

Half Yearly Report (January – June 2018)

Driving investment, trade
and the creation of wealth
across Asia, Africa and the Middle East.

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Here for good

Standard Chartered Bank (Pakistan) Ltd.

Points of interest

- Standard Chartered is proud to be operating in Pakistan as the largest and oldest international bank since 1863.
- 2013 marked Standard Chartered's 150th year of presence in the country.
- Goal is Standard Chartered's leading education programme that provides financial literacy, life skills and employability training to low-income adolescent girls across its footprint. Since the launch of the programme in April 2016, the Bank has reached a total of 2447 beneficiaries in Pakistan.
- As a result of our Seeing is Believing projects in Pakistan, we are attributed to decreasing avoidable blindness by 20 per cent across the country. We are the only corporate partner of the Government and play a pivotal role in the National Committee of Eye Health
- A historic milestone was achieved in 2017 whereby the Bank's total assets crossed over PKR 500 billion.
- The largest international Bank in Pakistan with 93 branches in 11 cities and a workforce of over 3000 employees.
- Standard Chartered Pakistan is the first international bank to get an Islamic Banking license and to open the first Islamic Banking branch in Pakistan.

Strong recognition by our stakeholders

Asia Money Awards - 2017

- "Best International Bank in Pakistan"

Global Finance Awards 2016 - 2017

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

The Asset Triple A Treasury, Trade & Risk Management Awards 2016

- Best Treasury & Cash Management Bank
- Best Working Capital & Trade Finance Bank
- Best Structured Trade Finance Bank
- Best e-Solutions and Technology Partner Bank

Finance Asia Award for 2015

- "Best Foreign Bank in Pakistan" award 2015

Islamic Finance News (IFN) Awards for 2015

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

Company Information

Board of Directors

Mr. Ian Anderson Bryden
 Mr. Shazad Dada
 Mr. Najam I. Chaudhri
 Mrs. Spenta Kandawalla
 Mr. Ferdinand Pieterse
 Mr. Mohamed Abdelbary
 Mr. Waqar Ahmed Malik*

Chairperson
 Chief Executive Officer

Registered Office

Standard Chartered Bank (Pakistan) Limited
 P.O. Box No. 5556, I.I. Chundrigar Road
 Karachi 74000 Pakistan
 Tel: (021) 32450000
 Fax: (021) 32414914

Company Secretary

Mr. Asif Iqbal Alam

Audit Committee

Mr. Waqar Ahmed Malik*
 Mr. Najam I. Chaudhri
 Mr. Ferdinand Pieterse

Chairperson
 Member
 Member

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

Human Resource & Remuneration Committee

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

Chairperson
 Member
 Member

Website

www.sc.com/pk

Registrar and Share Transfer Office

M/s Central Depository Company of Pakistan Limited
 (Share Registrar Department)
 CDC House, 99-B, Block B
 SMCHS, Main Shahra-e-Faisal
 Karachi - 74400
 Toll Free:0800 - CDCPL (23275)
 Fax: (021) 34326053
 Email: info@cdcpak.com

Auditors

M/s KPMG Taseer Hadi & Co
 Chartered Accountants

Legal Advisors

HaidermotaBNR & Co
 Barristers at Law & Corporate Counselors

Directors' Report - Half Year Ended 30th June 2018

On behalf of the Board of Directors, I am pleased to present the Directors' Report of Standard Chartered Bank (Pakistan) Limited (SCBPL) along with its un-audited condensed interim financial statements for the half year ended 30th June 2018.

Economy

Pakistan's economy grew 5.8% in FY18, the highest in the past decade and mainly driven by strong domestic demand. Higher economic growth has seen private-credit off-take pick up pace which grew by PKR 719bn in FY 18. However, current account deficit has widened sharply to close at USD 17.9bn in FY 18.

A higher C/A deficit and sluggish foreign investment have seen increased reliance on sovereign FCY borrowings to sustain FX reserves. State Bank of Pakistan's FX reserves have declined from USD 16.1bn as at June 2017 to USD 10.3bn by July 27, 2018. Owing to declining FX Reserves, PKR depreciated by 12.5% to close at 124.24 as of August 24, 2018 from 110.42 level at start of the year.

SBP has responded to the deteriorating external position by increasing the policy rate thrice during the year to 7.5% from 5.75% in Dec 2017. However CPI Inflation was well below the 6.0 percent target averaging 3.9% during FY18.

The banking sector remains well capitalised with CAR of 15.9% by end-March 2018. ROE (after tax) has gone down to 11.8% from 14.2% a year ago; alongside a decline in the ratio of Non-Performing Loans (NPLs) to Gross Loans from 9.9% to 8.3%

Operating Results and Business Overview

	30 June 2018	31 December 2017
	(PKR millions)	(PKR millions)
Balance Sheet		
Paid-up capital	38,716	38,716
Total equity	58,671	57,335
Deposits	402,724	377,576
Advances - gross	172,403	157,280
Advances - net	153,539	137,655
Investments - net	283,704	272,488

	Half Year ended 30 June 2018 (PKR millions)	Half Year ended 30 June 2017 (PKR millions)
Profit and Loss		
Revenue	13,721	13,373
Administrative expenses	5,630	5,154
Other non mark-up expenses	177	172
Operating profit (before provisions and tax)	7,914	8,047
Reversals / (Provisions) - net of charges	553	524
Profit before tax	8,467	8,571
Profit after tax	5,188	5,025
Earnings Per Share (EPS)	1.34	1.30

The Bank performed fundamentally well and delivered Profit before tax of PKR 8.5 billion compared to PKR 8.6 billion in corresponding period last year. Overall revenue growth was 3%, whereas client revenue has increased by 10% year on year with positive contribution from transaction banking, financial markets and retail deposits. While administrative costs increased year on year, the spending has been mainly in the Bank's products, services and people to grow the franchise.

All businesses have positive momentum in client income with strong growth in underlying drivers. This is evident from pickup in net advances, which have grown by 12% since the start of this year. This was a result of targeted strategy to build profitable, high quality and sustainable portfolios. With a diversified product base, the Bank is well positioned to cater for the needs of its clients. On the liabilities side, the Bank's total deposits grew by 7%, whereas current and saving accounts grew by 9% since the start of this year. The continuous increase in low cost deposits has significantly supported the Bank's performance with current and savings accounts comprising 94% of the deposit base.

The Bank continues to invest in its digital capabilities and infrastructure to enhance banking experience through introduction of innovative solutions. We have made steady progress in further strengthening our control and compliance environment by focusing on our people, culture and systems. We are fully committed to sustained growth by consistently focusing on our clients and product suite along with a prudent approach to building the balance sheet while bringing the best in class services to our 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.

Changes in Board of Directors

The following change has taken place since the last report:

Subject to clearance from State Bank of Pakistan, Mr. Waqar Ahmed Malik has been appointed as Independent Director in place of Mr. Parvez Ghias.

Dividend

Interim cash dividend of 7.50% (Rs. 0.75/- per share) in respect of the half year ended June 30, 2018 has been declared by the Board of Directors in their meeting held on August 27, 2018.

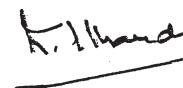
Appreciation and Acknowledgment

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

On behalf of the Board



Chief Executive Officer
Karachi: 27th August 2018



Director

اسٹینڈرڈ چارٹرڈ بینک (پاکستان) (لیمیٹڈ)

ڈائریکٹر کی رپورٹ - ختم شدہ نصف سال 30 جون 2018ء

ہم بورڈ آف ڈائریکٹر کی طرف سے 30 جون 2018ء کو ختم شدہ نصف سال کیلئے اسٹینڈرڈ چارٹرڈ بینک (پاکستان) (لیمیٹڈ) (ایس سی بی پی ایل) کی ڈائریکٹر رپورٹ مع اس کے غیر آڈٹ شدہ مختصر عبوری مالیاتی گوشوارہ جات پیش کر رہے ہیں۔

معیشت:

مختصر ملکی طلب کی بدولت مالی سال 2018ء میں پاکستان کی معیشت کی شرح نمو 5.8% رہی، جو کہ پچھلے دس سالوں کی بلند ترین سطح ہے۔ بلند معاشی نمو کی بدولت نجی شعبہ کے قرضوں میں مالی سال 2018ء کے دوران 1719 ارب روپے کا زبردست اضافہ دیکھا گیا۔ تاہم، کرنٹ اکاؤنٹ خارجہ مالی سال 2018ء میں 17.9 ارب ڈالر تک جا پہنچا۔ بلند کرنٹ اکاؤنٹ خارجہ اور سرتقال غیر ملکی سرمایہ کاری کی وجہ سے حکومت کو اپنے غیر ملکی زر مبادلہ کے ذخیرے کے استحکام کی خاطر غیر ملکی قرضوں پر انحصار کرنا پڑا۔ اسٹیٹ بینک کے غیر ملکی زر مبادلہ کے ذخیرے 16.1 ارب ڈالر (30 جون 2017ء) سے کم ہو کر 10.3 ارب ڈالر (27 جولائی 2018ء) رہ گئے۔ غیر ملکی زر مبادلہ کے ذخیرے میں کمی کی وجہ سے روپے کی قدر میں 12.5% کی کمی ہوئی، جو سال کے آغاز میں 110.42 ارب روپے کی سطح سے گر کر 124.24 ارب روپے (24 اگسٹ 2018ء) رہ گئی۔

