



standard  
chartered

Half Yearly Report  
(January – June 2024)

• Connecting  
the world's  
most dynamic  
markets •



here for  
good™

◀ From home-like  
hospitality

to global  
companionship ▶

## Explore avenues of unmatched benefits



Priority Lounge



Relationship Manager



Global Recognition



Priority Debit Card



Concierge Service



Household Recognition



Exclusive Discounts  
on Lifestyle and Dining



24-Hour Priority  
Helpline



standard  
chartered  
priority



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  
34,000+ girls empowered since 2016

### Employability

We provide vocational training, mentoring, career planning, upskilling and reskilling opportunities that support young people to become job ready.

#### Employment of the visually impaired

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

#### Futuremakers Inclusive Employability Project

Target more than 480 youth with disabilities into formal employment

### Entrepreneurship

#### #SCWomenInTech

SCWomenintech was launched in Pakistan in 2019. Since its launch more than 100 businesses have gone through extensive training, coaching and mentoring sessions out of which 33 businesses have been given the seed money to scale their business further.

#### Agriprenuer Project

Phase 1 -> Launched in 2020 focused on 900 beneficiaries  
Phase 2 -> Launched in 2021. This project will focus on 700 high potential agriprenuers from phase 1 and 303 new agriprenuers





## Standard Chartered is a leading international banking group

We are an international banking group, with a presence in 53 of the world's most dynamic markets and serving clients in over 64 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 **1,900** people and has a network of **172** touch points (**40 branches, 112 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.

# AWARDS

## Strong Recognition

Global Diversity, Equity, & Inclusion Benchmark



**Awards 2023**

- Vision, Strategy, and Business Impact
- DEI Structure and Implementation Recruitment Award
- Work-Life Integration, Flexibility, & Benefits Award
- DEI Communications Award
- DEI Learning and Development Award
- Connecting DEI and Sustainability Award
- Community, Government Relations & Philanthropy Award

Gender Diversity Awards 2023



**Awards 2023**

- Employer of Choice

Management Association of Pakistan



**Awards 2023 / 2022**

- Runner-up, Commercial Banks Sector, Financial Category
- Corporate Excellence Award under the Commercial Bank Sector

CFA Society Pakistan



**Awards 2022**

- Best Bank 2022, Mid-Size Bank Category
- Runner up, Diversity and Inclusion at Workplace Category

Asia Money Award



**Awards 2022**

- Best Bank Award in the ESG category

Euromoney Market Leaders

**Awards 2022**

- Pakistan – CSR (Highly Regarded)
- Pakistan – D&I (Highly Regarded)
- Pakistan – Islamic Finance (Notable)



Global Transaction Banking Innovation



**Awards 2022**

- Best Digital Treasury Management Initiative

Adam Smith Award

**Awards 2022/2021**



- Special Recognition Award
- Best Account Receivables Solution for Coca Cola Beverages Pakistan Ltd.

The Asset Triple A Awards

**Awards 2022/2021**



- Best Trade Finance Bank / Best Supply Chain Bank
- Best Cash Management Bank
- 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)



## Company Information

### Board of Directors

Mr. Christopher Parsons	Chairperson
Mr. Rehan Muhammad Shaikh	Chief Executive Officer
Mr. Ehsan Ali Malik	Director
Mr. Badaruddin Fatehali Vellani	Director
Ms. Rola Abu Manneh	Director
Mr. Sheikh Jobe	Director
Mr. Ghiasuddin Khan	Director

### Company Secretary

Mr. Asif Iqbal Alam

### Board Audit Committee

Mr. Ehsan Ali Malik	Chairperson
Mr. Badaruddin Fatehali Vellani	Member
Mr. Sheikh Jobe	Member

### Board Risk Committee

Mr. Ghiasuddin Khan	Chairperson
Mr. Ehsan Ali Malik	Member
Mr. Rehan Muhammad Shaikh	Member

### Board Human Resource & Remuneration Committee

Mr. Badaruddin Fatehali Vellani	Chairperson
Mr. Ghiasuddin Khan	Member
Ms. Rola Abu Manneh	Member

### Board IT Committee

Mr. Sheikh Jobe	Chairperson
Mr. Ehsan Ali Malik	Member
Mr. Rehan Muhammad Shaikh	Member

### Shariah Board

Shaikh Nizam Yaqouby	Chairperson
Mufti Muhammad Abdul Mubeen	Member
Mufti Irshad Ahmad Ajjaz	Member
Mufti Hafiz Muhammad Sarfaraz Nihal	Resident Member

### Auditors

M/s EY Ford Rhodes  
Chartered Accountants

### Legal Advisors

Haidermota & Co  
Advocates

### 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](http://www.sc.com/pk)

### Registrar/ Share Registration Office

M/s CDC Share Registrar Services Limited  
CDC House, 99-B, Block B,  
SMCHS, Main Shakra-e-Faisal,  
Karachi - 74400  
Toll Free: 0800 - 23275  
Fax: (021) 34326053  
Email: [info@cdcsrsl.com](mailto:info@cdcsrsl.com)

**STANDARD CHARTERED BANK (PAKISTAN) LIMITED  
PERIOD ENDED 30 JUNE 2024  
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<sup>th</sup> June 2024.

**Economy**

After witnessing a decelerated growth of -0.21% in FY2023, economy has witnessed nascent recovery with a provisional GDP growth rate of 2.38% in FY2024 attributed to strong agriculture performance, prudent policy management, decrease in inflation and a stable exchange rate.

On the external front, current account deficit narrowed by 79% to \$0.7bn in FY-24, as against a deficit of \$3.3bn in last fiscal year. The substantial reduction was due to improvement in exports and remittances while keeping imports intact reflecting the impact of policy tightening and administrative measures. Imports remained at same level year on year in FY-24 whereas exports and remittances increased by 11.5% and 11.0% respectively during FY-24.

Pakistan also reached staff level agreement with IMF on a 37-month Extended Fund Facility Arrangement (EFF) for USD 7bn which is providing market confidence and exchange rate stability. Foreign direct investment touched USD 1.9bn reflecting increase of 17% y/y for FY-24, which together with IMF programme will support in unlocking near-term FX inflows from multilateral and bilateral sources paving way for improved macroeconomic environment.

SBP foreign exchange reserves improved from USD 4.4bn at start of the fiscal year to USD 9.2bn as of 2<sup>nd</sup> Aug 2024. PKR remained stable in last six months, appreciating by 2.3% during FY'24. Inflation moderated to 12.6% in Jun'24 compared to 29.4% in Jun'23 and average annual inflation dropped to 23.4% in FY-24 from 29.2% in last fiscal year. Based on improving macroeconomic outlook, SBP has reduced the policy rate by 250bps to 19.5% in 2024.

Banks in Pakistan continue to be well capitalized with an industry wide CAR of 19.6% and remain profitable with a ROE (after tax) of 24.1% based on Q1-24 results. Meanwhile, NPLs of the banking sector stood at 7.9% at close of Q1-24 compared to 7.8% at close of Q1-23.

**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.

**Our strategic pillars**

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 in the Belt and Road Initiative and other 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.

**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 June 2024 (PKR millions)	31 December 2023 (PKR millions)
<b>Balance Sheet</b>		
Paid-up capital	38,716	38,716
Total equity	99,884	96,223
Deposits	816,857	719,535
Advances – gross	230,370	240,843
Advances – net	208,449	220,183
Investments – net	534,947	226,712



	Half year ended 30 June 2024 (PKR millions)	Half year ended 30 June 2023 (PKR millions)
<b>Profit and Loss</b>		
Revenue	57,924	46,644
Operating expenses	9,428	7,900
Other non mark-up expenses	975	613
Operating profit (before provisions and tax)	47,521	38,130
Credit loss allowance and write offs - net	(1,772)	(12)
Profit before tax	49,293	38,142
Profit after tax	21,477	18,785
Earnings per Share (EPS) - Rupees	5.55	4.85

A strong performance by the Bank led to a growth of 29% in profit before tax to PKR 49.3 billion. Overall revenue grew 24%, whereas client revenue increased by 23% year on year with positive contributions from all segments. Operating expenses increased 19% from comparative period in line with inflation. Moreover, lower impairments as a result of prudent risk approach coupled with recoveries of bad debts led to a net release of PKR 1.8 billion in H1'24 compared to a net release of PKR 12 million in the comparative period.

On the liabilities side, the Bank's total deposits stand at PKR 817 billion; up by PKR 97 billion, whereas current accounts registered a healthy growth of PKR 36 billion (up 10%) since the start of the year and comprise 49% of the deposit base. On assets side, net advances were lower by PKR 12 billion (5%) since the start of this year. We continue to monitor the economic 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 is investing in its digital capabilities and infrastructure to enhance our clients' banking experience through the introduction of innovative solutions. We have made steady progress in further strengthening our control and compliance environment by focusing on our people, culture and systems. We are fully committed to sustained growth by consistently focusing on our clients and product suite along with a prudent approach to building the balance sheet while bringing the best-in-class services to our customers.

### Outlook

While the external environment remains challenging, pace of economic recovery will be dependent on improvement in external flows, domestic and geopolitical environment and global commodity prices.

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 are expected to make us leaner and fitter to take advantage of the opportunities that lie ahead.

### Changes in the Board of Directors since the last report

In order to fill the casual vacancy created on the Board, Mr. Ghiasuddin Khan was appointed as Independent Director in place of Mr. Towfiq Chinoy. Pursuant to the regulatory clearance, Mr. Khan has joined the Board effective 12 July 2024.

### **Credit Rating**

Pakistan Credit Rating Agency (PACRA) has maintained the Bank's long-term and short-term ratings of "AAA" (Triple A) and "A1+" (A One Plus) respectively in 2024. These ratings denote the lowest expectation of credit risk emanating from an exceptionally strong capacity for timely payment of financial commitments.

### **Dividend**

Interim cash dividend of 20.0% (PKR 2.00/- per share) in respect of the half year ended June 30, 2024 has been declared by the Board of Directors in their meeting held on August 26, 2024. This is in addition to 15.0% (PKR 1.50/- per share) interim cash dividend announced / paid during the period.

### **Appreciation and Acknowledgment**

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

On behalf of the Board



Chief Executive Officer

Karachi: 26<sup>th</sup> August 2024



Director



**Building a better  
working world**

**STANDARD CHARTERED BANK (PAKISTAN) LIMITED**

**FINANCIAL STATEMENTS**

**FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2024**

EY Ford Rhodes  
Chartered Accountants  
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**TO THE MEMBERS OF STANDARD CHARTERED BANK (PAKISTAN) LIMITED**  
**REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS**

**Introduction**

We have reviewed the accompanying condensed interim statement of financial position of **Standard Chartered Bank (Pakistan) Limited** (the Bank) as at **30 June 2024** and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim cash flow statement and notes to the condensed interim financial statements for the six-months' period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review. The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the three months ended 30 June 2024 and 30 June 2023 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended 30 June 2024.

**Scope of Review**

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

**Conclusion**

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

The engagement partner on the review resulting in this independent auditor's review report is Omer Chughtai.

**Chartered Accountants**

**Karachi**

**Date: 28 August 2024**


**UDIN Number: RR202410120Tf8yFjk3Q**





**Standard Chartered Bank (Pakistan) Limited**  
**Statement of Financial Position**  
**As at 30 June 2024**


	Note	(Un-audited) 30 June 2024	(Audited) 31 December 2023 (Rupees in '000)
<b>ASSETS</b>			
Cash and balances with treasury banks	6	93,290,755	81,690,671
Balances with other banks	7	17,198,705	38,230,009
Lendings to financial institutions	8	114,885,130	365,241,485
Investments	9	534,946,501	226,711,860
Advances	10	208,449,079	220,183,482
Property and equipment	11	11,043,783	11,380,991
Right-of-use assets	12	1,083,135	1,285,344
Intangible assets	13	26,095,310	26,095,310
Deferred tax assets - net		-	-
Other assets	14	47,921,826	31,128,680
		<b>1,054,914,224</b>	<b>1,001,947,832</b>
<b>LIABILITIES</b>			
Bills payable	15	23,878,921	18,331,699
Borrowings	16	21,357,081	48,265,389
Deposits and other accounts	17	816,856,685	719,534,840
Lease liabilities	18	1,169,878	1,362,579
Sub-ordinated debt		-	-
Deferred tax liabilities - net	19	4,100,745	6,374,173
Other liabilities	20	87,666,518	111,856,489
		<b>955,029,828</b>	<b>905,725,169</b>
<b>NET ASSETS</b>		<b>99,884,396</b>	<b>96,222,663</b>
<b>REPRESENTED BY:</b>			
Share capital		38,715,850	38,715,850
Reserves		42,031,759	37,736,326
Surplus on revaluation of assets	21	9,016,685	8,641,979
Unappropriated profit		10,120,102	11,128,508
		<b>99,884,396</b>	<b>96,222,663</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	22		


The annexed notes 1 to 39 form an integral part of these condensed interim financial statements.

  
Chairman

  
Chief Executive Officer

  
Chief Financial Officer


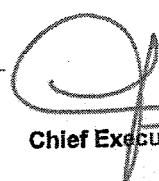
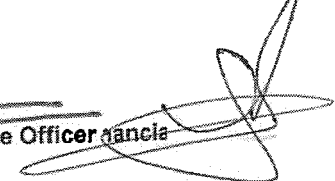

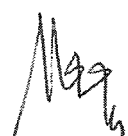
  
Director

  
Director

**Standard Chartered Bank (Pakistan) Limited**  
**Profit and Loss Account (Un-audited)**  
**For the six months period ended 30 June 2024**

		Three months period ended 30 June 2024	Six months period ended 30 June 2024	Three months period ended 30 June 2023	Six months period ended 30 June 2023
	Note	----- (Rupees in '000) -----			
Mark-up / return / interest earned	23	41,606,718	82,369,993	36,245,348	69,037,357
Mark-up / return / interest expensed	24	(17,614,755)	(34,328,217)	(13,447,194)	(26,513,773)
<b>Net mark-up / interest income</b>		<b>23,991,963</b>	<b>48,041,776</b>	<b>22,798,154</b>	<b>42,523,584</b>
<b>NON MARK-UP / INTEREST INCOME</b>					
Fee and commission income	25	1,537,167	3,502,150	1,237,821	2,561,053
Dividend income		100,000	100,000	50,049	50,084
Foreign exchange income	26	2,739,713	4,663,484	211,766	824,418
Income from derivatives		(14,260)	199,186	696,626	1,917,497
Gain / (loss) on securities	27	235,148	1,389,653	1,066,080	(1,406,018)
Other income	28	19,492	27,992	155,618	173,097
<b>Total non mark-up / interest income</b>		<b>4,617,260</b>	<b>9,882,465</b>	<b>3,417,960</b>	<b>4,120,131</b>
<b>Total Income</b>		<b>28,609,223</b>	<b>57,924,241</b>	<b>26,216,114</b>	<b>46,643,715</b>
<b>NON MARK-UP / INTEREST EXPENSES</b>					
Operating expenses	29	(4,793,014)	(9,428,316)	(4,103,367)	(7,899,958)
Workers welfare fund		(553,689)	(974,129)	(325,403)	(610,586)
Other charges	30	-	(434)	(1,260)	(2,725)
<b>Total non mark-up / interest expenses</b>		<b>(5,346,703)</b>	<b>(10,402,879)</b>	<b>(4,430,030)</b>	<b>(8,513,269)</b>
<b>Profit before credit loss allowance</b>		<b>23,262,520</b>	<b>47,521,362</b>	<b>21,786,084</b>	<b>38,130,446</b>
Credit loss allowance and write offs - net	31	1,294,835	1,771,592	207,988	11,931
Extra-ordinary / unusual items		-	-	-	-
<b>PROFIT BEFORE TAXATION</b>		<b>24,557,355</b>	<b>49,292,954</b>	<b>21,994,072</b>	<b>38,142,377</b>
Taxation	32	(14,316,723)	(27,815,788)	(12,400,104)	(19,357,772)
<b>PROFIT AFTER TAXATION</b>		<b>10,240,632</b>	<b>21,477,166</b>	<b>9,593,968</b>	<b>18,784,605</b>
		(Rupees)		(Rupees)	
<b>BASIC / DILUTED EARNINGS PER SHAR</b>	33	<b>2.65</b>	<b>5.55</b>	<b>2.48</b>	<b>4.85</b>

The annexed notes 1 to 39 form an integral part of these condensed interim financial statements.

