



1st Quarterly Report

(January – March 2019)

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 72 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

Management Association of Pakistan Awards 2019

- Best Commercial Bank

Global Diversity and Inclusion Benchmark Awards 2019

- Best Practice Award in Vision category
- Progressive award in Benefits category
- Progressive award in Communications category
- Progressive award in Social Responsibility category

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

Company Information

Board of Directors

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

Company Secretary

Mr. Asif Iqbal Alam

Board Audit Committee

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

Board Risk Committee

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

Board Human Resource & Remuneration Committee

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

Shariah Board

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

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

Directors' Report – Quarter Ended 31 March 2019

On behalf of the Board of Directors, we are pleased to present the Directors' Report of Standard Chartered Bank (Pakistan) Limited (SCBPL) along with its un-audited interim financial statements for the quarter ended 31st March 2019.

Economy

Economic data released since the last Monetary Policy Committee (MPC) meeting in January 2019 indicates that the impact of stabilization measures continues to unfold. In particular, the current account deficit recorded a sizeable contraction during the first two months of 2019, which, together with bilateral inflows, helped ease pressures on SBP's foreign exchange reserves. These developments on the external front have improved stability in the financial markets, reduced uncertainty and improved business confidence, as reflected in various surveys. Nonetheless, despite narrowing, the current account deficit remains high, fiscal consolidation is slower than anticipated, and core inflation continues to rise.

On the monetary front, CPI inflation was recorded at 9M FY19 average of 6.8% as compared to 9M FY18 average of 3.8%. Current account deficit (CAD) was lower by 23% at USD8.8bn during Jul 2018 to Feb 2019 as compared to a deficit of USD 11.4bn same period last year. SBP FX reserves have now risen to USD 10.5bn (USD 7.2bn at Dec'18) due to improvement in the external balance and support from bilateral flows. Pak Rupee continues to lose ground and depreciated by 1.4% in Q1 2019. Addressing the fiscal slippages, external sector financing gap and inflation pick up, SBP further tightened its monetary stance and raised the policy rate by 0.75% during Q1 2019. As a result, latest policy rate stands at 10.75% reflecting a cumulative increase of 4.25% for FY19 to date.

Recent news suggests that a broader consensus on macroeconomic and financial policy framework has been agreed with IMF and that financing facility from IMF most likely will be finalized in the next few months. This may ease some pressure on FX Reserves and shore-up the credibility of Pakistani economy. On the fiscal front, Government continues to rely on borrowing from SBP which is expected to increase inflationary pressure.

Pakistani banks continue to remain well capitalized with an industry wide CAR of 16.2% and remain profitable with ROE (after tax) of 10.7% for FY2018. Meanwhile, NPLs of the banking sector have declined to 8.0% down from 8.4% in FY2017.

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 continues to make good progress on its strategic pillars in first quarter 2019.

Operating Results and Business Overview

	31 March 2019 (PKR millions)	December 31, 2018 (PKR millions)
Balance Sheet		
Paid-up capital	38,716	38,716
Total equity	64,932	67,238
Deposits	437,159	424,899
Advances - gross	196,799	187,162
Advances - net	179,472	169,544
Investments - net	148,960	279,066
Lending to financial institutions	142,624	6,466

	Quarter ended 31 March 2019 (PKR millions)	Quarter ended 31 March 2018 (PKR millions)
Profit and Loss		
Revenue	9,336	6,780
Operating expenses	2,629	2,810
Other non mark-up expenses	141	84
Operating profit (before provisions and tax)	6,566	3,886
(Recoveries) / Provisions and write offs - net	(174)	(313)
Profit before tax	6,740	4,199
Profit after tax	3,518	2,729
Earnings Per Share (EPS) - Rupees	0.91	0.70

A strong performance by the Bank in the first quarter of 2019 led to a growth of 61% in profit before tax to PKR 6.7 billion. Overall revenue growth was 38%, whereas client revenue increased by 22% year on year with positive contributions from transaction banking, corporate finance, treasury markets and retail products. Operating expenses continue to be well managed through operational efficiencies and disciplined spending with a decrease of 6% from comparative period last year.

All businesses have positive momentum in client income with strong growth in underlying drivers. This is also evident from the pickup in net advances which have grown by 6% 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.

On the liabilities side, the Bank's deposits grew by 3%, whereas current and saving accounts grew by 2% 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.

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.

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

Appreciation and Acknowledgment

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

On behalf of the Board



Shazad Dada
Chief Executive Officer



Waqar Malik
Director

Karachi: April 25, 2019

اسٹینڈرڈ چارٹرڈ بینک (پاکستان) لمیٹڈ

ڈائریکٹرز رپورٹ ختم شدہ عرصہ 31 مارچ 2019ء

بورڈ آف ڈائریکٹرز کی جانب سے ہم انتہائی مسرت سے اسٹینڈرڈ چارٹرڈ بینک (پاکستان) لمیٹڈ کی ڈائریکٹرز رپورٹ مع 31 مارچ 2019ء کو ختم شدہ عرصہ کیلئے عبوری غیر آڈٹ شدہ کھاتہ جات پیش کر رہے ہیں۔

معیشت:

جنوری 2019ء میں مانیٹری پالیسی کمیٹی (ایم پی سی) کے اجلاس میں جاری کردہ معاشی و اقتصادی معلومات ظاہر کرتی ہیں کہ استحکام کیلئے کیے گئے اقدامات کے اثرات معیشت پر ظاہر ہو رہے ہیں۔ خاص طور پر کرنٹ اکاؤنٹ خسارہ میں 2019ء کے ابتدائی دو ماہ کے دوران خاطر خواہ کمی دیکھی گئی۔ جس نے دو طرفہ انفلوئے کے ساتھ مل کر ایس بی پی کے فارن ایکسیچینج ریزرو پر دباؤ کم کرنے میں بڑی مدد دی ہے۔ ایکسٹرئل فرنٹ پر اس پیش رفت سے فنانشل مارکیٹ کے استحکام میں مدد ملی ہے، غیر یقینی کیفیت میں کمی آئی ہے اور جیسا کہ مختلف سروے ظاہر کرتے ہیں کہ اس سے کاروباری اعتماد میں اضافہ ہوا ہے۔ کمی کے باوجود، کرنٹ اکاؤنٹ خسارہ اب بھی کافی بلند ہے، مالیاتی استحکام توقعات سے کم رہا ہے، اور بنیادی افراط زر میں مسلسل اضافہ دیکھا جا رہا ہے۔

مالیاتی محاذ پر، افراط زر میں اضافہ دیکھا گیا جو مالی سال 2018ء کے 9 ماہ کے 3.8% کے مقابلے میں مالی سال 2019ء کے 9 ماہ میں اوسطاً 6.8% رہا۔ کرنٹ اکاؤنٹ خسارہ جو جولائی 2017ء تا فروری 2018ء کے عرصے میں 11.4 ارب ڈالر تھا، جولائی 2018ء تا فروری 2019ء کے دوران 8.8 ارب ڈالر رہا جو 23% کم ہے۔ ایس بی پی فارن ایکسیچینج ریزرو 10.5 ارب ڈالر (دسمبر 2018ء پر 7.2 ارب ڈالر) تک بڑھ چکے ہیں جس کی وجہ ایکسٹرئل بیلنس میں بہتری اور دو طرفہ فلوز کی طرف سے مدد ہے۔ پاکستانی روپے کی قدر میں مسلسل کمی ہو رہی ہے اور 2019ء کی پہلی سہ ماہی میں 1.4% کی کمی دیکھی گئی۔ مالیاتی دشواریوں، ایکسٹرئل بیلنس مالیاتی خلیج اور افراط زر میں اضافے کا ازالہ کرتے ہوئے، ایس بی پی نے اپنی مالیاتی پالیسی کو مزید سخت کیا اور 2019ء کی پہلی سہ ماہی کے دوران پالیسی ریٹ میں 0.75% کا اضافہ کیا۔ نتیجتاً پالیسی ریٹ 10.75% پر آ گیا جو مالی سال 2019ء سے آج تک کیلئے 4.25% کے مجموعی اضافے کی عکاسی کرتا ہے۔

تازہ ترین خبروں سے پتا چلتا ہے کہ آئی ایم ایف کے ساتھ میکرو اکنامک اور مالیاتی پالیسی فریم ورک پر اتفاق ہو گیا ہے اور آئی ایم ایف کی طرف سے مالیاتی سہولت کچھ ہی مہینوں میں حتمی شکل اختیار کر لے گی۔ اس سے فارن ایکسیچینج ریزرو پر کچھ دباؤ کم ہو سکتا ہے اور معیشت پر اعتماد کی بحالی میں مدد ملے گی۔ مالیاتی محاذ پر، حکومت تسلسل کے ساتھ اسٹیٹ/مرکزی بینک سے قرضوں پر انحصار کر رہی ہے جس سے افراط زر کے دباؤ میں اضافے کی توقع ہے۔

پاکستانی بینکس شعبہ بینکاری کے کمزور سرمائے (CAR) کی شرح 16.1% کے ساتھ مستحکم رہے اور مالی سال 2018ء میں سرمائے پر منافع (ROE) کی شرح 10.7% رہی۔ غیر فعال قرضے کل قرضوں کا 8% ہو گئے جو مالی سال 2017ء میں 8.4% تھے۔

ہماری حکمت عملی:

بینک کی حکمت عملی کے بنیادی ستون درج ذیل ہیں:

- تمام سیکمنٹس میں منافع بخش، مؤثر اور مستحکم قرضہ جاتی پورٹفولیو کی تشکیل
- اپنی ڈیجیٹل صلاحیتوں میں مسلسل بہتری، تاکہ مارکیٹ میں اپنا امتیازی مقام برقرار رکھ سکیں
- معیاری ڈپازٹس کس برقرار رکھتے ہوئے، کھاتہ جات (ڈپازٹس) کا مستقل بڑھاؤ
- نیٹ ورک، جدید سہولیات، پروڈکٹ میں مہارت اور منظم عالمی صلاحیتوں کو بروئے کار لاتے ہوئے اپنی انفرادیت کو قائم رکھنا
- اخراجات پر سخت نظم و ضبط رکھنا، تاکہ بچت کے ذریعے سرمایہ کاری کیلئے جگہ بنائی جاسکے

بینک نے 2019ء کی پہلی سہ ماہی میں حکمت عملی کے بنیادی اصولوں میں نمایاں کارکردگی دکھائی۔