اسٹیٹ بینک نے بگڑتی ہوئی یورپی مالیاتی صورتحال کو دیکھتے ہوئے پچھلے چھ ماہ کے دوران پالیسی ریٹ 5.75% سے بڑھا کر 7.5% کر دیا۔ تاہم (CPI Inflation) مالی سال 2018ء کے دوران 6% کے حدف کے مقابلے میں 3.9% رہ رہی۔

بینک سیکٹر مارچ 2018ء کے اختتام تک 15.9% (CAR) کے ساتھ مختصر کم رہا۔ (ROE) (بعد از ٹکس) ایک سال پہلے کے مقابلے میں 14.2% کی سطح سے کم ہو کر 11.8% رہ گیا، جس کے ساتھ ہی نان-پرفارمنگ لوز (غیرفعال قرضہ جات) (NPLs) کا گراس لوز (خاص قرضہ جات) سے تاب 9.9% سے کم ہو کر 8.3% رہ گیا۔

عملی نتائج اور کاروباری جائزہ

31 دسمبر 2017ء	30 جون 2018ء	بینک شیٹ (میراثی)
(ملین پاکستانی روپے)	(ملین پاکستانی روپے)	
38,716	38,716	ادا شدہ سرمایہ
57,335	58,671	مکمل حصہ
377,576	402,724	ڈپاٹس (ودیعات)
157,280	172,403	ایڈوانس- گراس (فرائی قرضہ جات- مجموعی)
137,655	153,539	ایڈوانس- نیٹ (فرائی قرضہ جات- خالص)
270,488	283,704	انویسٹمنٹ (سرمایہ کاری)- خالص

30 جون 2018ء کو ختم شدہ نصف سال (میں پاکستانی روپے)	30 جون 2017ء کو ختم شدہ نصف سال (میں پاکستانی روپے)	پروفٹ اینڈ لاس (انفع و نقصان)
13,373	13,721	ریوینو (محصولات)
5,154	5,630	انتظامی اخراجات
172	177	دیگر غیر سودی اخراجات
8,047	7,914	آپرینگ پروفٹ (عملی منافع قبل از پروڈیورنگز)
524	553	ریورسلو/ پروڈیورنگز- نیٹ آف چارجز (یعنی تسبیحات/ (مقررات)
8,571	8,467	منافع قبل از ٹکس
5,025	5,188	منافع بعد از ٹکس
1.30	1.34	منافع فی حصہ (ای پی ایس)

بینک نے بنیادی طور پر بہتر کر کر دیکھائی ہے اور بچھلے سال کے مقابلی عرصے میں 8.6 ارب روپے کے مقابلے میں 8.5 ارب روپے منافع قبل از ٹکس کمایا ہے۔ محصولات میں مجموعی اضافہ 3% رہا جبکہ کلائنس ریوینو (محصولاتی صارف) میں ٹرانزیشن بینکنگ، مالیاتی مارکیٹس اور ریٹیل ڈپارٹمنٹ میں اچھی کارگردگی کے باعث 10% اضافہ دیکھا گیا۔ انتظامی لاتوں میں سال بہ سال اضافہ بینک کی پروڈکٹس، خدمات، افراد اور فرنچائز میں سرمایہ کاری کا مظہر ہے۔

تمام کاروبار نے صارف کی آمدن میں بنیادی حرکات میں زبردست ترقی و نمو کے ساتھ ثبت رفتار کی۔ یق رخص جات (Advances) میں زبردست اضافے سے عیاں ہے، جو کہ سال نو کے آغاز سے 12% بڑھ گئے۔ یہ ایک باحداف حکمت عملی کا نتیجہ تھا تاکہ ایک منافع بخش، معیاری اور پائیدار پورٹ فولیو کی تشكیل و تعمیر ہو۔ پروڈکٹ کی متنوع اساس کے ساتھ بینک اپنے صارفین کی ضروریات کی تکمیل کیلئے پوری طرح آراستہ ہے۔ واجبات (Liabilities) کے پہلو سے بینک کے مجموعی کھاتوں (Deposits) میں 7% اضافہ ہوا، جبکہ اس سال کے آغاز سے جاری (Current) اور بچت (Savings) کے کھاتوں میں 19% اضافہ ہوا۔ کم لاغت کھاتے جات میں مسلسل اضافے نے جاری (Current) اور بچت (Savings) کھاتوں کے ساتھ جو کہ کل کھاتے جات (Deposit Base) کے 94% پر مشتمل ہے، بینک کی کارگردگی میں نیا طور پر مدد کی ہے۔

بینک اپنی ڈیجیٹل صلاحیتوں اور انقرہ اسٹرکچر میں لگاتار سرمایہ کرتا ہے تاکہ جدّت آمیز حل متعارف کرو کے بینکاری کے تجربے کو بہتر سے بہترین بنایا جائے۔ ہم نے اپنے لوگوں کی شفافت اور سسٹم پر توجہ مرکوز کر کے کھاتوں اور کمپائیٹس کو مزید مستحکم کرنے میں تسلسل کے ساتھ ترقی کی ہے۔ ہم پائیدار ترقی و نمو کی غرض سے کلائنس اور پروڈکٹ کے مجموعے پر مسلسل نگاہ رکھتے ہوئے انتہائی پُر عزم ہیں اور ساتھ ہی کمپریزوں کو بہترین سروزی کی فراہمی کو تینی بناتے ہوئے ہیں۔ شیٹ کی بہتری کی غرض سے محتاط طرز فکر کا بھی اعادہ کرتے ہیں۔

کریڈٹ ریٹنگ:

پاکستان کریڈٹ ریٹنگ ایجنسی (PACRA) نے بینک کی طویل مدتی درجہ بندیوں کو علی الترتیب "AAA" (ٹریبل اے) اور "A1+" (اے ون پلس) پر برقرار کھا ہے۔ یہ درجہ بندیاں مالیاتی عہدوں پیان کی بروقت ادائیگی کیلئے انبٹائی مٹکم صلاحیت سے اخذ ہونے والے قرضہ جاتی رسک (Credit Risk) کی کم ترین توقع کو ظاہر کرنی ہیں۔

بورڈ آف ڈائریکٹرز میں تبدیلیاں:

بچھلے رپورٹ سے اب تک درج ذیل تبدیلی رونما ہوئی ہے:
جناب وقار احمد ملک کو جتاب پروپرٹی غیاث کی گھنے غیر جانبدار ڈائریکٹر کے طور پر مقرر کیا جا رہا ہے۔ یہ تقریباً اسٹیٹ بینک کی اجازت سے شروع ہے۔

ڈیویڈنڈ یعنی منافع منقسمہ:

30 جون 2018ء کو ختم ہوچکے نصف سال کے سلسلے میں 7.5% (0.75 روپے فی شیئر) کا عیوری نقد منافع منقسمہ کا اعلان 27 اگست 2018ء کو منعقدہ اجلاس میں بورڈ آف ڈائریکٹرز کی جانب کردار گیا ہے۔

اطہارِ تشکر و اعتراف:

ہم اپنے کسٹمرز اور بینٹ پاٹریز کا اُن کے مسلسل تعاون اور اعتماد پر دل کی گہرائیوں سے شکریہ ادا کرتے ہیں۔ ہم اسٹیٹ بینک پاکستان سے بھی اُن کی رہنمائی اور اعانت پر جو انہوں نے بینک کو فراہم کیے ہیں کیلئے پُر خلوص کلمات اعتراف ادا کرتے ہیں۔ آخر میں ہم اپنے تمام ایسوٹ ایٹس، اسٹاف اور رفقاء کے کارکے بھی شکرگزار ہیں کہ انہوں نے ہمارے گراں قدر کسٹمرز کو اپنی پُر عزم خدمات پیش کی ہیں۔

بورڈ کی طرف سے:

شہزاد دادا
ڈائریکٹر
کراچی، ہورخہ 27 اگست 2018ء

شہزاد دادا
چیف ایگزیکیوٹیو فیسر
کراچی، ہورخہ 27 اگست 2018ء

Standard Chartered Bank (Pakistan) Limited

**Condensed Interim
Financial Statements
(Un-audited)**

**For the half year ended
30 June 2018**

Independent auditors' review report to the members of Standard Chartered Bank (Pakistan) Limited

Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Standard Chartered Bank Pakistan Limited ("the Bank") as at 30 June 2018 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the accounts for the six-months period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other Matter

The figures for the quarter ended 30 June 2018 in the condensed interim profit and loss account and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

