	121,205	121,205
Leasehold land	541,834	541,834
Buildings on freehold land	91,419	98,371
Buildings on leasehold land	272,666	309,875
	<u>1,027,124</u>	<u>1,071,285</u>

The movement in surplus on revaluation of fixed assets is given in note 19.1 to the financial statements

	2018	2017
	(Rupees in '000)	
9.4 Carrying amount of temporarily idle properties of the Bank	<u>446,997</u>	<u>111,730</u>
9.5 During the year, no disposals of fixed assets were made to the Chief Executive or to a director or to executives or to a shareholder holding not less than 10% of the voting shares of the Bank or to any related party.		

Notes to the Financial Statements

For the year ended 31 December 2018

10 INTANGIBLE ASSETS

2018

	Goodwill	Core Deposits Intangible	Customer Relationships Intangible	Brand Names	Computer Software	Total
(Rupees in '000)						
At 1 January 2018						
Cost	26,095,310	1,982,413	774,680	389,400	336,320	29,578,123
Accumulated amortisation and impairment	-	(1,982,413)	(774,348)	(389,400)	(336,320)	(3,482,481)
Net book value	26,095,310	-	332	-	-	26,095,642
Year ended December 2018						
Opening net book value	26,095,310	-	332	-	-	26,095,642
Other adjustments - Transfers / write offs - Cost	-	-	-	-	(336,320)	(336,320)
Amortisation charge	-	-	(166)	-	-	(166)
Other adjustments - Transfers / write offs - Accumulated amortisation	-	-	-	-	336,320	336,320
Closing net book value	26,095,310	-	166	-	-	26,095,476
At 31 December 2018						
Cost	26,095,310	1,982,413	774,680	389,400	-	29,241,803
Accumulated amortisation and impairment	-	(1,982,413)	(774,514)	(389,400)	-	(3,146,327)
Net book value	26,095,310	-	166	-	-	26,095,476
Rate of amortisation (percentage)	-	-	-	-	33.33%	
Useful life (months)	-	-	-	-	36	

2017

	Goodwill	Core Deposits Intangible	Customer Relationships Intangible	Brand Names	Computer Software	Total
(Rupees in '000)						
At 1 January 2017						
Cost	26,095,310	1,982,413	774,680	389,400	338,350	29,580,153
Accumulated amortisation and impairment	-	(1,982,413)	(774,100)	(389,400)	(338,350)	(3,484,263)
Net book value	26,095,310	-	580	-	-	26,095,890
Year ended December 2017						
Opening net book value	26,095,310	-	580	-	-	26,095,890
Other adjustments-Transfers / write offs - Cost	-	-	-	-	(2,030)	(2,030)
Amortisation charge	-	-	(248)	-	-	(248)
Other adjustments - Transfers / write offs - Accumulated amortisation	-	-	-	-	2,030	2,030
Closing net book value	26,095,310	-	332	-	-	26,095,642
At 31 December 2017						
Cost	26,095,310	1,982,413	774,680	389,400	336,320	29,578,123
Accumulated amortisation and impairment	-	(1,982,413)	(774,348)	(389,400)	(336,320)	(3,482,481)
Net book value	26,095,310	-	332	-	-	26,095,642
Rate of amortisation (percentage)	-	-	-	-	33.33%	
Useful life (months)	-	-	-	-	36	

10.1 At 31 December 2018, accumulated goodwill amounted to Rs. 26,095 million (2017: Rs. 26,095 million).

An annual assessment is made as to whether the current carrying value of goodwill is impaired. For the purposes of impairment testing, goodwill has been allocated to the CGUs that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those CGUs. At 31 December 2018, recoverable amount of all CGUs exceeded the carrying amount.

Notes to the Financial Statements

For the year ended 31 December 2018

The recoverable amount for the purpose of assessing impairment of goodwill on acquisition of Union Bank Limited was based on value in use. The calculations are based on the five year forecasts approved by the management and a terminal value determined using Gordon Growth Model (using growth rate of 5%, equivalent to long term inflation rate). The cash flows are discounted using a pre tax discount rate (27.8%) which reflects the current market rate appropriate for the business, computed using Capital Asset Pricing Model. The allocation of goodwill to CGUs for the purpose of impairment testing is given below:

	2018	2017
	(Rupees in '000)	
Cash generating unit		
Corporate & Institutional Business	6,841,098	6,841,098
Commercial Business	5,801,256	5,801,256
Retail Business	13,452,956	13,452,956
Total Goodwill	26,095,310	26,095,310

The management believes that any reasonable / possible changes to the key assumptions on which calculation of recoverable amount is based, would not cause the carrying amount to exceed the recoverable amount. The Bank has performed sensitivity analysis on the key assumptions for recoverable amount. These include a 1 percent increase in the discount rate, a 1 percent reduction in long-term GDP growth rate and a 10 percent reduction in estimated cash flows. In all the three scenarios mentioned above, the recoverable values in all the CGUs exceed their carrying values and hence no impairment exists.

	Note	2018	2017
		----- (Rupees in '000) -----	
11 OTHER ASSETS			
Income / mark-up accrued in local currency		2,959,431	2,322,009
Income / mark-up accrued in foreign currencies		33,470	19,350
Advances, deposits, advance rent and other prepayments		551,481	655,802
Defined benefit plans	34.4	16,300	-
Advance taxation (payments less provisions)	11.1	13,847,613	13,599,105
Branch adjustment account		-	972
Mark to market gain on forward foreign exchange contracts		8,370,550	4,666,957
Interest rate derivatives and currency options - positive fair value	20.7.2	30,937	158,703
Receivable from SBP / Government of Pakistan		634,680	885,526
Receivable from associated undertakings		751,835	519,099
Receivable from Standard Chartered Bank, Sri Lanka operations	11.2	35,200	35,581
Advance Federal Excise Duty		188,443	188,443
Acceptances		5,699,708	6,283,546
Unsettled trades		-	1,336,621
Sundry receivables		985,692	492,629
Others		365,068	518,631
		34,470,408	31,682,974
Less: Provision held against other assets	11.3	(35,495)	(35,495)
Other Assets - net of provisions		34,434,913	31,647,479

11.1 Advance taxation (payments less provisions) represents the amounts paid under appeals / litigations of Rs. 8,303 million (including amount paid against claim for amortization of goodwill of Rs. 3,607 million, refer note 20.3.3, assessed refunds of Rs. 4,124 million) and advance tax paid under section 147 and other tax payments.

11.2 Consequent to Sale and Purchase Agreement (SPA) signed between Standard Chartered Bank, Sri Lanka (SCBSL) and Standard Chartered Bank (Pakistan) Limited (SCBPL), the Sri Lanka branch operations of SCBPL were amalgamated with SCBSL with effect from close of business on 10 October 2008. According to the terms of SPA, unproductive debts, staff loans of SCBPL who are not retained by the purchaser, their corresponding housing loans and assets arising from litigation which cannot be assigned are held in trust with SCBSL. The recoveries made (net of expenses) from such assets are taken to income from Sri Lanka branch operations along with foreign exchange translation impacts as disclosed in note 26 to these financial statements, and consequently recorded as receivable. Moreover, loans which were fully provided and deemed non recoverable were written-off after necessary approvals.

	Note	2018	2017
		(Rupees in '000)	
11.3 Provision held against other assets			
Others - Trade related	11.3.1	35,495	35,495
		35,495	35,495

Notes to the Financial Statements

For the year ended 31 December 2018

11.3.1 Movement in provision against other assets

Note

2018

2017

(Rupees in '000)

Opening balance	35,495	63,944
Net charge for the year	-	(22,033)
Other movements	-	(6,416)
Closing balance	35,495	35,495

12 BILLS PAYABLE

In Pakistan	16,144,129	18,194,915
Outside Pakistan	799,498	763,430
	16,943,627	18,958,345

13 BORROWINGS

In Pakistan	17,848,847	25,954,290
Outside Pakistan	6,174,850	75,526
	24,023,697	26,029,816

13.1 Details of borrowings secured / unsecured

Secured

Borrowings from State Bank of Pakistan under Export Refinance (ERF) scheme	13.1.1	17,658,060	17,392,305
Repurchase agreement borrowings (Repo)		-	6,279,185
State Bank of Pakistan - LTFF	13.1.2	190,522	431,573
		17,848,582	24,103,063

Unsecured

Call borrowings	13.1.3	4,165,857	1,840,000
Overdrawn nostro accounts	13.1.4	2,009,258	86,753
		24,023,697	26,029,816

13.1.1 Mark-up on Export Refinance (ERF) from State Bank of Pakistan is charged at 2 percent (2017: 2 percent) per annum. ERF borrowings also include borrowings under Islamic Export Refinance scheme amounting to Rs. 3.289 billion (2017: Rs. 3.094 billion). These borrowings are secured against demand promissory notes executed by the Bank in favour of State Bank of Pakistan.

13.1.2 Mark-up on Long Term Finance Facility (LTFF) from State Bank of Pakistan carry mark up rates ranging from 2.5 percent to 6.5 percent (2017: 2.5 percent to 6.5 percent) per annum. These loans are secured against promissory notes executed by the Bank in favour of State Bank of Pakistan.

13.1.3 These carry mark-up rate at 3.00 percent (2017: 5.85 percent to 6.05 percent) per annum payable at maturity, and are due to mature during March 2019.

13.1.4 These include overdrawn nostro accounts with other branches and subsidiaries of Standard Chartered Group outside Pakistan amounting to Rs. 2,008.913 million (2017: Rs. 75.526 million).

13.2 Particulars of borrowings with respect to currencies

2018

2017

(Rupees in '000)

In local currency	17,848,847	25,954,290
In foreign currencies	6,174,850	75,526
	24,023,697	26,029,816

Notes to the Financial Statements

For the year ended 31 December 2018

14 DEPOSITS AND OTHER ACCOUNTS

Note

Customers

Remunerative

- Fixed deposits
- Savings deposits

Non-Remunerative

- Current accounts
- Margin accounts
- Special exporters' account

Financial Institutions

- Remunerative deposits - Others
- Non-remunerative deposits - Others

2018			2017		
In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
(Rupees in '000)					
23,678,966	614,478	24,293,444	28,937,708	660,392	29,598,100
177,483,289	24,915,546	202,398,835	168,205,733	17,295,168	185,500,901
128,778,230	55,626,670	184,404,900	113,938,138	40,490,902	154,429,040
5,243,140	81,423	5,324,563	1,425,559	87,097	1,512,656
4,728,626	-	4,728,626	3,264,141	-	3,264,141
339,912,251	81,238,117	421,150,368	315,771,279	58,533,559	374,304,838
129,202	-	129,202	52,198	-	52,198
2,549,230	1,070,136	3,619,366	1,965,538	1,253,490	3,219,028
342,590,683	82,308,253	424,898,936	317,789,015	59,787,049	377,576,064

- 14.1 This includes Rs. 964.772 million (2017: Rs. 835.108 million) against balances of branches of other subsidiaries of Standard Chartered Group operating outside Pakistan.

Note

2018

2017

(Rupees in '000)

14.2 Composition of deposits

- Individuals
- Government (Federal and Provincial)
- Public Sector Entities
- Banking Companies
- Non-Banking Financial Institutions
- Private Sector
- Embassies
- Non residents (Corporate & Individual)
- Trusts

237,423,220	214,389,690
1,460,224	1,950,331
3,114,905	5,943,475
3,292,638	2,928,967
455,930	342,259
147,349,271	126,788,585
5,290,914	3,532,637
16,920,180	13,486,627
9,591,654	8,213,493
424,898,936	377,576,064

14.3

- 14.3 This includes deposits eligible to be covered under insurance arrangements amounting to Rs. 206,676 million.

15 DEFERRED TAX ASSETS / (LIABILITIES)

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

Note

2018			
At 1 January 2018	Recognised in profit and loss	Recognised in OCI / Equity	At 31 December 2018
(Rupees in '000)			
14,835	-	(7,579)	7,256
20,498	-	29,187	49,685
2,959,817	(474,000)	-	2,485,817
1,417,138	485,077	-	1,902,215
4,412,288	11,077	21,608	4,444,973
(212,968)	10,065	-	(202,903)
(7,830,986)	-	-	(7,830,986)
(74,742)	32,449	-	(42,293)
(8,118,696)	42,514	-	(8,076,182)
(3,706,408)	53,591	21,608	(3,631,209)

Notes to the Financial Statements

For the year ended 31 December 2018

Deductible Temporary Differences on

Post retirement employee benefits
Deficit on revaluation of investments
Provision against advances, off balance sheet etc.
Unpaid liabilities

2017			
At 1 January 2017	Recognised in profit and loss	Recognised in OCI / Equity	At 31 December 2017

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

12,947	-	1,888	14,835
(403,388)	-	423,886	20,498
5,948,788	(2,988,971)	-	2,959,817
757,343	659,795	-	1,417,138
6,315,690	(2,329,176)	425,774	4,412,288

Taxable Temporary Differences on

Surplus on revaluation of fixed assets
Goodwill
Accelerated tax depreciation

(42,668)	8,704	(179,004)	(212,968)
(7,945,488)	114,502	-	(7,830,986)
(82,341)	7,599	-	(74,742)
(8,070,497)	130,805	(179,004)	(8,118,696)
(1,754,807)	(2,198,371)	246,770	(3,706,408)

- 15.1** In terms of the Seventh Schedule to the Income Tax Law, the claim of provision for advances and off balance sheet items in respect of Corporate and Consumer (including SME) advances has been restricted to 1% and 5% of gross advances respectively. The management based on projection of taxable profits considers that the Bank would be able to claim deductions in future years within the prescribed limits in seventh schedule. It also includes deferred tax asset on pre seventh schedule provision against loans and advances disallowed, which only become tax allowable upon being written off.

16 OTHER LIABILITIES

Note

2018

2017

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

Mark-up / return / interest payable in local currency		198,511	279,278
Mark-up / return / interest payable in foreign currencies		33,470	19,350
Accrued expenses		2,989,303	3,040,186
Advance payments		455,317	276,522
Sundry creditors		4,249,807	3,775,193
Mark to market loss on forward foreign exchange contracts		3,663,891	2,894,953
Unrealized loss on interest rate derivatives and currency options	20.7.2	2,607,779	213,527
Payable to defined benefit plans	34.4	-	4,981
Due to holding company	16.1	11,925,280	10,330,627
Charity fund balance		7,932	4,700
Dividend payable		85,567	73,045
Branch adjustment account		2,438	-
Provision against off-balance sheet obligations	16.2	283,541	282,927
Worker's welfare fund (WWF) payable	16.4	2,017,525	1,647,979
Acceptances		5,699,708	6,283,546
Short sell - Pakistan Investment Bonds		-	1,310,577
Unsettled trades		4,920,925	15,235
Others		204,504	172,193
		39,345,498	30,624,819

16.1 Due to holding company

On account of reimbursement of executive and general administrative expenses		10,250,476	10,250,476
Dividend and other payable		1,674,804	80,151
		11,925,280	10,330,627

Notes to the Financial Statements

For the year ended 31 December 2018

	Note	2018	2017
		(Rupees in '000)	
16.2 Provision against off-balance sheet obligations			
Opening balance		282,927	330,110
Charge for the year		8,500	2,574
Reversals		(7,886)	(49,757)
Closing balance		283,541	282,927

16.3 These primarily represents provision against off balance sheet exposures such as bank guarantees.

16.4 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 Fund (WWF) on banks were not lawful. The Federal Board of Revenue has filed review petitions against this order, which are currently pending. Legal advice obtained on the matter indicates that consequent to filing of these review petitions the judgment may not currently be treated as conclusive until the review petition is decided. Accordingly, the amount charged for WWF since 2008 has not been reversed.

Further, as a consequence of passage of 18th Amendment to the Constitution, levy for Workers Welfare Fund 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 along with the other banks has challenged applicability of the said law on Banks before the Sindh High Court.

17 SHARE CAPITAL

17.1 Authorized Capital

2018	2017		Note	2018	2017
(Number of shares)				(Rupees in '000)	
4,000,000,000	4,000,000,000	Ordinary shares of Rs.10 each		40,000,000	40,000,000

17.2 Issued, subscribed and paid-up Capital

2018	2017			2018	2017
(Number of shares)				(Rupees in '000)	
2,939,785,018	2,939,785,018	Ordinary shares of Rs. 10 each Fully paid in cash		29,397,850	29,397,850
931,800,003	931,800,003	Issued in terms of scheme of amalgamation	17.3	9,318,000	9,318,000
3,871,585,021	3,871,585,021			38,715,850	38,715,850

Notes to the Financial Statements

For the year ended 31 December 2018

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

17.4 At 31 December 2018, Standard Chartered Bank, United Kingdom, held 98.99% shares of the Bank.

18 RESERVES	Note	2018	2017
		(Rupees in '000)	
Share premium	18.1	1,036,090	1,036,090
Statutory reserve	18.2	15,631,376	13,383,504
		16,667,466	14,419,594

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

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

18.3 The Board of Directors in their meeting held on 26 February 2019 have announced a final cash dividend of 15% (Rs. 1.50/- per share) in respect of the year ended 31 December 2018 (2017: Rs. 1.00 per share). This is in addition to 7.50% (Rs. 0.75/- per share) interim cash dividend announced during the year. The financial statements for the year ended 31 December 2018 do not include the effect of final dividend appropriations which will be accounted for subsequent to the year end.

19	SURPLUS ON REVALUATION OF ASSETS - NET OF DEFERRED TAX	Note	2018	2017
			----- (Rupees in '000) -----	
Surplus / (deficit) arising on revaluation of:				
	Fixed assets	19.1	5,823,845	5,852,602
	Available for Sale securities	19.2	(141,956)	(58,567)
			5,681,889	5,794,035
Deferred tax on surplus / (deficit) on revaluation of:				
	Fixed assets	19.1	(202,903)	(212,968)
	Available for Sale securities	19.2	49,685	20,498
			(153,218)	(192,470)
			5,528,671	5,601,565

Notes to the Financial Statements

For the year ended 31 December 2018

Note	2018	2017	
----- (Rupees in '000) -----			
19.1 Surplus on revaluation of fixed assets - net of tax			
Surplus on revaluation of fixed assets as at 1 January	5,852,602	3,703,842	
Recognised during the year	-	2,173,629	
Transferred to unappropriated profit in respect of incremental depreciation charged during the year - net of deferred tax	(18,692)	(16,165)	
Related deferred tax liability on incremental depreciation charged during the year	(10,065)	(8,704)	
	(28,757)	(24,869)	
Surplus on revaluation of fixed assets as at 31 December	5,823,845	5,852,602	
Less: Related deferred tax liability on:			
Revaluation surplus as at 1 January	(212,968)	(42,668)	
Revaluation surplus recognised during the year	-	(179,004)	
Incremental depreciation charged during the year	10,065	8,704	
	(202,903)	(212,968)	
Surplus on revaluation of fixed assets as at 31 December - net of tax	5,620,942	5,639,634	
19.2 Surplus on revaluation of Available for Sale securities - net of tax			
Market Treasury Bills	(136,954)	(135,645)	
Pakistan Investment Bonds	(3,329)	-	
Sukuk and Ijarah Bonds	(3,239)	77,078	
Listed shares	1,566	-	
	(141,956)	(58,567)	
Related deferred tax liability	49,685	20,498	
	(92,271)	(38,069)	
20 CONTINGENCIES AND COMMITMENTS			
Guarantees	20.1	107,971,882	98,412,464
Commitments	20.2	303,883,384	310,036,850
Other contingent liabilities	20.3	11,125,936	10,988,832
		422,981,202	419,438,146
20.1 Guarantees			
Guarantees issued favouring:			
Financial guarantees		15,986,920	16,549,861
Performance guarantees		59,937,338	52,305,484
Other guarantees		32,047,624	29,557,119
		107,971,882	98,412,464
20.2 Commitments			
Documentary credits and short-term trade-related transactions			
Letters of credit		20,430,495	18,747,847
Commitments in respect of:			
- Forward foreign Exchange contracts			
- Purchase	20.4	173,791,445	159,178,329
- Sale	20.4	107,179,523	129,071,806
Commitment for acquisition of fixed assets		63,916	45,377
Commitment in respect of operating lease	20.6	2,418,005	2,993,491
		303,883,384	310,036,850

Notes to the Financial Statements

For the year ended 31 December 2018

	2018	2017
	----- (Rupees in '000) -----	

20.3 Other contingent liabilities

11,125,936	10,988,832
------------	------------

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

20.3.2 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.

20.3.3 The tax department amended the assessments for income years 2007 to 2017 (tax years 2008 to 2018 respectively) under the related provisions of the Income Tax Law, determining additional tax liability amounting to Rs. 4,696 million on account of various issues such as disallowances relating to provision against loans and advances and Rs. 3,607 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 favor of the Bank at appellate forums. Accordingly, no additional provision is required. The Sindh High Court has decided the issue of goodwill amortisation in favor of the Bank for the tax years 2008 and 2012. A tax refund order of Rs. 893 million has been issued by the Federal Board of Revenue in respect of tax year 2008. The Federal Board of Revenue has filed leave to appeal before the Supreme Court of Pakistan.

	2018	2017
	----- (Rupees in '000) -----	

20.4 Commitments in respect of forward foreign exchange contracts

Purchase from:

State Bank of Pakistan

Other banks

Customers

77,367,993	119,080,713
95,861,603	39,719,754
561,849	377,862
173,791,445	159,178,329

Sale to:

Other banks

Customers

91,861,463	115,408,324
15,318,060	13,663,482
107,179,523	129,071,806

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

20.5 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.

	2018	2017
	----- (Rupees in '000) -----	

20.6 Commitments in respect of operating lease

Not later than one year

Later than one year and not later than five years

Later than five years

634,412	727,971
1,506,899	1,782,699
276,694	482,821
2,418,005	2,993,491

Notes to the Financial Statements

For the year ended 31 December 2018

20.7 Derivative instruments

20.7.1 Product analysis

2018				
(Rupees in '000)				
Counterparties	Interest Rate Swaps Cross Currency Swaps		FX Options	
	Notional Principal *	Mark to market gain / loss	Notional Principal *	Mark to market gain / loss
With Banks for:				
Hedging	-	-	-	-
Market Making	13,108,769	(1,554,362)	37,141	(214)
With FIs other than banks:				
Hedging	-	-	-	-
Market Making	-	-	-	-
With other entities for:				
Hedging	-	-	-	-
Market Making	14,538,458	(1,022,480)	37,141	214
Total				
Hedging	-	-	-	-
Market Making	27,647,227	(2,576,842)	74,282	-
2017				
(Rupees in '000)				
Counterparties	Interest Rate Swaps Cross Currency Swaps		FX Options	
	Notional Principal *	Mark to market gain / loss	Notional Principal *	Mark to market gain / loss
With Banks for				
Hedging	-	-	-	-
Market Making	6,877,997	(72,131)	115,705	577
With FIs other than banks				
Hedging	-	-	-	-
Market Making	-	-	-	-
With other entities for				
Hedging	-	-	-	-
Market Making	7,099,180	17,305	115,705	(577)
Total				
Hedging	-	-	-	-
Market Making	13,977,177	(54,826)	231,410	-

* At the exchange rate prevailing at year end.

Notes to the Financial Statements

For the year ended 31 December 2018

20.7.2 Maturity analysis

Remaining Maturity	2018				
	No. of Contracts	Notional Principal	Mark to Market		
			Negative	Positive	Net
----- (Rupees in '000) -----					
Upto 1 month	8	74,283	(214)	214	-
1 to 3 months	-	-	-	-	-
3 to 6 months	4	469,353	89,967	1,380	91,347
6 months to 1 year	3	4,389,742	(24,075)	20,553	(3,522)
1 to 2 years	5	2,291,610	(253,697)	4,761	(248,936)
2 to 3 years	3	1,381,676	(173,514)	-	(173,514)
3 to 5 years	6	2,905,997	(449,818)	4,016	(445,802)
5 to 10 years	23	16,208,848	(1,796,428)	13	(1,796,415)
Above 10 years	-	-	-	-	-
	52	27,721,509	(2,607,779)	30,937	(2,576,842)

Remaining Maturity	2017				
	No. of Contracts	Notional Principal	Mark to Market		
			Negative	Positive	Net
----- (Rupees in '000) -----					
Upto 1 month	6	117,389	(464)	464	-
1 to 3 months	8	114,022	(211)	211	-
3 to 6 months	3	193,180	4,981	(920)	4,061
6 months to 1 year	-	-	-	5,604	5,604
1 to 2 years	7	8,199,953	(3,014)	3,014	-
2 to 3 years	4	1,649,191	(113,171)	107,637	(5,534)
3 to 5 years	-	-	(2,648)	2,648	-
5 to 10 years	14	3,934,853	(99,000)	40,045	(58,955)
Above 10 years	-	-	-	-	-
	42	14,208,588	(213,527)	158,703	(54,824)

2018	2017
----- (Rupees in '000) -----	

21 MARK-UP / RETURN / INTEREST EARNED

On loans and advances to customers	12,107,878	10,027,320
On loans and advances to financial institutions	54,098	78,377
On investments in: i) Held for trading securities	127,468	86,313
ii) Available for sale securities	17,941,330	16,387,516
On deposits with financial institutions / State Bank of Pakistan	92,448	8,248
On securities purchased under resale agreements	723,620	150,259
On call money lending / Placements	160,118	60,759
	31,206,960	26,798,792

22 MARK-UP / RETURN / INTEREST EXPENSED

Deposits	10,675,762	8,703,354
Securities sold under repurchase agreements	398,258	286,789
Call borrowings	156,825	53,899
Borrowings from State Bank of Pakistan under Export Refinance (ERF) scheme	305,528	303,810
Sub-ordinated debt (Term Finance Certificates)	-	171,438
Cost of foreign currency swaps against foreign currency deposits / borrowings	840,098	781,433
	12,376,471	10,300,723

Notes to the Financial Statements

For the year ended 31 December 2018

23 FEE & COMMISSION INCOME

Note

2018

2017

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

Branch banking customer fees	111,499	332,100
Consumer finance related fees	55,546	96,591
Card related fees (debit and credit cards)	1,664,709	1,694,905
Credit related fees	413,252	163,475
Investment banking fees	178,017	303,403
Commission on trade	618,524	529,861
Commission on guarantees	512,494	468,703
Commission on cash management	228,543	251,106
Commission on remittances including home remittances	32,582	21,736
Commission on bancassurance	140,684	328,446
Custody Fees	200,816	223,882
	4,156,666	4,414,208

24 FOREIGN EXCHANGE INCOME

Gain / (loss) realised from dealing in:		
Foreign Currencies	3,479,010	2,722,891
Derivative financial instruments	2,001,269	357,906
	5,480,279	3,080,797

25 GAIN / (LOSS) ON SALE OF SECURITIES

Realised	25.1	1,226,617	874,325
Unrealised - held for trading	7.1	52,025	18,876
		1,278,642	893,201

25.1 Realised gain on:

Federal Government Securities		
Market Treasury Bills	837,908	319,678
Pakistan Investment Bonds	389,719	555,979
Ijarah Sukuks	(1,010)	(1,332)
	1,226,617	874,325

26 OTHER INCOME

Rent on property	22,411	20,853
Gain on sale of fixed assets - net	13,788	16,813
Sri Lanka branch operations cost & FX translation	(381)	1,110
Recoveries against assets at acquisition of Union Bank Limited	72,479	26,300
	108,297	65,076

Notes to the Financial Statements

For the year ended 31 December 2018

	Note	2018	2017
		----- (Rupees in '000) -----	
27 OPERATING EXPENSES			
Total compensation expense	27.1	5,984,337	5,786,612
Property expense			
Rent & taxes		830,587	811,501
Insurance		20,100	17,967
Utilities cost		285,336	310,441
Security (including guards)		206,772	191,766
Repair & maintenance		385,407	293,080
Depreciation (Property related)		189,093	248,423
Cleaning & janitorial		313,336	276,778
Minor improvements & others		47,081	19,484
		2,277,712	2,169,440
Information technology expenses			
Software maintenance		159,197	130,263
Hardware maintenance		231,337	180,210
Depreciation (IT related)		195,825	172,491
Amortisation		166	248
Network charges		11,763	17,813
		598,288	501,025
Other operating expenses			
Directors' fees and allowances		6,425	6,210
Fees & allowances to Shariah Board		6,018	5,188
Legal & professional charges		117,409	149,048
Outsourced services costs	27.2	153,072	147,181
Travelling & conveyance		98,631	146,596
NIFT clearing charges		28,144	28,469
Depreciation (Other operating exp)		61,930	32,622
Training & development		10,338	12,861
Postage & courier charges		112,142	126,995
Communication		277,156	288,648
Head office / regional office expenses	27.2	-	1,555,449
Royalty - net		-	(496,311)
Stationery & printing		84,010	120,185
Marketing, advertisement & publicity		433,560	439,142
Donations	27.3	9,480	13,300
Auditors' remuneration	27.4	28,074	22,987
Cash transportation services		68,362	111,886
Documentation & processing charges		127,351	119,295
Insurance		24,239	21,652
Others		380,067	148,280
		2,026,408	2,999,683
		10,886,745	11,456,760
27.1 Total compensation expense			
Fees & Allowances etc.		890,517	872,021
Managerial Remuneration			
i) Fixed		3,109,825	3,037,007
ii) Variable			
of which:			
a) Cash bonus / awards etc.		1,039,546	963,920
b) Bonus & awards in shares etc.		(37,739)	(8,431)
Charge for defined benefit plan		374	(439)
Contribution to defined contribution plan		375,049	354,750
Rent & house maintenance		21,535	13,200
Conveyance		310,997	286,674
Others			
a) Redundancy / severance *		76,277	13,553
b) Staff entertainment		17,656	60,248
c) Temporary staff cost		94,681	83,753
d) Staff insurance		85,619	110,356
		5,984,337	5,786,612

* Number of person to whom redundancy cost paid are 38 (2017: 4).