عملی نتائج اور کاروباری جائزہ:

31 مارچ 2019ء (ملین پاکستانی روپے)	31 دسمبر 2018ء (ملین پاکستانی روپے)	بیلنس شیٹ
38,716	38,716	اداشدہ سرمایہ
64,932	67,238	کل ایکویٹی
437,159	424,899	ڈپازٹس (جمع شدہ قوم)
196,799	187,162	قرضہ جات - مجموعی
179,472	169,544	قرضہ جات - خالص
148,960	279,066	سرمایہ کاری - خالص
142,624	6,466	مالیاتی اداروں کے قرضہ جات
31 مارچ 2019ء کو اختتام یافتہ عرصہ (ملین پاکستانی روپے)	31 مارچ 2018ء کو اختتام یافتہ عرصہ (ملین پاکستانی روپے)	نفع و نقصان
9,336	6,780	آمدنی
2,629	2,810	انتظامی اخراجات
141	84	دیگران مارک آپ اخراجات
6,566	3,886	کاروباری منافع (غیر فعال مالیات اور سرمایہ کاروں کے عوض نقصان اور ٹیکس سے قبل)
(174)	(313)	خالص وصولیوں / قرضہ جات پر ممکنہ خسارہ
6,740	4,199	قبل از ٹیکس منافع
3,518	2,729	بعد از ٹیکس منافع
0.91	0.70	فی حصص آمدن (EPS) - روپیہ

2019ء کی پہلی سہ ماہی میں بینک نے ٹھوس کارکردگی کا مظاہرہ کیا جو منافع میں 61 فیصد نمو کی وجہ بنا اور منافع قبل از ٹیکس 6.7 ارب روپے رہا۔ بینک کی مجموعی آمدن میں 38 فیصد اور آمدن صارف میں 22 فیصد اضافہ ہوا اور ٹرانزیکشن بینکنگ، مالیاتی مارکیٹس اور ریشیل پروڈکٹس نے نمایاں کارکردگی دکھائی۔ انتظامی اخراجات میں گزشتہ سال کے مقابلے میں 6% کمی دیکھی گئی جس کی وجہ بہترین نظم و نسق اور اچھی کارکردگی 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 سالانہ کے آغاز سے 6% 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 کیلئے پوری طرح آراستہ ہے۔

واجبات (لائبلز) کے پہلو سے، بینک کے مجموعی کھاتوں / ڈپازٹس میں 3% کا اضافہ ہوا ہے، جبکہ اس سال کے آغاز سے کرنٹ اور سیونگ اکاؤنٹس کے کھاتوں میں 2% تک اضافہ ہوا جو کہ کل کھاتہ جات کے 94% پر مشتمل ہے۔ بیلنس شیٹ کے بہترین فنڈنگ اسٹرکچر نے بینک کی کارکردگی میں مسلسل مدد کی ہے۔

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۔

کریڈٹ ریٹنگ:

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 بندیاں مالیاتی وعدوں کی بروقت ادائیگی کیلئے مستحکم صلاحیت کا اظہار کرتی ہیں۔

اظہار تشکر و اعتراف:

ہم اس موقع پر اپنے صارفین اور کاروباری رفقاء کا رے ان کے مسلسل تعاون اور اعتماد کیلئے 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۔

مخانب بورڈ:



دقار ملک

ڈائریکٹر



شہزاد ادا

چیف ایگزیکٹو آفیسر

کراچی، مورخہ 25 اپریل 2019ء

Standard Chartered Bank (Pakistan) Limited

Financial Statements

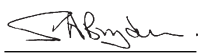
**For the Three months period ended
31 March 2019**

Statement of Financial Position

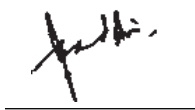
As at 31 March 2019

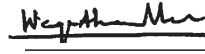
	Note	(Un-audited) 31 March 2019	(Audited) 31 December 2018
(Rupees in '000)			
ASSETS			
Cash and balances with treasury banks	6	50,469,073	50,293,497
Balances with other banks	7	5,693,124	2,344,297
Lendings to financial institutions	8	142,624,164	6,465,508
Investments	9	148,959,928	279,065,904
Advances	10	179,472,322	169,543,762
Fixed assets	11	9,594,703	7,837,979
Intangible assets	12	26,095,451	26,095,476
Deferred tax assets - net		-	-
Other assets	13	29,094,084	34,434,913
		592,002,849	576,081,336
LIABILITIES			
Bills payable	14	14,122,632	16,943,627
Borrowings	15	28,910,721	24,023,697
Deposits and other accounts	16	437,159,113	424,898,936
Liabilities against assets subject to finance lease		-	-
Sub-ordinated loans		-	-
Deferred tax liabilities - net	17	3,745,371	3,631,209
Other liabilities	18	43,132,985	39,345,498
		527,070,822	508,842,967
NET ASSETS			
		64,932,027	67,238,369
REPRESENTED BY:			
Share capital		38,715,850	38,715,850
Reserves		17,371,014	16,667,466
Surplus on revaluation of assets	19	5,507,229	5,528,671
Unappropriated profit		3,337,934	6,326,382
		64,932,027	67,238,369
CONTINGENCIES AND COMMITMENTS			
	20		

The annexed notes 1 to 37 form an integral part of these condensed interim financial statements.


Ian Anderson Bryden
Chairman


Shazad Dada
Chief Executive Officer


Asad Ali Shariff
Chief Financial Officer


Waqar Malik
Director


Mohamed Abdelbary
Director

Profit and Loss Account (Un-audited)

For the three months period ended 31 March 2019

	Note	Three months period ended 31 March 2019	Three months period ended 31 March 2018 (Restated)
(Rupees in '000')			
Mark-up / return / interest earned	21	11,174,990	6,783,185
Mark-up / return / interest expensed	22	(4,901,018)	(2,534,700)
Net mark-up / return / interest income		6,273,972	4,248,485
NON MARK-UP / INTEREST INCOME			
Fee and commission income	23	1,092,020	1,309,320
Dividend income		-	-
Foreign exchange income	24	1,328,325	932,197
Income / (loss) from derivatives		372,357	(82,715)
Gain / (loss) on securities	25	232,494	339,252
Other income	26	36,807	33,733
Total non mark-up / interest income		3,062,003	2,531,787
Total Income		9,335,975	6,780,272
NON MARK-UP / INTEREST EXPENSES			
Operating expenses	27	(2,629,236)	(2,810,403)
Workers welfare fund		(131,328)	(83,980)
Other charges	28	(9,031)	(387)
Total non mark-up / interest expenses		(2,769,595)	(2,894,770)
Profit before provisions		6,566,380	3,885,502
Recovery / (provisions) and write offs - net	29	173,851	313,497
Extra-ordinary / unusual items		-	-
PROFIT BEFORE TAXATION		6,740,231	4,198,999
Taxation	30	(3,222,493)	(1,469,786)
PROFIT AFTER TAXATION		3,517,738	2,729,213
		Rupees	Rupees
BASIC / DILUTED EARNINGS PER SHARE	31	0.91	0.70

The annexed notes 1 to 37 form an integral part of these condensed interim financial statements.



Ian Anderson Bryden
Chairman



Shazad Dada
Chief Executive Officer



Asad Ali Shariff
Chief Financial Officer



Waqar Malik
Director



Mohamed Abdelbary
Director

Statement of Comprehensive Income (Un-audited)

For the three months period ended 31 March 2019

	Three months period ended 31 March 2019	Three months period ended 31 March 2018
	(Rupees in '000)	
Profit after tax for the period	3,517,738	2,729,213
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	(16,702)	8,129
Total comprehensive income for the period	3,501,036	2,737,342

The annexed notes 1 to 37 form an integral part of these condensed interim financial statements.



Ian Anderson Bryden
Chairman



Shazad Dada
Chief Executive Officer



Asad Ali Shariff
Chief Financial Officer



Waqar Malik
Director



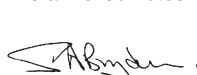
Mohamed Abdelbary
Director

Cash Flow Statement (Un-audited)

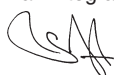
For the three months period ended 31 March 2019

	Note	31 March 2019	31 March 2018
(Rupees in '000)			
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation for the period		6,740,231	4,198,999
Less : Dividend income		-	-
		6,740,231	4,198,999
Adjustments for:			
Depreciation	27	246,391	125,245
Amortization	27	25	42
Gain on sale of fixed assets	26	(28,973)	(1,160)
Unrealized gain on revaluation of investments classified as held for trading - net	25	3,623	(91,661)
Recovery / (provisions) and write offs - net	29	(173,851)	(313,497)
		47,215	(281,031)
		6,787,446	3,917,968
Decrease / (increase) in operating assets			
Lending to financial institutions		(136,158,656)	(21,647,391)
Held-for-trading securities		11,804,220	(13,119,256)
Advances		(9,748,267)	(9,201,588)
Other assets (excluding advance taxation)		4,161,708	(1,004,472)
		(129,940,995)	(44,972,707)
Decrease in operating liabilities			
Bills payable		(2,820,995)	(6,228,064)
Borrowings from financial institutions		6,602,511	(4,615,899)
Deposits		12,260,177	29,183,759
Other liabilities		(4,775,800)	6,762,485
		11,265,893	25,102,281
Cash inflow before taxation		(111,887,656)	(15,952,458)
Income tax paid		(1,118,148)	(857,506)
Net cash flow used in operating activities		(113,005,804)	(16,809,964)
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments in available for sale securities		118,272,438	25,397,478
Investment in fixed assets		(55,226)	(94,836)
Proceeds from sales of fixed assets		28,973	1,160
Net cash generated from investing activities		118,246,185	25,303,802
CASH FLOW FROM FINANCING ACTIVITIES			
Dividend paid		(491)	(39,015)
Net cash flow used in financing activities		(491)	(39,015)
Increase in cash and cash equivalents for the period		5,239,890	8,454,823
Cash and cash equivalents at beginning of the period		44,972,345	35,373,147
Effect of exchange rate changes on cash and cash equivalents		5,656,191	491,998
		50,628,536	35,865,145
Cash and cash equivalents at end of the period	33	55,868,426	44,319,968
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD			
Cash and balances with treasury banks		50,469,073	44,316,202
Balances with other banks		5,693,124	989,789
Overdrawn nostros		(293,771)	(986,023)
		55,868,426	44,319,968

The annexed notes 1 to 37 form an integral part of these condensed interim financial statements.



