

Driving Financial and
Digital Innovation





◆ Introducing SC Sahar for the women of today ◆

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Open your account and get access to women exclusive personal and business finance, home finance, debit and credit cards.

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standard
chartered



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



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



LEARN



EARN



GROW

Empowering the NEXT GENERATION

BENEFICIARIES

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



FOCUS AREAS →

Education

Employability

Entrepreneurship

Global reach targets →

500,000 adolescent girls

100,000 youth for work

50,000 micro & small businesses

Delivering across Pakistan

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

Education

Goal

Empowering adolescent girls with life skills
22,000+ girls empowered since 2016

Youth to work

Employability:

Youth toWork is our global employability programme.

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

Employment of the visually impaired

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

Futuremakers Inclusive Employability Project

Target more than 480 youth with disabilities into formal employment

Entrepreneurs for Growth

#SCWomenInTech

SCWomenintech was launched in Pakistan in 2019. Since its launch 88 businesses have gone through extensive training, coaching and mentoring sessions out of which 26 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

Get involved



Donate

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

Account Name: Right to Play – Futuremakers

Account Number: 18-4743873-18



Fundraise

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



Contact

Pakistan.Corporate-Affairs@sc.com





Standard Chartered is a leading international banking group

We are an international banking group, with a presence in 59 of the world's most dynamic markets and serving clients in over 150 markets. Our purpose is to drive commerce and prosperity through our unique diversity, and our heritage and values are expressed in our brand promise, Here for good.

- ▶ **Standard Chartered Pakistan** is proud to be operating in the country as the largest and oldest international Bank since 1863.
- ▶ **Standard Chartered Pakistan** employs more than 2,200 people and has a network of 209 touch points (40 branches, 149 ATMs and 20 CDMs) across 10 cities.
- ▶ **Standard Chartered Pakistan** is the first International Bank to get an Islamic Banking licence and to open the first Islamic Banking branch in the country.
- ▶ **Standard Chartered Pakistan** is the leading bank for the MNCs operating in Pakistan. The Bank is also the market leader for providing USD liquidity for Corporates and Financial Institutions in the country.
- ▶ **Standard Chartered Pakistan** plays a leading role in providing FCY liquidity solutions through innovative client centric structures.
- ▶ **Standard Chartered Pakistan** is a leading partner of State Bank of Pakistan in promoting RMB and increasing its use in Pakistan, which further strengthens its role as the main bank for CPEC led initiatives.
- ▶ **Standard Chartered Pakistan** partnered with ANT FINANCIAL in 2019 to launch the first block chain based 24/7, cross border wallet-to-wallet remittance service between Malaysia and Pakistan.

AWARDS

Strong Recognition



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

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)

Management Association of Pakistan



Awards 2022

- Corporate Excellence Award under the Commercial Bank Sector

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

Corporate Treasurer Award



Awards 2021

- Best Transaction Bank
- Best Trade Finance Bank

Standard Chartered Bank (Pakistan) Limited

Board of Directors



Mr. Ian Anderson Bryden
Chairperson of the Board of Directors



Mr. Rehan M. Shaikh
Chief Executive Officer
Member Board Risk Committee and Board IT Committee



Mr. Towfiq Habib Chinoy
Director
Chairperson Board Risk Committee and Member Board HR & Remuneration Committee



Mr. Ehsan Ali Malik
Director
Chairperson Board Audit Committee and Member Board Risk Committee and Board IT Committee



Mr. Badaruddin Fatehali Vellani
Director
Chairperson Board HR & Remuneration Committee and Member Board Audit Committee



Ms. Rola Abu Manneh
Director
Member Board HR & Remuneration Committee



Mr. Mohamed Abdel Razek
Director
Chairperson Board IT Committee and Member Board Audit Committee

Standard Chartered Bank (Pakistan) Limited

Pakistan Executive Committee



Mr. Rehan M. Shaikh
Chief Executive Officer



Mrs. Khadija Hashimi
Head Corporate Affairs and
Brand & Marketing AME &
Country Head Pakistan



Mr. Syed Ejaz Alam
Chief Financial Officer



Mrs. Lubna Azam Tiwana
Country Chief Risk Officer



Mr. Arslan Nayeem
Country Head of Client
Coverage, CCIB



Ms. Saadya Riaz
Head Consumer, Private
and Business Banking



Mr. Majid Aziz
Chief Technology and
Operating Officer



Mr. Muhammad Umer
Head Human Resources



Mr. Azhar Aslam
Head Islamic Banking



Mr. Muhammad Mubashir Yasin
Head Conduct, Financial Crime
and Compliance



Mr. Shahzad Salamullah
Head Internal Audit



Mr. Adil Siddique Dalal
Head Financial Markets and
Macro Trading



Mr. Jehangir Adil Qazi
Head Legal



Mr. Shiraz Hyder
Head Transaction Banking



Mr. Ajanthan Sivathas
Chief Information Officer

Company Information

Board of Directors

Mr. Ian Anderson Bryden	Chairperson
Mr. Rehan Muhammad Shaikh	Chief Executive Officer
Mr. Towfiq Habib Chinoy	
Mr. Ehsan Ali Malik	
Mr. Mohamed Abdel Razek	
Ms. Rola Abu Manneh	
Mr. Badaruddin Fatehali Vellani	

Company Secretary

Mr. Asif Iqbal Alam

Board Audit Committee

Mr. Ehsan Ali Malik	Chairperson
Mr. Badaruddin Fatehali Vellani	Member
Mr. Mohamed Abdel Razek	Member

Board Risk Committee

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

Board Human Resource & Remuneration Committee

Mr. Badaruddin Fatehali Vellani	Chairperson
Mr. Towfiq Habib Chinoy	Member
Ms. Rola Abu Manneh	Member

Board IT Committee

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

Shariah Board

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

Auditors

M/s EY Ford Rhodes
Chartered Accountants

Legal Advisors

Haidermota & Co
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

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

Table of Contents

Notice of Annual General Meeting	3
Chairman's Review	6
Directors' Report - English	7
Directors' Report - Urdu	13
Management's Statements on Internal Controls and Risk Management Framework	20
Report of Shari'ah Board - English	27
Report of Shari'ah Board - Urdu	30
Auditors' Review Report on Statement of Compliance with the Code of Corporate Governance	33
Statement of Compliance with the Code of Corporate Governance	34
Six Years Key Financial Data	36
Auditors' Report to the Members	38
Audited Financial Statements	43
Pattern of Shareholding	123
Form of Proxy	125
Disclosures on Governance and Remuneration	127
Disclosure on Complaint Handling	130

NOTICE OF ANNUAL GENERAL MEETING

STANDARD CHARTERED BANK (PAKISTAN) LIMITED NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 17th Annual General Meeting ('AGM') of the shareholders of Standard Chartered Bank (Pakistan) Limited ("Bank") will be held on Wednesday, 29 March 2023 at 12:00 p.m. at the ICAP Chartered Accountants Avenue, Clifton, Karachi and through video conferencing to transact the following business:

A. ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Accounts of the Bank for the year ended 31 December 2022, along with the Directors' and Auditors' Reports thereon.
2. To consider the appointment of external auditors namely M/s EY Ford Rhodes, Chartered Accountants (who being eligible, have offered themselves for reappointment), as Statutory Auditors of the Bank for the year 2023. The Board also seeks authority for the Board Audit Committee to negotiate and agree upon Auditors' remuneration subject to concurrence of the Board in the subsequent meeting.
3. To consider and approve final cash dividend @ 25% (i.e. Rs. 2.50 per share) as recommended by the Board of Directors in addition to interim dividend of 15% already paid for the year 2022.