Notes to the Financial Statements

For the year ended 31 December 2018

27.2 Total cost for the year included in other operating expenses relating to outsourced activities is Rs. 153 million (2017: Rs. 1,703 million). Out of this cost, Rs. 153 million (2017: Rs. 147 million) pertains to the payment to companies incorporated in Pakistan and Rs. Nil (2017: Rs. 1,555 million) pertains to payment to companies incorporated outside Pakistan. This includes payments to local companies for obtaining routine services such as technology maintenance, courier services and executive and general administrative expense of SCB UK. Total cost of outsourced activities for the year given to related parties is Rs. Nil (2017: Rs. 1,555 million).

Bank is awaiting approval from State Bank of Pakistan (SBP) for payment of group executive & general administrative expenses for prior years. In concurrence with SCB UK, no expenses have been charged for the year ended 31 December 2018.

	Note	2018	2017
		----- (Rupees in '000) -----	
27.3 Details of the donations given in excess of Rs. 500,000 are given below:			
Donee			
Institute of Business Administration		-	8,000
Right to Play International - Goal Programme		5,890	5,300
The Citizen's Foundation		1,795	-
Patient's Aid Foundation		957	-
Indus Hospital		838	-
27.4 Auditors' remuneration			
Statutory audit fee		15,292	14,818
IFRS reporting fee		6,940	4,071
Sundry other reporting		4,532	2,788
Fee for audit of employee funds		310	310
Out-of-pocket expenses		1,000	1,000
		28,074	22,987
28 OTHER CHARGES			
Net charge against fines and penalties imposed by SBP		33,774	17,309
		33,774	17,309
29 RECOVERY / (PROVISIONS) & WRITE OFFS - NET			
Recovery / (provision) against loans and advances	8.3 & 16.2	1,087,751	(329,069)
Recovery of amounts written off	8.3	320,556	221,953
Provision for diminution in the value of investments	7.1	(5,370)	(64,029)
Bad debts written off directly	8.5.1	(177,254)	(119,416)
Fixed assets write offs		(7,226)	(15,829)
Provision against other assets		-	22,726
		1,218,457	(283,664)
30 TAXATION			
- Current		7,224,912	5,240,335
- Prior years		35,892	(2,230,743)
- Deferred		(53,591)	2,198,371
		7,207,213	5,207,963
30.1 Relationship between tax expense and accounting profit			
Profit before taxation		18,446,573	13,453,125
Tax at the applicable tax rate of 35% (2017: 35%)		6,456,301	4,708,594
Expenses that are not deductible in determining taxable income		11,821	6,056
Super tax		739,091	493,313
		7,207,213	5,207,963

Notes to the Financial Statements

For the year ended 31 December 2018

30.2 The return for income year 2018 (Tax Year 2019) is due for filing by 30 September 2019.

31 EARNINGS PER SHARE - BASIC AND DILUTED

	2018	2017
	----- (Rupees in '000) -----	
Profit for the year	11,239,360	8,245,162
	----- (Number of shares) -----	
Weighted average number of ordinary shares	3,871,585,021	3,871,585,021
	----- (Rupees) -----	
Earnings per share - basic and diluted	2.90	2.13

32 STAFF STRENGTH

	2018	2017
	----- (Number) -----	
Permanent	3,216	3,420
Temporary / on contractual basis / direct contracts	4	12
Bank's own staff at the end of year	3,220	3,432
Outsourced	-	218
Total staff strength	3,220	3,650

33 CASH AND CASH EQUIVALENTS

	2018	2017
	----- (Rupees in '000) -----	
Cash and balances with treasury banks	50,293,497	35,085,289
Balances with other banks	2,344,297	779,856
Overdrawn nostros	(2,009,258)	(86,753)
	50,628,536	35,778,392

Notes to the Financial Statements

For the year ended 31 December 2018

33.1 Reconciliation of movement of liabilities to cash flows arising from financing activities

	2018									
	Liabilities				Equity				Total	
	Bills payable	Borrowings	Deposits and other accounts	Deferred tax liabilities	Other liabilities (Rupees in '000)	Share Capital	Reserves	Surplus on revaluation of assets	Unappropriated profit	Total
Balance as at 1 January 2018	18,958,345	26,029,816	377,576,064	3,706,408	30,624,819	38,715,850	14,419,594	5,601,565	4,199,687	519,832,148
Changes from financing cash flows										
Repayment of sub-ordinated debt	-	-	-	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	(5,541,198)	-	-	-	-	(5,541,198)
Total changes from financing cash flows	-	-	-	-	(5,541,198)	-	-	-	-	(5,541,198)
Other changes										
	-	-	-	-	-	-	-	-	4,374,567	4,374,567
Liability - related										
Changes in bills payable	(2,014,718)	-	-	-	-	-	-	-	-	(2,014,718)
Changes in borrowings	-	(2,006,119)	-	-	-	-	-	-	-	(2,006,119)
Changes in deposits and other accounts	-	-	47,322,872	-	-	-	-	-	-	47,322,872
Changes in deferred tax liabilities	-	-	-	(75,199)	-	-	-	-	-	(75,199)
Changes in other liabilities	-	-	-	-	14,267,271	-	-	-	-	14,267,271
- Non-cash based - Actuarial loss on remeasurements of defined benefit plan	-	-	-	-	(5,394)	-	-	-	-	(5,394)
Transfer of profit to reserve	-	-	-	-	-	-	2,247,872	-	(2,247,872)	-
Changes in surplus on revaluation of assets	-	-	-	-	-	-	-	(72,894)	-	(72,894)
	(2,014,718)	(2,006,119)	47,322,872	(75,199)	14,261,877	-	2,247,872	(72,894)	(2,247,872)	57,415,819
Balance as at 31 December 2018	16,943,627	24,023,697	424,898,936	3,631,209	39,345,498	38,715,850	16,667,466	5,528,671	6,326,382	576,081,336

Notes to the Financial Statements

For the year ended 31 December 2018

Reconciliation of movement of liabilities to cash flows arising from financing activities

2017

	Liabilities					Equity				Total
	Bills payable	Borrowings	Deposits and other accounts	Sub-ordinated debt	Deferred tax liabilities	Other liabilities	Share Capital	Reserves	Surplus on revaluation of assets	Unappropriated profit
	(Rupees in '000)									
Balance as at 1 January 2017	10,821,793	14,400,841	365,562,094	2,500,000	1,754,807	25,418,727	38,715,850	12,770,562	4,410,323	5,385,558
481,740,555										
Changes from financing cash flows										
Repayment of sub-ordinated debt	-	-	-	(388,000)	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	(7,732,427)	-	-	-	-
7,732,427										
Total changes from financing cash flows	-	-	-	(388,000)	-	(7,732,427)	-	-	-	-
8,120,427										
Other changes	-	-	-	-	-	-	-	-	-	-
463,161										
Liability - related										
Changes in bills payable	8,136,552	-	-	(2,112,000)	-	-	-	-	-	-
6,024,552										
Changes in borrowings	-	11,628,975	-	-	-	-	-	-	-	-
11,628,975										
Changes in deposits and other accounts	-	-	12,013,970	-	-	-	-	-	-	-
12,013,970										
Changes in deferred tax liabilities	-	-	-	-	1,951,601	-	-	-	-	-
1,951,601										
Changes in other liabilities	-	-	-	-	-	12,943,913	-	-	-	-
12,943,913										
- Non-cash based - Actuarial loss on remeasurements of defined benefit plan	-	-	-	-	-	(5,394)	-	-	-	-
(5,394)										
Transfer of profit to reserve	-	-	-	-	-	-	-	1,649,032	-	(1,649,032)
1,649,032										
Changes in surplus on revaluation of assets	-	-	-	-	-	-	-	-	1,191,242	-
1,191,242										
45,748,859										
Balance as at 31 December 2017	18,958,345	26,029,816	377,576,064	-	3,706,408	30,624,819	38,715,850	14,419,594	5,601,565	4,199,687
519,832,148										

Notes to the Financial Statements

For the year ended 31 December 2018

34 DEFINED BENEFIT PLANS

34.1 General description

Non Management Staff Pension Fund

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

Management Staff Pension Fund

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

	2018	2017
	----- (Rupees in '000) -----	
34.2 Number of employees under the scheme		
SCB Non Management Pension Fund	33	36
SCB Management Pension Fund	43	43

34.3 Principal actuarial assumptions

The last actuarial valuation of the scheme was carried out on 31 December 2018 and the key assumptions used for actuarial valuation were as follows:

	2018	2017
Discount rate	10.20% p.a.	7.75% p.a.
Expected rate of increase in salary in future years	N/A	N/A
Expected rate of return on plan assets	10.5% p.a.	8.1% p.a.
Expected long term rate of increase in pension	3.5% p.a.	3.5% p.a.
Mortality rate	SLIC (2001-05) ultimate mortality table rated down one year	SLIC (2001-05) ultimate mortality
Withdrawal rate	Light	Light

	SCB Non Management Pension Fund		SCB Management Pension Fund		Total	
	2018	2017	2018	2017	2018	2017
34.4 Reconciliation of (receivable from) / payable to defined benefit plan	----- (Rupees in '000) -----					
Present value of obligations	41,010	54,396	46,844	57,730	87,854	112,126
Fair value of plan assets	(52,912)	(53,265)	(51,242)	(53,880)	(104,154)	(107,145)
(Receivable from) / payable to defined benefit plan	(11,902)	1,131	(4,398)	3,850	(16,300)	4,981
34.5 Movement in defined benefit obligation						
Obligation as at 1 January	54,396	53,466	57,730	55,363	112,126	108,829
Interest cost	3,987	4,330	4,243	4,484	8,230	8,814
Benefits paid	(5,492)	(6,082)	(5,760)	(6,004)	(11,252)	(12,086)
Re-measurement: Actuarial (gain) / loss on obligation	(11,881)	2,682	(9,369)	3,887	(21,250)	6,569
Obligation as at 31 December	41,010	54,396	46,844	57,730	87,854	112,126
34.6 Movement in fair value of plan assets						
Fair value as at 1 January	53,265	56,825	53,880	57,639	107,145	114,464
Interest income on plan assets	3,900	4,592	3,956	4,661	7,856	9,253
Contribution / (refund) by the Bank	-	(3,359)	-	(2,302)	-	(5,661)
Benefits paid	(5,492)	(6,082)	(5,760)	(6,004)	(11,252)	(12,086)
Re-measurement: Actuarial gain / (loss) on plan assets	1,239	1,289	(834)	(114)	405	1,175
Fair value as at 31 December	52,912	53,265	51,242	53,880	104,154	107,145

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	SCB Non Management Pension Fund		SCB Management Pension Fund		Total	
	2018	2017	2018	2017	2018	2017
(Rupees in '000)						
34.7 Movement in (receivable) / payable from / to defined benefit plan						
Balance as at 1 January	1,131	(3,359)	3,850	(2,276)	4,981	(5,635)
Net benefit cost / (income) for the year ended	87	(262)	287	(177)	374	(439)
Net (contribution to) / refund from gratuity fund	-	3,359	-	2,302	-	5,661
Total amount of re-measurements recognised in OCI during the year	(13,120)	1,393	(8,535)	4,001	(21,655)	5,394
Balance as at 31 December	(11,902)	1,131	(4,398)	3,850	(16,300)	4,981
34.8 Actual return on plan assets						
Expected return on plan assets	3,900	4,592	3,956	4,661	7,856	9,253
Actuarial gain / (loss) on plan assets	1,239	1,289	(834)	(114)	405	1,175
	5,139	5,881	3,122	4,547	8,261	10,428

Amount recognized in total comprehensive income

The following amounts have been charged in respect of these benefits to profit and loss account and other comprehensive income:

Components of defined benefit costs recognized in profit and loss account.

Interest cost	3,987	4,330	4,243	4,484	8,230	8,814
Expected return on plan assets	(3,900)	(4,592)	(3,956)	(4,661)	(7,856)	(9,253)
	87	(262)	287	(177)	374	(439)

Components of defined benefit costs (re-measurement) recognised in other comprehensive income

Re-measurement: Actuarial gain / loss on obligation						
- (Gain) / Loss due to change in financial assumptions	(8,272)	2,384	(8,953)	2,375	(17,225)	4,759
- (Gain) / Loss due to change in experience adjustments	(3,609)	298	(416)	1,512	(4,025)	1,810
	(11,881)	2,682	(9,369)	3,887	(21,250)	6,569
Re-measurement: interest income net of return on plan assets						
Actual net return on plan assets	5,139	5,865	3,223	4,263	8,362	10,128
Interest income on plan assets	3,900	4,592	3,956	4,661	7,856	9,253
Opening difference	-	16	(101)	284	(101)	300
	(1,239)	(1,289)	834	114	(405)	(1,175)
Net re-measurement recognised in other comprehensive income	(13,120)	1,393	(8,535)	4,001	(21,655)	5,394

34.8.1 Components of plan assets

Bonds	49,965	48,205	42,970	44,305	92,935	92,510
Cash and net current assets	2,947	5,060	8,273	9,575	11,220	14,635

34.8.2 Sensitivity Analysis on defined benefit obligations

	+1% Discount rate	-1% Discount rate	+1 % Pension increase	-1 % Pension increase
(Amount in '000)				
Non-Management Pension Fund	38,589	43,738	43,897	38,419
Management Pension Fund	44,197	49,814	49,986	44,009

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

	2018	2017	2016	2015	2014
	(Rupees in '000)				
Present value of defined benefit obligation	87,854	112,126	108,829	114,823	175,889
Fair value of plan assets	104,154	107,145	114,464	132,848	143,812
Deficit / (Surplus)	(16,300)	4,981	(5,635)	(18,025)	32,077
Experience adjustments on plan liabilities - loss / (gain)	(23,096)	1,810	1,531	65,004	(6,493)
Experience adjustments on plan assets - loss / (gain)	(405)	875	(2,519)	1,145	3,977

34.8.4 Expected contributions to be paid to the funds in the next financial year

(1,584)

34.8.5 Expected charge / (reversal) for the next financial year

(1,584)

34.9 Funding policy

The administration of defined benefit pension scheme is governed under provision of trust deeds established in 2002. Trustees at the request of the Bank agreed to act in accordance with the terms and conditions of these deeds including investment. Funding levels are monitored on annual basis based on actuarial recommendations.

Following are the significant risks associated with the defined benefit scheme;

Asset Volatility

The defined benefit Pension fund is almost entirely invested in Government bonds with mostly fixed income bonds. For Management Staff Pension Fund, 83.86% of the investment (Rs. 42.970 million) is invested in Treasury bills and for Non-Management Staff Pension Fund, 94.43% of the investment (Rs. 49.965 million) is invested in PIBs. This gives rise to significant re-investment risk.

There is no equity or corporate bond exposure. Thus, no equity or settlement risk.

Changes in bond yields

There are two dimensions to the changes in bond yields: first, as described above; second, the valuation of the benefit liability is discounted with reference to these bond yields. So any increase in bond yields will lower the pension liability and vice versa, but, it will also lower the value of the assets.

Life expectancy / Withdrawal rate

The life expectancy is in almost minimal range and is quite predictable in the ages when the employee is in the accredited employment of the Bank for the purpose of pension. Thus, the risk of life expectancy is almost negligible. The withdrawal risk is dependent upon the: benefit structure; age and retention profile of the staff; the valuation methodology; and long-term valuation assumptions. In this case, it is not a significant risk.

35 DEFINED CONTRIBUTION PLAN

The Bank operates a contributory provident and gratuity fund scheme for permanent employees. For provident fund, the employer and employee both contribute 10% of the basic salaries to the funded scheme every month. For gratuity fund scheme, the employer contributes 8.33% of the basic salaries to the funded scheme every month and the payment is made subject to completion of vesting period. Equal monthly contribution by the employer for both the schemes during the year amounted to Rs. 375.049 million (2017: Rs. 354.750 million).

36 SHARE BASED PAYMENTS

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

The total income / expense recognised in respect of above schemes on equity settled basis amounts to Rs. 122.287 million (2017: Rs. 51.490 million) and is also included in managerial remuneration in note 37. As also explained in note 3.20 in detail, the Bank's liability towards its parent, however continues to be determined and recorded on cash settled basis for options not yet vested. The main features of each plan are as follows:

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i) Standard Chartered Share Plan

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

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

	2018 Number (^{'000})	Weighted average exercise price £ per share	2017 Number (^{'000})	Weighted average exercise price £ per share
At 1 January	61	-	67	-
Granted during the year	29	-	19	-
Exercised during the year	(19)	-	(14)	-
Lapsed during the year	-	-	(11)	-
Notional dividend	-	-	-	-
Adjustment due to right issue	-	-	-	-
At 31 December	71	-	61	-

The weighted average price at the time the options were exercised during 2018 was £ Nil (2017: £ Nil).

Range of exercise price	2018				2017			
	Weighted average exercise price	No. of options (^{'000})	Weighted average remaining life		Weighted average exercise price	No. of options (^{'000})	Weighted average remaining life	
			Expected years	Contractual years			Expected years	Contractual years
NIL	-	71	10	2.25 / 7.8	-	61	10	3.44 / 7.77

The intrinsic value of vested Standard Chartered Share plan as at 31 December 2018 was Rs. 27,115 thousand (2017: Rs. 33,702 thousand).

As at 31 December 2018, total number of options exercisable were 22,065.

ii) International Sharesave Scheme

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

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

	2018 Number (^{'000})	Weighted average exercise price £ per share	2017 Number (^{'000})	Weighted average exercise price £ per share
At 1 January	38	6.32	44	7.74
Granted during the year	13	5.13	17	6.20
Exercised during the year	(3)	5.58	-	-
Lapsed during the year	(16)	6.95	(23)	8.89
Adjustment due to right issue	-	-	-	-
At 31 December	32	5.56	38	6.32

The weighted average price at the time the options were exercised during 2018 was £ 5.56 (2017: £ 6.32).

Range of exercise price	2018				2017			
	Weighted average exercise price	No. of options (^{'000})	Weighted average remaining life		Weighted average exercise price	No. of options (^{'000})	Weighted average remaining life	
			Expected years	Contractual years			Expected years	Contractual years
£5.13 / £9.38	5.56	32	3.33 / 5.33	0.41 / 1.99	6.32	38	3.33 / 5.33	0.41 / 1.99

The intrinsic value of vested International Sharesave cash-settled awards as at 31 December 2018 was Rs. 8,348 thousand (2017: Rs. 7,113 thousand).

As at 31 December 2018, total number of options exercisable were 6,793.

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iii) Restricted Share Scheme

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

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

	2018 Number (‘000)	Weighted average exercise price £ per share	2017 Number (‘000)	Weighted average exercise price £ per share
At 1 January	1	-	7	-
Granted during the year	-	-	-	-
Exercised during the year	(1)	-	(5)	-
Lapsed during the year	-	-	(1)	-
Adjustment due to right issue	-	-	-	-
At 31 December	-	-	1	-

The weighted average price at the time the options were exercised during 2018 was Nil (2017: Nil).

Range of exercise price	2018				2017			
	Weighted average exercise price	No. of options (000)	Weighted average remaining life		Weighted average exercise price	No. of options (000)	Weighted average remaining life	
			Expected years	Contractual years			Expected years	Contractual years
N/A	-	-	-	-	-	1	-	0.19

The intrinsic value of vested Restricted Share Scheme cash-settled awards as at 31 December 2018 was Nil (2017: Rs. 1,341 thousand).

As at 31 December 2018, total number of options exercisable was Nil.

iv) Supplementary Restricted Share Scheme

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

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

	2018 Number (‘000)	Weighted average exercise price £ per share	2017 Number (‘000)	Weighted average exercise price £ per share
At 1 January	1	-	1	-
Granted during the year	-	-	-	-
Exercised during the year	(1)	-	-	-
Lapsed during the year	-	-	-	-
Adjustment due to right issue	-	-	-	-
At 31 December	-	-	1	-

Range of exercise price	2018				2017			
	Weighted average exercise price	No. of options (000)	Weighted average remaining life		Weighted average exercise price	No. of options (000)	Weighted average remaining life	
			Expected years	Contractual years			Expected years	Contractual years
N/A	-	-	-	-	-	1	5	0.19

The intrinsic value of vested Supplementary Restricted Share Scheme cash-settled awards as at 31 December 2018 was Rs. Nil (2017: Rs. 1,888 thousand).

As at 31 December 2018, total number of options exercisable was Nil.

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v) Management Long-Term Incentive Plan (MLTIP)

Management Long-Term Incentive Plan (LTIP) awards are granted to selected senior management with vesting subject to performance measures. Performance measures attached to awards granted includes: Total Shareholder Return (TSR); Return on Equity (RoE) with a Common Equity Tier 1 (CET1) underpin; strategic measures; Earnings Per Share (EPS) growth; and Return on Risk-Weighted Assets (RoRWA). Each measure is assessed independently over a three-year period. In an event of non compliance in conduct gateway requirement or exit from the Group (unless it falls within eligible leaver criteria) the MLTIP will be forfeited / lapsed.

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

	2018 Number (‘000)	Weighted average exercise price £ per share	2017 Number (‘000)	Weighted average exercise price £ per share
At 1 January	92	-	-	-
Granted during the year	-	-	92	-
Exercised during the year	-	-	-	-
Lapsed during the year	-	-	-	-
Notional dividend	2	-	-	-
Adjustment due to right issue	-	-	-	-
At 31 December	94	-	92	-

Range of exercise price	2018				2017			
	Weighted average exercise price	No. of options (‘000)	Weighted average remaining life		Weighted average exercise price	No. of options (‘000)	Weighted average remaining life	
			Expected years	Contractual years			Expected years	Contractual years
N/A	-	94	3	7.2	-	92	3	8.2

The intrinsic value of vested Management Long-Term Incentive Plan (MLTIP) awards as at 31 December 2018 was Rs. Nil (2017: Rs. Nil).

As at 31 December 2018, total number of options exercisable were Nil .

37 COMPENSATION OF CHIEF EXECUTIVE AND EXECUTIVES

		Chief Executive		Directors		Executives	
	Note	2018	2017	2018	2017	2018	2017
(Rupees in '000)							
Director's remuneration / fees	37.1	-	-	6,425	6,170	-	-
Managerial remuneration	37.2	49,022	46,688	-	-	1,278,898	1,177,805
Contribution to defined contribution plans		5,990	5,705	-	-	157,692	147,537
Rent and house allowance		21,535	13,200	-	-	-	-
Others		9,705	7,851	-	-	501,155	458,805
		86,252	73,444	6,425	6,170	1,937,745	1,784,147
Number of persons		1	1	3	3	357	319

37.1 The director's remuneration / fees represents remuneration paid to the Bank's 3 non-executive directors (2017: 3) for attending Board and Sub-Committee meetings.

37.2 Managerial remuneration comprises of gross salary.

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

37.4 In addition to the above, all Executives, including Chief Executive of the Bank are also eligible for discretionary variable compensation which includes cash and / or share awards. This is determined on the basis of employee's evaluation and the Bank's performance during the year. The aggregate amount in this respect, relating to all Executives, including Chief Executive of the Bank amounted to Rs. 670.774 million (2017: Rs. 610.146 million).