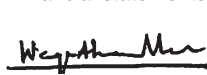
Ian Anderson Bryden
Chairman



Shazad Dada
Chief Executive Officer



Asad Ali Shariff
Chief Financial Officer



Waqar Malik
Director



Mohamed Abdelbary
Director

Statement of Changes in Equity

For the three months period ended 31 March 2019

	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 2018 - Audited	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 period							
Profit after tax for the three months period ended 31 March 2018	-	-	-	-	-	2,729,213	2,729,213
Other comprehensive income							
Movement in surplus / (deficit) on revaluation of investments - net of tax	-	-	-	8,129	-	-	8,129
	-	-	-	8,129	-	2,729,213	2,737,342
Transactions with owners, recorded directly in equity							
Cash dividend (Final 2017) at Rs. 1.00 per share	-	-	-	-	-	(3,871,585)	(3,871,585)
	-	-	-	-	-	(3,871,585)	(3,871,585)
Transfer to statutory reserve	-	-	545,843			(545,843)	-
Transferred from surplus on revaluation of fixed assets in respect of incremental depreciation - net of deferred tax	-	-	-	-	(12,284)	12,284	-
Balance as at 31 March 2018 - Un-audited	38,715,850	1,036,090	13,929,347	(29,940)	5,627,350	2,523,756	61,802,453
Total Comprehensive income for the period							
Profit after tax for the nine months ended 31 December 2018	-	-	-	-	-	8,510,147	8,510,147
Other Comprehensive income							
Movement in surplus / (deficit) on revaluation of investments - net of tax	-	-	-	(62,331)	-	-	(62,331)
Remeasurement of post employment obligations - net of tax	-	-	-	-	-	14,076	14,076
	-	-	-	(62,331)	-	8,524,223	8,461,892
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 (Interim 2018) at Rs. 0.75 per share	-	-	-	-	-	(2,903,689)	(2,903,689)
	-	-	-	-	-	(3,025,976)	(3,025,976)
Transfer to statutory reserve	-	-	1,702,029			(1,702,029)	-
Transferred from surplus on revaluation of fixed assets in respect of incremental depreciation - net of deferred tax	-	-	-		(6,408)	6,408	-
Balance as at 31 December 2018 - Audited	38,715,850	1,036,090	15,631,376	(92,271)	5,620,942	6,326,382	67,238,369
Total comprehensive income for the period							
Profit after tax for the three months period ended 31 March 2019	-	-	-	-	-	3,517,738	3,517,738
Other comprehensive income							
Movement in surplus / (deficit) on revaluation of investments - net of tax	-	-	-	(16,702)			(16,702)
Remeasurement of post employment obligations - net of tax	-	-	-	-	-	-	-
	-	-	-	(16,702)	-	3,517,738	3,501,036
Transactions with owners, recorded directly in equity							
Cash dividend (Final 2018) at Rs. 1.50 per share	-	-	-	-	-	(5,807,378)	(5,807,378)
	-	-	-	-	-	(5,807,378)	(5,807,378)
Transfer to statutory reserve	-	-	703,548	-	-	(703,548)	-
Transferred from surplus on revaluation of fixed assets in respect of incremental depreciation - net of deferred tax	-	-	-	-	(4,740)	4,740	-
Balance as at 31 March 2019 - Un-audited	38,715,850	1,036,090	16,334,924	(108,973)	5,616,202	3,337,934	64,932,027

(a) As further explained in note 8.2.1 of these annual financial statements the amount of Rs. 23.134 million as at 31 March 2019 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 37 form an integral part of these condensed interim financial statements.



Ian Anderson Bryden
Chairman



Shazad Dada
Chief Executive Officer



Asad Ali Shariff
Chief Financial Officer



Waqar Malik
Director



Mohamed Abdelbary
Director

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

For the three months period ended 31 March 2019

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 72 branches in Pakistan (2018: 77 branches in Pakistan) in operation at 31 March 2019.

2 BASIS OF PREPARATION

2.1 Basis of presentation

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

The disclosures made in the condensed interim financial information have been limited based on the format prescribed by the SBP through BPRD Circular Letter No. 5 dated March 22, 2019 and the requirements of International Accounting Standard 34, "Interim Financial Reporting". They do not include all of the information required for the full set of annual financial statements and the condensed interim financial information should be read in conjunction with the annual financial statements of the Bank for the year ended 31 December 2018. Accordingly, certain corresponding figures have been re-arranged / reclassified to reflect more appropriate presentation.

Key financial figures of the Islamic banking branches are disclosed in note 36 to these condensed interim financial statements.

2.2 Statement of compliance

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

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

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

The SBP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and International Accounting Standard (IAS) 40, 'Investment Property' for Banking Companies in

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

For the three months period ended 31 March 2019

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 and modify effective date of International Financial Reporting Standard (IFRS) 9 'Financial Instruments' through its notification S.R.O 229(I)/2019 dated February 14, 2019. Accordingly, the requirements of these standards have not been considered in the preparation of these financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars.

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

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 standards, interpretations and amendments that are mandatory for the Bank's accounting periods beginning on or after 1 January 2019 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.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Bank for the year ended 31 December 2018 except for the following.

3.1 Change in Accounting Policy

IFRS 16 'Leases' is 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'.

The Bank has applied IFRS 16 effective 1 January 2019, using modified retrospective approach. IFRS 16 introduces an on-balance sheet lease accounting model for lessees. Under IFRS 16, the Bank assesses whether a contract is or contains a lease; which is true if the contract conveys the right to control the use of an identified assets for a period of time in exchange for a consideration. 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. The nature of expenses related to these leases will now change as IFRS 16 replaces the straight line operating lease expense with a depreciation charge for right-of-use assets and interest expense on lease liabilities. 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 right-of-use assets is measured at cost, which comprises the initial amount of the lease liability adjusted for any prepaid or accrued lease payments made at or before the commencement date, any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying assets or to restore the underlying assets or the site on which it is located to the conditions required by the terms and conditions of the lease, less any lease incentives received. The obligation for such costs is incurred either at the commencement date or as a consequence of having used the underlying asset during a particular period.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Bank's incremental borrowing rate.

As at 31 March 2019, the balance of right-of-use assets is PKR 1,818 million, lease liability is PKR 1,866 million. During the period, the bank also recognised finance cost of PKR 59 million and depreciation on lease property of PKR 135 million.

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

For the three months period ended 31 March 2019

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

There are certain new and amended standards, interpretations and amendments that are mandatory for the Bank's accounting periods beginning on or after 1 January 2019 but are considered not to be relevant or do not have any significant effect on the Bank's operations and therefore not detailed in these condensed interim financial statements.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The basis and the methods used for critical accounting estimates and judgments adopted in these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Bank for the year ended 31 December 2018.

5 FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Bank are consistent with those disclosed in the annual financial statements of the Bank for the year ended 31 December 2018.

6 CASH AND BALANCES WITH TREASURY BANKS

Note	31 March 2019 (Un-audited)	31 December 2018 (Audited)
	------(Rupees in '000)-----	
In hand		
- Local currency	5,104,854	4,786,076
- Foreign currencies	4,662,750	4,974,694
With State Bank of Pakistan in:		
- Local currency current account	6.1 23,079,993	22,318,671
- Local currency current account-Islamic Banking	6.1 1,914,756	1,949,185
- Foreign currency deposit account		
Cash reserve account	6.2 4,106,912	4,141,199
Special cash reserve account	6.2 11,445,476	11,555,317
Local US Dollar collection account	34,449	63,245
With National Bank of Pakistan in:		
- Local currency current account	108,806	496,166
Prize Bonds	11,077	8,944
	<u>50,469,073</u>	<u>50,293,497</u>

6.1 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.

6.2 As per BSD Circular No. 15 dated June 21, 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).

7 BALANCES WITH OTHER BANKS

Note	31 March 2019 (Un-audited)	31 December 2018 (Audited)
	------(Rupees in '000)-----	
Outside Pakistan		
- In deposit accounts	-	-
- In current accounts	7.1 5,693,124	2,344,297
	<u>5,693,124</u>	<u>2,344,297</u>

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

For the three months period ended 31 March 2019

- 7.1 This includes balances of Rs. 5,411.420 million (2018: Rs. 2,295.707 million) held with other branches and subsidiaries of Standard Chartered Group outside Pakistan.

	Note	31 March 2019 (Un-audited)	31 December 2018 (Audited)
------(Rupees in '000)-----			
8 LENDINGS TO FINANCIAL INSTITUTIONS			
Repurchase agreement lendings (Reverse Repo)	8.1	113,924,158	-
Bai Muajjal receivable from State Bank of Pakistan	8.2	4,117,655	-
Placements	8.3	24,582,351	6,465,508
		142,624,164	6,465,508

- 8.1 These carry mark-up rates ranging from 10.0 percent to 10.55 percent per annum (2018: Nil) payable at maturity, and are due to mature during April 2019. These arrangements are governed under Master Repurchase Agreements. This also includes reverse repo (Rs. 104.946 billion maturing on 05 April 2019) with State Bank of Pakistan against treasury bills.
- 8.2 These represent lendings to State Bank of Pakistan by Islamic Banking Business under Bai Muajjal agreements at return rates ranging from 10.27 to 10.37 percent per annum with maturities upto February 2020.
- 8.3 This represents placements with other branches and subsidiaries of Standard Chartered Group outside Pakistan at mark-up rates ranging from 0.55 percent to 2.40 percent per annum (2018: 0.55 percent to 2.10 percent per annum), and are due to mature during April 2019.

