

3rd Quarterly Report

(July – September 2022)

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



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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

22,000+ girls empowered since 2016

Youth to work

Employability:

Youth to Work is our global employability programme.

In 2020 the Bank hired two girls who were part of the Global programme. Employability module.

Employment of the visually impaired

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

Entrepreneurs for Growth

#SCWomenInTech

SCWomenintech was launched in Pakistan in 2019. Since its launch 66 businesses have gone through extensive training, coaching and mentoring sessions out of which 19 businesses have been given the seed money to scale their business further.

Seeing is Believing

- Over 12 million beneficiaries impacted, including
- Conducted 500,000 sight restoration surgeries
- Trained 85,000+ lady healthcare workers on eye health
- Screened 1.5 million children for refractive errors



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 an international banking group, with a presence in 59 of the world's most dynamic markets and serving clients in over 150 markets. 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 **2,200** people and has a network of **211** touch points (**40 branches, 151 ATMs and 20 CDMs**) across 10 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 also 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

Asia Money Award

Awards 2022

ASIAMONEY

- Best Bank Award in the ESG category

Adam Smith Award

Awards 2021

treasurytoday
Adam Smith Awards 2021

- Best AR Solution for Coca Cola Beverages Pakistan Ltd

Management Association of Pakistan

Awards 2020/2021



- Corporate Excellence Award under the Commercial Banks Category
- Top Trophy in Financial Category

Global Finance

Awards 2020/2021



- Best Digital Consumer Bank
- Best Digital Islamic Bank
- Best Sub-Custodian Bank 2020



Global Diversity and Inclusion Benchmark



Awards 2022

- Vision, Strategy & Business Impact
- Work Life integration, Flexibility & Benefits Award
- DEI Communications Award
- DEI Learning and Development Award
- Connecting DEI and Sustainability Award
- Community, Government Relations & Philanthropy Award- Being

Corporate Treasurer Award

Awards 2021



- Best Transaction Bank
- Best Trade Finance Bank

Asset Triple A

Awards 2019/2020/2021



- Best Service Provider - Cash Management (Transaction Banking)
- Best Service Provider - Supply Chain (Transaction Banking)
- Best Renminbi Bank (Transaction Banking)
- Best Supply Chain Solutions for Indus Motor Company (Transaction Banking)
- Best Supply Chain Solutions for IATA (Transaction Banking)
- Best Investment Bank (Islamic Finance)
- Best Deal in Pakistan (Islamic Finance)
- Best Bank in Treasury, Trade, SSC and Risk (Islamic Finance)

The Banker Magazine

Awards 2019/2020



- Best Islamic Bank

Company Information

Board of Directors

Mr. Ian Anderson Bryden	Chairman
Mr. Rehan Muhammad Shaikh	Chief Executive Officer
Mr. Towfiq Habib Chinoy	
Mr. Ehsan Ali Malik	
Mr. Mohamed Abdel Razek	
Mr. Adam Long	

Company Secretary

Mr. Asif Iqbal Alam

Board Audit Committee

Mr. Ehsan Ali Malik	Chairperson
Mr. Adam Long	Member
Mr. Mohamed Abdel Razek	Member

Board Risk Committee

Mr. Towfiq Habib Chinoy	Chairperson
Mr. Ehsan Ali Malik	Member
Mr. Rehan Muhammad Shaikh	Member

Board Human Resource & Remuneration Committee

Mr. Towfiq Habib Chinoy	Member
Mr. Adam Long	Member

Board IT Committee

Mr. Mohamed Abdel Razek	Chairperson
Mr. Ehsan Ali Malik	Member
Mr. Rehan Muhammad Shaikh	Member

Shariah Board

Shaikh Nizam Yaqouby	Chairperson
Mufti Muhammad Abdul Mubeen	
Mufti Irshad Ahmad Aijaz	
Mufti Hafiz Muhammad Sarfaraz Nihal (Resident)	

Auditors

M/s EY Ford Rhodes
Chartered Accountants

Legal Advisors

Haidermota & 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

STANDARD CHARTERED BANK (PAKISTAN) LIMITED
30 SEPTEMBER 2022
DIRECTORS' REPORT

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 period ended 30 September 2022.

Economy

After witnessing a growth of 5.9% in FY-22, economic activity has decelerated due to inflationary pressures driven by high global commodity prices, measures taken by authorities to curb the demand for non-essential imports to ease pressure on current account deficit, unprecedented floods and political uncertainty. As a result, Central Bank has revised its GDP forecast for FY-23 to 2%, with average headline inflation of 18%-20%. Similarly, exports and remittances saw a growth of 28% and 6% in FY-22 respectively and have kept stable first quarter of FY-23.

On the monetary front, higher inflation continues to hamper the purchasing power as CPI clocked at 16.3% (12month average Sep'22) in comparison to 8.8% last period. With Sep'22 CPI print of 23.2%, inflation is expected to remain elevated post floods. To address the inflationary pressure, SBP increased the policy rate by 5.25% since start of the year. Country's FX reserves as of Sep'22 stood at \$13.2bn (SBP's reserves of \$7.6bn). The combined 7th and 8th review under the on-going IMF program was successfully completed on 29th August 2022, releasing a tranche of \$1.2 billion which supported in building the FX reserves and unlocking other bilateral financing avenues.

Banks in Pakistan continue to remain well capitalized with an industry wide CAR of 16.1% and remain profitable with a ROE (after tax) of 12.9% for H1-22. Meanwhile, NPLs of the banking sector stood at 7.5% at close of H1-22 (7.9% at close of CY-21).

Purpose

At Standard Chartered, our purpose is to drive commerce and prosperity through our unique diversity. This 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.

Strategic priorities

We have continued to make good progress against the strategic priorities. As we accelerate our strategy, we have refined our focus onto four strategic priorities:

1) Network

Our global network is the key to our ability to compete profitably and remains a differentiator for our clients. We continue to leverage this strength and systematically increase network linked income through innovative solutions, product specialization and structured off-shore offerings. Our focus remains on facilitating our clients with their trade and investment activities in key trade corridors as well as building momentum in Sovereign, Multinational and Local Corporates space.

2) Affluent

We continue to reinforce our strong credentials in the affluent segment by building loyalty and trust through offering our clients personalised wealth advice based on superior insight. Income from our affluent wealth business is up by 9%.



3) Mass Retail

We are investing in a range of proven digital capabilities that can substantially and economically scale up our mass market retail presence. We are doing this with enhanced data analytics and a superior end-to-end digital experience, developing opportunities on our own and with partners. Our digital transaction mix, including "SC Mobile" application customers, continue to increase. We have upgraded core banking system to advanced platform and are also spending on state of the art digital capabilities and solutions to drive enhanced client experience.

4) Sustainability

Our commitment to sustainability is not only about the economic activity we finance, but also about how we run our business. We invest in our people, promote the right values, behaviours and conduct, support the fight against financial crime and manage our environmental footprint. Our sustainability strategy seeks to strengthen relationships between our business, community, Government and clients. We will continue to focus on differentiated sustainability offering.

These strategic priorities are supported by three key enablers:

1) People & Culture

We are investing heavily in our people, giving colleagues the skills they need to succeed, bringing in expertise in critical areas and evolving to a more innovative and agile operating model.

2) Ways of Working

We are fundamentally changing the way we work, accelerating our time-to-market and increasing productivity.

3) Innovation & Technology

We are driving innovation to improve our clients' experience, increase our operational efficiency and tap new sources of income.

Operating Results and Business Overview

	30 September 2022 (PKR millions)	31 December 2021 (PKR millions)
Balance Sheet		
Paid-up capital	38,716	38,716
Total equity	82,060	79,605
Deposits	734,434	626,774
Advances – gross	253,620	255,905
Advances – net	233,164	234,173
Investments – net	477,274	450,583
	Period ended 30 September 2022 (PKR millions)	Period ended 30 September 2021 (PKR millions)
Profit and Loss		
Revenue	45,140	26,563
Operating expenses	9,489	8,508
Other non-mark-up expenses	754	450
Operating profit (before provisions and tax)	34,897	17,605
(Recovery) / Provisions and write offs - net	(1,535)	(790)
Profit before tax	36,432	18,395
Profit after tax	14,245	9,910
Earnings per Share (EPS) – Rupees	3.68	2.56

A strong performance by the Bank led to a growth of 98% in profit before tax to PKR36.4 billion. Overall revenue grew 70%, whereas client revenue increased by 46% year on year with positive contributions from all segments. Operating expenses continue to be well managed through operational efficiencies and disciplined spending with an increase of 12% from comparative period. Moreover, reversal of Covid-19



general provision, coupled with lower impairments as a result of prudent risk approach led to a net release of PKR 1.5 billion in current period compared to a net release of PKR 0.8 billion in the comparative period.

On the liabilities side, the Bank's total deposits stand at PKR 734bn up by PKR 108 billion (17% growth), whereas current and saving accounts grew by PKR 119.0 billion (up 21%) since the start of this year and comprise 95% of the deposit base. On advances side, the portfolio momentum continues with focus on diversified product base. We are monitoring the economic and political landscape and will position our portfolio accordingly. The Bank is well placed to cater for the needs of its clients and will continue its strategy to build a profitable, efficient and sustainable portfolio.

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, pace of economic recovery will be dependent on improvement in external flows, domestic and geopolitical environment, global commodity prices and impact of recent floods.

Our 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 manage our risks, capital and liquidity effectively. The prudent and proactive measures that we are taking now will make us leaner and fitter to take advantage of the opportunities that lie 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

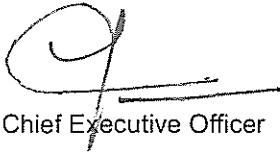
State Bank of Pakistan has advised the Bank to submit the Fit and Proper Test ('FPT') clearance documents for a new independent director in place of a female independent director who was previously elected, subject to FPT clearance, in the extra-ordinary general meeting held earlier this year. The vacancy created will be filled in due course of time.



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 its guidance and cooperation extended to the Bank. Finally, we are also thankful to our associates, staff and colleagues for their committed services provided to our valued clients.