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38 FAIR VALUE OF FINANCIAL INSTRUMENTS

38.1 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

2018											
Note	Carrying value					Total	Fair value				
	Held for Trading	Available for Sale	Loans and Receivables	Other financial Assets	Other financial liabilities		Level 1	Level 2	Level 3	Total	
----- (Rupees in '000) -----											
Financial assets measured at fair value											
- Investments											
Federal Government Securities (Tbills + PIBs + Sukuks)	12,179,635	266,175,903	-	-	-	278,355,538	-	278,355,538	-	278,355,538	
Sukuk Bonds (other than government)		605,211	-	-	-	605,211	-	605,211	-	605,211	
Equity securities traded (Shares)		105,155	-	-	-	105,155	105,155	-	-	105,155	
- Other assets											
- Unrealized gain on Forward foreign exchange contracts	-	8,370,550	-	-	-	8,370,550	-	8,370,550	-	8,370,550	
- Unrealized gain on Interest rate derivatives & currency options	-	30,937	-	-	-	30,937	-	30,937	-	30,937	
Financial assets not measured at fair value											
- Cash and bank balances with SBP and NBP	38.2	-	-	-	50,293,497	50,293,497					
- Balances with other banks	38.2	-	-	-	2,344,297	2,344,297					
- Lending to financial institutions	38.2	-	-	-	6,465,508	6,465,508					
- Bai Muajjal with GOP	38.2				1,390,978	-	1,390,978				
- Advances	38.2	-	-	169,543,762		169,543,762					
- Other assets	38.2	-	-	-	11,548,171	-	11,548,171				
		12,179,635	275,287,756	169,543,762	72,042,451	-	529,053,604				
Financial liabilities measured at fair value											
- Other liabilities											
- Unrealized loss on Forward foreign exchange contracts	38.2	-	3,663,891	-	-	-	3,663,891	-	3,663,891	-	3,663,891
- Unrealized loss on Interest rate derivatives & currency options	38.2	-	2,607,779	-	-	-	2,607,779	-	2,607,779	-	2,607,779
Financial liabilities not measured at fair value											
- Bills payable	38.2	-	-	-	-	16,943,627	16,943,627				
- Deposits and other accounts	38.2	-	-	-	-	424,898,936	424,898,936				
- Borrowings	38.2	-	-	-	-	24,023,697	24,023,697				
- Other liabilities	38.2	-	-	-	-	31,205,469	31,205,469				
		-	6,271,670	-	-	497,071,729	503,343,399				
Off-balance sheet financial instruments											
Interest Rate swaps / Foreign currency options / Forward purchase contracts											
	-	-	-	192,684,550	-	192,684,550	-	201,086,037	-	201,086,037	
Interest Rate swaps / Foreign currency options / Forward sale contracts											
	-	-	-	116,007,928	-	116,007,928	-	122,279,598	-	122,279,598	

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On balance sheet financial instruments

		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) -----											
Financial assets measured at fair value											
- Investments											
Federal Government Securities (Tbills + PIBs + Sukuks)		4,833,077	266,723,779	-	-	-	271,556,856	-	271,556,856	-	271,556,856
Sukuk Bonds (other than government)		-	822,000	-	-	-	822,000	-	822,000	-	822,000
Equity securities traded (Shares)		-	108,959	-	-	-	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
Financial assets not measured at fair value											
- Cash and bank balances with SBP and NBP	38.2	-	-	-	35,085,289	-	35,085,289				
- Balances with other banks	38.2	-	-	-	779,856	-	779,856				
- Lending to financial institutions	38.2	-	-	-	8,067,665	-	8,067,665				
- Bai Muajjal with GOP	38.2	-	-	-	-	-	-				
- Sukuk Bonds (other than government)	38.2	-	-	-	-	-	-				
- Advances	38.2	-	-	137,634,512	-	-	137,634,512				
- Other assets	38.2	-	-	-	6,165,540	-	6,165,540				
		4,833,077	272,480,398	137,634,512	50,098,350	-	465,046,337				
Financial liabilities measured at fair value											
- 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
Financial liabilities not measured at fair value											
- Bills payable		-	-	-	-	18,958,345	18,958,345				
- Deposits and other accounts	38.2	-	-	-	-	377,576,064	377,576,064				
- Borrowings	38.2	-	-	-	-	26,029,816	26,029,816				
- Sub - ordinated loans	38.2	-	-	-	-	-	-				
- Other liabilities	38.2	-	-	-	-	17,246,031	17,246,031				
		-	3,108,480	-	-	439,810,256	442,918,736				
Off-balance sheet financial instruments											
Interest Rate swaps / Foreign currency options /											
Forward purchase contracts											
		-	-	-	167,583,816	-	167,583,816	-	172,409,475	-	172,409,475
Interest Rate swaps / Foreign currency options /											
Forward sale contracts											
		-	-	-	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).

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

Notes to the Financial Statements

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39 SEGMENT INFORMATION

Segment Details with respect to Business Activities

Profit and Loss

	Corporate and Institutional Banking	Commercial Banking	Retail Banking	Central and Other Items	Total
Inter segment revenue - net	3,846,125	(2,815,310)	13,455,560	(14,470,234)	16,141
Net mark-up / return / profit	(1,370,205)	4,422,769	(2,539,264)	18,317,189	18,830,489
Non mark-up / return / interest income	5,032,251	1,205,795	3,538,686	(89,040)	9,687,692
Total income	7,508,171	2,813,254	14,454,982	3,757,915	28,534,322

Segment direct expenses	2,043,600	1,304,753	7,290,501	651,211	11,290,065
Inter segment expense allocation	2,830	1,150	11,597	564	16,141
Total expenses	2,046,430	1,305,903	7,302,098	651,775	11,306,206

Provisions / (Recovery)	(24,739)	(1,126,719)	(79,596)	12,597	(1,218,457)
Profit before taxation	5,486,480	2,634,070	7,232,480	3,093,543	18,446,573

Balance Sheet

Cash and bank balances	-	-	-	52,637,794	52,637,794
Investments	12,843,663	110,526	-	266,111,715	279,065,904
Net inter segment lending	42,673,463	-	246,131,308	(288,804,771)	-
Lendings to financial institutions	-	-	-	6,465,508	6,465,508
Advances - performing	62,760,281	66,260,002	23,120,778	-	152,141,061
- non performing	3,368,220	11,647,293	2,387,188	-	17,402,701
Others	21,597,061	7,516,259	14,918,900	24,336,148	68,368,368
Total Assets	143,242,688	85,534,080	286,558,174	60,746,394	576,081,336

Borrowings	-	17,593,060	-	6,430,637	24,023,697
Deposits and other accounts	117,975,040	21,615,495	285,296,419	11,982	424,898,936
Net inter segment borrowing	-	34,971,387	-	(34,971,387)	-
Others	25,267,648	11,354,138	1,261,755	22,036,793	59,920,334
Total liabilities	143,242,688	85,534,080	286,558,174	(6,491,975)	508,842,967
Equity	-	-	-	67,238,369	67,238,369
Total Equity and Liabilities	143,242,688	85,534,080	286,558,174	60,746,394	576,081,336

Contingencies and Commitments	125,117,402	3,283,167	1,808	294,578,825	422,981,202
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2017

Inter segment revenue - net	3,635,826	(2,459,465)	11,318,985	(12,474,327)	21,019
Net mark-up / return / profit	(1,239,675)	3,958,398	(1,983,549)	15,762,895	16,498,069
Non mark-up / return / interest income	3,403,867	1,286,677	4,088,902	202,404	8,981,850
Total Income	5,800,018	2,785,610	13,424,338	3,490,972	25,500,938

Segment direct expenses	2,181,660	1,309,443	7,722,427	529,600	11,743,130
Inter segment expense allocation	3,112	1,482	16,118	307	21,019
Total expenses	2,184,772	1,310,925	7,738,545	529,907	11,764,149

Provisions / (Recovery)	683,427	(286,325)	(170,570)	57,132	283,664
Profit before taxation	2,931,819	1,761,010	5,856,363	2,903,933	13,453,125

Balance Sheet

Cash and bank balances	-	-	-	35,865,145	35,865,145
Investments	5,633,078	108,960	-	266,745,777	272,487,815
Net inter segment lending	41,720,573	-	227,468,774	(269,189,347)	-
Lendings to financial institutions	-	-	-	8,067,665	8,067,665
Advances - performing	43,474,696	57,106,452	17,466,267	-	118,047,415
- non performing	3,303,458	13,472,072	2,811,567	-	19,587,097
Others	18,704,008	7,719,542	15,168,383	24,185,078	65,777,011
Total Assets	112,835,813	78,407,026	262,914,991	65,674,318	519,832,148

Borrowings	-	17,302,305	90,000	8,637,511	26,029,816
Deposits and other accounts	95,790,295	20,143,929	261,628,757	13,083	377,576,064
Net inter segment borrowing	-	27,748,231	-	(27,748,231)	-
Others	17,045,518	13,212,561	1,196,234	21,835,259	53,289,572
Total liabilities	112,835,813	78,407,026	262,914,991	2,737,622	456,895,452
Equity	-	-	-	62,936,696	62,936,696
Total Equity and Liabilities	112,835,813	78,407,026	262,914,991	65,674,318	519,832,148

Contingencies and Commitments	111,972,816	5,184,462	3,033	302,277,835	419,438,146
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Notes to the Financial Statements

For the year ended 31 December 2018

Corporate and Institutional Banking

Corporate and 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 and 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.

40 RELATED PARTY TRANSACTIONS

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

	2018				2017			
	Parent	Directors	Key management personnel	Other related parties	Parent	Directors	Key management personnel	Other related parties
	(Rupees in '000)							
Balances with other banks								
In current accounts	2,295,707	-	-	-	735,502	-	-	-
In deposit accounts	-	-	-	-	-	-	-	-
	2,295,707	-	-	-	735,502	-	-	-
Lendings to financial institutions								
Opening balance	5,396,987	-	-	-	11,662,815	-	-	-
Addition during the year	1,857,802,348	-	-	-	1,279,043,203	-	-	-
Repaid during the year	(1,856,733,827)	-	-	-	(1,285,309,031)	-	-	-
Transfer in / (out) - net	-	-	-	-	-	-	-	-
Closing balance	6,465,508	-	-	-	5,396,987	-	-	-
Advances								
Opening balance	-	424	178,127	-	-	(39)	132,027	-
Addition during the year	-	-	131,359	-	-	4,086	161,786	-
Repaid during the year	-	(2,601)	(82,836)	-	-	(3,623)	(112,394)	-
Transfer in / (out) - net	-	7,446	(28,191)	-	-	-	(3,292)	-
Closing balance	-	5,269	198,459	-	-	424	178,127	-
Provision held against advances	-	-	-	-	-	-	-	-
Other Assets								
Interest / mark-up accrued	1,040	-	342	-	754	-	459	-
Receivable from staff retirement fund	-	-	-	16,300	-	-	-	(4,981)
Due from associated undertakings	787,578	-	-	-	554,680	-	-	-
Other receivable	-	-	1,354	-	-	-	1,259	-
Closing balance	788,618	-	1,696	16,300	555,434	-	1,718	(4,981)

Notes to the Financial Statements

For the year ended 31 December 2018

	2018				2017			
	Parent	Directors	Key management personnel	Other related parties	Parent	Directors	Key management personnel	Other related parties
Borrowings	(Rupees in '000)							
Opening balance	75,526	-	-	-	498,580	-	-	-
Borrowings during the year	6,148,004	-	-	-	75,526	-	-	-
Settled during the year	(48,760)	-	-	-	(498,580)	-	-	-
Transfer in / (out) - net	-	-	-	-	-	-	-	-
Closing balance	6,174,770	-	-	-	75,526	-	-	-
Deposits and other accounts								
Opening balance	835,108	21,718	78,535	492,124	589,579	22,773	56,425	156,970
Received during the year	375,648	238,867	644,572	6,906,082	257,523	87,519	749,998	2,356,045
Withdrawn during the year	(245,984)	(268,910)	(611,784)	(6,357,945)	(11,994)	(88,574)	(699,866)	(2,020,891)
Transfer in / (out) - net	-	411,597	(31,180)	(917,540)	-	-	(28,022)	-
Closing balance	964,772	403,272	80,143	122,721	835,108	21,718	78,535	492,124
Other Liabilities								
Interest / mark-up payable	8,968	-	-	-	-	-	-	-
Payable to staff retirement fund	-	-	-	-	-	-	-	-
Due to holding company	11,925,280	-	-	-	10,330,627	-	-	-
Other liabilities	-	-	-	-	-	-	-	-
Closing balance	11,934,248	-	-	-	10,330,627	-	-	-
Contingencies and Commitments								
Transaction-related contingent liabilities - guarantees	41,591,083	-	-	-	34,653,395	-	-	-
Commitments in respect of forward foreign exchange contracts	8,393,906	-	-	-	6,814,535	-	-	-
Derivatives								
Derivative instruments- Interest rate swaps - notional	8,787,692	-	-	-	5,643,865	-	-	-
Derivative instruments- FX options - notional	37,141	-	-	-	115,705	-	-	-
Derivative assets	35,424	-	-	-	73,524	-	-	-
Derivative liabilities	469,300	-	-	-	99,492	-	-	-
RELATED PARTY TRANSACTIONS								
Income								
Mark-up / return / interest earned	28,945	271	18,337	-	18,216	35	15,907	-
Fee and commission income	746,940	-	-	-	222,719	-	-	-
Income / (loss) from derivatives	(407,908)	-	-	-	28,512	-	-	-
Expense								
Mark-up / return / interest paid	10,414	13,026	3,284	37,059	13,907	267	1,292	9,891
Fee and commission expense	64,080	-	-	-	5,742	-	-	-
Operating expenses	-	6,425	622,378	-	1,555,449	6,170	538,568	-
Rent expense	-	-	3,362	-	-	-	3,127	-
Royalty reversal	-	-	-	-	(496,311)	-	-	-
Other transactions								
Dividend paid	6,706,594	-	-	-	7,664,678	-	-	-
Contribution to defined contribution plans	-	-	-	375,049	-	-	-	354,750
Net charge for defined contribution plans	-	-	-	375,049	-	-	-	354,750

Notes to the Financial Statements

For the year ended 31 December 2018

41 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

Minimum Capital Requirement (MCR):

Paid-up capital (net of losses)

Capital Adequacy Ratio (CAR):

Eligible Common Equity Tier 1 (CET 1) Capital

Eligible Tier 2 Capital

Total Eligible Capital (Tier 1 + Tier 2)

Risk Weighted Assets (RWAs):

Credit Risk

Market Risk

Operational Risk

Total

Common Equity Tier 1 Capital Adequacy ratio

Tier 1 Capital Adequacy Ratio

Total Capital Adequacy Ratio

Minimum CAR (including Capital Conservation Buffer)

Leverage Ratio (LR):

Eligible Tier 1 Capital

Total Exposures

Leverage Ratio

Minimum SBP Requirement

Liquidity Coverage Ratio (LCR):

Total High Quality Liquid Assets

Total Net Cash Outflow

Liquidity Coverage Ratio

Minimum SBP Requirement

Net Stable Funding Ratio (NSFR):

Total Available Stable Funding

Total Required Stable Funding

Net Stable Funding Ratio

Minimum SBP Requirement

	2018	2017
	----- (Rupees in '000) -----	
	38,715,850	38,715,850
	43,225,327	38,625,168
	-	-
	43,225,327	38,625,168
	6,397,797	5,689,854
	49,623,124	44,315,022
	197,466,522	179,125,950
	15,292,403	1,928,513
	47,195,782	48,955,483
	259,954,707	230,009,946
	16.63%	16.79%
	16.63%	16.79%
	19.09%	19.27%
	11.90%	11.28%
	43,225,327	38,625,168
	709,934,051	630,088,389
	6.09%	6.13%
	3.00%	3.00%
	315,026,677	305,361,466
	79,224,875	64,286,065
	397.6%	475.0%
	100.0%	90.0%
	408,936,281	374,344,964
	156,640,624	135,380,461
	261%	277%
	100%	100%

41.1 The full disclosures on the capital adequacy, leverage ratio & liquidity requirements as per SBP instructions issued from time to time is available at <https://www.sc.com/pk/about-us/financial-statements.html>.

42 RISK MANAGEMENT

The Bank has put in place an Enterprise Risk Management Framework (ERMF), to implement the guidelines and regulations, related to Risk Management. The ERMF sets out the principles and standards for risk management across the Bank and covers principal risks types of Credit, Market, Capital / Liquidity, Operational, Country, Reputational, Compliance, Conduct, Information & Cyber Security and Financial Crime risk. These ten principle risks are managed through distinct Risk Type Frameworks (RTFs). A dynamic risk scanning process is also in place to periodically scan for emerging risks and uncertainties.

The ERMF and RTFs define the formal definition of each risk type. The RTFs also define the risk management principles and approach for the management of these risks. In line with ERMF the bank has in place a governance structure for management of risk. The ultimate responsibility for the oversight of risk management function rests with the Bank's Board of Directors. Acting within the authority delegated by the Board, the Country Management Team (CMT) has appointed the Executive Risk Committee (ERC) and the Asset and Liability Committee (ALCO), for effective Risk Management. ERC is chaired by the Country Chief Risk Officer (CCRO), through authority delegated by the Board, via the Bank's CMT. There are various risk related committees and forums at the management as well as the board level. These include Board Risk Committee (BRC), ERC, ALCO, Approvals Committee, Country Non-Financial Risk Committee, Country Financial Crime Risk Committee, Credit Issue Committee etc.

Notes to the Financial Statements

For the year ended 31 December 2018

The Bank has a Risk Appetite Mandate in place which defines the maximum level of risk that the bank can undertake. This is approved annually by the Board.

The Bank follows the three Lines of Defence (LOD) as part of its risk management and control framework. Under this, the businesses and functions being the first line of defense are engaged in or support revenue generating activities, own and manage the risks. Second line are the control functions that are independent of the First Line, and that provide oversight and challenge of risk management. Lastly, the internal audit function provides independent assurance.

42.1 Credit risk

Credit Risk is defined as the “potential for loss due to the failure of a counterparty to meet its agreed obligations to pay the Bank” and further divided into following sub-types:

- Credit concentration risk is the risk of material losses arising from sub-optimally diversified exposures. This may be due to the portfolio's sizeable single name exposure or high correlation across geographies and sectors. The risk arises that, due to a change in circumstances, having a concentration may give rise to potential losses.
- FX lending risk relates to the relationship between credit risk and market risk, where volatility in exchange rate movements may have adverse consequences on a borrower's debt servicing capacity should they lack natural or financial hedges. FX lending risk may also be present through currency concentration and where there is a collateral currency mismatch.
- Credit residual risk is the risk of partial performance or failure of credit risk mitigation techniques (e.g. collateral, derivative based hedging, insurance), owing to undervaluation or ineffective enforceability. Credit residual risk can occur due to the imperfect matching profile between credit exposures and collaterals / hedging instruments.
- Securitisation risk considers whether risk mitigation benefit may change through assets coming back on balance sheet or otherwise. Securitisation activities are undertaken by the Bank for a variety of purposes including risk mitigation, funding and capital management (as originator) and may be categorised as either traditional or synthetic securitisations.
- Refinancing risk is the risk that a borrower cannot refinance by borrowing further to repay existing debt potentially leading to the borrower facing liquidity pressures.

A Risk Appetite metrics is setup considering the inherent risks, control effectiveness and residual risk. A careful consideration is given to strategy and infrastructure, Business Risk Horizon (BRH) indicators, concentration risk, risk-adjusted profitability and efficient use of the Group's capital resources while reviewing new credit exposures and monitoring existing credit exposures. This is predominantly done through setting up thresholds at client-level and portfolio-level. Portfolio or underwriting guidelines set the target portfolio shape around sector, product, industry, tenor, collateral, risk acceptance criteria and credit risk profile. Periodic deep dives to identify vulnerable clients or portfolio segments; and application of de-risking or mitigating actions.

The overall credit portfolio is monitored against risk appetite and any breach is highlighted and discussed at the appropriate governance forum / authority levels and appropriate mitigation actions determined by the appropriate committees / delegated authorities.

Stress testing tool is used for credit risk identification assessment, monitoring and mitigation and contribute to risk appetite calibration. Periodic stress tests are performed on the credit portfolio / segment to anticipate vulnerabilities from stressed conditions and initiate timely de-risking and mitigation plans.

Other monitoring processes include Excess and Pass Due Management, Accounts subject To Additional Review (ASTAR), Early Alert (EA), and Group Special Assets Management (GSAM).

The effects of credit risk mitigation techniques, including collateral, guarantees, and legally enforceable netting agreement (if any).

Quantitative and qualitative information about its securitization activities and contractual obligations with respect to recourse arrangements and the expected losses under those arrangements.

The overall credit portfolio is well collateralized. This includes all major types of collaterals such as hypothecation charge over current assets, charge over fixed assets, mortgage over property, lien on cash deposit, pledge of shares, SBLCs, pledge of stock etc.

Notes to the Financial Statements

For the year ended 31 December 2018

42.1.1 Types of exposures and ECAI's used

	Corporate	Banks	Sovereigns
JCR - VIS	✓	✓	✓
PACRA	✓	✓	✓
STANDARD AND POORS	✓	✓	✓
MOODY'S	✓	✓	✓
FITCH	✓	✓	✓

The Bank adheres to the mapping instructions issued by SBP on the Revised Regulatory Capital Framework under Basel II, issued vide BSD Circular No. 8 of 2006 dated 27 June 2006, vide BSD Circular Letter No. 09 of 2007 dated 24 August 2007, vide BSD Letter No. BSD/BAI-2/201/1141/2009 dated 2 December 2009 and vide BSD Circular No. 5 of 2010 dated 5 October 2010 with regard to credit ratings to be used. These are as follows:

LONG-TERM RATING GRADES MAPPING

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

SHORT-TERM RATING GRADES MAPPING

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

Notes to the Financial Statements

For the year ended 31 December 2018

42.1.2 Lendings to financial institutions

Credit risk by public / private sector

	Gross lendings		Non-performing lendings		Provision held	
	2018	2017	2018	2017	2018	2017
	(Rupees in '000)					
Public / Government	-	2,670,678	-	-	-	-
Private	6,465,508	5,396,987	-	-	-	-
	6,465,508	8,067,665	-	-	-	-

42.1.3 Investment in debt securities

Credit risk by industry sector

	Gross Investments		Non-performing Investments		Provision held	
	2018	2017	2018	2017	2018	2017
	(Rupees in '000)					
Textile	138,025	138,025	138,025	138,025	138,025	138,025
Chemical and Pharmaceuticals	747,000	947,000	747,000	947,000	147,000	147,000
	885,025	1,085,025	885,025	1,085,025	285,025	285,025

Credit risk by public / private sector

	Gross Investments		Non-performing Investments		Provision held	
	2018	2017	2018	2017	2018	2017
	(Rupees in '000)					
Public / Government	-	-	-	-	-	-
Private	885,025	1,085,025	885,025	1,085,025	285,025	285,025
	885,025	1,085,025	885,025	1,085,025	285,025	285,025

42.1.4 Advances

Credit risk by industry sector

	Gross advances		Non-performing advances		Provision held	
	2018	2017	2018	2017	2018	2017
	(Rupees in '000)					
Agriculture, Forestry, Hunting and Fishing	5,830,158	5,796,934	-	-	-	-
Mining and Quarrying	127,580	88,000	270,253	696,611	135,126	586,966
Food, tobacco and beverages	23,218,099	11,313,996	-	-	-	-
Metal and allied	6,094,198	3,445,722	-	-	-	-
Oil and gas	1,194,957	3,719,470	-	-	-	-
Textile	39,115,157	37,945,677	6,408,842	6,523,289	6,408,842	6,505,591
Chemical and Pharmaceuticals	16,703,673	10,720,368	1,628,568	1,772,312	1,596,070	1,748,978
Cement	2,876,669	2,852,901	-	49,479	-	24,739
Sugar	2,322,467	2,260,940	425,773	396,710	425,773	396,710
Footwear and Leather garments	1,414,376	1,677,907	-	16,085	-	16,085
Automobile and transportation equipment	6,882,890	1,271,006	182,397	193,631	182,397	193,631
Electronics and electrical appliances	8,191,754	5,023,287	126,610	146,134	126,610	146,134
Construction	68,724	-	838,649	974,055	838,649	960,659
Power (electricity), Gas, Water, Sanitary	9,755,119	17,661,964	230,264	305,002	230,264	302,610
Wholesale and Retail Trade	12,950,098	9,171,552	148,740	260,269	148,740	260,269
Exports/Imports	2,111,539	1,065,507	-	-	-	-
Transport, Storage and Communication	10,304,391	9,686,690	2,729,995	2,743,485	2,729,995	2,743,485
Financial	1,007,962	898,555	-	-	-	-
Services	4,116,900	4,017,744	1,408,266	1,797,537	1,240,289	1,554,025
Individuals	26,734,369	22,731,192	2,387,188	2,821,549	2,256,681	2,661,767
Others	6,141,169	5,909,661	617,156	890,951	522,195	852,331
	187,162,249	157,259,073	17,402,701	19,587,099	16,841,631	18,953,980

Credit risk by public / private sector

	Gross advances		Non-performing advances		Provision held	
	2018	2017	2018	2017	2018	2017
	(Rupees in '000)					
Public / Government	10,992,402	10,706,233	-	-	-	-
Private	176,169,847	146,552,840	17,402,701	19,587,099	16,841,631	18,953,980
	187,162,249	157,259,073	17,402,701	19,587,099	16,841,631	18,953,980

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42.1.5 Contingencies and Commitments

Credit risk by industry sector

Mining and Quarrying
Food and Beverages
Engineering
Energy
Textile
Chemical and Pharmaceuticals
Cement
Sugar
Footwear and Leather garments
Automobile and transportation equipment
Electronics and electrical appliances
Power (electricity), Gas, Water, Sanitary
Wholesale and Retail Trade
Exports/Imports
Transport, Storage and Communication
Financial
Services
Others

2018	2017
----- (Rupees in '000) -----	
69,431	55,209
5,915,436	4,572,801
1,160,476	1,437,565
15,842	986,948
3,084,122	3,809,898
7,253,708	11,466,230
231,462	1,217,246
102,372	2,400
92,525	53,992
7,140,632	5,608,088
9,730,487	9,119,139
2,508,109	3,155,628
9,639,533	6,506,282
344,587	272,673
10,521,216	7,855,115
64,797,566	60,195,228
1,109,301	773,714
4,685,571	72,155
128,402,376	117,160,311
Credit risk by public / private sector	
Public / Government	5,554,576
Private	4,443,438
122,847,800	112,716,873
128,402,376	117,160,311

42.1.6 Concentration of Advances

The Bank's top 10 exposures on the basis of total (funded and non-funded exposures) aggregated to Rs. 68.754 billion (2017: Rs. 60.672 billion) are as following:

Funded	43,901,374	38,176,036
Non Funded	24,852,502	22,495,472
Total Exposure	68,753,876	60,671,508

The sanctioned limits against these top 10 exposures aggregated to Rs. 104.963 billion (2017: Rs. 82.727 billion). None of the above are non-performing.