	Note	31 March 2019 (Un-audited)	31 December 2018 (Audited)
------(Rupees in '000)-----			
8.4 Particulars of lending			
In local currency		118,041,813	-
In foreign currencies		24,582,351	6,465,508
	8.4.1	142,624,164	6,465,508

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

9 INVESTMENTS

	31 March 2019 (Un-audited)				31 December 2018 (audited)			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying value
------(Rupees in '000)-----								
9.1 Investments by type								
<i>Held for trading securities</i>								
Federal Government Securities	323,390	-	(3,621)	319,769	12,127,610	-	52,025	12,179,635
	323,390	-	(3,621)	319,769	12,127,610	-	52,025	12,179,635
<i>Available for sale securities</i>								
Federal Government Securities	148,104,221	-	(163,276)	147,940,945	266,324,636	-	(148,733)	266,175,903
Shares	786,081	(682,492)	(8,949)	94,640	786,081	(682,492)	1,566	105,155
Non Government Debt Securities	885,025	(285,025)	4,574	604,574	885,025	(285,025)	5,211	605,211
	149,775,327	(967,517)	(167,651)	148,640,159	267,995,742	(967,517)	(141,956)	266,886,269
Total Investments	150,098,717	(967,517)	(171,272)	148,959,928	280,123,352	(967,517)	(89,931)	279,065,904

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

For the three months period ended 31 March 2019

	31 March 2019 (Un-audited)	31 December 2018 (Audited)
	------(Rupees in '000)-----	
9.1.1 Investments given as collateral		
Market Treasury Bills	6,916,175	-
Pakistan Investment Bonds	-	-
	6,916,175	-
9.2 Provision for diminution in the value of investments		
9.2.1 Opening balance	967,517	962,147
Charge for the year	-	5,370
Closing Balance	967,517	967,517
9.2.2 Particulars of provision against debt securities		
Category of classification	31 March 2019 (Un-audited)	31 December 2018 (audited)
	Non Performing Investment	Non Performing Investment
	Provision	Provision
	------(Rupees in '000)-----	
Other assets especially mentioned	-	-
Substandard	-	-
Doubtful	-	-
Loss	285,025	285,025
	285,025	285,025

10	ADVANCES	Note	Performing		Non Performing		Total	
			31 March 2019 (Un-audited)	31 December 2018 (audited)	31 March 2019 (Un-audited)	31 December 2018 (audited)	31 March 2019 (Un-audited)	31 December 2018 (audited)
			------(Rupees in '000)-----					
	Loans, cash credits, running finances, etc.		121,314,983	117,624,884	16,617,588	16,915,712	137,932,571	134,540,596
	Islamic Financing and Related Assets		56,245,445	49,077,231	449,122	486,990	56,694,567	49,564,221
	Bills discounted and purchased (excluding treasury bills)		2,172,030	3,057,432	-	-	2,172,030	3,057,432
	Advances - gross	10.1	179,732,458	169,759,547	17,066,710	17,402,702	196,799,168	187,162,249
	Provision for non-performing advances							
	- Specific		-	-	(16,545,299)	(16,841,631)	(16,545,299)	(16,841,631)
	- General	10.3	(781,547)	(776,856)	-	-	(781,547)	(776,856)
	Advances - net of provision		(781,547)	(776,856)	(16,545,299)	(16,841,631)	(17,326,846)	(17,618,487)
			178,950,911	168,982,691	521,411	561,071	179,472,322	169,543,762

	31 March 2019 (Un-audited)	31 December 2018 (Audited)
	------(Rupees in '000)-----	
10.1 Particulars of advances - gross		
10.1.1 In local currency	187,075,529	181,776,109
In foreign currencies	9,723,639	5,386,140
	196,799,168	187,162,249

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

For the three months period ended 31 March 2019

- 10.2** Advances include Rs. 17,066.710 million (31 December 2018: Rs. 17,402.702 million) which have been placed under non-performing status as detailed below:

Category of classification Domestic

	31 March 2019 (Un-audited)		31 December 2018 (audited)	
	Non Performing Loans	Provision	Non Performing Loans	Provision
	----- (Rupees in '000) -----			
Other Assets Especially Mentioned	58,928	-	23,099	-
Substandard	367,522	79,540	321,582	68,015
Doubtful	183,111	67,416	365,798	144,450
Loss	16,457,149	16,398,343	16,692,223	16,629,166
	17,066,710	16,545,299	17,402,702	16,841,631
General Provision	-	781,547	-	776,856
	17,066,710	17,326,846	17,402,702	17,618,487

- 10.2.1** At 31 March 2019, the provision requirement has been reduced by Rs. 35.591 million (31 December 2018: Rs. 44.834 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. 23.134 million due to the said FSV benefit is not available for distribution of cash and stock dividend / bonus to employees.

10.3	Particulars of provision against advances	31 March 2019 (Un-audited)			31 December 2018 (audited)		
		Specific	General	Total	Specific	General	Total
		----- (Rupees in '000) -----					
	Opening balance	16,841,631	776,856	17,618,487	18,953,981	670,580	19,624,561
	Charge for the year	153,981	6,971	160,952	393,398	113,656	507,054
	Reversals	(320,658)	(2,280)	(322,938)	(1,588,039)	(7,380)	(1,595,419)
		(166,677)	4,691	(161,986)	(1,194,641)	106,276	(1,088,365)
	Amounts written off	(141,327)	-	(141,327)	(1,018,712)	-	(1,018,712)
	Other movements	11,672	-	11,672	101,003	-	101,003
	Closing balance	16,545,299	781,547	17,326,846	16,841,631	776,856	17,618,487

11 FIXED ASSETS

Note **31 March 2019** **31 December 2018**
(Un-audited) (Audited)
----- (Rupees in '000) -----

Capital work-in-progress	11.4	29,287	12,203
Property and equipment		7,746,717	7,825,776
Right of use assets		1,818,699	-
		9,594,703	7,837,979
11.1 Capital work-in-progress			
Civil works		29,287	12,203
		29,287	12,203

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

For the three months period ended 31 March 2019

11.2 Additions to fixed assets

31 March 2019	31 December 2018
(Un-audited)	(Audited)
------(Rupees in '000)-----	

The following additions have been made to fixed assets during the period:

Capital work-in-progress	29,287	12,203
Building on freehold land	-	2,563
Building on leasehold land	-	1,277
Furniture and fixture	2,100	11,870
Electrical office and computer equipment	24,147	342,494
Vehicles	11,895	46,359
Leasehold improvement	-	69,424
	38,142	473,987

11.3 Disposal of fixed assets

The net book value of fixed assets disposed off during the period is Rs. Nil (2018 Rs. Nil)

11.4 IFRS 16 'Leases', is effected for annual period beginning on or after 1 January 2019. Accordingly, operating leases meeting the criteria prescribed within the standard are presented as on-balance sheet items. Also refer note 3.1.

12 INTANGIBLE ASSETS

Note	31 March 2019	31 December 2018
	(Un-audited)	(Audited)
	------(Rupees in '000)-----	

Goodwill		
Customer relationships intangible	26,095,310	26,095,310
	141	166
	26,095,451	26,095,476

12.1 Additions to intangible assets

The additions have been made to intangible assets during the period is Rs Nil (2018. Rs Nil)

12.2 Disposals of intangible assets

The disposal have been made to intangible assets during the period is Rs Nil (2018. Rs Nil)

13 OTHER ASSETS

Income / mark-up accrued in local currency	3,642,809	2,959,431
Income / mark-up accrued in foreign currencies	91,722	33,470
Advances, deposits, advance rent and other prepayments	567,681	551,481
Defined benefit plans	16,300	16,300
Advance taxation (payments less provisions)	11,866,423	13,847,613
Branch adjustment account	284	-
Mark to market gain on forward foreign exchange contracts	3,042,044	8,370,550
Interest rate derivatives and currency options - positive fair value	51,436	30,937
Receivable from SBP / Government of Pakistan	1,011,931	634,680
Receivable from associated undertakings	894,788	751,835
Receivable from Standard Chartered Bank, Sri Lanka operations	37,163	35,200
Advance Federal Excise Duty	188,443	188,443
Acceptances	6,501,777	5,699,708
Unsettled trades	155,234	-
Sundry receivables	178,243	985,692
Others	883,301	365,068
	29,129,579	34,470,408
Less: Provision held against other assets	(35,495)	(35,495)
Other Assets - net of provisions	29,094,084	34,434,913

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

For the three months period ended 31 March 2019

- 13.1** 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. 3,724 million) and advance tax paid under section 147 and other tax payments.

	31 March 2019 (Un-audited)	31 December 2018 (Audited)
	----- (Rupees in '000) -----	
13.2 Provision held against other assets		
Others - Trade related	35,495	35,495
	<u>35,495</u>	<u>35,495</u>
13.2.1 Movement in provision against other assets		
Opening balance	35,495	35,495
Net charge for the period	-	-
Other movements	-	-
Closing balance	<u>35,495</u>	<u>35,495</u>
14 BILLS PAYABLE		
In Pakistan	13,924,025	16,144,129
Outside Pakistan	198,607	799,498
	<u>14,122,632</u>	<u>16,943,627</u>
15 BORROWINGS		
In Pakistan	25,097,523	17,848,847
Outside Pakistan	3,813,198	6,174,850
	<u>28,910,721</u>	<u>24,023,697</u>
15.1 Details of borrowings secured / unsecured		
Secured		
Borrowings from State Bank of Pakistan under Export Refinance (ERF) scheme	17,051,000	17,658,060
Repurchase agreement borrowings (Repo)	6,916,175	-
State Bank of Pakistan - LTFF	130,260	190,522
	<u>24,097,435</u>	<u>17,848,582</u>
Unsecured		
Call borrowings	4,519,515	4,165,857
Overdrawn nostro accounts	293,771	2,009,258
	<u>28,910,721</u>	<u>24,023,697</u>

16	DEPOSITS AND OTHER ACCOUNTS	Note	31 March 2019 (Un-audited)			31 December 2018 (audited)		
			In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
	Customers		----- (Rupees in '000) -----					
	Remunerative							
	- Fixed deposits		26,221,505	602,956	26,824,461	23,678,966	614,478	24,293,444
	- Savings deposits		187,803,117	23,005,322	210,808,439	177,483,289	24,915,546	202,398,835
	Non-Remunerative							
	- Current accounts		124,824,761	56,756,712	181,581,473	128,778,230	55,626,670	184,404,900
	- Margin accounts		4,642,518	191,191	4,833,709	5,243,140	81,423	5,324,563
	- Special exporters' account		4,706,389	-	4,706,389	4,728,626	-	4,728,626
			348,198,290	80,556,181	428,754,471	339,912,251	81,238,117	421,150,368
	Financial Institutions							
	- Remunerative deposits - Others		148,906	-	148,906	129,202	-	129,202
	- Non-remunerative deposits - Others	16.1	6,799,273	1,456,463	8,255,736	2,549,230	1,070,136	3,619,366
			355,146,469	82,012,644	437,159,113	342,590,683	82,308,253	424,898,936

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

For the three months period ended 31 March 2019

- 16.1** This includes Rs. 671.815 million (2018: Rs. 964.772 million) against balances of other branches and subsidiaries of Standard Chartered Group operating outside Pakistan.

