



1st Quarterly Report (January – March 2020)

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



futuremakers
by Standard Chartered

Empowering entrepreneurs to thrive

No business is too small to succeed. That is why, through our #SCWomenInTech programme, we are providing training, mentoring and seed funding of up to USD10,000 to female entrepreneurs to enable them to scale up their businesses. Because together, when we open doors, we can close the inequality gap for good.



sc.com/futuremakers [#scfuturemaking](https://twitter.com/scfuturemaking)

Here for good



Futuremakers is our global initiative to tackle inequality and promote greater economic inclusion in our markets.



\$50M IN FUNDRAISING & BANK-MATCHING 2019-2023



LEARN



EARN



GROW

Empowering the NEXT GENERATION

BENEFICIARIES Disadvantaged youth with a focus on **Girls &** Visually impaired people



FOCUS AREAS

Education

Employability

Entrepreneurship

Global reach targets →

500,000
adolescent girls

100,000
youth for work

50,000
micro & small businesses

Delivering across Pakistan

In Pakistan Futuremakers' programmes empower disadvantaged youth to learn new skills and improve the next generation's chances of getting a job or starting their own business.

Education

Goal

Empowering adolescent girls with life skills
11,000+ girls empowered since 2016

Financial Education

#TuesdayGoals is an initiative of the Bank whereby staff along with members of the Country Management Team volunteer their time to conduct Financial Education sessions for girls enrolled in the Goal programme

Employability

Goal – Employability: Be independent module

Employability work readiness and vocational training schemes for youth

Through **Goal**, we launched the 'Be Independent' module

700+ girls received vocational training

Employment of the visually impaired

24 Visually impaired employed at the Bank's call centre in Lahore and Karachi

Entrepreneurship

#SCWomenInTech

Launched in 2019 with the aim to focus on capacity building for women-owned small enterprises. After going through a two-month training, 5 most compelling business ideas were awarded up to USD10,000 to scale up their ventures

Seeing is Believing

- Over 12 million beneficiaries impacted, including
- Conducted 500,000 sight restoration surgeries
- Trained 60,000+ lady healthcare workers on eye health
- Screened 1.5 million children for refractive errors



Employee Volunteering (EV) is critical to the successful delivery of our new and existing community programmes.

2019

580 EV days
20.7% participation

Get involved



Donate

All funds in Pakistan are directed towards the Bank's Goal Programme, a programme that focuses on empowering adolescent girls by teaching life skills combined with sports. You can make a donation at any Standard Chartered Branch. The account details are as follows:

Account Name: Right to Play – Futuremakers

Account Number: 18-4743873-18



Fundraise

Take part in any of the fundraising activities planned by Standard Chartered Bank (Pakistan) Limited



Contact

Pakistan.Corporate-Affairs@sc.com





Standard Chartered is a leading international banking group

We are a leading international banking group, with a presence in 59 of the world's most dynamic markets and serving clients in a further 85. Our purpose is to drive commerce and prosperity through our unique diversity, and our heritage and values are expressed in our brand promise, Here for good.

- **Standard Chartered Pakistan** is proud to be operating in the country as the **largest and oldest international Bank since 1863**.
- **Standard Chartered Pakistan** employs more than **2,800** people and has a network of **281** touch points (**61 branches, 171 ATMs, 29 CDMs and 20 CDKs**) across 11 cities.
- **Standard Chartered Pakistan** is the first International Bank to get an Islamic Banking licence and to open the **first Islamic Banking branch in the country**.
- **Standard Chartered Pakistan** is the leading bank for the **MNCs** operating in Pakistan. The Bank is the market leader for providing USD liquidity for **Corporates** and **Financial Institutions** in the country.
- **Standard Chartered Pakistan** plays a leading role in providing **FCY liquidity solutions** through innovative client centric structures.
- **Standard Chartered Pakistan** is a leading partner of **State Bank of Pakistan** in promoting **RMB** and increasing its use in Pakistan, which further strengthens its role as the main bank for **CPEC** led initiatives.
- **Standard Chartered Pakistan** partnered with **ANT FINANCIAL** in 2019 to launch the first block chain based **24/7**, cross border **wallet-to-wallet remittance** service between Malaysia and Pakistan.

AWARDS



Strong Recognition



Global Diversity and Inclusion Benchmark

Awards 2019/2020



- Best Practice Award in Vision category
- Progressive Award in Benefits category
- Progressive Award in Communications category
- Progressive Award in Social Responsibility category
- Diversity and Inclusion Awards

16th Annual Excellence Awards

by CFA Society **Awards 2019**



- Best medium sized Bank
- Best D&I Bank
- Runners up for Islamic Banking Window

Asset Triple A - Islamic Finance

Awards 2019



- Best Investment Bank
- Best Deal in Pakistan

Global Finance

Awards 2019



- Best Digital Islamic Bank

Management Association of Pakistan

Awards 2019



- Best Commercial Bank

The Banker Magazine

Awards 2019



- Best Islamic Bank

Asia Money

Awards 2019



- Best International Bank
- Best Bank for Premium Services

Finance Asia

Awards 2018/2019



- Best Foreign Bank in Pakistan

Company Information

BOARD OF DIRECTORS

Mr. Ian Anderson Bryden	Chairman
Mr. Shazad Dada	Chief Executive Officer
Mrs. Spenta Kandawalla	
Mr. Towfiq Habib Chinoy	
Mr. Abdel Razeq*	

Company Secretary

Mr. Asif Iqbal Alam

Board Audit Committee

Mrs. Spenta Kandawalla	Chairperson
Mr. Towfiq Habib Chinoy	
Mr. Abdel Razeq*	

Board Risk Committee

Mr. Towfiq Habib Chinoy	Chairperson
Mr. Shazad Dada	
Mr. Abdel Razeq*	

Board Human Resource & Remuneration Committee

Mrs. Spenta Kandawalla	Chairperson
Mr. Towfiq Habib Chinoy	

Shariah Board

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

Auditors

M/s EY Ford Rhodes
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 CDC Share Registrar Services Limited
CDC House, 99-B, Block B,
SMCHS, Main Shahra-e-Faisal
Karachi - 74400
Toll Free: 0800 - 23275
Fax: (021) 34326053
Email: info@cdcpak.com

**subject to clearance from State Bank of Pakistan as director*

Directors' Report – Period Ended 31st March 2020

On behalf of the Board of Directors, we are pleased to present the Directors' Report of Standard Chartered Bank (Pakistan) Limited (SCBPL or the Bank) along with the un-audited interim financial statements for the quarter ended 31st March 2020.

Economy

The outbreak of Covid-19 is having a significant impact on the Pakistani economy. The domestic containment measures, coupled with the global downturn, are severely affecting growth and straining external financing. Exports and remittances are expected to decline sharply, which together with a temporary loss of market access create an urgent balance of payments (BoP) need. In this context of heightened uncertainty, IMF emergency financing under the Rapid Financing Instrument (USD 1.39bn) provides strong support to the authorities' emergency policy response, preserving fiscal space for essential health spending, shoring up confidence, and catalyzing additional donor support.

In response to the crisis, the government of Pakistan has taken swift action to halt the community spread of the virus and introduced an economic stimulus package aimed at accommodating the spending needed to tackle the health emergency and supporting economic activity. Crucially, the authorities are increasing public health spending and strengthening social safety net programs to provide immediate relief to the most vulnerable. Similarly, the State Bank of Pakistan (SBP) has adopted a timely set of measures, including a lowering of the policy rate and new refinancing facilities, to support liquidity and credit conditions and safeguard financial stability.

On the fiscal side, public finances are expected to come under significant pressure from the sudden increase in health-related expenditures and decline in tax revenues. The near-term macroeconomic outlook has now drastically changed from the time of the programme approval, with previously projected growth of 2.4% now expected in the negative zone (-1.5% as per IMF projections) in Fiscal year (FY) 20. Inflation has also trimmed as aggregate demand declines and prices of essential commodities (mainly crude oil) fall sharply.

On the monetary front, average CPI inflation (new base) in the month of March was 11.5% as compared to FY19 average (new base) of 6.8%. At close of March 2020, external conditions showed continued steady improvement with a sizeable reduction in the CA deficit for 9 months of FY20 which was lower by 73% at USD 2.8bn versus USD 10.3bn in the comparative period. Improvement in BoP was primarily driven by import compression, healthy growth in workers' remittances and external flows in sovereign debt instruments. The SBP FX reserves stood at USD 10.8bn at close of March 2020 with Pakistani Rupee (PKR) depreciating by 4% till 30th April 2020. Addressing unprecedented economic shocks due to Covid-19 outbreak which has resulted in expected contraction in both growth and inflation, SBP loosened its monetary stance by 425bps in CY20 to date with new policy rate at 9.00% announced in its latest monetary policy statement in April 2020.

Pakistani banks continue to remain well capitalized with an industry wide CAR of 17.0% and remain profitable with a ROE (after tax) of 11.3% for CY 2019 (CY19). Meanwhile, NPLs of the banking sector slightly increased to 8.6% for CY19 (8.0% at close of CY18).

Purpose

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

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

Our strategic pillars

Update on our strategic pillars is as follows:

- **Deliver our network**
We continue to leverage our network through innovative solutions, product specialization and structured offerings with focus on Multinationals and China Pakistan Economic Corridor (CPEC) clients.
- **Transform and disrupt with digital**
Our digital transaction mix including SC mobile application customers continue to increase.

- **Improve productivity**

We continue strengthening our digital agenda in line with client needs. The increased focus on productivity resulted in controlled cost with top line growth. We maintained best in class CASA mix in the industry.

- **Grow our affluent business**

Post launch of Premium segment in Q4 2019 we are now focusing to drive Emerging Affluent top-line growth & build a feeder for Priority and continue to grow in the Priority Banking Segment.

- **Optimise returns**

We continue to enhance returns with increase in ROE and improvement in cost to income ratio. Financial results are briefed in the next section.

Operating Results and Business Overview

	31 March 2020 (PKR millions)	31 December 2019 (PKR millions)
Balance Sheet		
Paid-up capital	38,716	38,716
Total equity	72,261	72,917
Deposits	511,248	465,629
Advances – gross	258,841	235,269
Advances – net	241,446	218,087
Investments – net	276,638	249,164
	Quarter ended 31 March 2020 (PKR millions)	Quarter ended 31 March 2019 (PKR millions)
Profit and Loss		
Revenue	11,892	9,336
Operating expenses	2,776	2,629
Other non mark-up expenses	165	141
Operating profit (before provisions and tax)	8,951	6,566
Provisions / (recovery) and write offs - net	187	(174)
Profit before tax	8,764	6,740
Profit after tax	5,308	3,518
Earnings per Share (EPS) - Rupees	1.37	0.91

The Bank continued its performance momentum in first quarter 2020 as well on the basis of a strong balance sheet and fundamentals. The effect of economic slowdown, regulatory changes and interest rate cuts due to COVID-19 pandemic are currently minimal in first quarter, however their full impact on the Bank's performance will be translated in the remaining quarters of 2020. The Bank's response from the financial risk management perspective is also explained in note 5 to the financial statements.

As of first quarter 2020, the Bank delivered a Profit before tax of PKR 8.8 billion, which is 30% higher than the corresponding period last year and the highest first quarter profit since incorporation. Overall revenue growth was 27%, whereas client revenue increased by 42% year on year with positive contributions from financial markets, retail products and transaction banking. Operating expenses increased by only 6% year on year on account of spending mainly on the Bank's products, services and people to grow the franchise.

All businesses have positive momentum in client income. Momentum in advances (net) continues with 11% growth since the start of the year. This was the result of a targeted strategy to build profitable, high quality and sustainable portfolios. With diversified product base, the Bank is well positioned to cater for the needs of its clients.

On the liabilities side, the Bank achieved another milestone as total deposits crossed PKR 500bn. At period end, total deposits were PKR 511bn with a growth of 10%, whereas current and saving accounts grew by 11% 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.

Our digital journey is well on-track and we are continuously investing and innovating to provide a seamless client experience throughout all our segments.

Outlook

While the external environment remains challenging, we expect a gradual recovery from the COVID-19 pandemic. Pace of recovery will be heavily dependent on the efficacy of government initiatives and policies to ease restrictions, as well as the resilience of the COVID-19 virus itself.