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

Date: 27 August 2018

Karachi

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

Condensed Interim Statement of Financial Position

As at 30 June 2018

	Note	30 June 2018 (Un-audited)	31 December 2017 (Audited)
(Rupees in '000)			
ASSETS			
Cash and balances with treasury banks		43,554,768	35,085,289
Balances with other banks		3,506,161	779,856
Lendings to financial institutions	6	12,087,935	8,067,665
Investments	7	283,704,090	272,487,815
Advances	8	153,538,690	137,655,093
Operating fixed assets		7,939,084	8,033,890
Intangible assets		26,095,559	26,095,642
Other assets		25,820,061	25,343,352
		556,246,348	513,548,602
LIABILITIES			
Bills payable		17,670,180	18,958,345
Borrowings		35,171,519	26,029,816
Deposits and other accounts	9	402,724,021	377,576,064
Deferred tax liabilities - net		3,888,186	3,706,408
Other liabilities		32,589,350	24,341,273
		492,043,256	450,611,906
NET ASSETS			
		64,203,092	62,936,696
REPRESENTED BY:			
Share capital		38,715,850	38,715,850
Reserves		15,457,235	14,419,594
Unappropriated profit		4,498,142	4,199,687
Surplus on revaluation of assets - net of deferred tax		58,671,227	57,335,131
		5,531,865	5,601,565
		64,203,092	62,936,696

CONTINGENCIES AND COMMITMENTS

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



Ian Anderson Bryden
Chairman



Shazad Dada
Chief Executive Officer



Najam I. Chaudhri
Director



Ferdinand Pieterse
Director



Asad Ali Shariff
Chief Financial Officer

Condensed Interim Profit and Loss Account (Un-audited)

For the six months period ended 30 June 2018

	Note	Three months period ended 30 June 2018	Six months period ended 30 June 2018	Three months period ended 30 June 2017	Six months period ended 30 June 2017
-----(Rupees in '000')-----					
Mark-up / return / interest earned		7,122,662	13,905,847	6,794,984	13,578,120
Mark-up / return / interest expensed		(2,479,736)	(4,918,748)	(2,322,695)	(4,656,049)
Net mark-up / return / interest income		4,642,926	8,987,099	4,472,289	8,922,071
Reversals against non-performing loans and advances		207,506	502,324	169,038	487,917
Recovery of amounts written off		93,639	161,392	54,366	109,663
Provision for diminution in the value of investments		(5,370)	(5,370)	-	-
Bad debts written off directly		(56,443)	(105,517)	(39,490)	(73,863)
Net Mark-up / return / interest income after provisions		239,332	552,829	183,914	523,717
NON MARK-UP / NON INTEREST INCOME		4,882,258	9,539,928	4,656,203	9,445,788
Fees, commission and brokerage income		926,361	2,233,578	1,053,342	2,390,486
Dividend income		-	-	-	875
Income from dealing in foreign currencies	12	1,361,890	2,198,399	639,114	1,233,985
Gain on sale of securities - net		361,213	608,804	281,324	368,920
Unrealized (loss) / gain on revaluation of investments classified as held for trading		(79,002)	12,659	23,914	31,043
Other income	13	(272,936)	(319,815)	177,713	425,521
Total non mark-up / non interest income		2,297,526	4,733,625	2,175,407	4,450,830
NON MARK-UP / NON INTEREST EXPENSES		7,179,784	14,273,553	6,831,610	13,896,618
Administrative expenses	14	(2,819,323)	(5,629,725)	(2,320,808)	(5,153,550)
Other (provisions) / reversals / (asset write-offs)		(6,948)	(6,948)	-	-
Other charges		(85,831)	(170,198)	(88,639)	(172,125)
Total non mark-up / non interest expenses		(2,912,102)	(5,806,871)	(2,409,447)	(5,325,675)
Extra-ordinary / unusual items		4,267,682	8,466,682	4,422,163	8,570,943
PROFIT BEFORE TAXATION		4,267,682	8,466,682	4,422,163	8,570,943
Taxation - current		(1,692,434)	(3,069,658)	(1,394,547)	(2,649,204)
- prior years'		-	-	(628,641)	(660,266)
- deferred		(116,259)	(208,821)	(38,708)	(236,124)
PROFIT AFTER TAXATION		(1,808,693)	(3,278,479)	(2,061,896)	(3,545,594)
		2,458,989	5,188,203	2,360,267	5,025,349
BASIC / DILUTED EARNINGS PER SHARE		Rupees	Rupees	Rupees	Rupees
		0.64	1.34	0.61	1.30

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



Ian Anderson Bryden
Chairman



Shazad Dada
Chief Executive Officer



Najam I. Chaudhri
Director



Ferdinand Pieterse
Director



Asad Ali Shariff
Chief Financial Officer

Condensed Interim Statement of Comprehensive Income (Un-audited)

For the six months period ended 30 June 2018

	Three months period ended 30 June 2018	Six months period ended 30 June 2018	Three months period ended 30 June 2017	Six months period ended 30 June 2017
(Rupees in '000)				
Profit after tax for the period	2,458,989	5,188,203	2,360,267	5,025,349
Other comprehensive income	-	-	-	-
Comprehensive income transferred to equity	2,458,989	5,188,203	<u>2,360,267</u>	<u>5,025,349</u>
Components of comprehensive income not reflected in equity				
Movement in Surplus on revaluation of available for sale securities	(89,768)	(77,263)	(471,214)	(949,995)
Related deferred tax charge	31,419	27,043	164,926	332,499
Total comprehensive income for the period	2,400,640	5,137,983	<u>2,053,979</u>	<u>4,407,853</u>

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Director



Ferdinand Pieterse
Director



Asad Ali Shariff
Chief Financial Officer

Condensed Interim Cash Flow Statement (Un-audited)

For the six months period ended 30 June 2018

	Six months period ended	
	30 June 2018	30 June 2017
-----(Rupees in '000)-----		
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation for the period	8,466,682	8,570,943
Less: Dividend income	-	(875)
Adjustments for:		
Depreciation	224,297	221,220
Amortization	84	125
Gain on disposal of fixed assets - net	(7,307)	(13,920)
Unrealized gain on revaluation of investments classified as held for trading - net	(12,659)	(31,043)
Other provisions / asset write-offs	6,948	(792)
Provision for diminution in the value of investments	5,370	-
Reversals against non-performing loans and advances - net of recoveries	(558,199)	(523,717)
	(341,466)	(348,127)
	8,125,216	8,221,941
(Increase) / decrease in operating assets		
Lendings to financial institutions	(4,020,270)	5,909,854
Net investment in 'held for trading' securities	(18,728,635)	(7,454,505)
Advances	(15,325,398)	(28,589,476)
Other assets (excluding advance taxation)	331,545	164,577
	(37,742,758)	(29,969,550)
Increase / (decrease) in operating liabilities		
Bills payable	(1,288,165)	904,433
Borrowings from financial institutions (excluding overdrawn nostro)	7,897,772	1,111,508
Deposits and other accounts	25,147,957	15,845,577
Other liabilities	8,238,635	(663,369)
	39,996,199	17,198,149
	10,378,657	(4,549,460)
	(3,877,914)	(3,230,738)
	6,500,743	(7,780,198)
Cash generated from operations		
Income tax paid		
Net cash generated from / (used in) operating activities		
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in 'available for sale' securities	7,442,386	4,965,234
Dividend income received	-	875
Net investment in fixed assets (including intangible assets)	(136,440)	(200,981)
Sale proceeds on disposal of operating fixed assets	7,307	13,920
Net cash generated from investing activities	7,313,253	4,779,048
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid	(3,862,143)	(4,831,320)
Net cash used in financing activities	(3,862,143)	(4,831,320)
Increase / (decrease) in cash and cash equivalents for the period	9,951,853	(7,832,470)
Cash and cash equivalents at beginning of the period	35,865,145	46,429,770
Cash and cash equivalents at end of the period	45,816,998	38,597,300
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		
Cash and balances with treasury banks	43,554,768	35,292,790
Balances with other banks	3,506,161	4,011,195
Overdrawn nostro	(1,243,931)	(706,685)
	45,816,998	38,597,300

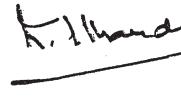
The annexed notes 1 to 20 form an integral part of these condensed interim financial statements.