B. OTHER BUSINESS

4. To transact any other business as may be placed before the meeting with the permission of the Chair.

By Order of the Board

Asif Iqbal Alam
Company Secretary

Karachi: 8 March 2023

اسٹیٹنڈرڈ چارٹرڈ بینک (پاکستان) لمیٹڈ

نوٹس برائے سالانہ اجلاس عام

بذریعہ ہذا مطلع کیا جاتا ہے کہ اسٹیٹنڈرڈ چارٹرڈ بینک (پاکستان) لمیٹڈ ("بینک") کے شیئر ہولڈرز کا ستر ہوا سالانہ اجلاس عام 29 مارچ 2023ء بروز بدھ، دوپہر 12:00 بجے، بمقام انسٹیٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان، چارٹرڈ اکاؤنٹنٹس ایونیو، کلٹن، کراچی اور بذریعہ ویڈیو کانفرنس درج ذیل کارروائی کیلئے منعقد کیا جائے گا:

(الف) عمومی کارروائی

- 1- 31 دسمبر 2022ء کو ختم ہونے والے مالی سال کیلئے بینک کے آڈیٹڈ اکاؤنٹس اور ان پر ڈائریکٹرز اور آڈیٹرز کی رپورٹس کی وصولی، ان پر غور اور ان کی توثیق۔
- 2- میسرز EY فورڈ رھوڈز، چارٹرڈ اکاؤنٹنٹس (جنہوں نے اہل ہونے کے سبب پھر سے تقرری کی درخواست دی ہے) کی 2023ء کیلئے بطور اسٹیچوٹری آڈیٹرز تقرری اور ان کے معاوضے کے تعین کیلئے بورڈ آڈٹ کمیٹی کو بات چیت اور فیصلہ کرنے کا اختیار دینا جو آئندہ بورڈ میٹنگ میں بورڈ کی رضامندی سے مشروط ہوگا۔
- 3- بورڈ آف ڈائریکٹرز کی جانب سے تجویز کردہ 25% (یعنی 2.50 روپے فی حصص) نقد منافع کی ادائیگی پر غور اور منظور کرنا۔ جو سال 2022 کیلئے ادا کئے جانے والے 15% عبوری منافع کے علاوہ ہے۔

(ب) دیگر کارروائی

- 4- چیئر پرسن کی اجازت سے کوئی اور کارروائی عمل میں لانا۔

بحکم بورڈ

آصف اقبال عالم
کمپنی سیکریٹری

کراچی: 8 مارچ 2023ء

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. The Share Transfer Books of the Bank will remain closed from Monday, 20 March 2023 to Wednesday, 29 March 2023 (both days inclusive). Transfer received at the Share Registrar by the close of business on Friday, 17 March 2023 will be treated in time.

2. Participation in AGM through online platform/ facility

Arrangements have been made by the Bank to facilitate the participation of the shareholders in the AGM through online platform/facility, either in-person or through appointed proxies. Shareholders are requested to get themselves registered with the Company Secretary Office, at least 24 hours before the time of AGM (i.e. before 12:00 p.m. on 28 March 2023) by providing following details at cosec.pk@sc.com.

Folio/CDC Account No.	Name of Shareholders	CNIC No	Cell No.	Email Address

Upon receipt of the above information from interested shareholders, the Bank will send the login details at their email addresses. On the AGM Day, shareholders will be able to login and participate in the AGM proceedings through their smartphones or computer devices. Login facility will be opened 15 minutes before the meeting time to enable the participants to join the meeting, after identification and verification process.

3. Only those persons whose names appear in the Register of Members of the Bank as at Friday, 17 March 2023 will be entitled to attend/participate in/vote at the AGM and be entitled to receive above stated cash dividends.

4. A member entitled to attend and vote at the above meeting is entitled to appoint another member as his/her proxy to attend and vote instead of him/her. Proxies, in order to be valid, must be received by the Bank at its registered office marked for the attention of the office of the Company Secretary, not less than 48 hours before the time for holding the meeting and must be duly stamped, signed and witnessed. A member shall not be entitled to appoint more than one proxy.

5. Members are requested to notify change in their address, if any, to the Bank's Share Registrars, M/s. CDC Share Registrar Services Limited, CDC House, 99-B, Block B, SMCHS, Main Shahrah-e-Faisal, Karachi - 74400. Toll Free: 0800-CDCPL (23275), Fax: (021) 34326053, Email: info@cdcsrsl.com.

6. The Bank will provide the facility of video link for attending the meeting if the said consent is received from members holding at least 10% of the total paid up capital not later than 7 days before the date of AGM.

7. A. For Attending the Meeting:

- In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his/her identity through his/her original Computerised National Identity Card (CNIC) or original passport at the time of attending the Meeting.
- In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced at the time of the Meeting.

B. For Appointing Proxies:

- In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirement.
- The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- The proxy shall produce his/her original CNIC or original passport at the time of the Meeting.
- In case of corporate entity, the Board of Directors'

نوٹس:

1- بینک کی حصص کی منتقلی کی کتابیں 20 مارچ 2023ء بروز پیر سے لے کر 29 مارچ 2023ء بروز بدھ (بشمول دونوں دن) بند رہیں گی۔ 17 مارچ 2023ء بروز جمعہ کو کاروبار کے اختتام تک رجسٹر اکو موصول ہونے والے ٹرانسفرز بروقت تصدیق کیے جائیں گے۔

2- سالانہ اجلاس عام میں آن لائن پلیٹ فارم/سہولت کے ذریعے شرکت: بینک کی جانب سے سالانہ اجلاس عام میں شیئر ہولڈرز کی بذریعہ آن لائن پلیٹ فارم/شرکت (خواہ ذاتی طور پر یا مقرر کردہ پراسیکور کے ذریعے) کیلئے انتظامات کئے گئے ہیں۔ شیئر ہولڈرز سے درخواست کی جاتی ہے کہ وہ مبنی سیکریٹری آفس سے سالانہ اجلاس عام کے وقت سے کم از کم 24 گھنٹے قبل درج ذیل تفصیلات کے ساتھ cosec.pk@sc.com پر رجسٹریشن کروائیں۔

فون نمبر	CNIC نمبر	حصص یا فنڈنگان کے نام	ای میل ایڈریس	فولیو/سی ڈی سی اکاؤنٹ نمبر