First quarter results demonstrate our strong business fundamentals. We recognise the challenging times ahead and are committed to support our clients and employees whilst ensuring our clients' needs are at the heart of everything we do.

Having strengthened our foundations on controls and conduct we are well equipped to effectively manage our risks, capital and liquidity. The prudent and proactive measures that we are taking now will make us leaner and fitter to take advantage of the opportunities that will bring ahead.

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 the Board of Directors

After serving the Bank for almost six years, Mr. Shazad Dada has decided to step-down as Chief Executive Officer and Director of the Bank to pursue opportunities outside the Standard Chartered Group. Mr. Dada has demonstrated exemplary leadership during his tenure and the Bank has grown from strength to strength and positioned itself as third most profitable Bank in Pakistan in 2019, despite a very tough external environment. He has enabled the franchise to grow strongly and soundly while continuously strengthening the controls environment. The Board has accepted his resignation with effect from 01 July 2020. Mr. Dada's replacement would be appointed in due course of time.

The Board places on record its great appreciation for the invaluable services and immense contributions of Mr. Dada during his association with the Bank. Mr. Dada's focus and unwavering commitment to drive performance, service, controls, people and digital agendas to deliver on the bank's strategic priorities have been instrumental in transforming the franchise in Pakistan.

Mr. Waqar Ahmed Malik resigned as the Independent Director and Chairperson Board Audit Committee effective from 22 April 2020. Casual vacancy created on the Board would be filled in due course of time. The Board would like to place on record its appreciation for the valuable support and contribution of Mr. Malik during his association with the Bank. His senior leadership experience and in-depth knowledge of the business and controls environment has immensely helped the franchise during his time as Director.

Appreciation and Acknowledgment

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

On behalf of the Board



Shahzad Dada
Chief Executive Officer



Towfiq Habib Chinoy
Director

Karachi: 18th May 2020

ڈائریکٹرز کی رپورٹ

اکانومی (معیشت):

مقصد:

Driving Commerce and Prosperity through our Unique Diversity اسٹینڈرڈ چارٹرڈ کے اساس کا احاطہ کرتی ہے، جسے ہم اپنی بہترین موجودہ صلاحیتوں ”جداگانہ مقامات پر ہماری موجودگی، تہذیب اور مہارتیں“ شامل ہیں جن کو بروئے کار لاتے ہوئے حقیقی معشیت میں کاروبار کے فروغ کی سہولت بطور بینک باہم پہنچاتے ہیں۔

ڈائریکٹرز کی رپورٹ

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

ہماری حکمت عملی

ہمارے اسٹریٹجک ستونوں پر پیش رفت درج ذیل ہے:

- اپنے نیٹ ورک کا بہترین استعمال
ہم اپنے انٹرنیٹ ورک کو بروئے کار لاتے ہوئے جدت طراز سلسلہ، پروڈکٹ اسپیشلائزیشن اور اسٹرکچرڈ پیسٹیشنوں کے ذریعے ملٹی نیشنلز اور سی پیک کلائنٹس پر توجہ مرکوز کیے ہیں۔
- ڈیجیٹل ارتقاء اور تغیر
ہم نے 2019ء کی دوسری سہ ماہی میں اپنے ایس سی موبائل ایپلیکیشن پر QR میڈیٹیمینس کا آغاز کر دیا۔ اس کے علاوہ ہمارے ڈیجیٹل ٹرانزیکشنز کس میں شامل ایس سی موبائل ایپلیکیشن کسٹمرز مسلسل بڑھ رہے ہیں۔
- پیداواری صلاحیت میں بہتری
ہم اپنے برانچ فٹ پرنٹ (نقشہ پا) کو منظم کرتے ہوئے کلائنٹس کی ضروریات کے مطابق ڈیجیٹل صلاحیتوں میں سرمایہ کاری کر رہے ہیں۔ پیداواری صلاحیت میں اضافے کے بڑھتے رجحان کی وجہ سے بلند شرح نمو اور لاگت میں کمی کا حصول ممکن ہو سکا اور ہم نے انڈسٹری میں بہترین CASA کس حاصل کیا ہے۔
- متحمل کاروبار میں اضافہ
ہم نے 2019ء کی چوتھی سہ ماہی میں پریمیم سیگمنٹ کا آغاز کیا تاکہ اُبھرتے ہوئے متحمل طبقے سے حاصل آمدنی کو متحرک کریں جو کہ مستقبل میں پرائیویٹ سیکٹور کی بنیاد بنے۔
- منافع جات میں بہتری
ہم سرمائے پر منافع میں اضافے کے ساتھ اور کوسٹ ٹو انکم یعنی اخراجات بتناسب آمدن (cost to income ratio) میں بہتری لارہے ہیں۔ مالیاتی نتائج اگلے حصے میں تفصیل سے درج ہیں۔

عملی نتائج اور کاروباری جائزہ:

31 دسمبر 2019ء (ملین پاکستانی روپے)

31 مارچ 2020ء (ملین پاکستانی روپے)

38,716

38,716

72,917

72,261

465,629

511,248

235,269

258,841

218,087

241,446

249,164

276,638

بیلنس شیٹ

اداشدہ سرمایہ

کل ایکویٹی

ڈپازٹس (جمع شدہ قوم)

قرضہ جات - مجموعی

قرضہ جات - خالص

سرمایہ کاری - خالص

31 مارچ 2019ء کو ختم شدہ مدت

31 مارچ 2020ء کو ختم شدہ مدت

(ملین پاکستانی روپے)

(ملین پاکستانی روپے)

نفع و نقصان

آمدنی

انتظامی اخراجات

دیگران مارک آپ اخراجات

کاروباری منافع (غیر فعال مالیات اور سرمایہ کاروں کے عوض

نقصان اور ٹیکس سے قبل)

خالص وصولیاں / قرضہ جات پر ممکنہ خسارہ

قبل از ٹیکس منافع

9,336

11,892

2,629

2,776

141

165

6,566

8,951

(174)

187

6,740

8,764

ڈائریکٹرز کی رپورٹ

3,518

5,308

بعد از ٹیکس منافع

0.91

1.37

فی شخص آمدن (EPS) - روپیہ

بینک نے 2020ء کی پہلی سہ ماہی میں کارکردگی کی رفتار میں اضافے کے تسلسل کو جاری رکھا جس کی بنیاد مضبوط بیننس شیٹ اور فنڈ اینگلز (مبادیات) پر عمل ہے۔ معاشی مست روی، ریگولیٹری تبدیلیاں اور شرح سود میں کمی (جو کہ کووڈ-19 کی عالمی وباء کی وجہ سے ہے) کے اثرات پہلی سہ ماہی میں کم رہے ہیں تاہم بینک کی کارکردگی پر ان کے مکمل اثرات 2020ء کی باقی ماندہ سہ ماہیوں میں ظاہر ہوں گے۔ فنانشل رسک منجمنٹ کے تناظر میں بینک کا رد عمل فنانشل اسٹیٹمنٹس کے نوٹ 5 میں بھی وضاحت سے بیان کر دیا گیا ہے۔

2020ء کی پہلی سہ ماہی کے مطابق، بینک نے 8.8 ارب روپے کا قبل از ٹیکس منافع حاصل کیا ہے۔ جو کہ پچھلے سال کے اسی عرصے کے مقابلے میں 30% زیادہ ہے اور بینک کے قیام سے اب تک کا پہلی سہ ماہی کا بلند ترین منافع ہے۔ بینک کی مجموعی آمدن میں 27% اور آمدن صارف میں 42% اضافہ ہوا۔ ٹرانزیکشن بینکنگ، مالیاتی مارکیٹس اور ریشیل پروڈکٹس نے نمایاں کارکردگی دکھائی۔ انتظامی اخراجات میں 6% سالانہ اضافہ ہوا جو بینک کی پروڈکٹس، خدمات، افراد اور فرنیچر میں سرمایہ کاری کا مظہر ہے۔

تمام کاروبار میں بنیادی محرکات میں مستحکم ترقی اور نمو کے ساتھ صارف کی آمدن کی رفتار مثبت رہی۔ ایڈوانسز (نیٹ) میں سال کے آغاز سے 11% دیکھا گیا۔ یہ بامنافع، اعلیٰ معیاری اور پائیداری پورٹ فولیو کی تعمیر کی غرض سے ایک بامدفع حکمت عملی کا نتیجہ تھا۔ پروڈکٹس کے متنوع اساس کے ساتھ بینک اپنے صارفین کی ضروریات کی تکمیل کیلئے پوری طرح آراستہ ہے۔

لائسنس (واجبات) کے پہلو پر، بینک نے ایک اور سنگ میل حاصل کر لیا ہے۔ کل ڈپازٹس اب 500 ارب روپے سے بھی زیادہ ہو چکی ہیں۔ اس عرصے کے اختتام پر، ڈپازٹس 10% اضافے کے ساتھ 511 ارب روپے تک جا پہنچے ہیں، جبکہ اس سال کے آغاز سے کرنٹ اور سیونگ اکاؤنٹس 11% تک بڑھ چکے ہیں اور ڈپازٹس میں 94% ہیں۔ بیننس شیٹ کا آپٹیمل فنڈنگ اسٹرکچر بینک کی کارکردگی کو مسلسل مدد فراہم کر رہا ہے۔

بینک اپنے صارفین کو جدید سہولیات سے متعارف کروانے کیلئے 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۔

ہمارا ڈیجیٹل سفر متعین کردہ راہ پر گامزن ہے اور ہم تمام شعبوں میں سرمایہ کاری اور جدت طرازی جاری رکھے ہوئے ہیں تاکہ صارفین کیلئے خدمات کی فراہمی تسلسل کے ساتھ کی جائے۔

معاشی منظر نامہ:

اگرچہ بیرونی منظر نامہ دشوار رہا، تاہم ہم توقع رکھتے ہیں کہ کووڈ-19 کی عالمی وباء اور اس کے اثرات میں، بتدریج کمی آئے گی۔ بحالی کی رفتار کا دارومدار حکومتی اقدامات اور پالیسیز کی موثریت اور پابندیوں میں نرمی سے ہوگا۔

پہلی سہ ماہی کے نتائج ہمارے مضبوط اور مستحکم کاروباری اثاثوں کو ظاہر کرتے ہیں۔ ہم جانتے ہیں کہ آنے والے وقتوں میں چیلنجز کا سامنا رہے گا اور ہم اپنے صارفین اور ملازمین کی مدد کیلئے پرعزم ہیں اور ہم یقین دلاتے ہیں کہ ہمارے کلائنٹس کی ضروریات کو مرکزیت حاصل رہے گی۔

انضباط اور کردار پر بنیادوں کو مستحکم کرنے کے بعد، ہم سرمائے اور رقوم کی موثر نظم کاری کیلئے پوری طرح تیار ہیں۔ یہ محتاط اور فعال اقدامات، بینک کو مزید توانا کر رہے ہیں۔ تاکہ آنے والے مواقعوں سے بھرپور فائدہ حاصل کیا جاسکے۔

کریڈٹ ریٹنگ:

پاکستان کریڈٹ ریٹنگ ایجنسی (PACRA) نے بینک کی بائرنیٹ "AAA" (ٹرپل اے) اور "A1+" (اے ون پلس) طویل مدتی اور قلیل مدتی درجہ بندی کو برقرار رکھا ہے۔ یہ درجہ بندیوں مالیاتی وعدوں کے بروقت ادا کیلئے مستحکم صلاحیت کا اظہار کرتی ہیں۔

ڈائریکٹرز کی رپورٹ

بورڈ آف ڈائریکٹرز میں تبدیلیاں:

تقریباً چھ (6) برسوں تک بینک میں خدمات انجام دینے کے بعد، جناب شہزاد دادا نے فیصلہ کیا ہے وہ بینک کے چیف ایگزیکٹو آفیسر اور ڈائریکٹر کے طور پر عہدوں سے سکدوش ہو جائیں اور اسٹینڈرڈ چارٹرڈ گروپ سے باہر مواقع تلاش کریں۔ جناب دادا نے اس عرصے کے دوران مثالی قیادت کا مظاہرہ کیا ہے اور بینک مضبوط سے مضبوط تر ہوتا ہوا ترقی کرتا رہا اور انتہائی کٹھن بیرونی ماحول کے باوجود، 2019ء میں پاکستان کے تیسرے سب سے منافع بخش بینک کے طور پر اپنا مقام بنالیا۔ انھوں نے اس فریچائز کو اس قابل بنادیا کہ وہ پورے استحکام کے ساتھ ترقی کرے اور ساتھ ہی کنٹرولز انوائرنمنٹ کو مسلسل مضبوط بھی بنایا ہے۔ بورڈ نے ان کا استعفیٰ قبول کر لیا ہے جو کہ یکم جولائی 2020ء سے مؤثر ہوگا۔ جناب دادا کے متبادل کی تقرری تھوڑے عرصے کے دوران عمل میں آئے گی۔