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Chief Financial Officer

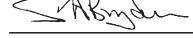
Condensed Interim Statement of Changes in Equity (Un-audited)

For the six months period ended 30 June 2018

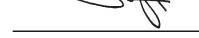
	Share Capital	Share Premium	Statutory Reserve	Unappropriated Profit (a)	Total
(Rupees in '000)					
Balance as at 01 January 2017	38,715,850	1,036,090	11,734,472	5,385,558	56,871,970
Total Comprehensive income for the period					
Profit after tax for the six months period ended 30 June 2017	-	-	-	5,025,349	5,025,349
Other Comprehensive income	-	-	-	-	-
Remeasurement of post employment obligations - net of tax	-	-	-	5,025,349	5,025,349
Transactions with owners, recorded directly in equity					
Cash dividend (Final 2016) at Rs. 1.25 per share	-	-	-	(4,839,481)	(4,839,481)
-	-	-	-	(4,839,481)	(4,839,481)
Transfer to statutory reserve	-	-	1,005,070	(1,005,070)	-
Transferred from surplus on revaluation of fixed assets - net of deferred tax	-	-	-	8,071	8,071
Balance as at 30 June 2017	38,715,850	1,036,090	12,739,542	4,574,427	57,065,909
Total Comprehensive income for the period					
Profit after tax for the six months period ended 31 December 2017	-	-	-	3,219,813	3,219,813
Other Comprehensive income	-	-	-	-	-
Remeasurement of post employment obligations - net of tax	-	-	-	(3,506)	(3,506)
3,216,307	3,216,307	3,216,307	3,216,307	3,216,307	3,216,307
Transactions with owners, recorded directly in equity					
Share based payment transactions (contribution from holding company)	-	-	-	28,661	28,661
Payment against share based payment transactions (to holding company)	-	-	-	(80,151)	(80,151)
Cash dividend (Interim 2017) at Rs. 0.75 per share	-	-	-	(2,903,689)	(2,903,689)
-	-	-	-	(2,955,179)	(2,955,179)
Transfer to statutory reserve	-	-	643,962	(643,962)	-
Transferred from surplus on revaluation of fixed assets - net of deferred tax	-	-	-	8,094	8,094
Balance as at 31 December 2017	38,715,850	1,036,090	13,383,504	4,199,687	57,335,131
Total Comprehensive income for the period					
Profit after tax for the six months period ended 30 June 2018	-	-	-	5,188,203	5,188,203
Other Comprehensive income	-	-	-	-	-
Remeasurement of post employment obligations - net of tax	-	-	-	5,188,203	5,188,203
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	-	-	1,037,641	(1,037,641)	-
Transferred from surplus on revaluation of fixed assets - net of deferred tax	-	-	-	19,478	19,478
Balance as at 30 June 2018	38,715,850	1,036,090	14,421,145	4,498,142	58,671,227

(a) As further explained in note 8.2.1 of these condensed interim financial statements the amount of Rs 54,467 million net of tax as at 30 June 2018 represents additional profit arising from availing forced sale value benefit for determining provisioning requirement is not available for the purpose of distribution of dividend to shareholders / bonus to employees.

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



Ian Anderson Bryden
Chairman



Shazad Dada
Chief Executive Officer



Najam I. Chaudhri
Director



Ferdinand Pieterse
Director



Asad Ali Sharif
Chief Financial Officer

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

For the six months period ended 30 June 2018

1 STATUS AND NATURE OF BUSINESS

Standard Chartered Bank (Pakistan) Limited ("the Bank") was incorporated in Pakistan on 19 July 2006 and was granted approval for commencement of banking business by State Bank of Pakistan, with effect from 30 December 2006. The ultimate holding company of the Bank is Standard Chartered Plc., incorporated in England. The registered office is at Standard Chartered Bank Building, I.I. Chundrigar Road, Karachi.

The Bank commenced formal operations on 30 December 2006 through amalgamation of entire undertaking of Union Bank Limited and the business carried on by the branches in Pakistan of Standard Chartered Bank, a bank incorporated by Royal Charter and existing under the laws of England. The scheme of amalgamation was sanctioned by State Bank of Pakistan vide its order dated 4 December 2006. The Bank's shares are listed on Pakistan Stock Exchange.

The Bank is engaged in the banking business as defined in the Banking Companies Ordinance, 1962 and has a total number of 89 branches in Pakistan (2017: 93 branches in Pakistan) in operation at 30 June 2018.

2 BASIS OF PREPARATION

2.1 Basis of presentation

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

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

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

2.2 Statement of compliance

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

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

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

The SBP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and International Accounting Standard (IAS) 40, 'Investment Property' for Banking Companies in Pakistan through BSD Circular Letter 10 dated August 26, 2002 till further instructions. Further, the SECP has deferred the applicability of International Financial Reporting Standard (IFRS) 7 'Financial Instruments: Disclosures' through its notification S.R.O 411(I)/2008 dated April 28, 2008. Accordingly, the requirements of these standards have not been considered in the preparation of these financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars.

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

For the six months period ended 30 June 2018

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

3 ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Bank for the year ended 31 December 2017, except for the following:

Revaluation of Operating Fixed Assets

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

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

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

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

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

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

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

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

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

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

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

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

For the six months period ended 30 June 2018

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

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

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

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

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

4 ACCOUNTING ESTIMATES

The basis and the methods used for critical accounting estimates and judgments adopted in these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Bank for the year ended 31 December 2017, except for the following:

4.1 Change in Accounting Estimate

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

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

5 FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Bank are consistent with those disclosed in the annual financial statements of the Bank for the year ended 31 December 2017.

6 LENDINGS TO FINANCIAL INSTITUTIONS

	Note	30 June 2018 (Un-audited)	31 December 2017 (Audited)
		----- (Rupees in '000)-----	
Repurchase agreement lendings (Reverse Repo)	6.1	1,899,616	2,161,425
Bai Muajjal receivable from State Bank of Pakistan Placements	6.2	10,188,319	5,396,987
		12,087,935	8,067,665

6.1 These carry mark-up rates ranging from 6.4 percent to 6.5 percent per annum (2017: 5.75 percent per annum) payable at maturity, and are due to mature during July 2018. These arrangements are governed under Master Repurchase Agreements.

6.2 This represents placements with other branches and subsidiaries of Standard Chartered Group outside Pakistan at mark-up rates ranging from 0.3 percent to 1.95 percent per annum (2017: 0.3 percent to 1.15 percent per annum), and are due to mature during July 2018.

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

For the six months period ended 30 June 2018

7 INVESTMENTS	30 June 2018 (Un-audited)			31 December 2017 (Audited)		
	Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total
	(Rupees in '000)					
Investments by type						
Held for trading securities						
Market Treasury Bills	19,307,975	-	19,307,975	4,536,363	-	4,536,363
Pakistan Investment Bonds	4,234,861	-	4,234,861	277,838	-	277,838
Available for sale securities						
Market Treasury Bills	236,226,916	13,052,368	249,279,284	255,150,423	6,297,554	261,447,977
Pakistan Investment Bonds	4,327,420	18,730	4,346,150	-	-	-
GoP Ijarah Sukuk Bonds	5,855,402	-	5,855,402	5,356,369	-	5,356,369
Sukuk Bonds	700,000	-	700,000	800,000	-	800,000
Term Finance Certificates -unlisted	285,025	-	285,025	285,025	-	285,025
Equity shares of listed companies	783,077	-	783,077	783,077	-	783,077
Equity shares of unlisted companies	3,004	-	3,004	3,004	-	3,004
Investments at cost	271,723,680	13,071,098	284,794,778	267,192,099	6,297,554	273,489,653
Provision for diminution in the value of investments	(967,517)	-	(967,517)	(962,147)	-	(962,147)
Investments (net of provisions)	270,756,163	13,071,098	283,827,261	266,229,952	6,297,554	272,527,506
Surplus on revaluation of held for trading securities - net	12,659	-	12,659	18,876	-	18,876
Surplus on revaluation of available for sale securities - net	(135,206)	(624)	(135,830)	(58,712)	145	(58,567)
Total Investments - net	270,633,616	13,070,474	283,704,090	266,190,116	6,297,699	272,487,815

8 ADVANCES	30 June 2018		31 December 2017	
	Note	(Un-audited)	(Audited)	
		(Rupees in '000)		
Loans, cash credits, running finances, etc.				
- In Pakistan		116,262,604	-	106,379,877
- Outside Pakistan		116,262,604	-	106,379,877
Islamic Financing and Related Assets (Gross)	8.1	52,807,737		43,159,548
Bills discounted and purchased (excluding treasury bills)				
- Payable in Pakistan		2,091,057		6,456,222
- Payable outside Pakistan		1,241,669		1,284,007
Advances - gross		3,332,726		7,740,229
Provision for non-performing advances	8.2	172,403,067		157,279,654
Advances - net of provision		(18,864,377)		(19,624,561)
		153,538,690		137,655,093

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

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

For the six months period ended 30 June 2018

8.2 Advances include Rs. 18,635.703 million (31 December 2017: Rs. 19,587.098 million) which have been placed under non-performing status as detailed below:

Category of classification	30 June 2018 (Un-audited)								
	Classified Advances			Provision Required			Provision Held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
<hr/>									
OAEM	4,616	-	4,616	-	-	-	-	-	-
Substandard	254,144	-	254,144	41,779	-	41,779	41,779	-	41,779
Doubtful	633,897	-	633,897	462,845	-	462,845	462,845	-	462,845
Loss	17,743,046	-	17,743,046	17,649,535	-	17,649,535	17,649,535	-	17,649,535
	18,635,703	-	18,635,703	18,154,159	-	18,154,159	18,154,159	-	18,154,159
General Provision	-	-	-	710,218	-	710,218	710,218	-	710,218
	<u>18,635,703</u>	<u>-</u>	<u>18,635,703</u>	<u>18,864,377</u>	<u>-</u>	<u>18,864,377</u>	<u>18,864,377</u>	<u>-</u>	<u>18,864,377</u>
<hr/>									
31 December 2017 (Audited)									
Category of classification	Classified Advances			Provision Required			Provision Held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
	<hr/>			(Rupees in '000)			<hr/>		
OAEM	7,961	-	7,961	-	-	-	-	-	-
Substandard	249,632	-	249,632	44,470	-	44,470	44,470	-	44,470
Doubtful	892,775	-	892,775	644,096	-	644,096	644,096	-	644,096
Loss	18,436,730	-	18,436,730	18,265,415	-	18,265,415	18,265,415	-	18,265,415
	19,587,098	-	19,587,098	18,953,981	-	18,953,981	18,953,981	-	18,953,981
General Provision	-	-	-	670,580	-	670,580	670,580	-	670,580
	<u>19,587,098</u>	<u>-</u>	<u>19,587,098</u>	<u>19,624,561</u>	<u>-</u>	<u>19,624,561</u>	<u>19,624,561</u>	<u>-</u>	<u>19,624,561</u>

8.2.1 At 30 June 2018, the provision requirement has been reduced by Rs. 83.795 million (31 December 2017: Rs. 162.554 million) being benefit of Forced Sale Value (FSV) of commercial, residential and industrial properties (land and building only) held as collateral, in accordance with the State Bank of Pakistan Prudential Regulations (PR) and SBP Circular 10 dated 21 October 2011. Increase in accumulated profits amounting to Rs. 54.467 million due to the said FSV benefit is not available for distribution of cash and stock dividend / bonus to employees.