42.1.7 Advances - Province / Region-wise Disbursement & Utilization

Province / Region

Disbursements	2018 (Rupees in '000)					
	Utilization					
	Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
Punjab	522,560,123	-	-	-	-	-
Sindh	631,807,739	-	-	-	-	-
KPK including FATA	31,725	-	31,725	-	-	-
Balochistan	7,660	-	-	7,660	-	-
Islamabad	162,008,561	-	-	-	162,008,561	-
AJK including Gilgit-Baltistan	-	-	-	-	-	-
Total	1,316,415,808	522,560,123	631,807,739	31,725	7,660	162,008,561

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Province / Region	2017 ----- (Rupees in '000) -----						
	Disbursements	Utilization					
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
Punjab	609,108,858	609,108,858	-	-	-	-	-
Sindh	540,255,246	-	540,255,246	-	-	-	-
KPK including FATA	19,416	-	-	19,416	-	-	-
Balochistan	5,137	-	-	-	5,137	-	-
Islamabad	171,974,006	-	-	-	-	171,974,006	-
AJK including Gilgit-Baltistan	55	-	-	-	-	-	55
Total	1,321,362,718	609,108,858	540,255,246	19,416	5,137	171,974,006	55

42.2 Market Risk

The Bank has recently adopted the Traded Risk Type Framework under which the bank recognizes market risk as the 'Potential for loss of economic value due to adverse changes in the financial markets rates or prices'. The Traded Risk Framework is built on a risk-based approach and the framework considers processes and tools to be forward-looking, repeatable, sustainable and anticipate future needs. Market Risk exposures arise primarily from interest rate and foreign exchange related contracts. The Bank has no significant exposure to equity and commodity price risk.

Traded Risk Management (TRM) performs market risk management activities for the bank. Market risk limits are proposed by TRM after discussion with relevant businesses and are reviewed twice a year. Under the framework, authority for setting market risk limits is delegated to the local risk committee i.e. ERC and Approvals committee and the CCRO. Overall risk appetite is set by the BOD in terms of Value at risk (VaR) as a percentage of CET1. Market risk exposures are reported to country ALCO on a monthly basis.

In addition to VaR and other market risk limits, independent stress testing of portfolios, factor sensitivity measures and derivatives are also employed as additional risk management tools to manage and hedge market risk exposures. VaR is the main limit that is being applied by the bank along with other supporting price risk limits. Interest Rate Risk is controlled via PV01 limits which are set on net as well as gross basis across various tenors and at currency level. Additionally curve tenor limits are applied to contain the interest rate risk exposure going beyond certain tenors. PV01 strip is then applied to the historical scenarios i.e. risk factors over the last 260 days to derive the NPV distribution which is then used to determine VaR and Stress VaR.

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

42.2.1 Balance sheet split by trading and banking books

	2018			2017		
	Banking book	Trading book	Total	Banking book	Trading book	Total
(Rupees in '000)						
Cash and balances with treasury banks	50,293,497	-	50,293,497	35,085,289	-	35,085,289
Balances with other banks	2,344,297	-	2,344,297	779,856	-	779,856
Lendings to financial institutions	6,465,508	-	6,465,508	8,067,665	-	8,067,665
Investments	266,886,269	12,179,635	279,065,904	267,654,738	4,833,077	272,487,815
Advances	169,543,762	-	169,543,762	137,634,512	-	137,634,512
Fixed assets	7,837,979	-	7,837,979	8,033,890	-	8,033,890
Intangible assets	26,095,476	-	26,095,476	26,095,642	-	26,095,642
Deferred tax assets	-	-	-	-	-	-
Other assets	26,033,426	8,401,487	34,434,913	26,821,819	4,825,660	31,647,479
	555,500,214	20,581,122	576,081,336	510,173,411	9,658,737	519,832,148

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	2018				2017			
	Foreign Currency Assets	Foreign Currency Liabilities	Off-balance sheet items	Net foreign currency exposure	Foreign Currency Assets	Foreign Currency Liabilities	Off-balance sheet items	Net foreign currency exposure
42.2.2 Foreign Exchange Risk								
	(Rupees in '000)							
United States Dollar	30,809,739	82,631,721	(21,382,095)	(73,204,077)	25,189,514	50,502,095	(52,430,257)	(77,742,838)
Great Britain Pound Sterling	3,990,093	6,112,932	1,990,665	(132,174)	3,272,675	5,508,967	2,076,538	(159,754)
Euro	2,997,714	4,049,199	(2,981,528)	(4,033,013)	1,877,412	4,772,393	(5,311,209)	(8,206,190)
Swiss Franc	29,377	39	(40,919)	(11,581)	23,690	23,690	(102,086)	(102,086)
Japanese Yen	836,001	814,513	(657,762)	(636,274)	48,014	6,396	(458,362)	(416,744)
Other currencies	540,725	492,307	(1,157,869)	(1,109,451)	38,339	33,149	(922,225)	(917,035)
	39,203,649	94,100,711	(24,229,508)	(79,126,570)	30,449,644	60,846,690	(57,147,601)	(87,544,647)

	2018		2017	
	Banking book	Trading book	Banking book	Trading book
(Rupees in '000)				
Impact of 1% change in foreign exchange rates on				
- Profit and loss account	N/A	1,177	N/A	(17,922)
- Other comprehensive income	N/A	N/A	N/A	N/A

42.2.3 Equity position Risk

Since the exposure of the Bank in equity is insignificant, the effect of changes in equity prices have not been disclosed.

42.2.4 Yield / Interest Rate Risk in the Banking Book (IRRBB) - Basel II Specific

Yield / Interest rate sensitivity position for on-balance sheet instruments is based on the earlier of contractual re-pricing or maturity date and for off-balance sheet instruments is based on settlement date. This also refers to the non-trading market risk.

- Interest Rate Risk in the Banking Book (IRRBB) is defined as a potential reduction on the Bank's earnings or economic value due to an adverse movement in interest rates arising from its Banking Book exposures.
- IRRBB arises from 1) Repricing Risk (arises from timing mismatch in the re-pricing profile of assets, liabilities and off-balance sheet positions), 2) Basis Risk (arises from the imperfect correlation of rates on different instruments with otherwise similar re-pricing characteristics) and 3) Option Risk (result from clients exercising their right to alter the cash-flow of an instrument).

The Bank assumes a constant balance sheet (balances, duration, product mix etc.) with maturing balances being replenished with instruments of similar characteristics; this also assumes that contingent exposures are not drawn in order to maintain a constant balance sheet. A parallel shock is applied to the yield curve across all currencies for a forecasted horizon of 12 months. The economic life and re-pricing tenors for maturing products is assumed to be the contractual profile whereas for non-maturing products it is taken to be the FTP profile.

When modelling floating rate products; or instruments with short term tenors or high spreads, the prepayment behavior will be assumed independent from interest rate scenarios.

When modelling long term fixed rate products with low spreads the prepayment behaviour will be assumed interest rate dependent. Pass through rates (proportion of change in market rates passed on to customers) and Pass through lags (time difference between market interest rate change and its pass through to a customer) are determined by businesses once a year and reviewed and approved by the ALCO:

- IRRBB is a risk sub type covered under the Capital & Liquidity Risk Type Framework. The framework and its policies require the interest rate risk exposures in the banking book are presented to the ALCO monthly.
- The increase (decline) in earnings for upward shocks according to Bank's method for measuring IRRBB, translated into Rupees is presented below:

	2018		2017	
	Banking book	Trading book	Banking book	Trading book
(Rupees in '000)				
Impact of 1% change in interest rates on:				
- Profit and loss account	1,950,889	(37,481)	2,287,505	(10,410)
- Other Comprehensive income	(220,530)	-	(661,662)	-
	1,730,359	(37,481)	1,625,843	(10,410)

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42.2.5 MISMATCH OF INTEREST RATE SENSITIVE ASSETS AND LIABILITIES

2018											
Effective yield / interest rate	Total	Exposed to yield / interest rate risk									Non interest bearing financial instruments
		Upto one month	Over one month to three months	Over three months to six months	Over six months to one year	Over one year to two years	Over two years to three years	Over three years to five years	Over five years to ten years	Over ten years	
(Rupees in '000)											
On-balance sheet financial instruments											
Assets											
Cash and balances with treasury banks	-	50,293,497	11,555,317	-	-	-	-	-	-	-	38,738,180
Balances with other banks	-	2,344,297	-	-	-	-	-	-	-	-	2,344,297
Lendings to financial institutions	12.91%	6,465,508	6,465,508	-	-	-	-	-	-	-	-
Investments	6.55%	279,065,904	193,399,667	82,182,298	145,302	951,754	690,750	1,590,978	-	-	105,155
Advances	7.95%	169,543,762	73,306,887	54,988,828	25,774,852	4,029,405	4,611,676	5,032,159	1,685,735	114,220	-
Other assets	-	19,949,658	-	-	-	-	-	-	-	-	19,949,658
		527,662,626	284,727,379	137,171,126	25,920,154	4,981,159	5,302,426	6,623,137	1,685,735	114,220	61,137,290
Liabilities											
Bills payable	-	16,943,627	-	-	-	-	-	-	-	-	16,943,627
Borrowings	3.44%	24,023,697	4,380,857	13,437,260	4,038,800	42,412	115,110	-	-	-	2,009,258
Deposits and other accounts	4.36%	424,898,936	202,644,927	5,256,398	16,704,239	1,387,459	167,316	661,142	-	-	198,077,455
Sub-ordinated loans	0.00%	-	-	-	-	-	-	-	-	-	-
Other liabilities	-	40,858,047	-	-	-	-	-	-	-	-	40,858,047
		506,724,307	207,025,784	18,693,658	20,743,039	1,429,871	282,426	661,142	-	-	257,888,387
On-balance sheet gap		20,938,319	77,701,595	118,477,468	5,177,115	3,551,288	5,020,000	5,961,995	1,685,735	114,220	(196,751,097)
Off-balance sheet financial instruments											
Forward Lending											
Interest rate swap		18,855,964	-	-	234,677	2,028,204	1,875,024	1,381,676	2,098,012	11,238,371	-
Foreign currency option		37,141	37,141	-	-	-	-	-	-	-	-
Forward foreign exchange contracts		173,791,445	55,731,139	80,772,731	37,287,575	-	-	-	-	-	-
		192,684,550	55,768,280	80,772,731	37,522,252	2,028,204	1,875,024	1,381,676	2,098,012	11,238,371	-
Forward Borrowing											
Interest rate swap		8,791,264	-	-	234,677	2,361,538	416,586	-	807,986	4,970,477	-
Foreign currency option		37,141	37,141	-	-	-	-	-	-	-	-
Forward foreign exchange contracts		107,179,522	53,185,659	39,712,844	12,110,475	2,170,544	-	-	-	-	-
		116,007,927	53,222,800	39,712,844	12,345,152	4,532,082	416,586	-	807,986	4,970,477	-
Off-balance sheet gap		76,676,623	2,545,480	41,059,887	25,177,100	(2,503,878)	1,458,438	1,381,676	1,290,026	6,267,894	-
Total yield / interest risk sensitivity gap		97,614,942	80,247,075	159,537,355	30,354,215	1,047,410	6,478,438	7,343,671	2,975,761	6,382,114	(196,751,097)
Cumulative yield / interest risk sensitivity gap			239,784,430	270,138,645	271,186,055	277,664,493	285,008,164	287,983,925	294,366,039	294,366,039	

2017											
Effective yield / interest rate	Total	Exposed to yield / interest rate risk									Non interest bearing financial instruments
		Upto one month	Over one month to three months	Over three months to six months	Over six months to one year	Over one year to two years	Over two years to three years	Over three years to five years	Over five years to ten years	Over ten years	
On-balance sheet financial instruments											
Assets											

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

42.3 Operational Risk

Operational risk is the potential for loss resulting from inadequate or failed internal processes and systems, human error, or from impact of external events (including legal risks). Operational risk is inherent in the Bank's activities and as with the other risk types is managed through an overall framework with checks and balances that includes recognized ownership of the risk by the businesses, independent risk management oversight and an independent review by the Group Internal Audit.

The Operational Risk Type Framework (ORTF), sets out the approach for management of operational risk as well as the roles and responsibilities of the various stakeholders. The ORTF is built on a risk-based approach meaning that risk management plans, processes, activities, and resource allocations are determined in accordance with the level of risk. In accordance with the framework, business segments and functions are accountable for the day to day management of business activities and to manage the operational risks that arises from these activities. The independent risk management function and subject matter experts provide, challenge, guidance, and oversight over the business activities. Existing and future levels of operational risk must be maintained within the approved risk appetite of the Bank.

The majority of the operational risk losses during the year emerged from Execution Delivery & Process Management and External Fraud.

The Bank has a system in place, namely Enterprise Operational Risk Platform (EORP), that is utilized for the recording of operational losses, monitoring of controls, risks and associated mitigating actions, pertinent to operational risk.

The Country Non-Financial Risk Committee (CNFRC) has oversight function over operational risk in addition to compliance risk, financial crime risk, conduct risk, information & cyber security risk, and reputational risk. The committee has the authority to take a view on the significance of risks and to direct appropriate actions. The CNFRC is chaired by the CEO, with CCRO as the alternate chairperson. Depending on the significance of risks, the issues are tabled at ERC chaired by the CCRO.

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

42.3.1 Operational Risk - Disclosures Basel II Specific

The Bank uses The Standardized Approach (TSA) for assessing capital charge for operational risk. Under the TSA approach the business activities of the banks are divided into eight business lines, namely corporate finance, trading & sales, retail banking, commercial banking, payment & settlement, agency services, asset management, and retail brokerage. Within each business line, the gross income is a broad indicator that serves as a proxy for the scale of business operations and thus the likely scale of operational risk exposure within each of these business lines. The capital charge for each business line is calculated by multiplying the gross income by a factor (denoted beta) that is assigned to that business line.

In terms of Basel Event type classification, the majority of the operational risk losses during 2018, are booked in execution delivery & process management and external fraud events.

Events leading to potential or actual operational losses are known as Operational Risk Events (OREs). Appropriate procedures are in place for the identification, classification, capture, approval and analysis of OREs. OREs must be identified by the First Line of Defence. Prompt actions are to be taken to remediate the impact to our clients and to the Bank. All identified ORE are categorized in terms of Basel business line and event types, and are duly logged on the EORP system. Furthermore, all OREs are reviewed to assess the need for risk treatment actions which include remediation and mitigation actions. Remediation actions seek to rectify the specific outcomes of the event where possible and mitigation actions seek to sustainably prevent the reoccurrence of the ORE. If required, detailed Root Cause Reviews (RCR) are performed to have a detailed analysis of the ORE and to embed lessons learnt through the redesign of processes or controls.

42.4 Liquidity Risk

Liquidity Risk is the potential for loss to an institution arising from either its inability to meet its obligations or to fund increase in assets as they fall due without incurring unacceptable cost or losses. Funding Risk is the potential for actual or opportunity loss because the bank does not have stable or diversified sources of funding in the medium and long term to enable it to meet its financial obligations in pursuit of its desired business strategy or growth objectives.

Liquidity Risk, both short term and structural, and Funding Risk is monitored through the Bank's Capital & Liquidity Risk Type Framework and covered under the Liquidity and Funding Risk policy, and is managed by the Asset and Liability Committee ("ALCO"). This committee, chaired by the CEO, is responsible for both the statutory and prudential liquidity. The ALCO prudently monitors the Bank's balance sheet and ensures that the bank remains liquid at all times.

A range of tools are used for the management of liquidity. Tools for structural liquidity comprise of commitment and wholesale borrowing guidelines, key balance sheet ratios, and medium term funding requirements whereas short-term liquidity tools include day to day monitoring of future cash flows and liquidity stress tests using various behavioral and rollover assumptions. The Bank also maintains significant levels of marketable securities either for compliance with local statutory requirements or as prudential investments of surplus funds.

Stress Testing and scenario analyses are used to assess the financial and management capability to continue to operate effectively under extreme, but plausible, operating conditions and to understand the potential threats to the bank's liquidity and other financial resources. Routine stress tests under the Liquidity and Funding Risk Policy comprises of Name specific stress, market wide stress and a combined scenario. In addition, the Bank has prepared a Country Recovery Plan which is a live document by which the Country ensures that it has the ability to recover its financial position in the event of an extreme but plausible liquidity and/or solvency stress. The Bank has set Recovery Indicators capable of acting as early warning indicators of a liquidity and/or solvency stress which meet applicable regulations (where relevant).

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

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

	2018									
	Total	Upto one month	Over one month to three months	Over three months to six months	Over six months to one year	Over one year to two years	Over two years to three years	Over three years to five years	Over five years to ten years	Over ten years
	(Rupees in '000)									
Assets										
Cash and balances with treasury banks	50,293,497	50,293,497	-	-	-	-	-	-	-	-
Balances with other banks	2,344,297	2,344,297	-	-	-	-	-	-	-	-
Lendings to financial institutions	6,465,508	6,465,508	-	-	-	-	-	-	-	-
Investments	279,065,904	193,399,666	82,182,298	145,302	951,754	690,750	1,590,978	-	105,156	-
Advances	169,543,762	68,963,602	43,056,280	22,721,574	4,933,075	7,464,056	5,939,553	6,663,506	6,310,091	3,492,025
Other assets	34,434,913	8,864,910	9,729,702	1,585,583	353,087	1,591,370	12,306,232	4,016	13	-
Fixed assets	7,837,979	49,886	99,774	149,660	299,321	610,844	598,641	1,197,283	2,993,208	1,839,362
Intangible assets	26,095,476	21	41	62	42	-	-	-	-	26,095,310
Deferred tax assets	-	-	-	-	-	-	-	-	-	-
	576,081,336	330,381,387	135,068,095	24,602,181	6,537,279	10,357,020	20,435,404	7,864,805	9,408,468	31,426,697
Liabilities										
Bills payable	16,943,627	16,943,627	-	-	-	-	-	-	-	-
Borrowings	24,023,697	6,390,115	13,437,260	4,038,800	42,412	115,110	-	-	-	-
Deposits and other accounts	424,898,936	414,896,055	5,256,398	2,530,566	1,387,459	167,316	661,142	-	-	-
Sub-ordinated loans	-	-	-	-	-	-	-	-	-	-
Other liabilities	39,345,498	3,831,183	7,197,921	5,483,726	20,159,211	253,697	173,514	449,818	1,796,428	-
Deferred tax liabilities	3,631,209	-	-	-	-	-	-	3,631,209	-	-
	508,842,967	442,060,980	25,891,579	12,053,092	21,589,082	536,123	834,656	4,081,027	1,796,428	-
	67,238,369	(111,679,593)	109,176,516	12,549,089	(15,051,803)	9,820,897	19,600,748	3,783,778	7,612,040	31,426,697
Net assets										
Share capital	38,715,850									
Reserves	16,667,466									
Unappropriated profit	6,326,382									
Surplus on revaluation of assets - net	5,528,671									
	67,238,369									

	2017									
	Total	Upto one month	Over one month to three months	Over three months to six months	Over six months to one year	Over one year to two years	Over two years to three years	Over three years to five years	Over five years to ten years	Over ten years
	(Rupees in '000)									
Cash and balances with treasury banks	35,085,289	35,085,289	-	-	-	-	-	-	-	-
Balances with other banks	779,856	779,856	-	-	-	-	-	-	-	-
Lendings to financial institutions	8,067,665	8,067,665	-	-	-	-	-	-	-	-
Investments	272,487,815	101,076,594	155,303,727	9,887,087	957,747	4,254,000	699,700	200,000	108,960	-
Advances	137,634,512	48,163,459	51,287,054	9,777,841	5,439,553	7,225,711	6,223,189	6,187,403	1,445,470	1,884,832
Other assets	31,647,479	6,491,174	9,729,104	1,247,194	428,470	2,959,127	10,750,173	2,193	40,044	-
Fixed assets	8,033,890	81,746	163,493	245,240	490,479	1,208,985	980,957	1,961,916	2,731,996	169,078
Intangible assets	26,095,642	21	41	62	124	84	-	-	-	26,095,310
Deferred tax assets	-	-	-	-	-	-	-	-	-	-
	519,832,148	199,745,804	216,483,419	21,157,424	7,316,373	15,647,907	18,654,019	8,351,512	4,326,470	28,149,220
Liabilities										
Bills payable	18,958,345	18,958,345	-	-	-	-	-	-	-	-
Borrowings	26,029,816	8,369,607	14,849,636	2,379,000	-	256,468	175,105	-	-	-
Deposits and other accounts	377,576,064	366,167,625	5,564,961	1,317,217	2,473,144	732,084	1,321,033	-	-	-
Other liabilities	30,624,819	7,676,534	6,652,853	1,149,975	14,922,642	7,995	113,171	2,648	99,001	-
Deferred tax liabilities	3,706,408	-	-	-	-	-	-	3,706,408	-	-
	456,895,452	401,172,111	27,067,450	4,846,192	17,395,786	996,547	1,609,309	3,709,056	99,001	-
	62,936,696	(201,426,307)	189,415,969	16,311,232	(10,079,413)	14,651,360	17,044,710	4,642,456	4,227,469	28,149,220
Net assets										
Share capital	38,715,850									
Reserves	14,419,594									
Unappropriated profit	4,199,687									
Deficit on revaluation of assets - net	5,601,565									
	62,936,696									

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42.4.2 MATURITIES OF ASSETS AND LIABILITIES - based on expected maturity of assets and liabilities of the bank

	2018									
	Total	Upto one month	Over one month to three months	Over three months to six months	Over six months to one year	Over one year to two years	Over two years to three years	Over three years to five years	Over five years to ten years	Over ten years
	(Rupees in '000)									
Assets										
Cash and balances with treasury banks	50,293,497	50,293,497	-	-	-	-	-	-	-	-
Balances with other banks	2,344,297	2,344,297	-	-	-	-	-	-	-	-
Lendings to financial institutions	6,465,508	6,465,508	-	-	-	-	-	-	-	-
Investments	279,065,904	193,399,666	82,182,298	145,302	951,754	690,750	1,590,978	-	105,156	-
Advances	169,543,762	21,314,890	46,579,650	28,627,103	17,144,899	33,472,045	5,939,553	6,663,506	6,310,091	3,492,025
Other assets	34,434,913	8,864,910	9,729,702	1,585,583	353,087	1,591,370	12,306,232	4,016	13	-
Fixed assets	7,837,979	49,886	99,774	149,660	299,321	610,844	598,641	1,197,283	2,993,208	1,839,362
Intangible assets	26,095,476	21	41	62	42	-	-	-	-	26,095,310
Deferred tax assets	-	-	-	-	-	-	-	-	-	-
	576,081,336	282,732,675	138,591,465	30,507,710	18,749,103	36,365,009	20,435,404	7,864,805	9,408,468	31,426,697
Liabilities										
Bills payable	16,943,627	16,943,627	-	-	-	-	-	-	-	-
Borrowings	24,023,697	6,390,115	13,437,260	4,038,800	42,412	115,110	-	-	-	-
Deposits and other accounts	424,898,936	53,763,591	17,104,980	20,303,440	36,933,206	296,132,577	661,142	-	-	-
Sub-ordinated loans	-	-	-	-	-	-	-	-	-	-
Other liabilities	39,345,498	3,831,183	7,197,921	5,483,726	20,159,211	253,697	173,514	449,818	1,796,428	-
Deferred tax liabilities	3,631,209	-	-	-	-	-	-	3,631,209	-	-
	508,842,967	80,928,516	37,740,161	29,825,966	57,134,829	296,501,384	834,656	4,081,027	1,796,428	-
	67,238,369	201,804,159	100,851,304	681,744	(38,385,726)	(260,136,375)	19,600,748	3,783,778	7,612,040	31,426,697
Net assets										
Share capital	38,715,850									
Reserves	16,667,466									
Unappropriated profit	6,326,382									
Surplus on revaluation of assets - net	5,528,671									
	67,238,369									

	2017									
	Total	Upto one month	Over one month to three months	Over three months to six months	Over six months to one year	Over one year to two years	Over two years to three years	Over three years to five years	Over five years to ten years	Over ten years
	(Rupees in '000)									
Assets										
Cash and balances with treasury banks	35,085,289	35,085,289	-	-	-	-	-	-	-	-
Balances with other banks	779,856	779,856	-	-	-	-	-	-	-	-
Lendings to financial institutions	8,067,665	8,067,665	-	-	-	-	-	-	-	-
Investments	272,487,815	101,076,594	155,303,727	9,887,087	957,747	4,254,000	699,700	200,000	108,960	-
Advances	137,634,512	22,118,079	53,181,800	12,619,960	11,123,790	22,849,989	6,223,189	6,187,403	1,445,470	1,884,832
Other assets	31,647,479	6,491,174	9,729,104	1,247,194	428,470	2,959,127	10,750,173	2,193	40,044	-
Fixed assets	8,033,890	81,746	163,493	245,240	490,479	1,208,985	980,957	1,961,916	2,731,996	169,078
Intangible assets	26,095,642	21	41	62	124	84	-	-	-	26,095,310
Deferred tax assets	-	-	-	-	-	-	-	-	-	-
	519,832,148	173,700,424	218,378,165	23,999,543	13,000,610	31,272,185	18,654,019	8,351,512	4,326,470	28,149,220
Liabilities										
Bills payable	18,958,345	18,958,345	-	-	-	-	-	-	-	-
Borrowings	26,029,816	8,369,607	14,849,636	2,379,000	-	256,468	175,105	-	-	-
Deposits and other accounts	377,576,064	44,987,827	15,433,756	16,120,410	32,079,530	267,633,508	1,321,033	-	-	-
Other liabilities	30,624,819	7,676,534	6,652,853	1,149,975	14,922,642	7,995	113,171	2,648	99,001	-
Deferred tax liabilities	3,706,408	-	-	-	-	-	-	3,706,408	-	-
	456,895,452	79,992,313	36,936,245	19,649,385	47,002,172	267,897,971	1,609,309	3,709,056	99,001	-
	62,936,696	93,708,111	181,441,920	4,350,158	(34,001,562)	(236,625,786)	17,044,710	4,642,456	4,227,469	28,149,220
Net assets										
Share capital	38,715,850									
Reserves	14,419,594									
Unappropriated profit	4,199,687									
Deficit on revaluation of assets - net	5,601,565									
	62,936,696									

Notes to the Financial Statements

For the year ended 31 December 2018

42.5 Derivative Risk

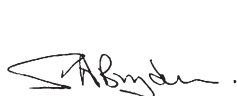
"The Bank is one of six authorised derivatives dealers licensed by State Bank of Pakistan. The derivatives business has been an important differentiating factor for the Bank's earnings profile and has helped the Bank to offer a complete wholesale product suite to its clients.

The Bank has largely run the risk from customer transactions and managed it in the interbank market from time to time. Fundamentally, the Bank manages risk via the short-term foreign exchange market locally to manage these longer-term exposures, while in certain cases where there is no PKR leg involved, the risk is off-set fully with the Banks off-shore hubs in London, Singapore and UAE.

The principles of risk management are governed by the Bank's own global practices that have been adopted by SCB Pakistan. A dedicated Financial Markets sales team and relationship management team serve as the liaison between clients, regulator and the trading desk to ensure an optimal solution for the end-user. The Bank also employs headcount to price execute and manage these exposures, whilst support is also taken from regional support teams which help to measure and monitor risk assumed by the Bank from time to time."

43. DATE OF AUTHORIZATION

These financial statements were authorized for issue in the Board of Directors meeting held on 26 February 2019.