بورڈ نے بینک کے ساتھ جناب دادا کی وابستگی ان کی گرانقدر خدمات اور گہرے نقوش کو نشاندار الفاظ میں خراج تحسین پیش کیا ہے۔ جناب دادا کی بھرپور توجہ اور غیر متزلزل عزم نے فریچائز کی کارکردگی اور اسٹینڈرڈ تریجیاٹ یعنی خدمت، کنٹرولز، افراد اور ڈیجیٹل ایجنڈا کو حاصل کرنے میں اہم کردار ادا کیا ہے۔

جناب وقار احمد ملک نے بھی بطور انڈیپنڈنٹ ڈائریکٹر اور چیئر پرسن بورڈ آڈٹ کمیٹی استعفیٰ پیش کر دیا ہے، جو کہ 22 اپریل 2020ء سے مؤثر ہوگا۔ بورڈ پر پیدا شدہ غیر رسمی اسامی (Casual Vacancy) تھوڑے عرصے کے دوران پُر کر لی جائے گی۔ بورڈ جناب ملک کی بینک کے ساتھ ان کی وابستگی کے دوران بیش بہا اعانت و خدمات کیلئے ان کو سراہتا ہے۔ قیادت کا دیرینہ تجربہ اور کاروبار کی گہری معلومات اور کنٹرولز انوائرنمنٹ پر ان کی عمیق نظر نے بطور ڈائریکٹر اس بینک کی بہت مدد کی ہے۔

سائنس و اعتراف:

ہم اس موقع پر اپنے صارفین اور کاروباری رفقاء کے کار سے 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 جنھوں نے ہمارے معزز صارفین کیلئے گراں قدر خدمات انجام دیں۔

منجانب بورڈ



شہزاد دادا

چیف ایگزیکٹو آفیسر



توفیق حبیب چوہان

ڈائریکٹر

کراچی: 18 مئی 2020ء

Standard Chartered Bank (Pakistan) Limited

Un-audited Financial Statements

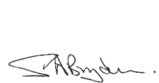
**For the three months period ended
31 March 2020**

Statement of Financial Position

As at 31 March 2020

		(Un-audited)	(Audited)
	Note	31 March 2020	31 December 2019
		----- (Rupees in '000) -----	
ASSETS			
Cash and balances with treasury banks	6	52,163,983	61,290,428
Balances with other banks	7	5,001,421	3,484,265
Lendings to financial institutions	8	17,449,219	17,012,089
Investments	9	276,637,526	249,164,030
Advances	10	241,445,501	218,087,193
Fixed assets	11	10,361,907	10,563,451
Intangible assets	12	26,095,362	26,095,375
Deferred tax assets - net		-	-
Other assets	13	50,804,119	34,273,754
		679,959,038	619,970,585
LIABILITIES			
Bills payable	14	12,962,557	12,375,271
Borrowings	15	23,247,695	20,256,731
Deposits and other accounts	16	511,248,434	465,628,985
Liabilities against assets subject to finance lease		-	-
Sub - ordinated debt		-	-
Deferred tax liabilities - net	17	4,314,189	3,707,964
Other liabilities	18	55,924,890	45,085,131
		607,697,765	547,054,082
NET ASSETS		72,261,273	72,916,503
REPRESENTED BY:			
Share capital		38,715,850	38,715,850
Reserves		20,932,645	19,870,955
Surplus on revaluation of assets	19	6,189,681	5,382,841
Unappropriated profit		6,423,097	8,946,857
		72,261,273	72,916,503
CONTINGENCIES AND COMMITMENTS			
	20		

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



Ian Bryden
Chairman



Shazad Dada
Chief Executive Officer



Asad Ali Shariff
Chief Financial Officer



Towfiq Habib Chinoy
Director



Spenta Kandawalla
Director

Profit and Loss Account (Un-audited)

For the three months period ended 31 March 2020

		Three months period ended 31 March 2020	Three months period ended 31 March 2019
	Note	----- (Rupees in '000) -----	
Mark-up / return / interest earned	21	15,801,195	11,174,990
Mark-up / return / interest expensed	22	(8,162,195)	(4,991,168)
Net mark-up / interest income		7,639,000	6,183,822
NON MARK-UP / INTEREST INCOME			
Fee and commission income	23	998,895	1,182,170
Dividend income		-	-
Foreign exchange income	24	875,956	1,328,325
Income / (loss) from derivatives		874,516	372,357
Gain / (loss) on securities	25	1,493,095	232,494
Other income	26	10,751	36,807
Total non mark-up / interest income		4,253,213	3,152,153
Total Income		11,892,213	9,335,975
NON MARK-UP / INTEREST EXPENSES			
Operating expenses	27	(2,775,982)	(2,629,236)
Workers welfare fund		(165,336)	(131,328)
Other charges	28	-	(9,031)
Total non mark-up / interest expenses		(2,941,318)	(2,769,595)
Profit before provisions		8,950,895	6,566,380
(Provisions) / recovery and write offs - net	29	(187,025)	173,851
Extra-ordinary / unusual items		-	-
PROFIT BEFORE TAXATION		8,763,870	6,740,231
Taxation	30	(3,455,420)	(3,222,493)
PROFIT AFTER TAXATION		5,308,450	3,517,738
(Rupees)			
BASIC / DILUTED EARNINGS PER SHARE	31	1.37	0.91

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



Ian Bryden
Chairman



Shazad Dada
Chief Executive Officer



Asad Ali Shariff
Chief Financial Officer



Towfiq Habib Chinoy
Director




Spenta Kandawalla
Director

Statement of Comprehensive Income (Un-audited)

For the three months period ended 31 March 2020

	Three months period ended 31 March 2020	Three months period ended 31 March 2019
	----- (Rupees in '000) -----	
Profit after tax for the period	5,308,450	3,517,738
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	810,878	(16,702)
Total comprehensive income for the period	6,119,328	3,501,036

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



Ian Bryden
Chairman



Shazad Dada
Chief Executive Officer



Asad Ali Shariff
Chief Financial Officer



Towfiq Habib Chinoy
Director




Spenta Kandawalla
Director


Statement of Changes in Equity (Un-audited)


For the three months period ended 31 March 2020

	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 2019	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)
	-	-	-	(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 asset - net of deferred tax	-	-	-	-	(4,740)	4,740	-
Balance as at 31 March 2019	38,715,850	1,036,090	16,334,924	(108,973)	5,616,202	3,337,934	64,932,027
Total comprehensive income for the period							
Profit after tax for the nine months ended 31 December 2019	-	-	-	-	-	12,499,709	12,499,709
Other comprehensive income							
Movement in surplus on revaluation of investments - net of tax	-	-	-	44,191	-	-	44,191
Remeasurement of post employment obligations - net of tax	-	-	-	-	-	8,878	8,878
Surplus on revaluation of fixed asset - net of deferred tax	-	-	-	-	30,383	-	30,383
	-	-	-	44,191	30,383	12,508,587	12,583,161
Transactions with owners, recorded directly in equity							
Share based payment transactions (Contribution from holding Company)	-	-	-	-	-	72,007	72,007
Reversal of liability (to holding company) for share based payment transaction recorded in earlier years	-	-	-	-	-	168,789	168,789
Cash dividend (Interim 2019) at Rs. 1.25 per share	-	-	-	-	-	(4,839,481)	(4,839,481)
	-	-	-	-	-	(4,598,685)	(4,598,685)
Transfer to statutory reserve	-	-	2,499,941	-	-	(2,499,941)	-
Realised on disposals during the year - net of deferred tax	-	-	-	-	(181,432)	181,432	-
Transferred from surplus on revaluation of fixed asset - net of deferred tax	-	-	-	-	(17,530)	17,530	-
Balance as at 31 December 2019 - Audited	38,715,850	1,036,090	18,834,865	(64,782)	5,447,623	8,946,857	72,916,503
Total comprehensive income for the period							
Profit after tax for the three months period ended 31 March 2020	-	-	-	-	-	5,308,450	5,308,450
Other comprehensive income							
Movement in surplus on revaluation of investments - net of tax	-	-	-	810,878	-	-	810,878
	-	-	-	810,878	-	5,308,450	6,119,328
Transactions with owners, recorded directly in equity							
Share based payment transactions (Contribution from holding Company)	-	-	-	-	-	716	716
Cash dividend (Final 2019) at Rs. 1.75 per share	-	-	-	-	-	(6,775,274)	(6,775,274)
	-	-	-	-	-	(6,774,558)	(6,774,558)
Transfer to statutory reserve	-	-	1,061,690	-	-	(1,061,690)	-
Transferred from surplus on revaluation of fixed asset - net of deferred tax	-	-	-	-	(4,038)	4,038	-
Balance as at 31 March 2020	38,715,850	1,036,090	19,896,555	746,096	5,443,585	6,423,097	72,261,273

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


Ian Bryden
Chairman


Shazad Dada
Chief Executive Officer


Asad Ali Shariff
Chief Financial Officer


Towfiq Habib Chinoy
Director



Spenta Kandawalla
Director


Cash Flow Statement (Un-audited)


For the three months period ended 31 March 2020

	Note	31 March 2020	31 March 2019
----- (Rupees in '000) -----			
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation for the period		8,763,870	6,740,231
Less: Dividend income		-	-
		8,763,870	6,740,231
Adjustments for:			
Depreciation	27	274,760	246,391
Amortization	27	13	25
Gain on sale of fixed assets	26	(1,167)	(28,973)
Unrealized loss / (gain) on revaluation of investments classified as held for trading - net	25	(422,452)	3,623
Finance cost against lease		103,460	59,201
(Gain) / loss on lease termination		(5,015)	-
Provisions / (recovery) and write offs - net	29	187,025	(173,851)
		136,624	106,416
		8,900,494	6,846,647
Increase in operating assets			
Lendings to financial institutions		(437,130)	(136,158,656)
Held-for-trading securities		(10,751,368)	11,804,220
Advances		(23,545,333)	(9,748,267)
Other assets (excluding advance taxation)		(20,611,324)	4,161,708
		(55,345,155)	(129,940,995)
Decrease in operating liabilities			
Bills payable		587,286	(2,820,995)
Borrowings from financial institutions		3,653,137	6,602,511
Deposits		45,619,449	12,260,177
Other liabilities		5,662,481	(4,710,978)
		55,522,353	11,330,715
Cash inflow / (outflow) before taxation		9,077,692	(111,763,633)
Income tax paid		(608,888)	(1,118,148)
Net cash flow (used in) / generated from operating activities		8,468,804	(112,881,781)
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments in available for sale securities		(15,052,171)	118,272,438
Investment in fixed assets		(93,631)	(55,226)
Proceeds from sale of fixed assets		1,167	28,973
Net cash flow from investing activities		(15,144,635)	118,246,185
CASH FLOW FROM FINANCING ACTIVITIES			
Dividend paid		(69,689)	(491)
Payment in respect of lease liability		(201,596)	(124,023)
Net cash flow used in financing activities		(271,285)	(124,514)
Increase in cash and cash equivalents for the period		(6,947,116)	5,239,890
Cash and cash equivalents at beginning of the period		63,151,674	44,972,345
Effect of exchange rate changes on cash and cash equivalents		955,325	5,656,191
		64,106,999	50,628,536
Cash and cash equivalents at end of the period		57,159,883	55,868,426
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD			
Cash and balances with treasury banks		52,163,983	50,469,073
Balances with other banks		5,001,421	5,693,124
Overdrawn nostros		(5,521)	(293,771)
		57,159,883	55,868,426

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


Ian Bryden
Chairman


Shazad Dada
Chief Executive Officer


Asad Ali Shariff
Chief Financial Officer


Towfiq Habib Chinoy
Director


Spenta Kandawalla
Director

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

For the three months period ended 31 March 2020

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 61 branches in Pakistan (2019: 61 branches in Pakistan) in operation at 31 March 2020.