 Chairman  
 Chief Executive Officer  
 Director  
 Director  
 Director

**Standard Chartered Bank (Pakistan) Limited**  
**Statement of Comprehensive Income (Un-audited)**  
**For the six months period ended 30 June 2024**

	Three months period ended 30 June 2024	Six months period ended 30 June 2024	Three months period ended 30 June 2023	Six months period ended 30 June 2023
	(Rupees in '000)			
Profit after taxation for the period	10,240,632	21,477,166	9,593,968	18,784,605
Other comprehensive income				
Items that may be reclassified to profit and loss account in subsequent periods:				
Movement in surplus / (deficit) on revaluation of debt investments through FVOCI / AFS - net of tax	387,502	298,694	543,258	(125,689)
Items that will not be reclassified to profit and loss account in subsequent periods:				
Movement in remeasurement of post employment obligations - deferred tax rate impact	-	-	(1,936)	(1,936)
Movement in surplus / (deficit) on revaluation of equity investments - net of tax	-	48,534	(9,275)	(3,306)
	-	48,534	(11,211)	(5,242)
<b>Total comprehensive income for the period</b>	<b>10,628,134</b>	<b>21,824,394</b>	<b>10,126,015</b>	<b>18,653,674</b>

The annexed notes 1 to 39 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 six months period ended 30 June 2024**

	Share Capital	Share Premium	Statutory Reserve	Surplus / (Deficit) on revaluation of		Unappropriated Profit	Total
				Investments	and equipment		
	(Rupees In '000)						
Balance as at 01 January 2023	38,715,850	1,036,090	28,175,670	93,973	7,784,819	11,714,277	87,520,879
<b>Total comprehensive income for the period</b>							
Profit after tax for the six months period ended 30 June 2023	-	-	-	-	-	18,784,805	18,784,805
Other comprehensive income - net of tax	-	-	-	-	-	-	-
Movement in deficit on revaluation of debt investments through AFS - net of tax	-	-	-	(125,689)	-	-	(125,689)
Movement in deficit on revaluation of equity investments - net of tax	-	-	-	(3,306)	-	-	(3,306)
Movement in remeasurement of post employment obligations - deferred tax rate impact	-	-	-	-	-	(1,936)	(1,936)
	-	-	-	(128,995)	-	18,782,869	18,653,874
<b>Transactions with owners, recorded directly in equity</b>							
Share based payment transactions (Contribution from holding Company)	-	-	-	-	-	34,104	34,104
Cash dividend (Final 2022) at Rs. 2.50 per share	-	-	-	-	-	(9,678,983)	(9,678,983)
	-	-	-	-	-	(9,644,859)	(9,644,859)
Transfer to statutory reserve	-	-	3,756,921	-	-	(3,756,921)	-
Realised on disposals during the year - net of deferred tax	-	-	-	-	(55,437)	55,437	-
Transferred from surplus on revaluation of Property and equipment - net of deferred tax	-	-	-	-	(9,048)	9,048	-
<b>Balance as at 30 June 2023 - Un-audited</b>	<b>38,715,850</b>	<b>1,036,090</b>	<b>31,932,791</b>	<b>(35,022)</b>	<b>7,720,334</b>	<b>17,159,651</b>	<b>96,528,694</b>
<b>Total comprehensive income for the period</b>							
Profit after tax for the six months period ended 31 December 2023	-	-	-	-	-	23,837,226	23,837,226
Other comprehensive income - net of tax	-	-	-	-	-	-	-
Movement in deficit on revaluation of debt investments through AFS - net of tax	-	-	-	(54,805)	-	-	(54,805)
Movement in surplus on revaluation of equity investments - net of tax	-	-	-	136,794	-	-	136,794
Remeasurement of post employment obligations - net of tax	-	-	-	-	-	2,184	2,184
Surplus on revaluation of Property and equipment - net of deferred tax	-	-	-	-	881,686	-	881,686
	-	-	-	81,989	881,686	23,839,410	24,603,065
<b>Transactions with owners, recorded directly in equity</b>							
Share based payment transactions (Contribution from holding Company)	-	-	-	-	-	55,187	55,187
Cash dividend (Interim I - 2023) at Rs. 4.00 per share	-	-	-	-	-	(15,488,340)	(15,488,340)
Cash dividend (Interim I - 2023) at Rs. 2.50 per share	-	-	-	-	-	(9,678,983)	(9,678,983)
	-	-	-	-	-	(25,110,116)	(25,110,116)
Transfer to statutory reserve	-	-	4,767,445	-	-	(4,767,445)	-
Transferred from surplus on revaluation of Property and equipment - net of deferred tax	-	-	-	-	(7,008)	7,008	-
<b>Balance as at 31 December 2023 - Audited</b>	<b>38,716,860</b>	<b>1,036,090</b>	<b>36,700,236</b>	<b>46,887</b>	<b>8,595,012</b>	<b>11,128,608</b>	<b>96,222,663</b>
Effect of reclassification / remeasurement on adoption of IFRS 9 - net of tax	-	-	-	57,635	-	253,045	310,680
Expected credit loss on adoption of IFRS 9 - net of tax	-	-	-	-	-	(3,084,458)	(3,084,458)
<b>Balance as at 1 January 2024 - restated</b>	<b>38,716,860</b>	<b>1,036,090</b>	<b>36,700,236</b>	<b>104,522</b>	<b>8,595,012</b>	<b>8,297,097</b>	<b>93,448,687</b>
<b>Total comprehensive income for the period</b>							
Profit after tax for the six months period ended 30 June 2024	-	-	-	-	-	21,477,166	21,477,166
Other comprehensive income - net of tax	-	-	-	-	-	-	-
Movement in surplus on revaluation of debt investments through FVOCI - net of tax	-	-	-	298,694	-	-	298,694
Movement in surplus on revaluation of equity investments - net of tax	-	-	-	48,534	-	-	48,534
	-	-	-	347,228	-	21,477,166	21,824,394
<b>Transactions with owners, recorded directly in equity</b>							
Share based payment transactions (Contribution from holding Company)	-	-	-	-	-	97,466	97,466
Cash dividend (Final 2023) at Rs. 2.50 per share	-	-	-	-	-	(9,678,983)	(9,678,983)
Cash dividend (Interim I - 2024) at Rs. 1.50 per share	-	-	-	-	-	(5,807,375)	(5,807,375)
	-	-	-	-	-	(15,386,885)	(15,386,885)
Transfer to statutory reserve	-	-	4,295,433	-	-	(4,295,433)	-
Realised on disposal during the year - net of deferred tax	-	-	-	-	(14,308)	14,308	-
Transferred from surplus on revaluation of Property and equipment - net of deferred tax	-	-	-	-	(15,849)	15,849	-
<b>Balance as at 30 June 2024 - Un-audited</b>	<b>38,716,860</b>	<b>1,036,090</b>	<b>40,995,669</b>	<b>451,830</b>	<b>8,564,856</b>	<b>10,120,102</b>	<b>99,864,396</b>

The annexed notes 1 to 39 form an integral part of these condensed interim financial statements.

  
Chairman

  
Chief Executive Officer

  
Chief Financial Officer

  
Director

  
Director

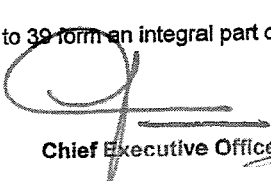


**Standard Chartered Bank (Pakistan) Limited**  
**Cash Flow Statement (Un-audited)**  
**For the six months period ended 30 June 2024**

	Note	30 June 2024	30 June 2023
Rupees in '000			
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit before taxation		49,292,954	38,142,377
Less: Dividend income		(100,000)	(50,084)
		<u>49,192,954</u>	<u>38,092,293</u>
<b>Adjustments for:</b>			
Net mark-up / interest income		(48,041,776)	(42,523,584)
Depreciation	29	329,814	243,195
Depreciation on right-of-use assets		210,462	198,811
Gain on sale of asset held for sale		(9,247)	(144,717)
Gain on sale of property and equipment	28	(12,825)	(11,755)
Unrealized gain on revaluation of investments classified as FVTPL / HFT - net	27	(198,673)	(30,196)
Finance cost of lease liability		87,110	104,047
(Gain) / loss on lease termination		(1,187)	14,902
Credit loss allowance and write offs net		(999,362)	(11,931)
		<u>(48,635,684)</u>	<u>(42,161,228)</u>
		557,270	(4,068,935)
<b>(Increase) / decrease in operating assets</b>			
Lending to financial institutions		250,356,355	(71,422,537)
Securities classified as FVTPL / HFT		(307,129,872)	(1,260,433)
Advances		9,649,717	(1,004,846)
Other assets (excluding advance taxation)		(23,144,082)	11,548,351
		<u>(70,267,882)</u>	<u>(62,139,465)</u>
<b>Increase / (decrease) in operating liabilities</b>			
Bills payable		5,547,222	12,846,699
Borrowings from financial institutions		(6,833,622)	(44,583)
Deposits		97,321,845	7,256,411
Other liabilities (excluding current taxation)		12,197,270	15,503,208
		<u>108,232,715</u>	<u>35,561,735</u>
Mark-up / Interest received		79,836,459	68,949,695
Mark-up / Interest paid		(34,170,826)	(26,855,674)
<b>Cash inflow before taxation</b>		<u>84,187,736</u>	<u>11,447,356</u>
Income tax paid		(20,307,186)	(10,277,668)
<b>Net cash flow from operating activities</b>		<u>63,880,550</u>	<u>1,169,688</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Net Investments in securities classified as FVOCI / AFS		(662,629)	13,507,387
Dividend received		100,000	50,084
Investment in property and equipment		(445,920)	(208,008)
Proceeds from sale of property and equipment		12,825	11,755
Proceeds from sale of asset held for sale		51,500	260,500
<b>Net cash flow (used in) / from investing activities</b>		<u>(944,224)</u>	<u>13,621,718</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Dividend paid		(52,005,787)	(212,936)
Payment in respect of lease liability		(287,073)	(293,813)
<b>Net cash flow used in financing activities</b>		<u>(52,292,860)</u>	<u>(506,749)</u>
<b>Increase in cash and cash equivalents for the period</b>		<u>10,643,486</u>	<u>14,284,657</u>
Cash and cash equivalents at beginning of the period		99,974,842	65,886,124
Effect of exchange rate changes on cash and cash equivalents		(227,010)	8,695,619
		<u>99,747,832</u>	<u>74,581,743</u>
<b>Cash and cash equivalents at end of the period</b>		<u>110,391,298</u>	<u>88,866,400</u>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>			
Cash and balances with treasury banks	6	93,290,755	75,844,693
Balances with other banks	7	17,198,705	23,207,999
Overdrawn nostros	16	(98,162)	(10,186,292)
		<u>110,391,298</u>	<u>88,866,400</u>

The annexed notes 1 to 39 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 six months period ended 30 June 2024**

**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 (Group), 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 2023: 40 branches in Pakistan including 2 Islamic branches ) in operation at 30 June 2024.

**2 BASIS OF PREPARATION**

**2.1 Statement of compliance**

The condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting and 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 are notified under the Companies Act, 2017;
- Provisions of and directives issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017; and
- Directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP).

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

The SBP has deferred the applicability of International Accounting Standard (IAS) 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 Letter No.2 dated February 09, 2023 and IAS34, Interim Financial Reporting. They do not include all the information and disclosures required in preparation of audited annual financial statements, and should be read in conjunction with the audited financial statements of the Bank for the year ended December 31, 2023, except for IFRS 9 Financial Instruments adopted with effect from January 01, 2024.

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

The Bank has adopted the following amendments to the approved accounting and reporting standards which became effective for the current year:

### Amendments to approved accounting standards

Lease Liability in a Sale and Leaseback - Amendments to IFRS 16

Disclosures: Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants - Amendments to IAS 1

## 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, amendments and interpretations as notified under the Companies Act, 2017 will be effective for accounting periods beginning on or after January 01, 2025:

Amendments		Effective date (annual periods beginning on or
- Amendments to IAS 21	Lack of exchangeability	01 January 2025
- Amendments to IFRS 9 and IFRS 7	Classification and Measurement of Financial	01 January 2026
- IFRS 18	Presentation and Disclosure in Financial Statements	01 January 2027
- IFRS 19	Subsidiaries without Public Accountability: Disclosures	01 January 2027
- IFRS 17	Insurance Contracts	01 January 2026
- IFRS 10 / IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendment to IFRS 10 and IAS 28	Not yet finalised

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.

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
- IFRS 1	First-time Adoption of International Financial Reporting Standards	July 01, 2009

## 3 MATERIAL ACCOUNTING POLICIES AND ESTIMATES

The accounting policies adopted in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of the financial statements of the Bank for the year ended December 31, 2023 except as disclosed in Notes 3.1 and 3.2.

### 3.1 Changes in reporting format

The SBP vide BPRD Circular No. 2 dated February 09, 2023 specified the new format for interim financial statements of banking companies. The new format has revised the disclosure requirements of the Bank for the half year ended June 30, 2024 which has resulted in additional disclosures relating to IFRS 9 and reclassification of Lease liabilities and Right of use assets on the face of Statement of Financial Position out of Property and equipment and Other Liabilities, respectively in these financial statements.