Ian Bryden
Chairman



Shazad Dada
Chief Executive Officer



Asad Ali Shariff
Chief Financial Officer



Waqar Malik
Director



Ferdinand Pieterse
Director

Notes to the Financial Statements

For the year ended 31 December 2018

Annexure-1

Statement in respect of written-off loans or any other financial relief of five hundred thousand rupees or above as required under sub-section (3) of section 33A of the Banking Companies Ordinance, 1962 during the year ended 31 December, 2018

Amount in PKR Rupees

Sr. NO.	Name	Address	Name of Partners/ Directors NIC / CNIC	Father / Husband Name	Outstanding Liabilities at Beginning of Year			Amount Written off / Concession		
					Principal	Interest/ Mark up	Total	Principal	Interest/ Mark up	Total Balance
1	Textilers Pvt. Ltd	F-456, Shed No. 2, S.I.T.E., Karachi.	*Farukh Shamim Saigal 42301-4137660-1 Amjad Shamim Saigal 42301-3499350-7*	*Mohammad Shamim Saigal 42301-4137660-1 Mohammad Shamim Saigal*	122,755,373	74,124,165	196,879,538	75,557,028	73,801,128	149,358,156
2	Pakobel	70-Shah Jamal, Lahore	*Muhammad Ali 35202-2526435-1*	Muhammad Iqbal Badar	62,405,558	42,367,394	104,772,952	62,405,550	44,147,668	106,553,218
3	A.H.International (Pvt) Ltd.	D-6/1, Block-4 KDA, Scheme No.5, Kehkashan Clifton, Karachi	*Adnan Sherazee 42301-8051825-9 Seema Sherazee 42301-6550746-4 Malik Ali Zain 42301-3375828-9* *Mr Jamal Abdul Nasir 17301-2544570-9 Mst Asmat Ara Begum 17301-2199812-0 Mr Bilal Qureshi 17301-4816168-3 Mr Shahzad Qureshi 17301-6885844-7*	*Mohsin Sherazee 42301-8051825-9 Adnan Sherazee 42301-6550746-4 Malik Naseem Akhtar* *Mr Abdul Majeed Qureshi 17301-2544570-9 Mr Abdul Majeed Qureshi 17301-4816168-3 Mr Abdul Majeed Qureshi* 17301-6885844-7*	80,423,203	12,379,778	92,802,981	80,423,200	12,379,770	92,802,970
4	Qureshi Flour & General Mills (Pvt)	Small Industries Estate, Kohat Road, Peshawar.	*Ishtiaq Ahmad 34501-1849301-3*	Mushtaq Ahmad	43,079,677	47,526,677	90,606,355	43,079,677	47,526,677	90,606,355
5	Duaa International Trading System	Near Shell Petrol Pump Road Narowal, Sialkot	*Qaisar Asif 34101-47077181-8 Rana Muhammad Yameen 34104-3150036-1*	*Asif Javed 34101-47077181-8 Chajoo Khan*	36,987,864	43,922,385	80,910,249	36,987,864	43,922,385	80,910,249
6	Aftab Rice Mills	Aftab Rice Mills Amratpura G T Road, Cantt, Gujranwala.	*Malik Imran Talib 35200-1453620-5*	*Malik Israr Hussain 35200-1453620-5*	43,008,696	39,746,796	82,755,492	27,999,317	39,746,796	67,746,113
7	Malik Imran & Company	Main Adda, Thokar Niaz Baig, Lahore.	*Muhammad Nisar Ahmed Chaudhary 33100-5568359-1 Yasir Shuaib 33100-7433730-9 Qaisar Idress 33100-7442280-9*	*Mohammad Sharif 33100-5568359-1 Muhammad Nisar Ahmad 33100-7433730-9 Muhammad Nisar Ahmed *	33,432,550	33,561,782	66,994,332	33,432,550	33,561,782	66,994,332
8	Qaisaro Export House (Pvt) Ltd	6A/7A Yarn Centre Basement Yarn Market Montgomery Bazar, Faisalabad	*Rehan Malik 35202-2969462-1*	Muhammad Pervaiz	21,957,509	30,461,198	52,418,707	21,957,509	30,461,198	52,418,707
9	J.P. Plastic Industries	Kissan Street, 59-Circular Road, Lahore	*Muzaffar Ali 36302-5927051-1 Amjad Ali 36302-9697677-7* *Arif Hussain Shah 61101-0111727-1 Ghazanfar Ali 42301-6527543-7*	*Ghous Buksh 36302-5927051-1 Muhammad Ramzan * *Altat Hussain Shah 61101-0111727-1 Abbas Ali*	21,007,841	30,418,081	51,425,923	21,007,841	31,167,626	52,175,467
10	Ali Cotton Ginner	160/C-B Jamilabad Cantt, Multan	*Abid Hussain Qadri 33100-9133749-5*	Zahid Hussain Qadri	43,812,681	12,155,116	55,967,797	36,311,931	12,155,116	48,467,047
11	Indus Entertainment (Pvt.) Ltd	2nd Floor, Shafi Court, Merewether Road, Karachi.	*Malik Qasim Ali 35202-2687604-9*	Malik Israr Hussain	23,998,400	23,875,031	47,873,431	23,998,400	23,875,031	47,873,431
12	Tippu And Company	House No. P-126, Jinnah Colony, Faisalabad.	*Akhliaq Ahmad 36302-0449753-3 Asif Akhliaq 36302-0449763-7 Atif Akhliaq 36302-3329529-3*	*Ishafaq Ahmad 36302-0449753-3 Ishafaq Ahmad 36302-0449763-7 Ishafaq Ahmad*	23,382,681	23,473,328	46,856,009	23,382,681	23,473,328	46,856,009
13	Malik Qasim & Company	14-Km Multan Road, Near Motorway Filling Station, Lahore.	*Waheed Ahmed 322-69-189144*	Abdul Razzaq Khan	20,003,951	22,822,476	42,826,427	20,003,951	22,822,476	42,826,427
14	Farm Eco Enterprises	262-B, Gulgasht Colony, Bosan Road, Multan.	*Nadeem Hameed Sheikh 517-40-357826*	Abdul Hameed Sheikh	15,548,000	16,171,471	31,719,471	15,548,000	16,171,471	31,719,471
15	International Traders	14-Zubaida Park, Lyric Road Multan Road, Lahore.	*Muhammad Sarwar 35102-4574917-3 Fozia Begum 35102-6177021-1* *Hafiq Ahmed 35200-3167785-5 Sadeed Anwer Malik Kashir 42301-1033177-3 Ahmed Shafiq 35301-8171682-7* *Syed Ahtasham Haider Zaidi 35202-4627086-3 Syed Irtaza Haider Zaidi 35202-4712681-3*	*Fazal Karim 35102-4574917-3 Muhammad Sarwar* *S/O Sheikh Bashir Ahmad 35200-3167785-5 S/O Saeed Ahmed Malik 42301-1033177-3 S/O Bashir Ahmad* *Syed Hameed Asghar Zaidi 35202-4627086-3 Syed Hameed Asghar Zaidi*	14,500,008	16,601,548	31,101,556	14,500,008	16,601,548	31,101,556
16	Nadeem Hameed Shaikh	11 Street 89, Islamabad.	*Farooq Ahmed 36302-3995490-9*	Bashir Ahmed	13,905,419	15,796,951	29,702,370	13,905,419	15,796,951	29,702,370
17	Fazal Tanneries	Fazal Tanneries Niaz Nagar, Kasur.	*Muhammad kashif 35401-1760302-1*	Mohammad Arif	5,830,413	22,973,577	28,803,989	5,830,413	22,973,577	28,803,989
18	Karbash Trading Co	No. 2, Rayband House 4- Km Canal Road Thokar Niaz Baig, Lahore	*Amir Javaid 34101-9599994-7* *Nasir Saeed 35201-2381125-9 Muhammad Yousaf 35201-8545961-9 Sabir Rasheed Farooqi 35200-1409292-9*	Chaudhary Nabi Ahmad 34101-9599994-7* *Mirza Saeed Ahmad 35201-2381125-9 Mohammad Ismail 35201-8545961-9 Mohammad Rasheed Farooqi 35200-1409292-9*	23,998,400	23,875,031	47,873,431	23,998,400	23,875,031	47,873,431
19	Manzoor & Sons	252-5/A-II, Township, Lahore.	*Sheikh Kamran Bashir 34201-8048316-3*	Sheikh Muhammad Bashir	671,061	22,360,758	23,031,819	671,061	22,360,758	23,031,819
20	Sheikh Farooq Ahmad Commission Agen	Shop No. 23, New Grain Market Vehari Road, Multan.	*Ghulam Rasool 35404-4926115-5*	Faqeer Muhammad	10,005,503	12,961,151	22,966,653	10,005,503	12,961,151	22,966,653
21	Asif Construction Company	136-P, Mini Market Gulberg II, Lahore	*Faqir Hussain Dogar 35404-8965676-5*	Syed Muhammad	7,603,203	10,413,161	18,016,363	7,603,203	10,413,161	18,016,363
22	A-J Sizing Indu	Therri Sansi G.T Road, Gujranwala.	*Sanaullah 35201-5378938-7 Khalid Rashid 34301-1737089-1 Shahnaz Qaisara 35202-8863398-0*	*Abdul Rashid 35201-5378938-7 Abdul Rashid 34301-1737089-1 Sanaullah *	10,994,430	5,752,130	16,746,560	10,994,430	5,897,618	16,892,048
23	Stitch Fashions	Plot No. 3331, Harbanspura Road, Lahore	*Sanaullah 35201-5378938-7 Khalid Rashid 34301-1737089-1 Shahnaz Qaisara 35202-8863398-0*	*Abdul Rashid 35201-5378938-7 Abdul Rashid 34301-1737089-1 Sanaullah *	6,496,470	10,335,686	16,832,156	6,496,470	10,335,686	16,832,156
24	K.R Garments	New Gorala, P.O Gorali G.T Road, Gujrat	*Sheikh Kamran Bashir 34201-8048316-3*	Sheikh Muhammad Bashir	8,466,731	7,675,213	16,141,944	8,466,731	7,675,213	16,141,944
25	Mian Cotton Waste Factory	Nawan Kot 18-Km Faisalabad Road Near Adil Textile Mills, Faisalabad.	*Ghulam Rasool 35404-4926115-5*	Faqeer Muhammad	7,002,859	7,944,067	14,946,926	7,002,859	7,944,067	14,946,926
26	Asif Fabrics	Hajveri Centre Chowk Chaubergly Multan Road, Lahore	*Faqir Hussain Dogar 35404-8965676-5*	Syed Muhammad	6,002,500	8,452,033	14,454,533	6,002,500	8,452,033	14,454,533
27	Sana Ullah Pvt	T No.4, Sanda Kalan, Bund Road, Lahore	*Sanaullah 35201-5378938-7 Khalid Rashid 34301-1737089-1 Shahnaz Qaisara 35202-8863398-0*	*Abdul Rashid 35201-5378938-7 Abdul Rashid 34301-1737089-1 Sanaullah *	8,398,107	6,033,814	14,431,921	8,173,107	6,035,721	14,208,828

Notes to the Financial Statements

For the year ended 31 December 2018

Annexure-1

Sr. NO.	Name	Address	Name of Partners/ Directors NIC / CNIC	Father / Husband Name	Amount in PKR Rupees					
					Outstanding Liabilities at Beginning of Year			Amount Written off / Concession		
					Principal	Interest/ Mark up	Total	Principal	Interest/ Mark up	Total Balance
28	Sphinx Software	TD 7 R Gulberg III, Lahore	*Tariq Riaz Malik 35202-2636582-1 Munazzah Malik 35202-2660994-1"	*Riaz Ahmed Malik Tariq Riaz Malik"	6,375,313	7,436,501	13,811,814	6,375,313	7,436,501	13,811,814
29	For Eyes	Shop No. 13 Empire Centre Gulberg, Lahore	*Imtiaz Sarwar Sethi 35201-7707339-5"	Ghulam Sarwar Setni	6,293,954	6,802,996	13,096,950	6,293,954	6,802,996	13,096,950
30	Siddique Brothers Engineering Works	Sheikhupura Road Faisalabad.	*Muhammad Saeed 33100-3037511-5"	Muhammad Sadique	5,245,087	6,641,519	11,886,606	5,245,087	6,641,519	11,886,606
31	Royal T.V. Centre	Chowk Shaheedan Mirpur, Azad Kashmir	*Muhammad Nawaz Raytal 81302-7791909-3"	Muhammad Hussain Ratyal	6,298,046	5,257,579	11,555,625	6,298,046	5,257,579	11,555,625
32	F S Tex	Dosaco Chowk Near Symanus Sheikhupura Road, Lahore	*Muhammad Sohail 35202-2001928-9"	Muhammad Amin	5,000,000	5,547,970	10,547,970	5,000,000	5,547,970	10,547,970
33	Ayesha Inam	43/B Main Gulberg Lahore	35201-1567015-6	Inam Akbar	6,853,637	4,888,617	11,742,254	-	10,492,254	10,492,254
34	Broad Way Trading Services.	4 Royal Park, Siraj Building Lakshmi Chawk, Lahore	*Naeem Arif 35201-1335711-1" *Muhammad Farhan 244-82-53767-5 *Iftekhar Ahmad 244-60-059169 Zulfiqar Ahmed 244-88-059169"	Ch Muhammad Arif	5,002,100	5,225,171	10,227,271	5,002,100	5,225,171	10,227,271
35	Zain Textiles (Pvt) Ltd	P-42, 7-Kilometer, Main Jaranwala Road, Faisalabad.		*Iftekhar Ahmad Sheikh Mukhtar Ahmad Sheikh Mukhtar Ahmad"	4,672,760	5,221,288	9,894,047	4,672,750	5,221,280	9,894,030
36	Malik Amjad Hussain	Amjad Brothers, Jaranawala Road Faizabad Tehsil & Distt Nankana Sahib, Nankana	296-70-302384	Khushi Muhammed	8,241,615	6,228,020	14,469,634	2,941,615	6,228,020	9,169,634
37	Awais Khurram Mughal	1-Syed Mouj Darya, Edward Road, Near A.G. Office, Lahore	*Awais Khurram Mughal 35202-1109118-5"	Muhammad Aslam Mughal	3,998,295	4,839,522	8,837,817	3,998,295	4,839,522	8,837,817
38	Humayun Telecom	Office No. 1, Asif Plaza, Model Town, Link Road, Near Raja Sahib, Lahore	*Rizwan Humayun Sheikh 35202-4551197-1"	Hamayun Akhtar Sheikh	29,999,926	30,341,693	60,341,620	8,499,926	13,420	8,513,346
39	Box Master	House No.107, Nishtar Colony Data Nagar Badami Bagh, Lahore	*Muhammad Shahid Hussain 35202-0105036-5"	Muhammad Hussain	4,989,737	3,150,094	8,139,831	4,989,737	3,150,094	8,139,831
40	Asia Packages	Mateen Ul Haq Chashlia Manzil 23 Ghaziabad Road Islam Pura, Lahore	*Mateen Ul Haq 35202-5647067-7"	Haji Rukan Din	4,002,994	4,101,843	8,104,837	4,002,994	4,101,843	8,104,837
41	Nawaz Service Station	Aga Khan Road Kharadar, Karachi	*Abdul Razzaq 42101-2538344-1"	Muhammad Anwar	5,514,329	1,830,770	7,345,099	5,514,320	1,907,440	7,421,760
42	Abid Enterprises	House No. 1, Street No. 1, Mohalla Gulshan Park Mughal Pura, Lahore.	*Muhammed Abid 35201-4884260-7"	Muhammad Akram	3,005,051	4,205,175	7,210,225	3,005,051	4,205,175	7,210,225
43	Mushtaq Cotton Factory And Oil Mills	House No. 61-A Sabzazar Colony Bosan Road, Multan	*Mushtaq Ahmad Mehr 36302-1309379-3"	Haji Ghulam Rasool	4,999,858	2,073,201	7,073,060	4,999,858	2,151,107	7,150,965
44	New Hussnain Yamaha Centre	Kotli Road F/1, Opposite Mcb Bank Mirpur A.K.	*Nisar Ahmed Meer 81301-1775751-7"	Muhammad Ameen Meer	3,357,178	3,013,798	6,370,976	3,357,170	3,013,790	6,370,960
45	S.S.Trucking Station	Sher Shah By Pass Chowk, Multan.	*Akhlq Ahmad 36303-0929780-5 Zafar Ali 32304-0645958-1"	*Abdul Ghafoor Shkar Mushtaq Ahmed"	2,997,084	2,950,940	5,948,025	2,997,084	2,950,940	5,948,025
46	Aftab Ahmed Sheikh	H. No. 107 C, New Muslim Town, Lahore	35202-3333837-6	Khurshid	1,470,977	4,169,598	5,640,575	1,470,977	4,169,598	5,640,575
47	Khawaja M Ejaz	124-Y, Commercial Area Phase III, DHA Lahore	35202-2588573-1	Khawaja Muhammad Ijaz	12,951,137	4,889,956	17,841,093	-	5,417,372	5,417,372
48	Rashid Akhter	74/B, 33rd Street Phase V, Extension Khyaban- E-Sehar DHA, Karachi	41304-3305578-5	Abdul Qadeer Khan	18,997,715	1,870,541	20,868,256	3,497,715	1,887,772	5,385,487
49	Jamshaid Zafar	168, Attaturk Block New Garden Town, Lahore	35202-5476001-3	Muhammad Saeed	4,668,206	103,001	4,771,206	-	4,797,169	4,797,169
50	Chenab Filling Station	Ali Pur Road Rohilian Wali District, Muzafargarh	*Mian Zafar Ali 32304-0645985-1"	Mushtaq Ahmed	2,012,513	2,651,843	4,664,356	2,012,513	2,651,843	4,664,356
51	M Nisar	House No. 252, Street No. 37, Sector G-9/1, Islamabad	61101-2030398-1	Allah Bandi	784,544	3,786,826	4,571,370	784,544	3,786,826	4,571,370
52	Bhatti Traders	Opposite 19-D Satellite Town, Gujranwala.	*Muhammad Ishaque 34101-2327306-5"	Muhammad Ibrahim	1,600,550	3,032,262	4,632,812	1,300,550	3,032,262	4,332,812
53	Aruj Traders	19 - Naqi Arcade, The Mall, Lahore	*Zeeshan Naseer 35202-4167189-7"	Naseer Ahmad	4,034,000	-	4,034,000	4,034,000	-	4,034,000
54	Choudary Muhammad Din	Vehari Road Chowk Maitla District, Vehari	36602-0945650-5	Ch Muhammad	1,846,093	2,117,604	3,963,697	1,846,093	2,117,604	3,963,697
55	Khurram Kayani	84-D, Valancia Society, Lahore	35202-2717985-3	Nasreen	1,803,082	2,151,708	3,954,790	1,803,082	2,151,708	3,954,790
56	Saeed Ahmed Butt	Room No. 8 Ground Floor Shafi Court Merewether Road, Karachi	42301-0820987-9	Mushtaq Ahmed Butt	8,707,506	3,626,140	12,333,646	-	3,623,646	3,623,646
57	Wajeeh Arsalan	House No.237/5, Aziz Bhatti Road Cantt, Rawalpindi	37405-3190359-7	Saleema Begum	8,550,389	3,556,025	12,106,413	-	3,555,913	3,555,913
58	Nasir Mehmood	House No. 30 - A/2 Block - A Satellite Town, Rawalpindi	61101-4886214-7	Aftab Bibi	10,294,648	(50,000)	10,244,648	3,494,648	(50,000)	3,444,648
59	Lal Mohammad Solangi	House No. 47, 10th Street, Off Khayaban-e-Mujahid, Phase-V, DHA, Karachi	42301-4459667-5	Shehar Bano	7,938,139	3,305,380	11,243,520	-	3,303,520	3,303,520
60	Nafees Trading Company	Office No. 80, Near Hussan Road Model, Sialkot	*Anjum Nafees Cheema 34602-3776955-5 Shahid Nafees Cheema 34602-2846377-9 Atif Nafees Cheema 34602-8995861-3 Amir Nafees Cheema 34602-4721173-7"	*Ch Nafees Ahmed Cheema Ch Nafees Ahmed Cheema Ch Nafees Ahmed Cheema Ch Nafees Ahmed Cheema"	2,600,100	683,184	3,283,284	2,600,100	683,184	3,283,284

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For the year ended 31 December 2018

Annexure-1

Sr. NO.	Name	Address	Name of Partners/ Directors NIC / CNIC	Father / Husband Name	Amount in PKR Rupees					
					Outstanding Liabilities at Beginning of Year			Amount Written off / Concession		
					Principal	Interest/ Mark up	Total	Principal	Interest/ Mark up	Total Balance
61	Muhammd Amir	Amin & Company , 3 Regency Plaza, Faisalabad	33100-0960943-3	Rasheeda Bibi	5,772,203	2,642,823	8,415,026	-	3,278,087	3,278,087
62	Ahmed Dawood	House No. B-443, Ground Floor Block 13F, F.B Area Azizabad, Karachi	*Abdul Khalid 42101-9576112-9*	Ahmed Dawood	9,981,519	3,112,913	13,094,432	-	3,277,307	3,277,307
63	Fazzini Hospital Supplies	21, 1st Floor Raleigh House Nila Gumbad, Lahore	*KASHIF ASHFAQ 34603-2591916-9 OMER FEROUZE CHUGHTAI 35202-0613565-9 AWAIS KHURRAM 35202-0109118-5*	*Ashtaq Ahmed Muhammad Aslam Chughtai Muhammad Aslam Mughal *	1,471,969	1,781,870	3,253,839	1,471,969	1,781,870	3,253,839
64	Sardar Shaukat Hayat Khan	House No. B/76, Satellite Town, Rawalpindi	Sardar Shaukat Hayat Khan82303-0973839-9	Sardar Muhammad Afsar Khan	1,652,411	1,600,742	3,253,152	1,652,411	1,600,742	3,253,152
65	Progressive Distribution Network	HG-9D, Landhi Industrial Area, Scheme No. 3, Near UBL, Karachi	*Shahab Islam 42201-2327236-5 Abad Ahmed 42101-1760816-5*	*Mehtab Ahmed Abdul Waheed *	1,643,453	1,384,581	3,028,034	1,643,450	1,405,210	3,048,660
66	Atta Ullah Ghum	Wadala Road, Mohallah Banwala Daska Kalan Teh. Daska Distt, Sialkot	34601-4967285-5	Muhammad Ismail	2,408,207	122,845	2,531,052	2,408,207	122,845	2,531,052
67	Capital Hosiery	P-368, Kothi No. 7, New Civil Lines, Faisalabad	*Rana Munwar Hussain 33100-8163381-3*	Nazir Ahmed	1,006,400	1,355,124	2,361,524	1,006,400	1,355,124	2,361,524
68	Affan Bakshi	House No. 179 F, Phase 4 DHA, Lahore	35201-4527817-7	Fouzia Shahid	2,213,539	1,456,005	3,669,545	829,192	1,456,005	2,285,198
69	Mr Syed Mohammad Salahuddin	House No. 5-A-7/47, Nazimabad, Karachi	42101-1065284-1	Syed Muhammad Khairuddin	1,846,608	329,040	2,175,648	1,846,608	371,734	2,218,341
70	Sheikh Sajid Hussain	House No.251,Tughliq Town, Multan	36302-0464198-1	Suraiya Begum	3,498,887	1,302,576	4,801,464	798,887	1,302,576	2,101,464
71	Javaid Iqbal Majeed	Lyalpur Tractor Comapny Shop No. 16 & 17 Civic Centre Near Gult Wala Pul, Faisalabad	33100-7977435-1	Iqbal Begum	742,522	1,241,169	1,983,692	742,522	1,241,169	1,983,692
72	Intizar Hussain	Life Style Traders, Chudhary House 51 Shah Jamal Near HBL Bank, Shah Jamal Road Abort, Lahore	35402-2553372-3	Muhammad Ali	1,747,210	169,600	1,916,810	1,747,210	169,600	1,916,810
73	Ch.Tanveer Ahmed	House No. 285 B, Model Town, Gujranwala	34101-2482333-9	Bashir Ahmed Shad	2,669,874	425,869	3,095,743	-	1,849,938	1,849,938
74	Haris Rana	151C, Faisal Town, Lahore	35202-6077311-7	Mohammad Ilyas Rana	1,499,119	246,052	1,745,171	1,499,119	279,320	1,778,439
75	Abdul Rasheed	T R Electrical Appliances, Shop No. 605 Jinnah Colony, Faisalabad	33100-7184591-5	Muhammad Munshi	3,170,897	1,297,754	4,468,651	470,897	1,297,754	1,768,651
76	Syed Navaid Haider	House No. C-145/1, Block-14 Sardar CNG Gulistan-e-Johar, Karachi	42201-2877176-7	Syed Salim Haider	1,555,423	142,313	1,697,736	1,555,423	142,313	1,697,736
77	Mehfooz Ahmad	House No. B-196 Rabbani Colony Halal Road Street No 1, Faisalabad	33100-9229355-3	Muhammad Sadiq	1,239,403	369,093	1,608,496	1,239,403	369,093	1,608,496
78	Muhammad Aslam	Izhar Abbasi Hospital, KPT Kernari Department Nagina Center Medical, Karachi	42101-7801239-9	Muhammad Fareed	1,458,365	140,339	1,598,704	1,458,365	140,339	1,598,704
79	Muhammad Arshad	House No. E-87 Street No 4, Main Bazar No 2, Chungi Ameer Sidhu, Lahore	35404-1559550-7	Muhammad Ashraf	1,547,019	43,302	1,590,321	1,547,019	46,941	1,593,960
80	Khalid Mehmood	House No. 2, Main Double Road Sector G-11/3, Islamabad	61101-6437495-7	Taj Begum	14,999,019	1,587,538	16,586,557	-	1,587,538	1,587,538
81	Badar Mustafa Bhatti	Body Fitness Studio, Model Town Link Road, Bhatti Arcade 1st Floor Suit # 1, Lahore	35202-0108005-7	Irshad Begum	-	1,577,977	1,577,977	-	1,577,977	1,577,977
82	Ikleel Gulzar Ahmed	House No. 4-A, Gulistan Colony PSO Petrol Pump Ayub Park, Rawalpindi	37405-4146311-5	Raja Zahoor Ahmed	1,435,053	23,418	1,458,471	1,435,053	23,418	1,458,471
83	Muhammad Faisal Ameer	House No. 11/1, 18 Street 2 Model Colony, Karachi	42201-0383884-9	Muhammad Ameer Khan	1,370,088	65,500	1,435,588	1,370,088	74,559	1,444,647
84	Ch Najabat Hussain	16 Mobi Plaza, Haider Road Saddar, Rawalpindi	37405-0393346-7	Mrs Muhammad Bi	1,839,676	1,059,103	2,898,779	339,676	1,059,103	1,398,779
85	Syed Aqeel Raza Shah	House No. 640, Street 5, Block J2 Johar Town Hamza Foundation, Lahore	38104-7955455-9	Syed Bashir Hussain Shah	1,326,296	39,795	1,366,091	1,326,296	49,496	1,375,791
86	Mohammad Athar	P-6-K, 2 Jail Road Near National Bank Civil Lines, Faisalabad	33100-2151480-9	Shamim Akhtar	2,329,369	1,040,098	3,369,467	329,369	1,040,098	1,369,467
87	Jamil Ahmed	Suite 477 St#07, Askari 5 Malir Cantonment Near Ad Market, Karachi	35201-1169589-3	Khawaja Rafi Ahmed	1,287,303	79,847	1,367,151	1,287,303	79,847	1,367,151
88	Rooma Sher Ali	Plot No. 11C Flat No.2, Mehraj Manzil Bahadurabad, Karachi	42201-8661313-8	Sher Ali	1,291,220	85,775	1,376,995	1,291,220	73,353	1,364,573
89	Hassan Nawaz	Crunch Press 5/23, Usman Blk New Garden Barket Market Town, Lahore	38104-4935582-7	Ahmed Nawaz	1,307,821	18,282	1,326,103	1,307,821	18,282	1,326,103
90	Faisal Jamil Kashmiri	Coffey International, Lower Ground Floor Pura Arcade F-11 Markaz Sector No E-11/2, Islamabad	82203-9204136-1	Jamil Anwar Kashmiri	1,194,558	116,509	1,311,067	1,194,558	131,227	1,325,785
91	Kamran Farid	34-A/3, Beach Hotel Road, Lalazar Drive, Karachi.	502-62-424137	Amtul Haji	527,517	772,053	1,299,571	527,517	772,053	1,299,571
92	Nauman Ahmed Tahir	PTV Home Sector No H-9 Near Ptd Office, Islamabad	37405-0969562-3	Khalid Mehmood Tabbasum	1,251,588	21,243	1,272,831	1,251,588	21,942	1,273,530
93	Kashif Aslam	TPL Trakker 13th Floor Center Point Off Shaheed-e-Millat Express Flyover / Imliaz Shopping Mall Essway Adjacent Interchange, Karachi	42101-1911571-1	Muhammad Aslam	1,174,235	70,324	1,244,559	1,174,235	77,921	1,252,156
94	Syed Faizan Alam Zaidi	104-E Chenab Centre 2nd Floor Main Jinnah Avenue Ufone Tower Blue Area, Islamabad	61101-9590980-3	Syed Tanveer Alam Zaidi	1,198,325	51,217	1,249,542	1,198,325	51,217	1,249,542