2 BASIS OF PREPARATION

2.1 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 thereunder or IFAS differ from the requirements of IAS 34, the requirements of Companies Act, 2017, Banking Companies Ordinance, 1962, directives issued thereunder 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 26 August 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 28 April 2008. Accordingly, the requirements of these standards have not been considered in the preparation of these condensed interim 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 1 January 2014 in respect of accounting for transactions relating to 'Profit and Loss Sharing on Deposits' as defined by the said standard. The standard has resulted in certain new disclosures in the condensed interim financial statements of the Bank. The SBP through BPRD Circular Letter No. 4 dated 25 February 2015, has deferred the applicability of IFAS 3 till further instructions and prescribed the Banks to prepare their annual and periodical financial statements as per existing prescribed formats issued vide BSD Circular 04 of 2006 and BPRD Circular Letter No. 05 of 2019, as amended from time to time.

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

For the three months period ended 31 March 2020

The condensed interim financial statements do not include all the information and disclosures required for the full set of annual financial statements and should be read in conjunction with the audited annual financial statements for the year ended 31 December 2019.

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

There are certain new standards and interpretations of and amendments to existing accounting and reporting standards that have become applicable to the Bank for the accounting periods beginning on or after 1 January 2020. These are considered either not to be relevant or not to have any significant impact on the Bank's financial statements.

2.3 Standards, interpretations and amendments to accounting and reporting standards as applicable in Pakistan that are not yet effective in the current period

There are various standards, interpretations and amendments to accounting and reporting standards as applicable in Pakistan that are not effective in the current year. These are not likely to have material effect on the Bank's financial statements except for the following:

- IFRS 9 'Financial Instruments' and amendment – Prepayment Features with Negative Compensation – for Banks and DFIs, the effective date of the standard has been extended to annual periods beginning on or after 1 January 2021 vide SBP Circular 4 dated 23 October 2019. IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. According to SBP circular referred to above, the Banks/DFIs are required to have a parallel run of IFRS 9 from 1 January 2020, which is now extended to period beginning from 1 July 2020. The Banks/DFIs are also required to prepare pro-forma financial statements which includes the impact of IFRS 9 for the year ended 31 December 2019. According to initial exercise to estimate the impairment required under expected credit loss model, the provision is estimated to decrease by Rs. 44.7 million as at 31 March 2020.

3 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied 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 2019.

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 2019.

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 2019.

The COVID – 19 pandemic has taken a toll on all economies and emerged as a contagion risk around the globe, including Pakistan. To reduce the impact on businesses and economies in general, regulators / governments across the globe have introduced a host of measures on both the fiscal and economic fronts.

The State Bank of Pakistan (SBP) has responded to the crisis by cutting the policy rate by 225 basis points to 11 percent and by introducing regulatory measures to maintain banking system soundness and to sustain economic activity. These include (i) reducing the capital conservation buffer by 100 basis points to 1.5 percent; (ii) increasing the regulatory limit on extension of credit to SMEs by 44 percent to Rs 180 million; (iii) relaxing the debt burden ratio for consumer loans from 50 percent to 60 percent; (iv) allowing banks to defer clients' payment of principal on loan obligations by one year; and (v) relaxing regulatory criteria for restructured/rescheduled loans for borrowers who require relief beyond the extension of principal repayment for one year.

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

For the three months period ended 31 March 2020

COVID-19 will impact banks in Pakistan on a number of areas including increase in overall credit risk pertaining to the loans and advances portfolio, reduced fee income due to overall slowdown in economic activity, continuity of business operations and managing cybersecurity threat as a significant number of the Bank's staff is working from home and an ever increasing number of customers are being encouraged to use digital channels.

5.1 Credit Risk

The Risk Management function of the Bank is regularly conducting assessments of the credit portfolio to identify borrowers most likely to get affected due to changes in the business and economic environment. The Bank has further strengthened its credit review procedures in the light of COVID-19. The Bank is continuously reviewing the portfolio, to identify customers susceptible to higher risk, resulting from the COVID-19 outbreak.

5.2 Liquidity Risk

Bank has received applications for deferral of principal and markup and is expected to receive further such applications. These applications are being reviewed by the Bank as per its established policies. The above will have an impact on the maturity profile of the Bank. The Asset and Liability Committee (ALCO) of the Bank is continuously monitoring the liquidity position and is taking due precautionary measures where needed. The Bank has conducted various stress testing on its liquidity ratios and is confident that the liquidity buffer maintained by the Bank is sufficient to cater any adverse movement in cash flow maturity profile.

5.3 Operational Risk

The Bank is closely monitoring the situation and has taken necessary actions to ensure safety and security of Bank staff and an uninterrupted service to our customers. The senior management of the Bank is continuously monitoring the situation and is taking timely decisions to resolve any concerns. Business Continuity Plans (BCP) for respective areas are in place and tested. The Bank has enhanced monitoring for all cyber security risk. The remote work capabilities were enabled for staff and related risk and control measures were assessed to make sure they are fully protected using virtual private network ("VPN") connections.

The Bank is communicating with its customers on how they can connect with the Bank through its full suite of channels including digital and online channels. The Bank has taken all measures to ensure that service levels are maintained, customer complaints are resolved and the Bank continues to meet the expectations of their clients.

5.4 Capital Adequacy Ratio (CAR)

The SBP has relaxed the Capital Conversion Buffer (CCB) requirements for the Banks to 1.5%, resulting in an overall CAR requirement of 11.5%. The reduced CCB has also provided an additional limit to the Bank for its tier 2 capital. The Senior management of the Bank is continuously monitoring the impacts of various decisions on its CAR and taking further lending decisions based on the overall impacts on RWA. The Bank also believes that it has sufficient buffer in its CAR requirement to meet any adverse movements in credit, market or operational risks.

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

For the three months period ended 31 March 2020

6	CASH AND BALANCES WITH TREASURY BANKS	Note	31 March 2020 (Un-audited)	31 December 2019 Audited
			----- (Rupees in '000) -----	
	In hand			
	- Local currency		4,864,255	4,372,414
	- Foreign currencies		3,731,060	3,957,268
	With State Bank of Pakistan in:			
	- Local currency current account	6.1	22,966,136	28,246,958
	- Local currency current account - Islamic Banking	6.1	2,821,037	7,074,948
	Foreign currency deposit account			
	- Cash reserve account	6.2	4,679,778	4,470,826
	- Special cash reserve account	6.2	12,963,567	12,422,663
	- Local US Dollar collection account		66,917	27,063
	With National Bank of Pakistan in:			
	- Local currency current account		59,263	679,642
	Prize Bonds		11,970	38,646
			<u>52,163,983</u>	<u>61,290,428</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 21 June, 2008, cash reserve of 5% and special cash reserve of 15% (For Islamic 6%) are required to be maintained with SBP on deposits held under the New Foreign Currency Accounts Scheme (FE-25 deposits).

7	BALANCES WITH OTHER BANKS	Note	31 March 2020 (Un-audited)	31 December 2019 Audited
			----- (Rupees in '000) -----	
	Outside Pakistan			
	- In current accounts	7.1	5,001,421	3,484,265
			<u>5,001,421</u>	<u>3,484,265</u>

7.1 This includes balances of Rs. 4,942.859 million (2019: Rs. 3,434.676 million) held with other branches and subsidiaries of Standard Chartered Group outside Pakistan.

8	LENDINGS TO FINANCIAL INSTITUTIONS	Note	31 March 2020 (Un-audited)	31 December 2019 Audited
			----- (Rupees in '000) -----	
	Repurchase agreement lendings (Reverse Repo)	8.1	9,687,100	1,968,136
	Bai Muajjal receivable from State Bank of Pakistan	8.2	1,845,421	4,117,655
	Placements	8.3	5,916,698	10,926,298
			<u>17,449,219</u>	<u>17,012,089</u>

8.1 These carry mark-up rate ranging from 10.96 percent to 10.70 percent per annum (2019: 13.1 percent) payable at maturity, and are due to mature in April 2020. These arrangements are governed under Master Repurchase Agreements.

8.2 These represent placements to State Bank of Pakistan by Islamic Banking Business under Bai Muajjal agreements at 10.09 percent per annum with maturities upto February 2021.

8.3 This represents placements with other branches and subsidiaries of Standard Chartered Group outside Pakistan at mark-up rates ranging from 0.05 percent to 0.10 percent per annum (2019: 0.60 percent to 1.55 percent per annum), and are due to mature in April 2020.

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

For the three months period ended 31 March 2020

	Note	31 March 2020 (Un-audited)	31 December 2019 Audited
		----- (Rupees in '000) -----	
8.4 Particulars of lending			
In local currency		11,532,521	6,085,791
In foreign currencies		5,916,698	10,926,298
	8.3.1	17,449,219	17,012,089

8.3.1 None of the lendings to financial institutions were classified at year end.

9 INVESTMENTS

	31 March 2020 (Un-audited)				31 December 2019 (Audited)			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
9.1 Investments by type	----- (Rupees in '000) -----							
Held for trading securities								
Federal Government Securities	32,296,361	-	422,452	32,718,813	21,544,993	-	297,850	21,842,843
	32,296,361	-	422,452	32,718,813	21,544,993	-	297,850	21,842,843
Available for sale securities								
Federal Government Securities	242,319,190	-	1,144,975	243,464,165	226,969,169	-	(145,771)	226,823,398
Shares	786,081	(734,398)	2,237	53,920	786,081	(734,398)	42,958	94,641
Non Government Debt Securities	685,025	(285,025)	628	400,628	685,025	(285,025)	3,148	403,148
	243,790,296	(1,019,423)	1,147,840	243,918,713	228,440,275	(1,019,423)	(99,665)	227,321,187
Total Investments	276,086,657	(1,019,423)	1,570,292	276,637,526	249,985,268	(1,019,423)	198,185	249,164,030

	Note	31 March 2020 (Un-audited)	31 December 2019 Audited
		----- (Rupees in '000) -----	
9.1.1 Investments given as collateral			
Market Treasury Bills	15.1	3,191,235	-
		3,191,235	-
9.2 Provision for diminution in the value of investments			
Opening balance		1,019,423	967,517
Charge for the period		-	51,906
Closing Balance		1,019,423	1,019,423

9.2.1 Particulars of provision against debt securities

	31 March 2020 (Un-audited)		31 December 2019 (Audited)	
Category of classification	Non Performing Investments	Provision	Non Performing Investments	Provision
Domestic	----- (Rupees in '000) -----			
Other assets especially mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	285,025	285,025	285,025	285,025
	285,025	285,025	285,025	285,025

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

For the three months period ended 31 March 2020

10	ADVANCES	Note	Performing		Non Performing		Total	
			31 March 2020 (Un-audited)	31 December 2019 (Audited)	31 March 2020 (Un-audited)	31 December 2019 (Audited)	31 March 2020 (Un-audited)	31 December 2019 (Audited)
			(Rupees in '000)					
	Loans, cash credits, running finances, etc.		172,207,003	165,469,857	16,269,358	16,315,864	188,476,361	181,785,721
	Islamic financing and related assets		58,744,125	41,295,830	1,497,733	1,422,079	60,241,858	42,717,909
	Bills discounted and purchased (excluding treasury bills)		10,122,971	10,764,990	-	-	10,122,971	10,764,990
	Advances - gross	10.1	241,074,099	217,530,677	17,767,091	17,737,943	258,841,190	235,268,620
	Provision for non-performing advances							
	- Specific	10.3	-	-	(16,626,859)	(16,375,109)	(16,626,859)	(16,375,109)
	- General	10.3	(768,830)	(806,318)	-	-	(768,830)	(806,318)
	Advances - net of provision		(768,830)	(806,318)	(16,626,859)	(16,375,109)	(17,395,689)	(17,181,427)
			240,305,269	216,724,359	1,140,232	1,362,834	241,445,501	218,087,193

10.1	Particulars of advances - gross	31 March 2020 (Un-audited)	31 December 2019 Audited
		(Rupees in '000)	
	In local currency	250,990,717	227,723,865
	In foreign currencies	7,850,473	7,544,755
		258,841,190	235,268,620