دلچسپی رکھنے والے شیئر ہولڈرز سے مندرجہ بالا معلومات کی وصولی پر، بینک لاگ ان کی تفصیلات ان کے ای میل پتوں پر بھیجے گا۔ اجلاس عام کے دن شیئر ہولڈرز اپنے اسمارٹ فونز یا کمپیوٹر ڈیوائسز کے ذریعے لاگ ان کر کے اجلاس عام کی کارروائی میں حصہ لے سکیں گے۔ اجلاس کے آغاز سے 15 منٹ قبل لاگ ان کی سہولت حاصل ہوجانے کی تاکہ شناخت اور تصدیقی عمل کے بعد شرکاء اجلاس میں شامل ہو سکیں۔

3- صرف وہ ممبران جن کے نام 17 مارچ 2023ء بروز جمعہ، بینک کے ممبران کے رجسٹر میں درج ہوں گے وہی اس سالانہ اجلاس عام میں شرکت کرنے، ووٹ دینے اور مذکورہ پیش ڈیویڈنڈ لینے کے اہل ہوں گے۔

4- ایک ممبر جو اس اجلاس میں شرکت کرنے اور ووٹ دینے کا اہل ہے اپنی جگہ کسی اور ممبر کو بطور نمائندہ اجلاس میں شرکت، بولنے، ووٹ ڈالنے کیلئے مقرر کر سکتا ہے۔ پراسیکور کے موثر ہونے کیلئے لازم ہے کہ وہ مبنی کے رجسٹرڈ آفس میں بنام مبنی سیکریٹری آفس سے 48 گھنٹے قبل عملی طور پر اپنی شہدہ، دستخط شدہ اور شواہد کے ساتھ وصول ہوجائیں۔ ایک ممبر ایک سے زیادہ پراکسی نامزد کرنے کا اختیار نہیں ہوگا۔

5- ممبران سے درخواست ہے کہ وہ اپنے رجسٹرڈ پتہ میں ہونے والی کسی تبدیلی سے فوری طور پر بینک کے شیئر رجسٹرار ممبرز CDC شیئر رجسٹرار سروسز لمیٹڈ، CDC ہاؤس، 99-B، بلاک B، SMCHS، بین شاہراہ فیصل، کراچی۔ 74400۔ ٹول فری نمبر: 0800-CDCPL(23275)۔ فیکس: (021) 34326053، ای میل ایڈریس: info@cdcsrsl.com پر مطلع کریں۔

6- بینک اجلاس میں شرکت کیلئے ویڈیو لنک کی سہولت فراہم کرے گا اگر کل ادا شدہ سرمائے کا کم از کم 10% رکھنے والے ممبران کی جانب سے مذکورہ رضامندی سالانہ اجلاس عام کی تاریخ سے 7 دن پہلے موصول ہوں۔

7- (الف) اجلاس میں شرکت کیلئے:

- افراد کی صورت میں اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر اور ایسا وہ افراد جن کی سیکورٹیز گروپ اکاؤنٹ میں ہیں اور ان کی رجسٹریشن کی تفصیلات ضابطے کے مطابق اپ لوڈ کردی گئی ہیں، انہیں اجلاس میں شرکت کے وقت اپنی شناخت کیلئے اصل کمپیوٹرائزڈ قومی شناختی کارڈ (سی این آئی سی) یا اصل پاسپورٹ دکھانا لازمی ہوگا۔
- کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد/مختار نامہ، نامزد کرنے والے کے دستخط کے ساتھ اجلاس کے وقت پیش کرنا لازمی ہوگا۔

(ب) پراسیکور کی نامزدگی کیلئے:

- افراد کی صورت میں اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر اور ایسا وہ افراد جن کی سیکورٹیز گروپ اکاؤنٹ میں ہیں اور ان کی رجسٹریشن کی تفصیلات ضابطے کے مطابق اپ لوڈ کردی گئی ہیں انہیں اپنا پراکسی فارم درج بالا قواعد کے مطابق پُرکے پیش کرنا ہوگا۔
- پراکسی فارم کا دو افراد سے تصدیق شدہ ہونا لازمی ہے جن کے نام، پتے اور کمپیوٹرائزڈ قومی شناختی کارڈ نمبر فارم پر درج ہوں۔
- پراکسی فارم کے ساتھ پراکسی اور اصل مالک کے کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ فوٹو کاپی منسلک کرنا ہوگی۔
- پراکسی کو اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ اجلاس کے وقت دکھانا ہوگا۔
- کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد/مختار نامہ، نامزد کرنے والے کے دستخط کے ساتھ پراکسی فارم کے ساتھ بینک میں جمع کروانا ہوگا۔

NOTICE OF ANNUAL GENERAL MEETING

resolution/power of attorney with specimen signature shall be submitted along with the proxy form to the Bank.

8. Members may inspect the minutes of the AGM held on Tuesday, 29 March 2022, in terms of Section 52 of the Companies Act, 2017, at the Bank's registered address.

9. In terms of Section 223 (7) of the Companies Act 2017, the Annual Report for the year ended 2022 has also been placed on the Bank's website simultaneously with the dispatch of the same to the members.

10. **E-Dividend Requirements:** In accordance with the Companies (Distribution of Dividend) Regulation 2017, shareholders are advised to provide their Identification Number/Computerised National Identity Card (CNIC) Number and International Bank Account Number (IBAN) details, if they have not already done so, to our Share Registrar (if shares are held in physical form) at their above referred office address or to the respective Participants/Broker (if shares are held through CDS Account) latest by Friday, 17 March 2023. Failing which may result in withholding of dividend payments of respective shareholders.

11. **Conversion of Physical Shares into Book-Entry Form:** In reference to Section 72(2) of the Companies Act, 2017, all shareholders holding physical shares are requested to get converted their shares into book entry form at the earliest. This would facilitate shareholders in many ways including safe custody of shares, avoidance of formalities required for issuance of duplicate shares, etc. For the conversion of physical shares into book entry form, the shareholders may contact their Brokers, CDC Participants or CDC Investor Account Service.

12. **Tax Requirements:** The dividend income on shares is liable to deduction of withholding tax under Section 150 of the Income Tax Ordinance, 2001 and pursuant to the provisions of Finance Act, 2022, effective from 1 July 2022; the 'Filer' and 'Non-Filer' shareholders will pay tax on dividend income @ 15% and 30% respectively. The Filer status of shareholders will only be determined on the basis of latest available Active Taxpayers List (ATL) uploaded by the Federal Board of Revenue (FBR) on their website <http://www.fbr.gov.pk/>.

In case a Folio/CDS Account is jointly held, each joint-holder will be treated separately as Filer or Non-Filer and tax will be deducted on the gross dividend amount determined by bifurcating the shareholding of each joint-holder on equal proportions, except where shareholding proportion of joint-holders is pre-defined as per the records of Bank's Share Registrar and thus tax rates will be applied in line with respective proportions. Those shareholders, who are holding shares jointly, are requested to update/notify the shareholding proportions of principal and joint-holder(s) in writing to our Share Registrar latest by Friday, 17 March 2023 at their above referred office address.

In this regard, all shareholders, whose names are not entered into the ATL despite the fact that they are filers, are advised to make sure that: (i) Their names appear into the ATL before start of closed period (referred above), otherwise they will be treated as non-filers for tax deduction purpose, and (ii) A copy of their National Tax Number is submitted to their relevant Participant/CDC Investor Account Services or to our Share Registrar (in case of physical shareholding only) at their above referred office address.