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					Principal	Interest/ Mark up	Total	Principal	Interest/ Mark up	Total Balance
95	Mr.Cod Pakistan (Pvt) Ltd	39/C, Ahmed Block New Garden Town, Lahore	*Muhammad Arzish Firdausi 35202-6092543-9 Muhammad Aamir Shah 35202-3411893-1	"Naseem Ahmed Firdausi Ghulam Mohiudin"	-	1,235,493	1,235,493	-	1,235,493	1,235,493
96	Safdar Khan	House No. 1-G, Main Sohni Road Sector No I-10/4, Near I-10 Markaz, Islamabad	37404-8595697-9	Muhammad Nawaz	1,188,069	46,094	1,234,163	1,188,069	46,094	1,234,163
97	Abdullah Ahmad	4 Old Fcc Ferozpur Road Fc College, Lahore	35202-2567275-7	Tahir Mukhtar	1,096,679	102,184	1,198,864	1,096,679	102,184	1,198,864
98	Saleem Lalani	Shop A-9, Ground Floor Plot-C11 Block-5 Khaybana-e-Roomi Pearl Heaven Clifton, Karachi	42301-0934100-1	Ali Bhai	1,702,821	1,165,892	2,868,713	-	1,165,713	1,165,713
99	Asad Younis	Pakistan Television Corp Ptv Sports HBL Sector , H-9, Islamabad	13101-0354936-7	Muhammad Younis	1,095,471	55,012	1,150,482	1,095,471	65,171	1,160,642
100	Ch Bilal Ahmed	Al-Noor Dairy Farm 20, Afghani Road Samanabad, Lahore	35202-9089039-9	Hameed Bibi	744,999	396,316	1,141,315	744,999	396,316	1,141,315
101	Munir Ahmed Ujjan	Banglow No B-11, Muslim Society Scheme 33 Opposite Memon Hospital Hospital Safoora Chowrangli, Karachi	45203-6533387-5	Haji Muhammad Kamil	1,112,482	16,664	1,129,146	1,112,482	17,813	1,130,295
102	Atique Mahmood	8.5 Km Shiekhupura Road, Ravi Auto Millat Traders Shiekhupura Road, Lahore	35201-3705669-5	Muhammad Ibrahim	1,108,825	15,500	1,124,325	1,108,825	16,279	1,125,104
103	Muhammad Nasir Iqbal Hashmi	Ministry of States and Frontier Regions, Room No 219 2nd Floor Block S Pak Sectt, Islamabad	61101-1560374-3	Ghias Ud Din Hashmi	1,083,057	41,228	1,124,285	1,083,057	41,228	1,124,285
104	Kamran Sajjad	House No. 275 A-1, Punjab Housing Society Near Wapda Town, Lahore	35202-6971264-1	Muhammad Sajjad	1,040,973	82,039	1,123,012	1,040,973	82,039	1,123,012
105	Mr Jamil Ahmed	Suite 477 St#07, Askari 5 Malir Cantonment Near Ad Market, Karachi	35201-1169589-3	Khawaja Rafi Ahmed	991,071	102,697	1,093,768	991,072	119,714	1,110,785
106	Ayesha Arshad	Travel Port Pvt Ltd Office No 47, Lower Ground Floor Century National Park Tower Kalma Chowk Gulberg , Lahore	35202-0342491-2	Mohammad Arshad	1,083,254	26,826	1,110,080	1,083,254	26,826	1,110,080
107	Abdul Mateen Bajwa	House No. 1068 Near Soil Conversation Work, 6th Road Metro Stop Shop Murree Road, Rawalpindi	37405-7860700-9	Zahoor Ahmed Bajwa	1,086,000	15,696	1,101,697	1,086,000	18,311	1,104,311
108	Akber Ali	Dock Master Off DC Dept Gate 1 Office 2 Keamari NLM PSO, Karachi	42401-2027738-5	Abdullah	1,000,000	99,121	1,099,121	1,000,000	99,121	1,099,121
109	Sohail Qasim Ali Somani	Karachi Music Center Pl # S-B-27, AM Manzil Summerset Street Opp. Memon Masjid, Karachi	42201-1221013-5	Mumtaz	1,393,271	303,337	1,696,608	793,271	303,337	1,096,608
110	Mr Faizan Akhtar Laghari	House No. 50-A/4, Lalazar Queens Road Off MT Khan Road Near Beach Luxury Hotel, Karachi	42301-1050864-7	Allah Bachayo Laghari	732,485	259,994	992,479	732,485	363,717	1,096,202
111	Aslam Ghouri	House No. 212 Street 67 G-8 Markaz Sector G-8/1, Islamabad	61101-1768239-7	Sardar Ghouri	1,001,922	89,576	1,091,498	1,001,922	89,576	1,091,498
112	Zeeshan Amin Malik	House No. 187/C Moh National Bank Colony Samanabad, Lahore	35202-9130629-7	Muhammad Amin Malik	976,352	103,256	1,079,608	976,352	104,352	1,080,704
113	Malik Muhammad Hanif	House No. 12, Muslim Road, Samanabad, Lahore.	35202-1964429-9	Malik Hasan Uddin	1,482,711	595,764	2,078,476	482,711	595,764	1,078,476
114	Rahat Ali Khan	A-220, Ground Floor Street No 09 Block H North Nazimabad, Karachi	42401-3433270-7	Saulat Ali Khan	957,008	90,337	1,047,345	957,008	101,103	1,058,111
115	Mr Syed Usman Hassan	House No. 29-A Main Nazam Ud Din Rd F-10/4 Near Beacan House School, Islamabad	37405-1639521-3	Syed Asif Hassan	855,521	171,641	1,027,162	855,522	199,191	1,054,712
116	Mushtaq Ahmed	PTV Home Sector No H-9, Near Ptol Office, Islamabad	37405-9670502-9	Sardar Ahmed	1,020,941	26,892	1,047,833	1,020,941	26,892	1,047,833
117	Muhammad Masood Munir	House No. 127-B Poonch Housing Colony Muttan Road Near Govt High School Chuburji, Lahore	35202-2569663-5	Muhammad Munir Nadir	951,821	91,201	1,043,022	951,821	91,201	1,043,022
118	Asad Ayub	LGS 136-E Phase 1 DHA, Masjid Chowk DHA Cantt, Lahore	42201-9095033-3	Muhammad Ayub Khan	957,481	74,385	1,031,867	957,481	83,552	1,041,034
119	Masroor Ahmed Khan	Security Management Services Pvt Ltd, 12th Floor Kavish Crown Plaza Shakra-e-Faisal Near Baloch Colony Bridge, Karachi	42201-6961676-1	Anees Ahmed Khan	943,151	94,752	1,037,903	943,151	94,752	1,037,903
120	Sameer	HBL Jacobline Branch, Numalsh Karachi Near Ali Raza Imam Bargah, Karachi	42201-0716408-7	Sadrudin	961,609	73,082	1,034,691	961,609	73,082	1,034,691
121	Muhammad Muzammil	House No. 31-A Lane No 2, PAF Officer Colony Zrar Shaheed Road Cantt, Opposite Askari 9, Lahore	35201-5816660-1	Hafeez Allah Farooqi	895,987	124,797	1,020,784	895,987	126,111	1,022,098
122	Ghulam Jaffar Malik	PTV House Sector No H-9 Near HBL, Islamabad	61101-1925879-3	Allah Ditta Malik	952,929	56,921	1,009,851	952,929	56,921	1,009,851
123	Mr Syed Umair Hai	C-199/A Block 14 Gulistan-e-Johar Near Pak Turk School Dar Ul Sehat, Karachi	42201-0618602-7	Syed Ejaz Ul Hai Rizvi	803,280	175,648	978,928	803,280	201,773	1,005,052
124	Muhammad Pervaiz	Civil Lines (Kalan) Street# 06, Gujranwala	34101-8137914-6	Iqbal Begum	2,920,037	507,788	3,427,825	490,037	507,788	997,825
125	Abdul Nabi Dahri	Fiat # C-17 Noman Avenue Block-20 Johar Mor Gulistan-e-Jauhar, Karachi	45304-5721041-5	Abdul Haq Dahri	919,962	63,225	983,187	919,962	70,237	990,199
126	Zafar Iqbal Raja	House No. 40, Askari Villas Chaklala Scheme 3, Rawalpindi	37405-1102183-7	Raja Muhammad Iqbal	874,080	101,346	975,426	874,079	108,794	982,873
127	Asif Aziz	Ziauddin University, Street 4/B Block 5, Sheri Jinnah Scheme 6 Clifton, Karachi	42201-7984163-9	Abdul Aziz	895,093	88,456	983,550	895,093	80,979	976,072
128	Saadia Saifullah Qureshi	House No. 593A Basement, Street 50 I-8/2 I-8 Markaz, Islamabad	61101-4218086-2	Saif Ullah Qureshi	913,043	58,223	971,265	913,043	58,842	971,884
129	Muhammad Raheel Ahmed	C-59, Sector No 11-B North Karachi, Near Bank Al Habib, Karachi	42101-5799914-5	Muhammad Safi Ullah	927,304	39,548	966,852	927,304	41,546	968,850
130	Amir Wali Khan	IFO Ground Floor Plaza 4-C, Main Markaz Sector G-5 SCBP Diplomatic Enclave, Islamabad	42301-5314111-9	Faizullah Khan	858,934	100,340	959,274	858,934	100,340	959,274

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131	Chemaine Majid	71 FCC Gulberg II Bol TV, Lahore	42301-7965832-4	Khawaja Farooq Majid	864,983	93,262	958,245	864,983	93,262	958,245
132	Sohail Khalid	Autosoft Dynamics 360/2, Q Commercial Clinic Bhatta Area DHA, Lahore	34101-9130237-5	Khalid Rashid Khalid	888,839	68,097	956,935	888,839	69,238	958,076
133	Fayyaz Farooq Butt	Barret Hodgson Pakistan, Babar Medicine Company, Peco Road Near Shell Petrol Pump, Lahore	35201-1233306-3	Farooq Ahmed Butt	898,547	45,826	944,373	898,547	51,723	950,269
134	Ghazala Shaheen	Sawana City Flat No. A-1307, Block 13-D-3, Vaseem Bagh Gulshan-e-Iqbal, Karachi	42201-0596789-6	Tanveer Hassan	895,836	54,019	949,856	895,836	54,019	949,856
135	Ahmed Fawad Hashmi	Askari Bank 6th Floor Near KPT Under Pass Clifton, Karachi	42301-0800449-3	Farooq Ahmed Hashmi	922,618	21,533	944,151	922,618	21,994	944,611
136	Yousuf Ahmed Khan	Infotech Office No 101 First Floor, Ebrahim Ali Bhai Tower, Main Sharah e Faisal, Karachi	42201-4173230-5	Bashir Ahmed Khan	921,075	8,911	929,986	921,075	12,557	933,632
137	Javed Ali Khan	Room No C-807, 8th Floor, Civic Center Civic Center Gulshan-e-Iqbal, Karachi	42101-0527128-7	Latafat Ali Khan	866,508	62,146	928,655	866,508	62,146	928,655
138	Haseeb Akram	House No. 1475, FB Area Dehli College Block 2, Karachi	42101-6963464-3	Akram Hadi	824,966	100,155	925,121	824,966	100,155	925,121
139	Sonam Rajesh Kumar	8th Floor Dawood Centre, M.T Khan Road PIDC House, Karachi	42301-0902560-2	Om Parkash	888,762	35,336	924,098	888,762	36,123	924,885
140	Muhammad Javed	Flat No. A302, Al Minal Tower Main Manawer Chorangi KK Super Market, Block 3A Gulistan-e-Johar, Karachi	41303-1496990-1	Bilal	874,737	59,230	933,967	874,737	48,992	923,729
141	Waqas Ahmad	Plot No. 340 Street No. 10, Block A Mehar Fiaz Old Mehar Office Colony Fathaghar, Lahore	35201-5046084-9	Nazir Ahmad Siddiqui	904,830	16,559	921,388	904,830	12,908	917,738
142	Sajjad Malik	Division National Security College, G-2 COD Ground Floor PAF Complex No. 4, E-9 Islamabad	17301-5806728-3	Muhammad Shafi	895,660	15,664	911,324	895,660	16,199	911,859
143	Mr Muhammad Sadiq	House No 47 Street No 1 Block No JJ DHA Phase No 4 Near Total Pump, Lahore	35201-1677974-3	Daulat Ali	789,899	108,281	898,180	789,900	121,869	911,769
144	Mr Syed Shafique Ahmed Bukhari	OGDCL Tower 5th Floor, UBL Tower Blue Area, Islamabad	31202-6934688-1	Syed Lal Shah Bukhari	869,818	38,629	908,447	869,818	40,546	910,364
145	Sohaib Akram	House No. 512-CC Sector No D Bahria Town Near Mcdonalds, Lahore	35202-6021098-3	Hafiz Muhammad Akram	863,125	70,840	933,964	863,125	46,840	909,964
146	Muhammad Azeem	Ledgeteck 136-A, Gourment Resturant Faisal Town, Lahore	36302-0485278-5	Muhammad Afzaal Sheikh	839,102	56,108	895,210	839,102	64,901	904,003
147	Muhammad Hasnain	Flat No 508 5th Floor Jiwani Homes Garden East Behind KMC Market, Karachi	42301-2676479-7	Raza Ali	749,529	133,485	883,013	749,529	152,459	901,988
148	Sajid Ali	Naro Khad Dealer New Ghallah Mandi Kamohi Dist, Gujranwala	34102-0457499-3	Muhammed Rafiq Khan	1,682,831	346,791	2,029,622	553,374	346,791	900,165
149	Muhammad Junaid Khalid	5-23, Usman Block New Garden Town, Options Restaurants Crunch Press, Lahore	38101-0727237-9	Khalid Laif Qureshi	861,184	24,194	885,377	861,184	24,194	885,377
150	Shahid Nadeem	House No. 158, Street No. 08, Rawal Town Rawal Dam Lake Street No. 08, Islamabad	61101-1775410-3	Haji Deen Muhammad	802,739	66,090	868,829	802,739	66,090	868,829
151	Saleem Ullah	Ali Murtaza Associates 22Km Ferozpur Road Rohi Nala, Lahore	43202-9448946-5	Abdul Razzak Buriro	792,572	76,245	868,816	792,572	76,245	868,816
152	Hasan Mustafa	Plot No. 31, Sector 19, Singer Chowrangji Korangi Industrial Area, Karachi	42101-4543294-1	Ghulam Mustafa	833,418	25,669	859,086	833,418	29,992	863,410
153	Liaqat Ali Nazir	Lahore Grammer School, 483/4 Block G, Wateen Chowk Phase V DHA, Lahore	35202-3512845-1	Nazir Ahmad	834,359	26,576	860,934	834,359	26,576	860,934
154	Muhammad Sadiq	House No. 47, Street No 1 Block No JJ DHA Phase No 4 Near Total Pump, Lahore	35201-1677974-3	Daulat Ali	813,344	38,530	851,874	813,344	38,951	852,295
155	Faisal Hassan	A-489 Block J, Jan Plaza North Nazimabad, Karachi	42501-7253668-1	Ashiq Hussain	801,620	54,776	856,395	801,620	44,535	846,155
156	Faheem Khaliq	Netsol Technologies Ltd, Village Ring Rd Eden Avenue, Lahore	31203-1686389-7	Chaudhry Abdul Khaliq	786,091	50,805	836,896	786,091	58,179	844,270
157	Raphidah Shabbir	Kuri Campus, Najib Murtaza Road Off Park Road, Park Enclave Near PHA, Islamabad	61101-5004314-2	Hamid Shabbir Ahmad Sheikh	788,500	54,809	843,309	788,500	55,502	844,002
158	Suleman Iqbal	41-D K.D.A Shomee No 1, Karachi	42301-1681061-7	Iqbal Ismail	674,409	145,763	820,172	674,409	168,737	843,146
159	Nusrat Dipson	Mayo Hospital Psychactrist Ward, Gate No. 2, Mayo hospital Near Neela Gunmbad, Lahore	35202-4201313-4	Dipson	824,688	15,116	839,804	824,688	15,116	839,804
160	Muhammad Babar	5 C 7/12, Flat No 2B, 2nd Floor Nazimabad No 5 Near Jinnah College, Karachi	42000-0372289-3	Muhammad Asghar	705,108	118,622	823,730	705,108	133,690	838,798
161	Shabbir Ahmed	3-E 6 Faiz Market Nazimabad No. 3 Shop No.2 (Near S.M. Public School), Karachi	42101-1393164-5	Shams Un Nisa	1,856,224	835,969	2,692,192	-	834,692	834,692
162	Imtiaz Hussain Hashmi	DHA Y-Block Branch, 153 Y-Block Mcdonald DHA, Lahore	37405-0345121-3	Maqbool Hussain Hashmi	810,404	28,479	838,883	810,404	23,579	833,983
163	Syed Shakir Hussain Shah	House No. B-14 3rd Floor Safari Bleasing Gulistan-e-Johar Pheelwan Ghoth Block 12, Karachi	17301-9684472-1	Abdul Wahid	691,304	125,881	817,184	691,304	142,131	833,435
164	Syed Jamil Asgher Naqvi	Weatherford Oil Tools, Plot No. 208 Main Service Road, I-10/3 Near SNGPL, Islamabad	37406-1316563-7	Syed Talib Asgher Naqvi	679,932	122,385	802,318	679,932	139,598	819,530
165	Abdul Samad	House No. 596 Street No. 54 I-10/1, Near I-10 Markaz, Islamabad	42201-9886735-1	Muhammad Ishaq Sheikh	718,582	97,898	816,480	718,582	99,422	818,004
166	Sameen Riaz Abbasi	House No. 202, Dhoke Allah Dad Bharakaho Petrol Pump, Islamabad	61101-2216958-3	Muhammad Riaz Abbasi	746,961	63,769	810,730	746,961	63,769	810,730

Notes to the Financial Statements

For the year ended 31 December 2018

Annexure-1

Sr. NO.	Name	Address	Name of Partners/ Directors NIC / CNIC	Father / Husband Name	Amount in PKR Rupees					
					Outstanding Liabilities at Beginning of Year			Amount Written off / Concession		
					Principal	Interest/ Mark up	Total	Principal	Interest/ Mark up	Total Balance
167	Ehtisham Abbas	Plaza 84, Block H Phase 1 2nd Floor Masjid Chowk DHA, Lahore	36502-4421881-9	Abbas Ali Khan	699,722	96,627	796,349	699,722	109,855	809,577
168	Nadra Tariq	Sindh Bank Ltd PIB Colony Branch, Plot No. 340 Near Jail Chowrangli, Karachi	42201-6417021-2	Tariq Shuja	779,446	27,271	806,717	779,446	27,271	806,717
169	Sijal Ahmed Memon	House No. 122 Street No.11, Jamia Masjid E-11/4, Islamabad	41306-9468875-5	Muhammad Saleh Memon	735,944	69,675	805,619	735,944	70,492	806,436
170	Nelofer	House No. D-303, Al Aman Apartment, Gulshan-e-Iqbal, Agha Khan Hospital Block 14, Karachi	42201-0519121-8	Tasawar Ul Karim Baig	667,470	110,724	778,194	665,492	124,957	790,449
171	Uzma Rizvi	Karachi Medical Dental College Block M PSO Pump Taimoria Library North Nazimabad, Karachi	42101-9959488-2	Syed Ahmed Rizvi	722,309	66,689	788,998	722,309	66,689	788,998
172	Somia Salman	Lahore Grammar School Paragon City Campus Burki Road Cantt Paragon City Administration, Lahore	35202-1026104-4	Salman Ijaz	700,000	78,299	778,299	700,000	78,299	778,299
173	New Asia Surgical Works	Near Chongli No. 8, Sambial Daska Road, Daska	*Muhammad Shabir 34601-3189992-1 Muhammad Ashraf Raza 34601-3113093-7*	*Muhammad Lateef Muhammad Shafi Sheikh*	333,771	444,093	777,864	333,771	444,093	777,864
174	Abdul Moiz Qureshi	Suit No 602-603 6th Floor Business Avenue Faysal Bank Shahrah-e-Faisal, Karachi	42101-6810605-3	Abdul Majid Qureshi	738,666	36,754	775,420	738,666	37,591	776,257
175	Syed M Abbas Ali	House No. 85/1, Main Khayabane-e-Bokhari, Off 26th Street Phase 6 DHA, Karachi	42201-0615070-1	Syed Muhammad Ali Shahab	702,315	49,587	751,902	702,315	73,455	775,771
176	M Anwar	House No. 55/B, Gulberg Colony, Faisalabad	33100-0428649-7	Taj Begum	1,367,557	570,253	1,937,810	200,557	570,253	770,810
177	Hamid Rabbani Farooqui	61A, Saudi Pak Tower 14th Floor Jinnah Avenue Saudi Pak Tower Blue Area, Islamabad	82401-2469163-7	Imam Rabbani Farooqui	703,390	62,250	765,640	703,390	62,250	765,640
178	Kamran Hasan	House No. B-1B, 7th Central Street Phase 2 DHA, Karachi	42000-1054464-7	Mohammad Sharif Ul Hasan	701,112	52,493	753,605	701,112	60,662	761,775
179	Muhammad Abid Sindhu	210-A Block-P, Gulberg-III Naseerabad Metro Stop, Lahore	35202-8977008-7	Muhammad Arif Sindhu	733,002	28,759	761,761	733,002	28,759	761,761
180	Javed Saifullah	Flat No. 4, Gill Arcade Hill Road Sector E 11 /2, Islamabad	13101-4944179-9	Saifullah Jan	734,790	20,215	755,005	734,790	24,977	759,766
181	Muhammad Ammir Ghafoor	Shaheen Traders, Tehsil Bazar Hasil Pur Distt, Bahawalpur	31203-6590407-5	Abdul Ghafoor	1,325,852	430,723	1,756,575	325,852	430,723	756,575
182	Sohail Kazi	C-3, Jason Luxury Apartment, Block-3, Clifton, Blawal House, Karachi	42301-8168986-5	Suleman	693,559	55,103	748,662	693,559	62,903	756,461
183	Nelofer	House No. D-303, Al Aman Apartment Gulshan-e-Iqbal Agha Khan Hospital Block 14, Karachi	42201-0519121-8	Tasawar Ul Karim Baig	687,155	58,148	745,303	687,155	65,659	752,814
184	Muddassir Kaleem	M A Jinnah Road Br Corner, Abdullah Gul Plaza Haroon Road, Karachi	42201-1225216-5	Kaleem Ahmed	737,833	9,251	747,084	737,833	13,280	751,113
185	Mohsin Bukhari	Silver Squire F11 Markaz, Islamabad	32304-3348897-1	Ashiq Hussain Shah	659,427	81,429	740,856	659,427	90,454	749,882
186	Syed Omer Ahsan Gilani	A- 23, Old Bella View Apartments Boat Basin, Clifton Block 7, Karachi	38403-6097979-3	Syed Rashad Ahsan Gilani	701,814	45,687	747,501	701,814	46,216	748,031
187	Arshed Ali Farooqui	E2E Suit No 311-313, The Plaza KDA Scheme No 5, Block 9 Clifton, Karachi	42101-1305806-3	Muhammad Ali	712,899	27,970	740,869	712,899	34,804	747,703
188	Shabbir Ahmed	18/2 J-Street Off Khayaban-e-Muhafiz Phase-6 DHA, Karachi	42301-1499869-5	Mohammad Shafique	617,690	113,987	731,677	617,690	129,218	746,908
189	Mr Mian Muhammad Sabir	OGDCL Tower, 5th Floor Blue Area Near UBL Tower, Islamabad	33202-4615265-7	Allah Ditta	710,407	29,055	739,462	710,407	30,692	741,099
190	Mr Syed Farhan Ali Rizvi	House No. 2-B-36 Nazimabad No 2, Karachi	42101-3086311-3	Syed Nawab Ali Rizvi	715,473	14,007	729,480	711,302	20,969	732,271
191	Raja Talat Mahmood	House No. 31 F/1, Street No. 2, Caltex Road Newlalazar, Rawalpindi	37402-1635657-1	Raja Muhammad	655,471	71,295	726,766	655,471	71,295	726,766
192	Muhammad Sufyan	House No. A-436 Phase 1, Ghulshan e Hadeed, Maki Madni Cloth Steel Town Malir, Karachi	42501-0234986-3	Abdul Rasheed	670,691	55,712	726,403	670,691	55,712	726,403
193	Khawar Abbas	Virtual University, M A Jinnah Campus Defence Road Off Raiwind Road, Lahore	36501-1874970-7	Dildar Hussain Shah	674,685	48,515	723,200	674,685	48,515	723,200
194	Faran Hussain Farhat	House No. B-60, Block 19 Gulshan-e-Ali, Happy Palace School F B Area, Karachi	42101-7858587-7	Farhat Hussain	657,532	56,917	714,448	657,532	63,443	720,975
195	Aslam Pervaiz Khaskheli	Flat No. A-10/4, Fahad Square, Sohrah Goth Faria Chowk Thana Gulzar e Hijri, Karachi	44204-2300434-1	Ghulam Farooque Khaskheli	678,480	38,195	716,676	678,480	38,990	717,470
196	Saba Umer	House No. 398 Sector 3/A, Landhi Near Bank Al Habib, Karachi	42201-0619331-2	Muhammad Umer	679,616	37,807	717,423	679,616	37,807	717,423
197	Syed Fakhir Din Muhammad Fahad	House No. 12-AA, Formanites Society, Phase 5 Near State Life Society, Lahore	36501-2548528-9	Syed Saifdar Ali Shah	716,415	4,056	720,470	716,415	-	716,415
198	Mr Sheikh Asif Majeed	House No. 10 Street No. 120 G-11/4, Near Markaz, Islamabad	61101-0455154-5	Sheikh Abdul Majeed	538,805	159,677	698,482	538,805	177,189	715,994
199	Imran Ali	MC 850, Patha Road Green Town, Shah Faisal Tarabi Coaching Centre Colony, Karachi	33100-0850862-9	Muhammad Boota	672,111	40,155	712,266	672,111	42,769	714,880
200	Imran Ansari	UBL Sunset Boulevard Branch, DHA Near Al Tamash Hospital, Karachi	41303-9411182-9	Jan Muhammad Ansari	647,321	59,359	706,680	647,321	66,738	714,059
201	Zia Ud Din	Lower Basement Below Bank Islami, Gulberg Place Building No 6, E-Markaz E-11/3 MPCHS, Islamabad	71501-4116340-1	Yasub Ud Din	669,357	44,112	713,470	669,357	44,112	713,470