10.2 Advances include Rs. 17,767,091 million (31 December 2019: Rs. 17,737,943 million) which have been placed under non-performing status as detailed below:

Category of classification	31 March 2020 (Un-audited)		31 December 2019 (Audited)	
	Non Performing Loans	Provision	Non Performing Loans	Provision
(Rupees in '000)				
Domestic				
Other assets especially mentioned	94,453	-	129,362	-
Substandard	1,065,835	241,283	1,116,851	257,494
Doubtful	151,746	47,750	533,567	264,565
Loss	16,455,057	16,337,826	15,958,163	15,853,050
	17,767,091	16,626,859	17,737,943	16,375,109

10.2.1 At 31 March 2020, the provision requirement has been reduced by Rs. 89.782 million (31 December 2019: Rs. 34.682 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. 58.358 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 2020 (Un-audited)			31 December 2019 (Audited)		
		Specific	General	Total	Specific	General	Total
		----- (Rupees in '000) -----					
	Opening balance	16,375,109	806,318	17,181,427	16,841,631	776,856	17,618,487
	Charge for the period	358,737	18,286	377,023	850,740	35,059	885,799
	Reversals	(106,426)	(55,774)	(162,200)	(829,588)	(5,597)	(835,185)
		252,311	(37,488)	214,823	21,152	29,462	50,614
	Amounts written off	(81,096)	-	(81,096)	(565,808)	-	(565,808)
	Other movements	80,535	-	80,535	78,134	-	78,134
	Closing balance	16,626,859	768,830	17,395,689	16,375,109	806,318	17,181,427

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

For the three months period ended 31 March 2020

11	FIXED ASSETS	Note	31 March 2020	31 December 2019
			(Un-audited) ----- (Rupees in '000) -----	(Audited)
	Capital work-in-progress	11.1	261,954	248,599
	Property and equipment	11.4	10,099,953	10,314,852
			<u>10,361,907</u>	<u>10,563,451</u>
11.1	Capital work-in-progress			
	Civil works		7,693	6,776
	Equipment		254,261	241,823
			<u>261,954</u>	<u>248,599</u>

11.2	Additions to fixed assets	31 March 2020	31 December 2019
		(Un-audited) ----- (Rupees in '000) -----	(Audited)
	The following additions have been made to fixed assets during the period:		
	Capital work-in-progress	13,355	17,084
	Furniture and fixture	-	2,100
	Electrical office and computer equipment	80,276	24,147
	Vehicles	-	11,895
		<u>80,276</u>	<u>38,142</u>

11.3 Disposal of fixed assets

The net book value of fixed assets disposed off during the period is Rs. Nil (2019: Rs. 196.406 million).

11.4 This also includes Right of use asset (ROU) in line with IFRS 16.

12	INTANGIBLE ASSETS	31 March 2020	31 December 2019
		(Un-audited) ----- (Rupees in '000) -----	(Audited)
	Goodwill	26,095,310	26,095,310
	Customer relationships intangible	52	65
		<u>26,095,362</u>	<u>26,095,375</u>

12.1 Additions to intangible assets

The additions made to intangible assets during the period is Rs. Nil (2019: Rs. Nil)

12.2 Disposals of intangible assets

The disposal made to intangible assets during the period is Rs. Nil (2019: Rs. Nil).

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

For the three months period ended 31 March 2020

		31 March 2020 (Un-audited) ----- (Rupees in '000) -----	31 December 2019 (Audited)
13 OTHER ASSETS	Note		
Income / mark-up accrued in local currency		6,450,725	5,640,392
Income / mark-up accrued in foreign currencies		41,906	28,096
Advances, deposits, advance rent and other prepayments		440,824	358,824
Defined benefit plans		31,542	31,542
Advance taxation (payments less provisions)	13.1	9,185,054	11,861,988
Branch adjustment account		2,662	8
Mark to market gain on forward foreign exchange contracts		12,492,476	3,755,586
Interest rate derivatives and currency options - positive fair value		901	256,896
Receivable from SBP / Government of Pakistan		106,538	364,927
Receivable from associated undertakings		152,336	257,654
Assets Held for Sale		329,735	329,735
Receivable from Standard Chartered Bank, Sri Lanka operations		39,171	37,713
Advance Federal Excise Duty		188,443	188,443
Cards Settlement account		762,686	776,988
Acceptances		4,018,903	5,344,566
Unsettled trades		16,281,794	4,244,466
Sundry receivables		203,210	703,082
Others		110,708	128,343
		50,839,614	34,309,249
Less: Provision held against other assets	13.2	(35,495)	(35,495)
Other Assets - net of provisions		50,804,119	34,273,754

- 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. 1,776 million) and advance tax paid under section 147 and other tax payments.

	31 March 2020 (Un-audited) ----- (Rupees in '000) -----	31 December 2019 (Audited)
13.2 Provision held against other assets		
Others - Trade related	35,495	35,495
	35,495	35,495
13.2.1 Movement in provision against other assets		
Opening balance	35,495	35,495
Net charge for the period	-	-
Other movements	-	-
Closing balance	35,495	35,495
14 BILLS PAYABLE		
In Pakistan	12,485,767	11,944,994
Outside Pakistan	476,790	430,277
	12,962,557	12,375,271
15 BORROWINGS		
In Pakistan	23,242,180	19,589,433
Outside Pakistan	5,515	667,298
	23,247,695	20,256,731

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

For the three months period ended 31 March 2020

	31 March 2020 (Un-audited)	31 December 2019 (Audited)
15.1 Details of borrowings secured / unsecured	----- (Rupees in '000) -----	
Secured		
Borrowings from State Bank of Pakistan under Export Refinance (ERF) scheme	19,912,447	19,533,921
Repurchase agreement borrowings (Repo)	3,191,235	-
State Bank of Pakistan - LTFF	38,492	55,116
	23,142,174	19,589,037
Unsecured		
Call borrowings	100,000	-
Overdrawn nostro accounts	5,521	667,694
	23,247,695	20,256,731

16 DEPOSITS AND OTHER ACCOUNTS

Note	31 March 2020 (Un-audited)			31 December 2019 (Audited)		
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
	----- (Rupees in '000) -----					
Customers						
Remunerative						
- Fixed deposits	28,563,039	425,671	28,988,710	30,909,511	472,936	31,382,447
- Savings deposits	214,991,398	26,274,634	241,266,032	194,710,890	24,072,229	218,783,119
Non-Remunerative						
- Current accounts	138,597,206	58,616,708	197,213,914	119,521,063	56,357,019	175,878,082
- Margin accounts	3,449,798	188,582	3,638,380	3,381,984	175,170	3,557,154
- Special exporters' account	5,154,956	-	5,154,956	6,255,671	-	6,255,671
	390,756,397	85,505,595	476,261,992	354,779,119	81,077,354	435,856,473
Financial Institutions						
- Remunerative deposits	14,238,095	1,968,988	16,207,083	8,028,260	1,919,004	9,947,264
- Non-remunerative deposits	11,252,922	7,526,437	18,779,359	12,701,727	7,123,521	19,825,248
16.1	416,247,414	95,001,020	511,248,434	375,509,106	90,119,879	465,628,985

16.1 This includes Rs. 653.911 million (2019: Rs. 597.736 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 2020 (Un-audited)			
	At 1 January 2020	Recognised in profit and loss	Recognised in OCI	At 31 March 2020
	----- (Rupees in '000) -----			
Deductible Temporary Differences on				
Post retirement employee benefits	2,476	-	-	2,476
Deficit on revaluation of investments	34,883	-	(436,627)	(401,744)
Provision against advances, off balance sheet etc.	1,805,362	(191,809)	-	1,613,553
Unpaid liabilities	2,403,306	-	-	2,403,306
	4,246,027	(191,809)	(436,627)	3,617,591
Taxable Temporary Differences on				
Surplus on revaluation of fixed assets	(194,429)	2,174	-	(192,255)
Goodwill	(7,830,986)	-	-	(7,830,986)
Accelerated tax depreciation	71,424	20,037	-	91,461
	(7,953,991)	22,211	-	(7,931,780)
	(3,707,964)	(169,598)	(436,627)	(4,314,189)

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

For the three months period ended 31 March 2020

31 December 2019 (Audited)			
At 1 January 2019	Recognised in profit and loss	Recognised in OCI	At 31 December 2019

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

Deductible Temporary Differences on

Post retirement employee benefits	7,256	(4,780)	2,476
Deficit on revaluation of investments	49,685	(14,802)	34,883
Provision against advances, off balance sheet etc.	2,485,817	(680,455)	1,805,362
Unpaid liabilities	1,902,215	501,091	2,403,306
	4,444,973	(179,364)	4,246,027

Taxable Temporary Differences on

Surplus on revaluation of fixed assets	(202,903)	8,474	-	(194,429)
Goodwill	(7,830,986)	-	-	(7,830,986)
Accelerated tax depreciation	(42,293)	113,717	-	71,424
	(8,076,182)	122,191	-	(7,953,991)
	(3,631,209)	(57,173)	(19,582)	(3,707,964)

- 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.

18 OTHER LIABILITIES

Note	31 March 2020 (Un-audited)	31 December 2019 (Audited)
	----- (Rupees in '000) -----	
Mark-up / return / interest payable in local currency	1,349,077	447,174
Mark-up / return / interest payable in foreign currencies	19,854	248
Accrued expenses	2,101,357	3,058,823
Advance payments	490,303	523,345
Sundry creditors	4,428,950	4,082,939
Mark to market loss on forward foreign exchange contracts	7,903,733	6,147,974
Unrealized loss on interest rate derivatives and currency options	4,491,811	3,992,870
Due to Holding Company	18.1 17,851,206	10,835,325
Charity fund balance	16,148	12,985
Dividend payable	100,512	101,520
Provision against off balance sheet obligations	18.2 184,520	235,130
Worker's welfare fund (WWF) payable	18.3 3,163,311	2,997,975
Lease liability	18.4 3,377,333	3,477,995
Short sell - Government Securities	356,706	3,684,152
Acceptances	4,018,903	5,344,566
Unsettled trades	6,022,785	-
Others	48,381	142,110
	55,924,890	45,085,131

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	7,600,730	584,849
	17,851,206	10,835,325

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

For the three months period ended 31 March 2020

	31 March 2020 (Un-audited)	31 December 2019 (Audited)
	----- (Rupees in '000) -----	
18.2 Provision against off-balance sheet obligations		
Opening balance	235,130	283,541
Charge for the period	-	51,987
Reversals	(50,610)	(100,398)
Closing balance	184,520	235,130

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

- 18.3** 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 Worker's 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.

- 18.4** This represent liabilities from operating leases meeting the criteria prescribed within IFRS 16 and are presented as on-balance sheet items.