8.3 Particulars of provision against non-performing advances

	30 June 2018 (Un-audited)			31 December 2017 (Audited)		
	Specific	General	Total	Specific	General	Total
	<hr/>			(Rupees in '000)		
Opening balance	18,953,981	670,580	19,624,561	19,133,049	547,521	19,680,570
Charge for the period / year Reversals	214,140 (756,364) (542,224)	44,090 (4,452) 39,638	258,230 (760,816) (502,586)	1,469,674 (1,216,481) 253,193	137,629 (14,570) 123,059	1,607,303 (1,231,051) 376,252
Amounts written off	(286,308)	-	(286,308)	(405,961)	-	(405,961)
Other movements	28,710	-	28,710	(26,300)	-	(26,300)
Closing balance	<u>18,154,159</u>	<u>710,218</u>	<u>18,864,377</u>	<u>18,953,981</u>	<u>670,580</u>	<u>19,624,561</u>

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

For the six months period ended 30 June 2018

9	DEPOSITS AND OTHER ACCOUNTS	Note	30 June 2018	31 December 2017
			(Un-audited)	(Audited)
----- Customers ----- Remunerative				
	- Fixed deposits		24,732,523	29,598,100
	- Savings deposits		194,263,631	185,500,901
Non-Remunerative				
	- Current accounts		173,188,131	154,429,040
	- Margin accounts		3,471,283	1,512,656
	- Special exporters' account		3,837,113	3,264,141
Financial Institutions				
	- Remunerative deposits		132,635	52,198
	- Non-remunerative deposits - Current account	9.1	3,098,705	3,219,028
			402,724,021	377,576,064

9.1 This includes Rs. 625.750 million (2017: Rs. 835.108 million) against balances of other branches and subsidiaries of Standard Chartered Group operating outside Pakistan.

10 CONTINGENCIES AND COMMITMENTS

10.1 Transaction-related contingent liabilities

Guarantees issued favouring:	10.1.1	
- Government		49,414,836
- Others		54,734,904
		104,149,740

10.1.1 Guarantees relating to Islamic Banking Business amount to Rs. 432 million (31 December 2017: Rs. 400 million).

10.2 Trade-related contingent liabilities

Letters of credit	10.2.1	26,303,618	18,747,847
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10.2.1 Letters of credit relating to Islamic Banking Business amount to Rs. 2,242 million (31 December 2017: Rs. 3,801 million).

10.3 Trade-related commitments

Acceptances	10.3.1	6,318,897	6,283,546
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10.3.1 Acceptances relating to Islamic Banking Business amount to Rs. 1,292 million (31 December 2017: Rs. 1,035 million).

10.4 Commitment for acquisition of fixed assets

191,567	173,129
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10.5 Other contingencies

Claims against the Bank not acknowledged as debt	10.5.1	11,726,546	10,988,832
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Notes to the Condensed Interim Financial Statements (Un-audited)

For the six months period ended 30 June 2018

10.5.1 These represent certain claims by third parties against the Bank, which are being contested in the Courts of law. The management is of the view that these relate to the normal course of business and the possibility of an outflow of economic resources is remote.

10.5.2 The Bank has identified that a case has been pending before the Court on the land where an office building is constructed and the bank owns a portion of that premises. A request for clearance of its premises from the competent court has been filed based on the fact that the bank is a bona fide purchaser of the premises having no relevance with the principal case. Considering the facts of the case the management expects a favourable decision from the competent court. The Bank is also in litigation with various tenants for repossessing its office space in one of its other owned properties. These cases are now being adjudicated before the Court of Rent Controller. During 2016 and 2017, positive decisions were rendered for certain office spaces in favour of the Bank. The Bank has repossessed a portion of such office space from the tenants. Based on the facts of the case and the opinion of legal counsel, the management expects a favourable decision from the dealing court.

10.5.3 The Tax Authorities have passed orders for the income years 2009 and 2010 levying Federal Excise Duty amounting to Rs. 188 million on certain items. The Bank has paid entire amount under protest and contesting the orders in the appeals. The management expects a favourable decision from the dealing court in remaining cases. The management expects a favourable decision from the tax authorities in remaining cases.

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. The management expects a favourable decision from the Court in remaining cases.

10.5.4 The Supreme Court of Pakistan vide its order dated 10 November 2016 has held that the amendments made in the law introduced by the Federal Government by Finance Act 2008 for the levy of Workers Welfare Fund (WWF) on banks were not lawful. The Federal Board of Revenue has filed review petitions against this order, which are currently pending.

Legal advice obtained on the matter indicates that consequent to filing of these review petitions the judgment may not currently be treated as conclusive until the review petition is decided. Accordingly, the amount charged for WWF since 2008 has not been reversed.

Further, as a consequence of passage of 18th Amendment to the Constitution, levy for Workers Welfare was also introduced by the Government of Sindh (Sindh WWF) which was effective from 01 January 2014. The definition of industrial undertakings under the aforesaid Sindh WWF law includes banks and financial institutions as well. The Bank has challenged applicability of the said law on Banks before the Sindh High Court.

	30 June 2018 (Un-audited)	31 December 2017 (Audited)
10.6 Commitments in respect of forward foreign exchange contracts	----- (Rupees in '000)-----	
Purchase		
State Bank of Pakistan	81,058,613	119,080,713
Other Banks	86,135,475	39,719,754
Customers	10,775	377,862
Sale		
Other Banks	86,775,456	115,408,324
Customers	28,965,657	13,663,482

10.7 Commitments to extend credit

The bank makes commitments to extend credit in the normal course of its business but these being revocable commitments do not attract any significant penalty or expense if the facility is unilaterally withdrawn.

10.8 For Contingencies related to taxation refer note 11.

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

For the six months period ended 30 June 2018

10.9 Derivative Instruments

Counterparties	30 June 2018 (Un-audited)			
	Interest Rate Swaps		FX Options	
	No. of Contracts	Notional Principal * (Rupees in '000)	No. of Contracts	Notional Principal * (Rupees in '000)
With Banks for Hedging Market Making	- 18	- 11,827,955	- 14	- 265,537
With FIs other than banks Hedging Market Making	- -	- -	- -	- -
With other entities for Hedging Market Making	- 20	- 13,334,641	- 14	- 265,537
Total	- 38	- 25,162,596	- 28	- 531,074
31 December 2017 (Audited)				
With Banks for Hedging Market Making	- 12	- 6,877,997	- 7	- 115,705
With FIs other than banks Hedging Market Making	- -	- -	- -	- -
With other entities for Hedging Market Making	- 16	- 7,099,180	- 7	- 115,705
Total	- 28	- 13,977,177	- 14	- 231,410

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

Contracts with banks represent contracts entered with branches of Standard Chartered Bank, UK to obtain cover against the contracts with customers, except for 6 contracts with local banks having notional principal of Rs. 3,031.537 million.

11 TAXATION

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

The tax department amended the assessment for income years 2007 to 2016 (tax years 2008 to 2017 respectively) under the related provisions of the Income Tax Law, determining additional tax liability amounting Rs. 4,027 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.