### 3.2 IFRS 9 - Financial Instruments

As per SBP BPRD Circular no 7 of 2023, IFRS 9 Financial Instruments is effective for periods beginning on or after 1 January 2024 along with IFRS 9 Application Instructions for ensuring smooth and consistent implementation of the standard in the banks. The Bank has adopted IFRS 9 (read with IFRS 9 application instructions issued by SBP) with date of initial application as January 01, 2024, which resulted in changes in accounting policies and adjustments to the amounts previously recognised in the financial statements. Further, the State Bank of Pakistan has clarified through its BPRD Circular letter no 16 of 2024, the accounting practices relating to such areas which are applied for the purposes of preparation of these interim financial statements. In terms of the transitional provisions of IFRS 9, adjustments to the carrying amounts of financial assets and liabilities at the date of transition were recognised in the opening unappropriated profit and other reserves at the beginning of the current period without restating the comparative figures. The impact on carrying amounts of the financial assets and liabilities is disclosed in Note 4.

#### Significant differences from accounting policies applicable till 31 December 2023 before adoption of IFRS 9

##### Classification and measurement

The classification and measurement of financial assets depends on how these are managed (the entity's business model) and their contractual cash flow characteristics. Financial assets that do not meet the Solely Payment of Principal & Interest (SPPI) criteria are measured at Fair Value through Profit & Loss (FVTPL) regardless of the business model. The Bank's business model in which financial assets are held will determine whether the financial assets are measured at amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL).

##### Impairment of debt investments and loans and advances

The new IFRS 9 impairment requirements eliminate the previous threshold for the recognition of credit losses, i.e., it is no longer necessary for a credit event to have occurred before credit losses are recognised. Instead, an entity always accounts for ECLs, and updates the loss allowance for changes in these ECLs at each reporting date to reflect changes in credit risk since initial recognition. Consequently, the holder of the financial asset needs to take into account more timely and forward-looking information in order to provide users of financial statements with useful information about the ECLs on financial instruments that are in the scope of these impairment requirements. The previous impairment requirements were based solely on Prudential regulations of SBP as disclosed in Note 3.4 to the annual financial statements of the Bank.

#### Material accounting policies applicable from 01 January 2024 as a result of adoption of IFRS 9

##### Financial assets – initial recognition

Financial assets are initially recognized at fair value.

##### Classification and subsequent measurement of financial assets

Financial assets are classified into following categories for measurement subsequent to initial recognition:

- Financial assets at amortized cost
- Debt / Equity instruments at 'fair value through other comprehensive income' FVOCI
- Financial assets at 'fair value through profit or loss' FVTPL

##### Financial assets at amortised cost

The Bank classifies its financial assets at amortized cost only if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows
- The contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding

The details of these conditions are outlined below:

##### a) Business model assessment

The Bank determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The business model is determined at a level which reflects how a group of assets are managed together to achieve a particular objective. The following factors are considered in determining business models assessment:

- On the business lines (e.g., Transaction banking, financial markets, Corporate and commercial loans), or
- Between desks within business lines if the desks will have varying mandates/ objectives (i.e. sub-portfolios or sub-business lines).



The variety of factors identified for IFRS 9 classification is consistent with how asset portfolios are reported to management.

#### b) The SPPI test

As a second step of its classification process the Bank assesses the contractual terms of financial asset to identify whether they meet the SPPI test. The assessment of SPPI aims to identify whether the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding'.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset. The most significant elements of 'interest' within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Bank applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

After initial measurement, these financial assets are subsequently measured at amortized cost.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL, unless otherwise specified by the Regulator.

Cashflows of Financial instruments which do not pass solely payments of principal and interest test are accordingly measured at fair value through profit and loss (FVTPL), unless otherwise specified by the Regulator.

#### Debt instruments at FVOCI

The Bank applies this new category under IFRS 9 when both of the following conditions are met:

- The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets
- The contractual terms of the financial asset meet the SPPI test.

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI. Interest income at EIR and foreign exchange gains and losses are recognised in the profit and loss account.

The ECLs for debt instruments measured at FVOCI do not reduce the carrying amount of these financial assets in the statement of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to profit and loss account. The accumulated loss recognised in OCI is recycled to the profit and loss account upon derecognition of the assets.

On derecognition, cumulative gains or losses previously recognised in OCI are reclassified from OCI to profit and loss account.

#### Equity instruments at FVOCI

Upon initial recognition, the Bank elects to classify irrevocably some of its equity investments as equity instruments at FVOCI when they meet the definition of 'Equity' under IAS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by-instrument basis and is irrevocable

Gains and losses on these equity instruments are never recycled to profit and loss account. Dividends are recognised in profit and loss account when the right of the payment has been established, except when the Bank benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment.

#### Financial assets and financial liabilities at FVTPL

Financial assets and financial liabilities in this category are those that are:

- held for trading, that is, they have been purchased or issued primarily for short-term profit-making through trading activities or form part of a portfolio of financial instruments that are managed together, for which there is evidence of a recent pattern of short-term profit taking, or
- not held for trading and have been either designated by management upon initial recognition, or mandatorily required to be measured at fair value under IFRS 9

Financial assets are recorded in the statement of financial position at fair value. Changes in fair value are recorded in profit and loss account. Interest and dividend income or expense is recorded in net trading income according to the terms of the contract, or when the right to payment has been established.

#### **Financial liabilities at amortised cost**

Financial liabilities which are measured at amortised cost using the EIR method. These include Bills payable, Borrowings, Deposits and certain items within Other Liabilities.

#### **Derecognition of financial assets**

##### **Derecognition due to substantial modification of terms and conditions**

The Bank derecognises a financial asset (other than Stage 3) when the terms and conditions have been renegotiated to the extent that it substantially becomes a new loan, with the difference recognised as a derecognition gain or loss. The newly recognised loan is classified as Stage 1 for ECL measurement purposes, unless it is deemed to be purchased originated credit impaired. When assessing whether or not to derecognise a loan to a customer, amongst others, the Bank considers qualitative factors, or if the modification is such that the instrument would no longer meet the SPPI criterion.

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Bank records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

##### **Derecognition other than due to substantial modification of terms and conditions**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired. The Bank also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

The gain/(loss) on derecognition of financial asset has been calculated as the difference between the book value (including impairment) and the proceeds received.

##### **Derecognition of financial liabilities**

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

#### **Impairment of financial assets**

##### **Overview of the ECL principles**

The adoption of IFRS 9 has fundamentally changed the Bank's loan loss impairment method by replacing the incurred loss approach of the local regulations with a forward-looking ECL approach. The Bank has been recording the allowance for expected credit losses for all loans and other debt financial assets held at amortised cost or FVOCI, together with loan commitments, letters of credit and financial guarantee contracts. Equity instruments are not subject to impairment under IFRS 9. Under the SBP's instructions, local currency credit exposures guaranteed by the Government and Government Securities are exempted from the application of ECL.

##### **The calculation of ECLs**

The ECL allowance is based on the credit losses expected to arise over the life of the asset the lifetime expected credit loss' (LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL).

The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Based on the above process, the Bank groups its financial assets into Stage 1, Stage 2 and Stage 3 as described below:

- Stage 1: When loans are first recognised, the Bank recognises an allowance based on 12mECLs. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.
- Stage 2: When a loan has shown a significant increase in credit risk since origination (SICR), the Bank records an allowance for the LTECLs. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.
- Stage 3: Loans considered credit-impaired. The Bank records an allowance for the LTECLs with PD set at 100%. Under SBP's instructions, until implementation of IFRS 9 has stabilized, Stage 3 allowance would be taken as higher of IFRS 9 ECL or provision computed under Prudential Regulations.

The Bank has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. The Bank considers an exposure to have significantly increased in credit risk when there is considerable deterioration in the Credit Grading (CG) of the borrower. The Bank also applies a secondary qualitative method for triggering a significant increase in credit risk for an asset, such as moving a customer/facility to the Early Alert- Non Purely Precautionary (EA-NPP), or the account becoming forborne. Regardless of the change in credit grades, generally, the Bank considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The key elements of ECL calculations are as follows:

**Probability of default:**

The probability that a counterparty will default, over the next 12 months from the reporting date (stage 1) or over the lifetime of the product (stage 2), incorporating the impact of forward looking economic assumptions that have an effect on Credit Risk. The PD estimates will fluctuate in line with the economic cycle. The lifetime (or term structure) PDs are based on statistical models, calibrated using historical data and adjusted to incorporate forward-looking economic assumptions

**Exposure at default:**

The expected balance sheet exposure at the time of default, taking into account expected changes over the lifetime of the exposure. This incorporates the impact of drawdowns of facilities with limits, repayments of principal and interest, and amortisation

**Loss given default:**

The loss that is expected to arise on default, incorporating the impact of forward-looking economic assumptions where relevant, which represents the difference between the contractual cashflows due and those that the bank expects to receive. The Bank estimates LGD based on the history of recovery rates and considers the recovery of any collateral that is integral to the financial asset, taking into account forward-looking economic assumptions where relevant.

LGD benefit of non-liquid collateral has been excluded from ECL calculations in line with the local implementation guidelines.

The interest rate used to discount the ECLs would be based on the effective interest rate that is expected to be charged over the expected period of exposure to the facilities.

When estimating the ECLs, the Bank considers probability-weighted scenarios. These are associated with different PDs, EADs and LGDs. These expected probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR. This calculation is made for each of the three scenarios. When relevant, the assessment of multiple scenarios also incorporates how defaulted loans are expected to be recovered, including the probability that the loans will cure and the value of collateral or the amount that might be received for selling the asset.

The maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Bank has the legal right to call it earlier.

Impairment losses and reversals are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value.

**Forward looking information**

Forward-looking economic assumptions are incorporated into the PD, LGD and EAD where relevant and where they influence credit risk. These assumptions are incorporated using the Bank's most likely forecast for a range of macroeconomic assumptions. These forecasts are determined using all reasonable and supportable information, which includes both internally developed forecasts and those available externally.

**Transition disclosures**

Note 4 sets out the impact of adopting IFRS 9 on the statement of financial position, unappropriated profit and surplus on revaluation of investments.

## 4 TRANSITION IMPACT OF IFRS9

Table below captures Day 1 adoption Impact

	2024				1 January 2024
	Audited 31 December 2023	Re -classification	Re -meaurement	Expected credit loss	
------(Rupees in '000)-----					
<b>ASSETS</b>					
Cash and balances with treasury banks	81,690,671	-	-	(1,704,694)	79,985,977
Balances with other banks	38,230,009	-	-	(15,957)	38,214,052
Lending to financial institutions	365,241,485	-	-	(13,724)	365,227,761
Investments	226,711,860	-	366,054	-	227,077,914
Advances	220,183,482	-	-	(3,712,376)	216,471,106
Property and equipment	11,380,991	-	-	-	11,380,991
Right-of-use assets	1,285,344	-	-	-	1,285,344
Intangible assets	26,095,310	-	-	-	26,095,310
Deferred tax assets - net	-	-	-	-	-
Other assets	31,128,680	-	-	(50,181)	31,078,499
	1,001,947,832	-	366,054	(5,496,931)	996,816,955
<b>LIABILITIES</b>					
Bills payable	18,331,699	-	-	-	18,331,699
Borrowings	48,265,389	-	-	-	48,265,389
Deposits and other accounts	719,534,840	-	-	-	719,534,840
Lease liabilities	1,362,579	-	-	-	1,362,579
Sub-ordinated debt	-	-	-	-	-
Deferred tax liabilities - net	6,374,173	(123,992)	179,367	(2,963,497)	3,466,051
Other liabilities	111,856,489	-	-	551,022	112,407,511
	905,725,169	(123,992)	179,367	(2,412,475)	903,368,068
<b>NET ASSETS</b>	<b>96,222,663</b>	<b>123,992</b>	<b>186,688</b>	<b>(3,084,456)</b>	<b>93,448,887</b>
<b>REPRESENTED BY:</b>					
Share capital	38,715,850	-	-	-	38,715,850
Reserves	37,736,326	-	-	-	37,736,326
Surplus on revaluation of assets	8,641,979	(129,053)	186,688	-	8,699,614
Unappropriated profit	11,128,508	253,045	-	(3,084,456)	8,297,097
	96,222,663	123,992	186,688	(3,084,456)	93,448,887

**(A) Reclassification from retired categories with change in measurement**

The following reconciles the carrying amounts of financial assets and liabilities, from their previous measurement category in accordance with existing local regulations to their new measurement categories upon transition to IFRS 9 on January 01, 2024.

Classification change from retiring categories under investments are as under:

- Designation of equity instruments at FVOCI - The Bank has elected to irrevocably designate investments in strategic investments in unquoted securities as FVOCI amounting to Rs: 50 million . These securities were previously classified as available for sale. The changes in fair value of such securities will no longer be reclassified to profit or loss when they are disposed of.

**(B) Reclassification from retired categories with no change in measurement**

In addition to the above, certain financial instruments have been reclassified to new categories under IFRS 9, as their previous categories under existing local regulations were 'retired', with no changes to their measurement basis:

(i) Those previously classified as available for sale amounting to PKR 225,980.091 million and now classified as measured at FVOCI; and

(ii) Those previously classified as held to maturity including Cash and balances with tressury banks, balances with other banks, lending to financial institutions, Borrowings, bills payable, deposits and other liabilities now classified as measured at amortised cost.

(iii) Those previously classified as held for trading amounting to PKR 377.041 million and now classified as measured at FVTPL.

**C) Expected Credit Loss:** This represents Expected Credit Loss allowance on financial assets of the Bank calculated in line with IFRS 9 and SBP Application Instructions with initial recording routed through equity.

## 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 2023.

6	CASH AND BALANCES WITH TREASURY BANKS	Note	30 June 2024 (Un-audited)	31 December 2023 (Audited)
			(Rupees in '000)	
	In hand			
	- Local currency		4,011,319	4,049,341
	- Foreign currencies		14,407,599	19,261,075
	With State Bank of Pakistan in:			
	- Local currency current account	6.1	56,292,409	37,314,826
	- Local currency current account - Islamic Banking	6.1	3,553,160	3,581,238
	- Foreign currency deposit account			
	- Cash reserve account	6.2	5,276,093	5,693,733
	- Special cash reserve account	6.2	10,071,369	10,867,685
	- Local US Dollar collection account		608,610	866,851
	With National Bank of Pakistan in:			
	- Local currency current account		93	93
	Prize Bonds		52,359	55,829
	Less: Credit loss allowance held against cash and balances with treasury banks (FCY)	6.3	<u>(982,256)</u>	-
	Cash and balances with treasury banks - net of credit loss allowance		<u>93,290,755</u>	<u>81,690,671</u>

6.1 The local currency current account is maintained with the State Bank of Pakistan (SBP) as per the requirements of Section 22 of the Banking Companies Ordinance, 1962. This section requires banking companies to maintain a local currency cash reserve in the current account opened with the SBP at a sum not less than such percentage of its demand and time liabilities in Pakistan as may be prescribed by SBP.