Corporate shareholders are requested to provide of a copy of valid Income Tax Exemption Certificate issued by the concerned authority to your institution, which is compulsorily required to claim tax exemption in terms of clarification issued by FBR vide their letter C.No.1 (43) DG (WHT)/ 2008-Vol.11-66417-R, dated 12 May 2015. In case you are subject to any special tax rate, please also provide a copy of relevant certificate issued by the concerned authority. Relevant copies should reach our Share Registrar at their above-mentioned office address.

13. **Statutory Code of Conduct of AGM:** Section 215 of the Companies Act, 2017 and Regulation 28 of the Companies (General Provisions and Forms) Regulations, 2018, state the Code of Conduct of Shareholders, as follows: Shareholders are not permitted to exert influence or approach the management directly for decisions which may lead to creation of hurdles in the smooth functioning of management. The law states that Shareholders shall not bring material that may cause threat to participants or premises where the AGM is being held, confine themselves to the agenda items covered in the notice of the AGM and shall not conduct themselves in a manner to disclose any political affiliation. Additionally, the Company is not permitted to distribute gifts in any form to its shareholders in its meetings as per Section 185 of Companies Act, 2017.

8- کمپنیز ایکٹ، 2017ء کے سیکشن 52 کے تحت ممبران بینک کے رجسٹرڈ پتے پر 29 مارچ 2022ء بروز منگل کو ہونے والے سالانہ اجلاس عام کی رواد کا معائنہ کر سکتے ہیں۔

9- سیکشن 223(7) کے تحت سالانہ مختصر 2022ء کی سالانہ رپورٹ ممبرز کو تریل کے ساتھ بینک کی ویب سائٹ پر بھی اپ لوڈ کر دی گئی ہے۔

10- ای-ڈیویڈنڈ کی ضروریات: کمپنیز (ڈیویڈنڈ کی تقسیم) ریگولیشنز 2017ء کی ہدایات کے تحت شیئر ہولڈرز اپنے شناختی نمبر/کمپیوٹرائزڈ قومی شناختی کارڈ (سی این آئی سی) نمبر اور انٹرنیشنل بینک اکاؤنٹ نمبر (آئی بی اے این) کی تفصیلات فراہم کریں۔ اگر انہوں نے تفصیلات فراہم نہیں کی ہیں تو ہمارے شیئر رجسٹرار (اگر شیئر فزیکل فارم میں رکھے گئے ہیں) کو مذکورہ آفس ایڈریس یا متعلقہ پارٹیسپنٹ/بروکر (اگر شیئر بڈریو سی ڈی ایلس اکاؤنٹ رکھے گئے ہیں) کو 17 مارچ 2023ء بروز جمعہ تک مہیا کریں۔ ناکافی کی صورت میں متعلقہ حصص یافتگان کو ڈیویڈنڈ کی ادائیگی روک دی جائے گی۔

11- کمپنیز ایکٹ 2017ء کے سیکشن 72(2) ("ایکٹ") کے تحت تمام شیئر ہولڈرز سے درخواست کی جاتی ہے کہ وہ جلد از جلد اپنے شیئرز کو فزیکل فارم سے بک انٹری فارم میں تبدیل کریں۔ بک انٹری فارم میں شیئرز کو رکھنے کے بہت سے فوائد ہیں جن میں سی ڈی سی کے ساتھ شیئرز کی محفوظ تھویل، ڈپلیکیٹ شیئرز کے اجراء کیلئے درکار سی شرائط سے نجات وغیرہ۔ فزیکل شیئرز کو بک انٹری فارم میں تبدیل کرنے کیلئے شیئر ہولڈرز اپنے بروکرز، سی ڈی سی پارٹیسپنٹس یا سی ڈی سی انویسٹرز اکاؤنٹ سروس سے رابطہ کر سکتے ہیں۔

12- ٹیکس معاملات: انکم ٹیکس آرڈیننس 2001ء کے سیکشن 150 اور فنانس ایکٹ 2022ء کی دفعات (کیم جولائی 2022ء سے مؤثر) کے مطابق ڈیویڈنڈ آمدن پر فائلر ممبران کیلئے شرح دودہ ہولڈنگ ٹیکس 15% جبکہ نان فائلر کیلئے 30% ہے۔ حصص یافتگان کے فائلر ہونے کا تعین فیڈرل بورڈ آف ریویو (FBR) کی ویب سائٹ (<http://www.fbr.gov.pk/>) پر جاری کردہ آخری ایکٹیو ٹیکس ہیز زسٹ (ATL) کی بنیاد پر کیا جائے گا۔

کسی فیوڈر سی ڈی ایلس اکاؤنٹ کی مشترکہ ملکیت کی صورت میں ہر مشترکہ ہولڈر کو بطور فائلر یا نان فائلر علیحدہ تصور کیا جائیگا اور ٹیکس کی کوٹنی ڈیویڈنڈ کی مجموعی رقم پر کی جائے گی جو کہ ممبران میں شیئر ہولڈنگ کے تناسب کو مساوی تقسیم کر کے کی جائیگی سوائے اس کے کہ شیئر ہولڈنگ کے تناسب کی تفصیل پہلے ہی بینک کے شیئر رجسٹرار کے ریکارڈ میں موجود ہو اس صورت میں ٹیکس کی شرح اس تناسب سے لاگو کی جائے گی۔ لہذا ایسے مشترکہ ہولڈرز سے درخواست کی جاتی ہے کہ اپنی ہولڈنگ کا تناسب ہمارے شیئر رجسٹرار کو مندرجہ بالا پتے پر 17 مارچ 2023ء بروز جمعہ تک فراہم کریں۔

اس سلسلے میں وہ ممبران جن کے نام فائلرز ہونے کے باوجود ATL میں موجود نہیں، ان سے گزارش کی جاتی ہے کہ اس امر کو یقینی بنائیں کہ (i) ان کے نام مدت اختتام (مذکورہ بالا) سے قبل ATL میں موجود ہوں بصورت دیگر ٹیکس کی کوٹنی کیلئے انہیں نان فائلر سمجھا جائے گا اور (ii) اپنے نیشنل ٹیکس نمبر کی کاپی اپنے متعلقہ پارٹیسپنٹ ای سی ڈی سی انویسٹرز اکاؤنٹ سروسز یا ہمارے شیئر رجسٹرار (صرف فزیکل شیئر ہولڈنگ کی صورت میں) کو مذکورہ بالا پتے پر جمع کرائیں۔