On behalf of the Board

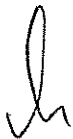


Chief Executive Officer

Karachi: 26 October 2022



Director



Standard Chartered Bank (Pakistan) Limited

Un-audited Financial Statements

**For the nine months period ended
30 September 2022**

INTERNAL

Standard Chartered Bank (Pakistan) Limited

Statement of Financial Position

As at 30 September 2022

	Note	(Un-audited) 30 September 2022	(Audited) 31 December 2021
(Rupees in '000)			
ASSETS			
Cash and balances with treasury banks	6	66,584,278	60,295,393
Balances with other banks	7	22,339,527	9,567,702
Lendings to financial institutions	8	19,001,526	11,728,869
Investments	9	477,274,101	450,583,287
Advances	10	233,164,205	234,172,617
Fixed assets	11	10,474,319	10,689,126
Intangible assets	12	26,095,310	26,095,310
Deferred tax assets - net		-	-
Other assets	13	80,385,645	36,293,236
		935,318,911	839,425,540
LIABILITIES			
Bills payable	14	14,563,827	16,601,187
Borrowings	15	24,789,751	35,028,767
Deposits and other accounts	16	734,434,410	626,774,412
Liabilities against assets subject to finance lease		-	-
Sub-ordinated debt		-	-
Deferred tax liabilities - net	17	5,621,623	3,679,066
Other liabilities	18	73,849,013	77,736,852
		853,258,624	759,820,284
NET ASSETS		82,060,287	79,605,256
REPRESENTED BY:			
Share capital		38,715,850	38,715,850
Reserves		28,092,078	25,243,085
Surplus on revaluation of assets	19	8,102,906	7,371,825
Unappropriated profit		7,149,453	8,274,496
		82,060,287	79,605,256
CONTINGENCIES AND COMMITMENTS			
	20		

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



Chairman



Chief Executive Officer



Chief Financial Officer



Director



Director

INTERNAL


Standard Chartered Bank (Pakistan) Limited

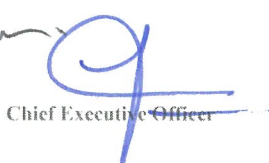
Profit and Loss Account (Un-audited)

For the nine months period ended 30 September 2022

	Note	Three months period ended 30 September 2022	Nine months period ended 30 September 2022	Three months period ended 30 September 2021	Nine months period ended 30 September 2021
----- (Rupees in '000) -----					
Mark-up / return / interest earned	21	25,896,974	61,817,032	11,671,594	33,258,347
Mark-up / return / interest expensed	22	(13,344,385)	(32,226,122)	(5,201,620)	(14,447,021)
Net mark-up / interest income		12,552,589	29,590,910	6,469,974	18,811,326
NON MARK-UP / INTEREST INCOME					
Fee and commission income	23	644,841	2,385,882	821,311	2,416,319
Dividend income		63	25,901	44	20,885
Foreign exchange income	24	4,475,335	10,840,397	1,217,438	2,585,729
Income / (loss) from derivatives		(425,914)	135,658	271,604	668,168
Gain / (loss) on securities	25	431,919	2,109,042	543,137	1,936,413
Other income	26	27,080	52,637	67,670	124,433
Total non mark-up / interest income		5,153,324	15,549,517	2,921,204	7,751,947
Total Income		17,705,913	45,140,427	9,391,178	26,563,273
NON MARK-UP / INTEREST EXPENSES					
Operating expenses	27	(3,249,428)	(9,489,385)	(2,889,216)	(8,507,912)
Workers welfare fund		(293,546)	(743,520)	(124,475)	(442,736)
Other charges	28	-	(10,161)	(4,148)	(7,470)
Total non mark-up / interest expenses		(3,542,974)	(10,243,066)	(3,017,839)	(8,958,118)
Profit before provisions		14,162,939	34,897,361	6,373,339	17,605,155
Reversals / (provisions) and write offs - net	29	220,818	1,535,131	68,811	789,555
Extra-ordinary / unusual items		-	-	-	-
PROFIT BEFORE TAXATION		14,383,757	36,432,492	6,442,150	18,394,710
Taxation	30	(8,247,197)	(22,187,526)	(3,316,231)	(8,484,598)
PROFIT AFTER TAXATION		6,136,560	14,244,966	3,125,919	9,910,112
		(Rupees)		(Rupees)	
BASIC / DILUTED EARNINGS PER SHARE	31	1.59	3.68	0.81	2.56

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


Chairman


Chief Executive Officer


Chief Financial Officer


Director



Director


INTERNAL


Standard Chartered Bank (Pakistan) Limited
Statement of Comprehensive Income (Un-audited)
For the nine months period ended 30 September 2022


	Three months period ended 30 September 2022	Nine months period ended 30 September 2022	Three months period ended 30 September 2021	Nine months period ended 30 September 2021
	(Rupees in '000)			
Profit after tax for the period	6,136,560	14,244,966	3,125,919	9,910,112
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	947,562	773,001	(31,392)	(267,636)
Movement in surplus / (deficit) on revaluation of fixed assets - deferred tax rate impact	(28,062)	(28,062)	-	(29,432)
Items that will not be reclassified as to profit and loss account in subsequent periods	-	-	-	-
Total comprehensive income for the period	7,056,060	14,989,905	3,094,527	9,613,044


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


Chairman


Chief Executive Officer


Chief Financial Officer


Director


Director

Standard Chartered Bank (Pakistan) Limited
Statement of Changes in Equity (Un-audited)
For the nine months period ended 30 September 2022

	Share Capital	Share Premium	Statutory Reserve	Surplus / (Deficit) on revaluation of		Unappropriated	Total
				Investments	Fixed Assets	Profit	
	(Rupees in '000)						
Balance as at 01 January 2021	38,715,850	1,036,090	21,461,461	364,685	7,491,163	12,708,561	81,677,810
Total comprehensive income for the period							
Profit after tax for the nine months period ended 30 September 2021	-	-	-	-	-	9,910,112	9,910,112
Other comprehensive income	-	-	-	-	-	-	-
Movement in surplus / (deficit) on revaluation of fixed assets - deferred tax rate impact	-	-	-	-	(29,432)	-	(29,432)
Movement in surplus / (deficit) on revaluation of investments - net of tax	-	-	-	(267,636)	-	-	(267,636)
	-	-	-	(267,636)	(29,432)	9,910,112	9,613,044
Transactions with owners, recorded directly in equity							
Share based payment transactions (Contribution from holding Company)	-	-	-	-	-	10,455	10,455
Cash dividend (2020) at Rs. 2.75 per share	-	-	-	-	-	(10,646,859)	(10,646,859)
Cash dividend (Interim 2021) at Rs. 1.25 per share	-	-	-	-	-	(4,839,481)	(4,839,481)
	-	-	-	-	-	(15,475,885)	(15,475,885)
Transfer to statutory reserve	-	-	1,982,022	-	-	(1,982,022)	-
Transferred from surplus on revaluation of fixed asset - net of deferred tax	-	-	-	-	(16,047)	16,047	-
Balance as at 30 September 2021 - Un-audited	38,715,850	1,036,090	23,443,483	(2,951)	7,445,684	5,176,813	75,814,969
Total comprehensive income for the period							
Profit after tax for the three months period ended 31 December 2021	-	-	-	-	-	3,817,560	3,817,560
Other comprehensive income	-	-	-	-	-	-	-
Movement in surplus on revaluation of investments - net of tax	-	-	-	(485,021)	-	-	(485,021)
Remeasurement of post employment obligations - net of tax	-	-	-	-	-	(2,317)	(2,317)
Surplus on revaluation of fixed asset - net of deferred tax	-	-	-	-	419,123	-	419,123
	-	-	-	(485,021)	419,123	3,815,243	3,749,345
Transactions with owners, recorded directly in equity							
Share based payment transactions (Contribution from holding Company)	-	-	-	-	-	40,942	40,942
	-	-	-	-	-	40,942	40,942
Transfer to statutory reserve	-	-	763,512	-	-	(763,512)	-
Transferred from surplus on revaluation of fixed asset - net of deferred tax	-	-	-	-	(5,910)	5,910	-
Balance as at 31 December 2021 - Audited	38,715,850	1,036,090	24,206,995	(487,972)	7,859,797	8,274,496	79,605,256
Total comprehensive income for the period							
Profit after tax for the nine months period ended 30 September 2022	-	-	-	-	-	14,244,966	14,244,966
Other comprehensive income	-	-	-	-	-	-	-
Movement in Surplus / (deficit) on revaluation of fixed assets - deferred tax rate impact	-	-	-	-	(28,062)	-	(28,062)
Movement in surplus on revaluation of investments - net of tax	-	-	-	773,001	-	-	773,001
	-	-	-	773,001	(28,062)	14,244,966	14,989,905
Transactions with owners, recorded directly in equity							
Share based payment transactions (Contribution from holding Company)	-	-	-	-	-	47,778	47,778
Cash dividend (Final 2021) at Rs. 1.75 per share	-	-	-	-	-	(6,775,274)	(6,775,274)
Cash dividend (Interim 2022) at Rs. 1.50 per share	-	-	-	-	-	(5,807,378)	(5,807,378)
	-	-	-	-	-	(12,534,874)	(12,534,874)
Transfer to statutory reserve	-	-	2,848,993	-	-	(2,848,993)	-
Transferred from surplus on revaluation of fixed asset - net of deferred tax	-	-	-	-	(13,858)	13,858	-
Balance as at 30 September 2022 - Un-audited	38,715,850	1,036,090	27,055,988	285,029	7,817,877	7,149,453	82,060,287


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


Chairman


Chief Executive Officer


Chief Financial Officer


Director


Director

INTERNAL

Standard Chartered Bank (Pakistan) Limited
Cash Flow Statement (Un-audited)

For the nine months period ended 30 September 2022


	Note	30 September 2022	30 September 2021
(Rupees in '000)			
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation for the period		36,432,492	18,394,710
Less: Dividend income		(25,901)	(20,885)
		<u>36,406,591</u>	<u>18,373,825</u>
Adjustments for:			
Depreciation	27	653,426	752,834
Amortization	27	-	10
Gain on sale of fixed assets	26	(30,943)	(9,027)
Unrealized gain on revaluation of investments classified as held for trading - net	25	(129,099)	(32,879)
Finance cost against lease		173,957	203,985
Gain on lease termination		(6,826)	(62,365)
(Reversals) / provisions and write offs - net	29	(1,535,131)	(789,555)
		<u>(874,616)</u>	<u>63,003</u>
		<u>35,531,975</u>	<u>18,436,828</u>
(Increase) \ decrease in operating assets			
Lending to financial institutions		(7,272,657)	27,807,125
Held-for-trading securities		50,823,325	18,811,656
Advances		2,550,042	(46,408,793)
Other assets (excluding advance taxation)		(54,622,146)	(11,435,323)
		<u>(8,521,436)</u>	<u>(11,225,335)</u>
Increase / (decrease) in operating liabilities			
Bills payable		(2,037,360)	1,062,475
Borrowings from financial institutions		(10,583,440)	10,997,899
Deposits		107,659,998	39,774,429
Other liabilities		(9,921,721)	1,399,523
		<u>85,117,477</u>	<u>53,234,326</u>
Cash inflow before taxation		<u>112,128,016</u>	<u>60,445,819</u>
Income tax paid		(10,297,443)	(5,173,250)
Net cash flow generated from operating activities		<u>101,830,573</u>	<u>55,272,569</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments in available for sale securities		(77,480,773)	(43,639,027)
Dividend received		25,901	20,885
Investment in fixed assets		(447,184)	(201,545)
Proceeds from sale of fixed assets		30,943	9,027
Net cash flow used in investing activities		<u>(77,871,113)</u>	<u>(43,810,660)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Dividend paid		(4,926,399)	(10,631,949)
Payment in respect of lease liability		(316,775)	(401,489)
Net cash flow used in financing activities		<u>(5,243,174)</u>	<u>(11,033,438)</u>
Decrease in cash and cash equivalents for the period		<u>18,716,286</u>	<u>428,471</u>
Cash and cash equivalents at beginning of the period		64,640,768	64,416,206
Effect of exchange rate changes on cash and cash equivalents		5,211,380	1,163,008
		<u>69,852,148</u>	<u>65,579,214</u>
Cash and cash equivalents at end of the period		<u>88,568,434</u>	<u>66,007,685</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD			
Cash and balances with treasury banks	6	66,584,278	55,043,352
Balances with other banks	7	22,339,527	10,969,321
Overdrawn nostros	15	(355,371)	(4,988)
		<u>88,568,434</u>	<u>66,007,685</u>

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


Chairman


Chief Executive Officer


Chief Financial Officer


Director


Director

Standard Chartered Bank (Pakistan) Limited

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

For the nine months period ended 30 September 2022

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 40 branches in Pakistan including 2 Islamic branches (31 December 2021: 41 branches in Pakistan including 2 Islamic branches) in operation at 30 September 2022.