	Note	31 March 2020 (Un-audited)	31 December 2019 (Audited)
		----- (Rupees in '000) -----	
19 SURPLUS ON REVALUATION OF ASSETS - NET OF DEFERRED TAX			
Surplus / (deficit) arising on revaluation of:			
Fixed assets	19.1	5,635,840	5,642,052
Available for Sale Securities	19.2	1,147,840	(99,665)
		6,783,680	5,542,387
Deferred tax on surplus / (deficit) on revaluation of:			
Fixed assets	19.1	(192,255)	(194,429)
Available for Sale Securities	19.2	(401,744)	34,883
		(593,999)	(159,546)
		6,189,681	5,382,841
19.1 Surplus on revaluation of fixed assets - net of tax			
Surplus on revaluation of fixed assets as at 1 January		5,642,052	5,823,845
Surplus/ (Deficit) on revaluation - net of deferred tax		-	34,623
Realised on disposal during the year - net of deferred tax		-	(182,154)
Transferred to unappropriated profit in respect of incremental depreciation charged during the year - net of deferred tax		(4,038)	(22,270)
Related deferred tax liability on incremental depreciation charged during the year		(2,174)	(11,992)
		(6,212)	(34,262)
Surplus on revaluation of fixed assets		5,635,840	5,642,052
Less: Related deferred tax liability on:			
Revaluation surplus as at 1 January		(194,429)	(202,903)
Revaluation surplus recognised during the year		-	(4,240)
Surplus realized on disposal during the year		-	722
Incremental depreciation charged during the year		2,174	11,992
		(192,255)	(194,429)
Surplus on revaluation of fixed assets - net of tax		5,443,585	5,447,623

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

For the three months period ended 31 March 2020

	Note	31 March 2020 (Un-audited)	31 December 2019 (Audited)
----- (Rupees in '000) -----			
19.2 (Deficit) / Surplus on revaluation of Available for Sale securities - net of tax			
Market Treasury Bills		781,821	(106,335)
Pakistan Investment Bonds		312,858	(59,926)
Sukuk and Ijarah Bonds		50,924	23,638
Listed shares		2,237	42,958
		1,147,840	(99,665)
Related deferred tax asset / (liability)		(401,744)	34,883
		746,096	(64,782)
20 CONTINGENCIES AND COMMITMENTS			
Guarantees	20.1	134,074,139	126,880,752
Commitments	20.2	497,993,192	475,638,685
Other contingent liabilities	20.3	10,777,727	10,988,197
		642,845,058	613,507,633
20.1 Guarantees			
Guarantees issued favouring:			
Financial guarantees		17,516,993	19,018,743
Performance guarantees		89,622,859	78,572,604
Other guarantees		26,934,287	29,289,405
		134,074,139	126,880,752
20.2 Commitments			
Documentary credits and short-term trade-related transactions			
Letters of credit		29,984,918	26,644,590
Commitments in respect of:			
Forward foreign exchange contracts			
- Purchase	20.4	272,773,914	262,611,679
- Sale	20.4	195,129,238	186,080,094
Commitment for acquisition of fixed assets		32,781	229,792
Commitment in respect of operating lease	20.6	72,341	72,530
		497,993,192	475,638,685
20.3 Other contingent liabilities		10,777,727	10,988,197

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. 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.

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

For the three months period ended 31 March 2020

20.3.3 The tax department amended the assessments for income years 2007 to 2018 (tax years 2008 to 2019 respectively) under the related provisions of the Income Tax Law, determining additional tax liability amounting to Rs. 4,696 million on account of various issues such as disallowances relating to provision against loans and advances and Rs. 3,607 million on account of goodwill amortization (for which deferred tax is also booked) which have been paid by the Bank. Appeals against the amended assessment orders are pending before different appellate forums. The management considers that a significant amount of the additional tax liability is the result of timing differences and is confident that the issues in the above mentioned tax years will be decided in favor of the Bank at appellate forums. Accordingly, no additional provision is required. The Sindh High Court has decided the issue of goodwill amortisation in favor of the Bank for the tax years 2008 and 2012. A tax refund order of Rs. 893 million has been issued by the Federal Board of Revenue in respect of tax year 2008. The Federal Board of Revenue has filed leave to appeal before the Supreme Court of Pakistan.

20.4 Commitments in respect of forward foreign exchange contracts

	31 March 2020 (Un-audited)	31 December 2019 (Audited)
	----- (Rupees in '000) -----	
Purchase from:		
State Bank of Pakistan	94,710,875	102,632,973
Other banks	164,654,404	149,755,699
Customers	13,408,634	10,223,007
	<u>272,773,914</u>	<u>262,611,679</u>
Sale to:		
State Bank of Pakistan	31,256,275	32,014,212
Other banks	136,198,746	140,125,724
Customers	27,674,217	13,940,158
	<u>195,129,238</u>	<u>186,080,094</u>

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

20.5 Commitments to extend credit

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

20.6 Commitments in respect of operating lease

	31 March 2020 (Un-audited)	31 December 2019 (Audited)
	----- (Rupees in '000) -----	
Not later than one year	15,679	15,868
Later than one year and not later than five years	56,662	56,662
Later than five years	-	-
	<u>72,341</u>	<u>72,530</u>

20.7 Derivative instruments

20.7.1 Product analysis

31 March 2020 (Un-audited)				
----- (Rupees in '000) -----				
Counterparties	Interest Rate Swaps & Cross Currency Swaps		FX Options	
	Notional Principal *	Mark to market gain / loss	Notional Principal *	Mark to market gain / loss
With Banks for				
Hedging	-	-	-	-
Market Making	9,885,446	(644,655)	-	-
With FIs other than banks				
Hedging	-	-	-	-
Market Making	-	-	-	-
With other entities for				
Hedging	-	-	-	-
Market Making	19,619,212	(3,846,255)	-	-
Total				
Hedging	-	-	-	-
Market Making	<u>29,504,658</u>	<u>(4,490,910)</u>	<u>-</u>	<u>-</u>

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

For the three months period ended 31 March 2020

31 December 2019 (audited)				
----- (Rupees in '000) -----				
Counterparties	Interest Rate Swaps & Cross Currency Swaps		FX Options	
	Notional Principal *	Mark to market gain / loss	Notional Principal *	Mark to market gain / loss
With Banks for				
Hedging	-	-	-	-
Market Making	10,406,418	(416,433)	-	-
With FIs other than banks				
Hedging	-	-	-	-
Market Making	-	-	-	-
With other entities for				
Hedging	-	-	-	-
Market Making	18,619,304	(3,319,541)	-	-
Total				
Hedging	-	-	-	-
Market Making	29,025,722	(3,735,974)	-	-

* At the exchange rate prevailing at period end.

	Note	Three months period ended	Three months period ended
		31 March 2020 (Un-audited)	31 March 2019 (Un-audited)
----- (Rupees in '000) -----			
On loans and advances to customers		7,511,143	4,379,364
On loans and advances to financial institutions		4,596	10,504
On investments in: i) Held for trading securities		188,130	20,291

22.1 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.

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

For the three months period ended 31 March 2020

	Note	Three months period ended 31 March 2020 (Un-audited)	Three months period ended 31 March 2019 (Un-audited)
		----- (Rupees in '000) -----	
23 FEE & COMMISSION INCOME			
Branch banking customer fees		88,652	94,245
Consumer finance related fees		9,649	11,325
Card related fees (debit and credit cards)		337,491	401,507
Credit related fees		28,179	58,366
Investment banking fees		21,660	27,739
Brokerage charges		(24,157)	(14,550)
Commission on trade and cash management		238,809	368,929
Commission on guarantees		172,226	144,487
Commission on remittances including home remittances		47,366	35,288
Commission on bancassurance		24,858	11,143
Custody Fees		54,162	43,691
		998,895	1,182,170
24 FOREIGN EXCHANGE INCOME			
Gain / (loss) realised from dealing in			
- Foreign Currencies		1,158,638	1,177,259
- Derivative financial instruments		(282,682)	151,066
		875,956	1,328,325
25 GAIN / (LOSS) ON SECURITIES			
Realised	25.1	1,070,643	236,117
Unrealised - held for trading	9.1	422,452	(3,623)
		1,493,095	232,494
25.1 Realised gain on:			
Federa I Government Securities			
Market Treasury Bills		807,208	200,794
Pakistan Investment Bonds		245,260	35,323
Ijarah Sukuk		18,175	-
		1,070,643	236,117
26 OTHER INCOME			
Rent on property		3,111	5,871
Gain on sale of fixed assets - net		1,167	28,973
Sri Lanka branch operations cost & FX translation		1,458	1,963
Gain / (loss) on lease termination		5,015	-
		10,751	36,807

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

For the three months period ended 31 March 2020

27 OPERATING EXPENSES

Note	Three months period ended 31 March 2020 (Un-audited)	Three months period ended 31 March 2019 (Un-audited)
	----- (Rupees in '000) -----	
Total compensation expense	1,521,666	1,414,621
Property expense		
Rent & taxes	38,878	86,022
Insurance	2,640	3,178
Utilities cost	54,773	44,397
Security (including guards)	47,212	50,707
Repair & maintenance	49,913	60,942
Civil works	39,612	41,902
Facilities management cost	34,262	34,641
Depreciation (Property related)	43,691	46,218
Depreciation (Right of use assets)	163,234	135,640
Cleaning and Janitorial	93,050	121,904
Minor improvements, additions and others	9,598	4,095
	576,863	629,646
Information technology expenses		
Software maintenance	42,356	33,762
Hardware maintenance	64,483	76,528
Depreciation (IT related)	47,898	48,878
Amortization	13	25
Network charges	1,555	1,983
	156,305	161,176
Other operating expenses		
Directors' fees and allowances	-	1,150
Fees and allowances to Shariah Board	2,608	2,747
Legal & professional charges	26,798	35,363
Outsourced services costs	67,301	13,344
Travelling & conveyance	32,782	23,672
Depreciation (Other fixed assets)	19,937	15,655
Training & development	1,597	498
Postage & courier charges	33,378	28,801
Communication	81,515	72,864
Stationery & printing	34,853	49,031
Marketing, advertisement & publicity	75,166	51,635
Auditors remuneration	7,000	6,500
Cash transportation services	18,403	19,865
Documentation and processing charges	39,963	33,881
Insurance	5,816	4,981
Others	74,031	63,806
	521,148	423,793
	2,775,982	2,629,236

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

For the three months period ended 31 March 2020

	Note	Three months period ended 31 March 2020 (Un-audited)	Three months period ended 31 March 2019 (Un-audited)
----- (Rupees in '000) -----			
28 OTHER CHARGES			
Net charge against fines and penalties imposed by SBP		-	9,031
29 (PROVISIONS) / RECOVERY & WRITE OFFS - NET			
(Provision) / recovery against loans and advances	10.3 & 18.2	(164,213)	161,851
Recovery of amounts written off	10.3	54,821	69,582
Bad debts written off directly		(77,633)	(51,140)
Fixed assets write offs		-	(6,442)
		(187,025)	173,851
30 TAXATION			
- Current		3,285,822	2,492,139
- Prior years		-	607,199
- Deferred		169,598	123,155
		3,455,420	3,222,493
31 EARNINGS PER SHARE - BASIC AND DILUTED			
		Three months period ended 31 March 2020 (Un-audited)	Three months period ended 31 March 2019 (Un-audited)
----- (Rupees in '000) -----			
Profit for the period		5,308,450	3,517,738
----- (Number of shares) -----			
Weighted average number of ordinary shares		3,871,585,021	3,871,585,021
(Rupees)			
Earnings per share - basic and diluted		1.37	0.91

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

For the three months period ended 31 March 2020

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:

		31 March 2020 (Un-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)							
On balance sheet financial instruments							
Financial assets measured at fair value							
- Investments							
Federal Government Securities (T-Bills + PIBs + Sukuks)		32,718,813	243,464,165	-	-	-	276,182,978
Sukuk Bonds (other than government)		-	400,628	-	-	-	400,628
Equity securities traded (Shares)		-	53,920	-	-	-	53,920
- Other assets							
Unrealized gain on Forward foreign exchange contracts		12,492,476	-	-	-	-	12,492,476
Unrealized gain on Interest rate derivatives & currency options		901	-	-	-	-	901
Financial assets not measured at fair value							
- Cash and bank balances with SBP and NBP	32.2	-	-	-	52,163,983	-	52,163,983
- Balances with other banks	32.2	-	-	-	5,001,421	-	5,001,421
- Lending to financial institutions	32.2	-	-	-	17,449,219	-	17,449,219
- Bai Muajjal with GOP	32.2	-	-	-	1,390,978	-	1,390,978
- Advances	32.2	-	-	241,445,501	-	-	241,445,501
- Other assets	32.2	-	-	24,631,955	-	-	24,631,955
		45,212,190	243,918,713	241,445,501	100,637,556	-	631,213,960
Financial liabilities measured at fair value							
- Other liabilities							
Unrealized loss on forward foreign exchange contracts	32.2	7,903,733	-	-	-	-	7,903,733
Unrealized loss on Interest rate derivatives & currency options	32.2	4,491,811	-	-	-	-	4,491,811
Financial liabilities not measured at fair value							
- Bills Payable	32.2	-	-	-	-	12,962,557	12,962,557
- Deposits and other accounts	32.2	-	-	-	-	511,248,434	511,248,434
- Borrowings	32.2	-	-	-	-	23,247,695	23,247,695
- Other liabilities (excluding Liabilities against assets subject to finance lease)	32.2	-	-	-	-	36,811,497	36,811,497
		12,395,544	-	-	-	584,270,183	596,665,727
Off-balance sheet financial instruments							
Interest Rate swaps / Foreign currency options / Forward purchase contracts		-	-	-	296,518,166	-	296,518,166
Interest Rate swaps / Foreign currency options / Forward sale contracts		-	-	-	200,789,644	-	200,789,644
		-	-	-	213,185,188	-	213,185,188