6.2 As per 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). It carries mark-up at a rate of 4.16 percent (2023: 3.74 percent) per annum.

6.3 This represents ECL allowance in line with IFRS 9 and SBP Application Instructions.

7	BALANCES WITH OTHER BANKS	Note	30 June 2024 (Un-audited)	31 December 2023 (Audited)
			(Rupees in '000)	
	In Pakistan			
	- In current accounts		43,678	472,976
	Outside Pakistan			
	- In current accounts	7.1	17,159,796	37,757,033
	Less: Credit loss allowance held against balances with other banks (FCY)	7.2	<u>(4,769)</u>	-
	Balances with other banks - net of credit loss allowance		<u>17,198,705</u>	<u>38,230,009</u>

7.1 This includes balances of Rs. 17,076.358 million (2023: Rs. 37,677.022 million) held with other branches and subsidiaries of Standard Chartered Group outside Pakistan.

7.2 This represents ECL allowance in line with IFRS 9 and SBP Application Instructions.

8	LENDINGS TO FINANCIAL INSTITUTIONS	Note	30 June 2024 (Un-audited)	31 December 2023 (Audited)
			(Rupees in '000)	
	Repurchase agreement lendings (Reverse Repo)	8.1	45,846,533	319,495,646
	Placements	8.2	69,059,315	45,745,839
	Less: Credit loss allowance held against lending to financial institutions	8.3	<u>(20,718)</u>	-
	Lendings to financial institutions - net of credit loss allowance		<u>114,885,130</u>	<u>365,241,485</u>

8.1 These carry mark-up rates ranging from 19.50 percent to 20.0 percent per annum (2023: 21.0 percent to 22.65 percent) per annum payable at maturity, and are due to mature in July 2024. This arrangement is governed under Master Repurchase Agreements. The market value of securities held as collateral against repurchase agreement lendings amounted to Rs 45,887.350 million (2023: Rs 320,768.912 million).

8.2 These represent placements with other branches and subsidiaries of Standard Chartered Group outside Pakistan at mark-up rates ranging from 2.75 percent to 5.40 percent per annum (2023: 3.00 percent to 5.40 percent per annum), and are due to mature latest by November 2024.

8.3 Lending to FIs- Particulars of credit loss allowance

	30 June 2024 (Un-audited)		31 December 2023 (Audited)	
	Lending	Credit loss allowance held	Lending	Provision
Stage 1/ Performing	114,905,848	(20,718)	365,241,485	-
<b>Total</b>	<b>114,905,848</b>	<b>(20,718)</b>	<b>365,241,485</b>	<b>-</b>

30 June 2024 31 December  
(Un-audited) 2023 (Audited)  
(Rupees in '000)

## 8.4 Particulars of lending

In local currency	46,825,815	319,495,646
In foreign currencies	69,059,315	45,745,839
	<u>114,885,130</u>	<u>365,241,485</u>

## 9 INVESTMENTS

30 June 2024 (Un-audited)				31 December 2023 (Audited)			
Cost / Amortised cost	Credit loss allowance / 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)				(Rupees in '000)			
	FVTPL				(Held for Trading)			
Federal Government Securities	307,489,391	-	46,637	307,535,028	359,519	-	17,522	377,041
Shares	304,728	-	153,036	457,764	-	-	-	-
	<u>307,794,119</u>	<u>-</u>	<u>199,673</u>	<u>307,992,792</u>	<u>359,519</u>	<u>-</u>	<u>17,522</u>	<u>377,041</u>
	FVOCI				(Available for sale)			
Federal Government Securities	226,017,768	-	424,720	226,442,488	226,141,044	-	(160,953)	225,980,091
Shares	53,004	(3,004)	461,221	511,221	836,081	(734,398)	253,045	354,728
Non Government Debt Securities	147,000	(147,000)	-	-	147,000	(147,000)	-	-
	<u>226,217,772</u>	<u>(160,004)</u>	<u>885,941</u>	<u>226,953,709</u>	<u>227,124,125</u>	<u>(881,398)</u>	<u>92,092</u>	<u>226,334,819</u>
<b>Total Investments</b>	<b>534,011,891</b>	<b>(160,004)</b>	<b>1,084,614</b>	<b>534,946,501</b>	<b>227,483,644</b>	<b>(881,398)</b>	<b>109,614</b>	<b>226,711,860</b>

## 9.1.1 Investments given as collateral

The book value of investment given as collateral against borrowing is as follows:

	Note	30 June 2024 (Un-audited)	31 December 2023 (Audited)
		(Rupees in '000)	
Market Treasury Bills	9.3	17,406	5,350,131
		<u>17,406</u>	<u>5,350,131</u>

## 9.2 Credit loss allowance / provision for diminution in value of investments

	30 June 2024 (Un-audited)	31 December 2023 (Audited)
	(Rupees in '000)	
Opening balance	881,398	881,398
Reclass due to impact of adoption of IFRS 9	(731,394)	-
Closing Balance	<u>160,004</u>	<u>881,398</u>

Reclass relates to provision for diminution in value of investment which has now been adjusted in cost of investment.

## 9.2.1 Particulars of credit loss allowance against debt securities

Category of classification	30 June 2024 (Un-audited)		31 December 2023 (Audited)	
	Outstanding amount	Credit loss allowance / provision held	Outstanding amount	Credit loss allowance / provision held
	(Rupees in '000)			
Stage 3				
Loss	147,000	147,000	147,000	147,000
Total	<u>147,000</u>	<u>147,000</u>	<u>147,000</u>	<u>147,000</u>

9.3 Investments include securities having market value of Rs. 17.455 million (2023: Rs. 18.506 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 June 2024 (Un-audited)	31 December 2023 (Audited)	30 June 2024 (Un-audited)	31 December 2023 (Audited)	30 June 2024 (Un-audited)	31 December 2023 (Audited)
	(Rupees in '000)					
Loans, cash credits, running finances, etc.	142,685,725	151,518,577	17,866,600	19,382,427	160,552,325	170,901,004
Islamic financing and related assets	62,587,810	63,395,400	1,628,573	1,678,757	64,216,383	65,074,157
Bills discounted and purchased (excluding treasury bills)	5,600,953	4,868,119	-	-	5,600,953	4,868,119
<b>Advances - gross</b>	<b>210,874,488</b>	<b>219,782,096</b>	<b>19,495,173</b>	<b>21,061,184</b>	<b>230,369,661</b>	<b>240,843,280</b>
<b>Credit loss allowance against advances</b>						
-Stage 1	(1,165,707)	-	-	-	(1,165,707)	-
-Stage 2	(1,535,648)	-	-	-	(1,535,648)	-
-Stage 3 / Specific provisions	-	-	(19,219,227)	(19,681,449)	(19,219,227)	(19,681,449)
-General	-	(978,349)	-	-	-	(978,349)
	<b>(2,701,355)</b>	<b>(978,349)</b>	<b>(19,219,227)</b>	<b>(19,681,449)</b>	<b>(21,920,582)</b>	<b>(20,659,798)</b>
<b>Advances - net of credit loss allowance</b>	<b>208,173,133</b>	<b>218,803,747</b>	<b>275,946</b>	<b>1,379,735</b>	<b>208,449,079</b>	<b>220,183,482</b>

## 10.1 Particulars of advances - gross

30 June 2024  
(Un-audited) 31 December  
2023 (Audited)  
(Rupees in '000)

In local currency	221,015,935	231,929,092
In foreign currencies	9,353,726	8,914,188
	<b>230,369,661</b>	<b>240,843,280</b>

10.2 Advances include Rs.19,495.173 million (31 December 2023: Rs. 21,061.184 million) which have been placed under non-performing / Stage 3.

## 10.3 Particulars of credit allowance / provision against advances

	30 June 2024 (Un-audited)			31 December 2023 (Audited)		
	Stage 1 & 2	Stage 3	Total	General	Specific	Total
	(Rupees in '000)					
Opening balance	978,349	19,681,449	20,659,798	1,022,200	19,692,817	20,715,017
Impact of adoption of IFRS 9	2,518,479	1,193,897	3,712,376	-	-	-
Opening balance - restated	3,496,828	20,875,346	24,372,174	1,022,200	19,692,817	20,715,017
Charge for the period / year	2,404,131	869,678	3,293,809	53,365	1,403,848	1,457,213
Reversals	(2,987,883)	(1,020,164)	(4,008,047)	(97,216)	(1,522,788)	(1,620,004)
	(583,753)	(130,486)	(714,238)	(43,851)	(118,940)	(162,791)
Amounts written off	(109,148)	(1,572,012)	(1,681,160)	-	(268,950)	(268,950)
Other movements (including FX adjustments)	(102,573)	46,379	(56,194)	-	376,522	376,522
<b>Closing balance</b>	<b>2,701,355</b>	<b>19,219,227</b>	<b>21,920,582</b>	<b>978,349</b>	<b>19,681,449</b>	<b>20,659,798</b>



## 10.4 Advances - Particulars of credit loss allowance

	30 June 2024 (Un-audited)			
	Stage 1	Stage 2	Stage 3	Total
	(Rupees in '000)			
10.4.1 Opening balance	978,349	-	19,681,449	20,659,798
Impact of adoption of IFRS 9	266,209	2,252,270	1,193,897	3,712,376
Opening balance - restated	1,244,558	2,252,270	20,875,346	24,372,174
New Advances	487,413	1,543,187	-	2,030,600
Advances derecognised or repaid	(537,942)	(2,179,200)	(1,020,164)	(3,737,306)
Transfer to stage 1	343,444	(315,442)	(28,003)	-
Transfer to stage 2	(78,381)	102,528	(24,147)	-
Transfer to stage 3	(1,430)	(147,838)	149,268	-
	263,633	(360,751)	97,118	-
Amounts written off / charged off	(20,298)	(88,850)	(1,572,012)	(1,681,160)
Changes in risk parameters	(270,741)	373,531	889,678	992,467
Other movements (including FX adjustments)	(917)	(4,538)	(50,740)	(56,194)
Closing balance	<u>1,165,707</u>	<u>1,535,648</u>	<u>19,219,227</u>	<u>21,920,582</u>

## 10.4.2 Advances - Category of classification

	30 June 2024 (Un-audited)		31 December 2023 (Audited)	
	Outstanding amount	Credit loss allowance / provisions	Outstanding amount	Credit loss allowance / provisions
	(Rupees in '000)			
Domestic				
Stage 1/ Performing	178,260,012	1,165,707	219,782,096	978,349
Stage 2/ Underperforming	32,614,476	1,535,648	-	-
Stage 3/ Non-Performing	19,495,173	19,219,227	21,061,184	19,681,449
Total	<u>230,369,661</u>	<u>21,920,582</u>	<u>240,843,280</u>	<u>20,659,798</u>

## 11 PROPERTY AND EQUIPMENT

	Note	30 June 2024	31 December
		(Un-audited)	2023 (Audited)
		(Rupees in '000)	
Capital work-in-progress	11.1	331,620	510,019
Property and equipment		10,712,163	10,870,972
		<u>11,043,783</u>	<u>11,380,991</u>
11.1 Capital work-in-progress			
Civil works		103,623	180,663
Equipment		227,997	329,356
		<u>331,620</u>	<u>510,019</u>

	30 June 2024 (Un-audited)	30 June 2023 (Un-audited)
<b>11.2 Additions / (transfers) to property and equipment</b>	----- (Rupees in '000) -----	
The following additions / (transfers) have been made to property and equipment during the period:		
Capital work-in-progress - net	(178,399)	81,670
Building on leasehold land - owned	80,385	18,939
Furniture and fixture	50,448	18,576
Electrical office and computer equipment	409,951	75,205
Vehicles	-	11,700
Leasehold improvement	83,535	1,918
	<u>624,319</u>	<u>126,338</u>

### 11.3 Disposal of property and equipment

The net book value of property and equipments disposed off during the period is Rs. Nil (30 June 2023: Rs. Nil).

	30 June 2024 (Un-audited)	31 December 2023 (Audited)
<b>12 RIGHT-OF-USE ASSETS</b>	----- (Rupees in '000) -----	
<b>Premises</b>		
At 1 January		
Cost	2,869,683	2,912,120
Accumulated depreciation	(1,584,339)	(1,199,047)
Net carrying amount	<u>1,285,344</u>	<u>1,713,073</u>
Deletions - cost	(43,917)	(47,655)
Deletions - accumulated depreciation	43,917	47,655
Depreciation charge for the period / year	(210,462)	(432,947)
Other adjustment / transfers - cost	8,253	5,218
Net carrying amount at closing balance	<u>1,083,135</u>	<u>1,285,344</u>

### 13 INTANGIBLE ASSETS

	30 June 2024 (Un-audited)	31 December 2023 (Audited)
	----- (Rupees in '000) -----	
Goodwill	26,095,310	26,095,310
Computer Software	-	-
	<u>26,095,310</u>	<u>26,095,310</u>

13.1 The above mentioned items under intangible assets are fully amortized.

	30 June 2024 (Un-audited)	31 December 2023 (Audited)
	----- (Rupees in '000) -----	

### 14 OTHER ASSETS

		30 June 2024 (Un-audited)	31 December 2023 (Audited)
Income / mark-up accrued in local currency	14.1	8,303,845	10,850,669
Income / mark-up accrued in foreign currencies	14.1	93,163	79,873
Advances, deposits, advance rent and other prepayments		452,033	250,925
Defined benefit plans		36,776	36,776
Advance taxation (payments less provisions)		-	1,686,566
Branch adjustment account		98,640	46,865
Mark to market gain on forward foreign exchange contracts		244,515	393,277
Interest rate derivatives and currency options - positive fair value		14,912	41,212
Receivable from SBP / Government of Pakistan		937,463	825,864
Receivable from associated undertakings		111,611	111,592
Assets Held for Sale	14.2	1,602,795	1,192,143
Receivable from Standard Chartered Bank, Sri Lanka operations		38,571	36,821
Advance Federal Excise Duty		199,747	199,747
Cards and clearing settlement account		9,900,921	8,646,948
Acceptances		6,021,039	5,381,478
Unsettled trades - Debt Securities	14.3	18,757,413	334,968
Sundry receivables		788,153	961,660
Others		412,588	139,072
		<u>48,014,185</u>	<u>31,216,456</u>
Less: Credit loss allowance / provision held against other assets		(92,359)	(87,776)
<b>Other Assets - net</b>		<u>47,921,826</u>	<u>31,128,680</u>

4.4

14.1 Credit loss methodology is based on Exposure at default (EAD) which captures both principal and mark-up when calculating expected credit loss, hence the cumulative impact is recorded under advances note 10.3.

14.2 These represent 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 its' 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.