2 BASIS OF PREPARATION

2.1 Statement of compliance

The condensed interim financial statements 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).

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

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

The disclosures made in these condensed interim financial statements have been limited based on the format prescribed by the SBP vide BPRD Circular No. 5 dated March 22, 2019 and IAS 34. These condensed interim financial statements do not include all the information and disclosures required for annual financial statements and should be read in conjunction with the audited annual financial statements for the year ended 31 December 2021.

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

There are certain interpretations and amendments that are mandatory for the Bank's accounting periods beginning on or after 01 January 2022 but are considered not to be relevant or do not have any significant effect on the Bank's operations and therefore not detailed in these condensed interim financial statements.

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

The following standards, interpretations, and amendments to accounting and reporting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard, interpretation, or amendment: These are not likely to have material effect on the Bank's financial statements except for the following:

Standard or Interpretation	Effective date (annual periods beginning on or after)
Classification of liabilities as current or non-current - Amendment to IAS 1	01 January 2023
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendment to IFRS 10 and IAS 28	Not yet finalized
Definition of Accounting Estimates - Amendments to IAS 8	01 January 2023
Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	01 January 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	01 January 2023

The above standards and amendments are not expected to have any material impact on the Bank's financial statements in the period of initial application.

In addition, IFRS 9 'Financial Instruments' - SBP directed the banks to implement IFRS 9 with effect from 01 January 2023 vide BPRD circular no. 03 dated July 05, 2022. IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement (which was not adopted by the SBP for implementation in Pakistan). IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The Bank is in the process of accessing and finalizing its estimated impact.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan:

Standard	IASB Effective date (annual periods beginning on or after)
IFRS 1 - First-time Adoption of International Financial Reporting Standards	July 01, 2009
IFRS 17 – Insurance Contracts	01 January 2023

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 2021.

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 2021.

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 2021.

6	CASH AND BALANCES WITH TREASURY BANKS	<i>Note</i>	30 September 2022 (Un-audited)	31 December 2021 (Audited)
			(Rupees in '000)	
	In hand			
	- Local currency		4,415,094	4,323,595
	- Foreign currencies		7,968,651	7,330,086
	With State Bank of Pakistan in:			
	- Local currency current account	6.1	35,288,325	31,393,344
	- Local currency current account - Islamic Banking	6.1	3,224,048	2,824,995
	- Foreign currency deposit account			
	- Cash reserve account	6.2	4,942,673	4,388,226
	- Special cash reserve account	6.2	9,419,421	8,405,280
	- Local US Dollar collection account		803,972	1,444,358
	With National Bank of Pakistan in:			
	- Local currency current account		510,548	123,647
	Prize Bonds		11,546	61,862
			66,584,278	60,295,393
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 DMMD Circular No. 20 dated November 13, 2021, cash reserve of 6 percent and special cash reserve of 10 percent (for Islamic 6 percent) 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	<i>Note</i>	30 September 2022 (Un-audited)	31 December 2021 (Audited)
			(Rupees in '000)	
	In Pakistan			
	- In current accounts		22,006	31,361
	Outside Pakistan			
	- In current accounts	7.1	22,317,521	9,536,341
			22,339,527	9,567,702
7.1	This includes balances of Rs. 22,246.111 million (2021: Rs. 9,486.490 million) held with other branches and subsidiaries of Standard Chartered Group outside Pakistan.			
8	LENDINGS TO FINANCIAL INSTITUTIONS	<i>Note</i>	30 September 2022 (Un-audited)	31 December 2021 (Audited)
			(Rupees in '000)	
	Repurchase agreement lendings (Reverse Repo)	8.1	12,646,080	5,167,885
	Placements	8.2	6,355,446	6,560,984
			19,001,526	11,728,869
8.1	These carry mark-up rate ranging from 15.80 percent to 15.90 percent (2021: 10.0 percent to 10.7 percent) per annum payable at maturity, and are due to mature in October 2022. These arrangements are governed under Master Repurchase Agreements.			
8.2	This represents placements with other branches and subsidiaries of Standard Chartered Group outside Pakistan at mark-up rates ranging from 0.6 percent to 3.1 percent per annum (2021: 0.10 percent to 0.15 percent per annum), and are due to mature in October 2022.			

	Note	30 September 2022 (Un-audited)	31 December 2021 (Audited)
		(Rupees in '000)	
8.3 Particulars of lending			
In local currency		12,646,080	5,167,885
In foreign currencies		6,355,446	6,560,984
	8.3.1	<u>19,001,526</u>	<u>11,728,869</u>

8.3.1 None of the lending to financial institutions were classified at period end.

9 INVESTMENTS

	30 September 2022 (Un-audited)				31 December 2021 (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)							
<i>Held for trading securities</i>								
Federal Government Securities	1,231,742	-	129,099	1,360,841	52,055,067	-	289,257	52,344,324
	<u>1,231,742</u>	<u>-</u>	<u>129,099</u>	<u>1,360,841</u>	<u>52,055,067</u>	<u>-</u>	<u>289,257</u>	<u>52,344,324</u>
<i>Available for sale securities</i>								
Federal Government Securities	475,309,960	-	399,053	475,709,013	398,935,667	-	(833,320)	398,102,347
Shares	837,648	(734,398)	100,997	204,247	837,648	(734,398)	33,366	136,616
Non Government Debt Securities	147,000	(147,000)	-	-	147,000	(147,000)	-	-
	<u>476,294,608</u>	<u>(881,398)</u>	<u>500,050</u>	<u>475,913,260</u>	<u>399,920,315</u>	<u>(881,398)</u>	<u>(799,954)</u>	<u>398,238,963</u>
Total Investments	<u>477,526,350</u>	<u>(881,398)</u>	<u>629,149</u>	<u>477,274,101</u>	<u>451,975,382</u>	<u>(881,398)</u>	<u>(510,697)</u>	<u>450,583,287</u>

	Note	30 September 2022 (Un-audited)	31 December 2021 (Audited)
		(Rupees in '000)	
9.1.1 Investments given as collateral			
Market Treasury Bills	15.1	-	7,385,483
Pakistan Investment Bonds	9.3	18,787	18,857
		<u>18,787</u>	<u>7,404,340</u>
		30 September 2022 (Un-audited)	31 December 2021 (Audited)
9.2 Provision for diminution in the value of investments		(Rupees in '000)	
Opening balance		881,398	1,019,423
Charge for the period / year		-	(138,025)
Closing Balance		<u>881,398</u>	<u>881,398</u>

9.2.1 Particulars of provision against debt securities

	30 September 2022 (Un-audited)		31 December 2021 (Audited)	
Category of classification	Non Performing Investment	Provision	Non Performing Investment	Provision
Domestic	(Rupees in '000)			
Loss	147,000	147,000	147,000	147,000

9.3 Investments include securities having book value of Rs. 18.787 million (2021: Rs. 18.857 million) pledged with the State Bank of Pakistan as security to facilitate T.T. discounting facility to the Bank, including an amount earmarked against the facilities allocated to branches now in Bangladesh.

10 ADVANCES

Note	Performing		Non Performing		Total	
	30 September 2022 (Un-audited)	31 December 2021 (Audited)	30 September 2022 (Un-audited)	31 December 2021 (Audited)	30 September 2022 (Un-audited)	31 December 2021 (Audited)
	(Rupees in '000)					
Loans, cash credits, running finances, etc.	165,407,799	169,481,991	19,878,138	19,967,978	185,285,937	189,449,969
Islamic financing and related assets	63,489,345	58,219,124	1,405,061	1,335,396	64,894,406	59,554,520
Bills discounted and purchased (excluding treasury bills)	3,439,499	6,900,023	-	-	3,439,499	6,900,023
Advances - gross	232,336,643	234,601,138	21,283,199	21,303,374	253,619,842	255,904,512
Provision for non-performing advances						
- Specific	-	-	(19,441,557)	(19,544,268)	(19,441,557)	(19,544,268)
- General	(1,014,080)	(2,187,627)	-	-	(1,014,080)	(2,187,627)
Advances - net of provision	(1,014,080)	(2,187,627)	(19,441,557)	(19,544,268)	(20,455,637)	(21,731,895)
	231,322,563	232,413,511	1,841,642	1,759,106	233,164,205	234,172,617

10.1 Particulars of advances - gross

30 September 2022 (Un-audited)
31 December 2021 (Audited)
(Rupees in '000)

In local currency	250,346,789	252,983,759
In foreign currencies	3,273,053	2,920,753
	253,619,842	255,904,512

10.2 Advances include Rs. 21,283.199 million (31 December 2021: Rs. 21,303.374 million) which have been placed under non-performing status (including subjective downgrades) are detailed as below:

Category of classification	30 September 2022 (Un-audited)		31 December 2021 (Audited)	
	Non Performing Loans	Provision	Non Performing Loans	Provision
	(Rupees in '000)			
Domestic				
Other assets especially mentioned	176,489	47	161,729	89
Substandard	350,220	47,491	271,839	22,912
Doubtful	1,715,265	763,419	1,802,818	760,934
Loss	19,041,225	18,630,600	19,066,988	18,760,333
	21,283,199	19,441,557	21,303,374	19,544,268

10.2.1 At 30 September 2022, the provision requirement has been reduced by Rs. 459.123 million (31 December 2021: Rs. 393.056 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. 261.700 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

	30 September 2022 (Un-audited)			31 December 2021 (Audited)		
	Specific	General	Total	Specific	General	Total
	(Rupees in '000)					
Opening balance	19,544,268	2,187,627	21,731,895	18,965,250	2,570,953	21,536,203
Charge for the period / year	480,915	-	480,915	2,754,283	139,767	2,894,050
Reversals	(739,255)	(1,173,547)	(1,912,802)	(1,664,544)	(523,093)	(2,187,637)
	(258,340)	(1,173,547)	(1,431,887)	1,089,739	(383,326)	706,413
Amounts written off	(197,174)	-	(197,174)	(594,028)	-	(594,028)
Other movements (including FX adjustments)	352,803	-	352,803	83,307	-	83,307
Closing balance	19,441,557	1,014,080	20,455,637	19,544,268	2,187,627	21,731,895

10.3.1 General provision includes provision amounting to Rs 1,014.080 million (31 December 2021: Rs 1,014.621 million) against the consumer finance portfolio.