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

For the three months period ended 31 March 2020

On balance sheet financial instruments		31 December 2019 (audited)									
		Carrying value				Fair value					
		Held for Trading	Available for Sale	Loans and Receivables	Other financial Assets	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
		(Rupees in '000)									
Financial assets measured at fair value											
- Investments											
- Federal Government Securities (T-Bills + PIBs + Sukuks)		21,842,843	226,823,398	-	-	-	248,666,241	-	248,666,241	-	248,666,241
- Sukuk Bonds (other than government)		-	403,148	-	-	-	403,148	-	403,148	-	403,148
- Equity securities traded (Shares)		-	94,641	-	-	-	94,641	94,641	-	-	94,641
- Other assets											
- Unrealized gain on Forward foreign exchange contracts		3,755,586	-	-	-	-	3,755,586	-	3,755,586	-	3,755,586
- Unrealized gain on Interest rate derivatives & currency options		256,896	-	-	-	-	256,896	-	256,896	-	256,896
Financial assets not measured at fair value											
- Cash and bank balances with SBP and NBP	32.2	-	-	-	61,290,428	-	61,290,428	-	-	-	-
- Balances with other banks	32.2	-	-	-	3,484,265	-	3,484,265	-	-	-	-
- Lending to financial institutions	32.2	-	-	-	17,012,089	-	17,012,089	-	-	-	-
- Bai Muajjal with GOP	32.2	-	-	-	1,390,978	-	1,390,978	-	-	-	-
- Advances	32.2	-	-	218,087,193	-	-	218,087,193	-	-	-	-
- Other assets	32.2	-	-	-	18,085,704	-	18,085,704	-	-	-	-
		25,855,325	227,321,187	218,087,193	101,263,464	-	572,527,169	-	-	-	-
Financial liabilities measured at fair value											
- Other liabilities											
- Unrealized loss on Forward foreign exchange contracts	32.2	6,147,974	-	-	-	-	6,147,974	-	6,147,974	-	6,147,974
- Unrealized loss on Interest rate derivatives & currency options	32.2	3,992,870	-	-	-	-	3,992,870	-	3,992,870	-	3,992,870
Financial liabilities not measured at fair value											
- Bills Payable											
- Deposits and other accounts	32.2	-	-	-	-	12,375,271	12,375,271	-	-	-	-
- Borrowings	32.2	-	-	-	-	465,628,985	465,628,985	-	-	-	-
- Other liabilities (excluding liabilities against assets subject to finance lease)	32.2	-	-	-	-	20,256,731	20,256,731	-	-	-	-
		10,140,844	-	-	-	33,325,313	33,325,313	-	-	-	-
						531,586,300	541,727,144	-	-	-	-
Off-balance sheet financial instruments											
Interest Rate swaps / Foreign currency options / Forward purchase contracts											
		-	-	-	285,992,315	-	285,992,315	-	290,004,797	-	290,004,797
Interest Rate swaps / Foreign currency options / Forward sale contracts											
		-	-	-	191,725,182	-	191,725,182	-	201,866,026	-	201,866,026

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).

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

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

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33 SEGMENT INFORMATION

33.1 Segment Details with respect to Business Activities	31 March 2020 (Un-audited)				
	Corporate and Institutional Banking	Commercial Banking	Retail Banking	Central and Other Items	Total
	----- (Rupees in '000) -----				
Profit and Loss					
Inter segment revenue - net	415,687	(1,463,546)	7,034,212	(5,986,353)	-
Net mark-up / return / profit	363,971	2,428,938	(2,782,829)	7,628,920	7,639,000
Non mark-up / return / interest income	3,136,474	483,851	887,477	(254,589)	4,253,213
Total Income	3,916,132	1,449,243	5,138,860	1,387,978	11,892,213
Segment direct expenses	484,354	360,745	1,769,233	326,986	2,941,318
Inter segment expense allocation	-	-	-	-	-
Total expenses	484,354	360,745	1,769,233	326,986	2,941,318
(Reversals) / provisions	-	150,556	36,469	-	187,025
Profit before taxation	3,431,778	937,942	3,333,158	1,060,992	8,763,870
Balance Sheet					
Cash & Bank balances	-	-	-	57,165,404	57,165,404
Investments	32,718,813	-	-	243,918,713	276,637,526
Net inter segment lending	21,482,241	-	298,842,833	(320,325,074)	-
Lendings to financial institutions	-	-	-	17,449,219	17,449,219
Advances - Performing	112,272,506	100,551,006	27,481,757	-	240,305,269
- Non performing	-	807,878	332,354	-	1,140,232
Others	41,035,281	9,129,462	15,046,856	22,049,789	87,261,388
Total Assets	207,508,841	110,488,346	341,703,800	20,258,051	679,959,038
Borrowings	-	-	-	23,247,695	23,247,695
Deposits & other accounts	143,300,923	28,311,042	339,624,529	11,940	511,248,434
Net inter segment borrowing	-	72,551,930	-	(72,551,930)	-
Others	64,207,917	9,625,375	2,079,273	(2,710,929)	73,201,636
Total liabilities	207,508,840	110,488,347	341,703,802	(52,003,224)	607,697,765
Equity	-	-	-	72,261,273	72,261,273
Total Equity & liabilities	207,508,840	110,488,347	341,703,802	20,258,049	679,959,038
Contingencies & Commitments	132,410,039	31,262,520	386,499	478,786,000	642,845,058

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

For the three months period ended 31 March 2020

	31 March 2019 (Un-audited) - restated				
	Corporate and Institutional Banking	Commercial Banking	Retail Banking	Central and Other Items	Total
	(Rupees in '000)				
Inter segment revenue - net	1,280,168	(1,087,442)	4,456,857	(4,643,933)	5,650
Net mark-up / return / profit	(316,885)	1,643,949	(1,329,277)	6,186,035	6,183,822
Non mark-up / return / interest income	1,561,573	383,469	824,644	382,467	3,152,153
Total Income	2,524,855	939,977	3,952,224	1,924,569	9,341,625
Segment direct expenses	482,040	310,568	1,775,875	201,112	2,769,595
Inter segment expense allocation	694	280	4,096	580	5,650
Total expenses	482,734	310,848	1,779,971	201,692	2,775,245
(Reversals) / provisions	-	(153,274)	(27,020)	6,443	(173,851)
Profit before taxation	2,042,122	782,402	2,199,273	1,716,434	6,740,231
Balance Sheet					
Cash & Bank balances	-	-	-	56,162,197	56,162,197
Investments	319,767	-	-	148,640,161	148,959,928
Net inter segment lending	48,825,313	-	249,755,167	(298,580,480)	-
Lendings to financial institutions	-	-	-	142,624,164	142,624,164
Advances - Performing	67,808,306	85,301,021	25,841,581	-	178,950,908
- Non performing	-	374,392	147,022	-	521,414
Others	15,898,614	8,954,895	14,684,644	25,246,085	64,784,238
Total Assets	132,852,000	94,630,308	290,428,414	74,092,127	592,002,849
Borrowings	-	17,051,000	-	11,859,721	28,910,721
Deposits & other accounts	124,594,541	23,942,687	288,613,740	8,145	437,159,113
Net inter segment borrowing	-	45,260,664	-	(45,260,664)	-
Others	8,257,460	8,375,957	1,814,667	42,552,904	61,000,988
Total liabilities	132,852,001	94,630,308	290,428,407	9,160,106	527,070,822
Equity	-	-	-	64,932,027	64,932,027
Total Equity & liabilities	132,852,001	94,630,308	290,428,407	74,092,133	592,002,849
Contingencies & Commitments	152,897,093	3,717,262	336,909	378,832,728	535,783,992

Corporate and Institutional Banking

Corporate & Institutional Banking comprises Global Subsidiaries, International Corporates, Financial Institutions and Sovereign clients. The product and services offered include deposits & cash management, trade, advisory services, secured lending, structured financing, FX forwards and derivatives.

Commercial Banking

Commercial Banking serves local corporates and small & medium sized clients. The product and services offered include deposits & cash management, trade, advisory services, secured lending, structured financing, FX forwards and derivatives.

Retail Banking

Retail Banking serves priority, premium, personal and business banking clients. The product and service offering include wealth management, deposits, secured lending (mortgages, auto loans, overdrafts etc.) and 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.

All segments offer a complete suite of Islamic Banking products and services under Standard Chartered Saadiq brand and state of the art digital banking solutions. Refer note 36 for Islamic Banking Business.

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

For the three months period ended 31 March 2020

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 2020 (Un-audited)				31 December 2019 (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	4,942,859	-	-	-	3,434,676	-	-	-
In deposit accounts	-	-	-	-	-	-	-	-
	4,942,859	-	-	-	3,434,676	-	-	-
Lending to financial institutions								
Opening balance	10,926,298	-	-	-	6,465,508	-	-	-
Addition during the year	1,265,796,042	-	-	-	5,351,639,963	-	-	-
Repaid during the year	(1,270,805,642)	-	-	-	(5,347,179,173)	-	-	-
Transfer in / (out) - net	-	-	-	-	-	-	-	-
Closing balance	5,916,698	-	-	-	10,926,298	-	-	-
Advances								
Opening balance	-	129	210,371	-	-	5,269	198,459	-
Addition during the year	-	307	18,148	-	-	1,814	134,566	-
Repaid during the year	-	(241)	(25,662)	-	-	(6,954)	(93,362)	-
Transfer in / (out) - net	-	-	23,015	-	-	-	(29,292)	-
Closing balance	-	195	225,872	-	-	129	210,371	-
Provision held against advances	-	-	-	-	-	-	-	-
Other Assets								
Interest / mark-up accrued	29	-	741	-	1,533	-	663	-
Receivable from staff retirement fund	-	-	-	31,542	-	-	-	31,542
Due from associated undertakings	191,507	-	-	-	295,367	-	-	-
Other receivable	-	-	490	-	-	-	1,354	-
	191,536	-	1,231	31,542	296,900	-	2,017	31,542
Borrowings								
Opening balance	666,612	-	-	-	6,174,771	-	-	-
Borrowings during the year	5,440	-	-	-	70,102	-	-	-
Settled during the year	(666,611)	-	-	-	(5,578,261)	-	-	-
Closing balance	5,441	-	-	-	666,612	-	-	-
Deposits and other accounts								
Opening balance	597,736	190,190	94,863	176,457	964,772	403,272	80,143	122,721
Received during the year	115,797	147,553	300,052	224,389	37,951	859,863	802,255	17,375,169
Withdrawn during the year	(59,622)	(154,802)	(236,569)	(262,759)	(404,987)	(1,072,945)	(787,535)	(17,321,433)
Closing balance	653,911	182,941	158,346	138,087	597,736	190,190	94,863	176,457
Other Liabilities								
Due to holding company	17,851,206	-	-	-	10,835,325	-	-	-
Other liabilities	-	2,894	-	-	-	-	-	-
	17,851,206	2,894	-	-	10,835,325	-	-	-

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

For the three months period ended 31 March 2020

	31 March 2020 (Un-audited)				31 December 2019 (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	59,532,898	-	-	-	55,067,647	-	-	-
Commitments in respect of forward foreign exchange contracts	9,660,989	-	-	-	3,286,846	-	-	-
Derivatives								
Derivative instruments - Interest rate swaps - notional	6,211,015	-	-	-	6,070,617	-	-	-
Derivative assets	16,581	-	-	-	18,413	-	-	-
Derivative liabilities	609,012	-	-	-	495,681	-	-	-

RELATED PARTY TRANSACTIONS

	31 March 2020 (Un-audited)				31 March 2019 (Un-audited)			
	Parent	Directors	Key management personnel	Other related parties	Parent	Directors	Key management personnel	Other related parties
(Rupees in '000)								
Income								
Mark-up / return / interest earned	77,024	1	8,111	-	39,878	123	5,633	-
Fee and commission income	34,059	-	-	-	162,574	-	-	-
Income / (loss) from derivatives	(115,163)	-	-	-	(70,331)	-	-	-
Expense								
Mark-up / return / interest paid	762	3,971	767	3,736	52,168	8,420	563	17,531
Fee and commission expense	61,442	-	-	-	8,194	-	-	-
Operating expenses	-	-	98,358	-	-	1,150	91,939	-
Rent and Renovation expense	-	-	864	-	-	-	864	-
Other transactions								
Contribution to defined contribution plans	-	-	-	99,829	-	-	-	96,774
Net charge for defined contribution plans	-	-	-	99,829	-	-	-	96,774