17 DEFERRED TAX ASSETS / (LIABILITIES)

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

Note	31 March 2019 (Un-audited)			
	At 1 January 2019	Recognised in profit and loss	Recognised in OCI	At 31 March 2019
Deductible Temporary Differences on				
	----- (Rupees in '000) -----			
Post retirement employee benefits	7,256	-	-	7,256
Deficit on revaluation of investments	49,685	-	8,993	58,678
Provision against advances, off balance sheet etc.	2,485,817	(137,123)	-	2,348,694
Unpaid liabilities	1,902,215	9	-	1,902,224
	4,444,973	(137,114)	8,993	4,316,852
Taxable Temporary Differences on				
Surplus on revaluation of fixed assets	(202,903)	2,552	-	(200,351)
Goodwill	(7,830,986)	-	-	(7,830,986)
Accelerated tax depreciation	(42,293)	11,407	-	(30,886)
	(8,076,182)	13,959	-	(8,062,223)
	(3,631,209)	(123,155)	8,993	(3,745,371)

	31 December 2018 (audited)			
	At 1 January 2018	Recognised in profit and loss	Recognised in OCI	At 31 December 2018
Deductible Temporary Differences on				
	----- (Rupees in '000) -----			
Post retirement employee benefits	14,835	-	(7,579)	7,256
Deficit on revaluation of investments	20,498	-	29,187	49,685
Provision against advances, off balance sheet etc.	2,959,817	(474,000)	-	2,485,817
Unpaid liabilities	1,417,138	485,077	-	1,902,215
	4,412,288	11,077	21,608	4,444,973
Taxable Temporary Differences on				
Surplus on revaluation of fixed assets	(212,968)	10,065	-	(202,903)
Goodwill	(7,830,986)	-	-	(7,830,986)
Accelerated tax depreciation	(74,742)	32,449	-	(42,293)
	(8,118,696)	42,514	-	(8,076,182)
	(3,706,408)	53,591	21,608	(3,631,209)

- 17.1** 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.

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

For the three months period ended 31 March 2019

	Note	31 March 2019 (Un-audited)	31 December 2018 (Audited)
		------(Rupees in '000)-----	
18 OTHER LIABILITIES			
Mark-up / return / interest payable in local currency		927,844	198,511
Mark-up / return / interest payable in foreign currencies		26,498	33,470
Accrued expenses		2,688,297	2,989,303
Advance payments		458,580	455,317
Sundry creditors		5,872,854	4,249,807
Mark to market loss on forward foreign exchange contracts		1,626,228	3,663,891
Unrealized loss on interest rate derivatives and currency options	20.7.2	2,692,719	2,607,779
Due to Holding Company	18.1	16,468,924	11,925,280
Charity fund balance		7,574	7,932
Dividend payable		143,731	85,567
Branch adjustment account		-	2,438
Provision against off balance sheet obligations	18.2	283,676	283,541
Worker's welfare fund (WWF) payable	18.4	2,148,853	2,017,525
Lease liability	18.5	1,866,286	-
Short sell - Pakistan Investment Bonds		1,135,918	-
Acceptances		6,501,777	5,699,708
Unsettled trades		45,616	4,920,925
Others		237,610	204,504
		43,132,985	39,345,498
18.1 Due to Holding Company			
On account of reimbursement of executive and general administrative expenses		10,250,476	10,250,476
Dividend and other payable		6,218,448	1,674,804
		16,468,924	11,925,280
18.2 Provision against off-balance sheet obligations			
Opening balance		283,541	282,927
Charge for the period		9,480	8,500
Reversals		(9,345)	(7,886)
Closing balance		283,676	283,541
18.3	These primarily represents provision against off balance sheet exposures such as bank guarantees.		
18.4	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 Funds (WWF) on banks were not lawful. The Federal Board of Revenue has filed review petitions against this order, which are currently pending. Legal advice obtained on the matter indicates that consequent to filing of these review petitions the judgment may not currently be treated as conclusive until the review petition is decided. Accordingly, the amount charged for WWF since 2008 has not been reversed.		
	Further, as a consequence of passage of 18th Amendment to the Constitution, levy for Workers Welfare was also introduced by the Government of Sindh (Sindh WWF) which was effective from 01 January 2014. The definition of industrial undertakings under the aforesaid Sindh WWF law includes banks and financial institutions as well. The Bank along with the other banks has challenged applicability of the said law on Banks before the Sindh High Court.		
18.5	IFRS 16 'Leases', is effected for annual period beginning on or after 1 January 2019. Accordingly, operating leases meeting the criteria prescribed within the standard are presented as on-balance sheet items. Also refer note 3.1.		

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

For the three months period ended 31 March 2019

19 SURPLUS ON REVALUATION OF ASSETS - NET OF DEFERRED TAX

	Note	31 March 2019 (Un-audited)	31 December 2018 (Audited)
------(Rupees in '000)-----			
Surplus / (deficit) arising on revaluation of:			
Fixed assets	19.1	5,816,553	5,823,845
Available for Sale Securities	19.2	(167,651)	(141,956)
		5,648,902	5,681,889
Deferred tax on surplus / (deficit) on revaluation of:			
Fixed assets	19.1	(200,351)	(202,903)
Available for Sale Securities	19.2	58,678	49,685
		(141,673)	(153,218)
		5,507,229	5,528,671
19.1 Surplus on revaluation of fixed assets - net of tax			
Surplus on revaluation of fixed assets as at 1 January		5,823,845	5,852,602
Recognised during the year		-	-
Transferred to unappropriated profit in respect of incremental depreciation charged during the year - net of deferred tax		(4,740)	(18,692)
Related deferred tax liability on incremental depreciation charged during the year		(2,552)	(10,065)
		(7,292)	(28,757)
Surplus on revaluation of fixed assets as at 31 December		5,816,553	5,823,845
Less: Related deferred tax liability on:			
Revaluation surplus as at 1 January		(202,903)	(212,968)
Incremental depreciation charged during the year		2,552	10,065
		(200,351)	(202,903)
Surplus on revaluation of fixed assets as at 31 December - net of tax		5,616,202	5,620,942
19.2 Surplus on revaluation of Available for Sale securities - net of tax			
Market Treasury Bills		(166,641)	(136,954)
Pakistan Investment Bonds		9,115	(3,329)
Sukuk and Ijarah Bonds		(1,176)	(3,239)
Listed shares		(8,949)	1,566
		(167,651)	(141,956)
Related deferred tax liability		58,678	49,685
		(108,973)	(92,271)
20 CONTINGENCIES AND COMMITMENTS			
-Guarantees	20.1	132,159,357	107,971,882
-Commitments	20.2	392,520,200	301,849,694
-Other contingent liabilities	20.3	11,104,436	11,125,936
		535,783,993	420,947,512
20.1 Guarantees:			
Guarantees issued favouring:			
Financial guarantees		19,502,042	15,986,920
Performance guarantees		77,097,341	59,937,338
Other guarantees		35,559,974	32,047,624
		132,159,357	107,971,882

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

For the three months period ended 31 March 2019

		31 March 2019 (Un-audited)	31 December 2018 (Audited)
		------(Rupees in '000)-----	
20.2 Commitments:			
Documentary credits and short-term trade-related transactions	Note		
Letters of credit		24,791,906	20,430,495
Commitments in respect of:			
- forward foreign exchange contracts			
- Purchase	20.4	205,960,746	173,791,445
- Sale	20.4	161,434,117	107,179,523
Commitment for acquisition of fixed assets		28,573	63,916
Commitment in respect of operating lease	20.6	304,858	384,315
		392,520,200	301,849,694
20.3 Other contingent liabilities		11,104,436	11,125,936

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 favour of the Bank at appellate forums. Accordingly, no additional provision is required. The Sindh High Court has decided the issue of goodwill amortisation in favour 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.

		31 March 2019 (Un-audited)	31 December 2018 (Audited)
		------(Rupees in '000)-----	
20.4 Commitments in respect of forward foreign exchange contracts			
Purchase from:			
State Bank of Pakistan		104,247,063	77,367,993
Other banks		100,958,871	95,861,603
Customers		754,812	561,849
		205,960,746	173,791,445
Sale to:			
Other banks		146,621,095	91,861,463
Customers		14,813,022	15,318,060
		161,434,117	107,179,523

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

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

For the three months period ended 31 March 2019

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.

	31 March 2019 (Un-audited)	31 December 2018 (audited)
	----- (Rupees in '000) -----	
20.6 Commitments in respect of operating lease		
Not later than one year	101,556	230,766
Later than one year and not later than five years	187,429	149,452
Later than five years	15,873	4,097
	<u>304,858</u>	<u>384,315</u>

20.7 Derivative instruments

20.7.1 Product analysis

31 March 2019 (Un-audited)				
----- (Rupees in '000) -----				
	Interest Rate Swaps & Cross Currency Swaps		FX Options	
Counterparties	Notional Principal *	Mark to market gain / loss	Notional Principal *	Mark to market gain / loss
With Banks for:				
Hedging	-	-	-	-
Market Making	12,498,410	(488,292)	-	-
With FIs other than banks:				
Hedging	-	-	-	-
Market Making	-	-	-	-
With other entities for:				
Hedging	-	-	-	-
Market Making	14,947,003	(2,152,991)	-	-
Total				
Hedging	-	-	-	-
Market Making	27,445,413	(2,641,283)	-	-
	<u>27,445,413</u>	<u>(2,641,283)</u>	<u>-</u>	<u>-</u>
31 December 2018 (audited)				
----- (Rupees in '000) -----				
	Interest Rate Swaps & Cross Currency Swaps		FX Options	
Counterparties	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)	74,283	-
	<u>27,647,227</u>	<u>(2,576,842)</u>	<u>74,283</u>	<u>-</u>

* At the exchange rate prevailing at year end.