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

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

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

For the six months period ended 30 June 2018

Note	Three months period ended 30 June 2018	Six months period ended 30 June 2018	Three months period ended 30 June 2017	Six months period ended 30 June 2017
	(Un-audited)			
	(Rupees in '000)			
12. INCOME FROM DEALING IN FOREIGN CURRENCY				
Gain / (loss) realised from dealing in:				
Foreign currency	784,389	1,324,748	500,410	986,837
Foreign exchange derivative	577,501	873,651	138,704	247,148
	1,361,890	2,198,399	639,114	1,233,985
13. OTHER INCOME				
Rent on property	5,723	11,083	5,103	9,973
Gain on disposal of fixed assets	6,147	7,307	6,840	13,920
Gain / (loss) on derivatives	(300,379)	(383,094)	165,770	401,628
Sri Lanka branch operations cost & FX translation	202	1,265	-	-
Recoveries against assets at acquisition of Union Bank Limited	10,000	36,150	-	-
Other income	5,371	7,474	-	-
	(272,936)	(319,815)	177,713	425,521
13.1 The FX gain on hedging of Cross Currency Swaps of Rs. 560.19 million (June 2017: Rs. 26.75 million) is reported in Income From Dealing In Foreign Currencies (Note 12)				
14. ADMINISTRATIVE EXPENSES		(Un-audited)		
Note	Three months period ended 30 June 2018	Six months period ended 30 June 2018	Three months period ended 30 June 2017	Six months period ended 30 June 2017
	(Rupees in '000)			
Salaries, allowances etc.	1,570,985	2,986,981	1,379,047	2,682,529
Contributions to defined contribution plans	72,945	171,174	58,491	154,478
Non-executive directors' fee	875	2,975	1,760	3,175
Rent, taxes, insurance, electricity etc.	234,018	464,867	234,970	452,059
Utility charges	78,739	151,406	74,783	143,449
Legal and professional charges	31,086	60,100	37,291	62,317
Communications	125,931	247,170	102,901	215,001
Premises repairs and refurbishment	65,313	194,124	68,014	194,092
Cleaning and janitorial cost	72,937	144,279	68,050	141,736
Equipment and consumables	74,623	161,360	67,010	133,571
Software licenses and renewals	32,887	76,062	29,928	61,867
Stationery and printing	52,465	103,413	44,767	96,123
Advertisement and publicity	111,667	251,820	85,557	89,804
Donations	5,890	5,890	-	-
Auditors' remuneration	7,538	13,094	3,899	8,933
Depreciation	99,052	224,297	109,898	221,220
Amortization	42	84	62	125
Travelling, conveyance and vehicles' running	33,482	70,697	31,142	63,853
Reimbursement of executive and general administrative expenses			281,408	653,256
Royalty - net of reversal			(496,311)	(496,311)
Premises security and cash transportation services	66,250	145,667	72,518	147,402
Documentation and processing charges	39,164	78,980	34,550	73,362
Others	43,434	75,285	31,073	51,509
	2,819,323	5,629,725	2,320,808	5,153,550

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

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

For the six months period ended 30 June 2018

15 FAIR VALUE OF FINANCIAL INSTRUMENTS

The table below analyses financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

On balance sheet financial instruments

	30 June 2018 (Un-audited)						Fair value			
	Note	Held for Trading	Available for Sale	Carrying value Loans and Receivables	Other financial Assets	Other financial Liabilities (Rupees in '000)	Total	Level 1	Level 2	Level 3
Financial assets measured at fair value										
- Investments										
- Government Securities ('Bills + PIBs + Sukuk)	23,555,495	259,333,806	-	-	-	282,889,301	-	282,889,301	-	282,889,301
- Sukuk Bonds (other than government)	-	711,200	-	-	-	711,200	-	711,200	-	711,200
- Equity securities traded (Shares)	-	103,589	-	-	-	103,589	103,589	-	-	103,589
- Other assets										
-Unrealized gain on Forward foreign exchange contracts	-	5,368,163	-	-	-	5,368,163	-	5,368,163	-	5,368,163
-Unrealized gain on Interest rate derivatives & currency options	-	112,453	-	-	-	112,453	-	112,453	-	112,453
Financial assets not measured at fair value										
- Cash and bank balances with SBP and NBP	15.1	-	-	-	43,554,768	-	43,554,768	-	-	-
- Balances with other banks	15.1	-	-	-	3,506,161	-	3,506,161	-	-	-
- Lending to financial institutions	15.1	-	-	-	12,087,935	-	12,087,935	-	-	-
- Advances	15.1	-	-	153,538,690	-	153,538,690	-	153,538,690	-	153,538,690
- Other assets	15.1	-	-	-	5,101,376	-	5,101,376	-	-	-
	23,555,495	265,629,211	153,538,690	64,250,240	-	506,973,636	-	506,973,636	-	506,973,636
Financial liabilities measured at fair value										
- Other liabilities										
-Unrealized loss on Forward foreign exchange contracts	-	4,716,424	-	-	-	4,716,424	-	4,716,424	-	4,716,424
-Unrealized loss on Interest rate derivatives & currency options	-	1,086,823	-	-	-	1,086,823	-	1,086,823	-	1,086,823
Financial liabilities not measured at fair value										
- Bills payable	15.1	-	-	-	-	17,670,180	17,670,180	-	-	-
- Deposits and other accounts	15.1	-	-	-	-	402,724,021	402,724,021	-	-	-
- Borrowings	15.1	-	-	-	-	35,171,519	35,171,519	-	-	-
- Other liabilities	15.1	-	-	-	-	23,269,432	23,269,432	-	-	-
	5,803,247	-	-	-	-	471,835,152	484,638,399	-	-	-
Off-balance sheet financial instruments										
Interest Rate swaps / Foreign currency options / Forward purchase contracts	-	-	-	184,045,650	-	184,045,650	-	189,526,266	-	189,526,266
Interest Rate swaps / Foreign currency options / Forward sale contracts	-	-	-	124,593,996	-	124,593,996	-	130,397,243	-	130,397,243

Notes to the Condensed Interim Financial Statements (Un-audited) For the six months period ended 30 June 2018

Interest rate swaps / Foreign currency options / Forward purchase contracts	-	-	167,583,816
Interest rate swaps / Foreign currency options / Forward sale contracts	-	-	134,874,907
			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 liabilities either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs). These financial assets and liabilities are for short term or receive over short term. Therefore their carrying amounts are reasonable approximation of fair value.

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

For the six months period ended 30 June 2018

16 SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

Segment analysis with respect to business activity

Six month period ended 30 June 2018 (Un-audited)	Corporate and Institutional Banking	Commercial Banking	Retail Banking	Central and Other Items	Total
(Rupees in '000)					
Internal Income	1,793,991	(1,298,299)	6,063,213	(6,550,595)	8,310
Net mark-up / return / interest income	(550,994)	2,150,772	(870,633)	8,257,954	8,987,099
Non mark-up / non interest income	2,396,636	602,628	1,975,067	(240,706)	4,733,625
Operating income	3,639,633	1,455,101	7,167,647	1,466,653	13,729,034
Non mark-up / non interest expenses	936,329	601,542	3,865,390	403,610	5,806,871
Internal non mark-up / non interest expenses	1,415	685	6,118	92	8,310
Operating profit before provisions and taxation	2,701,889	852,874	3,296,139	1,062,951	7,913,853
Direct write-offs / provisions / (reversals) against non-performing loans and advances - net of recoveries	(15,049)	(601,985)	58,835	-	(558,199)
Provision for diminution in the value of investments	-	-	-	5,370	5,370
Profit before taxation	2,716,938	1,454,859	3,237,304	1,057,581	8,466,682

Other segment items:

Depreciation on tangible fixed assets	47,102	26,018	148,933	2,244	224,297
Amortisation on intangible assets	17	10	56	1	84
Segment assets (gross)	68,600,079	100,368,149	53,283,470	353,862,039	576,113,737
Segment non performing loans	3,316,460	12,704,599	2,614,644	-	18,635,703
Segment provision required	3,307,470	12,363,441	3,193,466	-	18,864,377
Segment liabilities	122,903,405	22,037,982	300,256,717	46,845,152	492,043,256
Segment return on net assets (ROA) (%) - annualised *	8.39%	3.33%	13.03%	0.60%	3.06%
Segment cost of funds (%) - annualised **	3.07%	3.31%	1.88%	4.20%	2.38%

Six month period ended 30 June 2017 (Un-audited)

Internal Income	1,781,560	(1,330,159)	5,481,604	(5,921,787)	11,218
Net mark-up / return / interest income	(484,791)	2,098,379	(952,908)	8,261,391	8,922,071
Non mark-up / non interest income	1,701,011	817,527	2,076,257	(143,965)	4,450,830
Operating income	2,997,780	1,585,747	6,604,953	2,195,639	13,384,119
Non mark-up / non interest expenses	988,255	549,215	3,611,408	176,797	5,325,675
Internal non mark-up / non interest expenses	1,581	747	8,706	184	11,218
Operating profit before provisions and taxation	2,007,944	1,035,785	2,984,839	2,018,658	8,047,226
Direct write-offs / provisions / (reversals) against non-performing loans and advances - net of recoveries	71	(450,226)	(73,562)	-	(523,717)
Profit before taxation	2,007,873	1,486,011	3,058,401	2,018,658	8,570,943

Other segment items:

Depreciation of tangible fixed assets	46,298	25,560	147,043	2,319	221,220
Amortisation of intangible assets	28	14	82	1	125
Segment assets (gross)	65,275,999	96,902,703	46,988,197	301,511,996	510,678,895
Segment non performing loans	3,306,582	14,251,302	3,080,290	-	20,638,174
Segment provision required	2,595,364	12,960,571	3,444,188	-	19,000,123
Segment liabilities	107,015,839	20,455,832	282,818,583	19,575,791	429,866,045
Segment return on net assets (ROA) (%) - annualised *	6.46%	3.57%	14.16%	1.35%	3.52%
Segment cost of funds (%) - annualised **	3.00%	2.81%	1.81%	5.43%	2.31%