کارپوریٹ حصص یافتگان جو ٹیکس سے استثناء سے مستثنیٰ ہیں ان سے درخواست کی جاتی ہے کہ وہ متعلقہ اتھارٹیز کی جانب سے ان کے ادارے کو جاری کیا گیا موثر انکم ٹیکس ایگزیمپشن سرٹیفکیٹ فراہم کریں جو کہ FBR کے لیٹر C.No.1 (43) DG (WHT)/2008-Vol.11-66417-R تاریخ 12 مئی 2015ء کے مطابق ٹیکس سے استثناء سے مستثنیٰ کیلئے ضروری ہے۔ اگر آپ خصوصی ٹیکس ریٹ کے تابع ہیں براہ مہربانی متعلقہ اتھارٹیز کی جانب سے جاری کیے گئے سرٹیفکیٹ کی نقل ہمارے شیئر رجسٹرار کو روڈنڈ بالا پتے پر فراہم کریں۔

13- سالانہ اجلاس عام میں درکار قانونی ضابطہ اخلاق کمپنیز ایکٹ 2017ء کے سیکشن 215 اور کمپنیز (جنرل پروویژنز اینڈ فارمز) ریگولیشنز 2018ء کے تحت شیئر ہولڈرز کیلئے ضابطہ اخلاق بیان کرتے ہیں، جو درج ذیل ہے۔ شیئر ہولڈرز کو اجازت نہیں ہے کہ وہ ایسے فیصلوں کیلئے جوٹیجمنٹ کے کام پر اثر انداز ہو سکتے ہوں، جینٹلمن پریڈاؤ ایلس یا براہ راست رسائی حاصل کریں۔ قانون کے تحت شیئر ہولڈرز اپنے ساتھ ایسا مواد نہیں لائیں گے جو شرکاء یا اس جگہ جہاں سالانہ اجلاس عام منعقد کیا جا رہا ہے، کیلئے خطرے کا باعث ہو، جو کو سالانہ اجلاس عام کے نوٹس میں احاطہ کئے گئے ایجنڈا کے نکات تک ہی محدود رکھیں گے اور اس انداز سے درکار ادائیگی کریں جس سے ان کی سیاسی وابستگی ظاہر ہو۔ مزید یہ کہ کمپنیز ایکٹ 2017ء کے سیکشن 185 کے مطابق کمپنی کو اجازت نہیں ہے کہ وہ کسی بھی صورت میں شیئر ہولڈرز میں تحائف تقسیم کرے۔

CHAIRMAN'S REVIEW

For the year ended 31 December 2022

I am pleased to deliver my sixth review as Chairman of the Board of Directors ('the Board') of Standard Chartered Bank (Pakistan) Limited ('the Bank'), in line with the requirements of Section 192 of the Companies Act, 2017.

Standard Chartered Group views high standards of corporate governance as a critical component for the long-term success of all companies and for the economic health and stability of markets across the globe. As part of the Group's approach to corporate governance, the Board fully recognises that the success of the Bank ultimately depends upon the capacity of the directors to provide the vision and direction needed, not only to survive, but also to develop and prosper. The Board endeavours to maintain and strengthen the high level of corporate governance, improve corporate transparency, ensure the healthy development of the Bank and enhance its corporate values.

The Bank's Board of Directors is comprised of 7 members and is well composed in terms of skills, competency, knowledge, experience and diversity. The Board performs its statutory role and fulfils its objectives by ensuring that the Bank has a competent leadership and an effective executive management. The Board establishes significant policies, frameworks and the code of conduct, and delegates the authorities and responsibilities down the line for the Bank's smooth operations.

The Board has constituted 4 Committees namely, the Board Audit Committee, the Board Human Resource and Remuneration Committee, the Board Risk Committee and the Board Information Technology Committee. All Committees have a defined scope of work and reporting procedures and such Committees are discharging their functions and duties as per their respective terms of reference.

The Board meets frequently enough to discharge adequately its responsibilities and it receives the agenda papers and appropriate supporting materials in sufficient time prior to the Board and its Committee meetings. The Board members have established a very open and candid atmosphere in the boardroom.

During the year under review, 6 meetings of the Board were held in which the Board received presentations on business strategy, financial performance and business updates covering challenges and opportunities. Besides this, the Board's focus areas were digital strategy, customer service, policies, product performance and reviews, cost discipline, capital adequacy and assessment, information and cyber security risk, regulatory compliance and market updates.

The Board has continued to perform its statutory role during another challenging year in terms of the prevailing economic situation and the recovery phase from Covid-19. Challenges facing the businesses were discussed and guidance was provided to management where required. Post fresh election of the directors earlier this year, there have been some changes to the composition of our Board and its Committees. Relevant details have been included in the Directors' reports.

Overall, the performance and effectiveness of the Board has remained satisfactory based on the annual evaluation of the Board which was carried out by the external consultants in 2022. The Board survey was divided into four parts, i.e., the basic ingredients, strategy and risk, major shareholder expectations, and dynamics and information. A few focus areas were picked up by participants where appropriate steps were taken for closure. Surveys of the Board's 4 Committees also showed satisfactory outcomes with a few deliverables which were noted for Board Risk Committee and Board IT Committee. Moreover, survey results of the Chairman, Chief Executive, and Directors' Peer Review were also noted as satisfactory.

On behalf of the Board, I would like to thank all the stakeholders for their continued trust and support. I also take this opportunity to express my gratitude to my fellow Board members for their valuable contribution.



IAN BRYDEN

CHAIRMAN

16 February 2023

DIRECTORS' REPORT - 31 December 2022

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 audited financial statements and auditors' report thereon for the year ended 31st December 2022.

Economy

After witnessing a growth of 5.9% in FY-22, economic activity has decelerated due to political uncertainty, unprecedented floods, inflationary pressures driven by high global commodity prices and measures taken by authorities to curb imports in order to ease pressure on current account deficit. As a result, Central Bank has revised its GDP forecast for FY-23 to 2%, with average headline inflation of 23%-25%.

On the fiscal front, tax collections grew by 17.0% in H1-FY23, slower than the growth envisaged in the budget. The expectation of further slowdown in economic activity and reduction in imports in H2-FY23 poses downside risks to maintaining growth momentum in tax collection.

The current account deficit narrowed by ~60% to \$3.7bn in H1-FY23. This substantial reduction was due to a sharp contraction in imports, reflecting the impact of policy tightening and administrative measures. Imports, exports and remittances declined year on year by 18.2%, 7% and 11% in H1-FY23 respectively.

There is constant drawdown in the official reserves due to lack of financial inflows and ongoing repayments. Further, 9th review of IMF under EFF (USD 1.2bn tranche) has been delayed from scheduled completion in Nov'22 and is expected to be completed in Feb'23. Near-term FX inflows from multilateral and bilateral sources are expected to unlock upon its completion.

On the external front, following a flexible exchange rate regime, PKR depreciated by 18% in January 2023, while the SBP foreign exchange reserves stood at \$3.1bn as of 27th January 2023. Higher international commodity prices together with domestic demand are driving Inflation, which reached 24.5% in Dec'22 (12 month average). To address the rising inflationary pressure and widening current account deficit, SBP has increased policy rate by 7.25% to 17.00% during past 12 months.

Banks in Pakistan continue to be well capitalized with an industry wide CAR of 16.6% and remain profitable with a ROE (after tax) of 14.5% for Q3-22. Meanwhile, NPLs of the banking sector stood at 7.6% at close of Q3-22 (7.9% at close of CY-21).

Purpose

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

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

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. Income from our affluent wealth business is up by 9%.