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

For the three months period ended 31 March 2019

	Note	31 March 2019 (Un-audited)	31 March 2018 (Un-audited)
------(Rupees in '000)-----			
21 MARK-UP / RETURN / INTEREST EARNED			
On loans and advances to customers		4,379,364	2,715,883
On loans and advances to financial institutions		10,504	3,796
On investments in: i) Held for trading securities		20,291	71,312
ii) Available for sale securities		5,757,391	3,868,552
On deposits with financial institutions / State Bank of Pakistan		39,709	10,748
On securities purchased under resale agreements		764,667	84,219
On call money lending / Placements		203,064	28,675
		11,174,990	6,783,185
22 MARK-UP / RETURN / INTEREST EXPENSED			
Deposits		4,398,579	2,222,128
Securities sold under repurchase agreements		96,041	99,030
Call borrowings		51,740	33,272
Borrowings from State Bank of Pakistan under Export Refinance (ERF) scheme		91,086	84,582
Cost of foreign currency swaps against foreign currency deposits / borrowings		204,371	95,688
Finance cost of lease liability	22.1	59,201	-
		4,901,018	2,534,700
22.1	IFRS 16 'Leases', is effected for annual period beginning on or after 1 January 2019. Accordingly, finance cost of lease liability on operating leases meeting the criteria prescribed within the standard is separately disclosed. Also refer note 3.1.		
23 FEE & COMMISSION INCOME			
Branch banking customer fees		65,051	72,259
Consumer finance related fees		15,348	16,534
Card related fees (debit and credit cards)		425,172	493,824
Credit related fees		58,366	145,037
Investment banking fees		13,038	47,134
Commission on trade		264,453	184,620
Commission on guarantees		172,079	151,962
Commission on cash management		88,162	85,201
Commission on remittances including home remittances		25,511	10,347
Commission on bancassurance		11,143	48,934
Custody Fees		43,847	53,468
Deposits protection premium	23.1	(90,150)	-
		1,092,020	1,309,320
23.1	As per State Bank of Pakistan DPC Circular No. 04 of 2018, dated 22nd June 2018, all member banks are required to pay deposits protection premium at the rate of 0.16% on eligible deposits as defined in the aforesaid circular.		
24 FOREIGN EXCHANGE INCOME			
Gain/ (loss) realised from dealing in :			
Foreign Currencies		1,177,259	639,845
Derivative financial instruments		151,066	292,352
		1,328,325	932,197

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

For the three months period ended 31 March 2019

	Note	31 March 2019 (Un-audited) ------(Rupees in '000)-----	31 March 2018 (Un-audited)
25 GAIN / (LOSS) ON SECURITIES			
Realised	25.1	236,117	247,591
Unrealised - held for trading	9.1	(3,623)	91,661
		<u>232,494</u>	<u>339,252</u>
25.1 Realised gain on:			
Federal Government Securities			
Market Treasury Bills		200,794	(4,593)
Pakistan Investment Bonds		35,323	252,184
		<u>236,117</u>	<u>247,591</u>
26 OTHER INCOME			
Rent on property		5,871	5,360
Gain on sale of fixed assets - net		28,973	1,160
Sri Lanka branch operations cost & FX translation		1,963	1,063
Recoveries against assets from acquisition of Union Bank Limited		-	26,150
		<u>36,807</u>	<u>33,733</u>
27 OPERATING EXPENSES			
Total compensation expense		1,414,621	1,476,581
Property expense			
Rent & taxes		86,022	205,044
Insurance		3,178	5,922
Utilities cost		44,397	72,667
Security (including guards)		50,707	59,664
Repair & maintenance		104,439	118,977
Facilities management cost		34,641	34,138
Depreciation (Property related)		46,218	66,811
Depreciation (Right of use assets)	27.1	135,640	-
Cleaning and Janitorial		121,904	71,343
Minor improvements and others		2,500	9,834
		<u>629,646</u>	<u>644,400</u>
Information technology expenses			
Software maintenance		33,762	43,175
Hardware maintenance		76,528	86,108
Depreciation (IT related)		48,878	47,043
Amortisation		25	41
Network charges		1,983	629
		<u>161,176</u>	<u>176,996</u>

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

For the three months period ended 31 March 2019

	Note	31 March 2019 (Un-audited) ------(Rupees in '000)-----	31 March 2018 (Un-audited)
Other operating expenses			
Directors' fees and allowances		1,150	2,100
Fees and allowances to Shariah Board		2,747	1,309
Legal & professional charges		35,363	28,261
Outsourced services costs		13,344	15,036
Travelling & conveyance		23,672	37,215
NIFT clearing charges		7,050	7,660
Depreciation (Other fixed assets)		15,655	11,391
Training & development		498	3,384
Postage & courier charges		28,801	25,962
Communication		72,864	92,014
Stationery & printing		49,031	38,731
Marketing, advertisement & publicity		51,635	141,350
Auditors remuneration		6,500	5,556
Cash transportation services		19,865	19,753
Documentation and processing charges		33,881	32,152
Insurance		4,981	3,587
Others		56,756	46,965
		423,793	512,426
		2,629,236	2,810,403
27.1 IFRS 16 'Leases', is effected for annual period beginning on or after 1 January 2019. Accordingly, depreciation against right of use assets on operating leases meeting the criteria prescribed within the standard is separately disclosed. Also refer note 3.1.			
28 OTHER CHARGES			
Net charge against fines and penalties imposed by SBP		9,031	387
		9,031	387
29 RECOVERY / (PROVISIONS) & WRITE OFFS - NET			
Recovery / (provision) against loans and advances	10.3 & 18.2	161,851	294,818
Recovery of amounts written off	10.3	69,582	67,753
Bad debts written off directly		(51,140)	(49,074)
Fixed assets write offs		(6,442)	-
		173,851	313,497
30 TAXATION			
- Current		2,492,139	1,377,224
- Prior years	30.1	607,199	92,562
- Deferred		123,155	-
		3,222,493	1,469,786
30.1 The Parliament through Finance Supplementary (Second Amendment) Act, 2019 dated March 11, 2019 retrospectively implemented super tax for Financial Year 2017. The bank has recorded full year amount of such super tax as a prior year charge in its current financial statements.			
31 EARNINGS PER SHARE - BASIC AND DILUTED			
Profit for the period		3,517,738	2,729,213
(Number of shares)			
Weighted average number of ordinary shares		3,871,585,021	3,871,585,021
(Rupees)			
Earnings per share - basic and diluted		0.91	0.70

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

For the three months period ended 31 March 2019

32 FAIR VALUE OF FINANCIAL INSTRUMENTS

32.1 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

31 March 2019 (Un-audited)											
Note		Carrying value					Fair value				
		Held for Trading	Available for Sale	Loans and Receivables	Other financial Assets	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value											
-	Investments	319,769	147,940,945	-	-	-	148,260,714	-	148,260,714	-	148,260,714
	Federal Government Securities (Tbills + PIBs + Sukuk)		604,574	-	-	-	604,574	-	604,574	-	604,574
	Sukuk Bonds (other than government)		94,640	-	-	-	94,640	94,640	-	-	94,640
	Equity securities traded (Shares)										
-	Other assets	-	3,042,044	-	-	-	3,042,044	-	3,042,044	-	3,042,044
	- Unrealized gain on Forward foreign exchange contracts		51,436	-	-	-	51,436	-	51,436	-	51,436
	- Unrealized gain on Interest rate derivatives & currency options										
Financial assets not measured at fair value											
32.2	- Cash and bank balances with SBP and NBP	-	-	-	50,469,073	-	50,469,073	-	-	-	-
32.2	- Balances with other banks	-	-	-	5,693,124	-	5,693,124	-	-	-	-
32.2	- Lending to financial institutions	-	-	-	142,624,164	-	142,624,164	-	-	-	-
32.2	- Bai Muajjal with GOP	-	-	-	1,390,978	-	1,390,978	-	-	-	-
32.2	- Advances	-	-	179,472,322	-	-	179,472,322	-	-	-	-
32.2	- Other assets	-	-	-	6,960,440	-	6,960,440	-	-	-	-
		319,769	151,733,639	179,472,322	207,137,779	-	538,663,509	-	-	-	-
Financial liabilities measured at fair value											
32.2	- Other liabilities	-	1,626,228	-	-	-	1,626,228	-	1,626,228	-	1,626,228
32.2	- Unrealized loss on Forward foreign exchange contracts	-	2,692,719	-	-	-	2,692,719	-	2,692,719	-	2,692,719
32.2	- Unrealized loss on Interest rate derivatives & currency options										
Financial liabilities not measured at fair value											
32.2	- Bills Payable	-	-	-	-	14,122,632	14,122,632	-	-	-	-
32.2	- Deposits and other accounts	-	-	-	-	437,159,113	437,159,113	-	-	-	-
32.2	- Borrowings	-	-	-	-	28,910,721	28,910,721	-	-	-	-
	- Other liabilities (excluding Liabilities against assets subject to finance lease)	-	-	-	-	26,991,914	26,991,914	-	-	-	-
32.2		-	4,318,947	-	-	507,184,380	511,503,327	-	-	-	-
Off-balance sheet financial instruments											
	Interest Rate swaps / Foreign currency options / Forward purchase contracts	-	-	-	226,095,155	-	226,095,155	-	226,095,155	-	229,188,635
	Interest Rate swaps / Foreign currency options / Forward sale contracts	-	-	-	168,745,123	-	168,745,123	-	173,064,070	-	173,064,070

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

For the three months period ended 31 March 2019

		31 December 2018 (audited)					
		Carrying value			Fair value		
Note		Held for Trading	Available for Sale	Loans and Receivables	Other financial Assets	Other financial liabilities	Total
		(Rupees in '000)					
Financial assets measured at fair value							
- Investments							
- Federal Government Securities (Tbills + PIBs + Sukuk)		12,179,635	266,175,903	-	-	-	278,355,538
- Sukuk Bonds (other than government)		-	605,211	-	-	-	605,211
- Equity securities traded (Shares)		-	105,155	-	-	-	105,155
- Other assets		-	-	-	-	-	-
- Unrealized gain on Forward foreign exchange contracts		-	8,370,550	-	-	-	8,370,550
- Unrealized gain on Interest rate derivatives & currency options		-	30,937	-	-	-	30,937
Financial assets not measured at fair value							
- Cash and bank balances with SBP and NBP	32.2	-	-	-	50,293,497	-	50,293,497
- Balances with other banks	32.2	-	-	-	2,344,297	-	2,344,297
- Lending to financial institutions	32.2	-	-	-	6,465,508	-	6,465,508
- Bai Muajjal with GOP	32.2	-	-	-	1,390,978	-	1,390,978
- Sukuk Bonds (other than government)	32.2	-	-	-	-	-	-
- Advances	32.2	-	-	169,543,762	-	-	169,543,762
- Other assets	32.2	-	-	-	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		-	3,663,891	-	-	-	3,663,891
- Unrealized gain on Forward foreign exchange contracts		-	2,607,779	-	-	-	2,607,779
- Unrealized gain on Interest rate derivatives & currency options		-	-	-	-	-	-
Financial liabilities not measured at fair value							
- Bills Payable		-	-	-	16,943,627	-	16,943,627
- Deposits and other accounts	32.2	-	-	-	424,898,936	-	424,898,936
- Borrowings	32.2	-	-	-	24,023,697	-	24,023,697
- Sub -ordinated loans	32.2	-	-	-	-	-	-
- Other liabilities (excluding Liabilities against assets subject to finance lease)		-	-	-	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
		-	-	-	-	-	-
Interest Rate swaps / Foreign currency options / Forward sale contracts							
		-	-	-	116,007,928	-	116,007,928
		-	-	-	-	-	-

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).