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For the year ended 31 December 2018

Annexure-1

Sr. NO.	Name	Address	Name of Partners/ Directors NIC / CNIC	Father / Husband Name	Amount in PKR Rupees					
					Outstanding Liabilities at Beginning of Year			Amount Written off / Concession		
					Principal	Interest/ Mark up	Total	Principal	Interest/ Mark up	Total Balance
202	Muhammad Azhar Feroz Khan	Flat No.A-5, 2nd Floor Cabana Square Block L, Saweera Bakers North Nazimabad, Karachi	42101-1867325-1	Muhammad Hussain Khan	661,826	50,406	712,232	661,826	50,406	712,232
203	Muhammad Zikriya Niazi	39-W Block, Phase 3 DHA, Lahore	37405-7732134-5	Alam Din Niazi	591,924	103,774	695,698	591,924	117,652	709,577
204	Naveed Ahmed	Shop No 2, Moona Arcade Block-05, Rub Medical Gulshan-e-Iqbal, Karachi	42101-1650067-7	Ahmad Saeed	579,404	104,152	683,556	579,404	118,820	698,224
205	Mr Muhammad Rameez Khan	Plot No 47, National Park Road Off Kuri Road Chak Shahzad Farms Chak Shah, Islamabad	61101-5433430-1	Khalid Jamal	529,174	146,620	675,794	529,174	166,540	695,714
206	Israr Ahmad	Office No 406-D 4th Floor City Tower Main Boulevard Road Near City Tower, Lahore	36401-4980361-3	Shah Rasool	617,923	77,442	695,365	617,923	77,442	695,365
207	Ahmed Sons	263-A Model, Town Gujranwala	*Ali Ahmad 34101-5856070-7*	Dil Mohammad	124,651	570,010	694,661	124,651	570,010	694,661
208	Samina Feroz	LDC US Embassy, Diplomatic British High Commission Enclave Ramna 5, G5, Islamabad	37405-0219114-8	Feroz Alam	620,980	65,446	686,425	620,980	73,472	694,451
209	Syed Irfan Ahmed	D-12, Estate Avenue Site Near Siemens Company, Karachi	42501-1497823-5	Syed Shamsuddin Ahmed	620,129	74,295	694,424	620,129	74,295	694,424
210	Zahid Murtaza	Shop No. 1, Jeddah Centre Mecca Electric Marke Shahalam, Lahore	35202-8490326-9	Jamila Bagum	826,686	342,896	1,169,582	346,686	342,896	689,582
211	Muhammad Irfan Anwar	Nadra Regional Office G-10/4, Plot No 30, G-10 Markaz Mauve Area, Islamabad	42301-9583618-9	Muhammad Anwar	648,960	32,179	681,139	648,960	32,735	681,695
212	Rukhsana Mehboob	Shalimar Recording and Broad Casting Co Ltd, H-9 Near Faiz Ahmed Faiz, Metro Stop HEC, Islamabad	61101-7282447-2	Mehboob Alam	627,324	52,227	679,551	627,324	52,958	680,282
213	Muhammad Dilshad Akhtar	Muhammad Dilshad Akhtar Dunya Pur Road, Basti Malook, Multan	36302-5983876-1	Abdul Shakoor	1,220,000	564,296	1,784,296	115,000	564,296	679,296
214	Syed Murtaza Ali Azam	Manhattan House 50, Old Clifton Manhattan House Near Mohattan Palace Clifton Karachi	42201-0491149-3	Syed Waris Ali Azam	625,234	52,888	678,123	625,234	53,531	678,765
215	Mr Aman Ullah Khan	2nd Floor, Chohan Plaza G-8 Markaz Plot No. 18-B, Sector G8 Markaz, Islamabad	15401-0704347-7	Saad Ullah Khan	562,195	116,044	678,239	562,194	116,045	678,239
216	Salman Qamar	Telenor Office, DCO Chowk Near PSO Pump, Telenor Park, Rahim Yar Khan	31303-1832607-5	Qamar Iqbal	622,133	52,898	675,032	622,133	52,898	675,032
217	Jamshed Hussain	Shop 4672-B, Daryabad Eid Ga Gawalmandi, Rawalpindi	37405-0377241-1	Khadim Hussain	572,723	82,344	655,067	572,723	96,842	669,566
218	Muhammad Mohsin Mukhtar	Reformers, Co 87H 2nd Floor, Gourmet Bakery Phase 1 DHA, Lahore	35201-9179322-1	Muhammad Mukhtar	651,816	11,729	663,545	651,816	11,729	663,545
219	Waseem Abbas Anjum	NHMP Complex Babusabu , Lahore	36502-4836986-3	Ghulam Mohi Ud Din	642,439	12,023	654,463	642,439	16,781	659,220
220	Munawar Ali	230-H Gulshan Ravi, Lahore	35202-6754642-5	Ghulam Muhammad	553,893	91,236	645,128	553,893	104,438	658,331
221	Aadil Hameed Kayani	ABS Labs Pvt Ltd 5th Floor EOBI Building G-10/4, Near Nadra Office G-10/4, Islamabad	61101-7948067-9	Hameed Khan	633,532	24,285	657,817	633,532	24,665	658,197
222	Khurram Ali Raza	7/11 Modern Colony, Pecco Road Kotlakpath, Lahore	35202-9707070-1	Nafees Ali Khan	588,920	61,803	650,722	588,920	68,591	657,511
223	Mr Syed Fakhr Din Muhammad Fahad	House No. 12-AA, Formanites Society Phase 5 Near State Life Society, Lahore	36501-2548528-9	Syed Safdar Ali Shah	577,608	56,428	634,036	577,607	75,481	653,088
224	Tariq Saud	Anwar Textile Mills Ltd, 8th Floor Sheikh Sultan Trust Building Beamount Road, Karachi	42301-7988199-1	Akhtar Hussain	543,184	92,628	635,812	543,184	106,022	649,206
225	Tariq Umer	9/2, Zamzama Street No 8, Phase 5, DHA, Karachi	42301-6863344-1	Muhammad Safdar	497,773	132,367	630,140	497,772	150,211	647,983
226	Faisal Razzaq	House No. 370/601, Street No 11, Muhallah Bostan Colony, Kotlakpat Near Bridge Stop, Lahore	35201-3099259-5	Muhammad Razzaq	606,026	40,311	646,337	606,026	41,039	647,065
227	Muhammad Fahad Azhar Chaudhry	House No. 424 E Block, AWT Phase II Adda Plot Raiwind Road, Lahore	35202-2266876-1	Muhammad Azhar Chaudhry	577,094	61,516	638,610	577,094	61,516	638,610
228	Nisar Ahmad	Shalamar Hospital Mughal Pura, Lahore	32304-1630619-3	Muhammad Habib	577,876	59,826	637,702	577,876	59,826	637,702
229	Phamida Gill	House No. 12A, Waris Colony Wahdat Road Near Qasir Hosari, Lahore	35202-1787706-0	Irfan Ashiq	616,941	20,533	637,475	616,941	20,533	637,475
230	Mr Allah Ditta	Shop No. 6, Meraj Gulshan Center Kissan St Circular Road, Lahore	42301-5845461-9	Saddar Ud Din	522,162	103,109	625,271	522,163	112,256	634,419
231	Syed Fakhray Alam	PIA Engineering Department, Shohda Gate Line PIA Head Office Maintenance LI, Karachi	42301-2829586-7	Syed Fareed Alam	549,138	70,826	619,964	549,138	74,766	623,904
232	Tarveer Hassan	Sawana City, Flat No A-1/307 4th Floor Gulshan-e-Iqbal, Waseem Bagh Block 13-D-3, Karachi	42501-4206729-7	Meer Hassan	579,336	39,603	618,939	579,336	42,634	621,970
233	Mr Farman Ullah	House No. 20 Street No. 67, Sector G-6/4, Near HBL Tower, Islamabad	37301-2494136-7	Faqeer Muhammad	586,693	32,159	618,852	586,693	34,461	621,154
234	Mr Arshad Javaid	Flat No. 01, Ground Floor Arshad Apartments Al-Falah Manzil 26, Sector E-11/4, Islamabad	17301-5976610-7	Ghulam Fareed	468,128	146,921	615,049	468,128	151,740	619,868
235	Mr Aamir Shahjehan	House No. PD-434, Street No 02 UC-18 Pindora Stadium Road Allied Bank, Rawalpindi	13501-1348053-1	Shah Jehan	493,001	108,559	601,560	493,000	126,281	619,281
236	Muhammad Asif	House No. 39, Sector 5F2 Jamia Masjid Orangi Town, Karachi	42401-1990717-7	Shamsul Iqbal	564,293	47,260	611,552	564,293	53,959	618,251
237	Mr Syed Muhammad Sajid Kamran	Flat No. 402, Plot No 79-C 24, Commercial Street Phase 2 DHA, Karachi	42201-8820070-7	Syed Muhammad Naseem	497,891	102,881	600,772	497,892	118,968	616,861

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Annexure-1

Sr. NO.	Name	Address	Name of Partners/ Directors NIC / CNIC	Father / Husband Name	Amount in PKR Rupees					
					Outstanding Liabilities at Beginning of Year			Amount Written off / Concession		
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238	Adnan Muhammad Ali	House No. R-239, Block 8 Aziz Abad F.B Area, Karachi	42101-2471460-3	Isar Ali	518,771	85,163	603,934	518,771	97,528	616,299
239	Adnan Faiz	Artistic Denim Mills, Plot No. 5-9 23-26, Shan Chowrangi / Chandra Chowrangi Sector 16, Korangi Industrial Area, Karachi	35202-4262993-1	Faiz Ullah	592,027	20,220	612,247	592,027	23,258	615,285
240	Saira Shakoor Usman	D 165, Navy Housing Zamzama II Talwar, Karachi	42301-2478085-6	Abdul Shakoor	515,968	85,517	601,484	515,968	99,045	615,013
241	Muhammad Jamshaid	Shaqurri & Son 2nd & 3rd Floor, Block 104-E, Chanab Centre Opposite Ufone Tower, Main Jinnah Avenue Blue Area, Islamabad	13101-9154217-1	Saeen Muhammad	573,735	39,034	612,769	573,735	39,034	612,769
242	Amjad Pervez	Madina Chowk, Alipur Chathta, Wazirabad	34104-9836256-9	Ashique Ali	391,664	219,342	611,007	391,664	219,342	611,007
243	Zeeshan Ali Khan	Currency Market Associate, Saima Trade Tower-B, 9th Shaheen Complex Floor II Chundrigar Road, Karachi	42101-1865425-9	Shafat Ali Khan	566,155	43,644	609,799	566,155	43,644	609,799
244	Hamayun Alvi	DGS Pvt Ltd, Main Raiwind Road, Muqadas Hotel, Lahore	35202-2869924-9	Ittikhar Ahmed Alvi	560,000	44,112	604,112	560,000	49,081	609,081
245	Mohd Ahsan Durrani	13-A, Pearl Heaven Appartment Clifton, Karachi	42301-5640699-7	Mohammad Azizullah Durrani	503,268	88,994	592,262	503,269	105,406	608,675
246	Mr Basharat Hafeez	The Pragma Corporation 1-E, 3rd Floor Building-B, Ali Plaza SCB Branch Blue, Area 31303-2369629-3 Near SCB Awan Arcade, Islamabad	31303-2369629-3	Hafeez Ullah	499,994	105,975	605,969	499,994	105,976	605,969
247	Talat Jamil	A-2/1, Habib Blessing Block 13-D/2, Gulshan-e-Iqbal, Karachi	42201-1514638-3	Jamil Hussain Beri	501,564	89,426	590,990	501,564	102,123	603,687
248	Hussain	2B Apartment, Plot 16-A Qasray Hussaini Shabirabad Block A, Karachi	42301-1031627-9	Ameer Ali	7,502,921	610,756	8,113,677	-	602,108	602,108
249	Ghulam Hussain	Mehran Gift Center, House No. 364-A, Opposite Ashiq Atta Chaki Near Bata Mour Phase 1, Gulshan-e-Hadeed Bin Qasim Town, Karachi	42501-6368055-5	Muhammad Ibrahim Bhatti	564,715	28,081	592,797	564,715	35,346	600,061
250	Taimur Ali Khan	E 466 3B, Hassan Street Near Eden Cottages 1, New Iqbal Park, Lahore	17301-1680430-7	Nawabzadah Hashmet Khan	501,961	81,049	583,010	501,961	93,014	594,975
251	Chaudhry Habib Sultan	House No. 116, Daffodill Road, Phase No. 2, Bahria Town, Rawalpindi	61101-1861015-9	Mohammad Anwar Chaudhry	500,899	82,893	583,792	500,899	94,009	594,908
252	Waqas Habib Bhatti	Waqas Crockery Store, Mian Sharif Market Kot Abdul Malik, Lahore	35401-3290145-7	Arshad Habib	492,307	87,774	580,080	492,307	102,340	594,647
253	Akhtar Ali	House No. 33, Street No. 9, 37/A Landhi No-4, Karachi	42201-9807934-1	Anwer Ali	499,631	83,110	582,741	499,631	94,197	593,829
254	Naeem Maqbool Chishti	House No. 1, Zubair Colony Jaranwala Road, Faisalabad	33100-8748368-3	Maqbool Ahmed	491,503	87,808	579,310	491,503	101,139	592,642
255	Muhammad Javed Iqbal	Shop No 1 and 2, Sethi Plaza, Jinnah Avenue Blue Area Near MCB, Islamabad	31202-0847479-9	Tanvir Iqbal Zafar	571,952	15,988	587,940	571,952	19,000	590,952
256	Maria Zeeshan	1D-28, Sector No. 30 Korangi Industrial Area Near Brooks Chowrangi, Karachi	42201-0526966-4	Muhammad Zeeshan Ul Haq	532,777	50,902	583,679	532,777	56,678	589,455
257	Ubaid Ullah Imran	Malik Dairy Center, Koray Stop Near Qasaiyan Wali Gali Walton Road Cantt, Lahore	33302-2224533-1	Muhammad Abdulla	497,256	80,633	577,890	497,256	92,077	589,333
258	Faisal Waqar	232-C Punjab Govt Housing Society Phase 2 Wapda Town, Lahore	35202-1288296-5	Rana Waqar Ul Hassan	528,581	59,383	587,964	528,581	59,991	588,572
259	Saba Masood	House No. L591 Sector 5C1, Global Public School North Karachi, Karachi	42101-1854077-4	Sheikh Javed Ahmed	497,835	76,403	574,238	497,835	89,906	587,741
260	Aamir Altaf Alvi	House No. 1 Street No. 9 G Block Sowar Gardn Near Global Cash And Carry, Islamabad	61101-1990083-1	Altaf Parwaz	525,991	54,233	580,224	525,991	60,413	586,404
261	Muhammad Latif	House No. 10/A, Street No. 47, Mohammadia Colony Sikandar Mujahid Abad Mughalpur, Lahore	35201-1580389-1	Muhammad Irshad	495,591	79,718	575,309	495,591	90,716	586,307
262	Mr Shahmeer Ali	House No. 291, Street No. 8, Alam Khan Road Chiloran Park Committee Chowk, Rawalpindi	37405-1335302-5	Mahar Nadeem Shahzad	419,245	151,047	570,292	419,246	165,257	584,503
263	Umar Farouk Shaikh	House No. R-11, 10th East Street Phase 1 DHA, Karachi	42301-0906555-1	Anwari Khanum	356,394	218,264	574,658	356,394	228,047	584,441
264	Mr Abid Hussain	House No. 6, Milad Chowk Chatha Bakhtawar, Near Al Makkah Carry, Islamabad	34202-2315485-3	Muhammad Sadiq	546,467	34,325	580,792	546,468	37,137	583,605
265	Sohail Aslam	205-D Block, Eden Abbad Khyaban e Ameen, Valencia Town Lake City Road, Near Cricket Stadium, Lahore	35202-2825878-3	Malik Muhammad Aslam	534,396	48,303	582,699	534,396	48,895	583,291
266	Mr Zohaib Altaf	B-337, Gulshan-e-Iqbal Block-6, Karachi	42101-5450898-5	I.D Altaf Mangi	466,433	99,663	566,096	466,433	116,468	582,901
267	Magdeline Ittikhar	House No.474, Block 3, Bilal Masjid Sector D-1 Green Town, Lahore	35202-5956968-8	Ittikhar Masih	560,316	32,221	592,537	560,316	22,152	582,469
268	Aamir Hussain	Building C3, 5th Lane Flat No. 201, Ittehad Commercial Aga Khan Lab DHA Phase No. 6, Karachi	42201-8843647-7	Bashir Mirza	524,307	55,068	579,375	524,307	55,669	579,976
269	Muhammad Hanif	House No. 191, Street No. 4, Din Pura, Samajabad No. 1, Multan	36303-0999004-9	Abdul Majeed	1,797,927	380,590	2,178,517	197,927	380,590	578,517
270	M Suleman Farooq	House No. 5-A/2, Phase-5, Khayaban-e-Tanzeem, DHA, Karachi	42301-4804784-9	Muhammad Farooq	455,499	107,432	562,931	455,499	122,415	577,914
271	Mr Kamran Hasan	House No. B-1B, 7th Central Street Phase 2 DHA, Karachi	42000-1054464-7	Mohammad Sharif Ul Hasan	490,393	59,777	550,170	490,393	87,166	577,559
272	Mr Intizar Hassan	PEMRA 4th Floor, Mauve Area G-8/1 Near Chamber Of Commerce, Islamabad	37405-0293511-7	Hashmat Ali	463,401	98,171	561,572	463,401	113,275	576,676

Notes to the Financial Statements

For the year ended 31 December 2018

Annexure-1

Sr. NO.	Name	Address	Name of Partners/ Directors NIC / CNIC	Father / Husband Name	Amount in PKR Rupees					
					Outstanding Liabilities at Beginning of Year			Amount Written off / Concession		
					Principal	Interest/ Mark up	Total	Principal	Interest/ Mark up	Total Balance
273	Mr Khawar Abbas	OGDCL Tower, 5th Floor Blue Area Near UBL Tower, Islamabad	33202-8495335-1	Muhammad Bakhsh	553,507	21,512	575,019	553,507	23,148	576,655
274	Muhammad Ibrahim Akhtar Awan	House No. 32-B Street No. 2 Model Colony Gulberg-III, Lahore	35202-7895491-9	Munir Ahmad Awan	1,315,583	259,906	1,575,488	315,583	258,097	573,680
275	Abdul Sattar	Smile Garments Shop No. 4-5, Mosood Arcade Stanl Road, Faisalabad	33102-1793477-3	Abdul Wahid	486,732	75,595	562,326	486,732	86,796	573,528
276	Shahida Mehboob	Fiat No. A-5, Block C, Shalimar Avenue Block M North Nazimabad, Karachi	42000-0502216-6	Muhammad Tanvir Khan	513,685	58,287	571,972	513,685	59,204	572,889
277	Mehmood Iqbal	Fiat No. 2-C, 2nd Floor Bath Island Apartment, 16 Marry Road Bath Island Clifton, Karachi	42301-7411185-5	Naseer Ahmed	445,176	106,123	551,299	445,175	126,029	571,204
278	Faraz Shahid	Insight CCA 1 Commercial, Habib Bank Limited Area DHA Phase 5, Lahore	35201-9687640-3	Shahid Hassan Siddiqi	562,727	7,140	569,867	562,727	8,349	571,076
279	Mr Nareesh Kumar	K.S Trade Tower 14th Floor, Office No. R.K Square 1409, New Chali, Karachi	42301-6893244-9	Asoomat	456,173	96,875	553,048	456,172	112,179	568,351
280	Mr Anwar Ul Haq	Shop No. 6, Meraj Gulshan Center Kissan Street Circular Road, Lahore	42301-0997463-1	Allah Dita	513,759	51,931	565,690	513,759	51,931	565,690
281	Rabia Arif	101, W Al Khair Plaza, Blue Citi Lab Area, Islamabad	61101-5163274-2	Abdul Hamid Arif	511,755	46,590	558,346	511,755	52,259	564,015
282	Zaheer Ahmed	House No. 746 A/16, Salman Market Mahmoodabad No 04, Karachi	42201-6387812-5	Abdul Hameed	539,128	20,969	560,097	539,128	24,566	563,694
283	Muhammad Aamir Qureshi	M/S Amir Builders, Office No. 6, Shaheen Market, Street 85, Sector I - 10 / 1, Islamabad	37405-0654263-9	Atta Ur Rehman Qureshi	498,213	65,204	563,417	498,213	65,204	563,417
284	Mr Nareesh Kumar	K.S Trade Tower 14th Floor, Office No. R.K Square 1409 New Chali, Karachi	42301-6893244-9	Asoomat	448,633	97,151	545,784	448,632	112,889	561,521
285	Muhammad Adnan Khan	K Electric 1st Floor, New Meter Building Block L, Shaheen Complex Elender Road, Karachi	42201-3874442-1	Muhammad Wazir Khan	552,578	6,928	559,507	552,578	8,135	560,713
286	Mr Muhammad Yaseen	Plot No. 6/4, 1st Floor Block C, Abbasi Shaheed Nazimabad No.3, Karachi	42301-9900434-9	Muhammad Yaqoob	513,599	39,962	553,561	513,598	44,561	558,160
287	Iqbal Hussain	Chan Peer Travel & Tours, Office No. 7, Mughal Market Thokar Niaz Baig Multan Road, Lahore	35301-1853683-9	Karam Din	463,442	84,216	547,658	461,465	95,948	557,412
288	Muhammad Ali Kirmani	6th Floor, Merchant Acquiring Department HBL Annexe Building MCB Tower, Hasrat Mohani Road, Karachi	42101-1796640-3	Shakeel Ahmed Kirmani	530,124	23,593	553,717	530,124	26,340	556,464
289	Iftikhar Haider	Office No. 1, 1st Floor, 62/51, Amjid Plaza Bank Road Saddar Cantt, Rawalpindi	37405-5354545-5	Muhammad Aslam	470,548	71,472	542,020	470,548	82,521	553,069
290	Harold Thomas John	F-73/1, Clifton Block No 4, Near Abdullah Shah Ghazi Mazaar, Karachi	90406-0156575-1	Thomas John	515,018	39,719	554,737	515,018	37,036	552,053
291	Qamar Rasheed Raja	House No. 16 Street No. 9, Sector C DHA - 1 Near DHA Plaza, Islamabad	37405-0260819-5	Rasheed Ahmed Raja	546,981	4,440	551,421	546,981	4,757	551,738
292	Naila Inam	Fiat No 312-B, Hill Side Residence, Punjab House Firoez Nana Road Bathisland Clifton, Karachi	42301-3678960-6	Abul Inam	577,897	23,363	601,260	549,537	-	549,537
293	Muhammad Iqbal	B-2 1st Floor, Jopra Plaza Opposite Urdu University, Block 13C Urdu University Gulshan, Karachi	42201-6753973-9	Muhammad Yousuf	455,072	81,803	536,875	455,072	93,734	548,806
294	Hamid Ullah	Salsoft Technologies, 47 NKCHS Block 3, PECHS Near Union Club, Karachi	15703-2068186-5	Nimat Ullah	500,000	45,370	545,370	500,000	46,057	546,057
295	Naveed Ahmed	5-A, Zafar Ali Road Gulberg Near Surgimed, Lahore	35201-9181282-1	Muhammad Shehbaz	507,118	38,359	545,477	507,118	38,774	545,892
296	Mr Asad Luqman	52/2 31 Street Off Saba Avenue, DHA Phase 5 Ext Near Badar Commercial, Karachi	42301-7009299-9	Luqman Sadiq Ali	412,307	117,640	529,947	412,307	132,653	544,960
297	Shabana Ali	House No. R-662/14-A, Shadman Town Public School North, Karachi	42101-5201753-8	Muhammad Ali Siddique Golden	493,414	48,153	541,567	493,414	51,408	544,822
298	Arshad Mehboob	M M Traders, Shop No. 810, Paradise Market Behind Co-Operative Market Iqbal Road Saddar, Karachi	42201-9160028-1	Mehboob Hussain Siddiqui	464,522	68,741	533,264	464,522	80,052	544,574
299	Mr Saeed Ahmed	Adinifinity 86 H, Gulberg III Firdous Market, Lahore	35202-5796023-7	Ghulam Rasool	433,139	110,223	543,362	433,139	110,223	543,362