3) Mass Retail

We are investing in a range of proven digital capabilities that can substantially and economically scale up our mass market retail presence. We are doing this with enhanced data analytics and a superior end-to-end digital experience, developing opportunities on our own and with partners. Our digital transaction mix, including "SC Mobile" application

DIRECTORS' REPORT

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) New 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

	31 December 2022 (PKR millions)	31 December 2021 (PKR millions)
Balance Sheet		
Paid-up capital	38,716	38,716
Total equity	87,521	79,605
Deposits	718,450	626,774
Advances – gross	236,923	255,905
Advances – net	216,208	234,173
Investments – net	477,732	450,583
	Year ended 31 December 2022 (PKR millions)	Year ended 31 December 2021 (PKR millions)
Profit and Loss		
Revenue	62,649	37,393
Operating expenses	12,811	11,539
Other non-mark-up expenses	1,035	598
Operating profit (before provisions and tax)	48,804	25,256
(Recovery) / provisions and write offs - net	(1,319)	495
Profit before tax	50,123	24,762
Profit after tax	19,844	13,728
Earnings per Share (EPS) – Rupees	5.13	3.55

A record performance by the Bank led to a growth of 102% in profit before tax to PKR 50.1 billion. Overall revenue grew 68%, whereas client revenue increased by 45% year on year with positive contributions from all segments. Operating expenses continue to be well managed through operational efficiencies and disciplined spending with an increase of 14% from comparative period. Moreover, reversal of Covid-19 general provision, coupled with lower impairments as a result of prudent risk approach led to a net release of PKR 1.3 billion in current period compared to a net charge of PKR 0.5 billion in the comparative period.

DIRECTORS' REPORT

On the liabilities side, the Bank's total deposits stand at PKR 718bn up by PKR 92 billion (15% growth), whereas current and saving accounts grew by PKR 109 billion (up 19%) since the start of this year and comprise 96% of the deposit base. On asset side, gross advances declined by 7% as a result of subdued economic activity, higher interest rates and a cautious lending approach by the bank. We are monitoring the economic and political landscape and will position our portfolio accordingly. The Bank is well placed to cater for the needs of its clients and will continue its strategy to build a profitable, efficient and sustainable portfolio.

During 2022, the Bank contributed around PKR 38 billion to the national exchequer in lieu of direct income taxes, as an agent of Federal Board of Revenue (FBR) and on account of FED / Provincial Sales Taxes.

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

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

Outlook

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

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

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

External Annual Audit

The financial statements of SCBPL have been audited without any qualification by the auditors of the Bank, namely M/s EY Ford Rhodes, Chartered Accountants.

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 2022. These ratings denote the lowest expectation of credit risk emanating from an exceptionally strong capacity for timely payment of financial commitments.

Sustainability

As the largest International Bank in the country, Standard Chartered is an integral part of Pakistan's financial landscape. Through its sustainability and community investment agenda the Bank has demonstrated its commitment to the community. Our sustainability strategy seeks to strengthen relationships between our business, community, Government and clients.

In 2019, the Bank launched its new Community Investment Strategy, Futuremakers by Standard Chartered, empowering the next generation to learn, earn and grow. Futuremakers by Standard Chartered is our global initiative to tackle inequality and promote greater economic inclusion in our communities. We provide young people from low-income households, particularly girls and people with visual impairments, with opportunities to take part in community programmes focused on education, employability and entrepreneurship. We deliver Futuremakers through three Global Community Programmes:

Education: Goal is our global education programme for girls and young women, teaching life skills through sports. In Pakistan this was launched in 2016. Our young girl focused programme grew in 2021 by empowering over 22,000 girls and is currently actively running across 71 schools in Karachi and Islamabad.

Our 'Youth to Work' is our employability programme which aims to support disadvantaged young people, particularly girls and people with visual impairments, to find jobs through work readiness and vocational training. In 2020 the Bank hired two girls who were part of the Goal programme employability module. In 2021 the Bank also launched the Futuremakers

DIRECTORS' REPORT

Inclusive Employability project which focuses on economic empowerment of youth with disabilities. This project is part of 'Futuremakers by Standard Chartered' – the Bank's global initiative to tackle inequality, by promoting economic-inclusion for young people, including those affected by COVID-19. Through this programme the Bank will be reaching out to targeted beneficiaries, including more than 480 youth with disabilities of which 20% will be visually impaired. Expected project outcomes include 20% of the project beneficiaries transitioning into formal employment (including self-employment) and at least 40% of beneficiaries will be females, because currently their participation in the Pakistani labour-force is extremely low.

Entrepreneurs for Growth is our entrepreneurship global programme that builds on our existing financial education training for entrepreneurs and Women in Tech Incubators. We launched the #SCWomenInTech programme in 2019 with the objective of providing a financially inclusive environment for females. This programme aims to support female-led entrepreneurial teams with training, mentorship and seed funding. The programme was developed with the objective to address gender disparity in the entrepreneurial sector and to start or scale up their businesses enabled by technology.

#SCWomenInTech is aimed at helping identify and grow female led businesses by bringing their unique business ideas to the market whilst celebrating women in Pakistan.

Since its launch in Pakistan 88 businesses have gone through extensive training, coaching and mentoring sessions out of which 26 businesses have been given the seed money to scale their business further. This programme aims to promote the economic and social development of women in Pakistan through innovation or technology led entrepreneurship.

The Bank launched its Agri-Preneur project in 2021. Phase 1 of the project was concluded in 2022. As part of this programme, bank worked with 1,000 vulnerable young women and men in rural and peri-urban areas of Punjab and Sindh to grow profitable and sustainable agricultural enterprises. The project focused on supporting young entrepreneurs to develop and sell products in agricultural value chains with strong local potential.

The Bank has contributed USD 249,000 for Flood Relief projects in Pakistan in 2022. This amount has worked towards immediate relief and rehabilitation for Floods by providing support to government and leading charities in Pakistan to support our communities in need.

Green Banking initiatives

We continuously strive to "Do the Right Thing" to become more socially, economically, and environmentally / ecologically responsible. As part of our commitment to deliver sustainable and responsible banking, our Sustainability Aspirations continue to provide a robust set of performance targets to support sustainable outcomes aligned with UN Sustainable Development Goals (SDG). The Bank strives to reach "Net Zero" carbon emissions from its financing activity by 2050. As the Bank aims to reduce the emissions associated with financing activities to net zero, it is also exploring avenues to make greener and transition finance available. This will help clients on a path to net zero while maximising the benefits of a just transition for people and communities.

The Bank is committed to comply with relevant environmental regulations and adopt best practices for continuous reduction of its carbon footprint. In 2022, SCB minimised its own carbon emissions (scope 1 & 2) by 7.1%. This was augmented by adding renewable energy source (solar panels) and smart air-conditioning systems (VRF and inverter) in the head office as well as branches. Also, Bank's Head Office was certified as "Green Office" by WWF-Pakistan for implementing environmental management system and its impact to reduce ecological footprint. Besides this, the Bank has continued initiatives which include environmentally friendly and biodegradable fuel additive for generators and electricity storage in batteries. In addition, the Bank successfully achieved its milestone of planting over 100,000 trees nationwide during the year through active employee volunteering and partnership with local communities.