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

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

For the three months period ended 31 March 2020

35 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS	31 March 2020 (Un-audited)	31 December 2019 (Audited)
	----- (Rupees in '000) -----	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	38,715,850	38,715,850
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	47,775,674	49,172,949
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	47,775,674	49,172,949
Eligible Tier 2 Capital	6,958,511	6,253,941
Total Eligible Capital (Tier 1 + Tier 2)	54,734,185	55,426,890
Risk Weighted Assets (RWAs):		
Credit Risk	268,821,414	239,728,627
Market Risk	26,072,358	31,719,263
Operational Risk	55,836,821	55,836,821
Total	350,730,593	327,284,711
Common Equity Tier 1 Capital Adequacy ratio	13.62%	15.02%
Tier 1 Capital Adequacy Ratio	13.62%	15.02%
Total Capital Adequacy Ratio	15.61%	16.94%
Minimum CAR (including Capital Conservation Buffer)	11.50%	12.50%
Leverage Ratio (LR):		
Eligible Tier 1 Capital	47,775,674	49,172,949
Total Exposures	827,662,833	784,627,968
Leverage Ratio	5.77%	6.27%
Minimum SBP Requirement	3.00%	3.00%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	316,466,890	287,918,837
Total Net Cash Outflow	74,031,537	70,433,462
Liquidity Coverage Ratio	427.5%	408.8%
Minimum SBP Requirement	100.0%	100.0%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	479,125,281	444,118,240
Total Required Stable Funding	242,790,528	226,386,744
Net Stable Funding Ratio	197%	196%
Minimum SBP Requirement	100%	100%

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

For the three months period ended 31 March 2020

36 ISLAMIC BANKING BUSINESS

The bank is operating 4 (Dec 2019: 4) Islamic banking branches and 57 (Dec 2019: 57) Islamic banking windows at the end of the period.

	Note	31 March 2020 (Un-audited)	31 December 2019 (Audited)
----- (Rupees in '000) -----			
ASSETS			
Cash and balances with treasury banks		3,819,299	8,028,214
Due from financial institutions	36.1	4,064,697	6,944,460
Investments	36.2	5,107,832	3,640,376
Islamic financing and related assets - net	36.3	59,500,969	41,985,594
Fixed assets		160,746	185,135
Other assets		2,544,640	1,566,815
Total Assets		75,198,183	62,350,594
LIABILITIES			
Bills payable		102,657	139,575
Due to financial institutions		4,100,000	4,050,000
Deposits and other accounts	36.4	56,535,290	48,471,603
Due to Head Office		3,001,136	674,733
Other liabilities		1,741,357	879,377
		65,480,440	54,215,288
NET ASSETS		9,717,743	8,135,306
REPRESENTED BY			
Islamic Banking Fund		200,000	200,000
(Deficit) / surplus on revaluation of assets		50,924	23,638
Unappropriated / Unremitted profit	36.9	9,466,819	7,911,668
		9,717,743	8,135,306

CONTINGENCIES AND COMMITMENTS

36.6

The profit and loss account of the Bank's Islamic banking branches for the period ended 31 March 2020 is as follows:

	Note	31 March 2020 (Un-audited)	31 March 2019 (Un-audited)
----- (Rupees in '000) -----			
Profit / return earned	36.7	1,768,328	1,396,574
Profit / return expensed	36.8	(596,889)	(267,822)
Net Profit / return		1,171,439	1,128,752
Other income			
Fee and Commission Income		218,944	134,360
Foreign Exchange Income		641,082	299,334
Income / (loss) from derivatives		18,174	-
Other Income		2,241	149
		880,441	433,843
Total Income		2,051,880	1,562,595
Other expenses			
Operating expenses		(486,424)	(443,143)
		(486,424)	(443,143)
Profit / (loss) before provisions		1,565,456	1,119,452
Provisions and write offs - net		(10,305)	23,021
Profit / (loss) before taxation		1,555,151	1,142,473

The Bank calculates and files a single corporate tax return as per the requirements of Income Tax Ordinance, 2001. Segmental calculation is not required for filing. However, considering the revised format requirement of the financial statements to disclose Islamic Banking segment's tax charge separately, a notional tax charge for Islamic Banking is expected to be Rs. 0.61 billion (2019:Rs. 0.45 billion).

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

For the three months period ended 31 March 2020

31 March 2020 (Un-audited)				31 December 2019 (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							
Bai Muajjal Receivable from State Bank of Pakistan							
	-	2,219,276	2,219,276	-	2,826,805	2,826,805	
	1,845,421	-	1,845,421	4,117,655	-	4,117,655	
	1,845,421	2,219,276	4,064,697	4,117,655	2,826,805	6,944,460	

31 March 2020 (Un-audited)				31 December 2019 (Audited)			
Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
----- (Rupees in '000) -----							
36.2 Investments by segments:							
Federal Government Securities:							
Ijarah Sukuk							
Bai Muajjal with GOP							
3,265,930	-	50,296	3,316,226	1,825,760	-	20,490	1,846,250
1,390,978	-	-	1,390,978	1,390,978	-	-	1,390,978
4,656,908	-	50,296	4,707,204	3,216,738	-	20,490	3,237,228
Non Government Debt Securities							
Listed							
Unlisted							
400,000	-	628	400,628	400,000	-	3,148	403,148
-	-	-	-	-	-	-	-
400,000	-	628	400,628	400,000	-	3,148	403,148
Total Investments	5,056,908	-	50,924	5,107,832	3,616,738	-	23,638 3,640,376

31 March 2020 (Un-audited)				31 December 2019 (Audited)			
----- (Rupees in '000) -----							
36.3 Islamic financing and related assets							
Murabaha							
Musharaka							
Diminishing Musharaka							
Kafalah							
Musawammah							
Ujrah (Saadiq Credit Cards)							
Advances against Islamic assets - Murabaha							
Advances against Islamic assets - Diminishing Musharakah							
Inventory related to Islamic financing - Murabaha							
Gross Islamic financing and related assets							
1,531,550				1,726,466			
27,722,647				18,182,094			
19,877,799				20,134,278			
2,090				-			
7,110,112				588,791			
375,738				444,345			
1,446,874				68,261			
156,679				25,531			
2,018,369				1,548,143			
60,241,858				42,717,909			
Less: provision against Islamic financings							
- Specific							
- General							
(635,112)				(626,693)			
(105,777)				(105,622)			
(740,889)				(732,315)			
59,500,969				41,985,594			
Islamic financing and related assets - net of provision							
36.4 Deposits							
Customers							
Current deposits							
Savings deposits							
Term deposits							
Margin accounts							
30,036,938				28,020,413			
25,467,238				19,619,004			
1,019,145				710,367			
10,575				120,468			
56,533,896				48,470,252			
Financial Institutions							
Savings deposits							
1,394				1,351			
1,394				1,351			
56,535,290				48,471,603			

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

For the three months period ended 31 March 2020

	31 March 2020 (Un-audited)	31 December 2019 (Audited)
	----- (Rupees in '000) -----	
36.5 Charity Fund		
Opening Balance	12,985	7,932
Additions during the period		
Received from customers on account of delayed payment	1,377	6,295
Other Non-Shariah compliant income	1,346	6,690
	2,723	12,985
Payments / utilization during the period		
Education	-	(6,002)
Health	-	(1,930)
	-	(7,932)
Closing Balance	15,708	12,985
36.6 CONTINGENCIES AND COMMITMENTS		
Guarantees	2,254,718	380,254
Commitments	18,114,494	17,726,029
Other contingent liabilities	5,257,325	2,329,305
	25,626,537	20,435,588

	31 March 2020 (Un-audited)	31 March 2019 (Un-audited)
	----- (Rupees in '000) -----	
36.7 Profit / Return Earned of Financing, Investments and Placement		
Profit earned on:		
Financing	1,577,222	1,236,100
Investments	187,666	136,925
Placements	3,440	23,549
	1,768,328	1,396,574

36.8 Profit on Deposits and other Dues Expensed		
Deposits and other accounts	(568,165)	(229,928)
Due to Financial Institutions	(10,884)	(19,529)
Deposit protection premium	(14,174)	(13,391)
Finance cost of lease liability	(3,666)	(4,974)
	(596,889)	(267,822)

	31 March 2020 (Un-audited)	31 December 2019 (Audited)
	----- (Rupees in '000) -----	
36.9 Islamic Banking Business Unappropriated Profit		
Opening Balance	7,911,668	6,258,514
Add: Islamic Banking profit for the period	1,555,151	4,153,154
Less: Transferred / Remitted to Head Office	-	(2,500,000)
Closing Balance	9,466,819	7,911,668

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

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

For the three months period ended 31 March 2020

a) Islamic Export Refinance Scheme (IERS) Musharakah Pool

Banks create Musharakah Pool as advised by SBP, consisting of financing to a minimum of 10 blue chip companies on Islamic modes with diversification in multiple sectors. Banks's investment in Musharakah Pool is at least equal to the amount of export refinance availed from SBP. Key features, risks, rewards and calculation of profit / loss of IERS pool is as per 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	9.0%	173,903	20,528	89.4%	10.6%

b) Mudarabah Depositors Pool

The profit and loss sharing between the depositor (Rabb-ul-Maal) and Bank (Mudarib) is based upon the underlying principles of Mudaraba. In this regard, following pools are managed by the Bank

1. General Pool
2. Special Pool
3. High Yield Pool
4. Special Term Deposit Pool

i) Key features and risk & reward characteristics

Saadiq Savings accounts & Term Deposit Account (Mudarabah based remunerative deposits) are Shariah compliant accounts based on the Islamic principle of "Mudarabah".

Mudarabah is a partnership where one party provides funds to other for investing in a business. The partner who is investing the funds is "Rabb-ul-Mal (Depositor) and the partner who manages the investment is "Mudarib" (Working Partner). The Bank (Mudarib) invests the funds in Shariah compliant avenues to generate return/profit. This return & profit is shared on the basis of profit & loss sharing as per the pre-agreed mechanism between the Bank and the customer

In case of loss, the same is borne by the depositor 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 is calculated from income earned on the remunerative assets tagged to the pool and is distributed between Mudarib (Bank) and Rabb-ul-Maal (Depositor) based on the declared sharing ratios and weightages before the beginning of the concerned period.

iii) Deployment of Mudaraba based deposits

The applications of the Mudarabah based remunerative deposits are Islamic Advances, Investments, and Placements for generating profits to be shared among the depositors as per the agreed and approved weightage mechanism. The deposits and funds are invested in different sectors and avenues including Sukuk, Bai Muajjal (backed by Government of Pakistan), Sugar, Textile, Fertilizer, Cement, Power, Packaging, Fast-moving consumer goods (FMCG), Edible Oil, Steel, Logistics, Automobile. etc.

iv) Other information

Profit rate / weightage announcement frequency

Mudarib share (Amount in '000)

Mudarib share (%)

Mudarib Share transferred through Hiba (Amount in '000)

Mudarib Share transferred through Hiba (%)

Average return on pool assets

Average return on deposits

Type of Pool			
General	Special	High Yield	Special Term Deposit
Monthly	Monthly	Monthly	Monthly
135,216	24,615	39,840	1,606
44.1%	13.4%	14.9%	15.4%
18,105	10,123	10,003	658
11.8%	29.1%	20.1%	29.1%
12.7%	12.9%	13.8%	13.7%
7.1%	11.2%	11.8%	11.9%

37. GENERAL

37.1 Corresponding Figures

Certain Corresponding figures have been re-arranged / reclassified to reflect more appropriate presentation that are not material in nature.

37.2 Date Of Authorization

These condensed interim financial statements were authorized for issue in the Board of Directors meeting held on 18 May 2020.



Ian Bryden
Chairman



Shazad Dada
Chief Executive Officer



Asad Ali Shariff
Chief Financial Officer



Towfiq Habib Chinoy
Director



Spenta Kandawalla
Director



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