With the improvement in situation around COVID-19, the management believes that general provision relating to uncertainty surrounding the pandemic is no longer required (31 December 2021: 0.5 percent i.e 1,173 million of the performing credit portfolio on prudent basis).

11 FIXED ASSETS

30 September 2022 (Un-audited)
31 December 2021 (Audited)
(Rupees in '000)

Capital work-in-progress	11.1	523,448	440,901
Property and equipment	11.4	9,950,871	10,248,225
		10,474,319	10,689,126

11.1 Capital work-in-progress

Civil works	511,508	408,099
Equipment	11,940	32,802
	523,448	440,901

		30 September 2022 (Un-audited)	30 September 2021 (Un-audited)
		----- (Rupees in '000) -----	
11.2	Additions / (transfers) to fixed assets		
The following additions / (transfers) have been made to fixed assets during the period:			
	Capital work-in-progress - net	82,547	(3,031)
	Building on freehold land	-	7,010
	Building on leasehold land - owned	96,760	14,838
	Furniture and fixture	28,518	1,812
	Electrical office and computer equipment	232,397	164,756
	Leasehold improvement	6,962	16,160
		<u>364,637</u>	<u>204,576</u>
11.3	Disposal of fixed assets		
The net book value of fixed assets disposed off during the period is Rs. Nil (30 September 2021: Rs. Nil). In addition net book value upon derecognition of Right of use asset (ROU) during the period amounted to Rs. 20.1 million (30 September 2021: Rs 294.3 million)			
11.4	This also includes Right of use asset (ROU) in line with IFRS 16 amounting to Rs 1,529.074 million (31 December 2021: Rs 1,836.675 million)		
12	INTANGIBLE ASSETS		
	Note	30 September 2022 (Un-audited)	31 December 2021 (Audited)
		----- (Rupees in '000) -----	
	Goodwill	26,095,310	26,095,310
	Computer Software	12.1	-
		<u>26,095,310</u>	<u>26,095,310</u>
12.1	The above mentioned items under intangible assets are fully amortized.		
12.1	Additions to intangible assets		
The additions made to intangible assets during the period is Rs. Nil (30 September 2021: Rs. Nil)			
12.2	Disposals of intangible assets		
The disposal made to intangible assets during the period is Rs. Nil (30 September 2021: Rs. Nil).			
	Note	30 September 2022 (Un-audited)	31 December 2021 (Audited)
		----- (Rupees in '000) -----	
13	OTHER ASSETS		
	Income / mark-up accrued in local currency	11,633,281	5,437,089
	Income / mark-up accrued in foreign currencies	40,214	6,413
	Advances, deposits, advance rent and other prepayments	278,650	68,362
	Defined benefit plans	13,850	13,850
	Advance taxation (payments less provisions)	-	2,537,499
	Branch adjustment account	2,900	671
	Mark to market gain on forward foreign exchange contracts	10,659,490	5,688,498
	Interest rate derivatives and currency options - positive fair value	163,568	303,066
	Receivable from SBP / Government of Pakistan	2,730,157	245,020
	Receivable from associated undertakings	5,795	42,518
	Assets Held for Sale	13.1	1,394,373
	Receivable from Standard Chartered Bank, Sri Lanka operations	29,098	38,626
	Advance Federal Excise Duty	199,747	199,747
	Cards Settlement account	2,305,774	2,113,481
	Acceptances	4,893,485	12,065,534
	Unsettled trades - Debt Securities	13.2	44,952,452
	Sundry receivables	580,629	249,246
	Others	589,958	182,801
		<u>80,473,421</u>	<u>36,381,012</u>
	Less: Provision held against other assets	13.3	(87,776)
	Other Assets - net of provisions	<u>80,385,645</u>	<u>36,293,236</u>

13.1 These represents carrying value of vacant owned properties which the Bank intends to dispose-off. The management considered these property to meet the criteria to be classified as held for sale at the date of classification. These assets are available for immediate sale and can be sold in it's current condition. As at the reporting date, the management has assessed the fair value less cost to sell of all properties to be higher than their carrying amount.

13.2 These represents receivable against sale of securities settled on T+2 basis.

13.3 Provision held against other assets

Note	30 September 2022 (Un-audited)	31 December 2021 (Audited)
	(Rupees in '000)	

Others - Trade related	<u>87,776</u>	<u>87,776</u>
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14 BILLS PAYABLE

In Pakistan	14,115,775	16,176,865
Outside Pakistan	<u>448,052</u>	<u>424,322</u>
	<u>14,563,827</u>	<u>16,601,187</u>

15 BORROWINGS

In Pakistan	24,434,380	35,017,820
Outside Pakistan	<u>355,371</u>	<u>10,947</u>
	<u>24,789,751</u>	<u>35,028,767</u>

15.1 Details of borrowings secured / unsecured

Secured

Borrowings from State Bank of Pakistan under Export Refinance (ERF) scheme	15.1.1	23,009,224	24,437,229
Refinance scheme for payment of wages and salaries		608,054	2,432,217
State Bank of Pakistan - LTFF		135,666	169,583
Repurchase agreement borrowings (Repo)		-	7,385,483
Financing facility for renewable energy plants		<u>681,436</u>	<u>593,308</u>
		<u>24,434,380</u>	<u>35,017,820</u>

Unsecured

Overdrawn nostro accounts		<u>355,371</u>	<u>10,947</u>
		<u>24,789,751</u>	<u>35,028,767</u>

15.1.1 Mark-up on Export Refinance (ERF) from State Bank of Pakistan is charged at 9 percent (2021: 2 percent) per annum and are due to mature latest by June 2023. ERF borrowings also include borrowings under Islamic Export Refinance scheme amounting to Rs. 4,763 million (2021: Rs. 4,742 million). These borrowings are secured against demand promissory notes executed by the Bank in favour of State Bank of Pakistan.

16 DEPOSITS AND OTHER ACCOUNTS

Note	30 September 2022 (Un-audited)			31 December 2021 (Audited)		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
----- (Rupees in '000) -----						
Customers						
- Fixed deposits	35,008,915	1,769,939	36,778,854	47,908,842	803,841	48,712,683
- Savings deposits	346,057,018	25,083,078	371,140,096	284,966,620	22,898,281	307,864,901
- Current accounts	192,692,749	73,075,263	265,768,012	165,384,020	64,785,018	230,169,038
- Margin accounts	25,774,134	229,594	26,003,728	5,483,911	177,397	5,661,308
- Other deposits	1,280,693	-	1,280,693	8,800,436	-	8,800,436
	600,813,509	100,157,874	700,971,383	512,543,829	88,664,537	601,208,366
Financial Institutions						
- Fixed deposits	1,051,360	11,857	1,063,217	506,379	9,143	515,522
- Savings deposits	18,966,537	1,516,536	20,483,073	6,992,742	1,195,136	8,187,878
- Current accounts	8,762,082	2,986,317	11,748,399	13,699,347	3,068,008	16,767,355
- Margin accounts	67,650	100,688	168,338	14,895	80,396	95,291
	28,847,629	4,615,398	33,463,027	21,213,363	4,352,683	25,566,046
	629,661,138	104,773,272	734,434,410	533,757,192	93,017,220	626,774,412

16.1 This includes Rs. 763.348 million (2021: Rs. 732.691 million) against balances of other branches and subsidiaries of Standard Chartered Group.

17 DEFERRED TAX ASSETS / (LIABILITIES)

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

Note	30 September 2022 (Un-audited)			
	At 1 January 2022	Recognised in profit and loss	Recognised in OCI	At 30 September 2022
----- (Rupees in '000) -----				
Deductible Temporary Differences on				
Deficit on revaluation of investments	311,982	-	(527,003)	(215,021)
Worker Welfare Fund	976,495	100,153		1,076,648
Provision against advances, off balance sheet etc.	1,445,740	(887,221)	-	558,519
Accelerated tax depreciation	41,791	22,915	-	64,706
Unpaid liabilities	3,997,679	410,019	-	4,407,698
	6,773,687	(354,134)	(527,003)	5,892,550
Taxable Temporary Differences on				
Surplus on revaluation of fixed assets	(270,181)	10,454	(28,062)	(287,789)
Post retirement employee benefits	(5,402)		-	(5,402)
Goodwill	(10,177,170)	(1,043,812)	-	(11,220,982)
	(10,452,753)	(1,033,358)	(28,062)	(11,514,173)
	(3,679,066)	(1,387,492)	(555,065)	(5,621,623)
----- (Rupees in '000) -----				
Note	31 December 2021 (Audited)			
	At 1 January 2021	Recognised in profit and loss	Recognised in OCI	At 31 December 2021
Deductible Temporary Differences on				
Deficit on revaluation of investments	(142,523)	-	454,505	311,982
Worker Welfare Fund	876,342	100,153	-	976,495
Provision against advances, off balance sheet etc.	2,914,861	(1,469,121)	-	1,445,740
Accelerated tax depreciation	67,486	(25,695)	-	41,791
Unpaid liabilities	3,043,259	954,420	-	3,997,679
	6,759,425	(440,243)	454,505	6,773,687
Taxable Temporary Differences on				
Surplus on revaluation of fixed assets	(254,107)	13,463	(29,537)	(270,181)
Post retirement employee benefits	3,054		(8,456)	(5,402)
Goodwill	(9,133,358)	(1,043,812)	-	(10,177,170)
	(9,384,411)	(1,030,349)	(37,993)	(10,452,753)
	(2,624,986)	(1,470,592)	416,512	(3,679,066)

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. As such deferred tax asset has been recognised. 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

30 September **31 December**
2022 (Un-audited) **2021 (Audited)**

Note

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

Mark-up / return / interest payable in local currency		2,065,692	522,719
Mark-up / return / interest payable in foreign currencies		2,723	1,240
Accrued expenses		3,340,448	3,572,068
Advance payments		574,923	456,472
Sundry creditors		10,565,339	9,182,051
Mark to market loss on forward foreign exchange contracts		3,458,025	2,046,836
Unrealized loss on interest rate derivatives and currency options		13,024,403	5,228,961
Due to Holding Company	18.1	20,851,676	14,336,497
Taxation (provisions less payments)		7,965,092	-
Charity fund balance		16,251	10,482
Dividend payable		173,127	132,495
Provision against off balance sheet obligations	18.2	236,598	233,808
Worker's welfare fund (WWF) payable	18.3	3,696,174	2,952,654
Lease liability	18.4	1,895,869	2,047,578
Short sell - Government Securities		398,202	20,989,124
Acceptances		4,893,485	12,065,534
Unsettled trades - Debt Securities	18.5	516,685	3,929,796
Others		174,301	28,537
		73,849,013	77,736,852

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	10,601,200	4,086,021
	20,851,676	14,336,497

18.2 Provision against off-balance sheet obligations

Opening balance	233,808	226,638
Charge for the period / year	4,031	50,817
Reversals	(1,241)	(43,647)
Closing balance	236,598	233,808

These primarily represents 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.