Moreover, being a propagator of clean energy, the Bank has planned to continue solar installation at branches and is further exploring renewable energy alternatives at other sites as well.

Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019 ('the Code')

All mandatory regulations have been duly complied with and there has been no material departure from the rest of regulations given in the Code. Statement of Compliance with the Code and the Auditors' review report thereon form part of the Annual Report.

Statements on Internal Controls and Risk Management Framework

The management of SCBPL is responsible for establishing and maintaining a system of adequate internal controls and procedures. Management's Statements on Internal Controls and Risk Management Framework form part of the Annual Report.

DIRECTORS' REPORT

The Board is pleased to endorse the management's evaluation on the effectiveness of our overall internal controls including Internal Control over Financial Reporting ('ICFR'), as detailed in the Management's Statements on Internal Controls and Risk Management Framework.

Changes in the Board of Directors since the last report

Pursuant to his retirement from the Standard Chartered Group, Mr. Ian Bryden has decided to stepdown from his office as Chairman and Director on the Board of the Bank. The Board has accepted his resignation effective from 1 April 2023 and would like to place on record its sincere appreciation for Mr. Bryden for his immensely valuable contributions, unconditional support and guidance to the Bank during his seven years tenure on the Board.

Ms. Rola Abu Manneh joined the Board as non-executive director on 3 January 2023 in place of Mr. Adam Long who stepped down from the same date. The Board places on record its appreciation for the valuable support and contributions of Mr. Long during his tenure on the Board.

Mr. Badaruddin Vellani joined the Board as independent director with effect from 15 February 2023 to fill the casual vacancy of an independent director who was elected in the last Extra-Ordinary General Meeting.

Meetings of the Board and its Committees

Details of Board and its Committees meetings held during the year along with attendance by the directors/ members are as under:

Sr. No	Name of Director	Board Meetings		BAC Meetings		RemCo Meetings		BRC Meetings		BITC Meetings	
		Member	Attended ¹	Member	Attended ¹	Member	Attended ¹	Member	Attended ¹	Member	Attended ¹
	Meetings held during the year	6		6		4		4		3	
1	Ian Bryden	✓	6/6	-	-	-	-	-	-	-	-
2	Spenta Kandawalla ²	✓	2/2	-	-	✓	1/1	-	-	-	-
3	Towfiq Chinoy	✓	6/6	-	-	✓	4/4	✓	4/4	-	-
4	Ehsan Ali Malik	✓	6/6	✓	6/6	-	-	✓	4/4	✓	3/3
5	Mohamed Abdel Razek	✓	5/6	✓	6/6	-	-	-	-	✓	2/3
6	Adam Long	✓	4/6	✓	3/6	✓	4/4	-	-	-	-
7	Rehan M. Shaikh	✓	6/6	-	-	-	-	✓	3/4	✓	3/3

¹ Leave of absence was granted to the directors/ members who could not attend some of the meetings

² Retired effective 29 April 2022

Directors' Remuneration

The Bank has a formal policy and transparent procedure for remuneration of directors ("the policy") in accordance with the directives of SBP. Key features of the policy are as under:

- Independent non-executive directors as well as non-executive directors (other than Group appointees) of the Bank are eligible to receive a meeting fee for attending the meetings of the Board, its Committee(s) and Shareholders and for holding the office of Chairperson of the Board or its Committee(s).
- Travelling and lodging expenses for Independent non-executive directors as well as non-executive directors (other than Group appointees) of the Bank to attend meetings of the Board, its Committee(s) and Shareholders will be borne by the Bank.
- The fee structure and the quantum of the fees will be reviewed every two years. Any revisions thereof, shall be approved by the Board as well as by the Shareholders (on pre or post facto basis) and form part of the policy.

Board's Evaluation

In order to enhance the overall effectiveness of the Board, its Sub-Committees and individual Directors, the Board has formulated an effective mechanism to undertake the Board Effectiveness Review. The services of an external consultant are engaged to facilitate the Board's annual performance evaluation. All Board members are required to complete their surveys online and the anonymity of the respondents is ensured throughout the process in order to promote an open and frank

DIRECTORS' REPORT

exchange of views. The consolidated results of the survey are shared with the Chairman and presented to the Board. The outcomes from the review are collated and form the basis of the action plan which is agreed by the Board for implementation.

Dealing in Shares / Stock Brokerage

The Directors, Chief Executive Officer, Chief Financial Officer, Head of Internal Audit and Company Secretary have confirmed that neither they nor their spouses are engaged in the business of stock brokerage. Furthermore, no trading in shares of the Bank was carried out by the directors, key executives and their spouses/ minor children during the year as confirmed by them.

Pattern of Shareholding

The pattern of shareholding forms part of this Annual Report. At 31 December 2022, Standard Chartered Bank, UK (holding company) held 98.99% shares of SCBPL. The directors, chief executive officer and key executives do not hold any interest in the shares of the Bank other than that disclosed in the pattern of shareholding.

Statement of investments of Provident, Gratuity and Pension Funds

The value of investments including accrued income of provident and gratuity funds as at 31st December 2022 on the basis of un-audited accounts are:

	PKR '000
Provident Fund	2,946,423
Management Staff Gratuity Fund	2,103,395
Non-Management Staff Gratuity Fund	90,839
Management Staff Pension Fund	55,095
Non-Management Staff Pension Fund	51,189

Dividend

A final cash dividend of 25% (PKR 2.5 per share) has been recommended by the Board of Directors for approval at the 17th Annual General Meeting of the Bank's shareholders. This is in addition to 15.0% (PKR 1.50 per share) interim cash dividend announced / paid during the year.

External Auditors

The Audit Committee has proposed the name of M/s EY Ford Rhodes, Chartered Accountants as external auditors of the Bank for the next term. The Board of Directors, on the suggestion of the Audit Committee recommended the name of retiring auditors M/s EY Ford Rhodes, Chartered Accountants as external auditors for the next term. The retiring auditors, being eligible, offer themselves for re-appointment in the forthcoming Annual General Meeting.

As the audit fee is in the process of being negotiated / finalised, the Board of Directors, on the recommendation of Board Audit Committee (BAC), has also proposed to authorise the BAC to negotiate and agree upon the audit fees for the year 2023, subject to concurrence of the Board in the subsequent meeting.