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

For the three months period ended 31 March 2019

33 SEGMENT INFORMATION

33.1 Segment Details with respect to Business Activities

	31 March 2019 (Un-audited)				
	Corporate and Institutional Banking	Commercial Banking	Retail Banking	Central and Other Items	Total
	(Rupees in '000)				
Profit & Loss					
Inter segment revenue - net	1,148,172	(955,446)	4,456,857	(4,643,933)	5,650
Net mark-up/return/profit	(104,985)	1,432,049	(1,239,127)	6,186,035	6,273,972
Non mark-up / return / interest income	1,568,426	376,616	734,494	382,467	3,062,003
Total Income	2,611,613	853,219	3,952,224	1,924,569	9,341,625
Segment direct expenses	500,157	292,451	1,775,875	201,112	2,769,595
Inter segment expense allocation	694	280	4,096	580	5,650
Total expenses	500,851	292,731	1,779,971	201,692	2,775,245
Provisions	-	(153,274)	(27,020)	6,443	(173,851)
Profit before taxation	2,110,762	713,762	2,199,273	1,716,434	6,740,231
Balance Sheet					
Cash & Bank balances	-	-	-	56,162,197	56,162,197
Investments	319,767	164,039	-	148,476,122	148,959,928
Net inter segment lending	43,806,555	-	249,755,167	(293,561,722)	-
Lending to financial institutions	-	-	-	142,624,164	142,624,164
Advances - performing	72,568,496	66,160,956	23,676,158	-	162,405,610
- non performing	3,375,926	11,378,341	2,312,445	-	17,066,712
Others	15,898,614	8,954,895	14,684,644	25,246,085	64,784,238
Total Assets	135,969,358	86,658,231	290,428,414	78,946,846	592,002,849
Borrowings	-	17,051,000	-	11,859,721	28,910,721
Deposits & other accounts	127,711,898	20,825,330	288,613,740	8,145	437,159,113
Net inter segment borrowing	-	40,405,945	-	(40,405,945)	-
Others	8,257,460	8,375,957	1,814,667	42,552,904	61,000,988
Total liabilities	135,969,358	86,658,232	290,428,407	14,014,825	527,070,822
Equity	-	-	-	64,932,027	64,932,027
Total Equity & liabilities	135,969,358	86,658,232	290,428,407	78,946,852	592,002,849
Contingencies & Commitments	152,897,093	4,052,411	1,761	378,832,728	535,783,993

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

For the three months period ended 31 March 2019

	31 March 2018 (Un-audited)				
	Corporate and Institutional Banking	Commercial Banking	Retail Banking	Central and Other Items	Total
	(Rupees in '000)				
Inter segment revenue - net	878,827	(605,073)	2,923,500	(3,193,112)	4,142
Net mark-up/return/profit	(299,313)	1,032,586	(429,749)	3,944,961	4,248,485
Non mark-up / return / interest income	1,225,723	281,713	1,092,388	(68,037)	2,531,787
Total Income	1,805,237	709,226	3,586,139	683,812	6,784,414
Segment direct expenses	446,347	297,800	1,928,418	222,205	2,894,770
Inter segment expense allocation	715	326	3,056	45	4,142
Total expenses	447,062	298,126	1,931,474	222,250	2,898,912
Provisions	20,413	(339,028)	5,118	-	(313,497)
Profit before taxation	1,337,762	750,128	1,649,547	461,562	4,198,999
Balance Sheet					
Cash & Bank balances	-	-	-	45,305,991	45,305,991
Investments	18,025,118	157,063	-	242,131,578	260,313,759
Net inter segment lending	54,442,042	-	239,927,690	(294,369,732)	-
Lending to financial institutions	-	-	-	29,715,056	29,715,056
Advances - performing	43,709,264	65,763,739	18,591,164	-	128,064,167
- non performing	3,323,872	13,068,660	2,713,479	-	19,106,011
Others	14,030,377	6,421,308	14,858,633	23,826,285	59,136,603
Total Assets	133,530,673	85,410,770	276,090,966	46,609,178	541,641,587
Borrowings	-	14,567,612	-	7,832,328	22,399,940
Deposits & other accounts	109,120,226	23,094,899	274,528,517	16,181	406,759,823
Net inter segment borrowing	-	42,396,894	-	(42,396,894)	-
Others	24,410,447	5,351,363	1,562,530	19,355,031	50,679,371
Total liabilities	133,530,673	85,410,768	276,091,047	(15,193,354)	479,839,134
Equity	-	-	-	61,802,453	61,802,453
Total Equity & liabilities	133,530,673	85,410,768	276,091,047	46,609,099	541,641,587
Contingencies & Commitments	152,897,093	4,052,411	1,761	381,037,895	537,989,160

Corporate and Institutional Banking

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

Commercial Banking

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

Retail Banking

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

Central & Other Items

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

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

For the three months period ended 31 March 2019

34 RELATED PARTY TRANSACTIONS

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

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

	31 March 2019 (Un-audited)				31 December 2018 - audited			
	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	5,411,420	-	-	-	2,295,707	-	-	-
In deposit accounts	-	-	-	-	-	-	-	-
	5,411,420	-	-	-	2,295,707	-	-	-
Lending to financial institutions								
Opening balance	6,465,508	-	-	-	5,396,987	-	-	-
Addition during the year	979,663,519	-	-	-	1,857,802,348	-	-	-
Repaid during the year	(961,546,676)	-	-	-	(1,856,733,827)	-	-	-
Transfer in / (out) - net	-	-	-	-	-	-	-	-
Closing balance	24,582,351	-	-	-	6,465,508	-	-	-
Advances								
Opening balance	-	5,269	198,459	-	-	-	178,550	-
Addition during the year	-	135	32,276	-	-	-	131,360	-
Repaid during the year	-	(1,014)	(22,243)	-	-	(2,176)	(83,260)	-
Transfer in / (out) - net	-	-	-	-	-	7,445	(28,191)	-
Closing balance	-	4,390	208,492	-	-	5,269	198,459	-
Provision held against advances	-	-	-	-	-	-	-	-
	31 March 2019 (Un-audited)				31 December 2018 - audited			
	Parent	Directors	Key management personnel	Other related parties	Parent	Directors	Key management personnel	Other related parties
	(Rupees in '000)							
Other Assets								
Interest / mark-up accrued	4,201	-	430	-	1,040	-	342	-
Receivable from staff retirement fund	-	-	-	16,300	-	-	-	16,300
Due from associated undertakings	931,951	-	-	-	787,578	-	-	-
Other receivable	-	-	462	-	-	-	1,354	-
	936,152	-	892	16,300	788,618	-	1,696	16,300
Borrowings								
Opening balance	6,174,850	-	-	-	75,526	-	-	-
Borrowings during the year	293,691	-	-	-	6,148,004	-	-	-
Settled during the year	(2,655,343)	-	-	-	(48,759)	-	-	-
Transfer in / (out) - net	-	-	-	-	-	-	-	-
Closing balance	3,813,198	-	-	-	6,174,771	-	-	-
Deposits and other accounts								
Opening balance	964,772	403,272	80,143	122,721	835,108	21,717	78,535	492,124
Received during the year	101,662	122,844	307,633	5,181,502	375,647	238,867	644,572	6,906,082
Withdrawn during the year	(394,619)	(96,470)	(228,211)	(5,176,490)	(245,984)	(268,910)	(611,784)	(6,357,945)
Transfer in / (out) - net	-	-	-	-	-	411,598	(31,180)	(917,540)
Closing balance	671,815	429,646	159,565	127,733	964,771	403,272	80,143	122,721
Other Liabilities								
Interest / mark-up payable	26,498	-	-	-	8,968	-	-	-
Payable to staff retirement fund	-	-	-	-	-	-	-	-
Due to holding company	16,468,924	-	-	-	11,925,280	-	-	-
Other liabilities	-	-	-	-	-	-	-	-
	16,495,422	-	-	-	11,934,248	-	-	-

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	31 March 2019 (Un-audited)				31 December 2018 -audited			
	Parent	Directors	Key management personnel	Other related parties	Parent	Directors	Key management personnel	Other related parties
----- (Rupees in '000) -----								
Contingencies and Commitments								
Transaction-related contingent liabilities - guarantees	57,536,304	-	-	-	41,591,083	-	-	-
Trade-related contingent liabilities - letter of credit	-	-	-	-	-	-	-	-
Trade-related commitment liabilities - acceptances	-	-	-	-	-	-	-	-
Commitments in respect of forward foreign exchange contracts	7,069,231	-	-	-	8,393,906	-	-	-
Derivatives								
Derivative instruments- Interest rate swaps - notional	7,488,085	-	-	-	8,787,692	-	-	-
Derivative instruments- FX options - notional	-	-	-	-	37,141	-	-	-
Derivative assets	32,684	-	-	-	35,424	-	-	-
Derivative liabilities	536,891	-	-	-	469,300	-	-	-
Income								
Mark-up / return / interest earned	39,878	123	5,633	-	20,594	429	3,981	-
Fee and commission income	162,574	-	-	-	232,441	-	-	-
Dividend income	-	-	-	-	-	-	-	-
Net gain on sale of securities	-	-	-	-	-	-	-	-
Income / (loss) from derivatives	(70,331)	-	-	-	33,864	-	-	-
Expense								
Mark-up / return / interest paid	52,168	8,420	563	17,531	9,188	223	125	17,311
Fee and commission expense	8,194	-	-	-	8,095	-	-	-
Operating expenses	-	1,150	91,939	-	-	2,100	78,148	-
Rent and Renovation expense	-	-	864	-	-	-	804	-
Royalty reversal	-	-	-	-	-	-	-	-
Insurance premium paid	-	-	-	-	-	-	-	-
Insurance claims settled	-	-	-	-	-	-	-	-
Other transactions								
Dividend paid	-	-	-	-	-	-	-	-
Contribution to defined contribution plans	-	-	-	96,774	-	-	-	98,229
Net charge for defined contribution plans	-	-	-	96,774	-	-	-	98,229

The term 'related party' shall have the same meaning as specified under IAS 24 - Related party disclosures.