18.4 This represents liabilities on leases meeting the criteria prescribed within IFRS 16.

18.5 These represents payable against purchase of securities settled on T+2 basis.

19	SURPLUS ON REVALUATION OF ASSETS - NET OF DEFERRED TAX	Note	30 September 2022 (Un-audited)	31 December 2021 (Audited)
			(Rupees in '000)	
	Surplus / (deficit) arising on revaluation of:			
	Fixed assets	19.1	8,105,666	8,129,978
	Available for Sale Securities	19.2	500,050	(799,954)
			<u>8,605,716</u>	<u>7,330,024</u>
	Deferred tax on surplus / (deficit) on revaluation of:			
	Fixed assets	19.1	(287,789)	(270,181)
	Available for Sale Securities	19.2	(215,021)	311,982
			<u>(502,810)</u>	<u>41,801</u>
			<u>8,102,906</u>	<u>7,371,825</u>
19.1	Surplus on revaluation of fixed assets - net of tax			
	Surplus on revaluation of fixed assets as at 1 January		8,129,978	7,745,270
	Recognised during the year		-	419,228
	Realised on disposal during the period		-	-
	Transferred to unappropriated profit in respect of incremental depreciation charged during the year		(24,312)	(34,520)
	Surplus on revaluation of fixed assets - Gross		8,105,666	8,129,978
	Less: Related deferred tax liability on:			
	Revaluation surplus as at 1 January		(270,181)	(254,107)
	Revaluation surplus recognised during the period		-	(105)
	Surplus realized on disposal during the period		-	-
	Deferred tax rate impact		(28,062)	(29,432)
	Incremental depreciation charged during the period		10,454	13,463
			<u>(287,789)</u>	<u>(270,181)</u>
	Surplus on revaluation of fixed assets - net of tax		<u>7,817,877</u>	<u>7,859,797</u>
19.2	(Deficit) / Surplus on revaluation of Available for Sale securities - net of tax			
	Market Treasury Bills		(643,761)	(68,204)
	Pakistan Investment Bonds		1,002,562	(657,740)
	Sukuk and Ijarah Bonds		40,251	(107,377)
	Listed shares		100,997	33,366
			<u>500,050</u>	<u>(799,954)</u>
	Related deferred tax asset / (liability)		<u>(215,021)</u>	<u>311,982</u>
			<u>285,029</u>	<u>(487,972)</u>
20	CONTINGENCIES AND COMMITMENTS			
	Guarantees	20.1	165,036,374	137,226,388
	Commitments	20.2	264,285,692	491,543,968
	Other contingent liabilities	20.3	30,795,391	30,781,591
			<u>460,117,457</u>	<u>659,551,947</u>
20.1	Guarantees:			
	Guarantees issued favouring:			
	Financial guarantees		10,778,234	11,529,652
	Performance guarantees		109,172,435	90,299,604
	Other guarantees		45,085,705	35,397,132
			<u>165,036,374</u>	<u>137,226,388</u>
20.2	Commitments:			
	Documentary credits and short-term trade-related transactions			
	Letters of credit		26,222,328	54,690,025
	Commitments in respect of:			
	Forward foreign exchange contracts;			
	- Purchase	20.4	136,834,748	233,823,409
	- Sale	20.4	50,947,166	156,529,301
	Commitment in respect of derivatives			
	- Interest rate swaps	20.6	13,615,066	14,090,226
	- Cross currency swaps	20.6	36,364,704	32,064,531
	Commitment in respect of operating lease	20.7	1,118	702
	Commitment for acquisition of fixed assets		300,561	345,774
			<u>264,285,692</u>	<u>491,543,968</u>
20.3	Other contingent liabilities		<u>30,795,391</u>	<u>30,781,591</u>
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	An order for income year 2011 levying Federal Excise Duty of Rs. 515.6 million has been issued. The demand has been stayed by the Sindh High Court.			

20.3.3 The tax department amended the assessments for income years 2007 to 2021 (tax years 2008 to 2022 respectively) under the related provisions of the Income Tax Law and appeals against the amended assessment orders are pending before different appellate forums. The management considers that a significant amount of the additional tax liability is the result of timing differences and is confident that the issues in the above mentioned tax years will be decided in favour of the Bank at appellate forums. Accordingly, no additional provision is required.

Further, the Sindh High Court has decided the issue of goodwill amortisation in favour of the Bank for the tax years 2008 and 2012 and the Federal Board of Revenue has filed leave to appeal before the Supreme Court of Pakistan.

	30 September 2022 (Un-audited)	31 December 2021 (Audited)
	(Rupees in '000)	
Purchase from:		
State Bank of Pakistan	63,775,107	42,922,076
Other banks	67,570,443	185,697,911
Customers	5,489,199	5,203,422
	<u>136,834,748</u>	<u>233,823,409</u>
Sale to:		
State Bank of Pakistan	-	-
Other banks	48,972,752	154,490,357
Customers	1,974,415	2,038,944
	<u>50,947,166</u>	<u>156,529,301</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.

	30 September 2022 (Un-audited)	31 December 2021 (Audited)
	(Rupees in '000)	
20.6 Commitments in respect of derivatives		
Interest rate Swaps		
- Purchase	3,807,533	4,045,113
- Sale	9,807,533	10,045,113
	<u>13,615,066</u>	<u>14,090,226</u>
Cross currency Swaps		
- Purchase	-	9,834,847
- Sale	36,364,704	22,229,684
	<u>36,364,704</u>	<u>32,064,531</u>
20.7 Commitments in respect of operating lease		
Not later than one year	266	-
Later than one year and not later than five years	852	702
Later than five years	-	-
	<u>1,118</u>	<u>702</u>
20.8 Derivative instruments		
20.8.1 Product analysis		

30 September 2022 (Un-audited)						
(Rupees in '000)						
	Interest Rate Swaps		Cross Currency Swaps		FX Options	
Counterparties	Notional Principal *	Mark to market gain / (loss)	Notional Principal *	Mark to market gain / (loss)	Notional Principal *	Mark to market gain / (loss)
With Banks for						
Hedging	3,807,533	163,568	4,514,440	(1,036,009)	-	-
Market Making	-	-	447,351	(132,019)	-	-
With FIs other than banks						
Hedging	-	-	-	-	-	-
Market Making	-	-	-	-	-	-
With other entities for						
Hedging	-	-	-	-	-	-
Market Making	9,807,533	(728,069)	31,402,913	(11,128,306)	-	-
Total						
Hedging	3,807,533	163,568	4,514,440	(1,036,009)	-	-
Market Making	9,807,533	(728,069)	31,850,264	(11,260,325)	-	-
	<u>13,615,066</u>	<u>(564,501)</u>	<u>36,364,704</u>	<u>(12,296,335)</u>	<u>-</u>	<u>-</u>
31 December 2021 (audited)						
(Rupees in '000)						
	Interest Rate Swaps		Cross Currency Swaps		FX Options	
Counterparties	Notional Principal *	Mark to market gain / (loss)	Notional Principal *	Mark to market gain / (loss)	Notional Principal *	Mark to market gain / (loss)
With Banks for						
Hedging	4,045,113	25,235	4,940,143	(359,047)	-	-
Market Making	-	-	784,611	(267,346)	-	-
With FIs other than banks						
Hedging	-	-	-	-	-	-
Market Making	-	-	-	-	-	-
With other entities for						
Hedging	-	-	-	-	-	-
Market Making	10,045,113	(145,342)	26,339,778	(4,179,395)	-	-
Total						
Hedging	4,045,113	25,235	4,940,143	(359,047)	-	-
Market Making	10,045,113	(145,342)	27,124,389	(4,446,741)	-	-
	<u>14,090,226</u>	<u>(120,107)</u>	<u>32,064,531</u>	<u>(4,805,788)</u>	<u>-</u>	<u>-</u>

* At the exchange rate prevailing at period end.