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

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

Corporate and Institutional Banking

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

Commercial Banking

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

Retail Banking

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

Central & Other items

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

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

For the six months period ended 30 June 2018

17 RELATED PARTY TRANSACTIONS

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

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

Note	30 June 2018 (Un-audited)	31 December 2017 (Audited)		
	-----(Rupees in '000)-----			
OUTSTANDING BALANCES				
Group				
Nostro balances with other subsidiaries and branches of the holding company	3,453,020	735,502		
Overdrawn nostro balances with other subsidiaries and branches of the holding company	1,167,551	75,526		
Vostro balances of other subsidiaries and branches of the holding company	625,750	835,108		
Placements with other subsidiaries and branches of the holding company	10,188,319	5,396,987		
Deposits of group company	9,915	10,021		
Due to holding company	10,360,051	10,330,627		
Call borrowing	6,074,860	-		
Due from other subsidiaries and branches of the company	1,063,539	554,680		
Interest receivable from group companies	1,222	754		
Inter-company derivative assets	33,268	73,524		
Inter-company derivative liabilities	439,774	99,492		
Transaction-related contingent liabilities - Guarantees	38,980,868	34,653,395		
Commitments in respect of forward foreign exchange contracts	4,678,624	6,814,535		
Derivative instruments- Interest rate swaps - Notional	8,796,418	5,643,865		
Derivative instruments- FX options - Notional	265,537	115,705		
Key management personnel				
Loans and advances to key management personnel	17.1	186,391		
Deposits of key management personnel	17.1	116,095		
Advance rent		3,082		
Others				
Loans and advances to customers with common directorship	17.1	71,302		
Deposits by staff retirement benefit funds	17.1	1,701,980		
Deposits by customers with common directorship	17.1	174,503		
Accrued interest receivable from customers with common directorship		1,432		
Receivable from defined benefit plans		26,203		
Derivative liabilities		-		
Transaction-related contingent liabilities - Guarantees		35,081		
Trade-related contingent liabilities - Letter of Credit		-		
Trade-related commitment liabilities - Acceptances		26,663		

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

For the six months period ended 30 June 2018

Six months period ended

30 June 2018 (Un-audited)	30 June 2017 (Un-audited)
-----(Rupees in '000)-----	

PROFIT AND LOSS

Group

Mark-up / return / interest earned	16,310	7,067
Mark-up / return / interest expensed	21,205	14,151
Fee and commission expense	46,298	1,562
Fee and commission income	406,043	115,909
Reimbursement of executive and general administrative expenses	-	653,256
Net gain / (loss) on inter-company derivatives	(380,538)	(56,720)
Royalty (reversal) / expense	-	(496,311)
Dividend paid	3,832,339	4,790,424

Key management personnel

Mark-up / return / interest earned	8,562	6,577
Mark-up / return / interest expensed	857	769
Salaries and benefits	154,688	154,652
Post retirement benefits	13,725	13,978
Remuneration / fee paid to non-executive directors	2,975	3,175
Rent expense	1,634	1,520

Others

Contribution to defined contribution plans - net of payments received	171,174	154,478
Charge for defined contribution plans	171,174	154,478
Mark-up / return / interest expensed on deposits of staff retirement benefit funds	25,198	5,248
Net gain on derivatives	-	801

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

	Balance as at 31 December 2017	Net disbursement/ deposits	Net repayments / withdrawals	Balance as at 30 June 2018
-----(Rupees in '000)-----				
Loans and advances				
Key Management Personnel	178,551	93,853	(86,013)	186,391
Others	48,850	444,025	(421,573)	71,302
Placements	5,396,987	960,894,473	(956,103,141)	10,188,319
Deposits				
Group companies	10,021	-	(106)	9,915
Key Management Personnel	100,273	404,340	(388,518)	116,095
Others	1,469,074	51,406,958	(50,999,544)	1,876,488

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

For the six months period ended 30 June 2018

18. LIQUIDITY RISK

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

	30 June 2018 (Un-audited)	31 December 2017 (Audited)
	-----(Rupees in '000)-----	
Liquidity Coverage Ratio		
High Quality Liquid Assets (A)	321,680,283	305,361,466
Total Net Cash Outflows (B)*	80,903,367	64,451,333
Liquidity Coverage Ratio (A/B)	398%	473.79%
Minimum SBP Requirement	90%	90%
Net Stable Funding Ratio		
Available amount stable funding (X)	388,777,952	372,751,703
Required amount of stable funding (Y)	144,556,445	132,552,979
Net Stable Funding Ratio (X/Y)	269%	281%
Minimum SBP Requirement	100%	100%

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

19 ISLAMIC BANKING BUSINESS

The Bank is operating 9 Islamic Banking branches at the end of current period (Dec 2017: 9 branches).

	Note	30 June 2018 (Un-audited)	31 December 2017 (Audited)
		-----(Rupees in '000)-----	
Balance Sheet			
Assets			
Cash and balances with treasury banks		2,962,976	2,725,969
Due from Financial Institutions		4,687,544	4,788,058
Investments		6,576,707	6,233,447
Islamic Financing and Related Assets - net	19.1	52,217,521	42,572,814
Operating fixed assets		35,557	40,400
Other assets		671,536	500,941
		<u>67,151,841</u>	<u>56,861,629</u>
Liabilities			
Bills payable		235,978	162,877
Due to Financial Institutions		2,559,000	3,724,000
Deposits and other accounts			
Current Accounts		27,687,051	25,744,605
Saving Accounts		13,788,208	13,426,014
Term Deposits		1,040,212	1,052,881
Others		98,340	50,366
Deposit from Financial Institutions - Remunerative	19.4	6,941	362
		<u>42,620,752</u>	<u>40,274,228</u>
Due to Head Office		14,082,154	6,675,569
Other liabilities		733,429	661,180
		<u>60,231,313</u>	<u>51,497,854</u>
Net Assets		<u>6,920,528</u>	<u>5,363,775</u>

Notes to the Condensed Interim Financial Statements (Un-audited)
 For the six months period ended 30 June 2018

	Note	30 June 2018 (Un-audited)	31 December 2017 (Audited)
		-----(Rupees in '000)-----	
Represented by:			
Islamic Banking Fund		200,000	200,000
Unappropriated / Unremitted profit		6,699,223	5,086,697
Surplus on revaluation of assets - net		6,899,223	5,286,697
		21,305	77,078
		6,920,528	5,363,775
Contingencies and Commitments	10		
Charity fund			
Opening balance		4,701	2,941
Additions during the period / year			
Penalty on delayed payment		2,018	3,437
Income purification		2	2,907
		2,020	6,344
Payments / utilization during the year			
Education		(887)	(1,540)
Health		(887)	(3,044)
		(1,774)	(4,584)
Closing balance		4,947	4,701
19.1 Islamic Financing and Related Assets			
Murabaha	19.1.1a	3,097,651	1,004,855
Musharaka	19.1.1b	20,258,817	20,072,238
Dimishing Musharaka	19.1.1c	23,070,032	19,862,104
Musawammah	19.1.1d	5,393,984	1,245,000
Others	19.1.1e	397,037	388,617
		52,217,521	42,572,814
19.1.1a Murabaha			
Financings / Investments / Receivables		1,338,029	682,554
Advances		689,264	6,277
Assets / Inventories		1,070,358	316,024
		3,097,651	1,004,855
19.1.1b Musharaka			
Financings / Investments / Receivables		20,258,817	20,072,238
19.1.1c Diminishing Musharaka			
Financings / Investments / Receivables		23,000,726	19,806,390
Advances		69,306	55,714
		23,070,032	19,862,104

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

For the six months period ended 30 June 2018

	30 June 2018 (Un-audited)	31 December 2017 (Audited)
-----(Rupees in '000)-----		
19.1.1d Musawammah		
Financings / Investments / Receivables	5,393,984	1,245,000
19.1.1e Others		
Financings / Investments / Receivables	397,037	388,617
	Six months period ended	Six months period ended
	30 June 2018	30 June 2017
	(Un-audited)	(Un-audited)
-----(Rupees in '000)-----		
19.2 Profit and Loss		
Profit / return earned on financings, investments and placements	1,894,330	1,608,766
Return on deposits and others dues expensed	(293,671)	(367,087)
Net spread earned	1,600,659	1,241,679
Reversal against non performing financing	(8,066)	95,203
Net spread after provisions	1,592,593	1,336,882
Other income		
Fees, commission and brokerage income	859,596	926,823
Other income	6	614
Total other income	859,602	927,437
	2,452,195	2,264,319
Other expenses		
Administrative expenses	(839,669)	(829,228)
Profit before taxation	1,612,526	1,435,091
19.3 Remuneration to Shariah Advisor/Board	2,985	2,882
19.4	Deposit and other accounts include redeemable capital of Rs. 14,835.361 million (2017: Rs.14,479.26 million) and deposits on Qard basis of Rs. 27,785.391 million (2017: Rs.25,794.97 million). Remunerative deposits which are on Modaraba basis are considered as Redeemable Capital and non-remunerative deposits are classified as being on Qard basis.	
20. GENERAL		
20.1 Subsequent event		
The Board of Directors in its meeting held on 27 August 2018 has declared a cash dividend of 7.50 % (Rs. 0.75/- per share) in respect of the half year ended 30 June 2018 (30 June 2017 : Rs 0.75/- per share). These condensed interim financial statements do not include the effect of these appropriations which will be accounted for subsequent to the period end.		