14.3 These represent receivable against sale of securities settled on T+2 basis.

14.4 Credit loss allowance / provision held against other assets

Note	30 June 2024 (Un-audited)	31 December 2023 (Audited)
	(Rupees in '000)	
Trade related - Acceptances	4,583	-
Others	87,776	87,776
	<u>92,359</u>	<u>87,776</u>

14.4.1 Movement in credit loss allowance / provision held against other assets

Opening balance		87,776	87,776
Impact of adoption of IFRS 9		50,181	-
Opening balance - restated		137,957	87,776
Charge / (reversal) for the period / year	31	(45,598)	-
Closing balance		<u>92,359</u>	<u>87,776</u>

15 BILLS PAYABLE

In Pakistan	23,530,022	17,771,348
Outside Pakistan	348,899	560,351
	<u>23,878,921</u>	<u>18,331,699</u>

16 BORROWINGS

In Pakistan	21,265,375	28,095,873
Outside Pakistan	91,706	20,169,516
	<u>21,357,081</u>	<u>48,265,389</u>

16.1 Details of borrowings secured / unsecured

**Secured**

Borrowings from State Bank of Pakistan under Export Refinance (ERF) scheme	16.1.1	20,614,484	22,059,316
State Bank of Pakistan - LTFF		56,528	79,139
Repurchase agreement borrowings (Repo)		-	5,331,596
Financing facility for renewable energy plants		587,907	622,490
		<u>21,258,919</u>	<u>28,092,541</u>

**Unsecured**

Overdrawn nostro accounts	16.1.2	98,162	20,172,848
		<u>21,357,081</u>	<u>48,265,389</u>

16.1.1 Mark-up on Export Refinance (ERF) from State Bank of Pakistan is charged ranging from 1 percent to 18.0 percent (2023: 1 percent to 18.0 percent) per annum and are due to mature latest by December 2024. ERF borrowings also include borrowings under Islamic Export Refinance scheme amounting to Rs. 8,264 million (2023: Rs. 6,830 million). These borrowings are secured against demand promissory notes executed by the Bank in favour of State Bank of Pakistan.

16.1.2 These include overdrawn nostro accounts with other branches and subsidiaries of Standard Chartered Group outside Pakistan amounting to Rs. 91.543 million (2023: Rs.20,169.516 million).

## 17 DEPOSITS AND OTHER ACCOUNTS

Note	30 June 2024 (Un-audited)			31 December 2023 (Audited)		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
	(Rupees in '000)					
<b>Customers</b>						
- Fixed deposits	10,444,777	1,398,236	11,841,013	17,766,153	1,301,108	19,067,261
- Savings deposits	347,644,758	28,273,612	375,918,370	293,981,813	28,282,945	322,264,758
- Current accounts	281,186,711	79,456,770	360,623,481	264,335,546	87,589,208	351,924,754
- Margin accounts	4,222,698	279,733	4,502,431	4,174,766	283,270	4,458,038
- Other deposits	1,611	-	1,611	197,026	-	197,026
	<b>643,480,555</b>	<b>109,406,351</b>	<b>752,886,906</b>	<b>580,455,306</b>	<b>117,466,531</b>	<b>697,911,837</b>
<b>Financial Institutions</b>						
- Fixed deposits	5,505,650	14,622	5,520,272	5,650	14,807	20,457
- Savings deposits	18,659,241	2,282,964	20,942,205	9,411,671	2,045,810	11,457,481
- Current accounts	35,106,268	1,453,268	36,559,514	6,910,987	2,176,781	9,087,768
- Margin accounts	83,214	127,818	211,032	83,214	133,982	217,196
- Other deposits	736,756	-	736,756	840,101	-	840,101
	<b>60,091,117</b>	<b>3,878,682</b>	<b>63,969,779</b>	<b>17,251,623</b>	<b>4,371,380</b>	<b>21,623,003</b>
	<b>703,571,672</b>	<b>113,285,013</b>	<b>816,856,685</b>	<b>597,706,929</b>	<b>121,827,911</b>	<b>719,534,840</b>

17.1 This includes Rs. 1,696.893 million (2023: Rs. 749.580 million) against balances of other branches and subsidiaries of Standard Chartered Group.

## 18 LEASE LIABILITIES

Note	30 June 2024 (Un-audited)	31 December 2023 (Audited)
	(Rupees in '000)	
Outstanding amount at the start of the period	1,362,679	1,847,964
Additions during the period	28,080	52,671
Lease payments	(287,073)	(649,362)
Interest expense	87,110	143,582
Termination / modification	(20,818)	(32,277)
Outstanding amount at the end of the period	<b>1,169,878</b>	<b>1,362,579</b>
18.1 Liabilities Outstanding		
Not later than one year	209,000	176,069
Later than one year and upto five years	609,260	1,046,170
Over five years	351,618	140,340
Total at the period / year end	<b>1,169,878</b>	<b>1,362,579</b>

18.2 The Bank has entered into lease agreements in respect of its various rented branches. These were initially measured at the present value of remaining lease payments discounted using the Bank's incremental borrowing rate that ranges from 8.24% per annum to 25.51% per annum. The lease liabilities are subsequently being measured at amortized cost using the effective interest rate method.

## 19 DEFERRED TAX ASSETS / (LIABILITIES)

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

Note	30 June 2024 (Un-audited)				
	At 01 January 2024	Transition impact of IFRS9	Recognised in profit and loss	Recognised in OCI	At 30 June 2024
	(Rupees in '000)				
<b>Deductible Temporary Differences on</b>					
Worker Welfare Fund	1,226,878	-	-	-	1,226,878
Credit loss allowance against advances and others	731,603	2,089,065	-	-	2,820,668
Accelerated tax depreciation	40,321	-	5,325	-	45,646
Unpaid liabilities	5,022,726	-	-	-	5,022,726
Credit loss allowance against balances with Banks and placements	-	874,432	(335,382)	-	539,050
	<b>7,021,528</b>	<b>2,963,497</b>	<b>(330,057)</b>	<b>-</b>	<b>9,654,968</b>
<b>Taxable Temporary Differences on</b>					
Surplus on revaluation of property and equipment	(546,855)	-	28,974	-	(516,881)
Surplus / (deficit) on revaluation of investments	(45,125)	(55,375)	-	(333,611)	(434,111)
Post retirement employee benefits	(18,020)	-	-	-	(18,020)
Goodwill	(12,786,701)	-	-	-	(12,786,701)
	<b>(13,395,701)</b>	<b>(55,375)</b>	<b>28,974</b>	<b>(333,611)</b>	<b>(13,755,713)</b>
	<b>(6,374,173)</b>	<b>2,908,122</b>	<b>(301,083)</b>	<b>(333,611)</b>	<b>(4,100,745)</b>

Note	31 December 2023 (Audited)			
	At 01 January 2023	Recognised in profit and loss	Recognised in OCI	At 31 December 2023
	(Rupees in '000)			
<b>Deductible Temporary Differences on</b>				
Worker Welfare Fund	1,076,648	150,230	-	1,226,878
Credit loss allowance against advances, off balance sheet etc.	642,019	89,584	-	731,603
Accelerated tax depreciation	108,769	(68,448)	-	40,321
Unpaid liabilities	4,407,698	615,028	-	5,022,726
	<b>6,235,134</b>	<b>786,394</b>	<b>-</b>	<b>7,021,528</b>
<b>Taxable Temporary Differences on</b>				
Surplus on revaluation of property and equipment	(284,146)	19,905	(281,614)	(545,855)
Surplus on revaluation of investments	(70,892)	-	25,767	(45,125)
Post retirement employee benefits	(13,876)	-	(4,144)	(18,020)
Goodwill	(11,220,982)	(1,565,719)	-	(12,786,701)
	<b>(11,589,896)</b>	<b>(1,545,814)</b>	<b>(259,991)</b>	<b>(13,395,701)</b>
	<b>(5,354,762)</b>	<b>(759,420)</b>	<b>(259,991)</b>	<b>(6,374,173)</b>

19.1 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.

20 OTHER LIABILITIES	Note	30 June 2024 (Un-audited)	31 December 2023 (Audited)
------(Rupees in '000)-----			
Mark-up / return / interest payable in local currency		854,390	1,003,770
Mark-up / return / interest payable in foreign currencies		5,897	13,908
Accrued expenses		3,846,827	4,123,980
Advance payments		949,191	913,662
Sundry creditors		17,373,564	14,936,317
Mark to market loss on forward foreign exchange contracts		12,268	172,540
Unrealized loss on interest rate derivatives and currency options		13,048,134	16,275,254
Due to Holding Company	20.1	10,250,476	53,879,416
Taxation (provisions less payments)		7,194,948	-
Clearing and settlement accounts		19,952,134	7,966,761
Charity fund balance		10,987	10,472
Dividend payable		244,944	223,563
Credit loss allowance / provision against off-balance sheet obligator	20.2	640,410	199,660
Worker's welfare fund (WWF) payable	20.3	7,243,819	6,269,497
Acceptances		6,021,039	5,381,478
Others		17,490	486,211
		<u>87,666,518</u>	<u>111,856,489</u>

#### 20.1 Due to Holding Company

On account of reimbursement of executive and general administrative expenses	10,250,476	10,250,476
Dividend and other payable	-	43,628,940
	<u>10,250,476</u>	<u>53,879,416</u>

#### 20.2 Credit loss allowance / provision against off-balance sheet obligations

Opening balance	199,660	189,808
Impact of adoption of IFRS 9	551,022	-
Opening balance - restated	750,682	189,808
Charge for the period / year	296,721	18,150
Reversals	(405,290)	(8,298)
Other movements (FX adjustment)	(1,703)	-
Closing balance	<u>640,410</u>	<u>199,660</u>

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

20.3 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.

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21	SURPLUS ON REVALUATION OF ASSETS - NET OF DEFERRED TAX	30 June 2024 (Un-audited)	31 December 2023 (Audited)
	Note	(Rupees in '000)	
	<b>Surplus / (deficit) arising on revaluation of:</b>		
	- Property and equipment	21.1 9,081,736	9,140,867
	- Securities measured at FVOCI / AFS-Debt	21.2 424,720	(160,954)
	- Securities measured at FVOCI / AFS-Equity	21.2 461,221	253,046
		<u>9,967,677</u>	<u>9,232,959</u>
	<b>Deferred tax on surplus / (deficit) on revaluation of:</b>		
	- Property and equipment	21.1 (516,881)	(545,855)
	- Securities measured at FVOCI / AFS-Debt	21.2 (208,113)	78,867
	- Securities measured at FVOCI / AFS-Equity	21.2 (225,998)	(123,992)
		<u>(950,992)</u>	<u>(590,980)</u>
		<u>9,016,685</u>	<u>8,641,979</u>
21.1	<b>Surplus on revaluation of property and equipment - net of tax</b>		
	Surplus on revaluation of property and equipment as at 1 January	9,140,867	8,068,965
	Recognised during the period	-	1,163,300
	Realised on disposal during the period	(28,055)	(59,915)
	Transferred to unappropriated profit in respect of incremental depreciation charged during the year	(31,076)	(31,483)
	Surplus on revaluation of property and equipment - Gross	<u>9,081,736</u>	<u>9,140,867</u>
	Less: Related deferred tax liability on:		
	Revaluation surplus as at 1 January	(545,855)	(284,146)
	Revaluation surplus recognised during the period	-	(242,113)
	Surplus realized on disposal during the period	13,747	4,478
	Deferred tax rate impact	-	(39,501)
	Incremental depreciation charged during the period	16,227	15,427
		<u>(516,881)</u>	<u>(545,855)</u>
	Surplus on revaluation of Property and equipment - net of tax	<u>8,564,855</u>	<u>8,595,012</u>
21.2	<b>Surplus on revaluation of FVOCI Securities- net of tax</b>		
	Market Treasury Bills	335,263	(328,061)
	Sukuk and Ijarah Bonds	89,457	167,107
	Shares	461,221	253,046
		<u>885,941</u>	<u>92,092</u>
	Related deferred tax asset	(434,111)	(45,125)
		<u>451,830</u>	<u>46,967</u>
22	<b>CONTINGENCIES AND COMMITMENTS</b>		
	Guarantees	22.1 178,536,530	170,131,064
	Commitments	22.2 90,964,024	122,273,853
	Other contingent liabilities	22.3 12,801,091	32,920,431
		<u>282,301,645</u>	<u>325,325,348</u>
22.1	<b>Guarantees:</b>		
	Guarantees issued favouring:		
	Financial guarantees	10,993,690	11,507,536
	Performance guarantees	127,686,024	122,101,851
	Other guarantees	39,856,816	36,521,677
		<u>178,536,530</u>	<u>170,131,064</u>
22.2	<b>Commitments:</b>		
	<b>Documentary credits and short-term trade-related transactions</b>		
	Letters of credit	20,648,986	21,806,983
	<b>Commitments in respect of:</b>		
	<b>Forward foreign exchange contracts;</b>		
	- Purchase	22.4 27,301,156	59,271,017
	- Sale	22.4 5,951,463	6,450,898
	<b>Commitment in respect of derivatives</b>		
	- Interest rate swaps	22.6 7,159,754	9,523,262
	- Cross currency swaps	22.6 20,359,223	24,892,637
	- Fx options	22.6 9,423,950	59,686
	<b>Commitment in respect of operating lease</b>	22.7 1,449	530
	<b>Commitment for acquisition of property and equipment</b>	118,042	268,839
		<u>90,964,024</u>	<u>122,273,853</u>
22.3	<b>Other contingent liabilities</b>	<u>12,801,091</u>	<u>32,920,431</u>

22.3.1 The tax department amended the assessments for income years 2007 to 2022 (tax years 2008 to 2023 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.