		Three months period ended	Nine months period ended	Three months period ended	Nine months period ended
	Note	30 September 2022 (Un-audited)	30 September 2022 (Un-audited)	30 September 2021 (Un-audited)	30 September 2021 (Un-audited)
		----- (Rupees in '000) -----			
On loans and advances to customers		8,373,693	21,712,004	4,753,508	13,531,762
On loans and advances to financial institutions		55,669	99,891	46,828	76,195
On investments in: i) Held for trading securities		40,568	215,804	91,230	354,144
ii) Available for sale securities		16,439,090	38,418,118	6,619,541	18,833,401
On deposits with financial institutions / State Bank of Pakistan		49,960	64,085	1,385	2,057
On securities purchased under resale agreements		908,731	1,215,096	101,798	269,353
On call money lending / placements		29,263	92,034	57,304	191,435
		<u>25,896,974</u>	<u>61,817,032</u>	<u>11,671,594</u>	<u>33,258,347</u>
22 MARK-UP / RETURN / INTEREST EXPENSED					
Deposits		12,136,229	28,296,377	4,582,407	12,765,709
Securities sold under repurchase agreements		14,050	1,289,281	56,860	383,776
Call borrowings		19,466	20,133	228	1,598
Borrowings from State Bank of Pakistan under Export Refinance (ERF) scl		338,375	589,482	108,069	320,140
Cost of foreign currency swaps against foreign currency deposits / borrowings		643,200	1,437,908	267,532	381,829
Deposit protection premium	22.1	139,662	418,984	129,995	389,984
Finance cost of lease liability		53,403	173,957	56,529	203,985
		<u>13,344,385</u>	<u>32,226,122</u>	<u>5,201,620</u>	<u>14,447,021</u>
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.				
		Three months period ended	Nine months period ended	Three months period ended	Nine months period ended
	Note	30 September 2022 (Un-audited)	30 September 2022 (Un-audited)	30 September 2021 (Un-audited)	30 September 2021 (Un-audited)
		----- (Rupees in '000) -----			
23 FEE & COMMISSION INCOME					
Branch banking customer fees		105,709	291,518	82,872	265,950
Consumer finance related fees		23,108	56,689	17,603	62,316
Card related fees (debit and credit cards)		47,591	682,810	261,395	861,743
Credit related fees		1,842	5,516	13,597	17,221
Investment banking fees		24,233	90,958	70,109	142,456
Brokerage charges		(15,727)	(54,447)	(16,277)	(51,983)
Commission on trade and cash management		279,328	733,624	200,864	534,658
Commission on guarantees		94,470	291,092	61,683	212,948
Commission on remittances including home remittances		52,294	150,674	63,720	163,266
Commission on bancassurance		5,612	30,243	14,940	59,409
Custody Fees		26,381	107,205	50,805	148,335
		<u>644,841</u>	<u>2,385,882</u>	<u>821,311</u>	<u>2,416,319</u>
24 FOREIGN EXCHANGE INCOME					
Gain/ (loss) realised from dealing in :					
Foreign Currencies		3,882,775	10,200,726	1,404,732	3,695,579
Derivative financial instruments		592,560	639,671	(187,294)	(1,109,850)
		<u>4,475,335</u>	<u>10,840,397</u>	<u>1,217,438</u>	<u>2,585,729</u>
25 GAIN / (LOSS) ON SECURITIES					
Realised	25.1	371,872	1,979,943	578,591	1,903,534
Unrealised - held for trading	9.1	60,047	129,099	(35,454)	32,879
		<u>431,919</u>	<u>2,109,042</u>	<u>543,137</u>	<u>1,936,413</u>
25.1 Realised gain on:					
Federal Government Securities					
Market Treasury Bills		296,269	1,425,249	339,547	1,133,548
Pakistan Investment Bonds		75,603	550,920	246,446	772,672
Ijarah Sukuk		-	3,774	(7,402)	(2,686)
		<u>371,872</u>	<u>1,979,943</u>	<u>578,591</u>	<u>1,903,534</u>
26 OTHER INCOME					
Rent on property		8,190	24,396	7,432	22,082
Gain on sale of fixed assets - net		8,900	30,943	5,090	9,027
Sri Lanka branch operations cost & FX translation		3,164	(9,528)	3,541	(608)
Recoveries against assets from acquisition of Union Bank Limited		-	-	30,000	30,000
Gain on lease termination		6,826	6,826	21,607	62,365
Gain on acquisition of assets		-	-	-	1,567
		<u>27,080</u>	<u>52,637</u>	<u>67,670</u>	<u>124,433</u>

27	OPERATING EXPENSES	Note	Three months	Nine months	Three months	Nine months period
			period ended	period ended	period ended	ended
			30 September	30 September	30 September 2021	30 September
			2022 (Un-audited)	2022 (Un-audited)	(Un-audited)	2021 (Un-audited)
------(Rupees in '000)-----						
	Total compensation expense		1,877,748	5,560,624	1,622,824	4,870,472
	Property expense					
	Rent & taxes		31,875	75,005	40,534	73,299
	Insurance		2,357	7,749	6,626	8,066
	Utilities cost		136,609	287,141	79,987	199,280
	Security (including guards)		48,032	148,775	45,030	147,675
	Repair & maintenance		49,475	161,514	48,087	146,756
	Civil works		32,461	142,107	35,800	141,379
	Facilities management cost		33,895	100,902	31,201	93,438
	Depreciation (Property related)		22,859	77,067	31,984	96,272
	Depreciation (Right of use assets)		93,916	305,535	114,916	395,989
	Cleaning and Janitorial		103,843	321,913	110,630	329,195
	Minor improvements, additions and others		50,065	147,307	18,217	45,856
			605,387	1,775,015	563,012	1,677,205
	Information technology expenses					
	Software maintenance		81,581	191,964	67,902	217,766
	Hardware maintenance		39,006	97,522	70,736	227,604
	Depreciation (IT related)		76,390	230,796	69,482	206,507
	Amortization		-	-	4	10
	Network charges		29,923	44,851	4,111	11,398
			226,900	565,133	212,235	663,285
	Other operating expenses					
	Directors' fees and allowances		2,650	9,375	2,700	8,925
	Fees and allowances to Shariah Board		4,320	13,305	2,550	9,427
	Legal & professional charges		81,311	153,903	45,309	125,121
	Outsourced services costs		30,142	80,096	29,496	79,797
	Travelling & conveyance		36,626	79,057	9,102	22,859
	Depreciation (Other fixed assets)		12,961	40,028	18,205	54,066
	Training & development		1,869	2,824	948	3,098
	Postage & courier charges		22,136	89,123	31,435	96,036
	Communication		105,595	294,705	80,991	238,458
	Stationery & printing		48,886	155,649	26,629	107,959
	Marketing, advertisement & publicity		86,463	326,378	56,549	170,114
	Donations		836	836	723	723
	Auditors remuneration		8,826	24,845	5,500	21,404
	Cash transportation services		16,736	42,119	11,303	48,277
	Documentation and processing charges		48,994	135,317	43,108	119,462
	Insurance		5,964	15,725	7,612	26,621
	Others		25,078	125,328	118,985	164,603
			539,393	1,588,613	491,145	1,296,950
			3,249,428	9,489,385	2,889,216	8,507,912
28	OTHER CHARGES					
	Net charge against fines and penalties imposed by SBP		-	10,161	4,148	7,470
29	REVERSALS / (PROVISIONS) & WRITE OFFS - NET					
	Provision against loans and advances	10.3	172,909	1,431,887	6	704,577
	Provision against off-balance sheet obligations - net	18.2	741	(2,790)	19,270	(5,702)
	Recovery of amounts written off		98,809	267,186	117,062	316,970
	Bad debts written off directly		(45,142)	(154,653)	(67,527)	(221,475)
	Fixed assets write offs		(6,499)	(6,499)	-	(4,815)
			220,818	1,535,131	68,811	789,555
30	TAXATION					
	- Current		8,143,589	19,478,039	2,291,050	7,172,515
	- Prior years		-	1,321,995	(136,160)	(136,160)
	- Deferred		103,608	1,387,492	1,161,341	1,448,243
			8,247,197	22,187,526	3,316,231	8,484,598
31	EARNINGS PER SHARE - BASIC AND DILUTED					
	Profit for the period		6,136,560	14,244,966	3,125,919	9,910,112
					(Number of shares)	
	Weighted average number of ordinary shares		3,871,585,021	3,871,585,021	3,871,585,021	3,871,585,021
			(Rupees)		(Rupees)	
	Earnings per share - basic and diluted		1.59	3.68	0.81	2.56

32 FAIR VALUE

32.1 Fair value of financial instrument

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

On balance sheet financial instruments

On balance sheet financial instruments		30 September 2022 (Un-audited)										
Note		Carrying value					Fair value					
		Held for Trading	Available for Sale	Loans and Receivables	Other financial Assets	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total	
		----- (Rupees in '000) -----										
Financial assets measured at fair value												
- Investments												
	Federal Government Securities (T-bills + PIBs + Sukuks + Naya Pakistan Certificates)	1,360,841	475,709,013	-	-	-	477,069,854	-	477,069,854	-	477,069,854	
	Equity securities traded (Shares)	-	154,247	-	-	-	154,247	154,247	-	-	154,247	
Financial assets not measured at fair value												
	- Cash and bank balances with SBP and NBP	32.2	-	-	-	66,584,278	66,584,278					
	- Balances with other banks	32.2	-	-	-	22,339,527	22,339,527					
	- Lending to financial institutions	32.2	-	-	-	19,001,526	19,001,526					
	- Bai Muajjal with GOP	32.2	-	-	-	-	-					
	- Investments - ordinary shares	32.2	-	50,000	-	-	50,000					
	- Advances	32.2	-	-	233,164,205	-	233,164,205					
	- Other assets	32.2	-	-	-	79,580,016	79,580,016					
			1,360,841	475,913,260	233,164,205	187,505,347	-	897,943,653				
Financial liabilities not measured at fair value												
	- Bills Payable	32.2	-	-	-	-	14,563,827	14,563,827				
	- Deposits and other accounts	32.2	-	-	-	-	734,434,410	734,434,410				
	- Borrowings	32.2	-	-	-	-	24,789,751	24,789,751				
	- Other liabilities (excluding Liabilities against assets subject to finance lease	32.2	-	-	-	-	71,823,891	71,823,891				
			-	-	-	-	845,611,879	845,611,879				
Off-balance sheet financial instruments												
Interest Rate swaps / Foreign currency options / Forward purchase contracts												
		-	-	-	-	140,478,200	-	140,478,200	-	151,301,258	-	151,301,258
Interest Rate swaps / Foreign currency options / Forward sale contracts												
		-	-	-	-	96,955,323	-	96,955,323	-	113,437,751	-	113,437,751
On balance sheet financial instruments		31 December 2021 (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 + Sukuk)	52,344,324	398,102,347	-	-	-	450,446,671	-	450,446,671	-	450,446,671	
	Equity securities traded (Shares)	-	86,616	-	-	-	86,616	86,616	-	-	86,616	
Financial assets not measured at fair value												
	- Cash and bank balances with SBP and NBP	32.2	-	-	-	60,295,393	-	60,295,393				
	- Balances with other banks	32.2	-	-	-	9,567,702	-	9,567,702				
	- Lending to financial institutions	32.2	-	-	-	11,728,869	-	11,728,869				
	- Bai Muajjal with GOP	32.2	-	-	-	-	-					
	- Investments - ordinary shares	32.2	-	50,000	-	-	50,000					
	- Advances	32.2	-	-	234,172,617	-	234,172,617					
	- Other assets	32.2	-	-	-	33,463,151	-	33,463,151				
			52,344,324	398,238,963	234,172,617	115,055,115	-	799,811,019				
Financial liabilities not measured at fair value												
	- Bills Payable		-	-	-	-	16,601,187	16,601,187				
	- Deposits and other accounts	32.2	-	-	-	-	626,774,412	626,774,412				
	- Borrowings	32.2	-	-	-	-	35,028,767	35,028,767				
	- Other liabilities (excluding Liabilities against assets subject to finance lease	32.2	-	-	-	-	76,082,320	76,082,320				
			-	-	-	-	754,486,686	754,486,686				
Off-balance sheet financial instruments												
Interest Rate swaps / Foreign currency options / Forward purchase contracts												
		-	-	-	-	253,722,741	-	253,722,741	-	259,714,305	-	259,714,305
Interest Rate swaps / Foreign currency options / Forward sale contracts												
		-	-	-	-	188,804,100	-	188,804,100	-	196,079,897	-	196,079,897

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.

32.3 Fair value of non-financial assets

	30 September 2022 (Un-audited)				31 December 2021 (audited)			
	Carrying value	Fair value			Carrying value	Fair value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
	----- Rupees in '000 -----				----- Rupees in '000 -----			
Fixed assets	10,474,319	-	-	10,474,319	10,689,126	-	-	10,689,126

32.4 During the period ended 30 June 2021, there were no transfers between level 1 and level 2 fair value measurements, and no transfer into and out of level 3 fair value measurements.