35 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 Additional Tier 1 (ADT 1) Capital

Total Eligible Tier 1 Capital

Eligible Tier 2 Capital

Total Eligible Capital (Tier 1 + Tier 2)

Risk Weighted Assets (RWAs):

Credit Risk

Market Risk

Operational Risk

Total

31 March 2019	31 December 2018
(Un-audited)	(Audited)
----- (Rupees in '000) -----	

38,715,850	38,715,850
40,757,168	43,225,327
-	-
40,757,168	43,225,327
6,430,449	6,397,797
47,187,617	49,623,124
229,812,542	197,466,522
19,968,760	15,292,403
47,195,782	47,195,782
296,977,084	259,954,707

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

For the three months period ended 31 March 2019

	31 March 2019 (Un-audited) ------(Rupees in '000)-----	31 December 2018 (Audited)
Common Equity Tier 1 Capital Adequacy ratio	15.68%	16.63%
Tier 1 Capital Adequacy Ratio	13.72%	16.63%
Total Capital Adequacy Ratio	15.89%	19.09%
Minimum CAR (including Capital Conservation Buffer)	11.90%	11.90%
Leverage Ratio (LR):		
Eligible Tier-1 Capital	40,757,168	43,225,327
Total Exposures	723,178,603	709,934,051
Leverage Ratio	5.64%	6.09%
Minimum SBP Requirement	3.00%	3.00%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	245,696,670	315,026,677
Total Net Cash Outflow	69,543,583	79,224,875
Liquidity Coverage Ratio	353.3%	397.6%
Minimum SBP Requirement	100.0%	100.0%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	415,248,716	408,936,281
Total Required Stable Funding	181,312,029	156,640,624
Net Stable Funding Ratio	229%	261%
Minimum SBP Requirement	100%	100%

36 ISLAMIC BANKING BUSINESS

The bank is operating 7 (Dec 2018: 8) Islamic banking branches and 65 (Dec 2018: 69) Islamic banking windows at the end of the period.

	Note	31 March 2019 (Un-audited) ------(Rupees in '000)-----	31 December 2018 (Audited)
ASSETS			
Cash and balances with treasury banks		2,854,312	2,858,428
Due from financial institutions	36.1	9,123,760	4,873,442
Investments	36.2	2,489,802	6,487,739
Islamic financing and related assets - net	36.3	56,164,919	49,010,356
Fixed assets		183,915	32,987
Other assets		1,422,367	1,775,916
Total Assets		72,239,075	65,038,868
LIABILITIES			
Bills payable		150,445	94,221
Due to financial institutions		2,853,500	3,289,000
Deposits and other accounts	36.4	43,684,501	43,334,139
Due to Head Office		16,643,665	10,040,967
Other liabilities		1,307,153	1,825,266
		64,639,264	58,583,593
NET ASSETS		7,599,811	6,455,275
REPRESENTED BY			
Islamic Banking Fund		200,000	200,000
Surplus/ (Deficit) on revaluation of assets		(1,176)	(3,239)
Unappropriated/ Unremitted profit		7,400,987	6,258,514
		7,599,811	6,455,275

CONTINGENCIES AND COMMITMENTS

36.6

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

For the three months period ended 31 March 2019

The profit and loss account of the Bank's Islamic banking branches for the period ended 31 March 2019 is as follows:

	Note	31 March 2019 (Un-audited)	31 March 2018 (Audited)
		----- (Rupees in '000) -----	
Profit / return earned	36.7	1,396,574	894,573
Profit / return expensed	36.8	(254,431)	(146,215)
Net Profit / return		1,142,143	748,358
Other income			
Fee and Commission Income		120,969	197,711
Foreign Exchange Income		299,334	(410,686)
Other Income		149	5
Total other income		420,452	(212,970)
Total Income		1,562,595	535,388
Other expenses			
Operating expenses		(443,143)	(420,418)
Total other expenses		(443,143)	(420,418)
Profit / (loss) before provisions		1,119,452	114,970
Provisions and write offs - net		23,021	(24,323)
Profit / (loss) before taxation		1,142,473	90,647

	31 March 2019 (Un-audited)			31 December 2018 (audited)		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
	----- (Rupees in '000) -----					
36.1 Due from Financial Institutions						
Unsecured	-	5,006,105	5,006,105	-	4,873,442	4,873,442
Bai Muajjal Receivable from State Bank of Pakistan	4,117,655	-	4,117,655	-	-	-
	4,117,655	5,006,105	9,123,760	-	4,873,442	4,873,442

	31 March 2019 (Un-audited)				31 December 2018 (audited)			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Market value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Market value
36.2 Investments by segments:	----- (Rupees in '000) -----							
Federal Government Securities:								
-Ijarah Sukuk	500,000	-	(5,750)	494,250	4,500,000	-	(8,450)	4,491,550
-Bai Muajjal with GOP	1,390,978	-	-	1,390,978	1,390,978	-	-	1,390,978
	1,890,978	-	(5,750)	1,885,228	5,890,978	-	(8,450)	5,882,528
Non Government Debt Securities								
-Listed	600,000	-	4,574	604,574	600,000	-	5,211	605,211
-Unlisted	-	-	-	-	-	-	-	-
	600,000	-	4,574	604,574	600,000	-	5,211	605,211
Total Investments	2,490,978	-	(1,176)	2,489,802	6,490,978	-	(3,239)	6,487,739

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

For the three months period ended 31 March 2019

	31 March 2019	31 December 2018
	(Un-audited)	(Audited)
	------(Rupees in '000)-----	
36.3 Islamic financing and related assets		
Murabaha	2,035,030	3,401,261
Musharaka	19,858,311	17,060,987
Diminishing Musharaka	20,946,962	23,152,627
Musawammah	6,970,000	846,677
Ujrah (Saadiq Credit Cards)	421,966	438,149
Advances against Islamic assets - Murabaha	5,173,116	3,195,553
Advances against Islamic assets - Diminishing Musharakah	17,925	27,384
Inventory related to Islamic financing - Murabaha	1,271,257	1,441,583
Gross Islamic financing and related assets	56,694,567	49,564,221
Less: provision against Islamic financings		
- Specific	(435,911)	(462,179)
- General	(93,737)	(91,686)
	(529,648)	(553,865)
Islamic financing and related assets - net of provision	56,164,919	49,010,356
36.4 Deposits		
Customers		
Current deposits	28,704,847	28,126,618
Savings deposits	14,034,143	14,173,673
Term deposits	931,817	1,025,293
Margin accounts	9,514	5,509
	43,680,321	43,331,093
Financial Institutions		
Savings deposits	4,180	3,046
	4,180	3,046
	43,684,501	43,334,139
36.5 Charity Fund		
Opening Balance	7,932	4,700
Additions during the period		
Received from customers on account of delayed payment	1,558	7,685
Other Non-Shariah compliant income	84	247
	1,642	7,932
Payments / utilization during the period		
Education	(2,000)	(887)
Health	-	(3,813)
	(2,000)	(4,700)
Closing Balance	7,574	7,932
	31 March 2019	31 December 2018
	(Un-audited)	(Audited)
	------(Rupees in '000)-----	
36.6 CONTINGENCIES AND COMMITMENTS		
-Guarantees	61,235	428,800
-Commitments	16,233,790	10,690,449
-Other contingent liabilities	228,776	1,701,153
	16,523,801	12,820,402

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

For the three months period ended 31 March 2019

	31 March 2019 (Un-audited)	31 March 2018 (Audited)
	------(Rupees in '000)-----	
36.7 Profit/Return Earned of Financing, Investments and Placement		
Profit earned on:		
Financing	1,236,100	799,556
Investments	136,925	84,067
Placements	23,549	10,950
	<u>1,396,574</u>	<u>894,573</u>
36.8 Profit on Deposits and other Dues Expensed		
Deposits and other accounts	(229,928)	(130,330)
Due to Financial Institutions	(19,529)	(15,885)
Finance cost of lease liability	(4,974)	-
	<u>(254,431)</u>	<u>(146,215)</u>

	31 March 2019 (Un-audited)	31 December 2018 (Audited)
	------(Rupees in '000)-----	
36.9 Islamic Banking Business Unappropriated Profit		
Opening Balance	6,258,514	5,086,697
Add: Islamic Banking profit for the period	1,142,473	2,671,817
Less: Transferred / Remitted to Head Office	-	(1,500,000)
Closing Balance	<u>7,400,987</u>	<u>6,258,514</u>

36.10 Profit & Loss distribution and Pool Management

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

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

a) IERS Musharakah Pool

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

Type of Pool	Profit rate and weightage announcement period	Average return on Pool Assets	Bank Profit	SBP Profit	Bank Profit %	SBP Profit %
IERF Pool	Monthly	6.80%	92,054	18,534	83.20%	16.80%

b) Mudarabah Depositors Pool

- General Depositors Pool
- Special Depositors Pool
- High Yield Pool

i) Key features and risk & reward characteristics

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

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

For the three months period ended 31 March 2019

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-Maal (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-Maal" in Shariah compliant businesses to earn profits. This profit is shared on the basis of profit & loss sharing as per the pre-agreed ratio between the Bank and the customer.

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

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-Maal 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, Logistics, Packaging Material, FMCG etc. as well as in Government of Pakistan backed Ijarah Sukuk.

iv) Other information

	TYPE OF POOL		
	General	Special	High Yield
Profit rate / weightage announcement frequency	Monthly	Monthly	Monthly
Mudarib share (amount in 000)	116,162	24,554	6,371
Mudarib share (%)	48.7%	23.5%	20.4%
Mudarib Share transferred through Hiba (Amount in 000)	3,102	17,305	3,000
Mudarib Share transferred through Hiba (%)	2.60%	41.3%	32.0%
Average return on pool assets	9.7%	10.4%	11.1%
Average return on deposits	4.8%	6.2%	7.8%

37. GENERAL

37.1 DATE OF AUTHORIZATION

These financial statements were authorized for issue in the Board of Directors meeting held on 25 April 2019.



Ian Anderson Bryden
Chairman



Shazad Dada
Chief Executive Officer



Asad Ali Shariff
Chief Financial Officer



Waqar Malik
Director



Mohamed Abdelbary
Director

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