22.4 Commitments in respect of forward foreign exchange contracts	30 June 2024	31 December
	(Un-audited)	2023 (Audited)
	(Rupees in '000)	
Purchase from:		
State Bank of Pakistan	9,741,842	22,548,856
Other banks	15,277,045	32,413,606
Customers	2,282,169	4,308,555
	<u>27,301,156</u>	<u>59,271,017</u>
Sale to:		
State Bank of Pakistan	-	-
Other banks	5,519,812	5,468,283
Customers	431,851	982,615
	<u>5,951,463</u>	<u>6,450,898</u>

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

#### 22.5 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.

22.6 Commitments in respect of derivatives	30 June 2024	31 December
	(Un-audited)	2023 (Audited)
	(Rupees in '000)	
<b>Interest rate Swaps</b>		
- Purchase	579,877	1,761,631
- Sale	6,579,877	7,761,631
	<u>7,159,754</u>	<u>9,523,262</u>
<b>Cross currency Swaps</b>		
- Purchase	-	-
- Sale	20,359,223	24,892,637
	<u>20,359,223</u>	<u>24,892,637</u>
<b>FX options</b>		
- Purchase	4,711,975	29,843
- Sale	4,711,975	29,843
	<u>9,423,950</u>	<u>59,686</u>
<b>22.7 Commitments in respect of operating lease</b>		
Not later than one year	1,390	-
Later than one year and not later than five years	59	530
	<u>1,449</u>	<u>530</u>

#### 22.8 Derivative Instruments

##### 22.8.1 Product analysis

Counterparties	30 June 2024 (Un-audited)					
	(Rupees in '000)					
	Interest Rate Swaps		Cross Currency Swaps		FX Options	
	Notional Principal *	Mark to market gain / (loss)	Notional Principal *	Mark to market gain / (loss)	Notional Principal *	Mark to market gain / (loss)
<b>With Banks for</b>						
Hedging	579,877	5,122	2,437,918	(349,019)	-	-
Market Making	-	-	-	-	4,711,975	(9,793)
<b>With other entities for</b>						
Hedging	-	-	-	-	-	-
Market Making	6,579,877	(864,516)	17,921,305	(11,824,810)	4,711,975	9,793
<b>Total</b>						
Hedging	579,877	5,122	2,437,918	(349,019)	-	-
Market Making	6,579,877	(864,515)	17,921,305	(11,824,810)	9,423,950	-
	<u>7,159,754</u>	<u>(859,393)</u>	<u>20,359,223</u>	<u>(12,173,829)</u>	<u>9,423,950</u>	<u>(9,793)</u>
	31 December 2023 (audited)					
	(Rupees in '000)					
	Interest Rate Swaps		Cross Currency Swaps		FX Options	
	Notional Principal *	Mark to market gain / (loss)	Notional Principal *	Mark to market gain / (loss)	Notional Principal *	Mark to market gain / (loss)
<b>With Banks for</b>						
Hedging	1,761,631	40,898	3,401,377	(365,434)	-	-
Market Making	-	-	60,790	(60,705)	29,843	(314)
<b>With other entities for</b>						
Hedging	-	-	-	-	-	-
Market Making	7,761,631	(1,277,494)	21,430,471	(14,571,307)	29,843	314
<b>Total</b>						
Hedging	1,761,631	40,898	3,401,377	(365,434)	-	-
Market Making	7,761,631	(1,277,494)	21,491,261	(14,632,012)	59,686	(314)
	<u>9,523,262</u>	<u>(1,236,596)</u>	<u>24,892,637</u>	<u>(15,000,446)</u>	<u>59,686</u>	<u>(314)</u>

\* At the exchange rate prevailing at period end.



23 MARK-UP / RETURN / INTEREST EARNED	Three months	Six months	Three months	Six months
	period ended	period ended	period ended	period ended
Note	30 June 2024	30 June 2024	30 June 2023	30 June 2023
	(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)
	----- (Rupees in '000) -----			
On loans and advances to customers	11,487,606	22,774,774	11,200,938	20,904,608
On loans and advances to financial institutions	71,417	100,893	31,796	60,887
On investments	27,453,153	43,443,784	22,910,262	44,200,891
On deposits with financial institutions / State Bank of Pakistan	252,781	549,897	231,596	417,511
On securities purchased under resale agreements	1,414,169	13,580,425	940,742	2,271,901
On call money lending / placements	927,592	1,920,220	930,014	1,181,559
	<b>41,606,718</b>	<b>82,369,993</b>	<b>36,245,348</b>	<b>69,037,357</b>
<b>23.1 Interest income (calculated using effective interest rate method) recognised on:</b>				
Financial assets measured at amortised cost	10,017,326	38,926,209	13,335,086	24,836,466
Financial assets measured at FVOCI	27,453,153	39,307,545	22,910,262	44,200,891
Financial assets measured at FVTPL	4,136,239	4,136,239	-	-
	<b>41,606,718</b>	<b>82,369,993</b>	<b>36,245,348</b>	<b>69,037,357</b>
<b>24 MARK-UP / RETURN / INTEREST EXPENSED</b>				
Deposits	16,185,240	31,551,989	12,009,885	23,883,182
Securities sold under repurchase agreements	95,219	138,144	282,739	377,984
Call borrowings	-	-	-	-
Borrowings from State Bank of Pakistan under Export Refinance (ERF) scheme	912,798	1,821,190	958,629	1,535,325
Cost of foreign currency swaps against foreign currency deposits / borrowings	238,839	449,312	-	326,047
Deposit protection premium	140,236	280,472	143,596	287,188
Finance cost of lease liability	42,423	87,110	52,345	104,047
	<b>17,614,755</b>	<b>34,328,217</b>	<b>13,447,194</b>	<b>26,513,773</b>
<b>24.1 Interest expense calculated using effective interest rate method</b>	<b>17,474,519</b>	<b>34,047,745</b>	<b>13,303,598</b>	<b>26,226,585</b>
Other financial liabilities	140,236	280,472	143,596	287,188
	<b>17,614,755</b>	<b>34,328,217</b>	<b>13,447,194</b>	<b>26,513,773</b>
<b>24.2</b> 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.				
<b>25 FEE &amp; COMMISSION INCOME</b>				
Branch banking customer fees	64,443	127,700	84,098	181,559
Consumer finance related fees	17,225	42,053	21,101	32,111
Card related fees (debit and credit cards)	13,003	366,392	82,217	306,561
Credit related fees	176,285	294,684	108,481	110,283
Investment banking fees	39,978	127,271	37,221	98,614
Brokerage and other charges	(76,348)	(81,815)	(1,392)	(5,755)
Commission on trade and cash management	1,009,963	2,085,499	753,885	1,476,714
Commission on guarantees	158,308	275,337	86,679	176,815
Commission on remittances including home remittances	65,013	124,385	38,673	76,724
Commission on bancassurance	37,184	81,936	14,208	23,456
Custody Fees	32,113	58,708	32,650	83,971
	<b>1,537,167</b>	<b>3,502,150</b>	<b>1,237,821</b>	<b>2,561,053</b>

	Three months period ended 30 June 2024 <i>Note</i> (Un-audited)	Six months period ended 30 June 2024 (Un-audited)	Three months period ended 30 June 2023 (Un-audited)	Six months period ended 30 June 2023 (Un-audited)
<b>26 FOREIGN EXCHANGE INCOME</b>	----- (Rupees in '000) -----			
Gain/ (loss) realised from dealing in :				
Foreign Currencies	3,061,962	5,152,370	1,183,146	2,586,692
Derivative financial Instruments	(322,249)	(488,886)	(971,380)	(1,762,274)
	<u>2,739,713</u>	<u>4,663,484</u>	<u>211,766</u>	<u>824,418</u>
<b>27 GAIN / (LOSS) ON SECURITIES</b>				
Realised	27 395,417	1,190,980	1,071,786	(1,436,214)
Unrealised - Measured at FVTPL	9.1 (160,269)	198,673	(5,706)	30,196
	<u>235,148</u>	<u>1,389,653</u>	<u>1,066,080</u>	<u>(1,406,018)</u>
<b>27.1 Realised gain / (loss) on:</b>				
<b>Federal Government Securities</b>				
Market Treasury Bills	260,764	833,316	174,469	951,238
Pakistan Investment Bonds	(85,743)	(55,397)	530,451	(1,731,962)
Ijarah Sukuk	220,396	413,061	366,866	(655,490)
	<u>395,417</u>	<u>1,190,980</u>	<u>1,071,786</u>	<u>(1,436,214)</u>
<b>27.2 Net gain / (loss) on financial assets / liabilities measured at FVTPL:</b>				
Designated upon initial recognition	228,311	1,400,644	-	-
Mandatorily measured at FVTPL	-	-	-	-
	<u>228,311</u>	<u>1,400,644</u>	-	-
Net gain / (loss) on financial assets measured at FVOCI	6,837	(10,991)	-	-
	<u>6,837</u>	<u>(10,991)</u>	-	-
	<u>235,148</u>	<u>1,389,653</u>	-	-
<b>28 OTHER INCOME</b>				
Rent on property	-	2,983	14,969	17,736
Gain on sale of property and equipment - net	10,075	12,825	3,040	11,755
Gain on sale of asset held for sale	9,247	9,247	144,717	144,717
Sri Lanka branch operations cost & FX translation	170	1,750	2,814	13,313
Gain / (loss) on lease termination	-	1,187	(9,961)	(14,902)
Gain on acquisition of assets	-	-	39	478
	<u>19,492</u>	<u>27,992</u>	<u>155,618</u>	<u>173,097</u>

29 OPERATING EXPENSES	Note	Three months	Six months	Three months	Six months
		period ended 30 June 2024 (Un-audited)	period ended 30 June 2024 (Un-audited)	period ended 30 June 2023 (Un-audited)	period ended 30 June 2023 (Un-audited)
----- (Rupees in '000) -----					
Total compensation expense		2,887,740	5,585,090	2,601,375	4,884,808
Property expense					
Rent & taxes		29,802	67,945	24,189	65,940
Insurance		998	3,005	2,050	4,100
Utilities cost		115,033	225,567	103,770	202,923
Security (including guards)		77,317	163,294	54,013	107,167
Repair & maintenance		51,399	114,393	104,782	160,127
Civil works		61,807	110,996	53,315	90,914
Facilities management cost		40,943	96,137	36,010	73,258
Depreciation (Property related)		55,663	106,799	27,855	54,777
Depreciation (Right of use assets)		110,714	210,462	100,782	198,811
Cleaning and Janitorial		120,340	273,258	92,989	210,393
Minor improvements, additions and others		41,978	71,050	33,946	77,090
		705,994	1,442,906	633,701	1,245,500
Information technology expenses					
Software maintenance		133,915	269,809	63,288	130,729
Hardware maintenance		71,185	184,132	88,434	190,365
Depreciation (IT related)		75,826	163,554	86,282	138,650
Network charges		12,558	16,898	17,461	17,975
		293,484	634,393	235,463	477,719
Other operating expenses					
Directors' fees and allowances		6,650	12,200	7,300	9,950
Fees and allowances to Shariah Board		1,870	6,616	6,103	11,048
Legal & professional charges		60,651	137,891	55,289	100,870
Outsourced services costs		30,883	71,718	29,806	56,769
Travelling & conveyance		41,177	112,754	72,376	123,971
Depreciation (Other property equipment)		38,107	59,461	27,513	49,768
Training & development		2,876	3,941	2,259	5,889
Postage & courier charges		76,767	109,571	18,937	51,126
Communication		242,880	458,312	111,438	233,566
Stationery & printing		129,056	240,648	71,615	123,909
Marketing, advertisement & publicity		67,494	128,582	88,861	191,639
Donations		1,149	1,149	1,000	1,000
Auditors remuneration		39,638	48,103	10,689	17,439
Cash transportation services		15,712	33,673	24,366	45,450
Documentation and processing charges		42,245	98,972	59,653	109,730
Insurance		9,742	18,877	7,929	14,268
Others		99,099	223,459	37,674	145,539
		905,796	1,765,927	632,828	1,291,931
		4,793,014	9,428,316	4,103,367	7,899,958
30 OTHER CHARGES					
Net charge against fines and penalties imposed by SBP		-	434	1,260	2,725
31 CREDIT LOSS ALLOWANCE & WRITE OFFS - NET					
Reversals / (credit loss allowance / provisions) against loans and advances	10.3	248,133	714,238	228,820	30,914
Reversals / (credit loss allowance / provisions) against off-balance sheet obligations - net	20.2	148,380	108,569	(4,030)	(31,141)
Recovery of amounts written off		87,182	176,963	72,750	181,529
Bad debts written off directly		-	-	(89,524)	(168,809)
Reversals / (credit loss allowance) against balances with Banks and placements		791,701	726,832	-	-
Reversals / (credit loss allowance) against acceptances	14.4	19,847	45,598	-	-
Impairment against other assets		(408)	(408)	(28)	(562)
		1,294,835	1,771,592	207,988	11,931
32 TAXATION					
- Current		13,985,203	27,514,705	11,722,415	18,695,216
- Deferred		331,520	301,083	677,689	662,556
		14,316,723	27,815,788	12,400,104	19,357,772
33 EARNINGS PER SHARE - BASIC AND DILUTED					
Profit for the period		10,240,632	21,477,166	9,593,968	18,784,605
		(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		2.65	5.55	2.48	4.85

## 34 FAIR VALUE

## 34.1 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

	30 June 2024 (Un-audited)									
	Carrying value					Fair value				
	FVTPL	FVOCI	Amortized cost	Other financial Assets	Other financial Liabilities	Total	Level 1	Level 2	Level 3	Total
(Rupees in '000)										
<b>Financial assets measured at fair value</b>										
<b>- Investments</b>										
Federal Government Securities	307,635,026	228,442,488	-	-	-	533,977,516	-	533,977,516	-	533,977,516
- Investments - ordinary shares	467,764	511,221	-	-	-	985,985	467,764	-	511,221	985,985
<b>Financial assets not measured at fair value</b>										
- Cash and bank balances with SBP and NBP	-	-	-	83,290,755	-	83,290,755	-	-	-	83,290,755
- Balances with other banks	-	-	-	17,184,705	-	17,184,705	-	-	-	17,184,705
- Lending to financial institutions	-	-	-	114,856,130	-	114,856,130	-	-	-	114,856,130
- Advances	-	-	208,449,079	-	-	208,449,079	-	-	-	208,449,079
- Other assets	-	-	-	48,371,436	-	48,371,436	-	-	-	48,371,436
	<b>307,682,792</b>	<b>228,953,709</b>	<b>208,449,079</b>	<b>271,746,026</b>	<b>-</b>	<b>1,016,141,605</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,016,141,605</b>
<b>Financial liabilities not measured at fair value</b>										
- Bills Payable	-	-	-	-	23,878,921	23,878,921	-	-	-	23,878,921
- Deposits and other accounts	-	-	-	-	816,858,885	816,858,885	-	-	-	816,858,885
- Borrowings	-	-	-	-	21,357,081	21,357,081	-	-	-	21,357,081
- Other liabilities (excluding Liabilities against assets subject to finance lease)	-	-	-	-	83,988,512	83,988,512	-	-	-	83,988,512
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>948,076,199</b>	<b>948,076,199</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>948,076,199</b>
<b>Off-balance sheet financial instruments</b>										
Interest Rate swaps / Foreign currency options / Forward purchase contracts	-	-	-	32,593,008	-	32,593,008	-	32,852,435	-	32,852,435
Interest Rate swaps / Foreign currency options / Forward sale contracts	-	-	-	37,802,538	-	37,802,538	-	50,882,940	-	50,882,940

## On balance sheet financial instruments

	31 December 2023 (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)										
<b>Financial assets measured at fair value</b>										
<b>- Investments</b>										
Federal Government Securities	377,041	225,880,091	-	-	-	226,257,132	-	226,257,132	-	226,257,132
Equity securities traded (Shares)	-	304,728	-	-	-	304,728	304,728	-	-	304,728
<b>Financial assets not measured at fair value</b>										
- Cash and bank balances with SBP and NBP	-	-	-	81,890,071	-	81,890,071	-	-	-	81,890,071
- Balances with other banks	-	-	-	38,230,009	-	38,230,009	-	-	-	38,230,009
- Lending to financial institutions	-	-	-	365,241,465	-	365,241,465	-	-	-	365,241,465
- Investments - ordinary shares	-	50,000	-	-	-	50,000	-	-	-	50,000
- Advances	-	-	220,183,462	-	-	220,183,462	-	-	-	220,183,462
- Other assets	-	-	-	26,884,954	-	26,884,954	-	-	-	26,884,954
	<b>377,041</b>	<b>226,334,819</b>	<b>220,183,462</b>	<b>512,047,119</b>	<b>-</b>	<b>956,942,461</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>956,942,461</b>
<b>Financial liabilities not measured at fair value</b>										
- Bills Payable	-	-	-	-	18,331,599	18,331,599	-	-	-	18,331,599
- Deposits and other accounts	-	-	-	-	719,534,840	719,534,840	-	-	-	719,534,840
- Borrowings	-	-	-	-	48,265,389	48,265,389	-	-	-	48,265,389
- Other liabilities (excluding Liabilities against assets subject to finance lease)	-	-	-	-	109,841,513	109,841,513	-	-	-	109,841,513
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>896,073,441</b>	<b>896,073,441</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>896,073,441</b>
<b>Off-balance sheet financial instruments</b>										
Interest Rate swaps / Foreign currency options / Forward purchase contracts	-	-	-	81,082,491	-	81,082,491	-	81,488,980	-	81,488,980
Interest Rate swaps / Foreign currency options / Forward sale contracts	-	-	-	39,135,012	-	39,135,012	-	65,582,806	-	65,582,806

## 34.2 Fair value of non-financial assets

	30 June 2024 (Un-audited)				31 December 2023 (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			
Property and equipment	11,043,783	-	-	11,043,783	12,666,335	-	-	12,666,335

34.3 During the period ended 30 June 2024, 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.

34.4 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).
Un-quoted equity securities	The fair value is determined based on the net assets of entity.
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.
Property and Equipment	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.