Notes to the Condensed Interim Financial Statements (Un-audited) For the six months period ended 30 June 2018

20.2 Date of authorisation

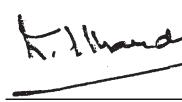
These condensed interim financial statements were authorized for issue in the Board of Directors meeting held on 27 August 2018.



Ian Anderson Bryden
Chairman



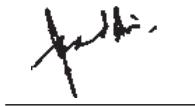
Shazad Dada
Chief Executive Officer



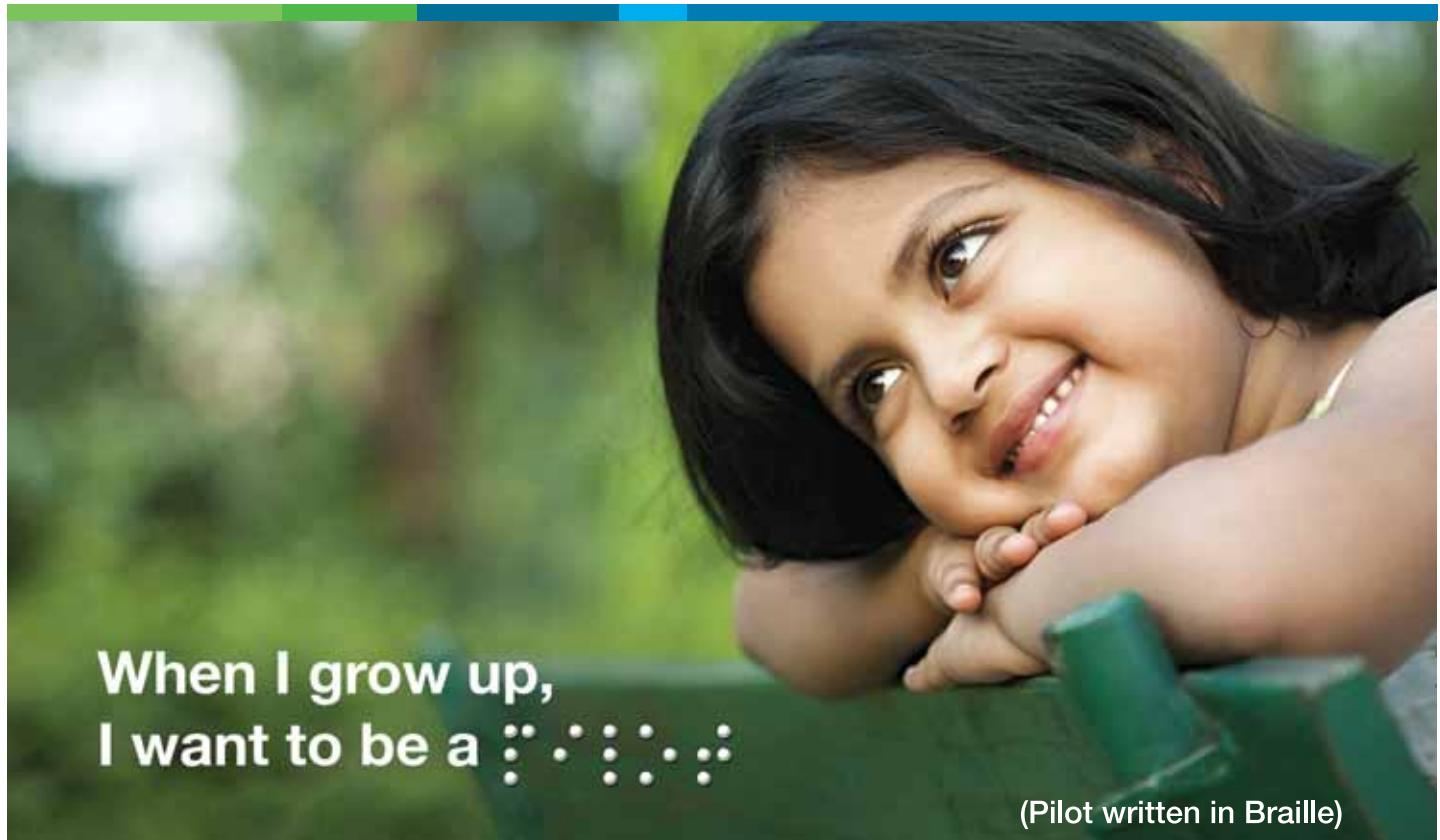
Najam I. Chaudhri
Director



Ferdinand Pieterse
Director



Asad Ali Shariff
Chief Financial Officer



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I want to be a**

(Pilot written in Braille)

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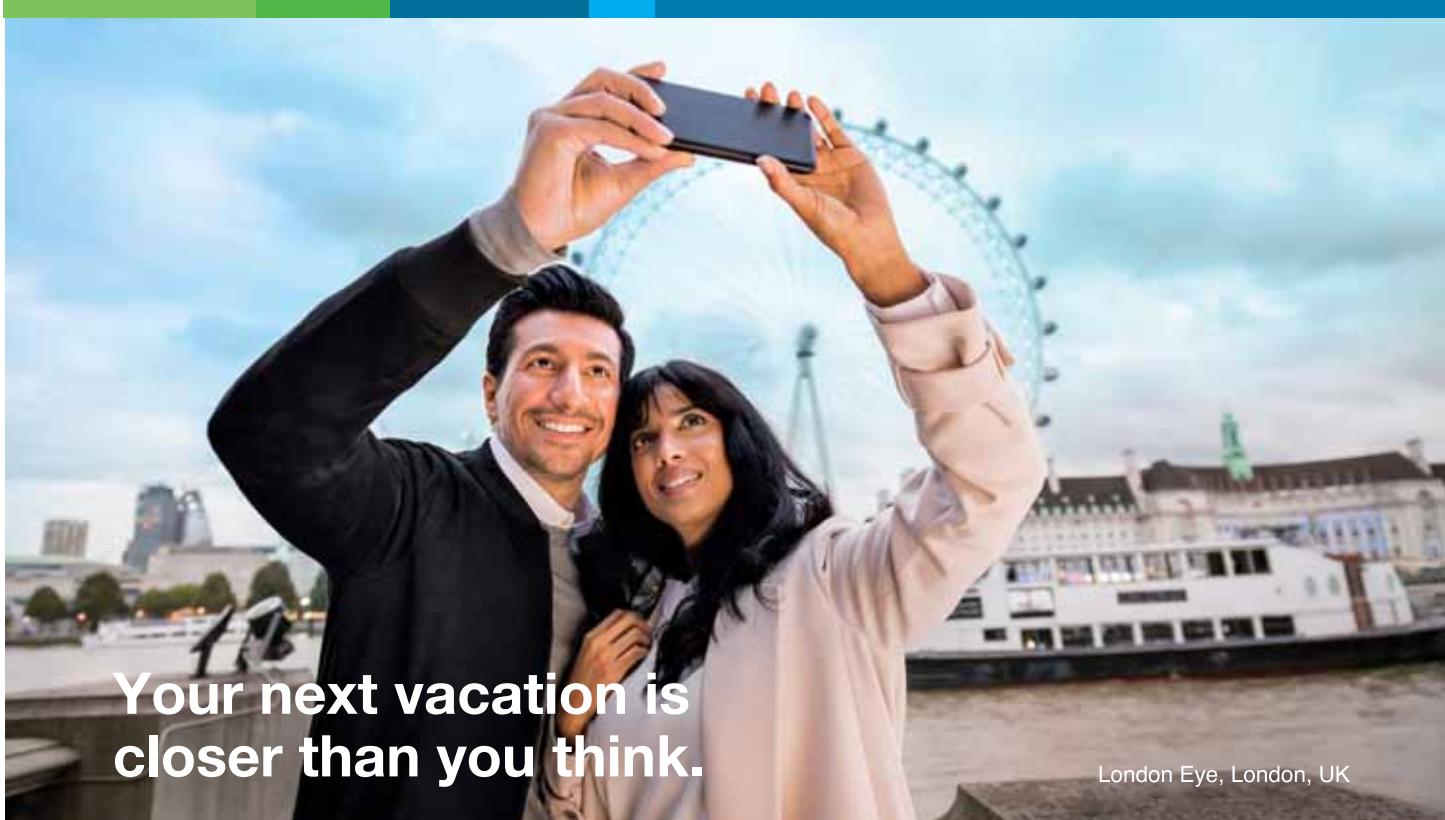
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