32.5 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).

Valuation techniques used in determination of fair values within level 2 and level 3

Federal Government Securities (T-bills + PIBs + Sukuk)	The fair values of Federal Government securities are determined on the basis of rates/prices sourced from Reuters.
Non-Government debt securities (Sukuk Bonds (other than government))	Investment in non-Government debt securities denominated in Rupees are valued on the basis of rates announced by the Mutual Funds Association of Pakistan (MUFAP).
Derivatives	The Group enters in to derivatives contracts with various counter parties. Derivatives that are valued using valuation techniques based on market observable inputs are mainly interest rate swaps and cross currency swaps. The most frequently applied valuation techniques include forward pricing and swap models using present value calculations.
Forward foreign exchange contracts	The fair values of forward foreign exchange contracts are determined using forward pricing calculations.
Fixed assets	Land, buildings are revalued on a periodic basis using professional valuers. The valuation is based on their assessment of the market value of the assets.

33 SEGMENT INFORMATION

The Bank's segmental reporting is in accordance with IFRS 8 'Operating Segments' and is reported consistently with the internal performance framework and as presented to the Bank's management.

Corporate Commercial and Institutional Banking (CCIB)

Corporate Commercial & Institutional Banking comprises Global Subsidiaries, International Corporates, Local corporates and small & medium sized clients, 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.

Consumer Private Business Banking (CPBB)

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.

33.1 Segment Details with respect to Business Activities

	30 September 2022 (Un-audited)			
	Corporate Commercial Institutional Banking	Consumer Private Business Banking	Central and Other Items	Total
	----- (Rupees in '000) -----			
Profit & Loss				
Inter segment revenue - net	5,201,618	12,095,774	(17,297,392)	-
Net mark-up / return / profit	3,935,629	1,390,546	24,264,735	29,590,910
Non mark-up / return / interest income	11,970,253	3,436,800	142,464	15,549,517
Total Income	21,107,500	16,923,120	7,109,807	45,140,427
Segment direct expenses	2,807,031	6,078,988	1,357,047	10,243,066
Inter segment expense allocation	-	-	-	-
Total expenses	2,807,031	6,078,988	1,357,047	10,243,066
(Reversals) / provisions	(1,322,411)	(219,219)	6,499	(1,535,131)
Profit before taxation	19,622,880	11,063,351	5,746,261	36,432,492
Balance Sheet				
	30 September 2022 (Un-audited)			
Cash & Bank balances	-	-	88,923,805	88,923,805
Investments	1,360,844	50,000	475,863,257	477,274,101
Net inter segment lending	143,282,540	339,620,955	(482,903,495)	-
Lending to financial institutions	-	-	19,001,526	19,001,526
Advances - performing	186,505,256	44,817,307	-	231,322,563
- Non performing	940,452	901,190	-	1,841,642
Others	76,938,095	13,893,436	26,123,743	116,955,274
Total Assets	409,027,187	399,282,888	127,008,836	935,318,911
Borrowings	-	-	24,789,751	24,789,751
Deposits & other accounts	338,125,435	396,295,481	13,494	734,434,410
Net inter segment borrowing	-	-	-	-
Others	70,901,752	2,987,407	20,145,304	94,034,463
Total liabilities	409,027,187	399,282,888	44,948,549	853,258,624
Equity	-	-	82,060,287	82,060,287
Total Equity & liabilities	409,027,187	399,282,888	127,008,836	935,318,911
Contingencies & Commitments	240,759,063	479,412	218,878,982	460,117,457
	30 September 2021 (Un-audited)			
Inter segment revenue - net	2,794,160	13,483,459	(16,277,619)	-
Net mark-up / return / profit	2,247,357	(2,940,569)	19,504,538	18,811,326
Non mark-up / return / interest income	4,500,639	3,207,438	43,870	7,751,947
Total Income	9,542,156	13,750,328	3,270,789	26,563,273
Segment direct expenses	2,631,661	5,459,232	867,225	8,958,118
Inter segment expense allocation	-	-	-	-
Total expenses	2,631,661	5,459,232	867,225	8,958,118
(Reversals) / provisions	(1,083,152)	288,782	4,815	(789,555)
Profit before taxation	7,993,647	8,002,314	2,398,749	18,394,710
Balance Sheet				
	31 December 2021 (Audited)			
Cash & Bank balances	-	-	69,863,095	69,863,095
Investments	52,344,324	50,000	398,188,963	450,583,287
Net inter segment lending	46,441,108	325,310,454	(371,751,562)	-
Lending to financial institutions	-	-	11,728,869	11,728,869
Advances - performing	192,054,790	40,358,721	-	232,413,511
- Non performing	852,881	906,225	-	1,759,106
Others	38,885,713	15,033,116	19,158,843	73,077,672
Total Assets	330,578,816	381,658,516	127,188,208	839,425,540
Borrowings	-	-	35,028,767	35,028,767
Deposits & other accounts	246,278,219	380,469,401	26,792	626,774,412
Net inter segment borrowing	-	-	-	-
Others	84,300,597	1,189,115	12,527,393	98,017,105
Total liabilities	330,578,816	381,658,516	47,582,952	759,820,284
Equity	-	-	79,605,256	79,605,256
Total Equity & liabilities	330,578,816	381,658,516	127,188,208	839,425,540
Contingencies & Commitments	237,577,848	493,323	421,480,776	659,551,947

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:

	30 September 2022 (Un-audited)				31 December 2021 - 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	22,246,111	-	-	-	9,486,490	-	-	-
In deposit accounts	-	-	-	-	-	-	-	-
	22,246,111	-	-	-	9,486,490	-	-	-
Lending to financial institutions								
Opening balance	6,560,984	-	-	-	60,281,457	-	-	-
Addition during the year	1,523,228,029	-	-	-	1,906,965,566	-	-	-
Repaid during the year	(1,523,433,567)	-	-	-	(1,960,686,039)	-	-	-
Closing balance	6,355,446	-	-	-	6,560,984	-	-	-
Advances								
Opening balance	-	84	217,158	-	-	103	199,961	-
Addition during the year	-	1,258	43,392	-	-	2,265	199,206	-
Repaid during the year	-	(960)	(74,338)	-	-	(2,284)	(143,317)	-
Transfer in / (out) - net	-	-	21,440	-	-	-	(38,692)	-
Closing balance	-	382	207,652	-	-	84	217,158	-
Provision held against advances	-	-	-	-	-	-	-	-
Other Assets								
Interest / mark-up accrued	1,021	-	1,145	-	176	-	1,056	-
Receivable from staff retirement fund	-	-	-	8,726	-	-	-	13,850
Due from associated undertakings	34,893	-	-	-	81,144	-	-	-
Other receivable	-	-	-	-	-	-	-	-
	35,914	-	1,145	8,726	81,320	-	1,056	13,850
Borrowings								
Opening balance	10,846	-	-	-	58,592	-	-	-
Borrowings during the year	348,657	-	-	-	4,776	-	-	-
Settled during the year	(4,339)	-	-	-	(52,522)	-	-	-
Closing balance	355,164	-	-	-	10,846	-	-	-
Deposits and other accounts								
Opening balance	732,691	155,902	144,835	116,030	568,666	163,244	101,742	147,670
Received during the year	88,962	170,861	788,584	1,517,187	185,954	1,500,331	1,039,819	1,229,874
Withdrawn during the year	(58,305)	(156,351)	(763,575)	(1,557,907)	(21,929)	(1,507,673)	(985,164)	(1,261,514)
Transfer in / (out) - net	-	(162,207)	6,436	-	-	-	(11,562)	-
Closing balance	763,348	8,205	176,280	75,310	732,691	155,902	144,835	116,030
Other Liabilities								
Due to holding company	20,851,676	-	-	-	14,336,497	-	-	-
Other liabilities	-	4	-	-	-	2,373	-	-
	20,851,676	4	-	-	14,336,497	2,373	-	-
Contingencies and Commitments								
Transaction-related contingent liabilities - guarantees	72,180,497	-	-	-	57,353,301	-	-	-
Commitments in respect of forward foreign exchange contracts	4,207,346	-	-	-	2,983,624	-	-	-
Derivatives								
Derivative instruments - Interest rate swaps - notional	8,321,974	-	-	-	8,985,256	-	-	-
Derivative assets	197,392	-	-	-	31,082	-	-	-
Derivative liabilities	1,068,794	-	-	-	364,206	-	-	-

RELATED PARTY TRANSACTIONS

	30 September 2022 (Un-audited)				30 September 2021 (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	104,998	106	19,959	-	41,466	61	21,034	-
Fee and commission income	7,830	16	78	-	11,988	76	33	-
Income / (loss) from derivatives	1,978	-	-	-	(17,359)	-	-	-
Expense								
Mark-up / return / interest paid	-	295	3,177	15,078	24	4,576	2,382	5,683
Fee and commission expense	-	-	-	-	-	-	-	-
Operating expenses	-	9,775	339,753	-	84,799	8,925	321,387	-
Rent and Renovation expense	-	-	-	-	-	-	-	-
Other transactions								
Dividend paid	(4,790,424)	-	-	-	(10,538,933)	-	-	-
Contribution to defined contribution plans	-	-	-	(334,748)	-	-	-	(285,098)
Net charge for defined contribution plans	-	-	-	(334,748)	-	-	-	(285,098)

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

35 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

30 September
2022 (Un-audited)

31 December
2021 (Audited)

(Rupees in '000)

Minimum Capital Requirement (MCR):

Paid-up capital (net of losses)	<u>38,715,850</u>	<u>38,715,850</u>
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Capital Adequacy Ratio (CAR):

Eligible Common Equity Tier 1 (CET 1) Capital	<u>58,868,551</u>	54,621,127
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	<u>58,868,551</u>	54,621,127
Eligible Tier 2 Capital	<u>9,116,986</u>	10,047,424
Total Eligible Capital (Tier 1 + Tier 2)	<u>67,985,537</u>	64,668,551

Risk Weighted Assets (RWAs):

Credit Risk	<u>301,411,425</u>	272,298,682
Market Risk	<u>13,473,833</u>	39,378,955
Operational Risk	<u>70,351,669</u>	70,351,669
Total	<u>385,236,927</u>	382,029,306

Common Equity Tier 1 Capital Adequacy ratio	<u>15.28%</u>	14.30%
Tier 1 Capital Adequacy Ratio	<u>15.28%</u>	14.30%
Total Capital Adequacy Ratio	<u>17.65%</u>	16.93%
Minimum CAR (including Capital Conservation Buffer)	<u>11.50%</u>	11.50%

Leverage Ratio (LR):

Eligible Tier 1 Capital	<u>58,868,551</u>	54,621,127
Total Exposures	<u>1,188,459,784</u>	1,025,510,971
Leverage Ratio	<u>4.95%</u>	5.33%
Minimum SBP Requirement	<u>3.00%</u>	3.00%

Liquidity Coverage Ratio (LCR):

Average High Quality Liquid Assets	<u>567,384,259</u>	408,146,977
Average Net Cash Outflow	<u>148,031,424</u>	85,437,728
Average Liquidity Coverage Ratio	<u>383.3%</u>	477.7%
Minimum SBP Requirement	<u>100.0%</u>	100.0%

Net Stable Funding Ratio (NSFR):

Total Available Stable Funding	<u>638,122,310</u>	581,667,236
Total Required Stable Funding	<u>271,949,383</u>	248,478,720
Net Stable Funding Ratio	<u>235%</u>	234%
Minimum SBP Requirement	<u>100%</u>	100%

36 ISLAMIC BANKING BUSINESS

The bank is operating 2 (31 December 2021: 2) Islamic banking branches and 38 (31 December 2021: 39) Islamic banking windows at the end of the period.