## 35 SEGMENT INFORMATION

During the period, the Bank has renamed its Corporate, Commercial and Institutional Banking segment to "Corporate and Investment Banking" (CIB) and its Consumer, Private and Business Banking segment to "Wealth and Retail Banking" (WRB). The rename of its reportable segment provide clearer, more intuitive descriptions of the underlying information and to bring it in line with the current organizational structure of the Bank. This change shall have no impact on the Bank's overall profit and loss account, balance sheet or reported metrics, accordingly comparative presentation is also aligned.

## Corporate and Investment Banking (CIB)

Corporate & Investment 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.

## Wealth and Retail Banking (WRB)

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

## Central &amp; 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 38 for Islamic Banking Business.

## 35.1 Segment Details with respect to Business Activities

	Six months period ended 30 June 2024 (Un-audited)			
	Corporate and Investment Banking (CIB)	Wealth and Retail Banking (WRB)	Central and Other Items	Total
	(Rupees in '000)			
<b>Profit &amp; Loss</b>				
Inter segment revenue - net	21,775,109	25,675,994	(47,451,103)	-
Net mark-up / return / profit	(2,696,758)	(7,157,844)	57,896,378	48,041,776
Non mark-up / return / interest income	6,795,371	3,044,829	42,265	9,882,465
Total Income	25,873,722	21,562,979	10,487,540	57,924,241
Segment direct expenses	2,918,209	5,889,822	1,594,848	10,402,879
Inter segment expense allocation	-	-	-	-
Total expenses	2,918,209	5,889,822	1,594,848	10,402,879
Credit loss allowance charge / (release)	(1,159,853)	114,485	(726,224)	(1,771,592)
<b>Profit before taxation</b>	<b>24,115,366</b>	<b>15,558,672</b>	<b>9,618,916</b>	<b>49,292,954</b>
<b>Balance Sheet</b>				
	30 June 2024 (Un-audited)			
Cash & Bank balances	-	-	110,489,460	110,489,460
Investments	307,532,026	511,220	226,903,255	534,946,501
Net inter segment lending	280,406,719	312,636,604	(593,043,323)	-
Lending to financial institutions	-	-	114,885,130	114,885,130
Advances - performing (net)	168,164,915	40,008,218	-	208,173,133
- Non performing (net)	81,454	194,492	-	275,946
Others	43,750,505	15,185,282	27,208,267	86,144,054
<b>Total Assets</b>	<b>799,935,619</b>	<b>368,535,816</b>	<b>(113,557,211)</b>	<b>1,054,914,224</b>
Borrowings	-	-	21,357,081	21,357,081
Deposits & other accounts	450,523,660	366,306,698	26,327	816,856,685
Net inter segment borrowing	-	-	-	-
Others	349,411,959	2,229,118	(234,825,015)	116,816,062
<b>Total liabilities</b>	<b>799,935,619</b>	<b>368,535,816</b>	<b>(213,441,607)</b>	<b>955,029,828</b>
Equity	-	-	99,884,396	99,884,396
<b>Total Equity &amp; liabilities</b>	<b>799,935,619</b>	<b>368,535,816</b>	<b>(113,557,211)</b>	<b>1,054,914,224</b>
<b>Contingencies &amp; Commitments</b>	<b>226,467,383</b>	<b>237,110</b>	<b>55,597,149</b>	<b>282,301,642</b>
	Six months period ended 30 June 2023 (Un-audited)			
Inter segment revenue - net	14,011,312	21,283,350	(35,294,662)	-
Net mark-up / return / profit	3,988,214	(6,369,384)	44,904,754	42,523,584
Non mark-up / return / interest income	3,783,268	3,215,291	(2,878,428)	4,120,131
Total Income	21,782,794	18,129,257	6,731,664	46,643,715
Segment direct expenses	2,715,969	4,621,413	1,175,887	8,513,269
Inter segment expense allocation	-	-	-	-
Total expenses	2,715,969	4,621,413	1,175,887	8,513,269
Credit loss allowance charge / (release)	(114,946)	102,454	561	(11,931)
<b>Profit before taxation</b>	<b>19,181,771</b>	<b>13,405,390</b>	<b>5,556,216</b>	<b>38,142,377</b>
	31 December 2023 (Audited)			
<b>Balance Sheet</b>				
Cash & Bank balances	-	-	119,920,680	119,920,680
Investments	2,055,371	50,000	224,606,489	226,711,860
Net inter segment lending	167,677,295	308,910,691	(476,587,986)	-
Lending to financial institutions	-	-	365,241,485	365,241,485
Advances - performing (net)	177,062,649	41,741,098	-	218,803,747
- Non performing (net)	236,654	1,143,081	-	1,379,735
Others	25,477,964	15,066,834	29,345,527	69,890,325
<b>Total Assets</b>	<b>372,509,933</b>	<b>366,911,704</b>	<b>262,526,195</b>	<b>1,001,947,832</b>
Borrowings	-	-	48,265,389	48,265,389
Deposits & other accounts	354,915,767	364,606,088	12,985	719,534,840
Net inter segment borrowing	-	-	-	-
Others	17,594,166	2,305,616	118,025,158	137,924,940
<b>Total liabilities</b>	<b>372,509,933</b>	<b>366,911,704</b>	<b>166,303,532</b>	<b>905,725,169</b>
Equity	-	-	96,222,663	96,222,663
<b>Total Equity &amp; liabilities</b>	<b>372,509,933</b>	<b>366,911,704</b>	<b>262,526,195</b>	<b>1,001,947,832</b>
<b>Contingencies &amp; Commitments</b>	<b>225,878,689</b>	<b>475,257</b>	<b>98,971,402</b>	<b>325,325,348</b>

## 36 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 June 2024 (Un-audited)				31 December 2023 - audited			
	Parent	Directors	Key management personnel	Other related parties	Parent	Directors	Key management personnel	Other related parties
(Rupees in '000)								
<b>Balances with other banks</b>								
In current accounts	17,076,358	-	-	-	37,677,024	-	-	-
	<u>17,076,358</u>	-	-	-	<u>37,677,024</u>	-	-	-
<b>Lending to financial institutions</b>								
Opening balance	45,745,839	-	-	-	19,486,290	-	-	-
Addition during the period	49,676,693	-	-	-	314,142,929	-	-	-
Repaid during the period	(26,363,217)	-	-	-	(287,883,380)	-	-	-
Closing balance	<u>69,059,315</u>	-	-	-	<u>45,745,839</u>	-	-	-
<b>Advances</b>								
Opening balance	-	6	186,181	-	-	76	215,089	-
Addition during the period	-	72	94,161	-	-	695	146,941	-
Repaid during the period	-	(78)	(71,659)	-	-	(765)	(175,849)	-
Transfer in / (out) - net	-	-	(16,508)	-	-	-	-	-
Closing balance	-	-	<u>192,177</u>	-	-	<u>6</u>	<u>186,181</u>	-
<b>Credit loss allowance held</b>	-	(1)	(708)	-	-	-	-	-
<b>Other Assets</b>								
Interest / mark-up accrued	483,178	-	1,120	-	548,209	-	877	-
Receivable from staff retirement fund	-	-	-	36,776	-	-	-	36,776
Due from associated undertakings	150,182	-	-	-	148,413	-	-	-
	<u>633,360</u>	-	<u>1,120</u>	<u>36,776</u>	<u>696,622</u>	-	<u>877</u>	<u>36,776</u>
<b>Borrowings</b>								
Opening balance	20,169,516	-	-	-	3,074,559	-	-	-
Borrowings during the period	9,767,718	-	-	-	17,152,736	-	-	-
Settled during the period	(373,280)	-	-	-	(57,779)	-	-	-
Transfer in / (out) - net	(29,472,411)	-	-	-	-	-	-	-
Closing balance	<u>81,543</u>	-	-	-	<u>20,169,516</u>	-	-	-
<b>Deposits and other accounts</b>								
Opening balance	749,580	5,064	192,670	392,396	542,284	3,340	150,835	84,277
Received during the period	988,403	28,008	1,048,168	5,706,183	223,858	317,710	1,198,129	10,866,859
Withdrawn during the period	(41,090)	(31,532)	(895,276)	(5,825,258)	(16,562)	(316,029)	(1,156,294)	(10,558,740)
Transfer in / (out) - net	-	-	(143,771)	-	-	43	-	-
Closing balance	<u>1,696,893</u>	<u>1,538</u>	<u>204,791</u>	<u>273,321</u>	<u>749,580</u>	<u>5,064</u>	<u>192,670</u>	<u>392,396</u>
<b>Other Liabilities</b>								
Due to holding company	10,250,476	-	-	-	53,879,416	-	-	-
Other liabilities	-	1	-	-	-	5	-	-
	<u>10,250,476</u>	<u>1</u>	-	-	<u>53,879,416</u>	<u>5</u>	-	-
<b>Contingencies and Commitments</b>								
Transaction-related contingent liabilities - guarantees	85,226,822	-	-	-	78,991,846	-	-	-
Commitments in respect of forward foreign exchange contracts	3,836,488	-	-	-	4,170,666	-	-	-
<b>Derivatives</b>								
Derivative instruments - Interest rate swaps - notional	579,877	-	-	-	1,761,631	-	-	-
Derivative instruments - Cross currency swaps - notional	2,437,918	-	-	-	3,401,377	-	-	-
Derivative Instruments- FX options - Notional	4,711,975	-	-	-	29,843	-	-	-
Derivative assets	17,245	-	-	-	47,075	-	-	-
Derivative liabilities	349,245	-	-	-	374,304	-	-	-



## RELATED PARTY TRANSACTIONS

	30 June 2024 (Un-audited)				30 June 2023 (Un-audited)			
	Parent	Directors	Key management personnel	Other related parties	Parent	Directors	Key management personnel	Other related parties
	(Rupees in '000)							
<b>Income</b>								
Mark-up / return / interest earned	2,251,488	41	22,677	-	1,425,574	55	16,793	-
Fee and commission income	4,502	7	21	-	2,930	5	81	-
Income / (loss) from derivatives	7,949	-	-	-	94,502	-	-	-
<b>Expense</b>								
Mark-up / return / interest paid	-	32	9,333	34,184	-	17	5,189	21,093
Fee and commission expense	-	-	-	-	-	-	-	-
Operating expenses	-	12,200	339,880	-	-	9,950	292,639	-
<b>Other transactions</b>								
Dividend paid	51,485,085	8	-	-	-	-	-	-
Contribution to defined contribution plans	-	-	-	337,612	-	-	-	292,891
Net charge for defined contribution plans	-	-	-	337,612	-	-	-	292,891

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

## 37 CAPITAL ADEQUACY, LEVERAGE RATIO &amp; LIQUIDITY REQUIREMENTS

30 June 2024 (Un-audited) 31 December 2023 (Audited)

(Rupees in '000)

<b>Minimum Capital Requirement (MCR):</b>		
Paid-up capital (net of losses)	<u>38,715,850</u>	<u>38,715,850</u>
<b>Capital Adequacy Ratio (CAR):</b>		
Eligible Common Equity Tier 1 (CET 1) Capital	<u>75,619,590</u>	<u>74,235,298</u>
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	<u>75,619,590</u>	<u>74,235,298</u>
Eligible Tier 2 Capital	<u>12,594,790</u>	<u>9,620,328</u>
Total Eligible Capital (Tier 1 + Tier 2)	<u>88,214,380</u>	<u>83,855,626</u>
<b>Risk Weighted Assets (RWAs):</b>		
Credit Risk	<u>286,248,443</u>	<u>279,141,217</u>
Market Risk	<u>22,014,250</u>	<u>8,018,671</u>
Operational Risk	<u>130,656,458</u>	<u>130,656,458</u>
Total	<u>438,919,151</u>	<u>417,816,346</u>
Common Equity Tier 1 Capital Adequacy ratio	<u>17.23%</u>	<u>17.77%</u>
Tier 1 Capital Adequacy Ratio	<u>17.23%</u>	<u>17.77%</u>
Total Capital Adequacy Ratio	<u>20.10%</u>	<u>20.07%</u>
Minimum CAR (including Capital Conservation Buffer)	<u>11.50%</u>	<u>11.50%</u>
<b>Leverage Ratio (LR):</b>		
Eligible Tier 1 Capital	<u>75,619,590</u>	<u>74,235,298</u>
Total Exposures	<u>1,237,018,229</u>	<u>1,212,116,047</u>
Leverage Ratio	<u>6.11%</u>	<u>6.12%</u>
Minimum SBP Requirement	<u>3.00%</u>	<u>3.00%</u>
<b>Liquidity Coverage Ratio (LCR):</b>		
Average High Quality Liquid Assets	<u>556,470,659</u>	<u>522,101,429</u>
Average Net Cash Outflow	<u>208,396,229</u>	<u>157,909,055</u>
Average Liquidity Coverage Ratio	<u>267.0%</u>	<u>330.6%</u>
Minimum SBP Requirement	<u>100.0%</u>	<u>100.0%</u>
<b>Net Stable Funding Ratio (NSFR):</b>		
Total Available Stable Funding	<u>681,738,562</u>	<u>666,738,313</u>
Total Required Stable Funding	<u>241,232,997</u>	<u>289,655,616</u>
Net Stable Funding Ratio	<u>283%</u>	<u>230%</u>
Minimum SBP Requirement	<u>100%</u>	<u>100%</u>

**38 ISLAMIC BANKING BUSINESS**

The bank is operating 2 (31 December 2023: 2) Islamic banking branches and 38 (31 December 2023: 38) Islamic banking windows at the end of the period.