Notes to the Financial Statements

For the year ended 31 December 2018

Annexure-1

Sr. NO.	Name	Address	Name of Partners/ Directors NIC / CNIC	Father / Husband Name	Amount in PKR Rupees					
					Outstanding Liabilities at Beginning of Year			Amount Written off / Concession		
					Principal	Interest/ Mark up	Total	Principal	Interest/ Mark up	Total Balance
300	Deedar Ali Peecho	1st Floor Inspection & Monitoring Cell Department, Block No. 14 Street No. 4/B, Sir Shah Civic Centre Suleman Rd Gulshan-e- Iqbal, Karachi	42301-3255917-1	Ghulam Mustafa	475,856	67,327	543,183	475,856	67,327	543,183
301	Saad Ayub Naveed	House No. 7/104, Hashim Raza Road Model Colony Karachi Near Telephone Exchange, Karachi	42501-7982346-5	Naveed Ahmed	492,676	48,824	541,500	492,676	49,432	542,108
302	Muhammad Aftab	E-31, Meran Muhammad Shah Road, Muhammad Ali Society Near Sylani Wellai, Karachi	42201-2444509-1	Zafar Ali	522,481	19,255	541,736	522,481	19,255	541,736
303	Ahmed Raza Khawaja	A-47, Sector Z-4, Gulshan-e-Maymar, Karachi	45204-0579719-1	Ali Muhammad	479,058	60,281	539,339	479,058	60,281	539,339
304	Mr Adeel Ahmad	House No. 03, Block-G2, Wapda Town Near Abu Baker Chowk, Lahore	35202-2597513-5	Maqsood Ahmad	435,456	84,131	519,587	435,456	95,304	530,760
305	Talha Ahmad Ansari	Plot No. 6-B, 15th South Street, Phase-II, DHA, Post Office, Karachi	42301-8359909-5	Muhammad Ahmed Ansari	398,597	113,851	512,448	398,597	128,984	527,581
306	Amjad Ali	House No. 73 AM Colony, Gulshan-e-Ravi Near Moon Market, Lahore	35200-2402098-1	Ghulam Mohammad	460,629	55,530	516,159	460,629	66,358	526,987
307	M Ghazali Farooqui	House No. 2 B, 7th Central Lane Phase 2 DHA, Karachi	42301-4874247-3	Waseem Farooqui	480,768	41,154	521,922	480,768	45,863	526,630
308	Abid Rafiq	Abid Store, 60 Jalal Centre, Chowk Yateem Khana Bund Road, Lahore	35202-2962907-1	Muhammad Rafiq	497,531	1,591	499,122	497,531	27,818	525,349
309	Sohail Mazhar	House No. 80, Al Hamara Housing Society, Karachi	42201-0255324-7	Mazhar Hussain	519,782	14,887	534,669	482,070	38,520	520,590
310	Vicas Harrison	House No. 232, Street No. 4, Sec D 1st Floor, Akhter Colony Near Cafe Gulzar Hotel, Karachi	42000-0511289-9	Malik Daniel	462,138	51,724	513,862	462,138	58,412	520,550
311	Abdul Wahab	Lucky Cement Limited Head Office, Banglow No. 6A, Near Lal Qila Muhammad Ali Society, Karachi	42301-6570327-7	Ahmed Hussain Memon	470,266	43,963	514,229	470,266	50,102	520,368
312	Ishtaq Hussain	House No. 2197/C, Qadri Street, Muhammadi Colony Humayun Road, Multan	36302-0319104-9	Syirain Bibi	-	520,084	520,084	-	520,084	520,084
313	Mr Muhammad Bilal Samee Solangi	4th Floor Bahria Complex 1 MT Khan Road Near Samba Bank, Karachi	42201-2424774-5	Abdul Samee Solangi	338,128	168,955	507,083	338,129	181,149	519,278
314	Liaquat Masih	Kalma Chowk, Tipu Block Leads University Allied Bank, Lahore	34104-2327755-1	Wazir Masih	499,889	18,904	518,793	499,889	18,904	518,793
315	Mr Saeed Ahmed	Adinfinity 86 H, Gulberg III Firdous Market, Lahore	35202-5796023-7	Ghulam Rasool	446,982	61,775	508,757	446,982	71,000	517,982
316	Syed Anwer Hussain Gillani	2nd Floor, Thq Building, F-11 Markaz Near Askari Bank, Islamabad	35202-1351024-7	Syed Imtiaz Hussain Gillani	504,916	13,413	518,330	504,916	10,706	515,623
317	Khalid Mehmood	Shaheen Insurance, House No. 46, Khayanban e Suhanwardy G-6/4, Islamabad	61101-1681313-5	Mohammad Sarwar	394,148	106,929	501,077	394,149	121,376	515,525
318	Nayyar Sultana	Street No. 01 Block 2, Federal B Area Jinnah Ground 90, Karachi	38403-2069144-0	Sher Muhammad Hasrat	462,372	52,282	514,654	462,372	52,282	514,654
319	Muhammad Farooq Mangrio	Flat No. 304, Oyster View Apartment Tower I, Block - 2 Clifton, Karachi	41303-8544327-7	Abdul Razaque Mangrio	2,794,186	824,819	3,619,005	68	512,730	512,798
320	Kishwar Sultana	House No. 33, Street No. 38 F-10/4, F-10 Markaz, Islamabad	56503-9819391-6	Sultan Mehmood	459,684	52,666	512,350	459,684	52,666	512,350
321	Mr Syed Masroor Anwer Shah	Flat No.12, Block No. 24 (PHA) Gulistan-e- Johar Block No. Kamran Chorangi Pakistan Housing Authority, Karachi	45402-3761862-7	Syed Anwer Ali Shah	444,741	67,222	511,963	444,740	67,222	511,963
322	Ghulam Asghar	TDAP 1st Floor State Life Building No.5, Jinnah HBL Tower Avenue Blue Area, Islamabad	38104-3944083-1	Barkhurdar	502,941	5,834	508,775	502,941	8,551	511,492
323	Sumera Bashir Khan	Mein Hard House, No 2-A Street No 49, F-6/4 Near Super Market, Islamabad	37406-1511528-2	Khalil Ahmed	456,345	52,497	508,842	456,345	53,508	509,854
324	Amir Fareed	Block N Model Town Extension Flat No. 267- B, Ahmad Fabrics, Lahore	35101-5924308-9	Muhammad Afzal	472,345	36,064	508,410	472,345	36,897	509,242
325	Imran Anjum	280-A, Kamran Block, Allama Iqbal Town, Lahore	35202-9526192-7	Muhammad Naeem	1,166,740	157,904	1,324,644	352,237	156,883	509,120
326	Usman Usman	House No. 219, Block No. 14, Tara Chand Riad Ria Marri Near HBL, Karachi	42401-4764604-7	Haroon	470,835	33,101	503,936	470,835	37,961	508,796
327	Siraj Ahmed Yousaf Zai	House No. 6, Street No.01, Sector F-4 Phase 6,Hayatabad, Peshawar	17301-5555111-9	Bibi Zohra	3,387,766	-	3,387,766	508,165	-	508,165
328	Najma Agha	Kashf Foundation House No. 1, Street No. 1, Ghousia Park Band Dubai Islamic Bank Road, Tipu General Store, Lahore	35401-3884161-8	Muhammad Ishaq	482,232	19,451	501,683	482,232	23,592	505,823

Notes to the Financial Statements

For the year ended 31 December 2018

Annexure-1

Sr. NO.	Name	Address	Name of Partners/ Directors NIC / CNIC	Father / Husband Name	Amount in PKR Rupees					
					Outstanding Liabilities at Beginning of Year			Amount Written off / Concession		
					Principal	Interest/ Mark up	Total	Principal	Interest/ Mark up	Total Balance
329	Mr Adeel Ahmad	House No. 03 Block-G2, Wapda Town Near Abu Baker Chowk, Lahore	35202-2597513-5	Maqsood Ahmad	424,783	72,308	497,091	424,783	80,465	505,249
330	Faisal Sheikh	House No.77/II, Main Khayaban-e-Tariq, Phase VI DHA, Karachi	42301-0942295-7	Naseem	390,116	100,228	490,344	390,115	114,090	504,205
331	Muhammad Riaz	Flat No. 609, 8th Floor Beach Residency, Block 3 Bilawar House Clifton, Karachi	42301-1102188-1	Haji Muhammad Ramzan	455,016	42,754	497,770	455,016	48,230	503,245
332	Liaquat Ali Khan	House No. K-13/15, Railway Housing Society Malir City Nagori Bara 23, Karachi	42301-1221790-5	Gul Zaman Khan	490,909	8,251	499,160	490,909	11,099	502,008
333	Muhammad Irfan	House No. P806, Street No. 15 Raza Abad Bazar No. 1-2, Faisalabad	33100-0863593-1	Muhammad Sabir	398,760	103,221	501,981	398,760	103,221	501,981
					1,168,831,021	826,073,311	1,994,904,331	932,580,686	812,380,375	1,744,961,061

Notes to the Financial Statements

For the year ended 31 December 2018

Annexure-II

Annexure - II

ISLAMIC BANKING BUSINESS

The Bank is operating 8 (Dec 2017: 9) Islamic banking branches and 69 (Dec 2017: 84) Islamic banking windows at the end of the year.

	Note	2018	2017
		----- (Rupees in '000) -----	
ASSETS			
Cash and balances with treasury banks		2,858,428	2,725,969
Due from financial institutions	1	4,873,442	4,788,058
Investments	2	6,487,739	6,233,447
Islamic financing and related assets - net	3	49,010,356	42,552,234
Fixed assets		32,987	40,400
Other assets		1,775,916	1,556,082
Total Assets		65,038,868	57,896,190
LIABILITIES			
Bills payable		94,221	162,877
Due to financial institutions		3,289,000	3,724,000
Deposits and other accounts	4	43,334,139	40,274,228
Due to head office	5	10,040,967	6,675,569
Other liabilities		1,825,266	1,695,741
		58,583,593	52,532,415
NET ASSETS		6,455,275	5,363,775
REPRESENTED BY			
Islamic banking fund		200,000	200,000
Surplus / (deficit) on revaluation of assets		(3,239)	77,078
Unappropriated / unremitted profit	7	6,258,514	5,086,697
		6,455,275	5,363,775
CONTINGENCIES AND COMMITMENTS	8		

The profit and loss account of the Bank's Islamic banking branches for the year ended 31 December 2018 is as follows:

Profit / return earned	9	4,065,937	3,116,094
Profit / return expensed	10	(668,788)	(658,124)
Net Profit / return		3,397,149	2,457,970
Other income			
Fee and commission income		526,156	752,642
Foreign exchange income		371,789	51,028
Gain / (loss) on securities		(1,010)	(1,006)
Other Income		15	639
Total other income		896,950	803,303
Total income		4,294,099	3,261,273
Other expenses			
Operating expenses		(1,646,235)	(1,778,722)
Total other expenses		(1,646,235)	(1,778,722)
Profit before provisions		2,647,864	1,482,551
Provisions and write offs - net		23,953	92,685
Profit before taxation		2,671,817	1,575,236

Notes to the Financial Statements

For the year ended 31 December 2018

Annexure-II

	2018			2017		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
1 Due from financial institutions	(Rupees in '000)					
Unsecured	-	4,873,442	4,873,442	-	4,278,805	4,278,805
Bai Muajjal Receivable from State Bank of Pakistan	-	-	-	509,253	-	509,253
	-	4,873,442	4,873,442	509,253	4,278,805	4,788,058

	2018				2017			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
2 Investments by segments:	(Rupees in '000)							
Federal Government Securities:								
- Ijarah Sukuks	4,500,000	-	(8,450)	4,491,550	5,356,369	-	55,078	5,411,447
- Bai Muajjal with GOP	1,390,978	-	-	1,390,978	-	-	-	-
	5,890,978	-	(8,450)	5,882,528	5,356,369	-	55,078	5,411,447
Non Government Debt Securities:								
- Listed	600,000	-	5,211	605,211	800,000	-	22,000	822,000
- Unlisted	-	-	-	-	-	-	-	-
	600,000	-	5,211	605,211	800,000	-	22,000	822,000
Total investments	6,490,978	-	(3,239)	6,487,739	6,156,369	-	77,078	6,233,447

	Note	2018	2017
		(Rupees in '000)	
3 Islamic financing and related assets			
Murabaha	3.1	3,401,261	904,303
Musharakah		17,060,987	20,072,238
Diminishing Musharakah		23,152,627	20,134,603
Musawammah		846,677	1,245,000
Ujrah (Saadiq credit cards)		438,149	404,809
Advances against Islamic assets - Murabaha		3,195,553	6,277
Advances against Islamic assets - Diminishing Musharakah		27,384	55,714
Inventory related to Islamic financing - Murabaha		1,441,583	316,024
Gross Islamic financing and related assets		49,564,221	43,138,968
Less: provision against Islamic financings			
- Specific		(462,179)	(503,620)
- General		(91,686)	(83,114)
		(553,865)	(586,734)
Islamic financing and related assets - net of provision		49,010,356	42,552,234
3.1 Murabaha			
Murabaha financing	3.1.1	3,401,261	904,303
Inventory for Murabaha		1,441,583	316,024
Advances for Murabaha		3,195,553	6,277
		8,038,397	1,226,604
3.1.1 Murabaha receivable - gross	3.1.2	3,531,925	924,932
Less: Deferred murabaha income:	3.1.4	(71,388)	(9,324)
Profit receivable shown in other assets		(59,276)	(11,305)
Murabaha financing		3,401,261	904,303
3.1.2 The movement in Murabaha financing during the year is as follows:			
Opening balance		924,932	1,140,615
Sales during the year		6,088,586	2,872,989
Adjusted during the year		(3,481,593)	(3,088,672)
Closing balance		3,531,925	924,932

Notes to the Financial Statements

For the year ended 31 December 2018

Annexure-II

	2018	2017
	----- (Rupees in '000) -----	
3.1.3 Murabaha sale price	3,531,925	924,932
Murabaha purchase price	(3,401,261)	(904,303)
	130,664	20,629
3.1.4 Deferred murabaha income	9,324	12,869
Opening balance	218,918	59,015
Arising during the year	(156,854)	(62,560)
Less: Recognised during the year	71,388	9,324
Closing balance		

	2018			2017		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
4 Deposits	----- (Rupees in '000) -----					
Customers						
Current deposits	22,013,831	6,112,787	28,126,618	20,619,548	5,125,057	25,744,605
Savings deposits	14,173,673	-	14,173,673	13,423,428	-	13,423,428
Term deposits	1,025,293	-	1,025,293	1,052,881	-	1,052,881
Margin accounts	5,509	-	5,509	50,366	-	50,366
	37,218,306	6,112,787	43,331,093	35,146,223	5,125,057	40,271,280
Financial Institutions						
Savings deposits	3,046	-	3,046	2,948	-	2,948
	3,046	-	3,046	2,948	-	2,948
	37,221,352	6,112,787	43,334,139	35,149,171	5,125,057	40,274,228

	2018	2017
	----- (Rupees in '000) -----	
4.1 Composition of deposits	35,157,084	33,180,275
- Individuals	13,199	5,134
- Government (Federal and Provincial)	3,046	2,948
- Banking Companies	163,382	211,197
- Non-Banking Financial Institutions	7,005,232	5,998,499
- Private Sector	951,464	838,725
- Non residents (Corporate & Individual)	40,732	37,450
- Trusts	43,334,139	40,274,228

4.2 This includes deposits eligible to be covered under insurance arrangements amounting to Rs. 33,477 million.

5 Due to Head Office	10,040,967	6,675,569
6 Charity Fund		
Opening Balance	4,700	2,941
Additions during the period		
Received from customers on account of delayed payment	7,685	3,436
Other Non-Shariah compliant income	247	2,907
	7,932	6,343
Payments / utilization during the period		
Education	(887)	(1,540)
Health	(3,813)	(3,044)
	(4,700)	(4,584)
Closing Balance	7,932	4,700

Notes to the Financial Statements

For the year ended 31 December 2018

Annexure-II

	2018	2017				
	----- (Rupees in '000) -----					
Details of charity payments						
Jinnah Foundation Trust	-	930				
Marie Adelaide Leprosy Centre	-	1,005				
The Patients' Behbud Society for AKUH	-	1,006				
Patient's Aid Foundation	-	1,033				
Professional Education Foundation	-	610				
Childlife Foundation	887	-				
The Hunar Foundation	887	-				
Indus Hospital	1,500	-				
Patients Aid Foundation	1,426	-				
	4,700	4,584				
7 Islamic Banking Business Unappropriated Profit						
Opening balance	5,086,697	4,261,461				
Add: Islamic Banking profit for the period	2,671,817	1,575,236				
Less: Transferred / remitted to head office	(1,500,000)	(750,000)				
Closing balance	6,258,514	5,086,697				
8 CONTINGENCIES AND COMMITMENTS						
Guarantees	428,800	399,556				
Commitments	10,690,449	19,993,449				
Other contingent liabilities	1,701,153	3,800,686				
	12,820,402	24,193,691				
9 Profit / Return earned of financing, investments and placement						
Profit earned on:						
Financing	3,645,871	2,684,894				
Investments	356,265	405,200				
Placements	63,801	26,000				
	4,065,937	3,116,094				
10 Profit on Deposits and other dues expensed						
Deposits and other accounts	(612,833)	(589,318)				
Due to Financial Institutions	(55,955)	(68,806)				
	(668,788)	(658,124)				
11 Profit & Loss distribution and pool management						
The Bank manages following assets pools for profit and loss distribution:						
a) Islamic Export Refinance Scheme (IERS) Musharakah pool; and						
b) Mudarabah depositors pool						
a) IERS Musharakah Pool						
Key features, risks, rewards and calculation of profit / loss of this pool are in compliance with the SBP IER Scheme and the relevant circulars issued by SBP from time to time.						
Type of Pool	Profit rate and weightage announcement period	Average return on Pool Assets	Bank Profit	SBP Profit	Bank Profit %	SBP Profit
IERF Pool	Monthly	4.53%	225,413	52,586	80.50%	19.50%
b) Mudarabah depositors pool						
1. General Depositors Pool						
2. Special Depositors Pool						
3. High Yield Pool						

Notes to the Financial Statements

For the year ended 31 December 2018

Annexure-II

i) Key features and risk & reward characteristics

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

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

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

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

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

No general or administrative expenses are charged to pools. No provision against any non-performing asset of the pool is passed on to the pool except for the actual loss / write-off of such non-performing asset.

iii) Deployment of Mudaraba based deposits

The deposits and funds accepted under the above mentioned pools are provided to diverse sectors including Sugar, Chemicals, Textile, Fertilizer, Cement, Power Production, Energy, Packaging Material, FMCG etc. as well as in Government of Pakistan backed by Ijarah Sukuks.

iv) Other information

	TYPE OF POOL		
	General	Special	High Yield
Profit rate / weightage announcement frequency	Monthly	Monthly	Monthly
Mudarib share (Amount in '000)	299,827	91,208	2,746
Mudarib share(%)	46.59%	25.17%	24.66%
Mudarib Share transferred through Hiba (Amount in '000)	21,925	83,330	595
Mudarib Share transferred through Hiba (%)	6.81%	47.74%	17.81%
Average return on pool assets	6.57%	6.99%	9.56%
Average return on deposits	3.28%	3.63%	3.89%

PATTERN OF SHAREHOLDINGS

As of 31 December 2018

NO. OF SHAREHOLDERS	SHAREHOLDINGS' SLAB			TOTAL SHARES HELD
1206	1	to	100	44,097
1769	101	to	500	543,746
982	501	to	1000	755,695
2193	1001	to	5000	5,544,474
742	5001	to	10000	4,586,775
93	10001	to	15000	1,160,880
63	15001	to	20000	1,096,825
31	20001	to	25000	713,875
27	25001	to	30000	764,263
17	30001	to	35000	548,065
9	35001	to	40000	338,182
4	40001	to	45000	168,632
7	45001	to	50000	345,205
4	50001	to	55000	204,858
4	55001	to	60000	227,310
4	60001	to	65000	246,897
4	65001	to	70000	275,927
2	70001	to	75000	149,600
2	75001	to	80000	155,817
1	90001	to	95000	90,500
5	95001	to	100000	499,500
1	100001	to	105000	103,045
1	115001	to	120000	118,900
1	120001	to	125000	122,000
2	125001	to	130000	255,400
1	130001	to	135000	133,000
1	155001	to	160000	157,000
3	195001	to	200000	600,000
1	210001	to	215000	211,000
1	220001	to	225000	220,200
1	235001	to	240000	238,900
2	245001	to	250000	497,232
1	260001	to	265000	262,000
1	265001	to	270000	270,000
1	295001	to	300000	300,000
1	335001	to	340000	337,000
1	370001	to	375000	375,000
3	420001	to	425000	1,266,500
1	440001	to	445000	440,179
1	455001	to	460000	459,415
2	495001	to	500000	1,000,000
1	710001	to	715000	712,500
1	910001	to	915000	914,570
1	1020001	to	1025000	1,023,795
1	1075001	to	1080000	1,078,600
1	1595001	to	1600000	1,600,000
1	1995001	to	2000000	2,000,000
1	6085001	to	6090000	6,088,500
1	3832335001	to	3832340000	3,832,339,162
7204				3,871,585,021

CATEGORY WISE LIST OF SHAREHOLDERS

As at 31 December 2018

Categories of Shareholders	Shareholders	Shares Held	Percentage
Directors and their spouse(s) and minor children			
MRS. SPENTA KANDAWALLA	1	1	0.00
MR. SHAZAD DADA	1	1	0.00
MR. IAN ANDERSON BRYDEN	1	1	0.00
MR. FERDINAND PIETERSE	1	1	0.00
MR. MOHAMED ABDELBARY	1	1	0.00
MR. WAQAR AHMED MALIK	1	1	0.00
Associated Companies, undertakings and related parties			
Standard Chartered Bank (UK)	1	3,832,339,162	98.99
Public Sector Companies and Corporations	6	2,087,951	0.05
Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds	9	18,373	0.00
Mutual Funds			
CDC - TRUSTEE AKD INDEX TRACKER FUND	1	40,848	0.00
General Public			
a. Local	7096	26,905,385	0.69
b. Foreign	5	11,472	0.00
Foreign Companies	12	1,762,579	0.05
Others	69	8,419,245	0.22
Totals	7205	3,871,585,021	100.00
Share holders holding 5% or more		Shares Held	Percentage
Standard Chartered Bank (UK)		3,832,339,162	98.99

FORM OF PROXY
13TH ANNUAL GENERAL MEETING
STANDARD CHARTERED BANK (PAKISTAN)
LIMITED

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

I/We of being member(s) of Standard Chartered Bank (Pakistan) Limited holding Ordinary shares hereby appoint of or failing him/her of who is/are also member(s) of Standard Chartered Bank (Pakistan) Limited as my/our Proxy in my/our absence to attend and vote for me/us and on my/our behalf at the Annual General Meeting of the Bank to be held on 29 March 2019 and/or any adjournment thereof.

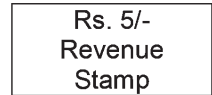
میں/ہم کا/کی بحیثیت رکن اسٹینڈرڈ چارٹرڈ بینک (پاکستان) لمیٹڈ اور حامل عام حصص، کے/کی کا یا ان کی غیر موجودگی میں کے/کی جو اسٹینڈرڈ چارٹرڈ بینک (پاکستان) لمیٹڈ کے رکن ہیں، کو اپنی غیر حاضری میں بینک کے سالانہ اجلاس عام جو 29 مارچ 2019 کو منعقد ہونا ہے یا اس کے التواء کی صورت میں حاضری اور حق رائے دہی کے استعمال کے لئے اپنا نمائندہ (پراکسی) تقرر کرتا/کرتی ہوں۔
 آج بروز بتاریخ 2019 کو دستخط کیے گئے۔

Signed this day of 2019.

Folio/ CDC No.
 فولیو/سی ڈی سی



Signature
 دستخط



WITNESSES:

گواہ :

1. Signature:
 Name:
 CNIC/Passport No.:
 Address:

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

2. Signature:
 Name:
 CNIC/Passport No.:
 Address:

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

Note:

نوٹ:

- The Proxy Form should be deposited at the registered office of the Bank, as soon as possible but not later than 48 hours before the time of holding the meeting, failing which, Proxy Form will not be treated as valid.
- No person shall act as proxy unless he/she is a member of the Bank.

- نمائندگی کا فارم (پراکسی فارم) جلد از جلد بینک کے رجسٹرڈ پتے پر جمعہ کرائیں، سالانہ اجلاس عام کی ابتداء سے 48 گھنٹے پہلے تک موصول ہونے والے فارم موثر تصور کیے جائیں گے بعد ازاں موصول ہونے والا کوئی بھی فارم قابل قبول نہیں ہوگا۔
- کسی بھی غیر رکن شخص کا تقرر بطور نمائندہ (پراکسی) نہیں کیا جا سکتا۔

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

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Disclosure on Complaint Handling

At SC, our clients are at the centre of everything we do. Our colleagues across the franchise value the "voice of the client" that we receive through various touch points and we have made great strides to come upto the expectations of our clients on grievance management, complaint handling and others issues.

The bank has made significant efforts to educate our clients of their rights, and how to go about addressing their concerns. Client touch points were revised, enriched and vastly socialized via all of the Bank's communication channels; same were made part of the branch notice boards and our website, as well. In addition to external communication, internal communication focused on adequate disclosure via product documentation. Conduct assessment has been a key driver across the Bank, where all activities are regularly viewed and handled accordingly.

We continue to focus on enhancing our proposition to facilitate client convenience and offer a seamless banking experience. Operational efficiency was another variable which was a top priority, resulting in reduced turnaround times for applications and service requests, smoother transactions and simpler on-boarding. These things have been at the core of our client management strategy.

In the year 2018, total logins were 40,464 (in the categories of client concerns, feedback & inquires) where majority were resolved within the regulatory timelines having an average resolution turnaround time of 5 days.

Client touch points are as follows:

- Standard Chartered Bank
 - SCB Client Centre: 24/7 assistance at 111-002-002
 - SCB Email: Ask.Us@sc.com and Complaints.Pakistan@sc.com
 - SCB Website: www.sc.com/pk
 - SCB Postal Address: Client Care Unit, Standard Chartered Bank (Pakistan) Limited, 1st Floor, Jubilee Insurance Building, II Chundrigar Road, Saddar, Karachi
 - SCB Social Media: www.facebook.com/standardcharteredpk
- State Bank of Pakistan
- Banking Mohtasib Pakistan
- Insurance Ombudsmen
- Federal Ombudsmen
- Securities and Exchange Commission of Pakistan

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We are pleased to announce Chinese Yuan (RMB) offering for cash and trade products. We offer a complete product suite to handle bilateral trade in RMB for imports, exports, investments and trade finance (including FE loans) that provide you comprehensive solutions to meet your diverse banking needs.

In addition, you can also avail the following products and services:

- RMB Deposits* - RMB denominated Current and Savings accounts
- RMB Term Deposit** - Term Deposit of different tenors
- RMB FX - Facilitate FX Spot, Forward/Swap

*Currently only opening accounts for corporate clients. Over the Counter Cash transactions in RMB are currently not offered.

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

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