	<i>Note</i>	30 September 2022 (Un-audited)	31 December 2021 (Audited)
----- (Rupees in '000) -----			
ASSETS			
Cash and balances with treasury banks		5,347,995	3,985,646
Due from financial institutions	36.1	6,355,446	6,560,984
Investments	36.2	25,817,325	19,073,804
Islamic financing and related assets - net	36.3	63,997,953	58,546,455
Fixed assets		87,969	204,137
Other assets		2,652,174	6,716,261
Total Assets		104,258,862	95,087,287
LIABILITIES			
Bills payable		86,851	84,750
Due to financial institutions		4,762,629	4,741,529
Deposits and other accounts	36.4	77,289,598	60,424,815
Due to Head Office		3,079,827	9,637,350
Other liabilities		1,904,012	6,627,919
		87,122,917	81,516,363
NET ASSETS		17,135,945	13,570,924
REPRESENTED BY			
Islamic Banking Fund		500,000	500,000
(Deficit) / surplus on revaluation of assets		40,251	(107,377)
Unappropriated / Unremitted profit	36.9	16,595,694	13,178,301
		17,135,945	13,570,924
CONTINGENCIES AND COMMITMENTS	36.6		

The profit and loss account of the Bank's Islamic banking branches for the period ended 30 September 2022 is as follows:

	<i>Note</i>	Nine months period ended 30 September 2022 (Un-audited)	Nine months period ended 30 September 2021 (Un-audited)
----- (Rupees in '000) -----			
Profit / return earned	36.7	7,782,430	5,031,716
Profit / return expensed	36.8	(1,788,562)	(1,052,307)
Net Profit / return		5,993,868	3,979,409
Other income			
Fee and Commission Income		440,849	395,835
Foreign Exchange Income		403,435	245,003
Gain on securities		128,025	37,471
Other Income		21,951	29
Total other income		994,260	678,338
Total Income		6,988,128	4,657,747
Other expenses			
Operating expenses		(1,683,305)	(1,427,336)
		(1,683,305)	(1,427,336)
Profit / (loss) before provisions		5,304,823	3,230,411
Provisions and write offs - net		112,570	34,820
Profit / (loss) before taxation		5,417,393	3,265,231

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 (based on Bank effective tax rate) for Islamic Banking is expected to be Rs. 3.305 billion (30 September 2021: Rs. 1.502 billion).

30 September 2022 (Un-audited)				31 December 2021 (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	-	6,355,446	6,355,446	-	6,560,984	6,560,984		
Bai Muajjal Receivable from State Bank of Pakistan	-	-	-	-	-	-		
	-	6,355,446	6,355,446	-	6,560,984	6,560,984		
30 September 2022 (Un-audited)				31 December 2021 (Audited)				
Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	
36.2 Investments by segments:								
(Rupees in '000)								
Federal Government Securities:								
Ijarah Sukuk	22,832,463	-	40,251	22,872,714	18,567,285	-	(107,377)	18,459,908
Islamic Naya Pakistan Certificates	2,944,611	-	-	2,944,611	613,896	-	-	613,896
	25,777,074	-	40,251	25,817,325	19,181,181	-	(107,377)	19,073,804
Non Government Debt Securities								
Listed	-	-	-	-	-	-	-	-
Unlisted	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Total Investments	25,777,074	-	40,251	25,817,325	19,181,181	-	(107,377)	19,073,804
36.3 Islamic financing and related assets								
(Rupees in '000)								
Murabaha	6,212,848		4,103,516					
Musharaka	11,750,281		17,501,136					
Diminishing Musharaka	31,530,458		27,699,615					
Musawammah	1,560,000		1,730,700					
Ujrah (Saadiq Credit Cards)	475,780		424,479					
Advances against Islamic assets - Murabaha	9,111,779		2,534,350					
Advances against Islamic assets - Diminishing Musharakah	222,309		1,121,918					
Advances against Islamic assets - Istisna	2,177,100		1,806,000					
Inventory related to Islamic financing - Murabaha	1,853,851		2,632,806					
Gross Islamic financing and related assets	64,894,406		59,554,520					
Less: provision against Islamic financings								
Specific	(567,257)		(511,194)					
General	(329,196)		(496,871)					
	(896,453)		(1,008,065)					
Islamic financing and related assets - net of provision	63,997,953		58,546,455					
36.4 Deposits								
Customers								
Current deposits	39,978,518		35,897,577					
Savings deposits	23,561,363		22,937,913					
Term deposits	499,348		936,549					
Margin accounts	12,712,269		1,560					
	76,751,498		59,773,599					
Financial Institutions								
Current deposits	49,012		29,321					
Savings deposits	489,088		621,895					
Term deposits	-		-					
	538,100		651,216					
	77,289,598		60,424,815					
36.5 Charity Fund								
Opening Balance	9,886		10,551					
Additions during the period								
Received from customers on account of delayed payment	2,375		3,115					
Other Non-Shariah compliant income	9,835		220					
	12,210		3,335					
Payments / utilization during the period								
Education	(6,750)		-					
Health	-		(4,000)					
	(6,750)		(4,000)					
Closing Balance	15,346		9,886					
36.6 CONTINGENCIES AND COMMITMENTS								
Guarantees	1,583,530		3,429,452					
Commitments	4,538,489		2,670,350					
Other contingent liabilities	6,651,486		8,623,632					
	12,773,505		14,723,434					

		Nine months period ended 30 September 2022 (Un-audited)	Nine months period ended 30 September 2021 (Un-audited)
		(Rupees in '000)	
36.7 Profit/Return Earned of Financing, Investments and Placement			
Profit earned on:			
Financing		6,148,094	3,667,196
Investments		1,546,841	1,361,888
Placements		87,495	2,632
		7,782,430	5,031,716
36.8 Profit on Deposits and other Dues Expensed			
Deposits and other accounts		(1,586,300)	(921,107)
Due to Financial Institutions		(138,114)	(71,225)
Deposit protection premium		(55,514)	(51,632)
Finance cost of lease liability		(8,634)	(8,343)
		(1,788,562)	(1,052,307)
		30 September 2022 (Un-audited)	31 December 2021 (Audited)
		(Rupees in '000)	
36.9 Islamic Banking Business Unappropriated Profit			
Opening Balance		13,178,301	8,570,985
Add: Islamic Banking profit for the period		5,417,393	4,607,316
Less: Transferred / Remitted to Head Office		(2,000,000)	-
Closing Balance		16,595,694	13,178,301
36.10 Profit & Loss distribution and Pool Management			

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

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

a) 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.

The relevant details are mentioned hereunder:

Type of Pool	Profit rate and weightage announcement period	Average return on Pool Assets	Bank Profit (Rupees in '000)	SBP Profit (Rupees in '000)	Bank Profit %	SBP Profit %
IERF Pool	Monthly	7.9%	519,560	95,920	84.4%	15.6%

b) Mudarabah 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 :

- General Pool
- Special Pool
- High Yield Pool
- Special Term Deposit Pool
- Special Pool - CCIB
- High Yield Pool 2
- Special Pool TD- CCIB

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), Rice, Edible Oil, Steel, Logistics , Automobile, Cables and electrical goods, Chemicals, Paints etc.

iv) Other information

	Type of Pool						
	General	Special	High Yield	Special Term Deposit	Special Pool - CCIB	High Yield - Pool 2	Special Pool - TD- CCIB
Profit rate / weightage announcement frequency	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly
Mudarib share (amount in '000)	450,176	43,815	60,216	6,610	24,089	-	-
Mudarib share (%)	40.7%	17.3%	10.9%	22.2%	11.2%	0.0%	0.0%
Mudarib Share transferred through Hiba (Amount	103,254	20,645	37,759	3,196	15,589	-	-
Mudarib Share transferred through Hiba (%)	18.7%	32.0%	38.5%	32.6%	39.3%	0.0%	0.0%
Average return on pool assets	10.9%	11.3%	11.6%	12.3%	11.4%	10.6%	13.7%
Average return on deposits	6.4%	9.3%	11.7%	10.7%	9.6%	0.0%	0.0%

INTERNAL

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 All amounts have been rounded to the nearest thousand Rupees.

37.3 Date of Authorization

These condensed interim financial statements were authorized for issue in the Board of Directors meeting held on 26 October 2022.



Chairman



Chief Executive Officer



Chief Financial Officer



Director



Director



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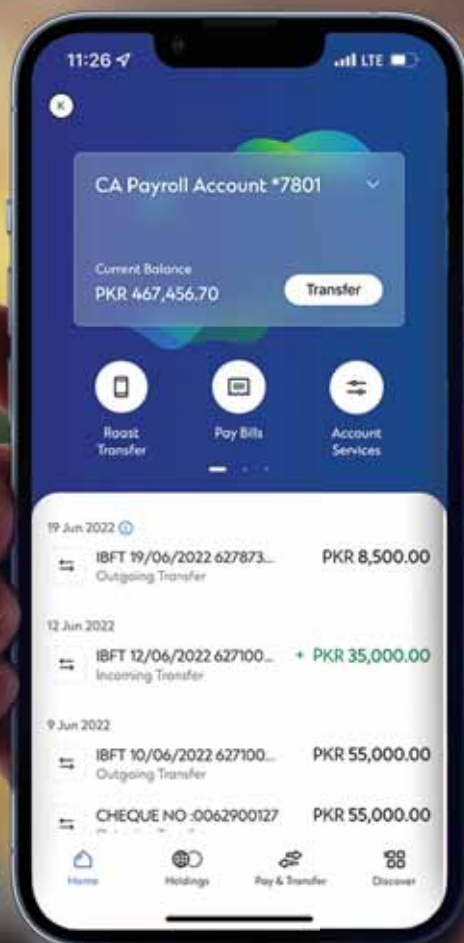


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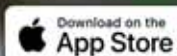


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