	Note	30 June 2024 (Un-audited)	31 December 2023 (Audited)
----- (Rupees in '000) -----			
<b>ASSETS</b>			
Cash and balances with treasury banks		4,966,300	5,137,703
Due from financial institutions	38.1	9,213,235	6,285,299
Investments	38.2	28,686,755	26,081,894
Islamic financing and related assets - net	38.3	62,088,822	64,130,502
Property and equipment		13,212	15,030
Right-of-use assets		12,483	20,385
Other assets		2,851,883	2,972,983
<b>Total Assets</b>		<b>107,832,690</b>	<b>104,643,796</b>
<b>LIABILITIES</b>			
Bills payable		39,080	241,334
Due to financial institutions		8,264,184	6,829,716
Deposits and other accounts	38.4	69,727,951	69,618,829
Due to Head Office		6,737,558	6,520,884
Lease liabilities		2,128	2,128
Other liabilities		1,712,745	1,287,474
		<b>86,483,646</b>	<b>84,500,365</b>
<b>NET ASSETS</b>		<b>21,349,044</b>	<b>20,143,431</b>
<b>REPRESENTED BY</b>			
Islamic Banking Fund		500,000	500,000
(Deficit) / surplus on revaluation of assets		89,457	167,107
Unappropriated / Unremitted profit	38.8	20,759,587	19,476,324
		<b>21,349,044</b>	<b>20,143,431</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	38.5		

The profit and loss account of the Bank's Islamic banking branches for the period ended 30 June 2024 is as follows:

	Note	Six months period ended 30 June 2024 (Un-audited)	Six months period ended 30 June 2023 (Un-audited)
----- (Rupees in '000) -----			
Profit / return earned	38.6	10,033,679	7,079,082
Profit / return expensed	38.7	(2,034,968)	(1,456,744)
Net Profit / return		<b>7,998,711</b>	<b>5,622,338</b>
<b>Other income</b>			
Fee and Commission Income		803,339	425,129
Foreign Exchange Income		513,130	269,299
Gain / (Loss) on securities		413,061	(420,049)
Other Income		-	15
Total other income		<b>1,729,530</b>	<b>274,394</b>
<b>Total Income</b>		<b>9,728,241</b>	<b>5,896,732</b>
<b>Other expenses</b>			
Operating expenses		(1,668,987)	(1,390,552)
		<b>(1,668,987)</b>	<b>(1,390,552)</b>
<b>Profit before provisions</b>		<b>8,059,254</b>	<b>4,506,180</b>
Credit loss allowance and write offs - net		350,491	(43,212)
<b>Profit before taxation</b>		<b>8,409,745</b>	<b>4,462,968</b>

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. 4.290 billion (30 June 2023: Rs. 2.187 billion).

30 June 2024 (Un-audited)			31 December 2023 (Audited)		
In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
(Rupees in '000)					
-	9,216,000	9,216,000	-	6,285,299	6,285,299
-	9,216,000	9,216,000	-	6,285,299	6,285,299
-	(2,765)	(2,765)	-	-	-
-	9,213,235	9,213,235	-	6,285,299	6,285,299

## 38.1 Due from Financial Institutions

Unsecured

Less: Credit loss allowance  
Stage 1

30 June 2024 (Un-audited)				31 December 2023 (Audited)			
Cost / Amortised cost	Credit loss allowance for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
(Rupees in '000)							
-----FVOCI-----				----- (Available for sale) -----			
Federal Government securities							
-Ijarah Sukuks	-	89,457	25,538,728	24,120,440	-	167,107	24,287,547
-Islamic Naya Pakistan Certificates	-	-	-	-	-	-	-
25,447,271	-	89,457	25,538,728	24,120,440	-	167,107	24,287,547
-----FVTPL-----				----- (Held for Trading) -----			
Federal Government securities							
-Ijarah Sukuks	-	71,890	2,054,982	104,723	-	11,296	116,019
-Islamic Naya Pakistan Certificates	-	-	1,095,065	1,678,328	-	-	1,678,328
3,078,137	-	71,890	3,156,027	1,783,051	-	11,296	1,794,347
<b>Total Investments</b>	<b>-</b>	<b>161,347</b>	<b>28,694,755</b>	<b>25,903,491</b>	<b>-</b>	<b>178,403</b>	<b>28,081,894</b>

## 38.3 Islamic financing and related assets

Murabaha  
Musharaka  
Diminishing Musharaka  
Musawamah  
Ujrah (Saadiq Credit Cards)  
Advances against Islamic assets - Murabaha  
Advances against Islamic assets - Diminishing Musharakah  
Advances against Islamic assets - Istisna  
Inventory related to Islamic financing - Murabaha  
Inventory related to Islamic financing - Murabaha  
**Gross Islamic financing and related assets**  
Less: Credit loss allowance against Islamic financings  
-Stage 1 / General provision  
-Stage 2  
-Stage 3 / Specific provision

Islamic financing and related assets - net of Credit loss allowance

30 June 2024 (Un-audited)    31 December 2023 (Audited)  
(Rupees in '000)

5,932,787	5,764,173
20,384,568	16,032,836
23,916,242	25,193,775
720,000	520,000
408,279	490,119
6,604,533	12,655,705
195,028	175,519
3,165,000	3,430,000
3,899,869	600,000
-	212,030
64,216,384	65,074,157
(452,527)	(350,610)
(336,023)	-
(1,339,012)	(593,045)
(2,127,562)	(943,655)
62,088,822	64,130,502

## 38.4 Deposits

**Customers**  
Current deposits  
Savings deposits  
Term deposits  
Margin accounts

**Financial Institutions**  
Current deposits  
Savings deposits

45,198,582	43,753,323
21,689,116	24,549,447
136,700	137,698
718,687	540,643
68,753,084	68,991,111
104,027	31,048
870,840	596,670
974,867	627,718
69,727,951	69,618,829

## 38.5 CONTINGENCIES AND COMMITMENTS

Guarantees  
Other contingent liabilities

3,290,767	2,373,714
2,367,041	2,774,867
5,657,808	5,148,581

## 38.6 Profit/Return Earned of Financing, Investments and Placement

Profit earned on:  
Financing  
Investments  
Placements

Six months period ended	Six months period ended
30 June 2024 (Un-audited)	30 June 2023 (Un-audited)
(Rupees in '000)	
6,776,603	4,874,868
3,138,667	1,957,410
118,509	246,804
10,033,679	7,079,082

	Six months period ended 30 June 2024 (Un-audited)	Six months period ended 30 June 2023 (Un-audited)
<b>38.7 Profit on Deposits and other Dues Expensed</b>		
Deposits and other accounts	(1,410,754)	(1,070,614)
Due to Financial Institutions	(584,061)	(346,543)
Deposit protection premium	(39,910)	(38,545)
Finance cost of lease liability	(243)	(1,042)
	<b>(2,034,868)</b>	<b>(1,456,744)</b>
<b>38.8 Islamic Banking Business Unappropriated Profit</b>		
Opening Balance	19,476,324	16,714,365
Expected credit loss on adoption of IFRS 9	(1,828,482)	-
Add: Islamic banking profit for the period	8,409,745	10,761,959
Less: Transferred / Remitted to Head Office	(5,500,000)	(8,000,000)
Closing Balance	<b>20,759,587</b>	<b>19,476,324</b>
<b>38.9 Profit &amp; Loss distribution and Pool Management</b>		

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 of period	Average return on Pool Assets	Bank Profit (Rupees in '000)	SBP Profit (Rupees in '000)	Bank Profit %	SBP Profit %
IERF Pool	Monthly	20.3%	928,660	611,440	60.3%	39.7%

**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
- Special Pool-2
- High Yield Pool
- High Yield Pool-2
- Special Term Deposit Pool
- Special Pool - CCIB
- Special Pool Term Deposits- 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, (backed by Government of Pakistan), Sugar, Textile, Fertilizer, Cement, Power, Packaging, Fast-moving consumer goods (FMCG), Edible Oil, Steel, Logistics, Automobiles, Rice, Beverages, Plastics, PET & Resin, etc.

**iv) Other Information**

	Type of Pool							
	General Pool	Special Pool	High Yield Pool	Special Pool -TD	Special Pool - CCIB	High Yield Pool 2	Special Pool TD- CCIB	Special Pool- 2
Profit rate / weightage announcement frequency	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly
Mudarib share (amount in '000)	752,952	70,932	85,427	725	30,545	3,580	-	131,894
Mudarib share (%)	46.1%	41.9%	37.5%	46.7%	24.7%	35.5%	0.0%	41.5%
Mudarib Share transferred through Hiba (Amount in '000)	64,184	13,679	28,581	51	31,361	1,462	-	27,045
Mudarib Share transferred through Hiba (%)	7.8%	16.2%	25.1%	6.6%	50.7%	20.0%	0.0%	17.0%
Average return on pool assets	21.7%	21.0%	21.3%	22.0%	8.6%	20.0%	22.1%	21.4%
Average return on deposits	11.7%	12.3%	13.2%	11.6%	6.5%	12.9%	0.0%	12.6%

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**39. GENERAL****39.1 Subsequent Event**

The Board of Directors in its meeting held on 26 August 2024 has declared a cash dividend of 20.00 percent (Rs. 2.00/- per share) in respect of the period ended 30 June 2024 (30 June 2023 : Rs 4.0/- per share). This is in addition to 15.0 percent (Rs. 1.50/- per shares) interim cash dividend announced during the first quarter period ended 31 March 2024. These condensed interim financial statements do not include the effect of these appropriations which will be accounted for subsequent to the period end.

**39.2 Corresponding Figures**

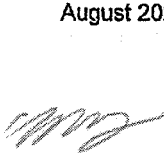
Certain Corresponding figures have been re-arranged / reclassified to reflect more appropriate presentation that are not material in nature.

The Bank has not restated comparative information for 2024 for financial instruments in the scope of IFRS9. Therefore, the comparative information for 2024 is reported under previous regulatory requirements and is not comparable with the information presented for 2023.

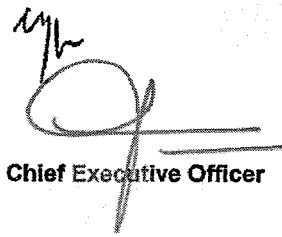
**39.3** Financial information presented in Pakistan Rupees has been rounded off to the nearest thousands.

**39.4 Date of Authorization**

These condensed interim financial statements were authorized for issue in the Board of Directors meeting held on 26 August 2024.



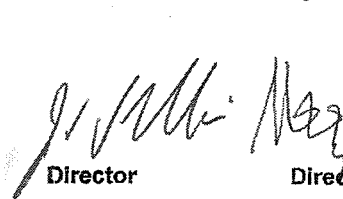
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Chief Executive Officer



Chief Financial Officer



Director

Director



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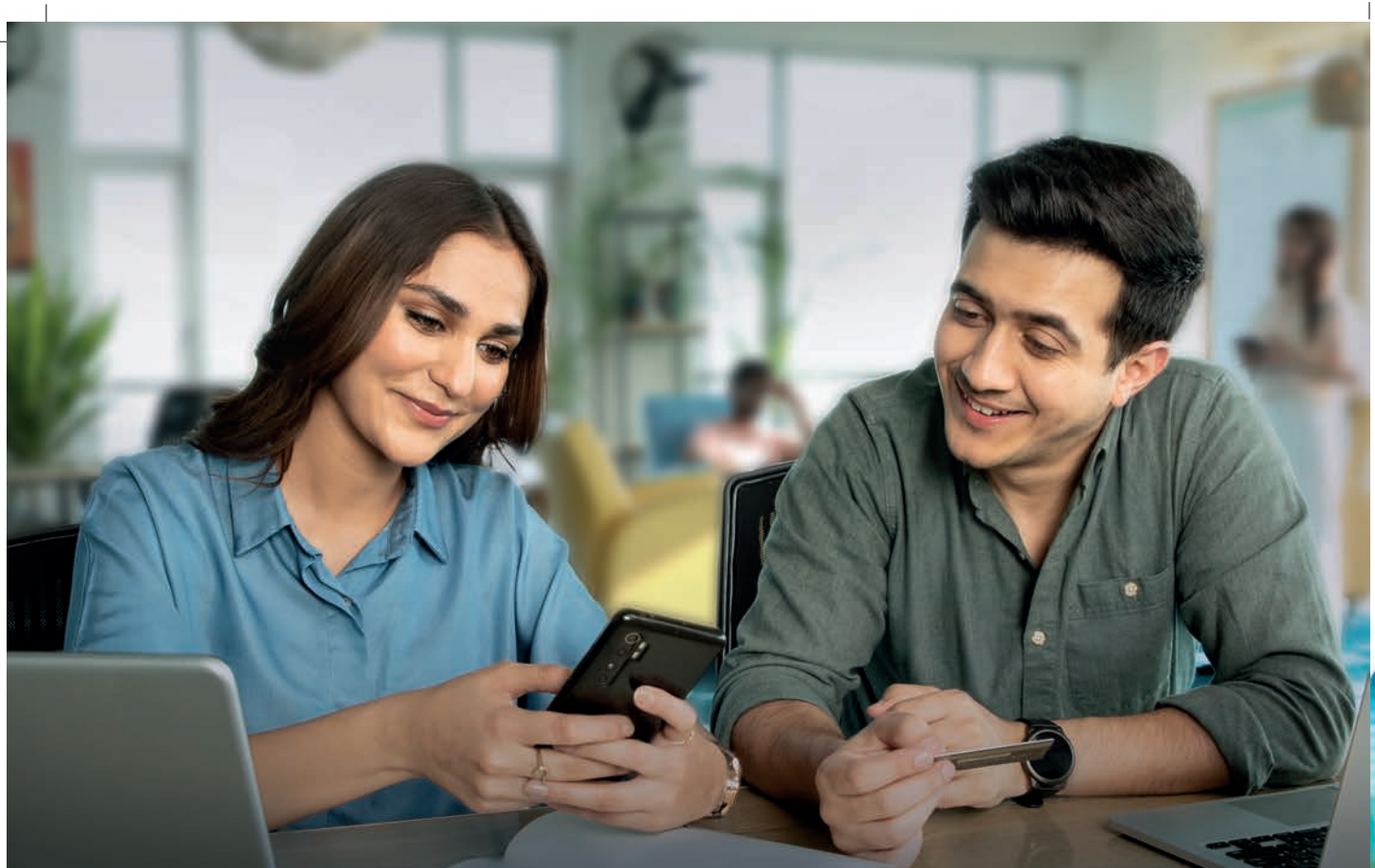


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