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



Rehan Muhammad Shaikh
Chief Executive Officer



Ian Bryden
Chairman

Karachi: 16 February 2023

ڈائریکٹرز کی رپورٹ

31 دسمبر 2022ء

بورڈ آف ڈائریکٹرز کی جانب سے ہم انتہائی مسرت سے اسٹینڈرڈ چارٹرڈ بینک (پاکستان) لمیٹڈ (SCBPL یا بینک) کی ڈائریکٹرز رپورٹ مع 31 دسمبر 2022ء کو ختم ہونے والے سال کے پڑتال شدہ کھاتہ جات اور آڈیٹرز رپورٹ پیش کر رہے ہیں۔

اکانومی (معیشت):

مالی سال 2022 میں شرح نمو میں 5.9% کا اضافہ دیکھنے کے بعد معاشی سرگرمی میں کمی واقع ہوئی ہے جس کی بنیادی وجوہات سیاسی عدم استحکام، غیر متوقع سیلاب، عالمی سطح پر اجناس کی قیمتوں میں اضافے کے باعث افراط زر کا دباؤ اور کرنٹ اکاؤنٹ خسارے میں کمی کیلئے اٹھارٹیز کی جانب سے درآمدات کم کرنے کے اقدامات شامل ہیں۔ اس کے نتیجے میں مرکزی بینک نے 23 سے 25 فیصد اوسطاً افراط زر کے ساتھ 2023 کی مجموعی قومی پیداوار (GDP) کی شرح میں نظر ثانی کرتے ہوئے اسے 2% تک کر دیا ہے۔

مالی تناظر میں، 2023 کی پہلی ششماہی میں ٹیکس کی وصولی میں 17.0% کا اضافہ ہوا جو کہ بجٹ کے حساب سے کم ہے۔ مالی سال 2023 کی دوسری ششماہی میں معاشی سرگرمیوں میں مزید کمی کے امکانات اور درآمدات کی کمی کی وجہ سے ٹیکس وصولیات میں اضافے کی شرح کم ہونے کا امکان ہے۔

مالی سال 2023 کی پہلی ششماہی میں کرنٹ اکاؤنٹ خسارہ لگ بھگ 60% گر کر 3.7 ارب ڈالر پر آ گیا۔ اس خاطر خواہ کمی کا سبب درآمدات میں تیزی سے کمی تھی جو سخت پالیسی اور انتظامی اقدامات کے اثرات کو ظاہر کرتی ہے۔ مالی سال 2023 کی پہلی ششماہی میں درآمدات، برآمدات اور ترسیلات زر میں سال بہ سال بالترتیب 18.2%، 7% اور 11% کی کمی واقع ہوئی۔

مالی رقوم کی آمد میں نقدان اور جاری ادائیگیوں کی وجہ سے سرکاری ذخائر مسلسل استعمال ہو رہے ہیں۔ مزید برآں، آئی ایم ایف کا 9 واں جائزہ (EFF کے تحت 1.2 ارب ڈالر کی قسط) جو کہ نومبر 2022 میں مکمل ہونا تھا، تاخیر کا شکار ہے، توقع ہے کہ بیفروری 2023 میں مکمل ہو جائے گا۔ اس کی تکمیل پر کثیر طرفہ اور دو طرفہ ذرائع سے مستقبل قریب میں زرمبادلہ کی آمد کا آغاز ہو جائے گا۔

بیرونی محاذ پر چلدار شرح مبادلہ کے نظام کے تحت، جنوری 2023 میں پاکستانی روپے کی قدر میں 18% کی کمی واقع ہوئی، جبکہ 27 جنوری 2023 تک اسٹیٹ بینک کے زرمبادلہ کے ذخائر 3.1 ارب ڈالر رہے۔ ملکی سطح پر طلب اور عالمی سطح پر اجناس کی قیمتوں میں اضافہ افراط زر کا باعث بن رہا ہے جو دسمبر 2022 میں 24.5 فیصد تک پہنچ گیا ہے (12 ماہ کا اوسط)۔ بڑھتے ہوئے افراط زر اور کرنٹ اکاؤنٹ کے خسارے کے دباؤ سے ٹمٹنے کیلئے، SBP نے گزشتہ 12 ماہ کے دوران پالیسی کی شرح میں 7.25% کا اضافہ کرتے ہوئے 17% کر دیا ہے۔

پاکستانی بینکنس شعبہ بینکاری کے موزوں سرمائے (CAR) کی شرح 16.6% کے ساتھ مستحکم رہی اور سال 2022 کی تیسری سہ ماہی کیلئے سرمائے پر منافع کی شرح بعد از ٹیکس (RoE) 14.5% رہی۔ اسی دوران بینکنگ سیکٹر کے غیر فعال قرضے سال 2022ء کی تیسری سہ ماہی کے اختتام پر 7.6% (سال 2021ء کے اختتام پر 7.9%) رہے۔

مقصد:

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

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

ہماری حکمت عملی:

ہم نے اپنی حکمت عملی کی ترجیحات کی جانب مثبت پیش رفت جاری رکھی ہوئی ہے۔ ہم نے اپنی حکمت عملی کو موثر بنانے کیلئے چارتر ججیات پر توجہ مرکوز کی ہے۔

ڈائریکٹرز کی رپورٹ

(1) نیٹ ورک

ہمارا عالمی نیٹ ورک ہماری مسابقت کی کلید ہے اور ہمارے صارفین کیلئے ایک امتیازی حیثیت رکھتا ہے۔ ہم اس طاقت کو بروئے کار لاتے ہوئے اور انویسٹمنٹ، پروڈکٹ اسپیشلائزیشن اور اسٹریٹجی ڈیفینڈیشن اور اسٹریٹجی ڈیفینڈیشن کے ذریعے نیٹ ورک سے متعلقہ آمدنی کو منظم طریقے سے بڑھاتے ہیں۔ ہماری توجہ بیلٹ اینڈ روڈ اینٹیٹیو اور دیگر تجارتی راہداریوں میں اپنے کلائنٹس کی سہولیات کے ساتھ ساتھ، سوورن، ملٹی نیشنل اور لوکل کارپوریٹ سیکٹر میں مزید فروغ پر ہے۔

(2) متمول صارفین

ہم اپنے تجربے اور اعلیٰ فہم پر مبنی مشوروں کی بنیاد پر اپنے صارفین کا اعتماد حاصل کرتے ہوئے اپنی مضبوط سہاکی تعمیر جاری رکھے ہوئے ہیں۔ ہمارے ویلٹھ بزنس کی آمدنی میں 9% کا اضافہ ہوا ہے۔

(3) ماس ریٹیل

ہم ڈیجیٹل صلاحیتوں میں مسلسل سرمایہ کاری کر رہے ہیں جو ریٹیل مارکیٹ میں ہماری موجودگی کو نمایاں کرتی ہے۔ اس کی وجہ ہماری ڈیٹا اینالیٹکس اور بہترین ڈیجیٹل سہولیات میں مزید آسانی فراہم کرنا ہے۔ ہمارا ڈیجیٹل ٹرانزیکشن کا پورٹ فولیو، بشمول ’ایس سی موبائل‘، ایپلیکیشن کے صارفین میں بدستور اضافہ ہو رہا ہے۔ ہم نے حال ہی میں اپنے بیکننگ سسٹم کو ایک جدید پلیٹ فارم پر اپ گریڈ کیا ہے، اور کسٹمر کے تجربے کو بہتر بنانے کیلئے جدید ڈیجیٹل استعداد اور سلوشنز میں بھی سرمایہ کاری کر رہے ہیں۔

(4) سماجی ذمہ داری

ہمارا عزم معاشرتی سرگرمیوں میں قرضہ جات کی فراہمی کے ساتھ اپنے کاروباری طرز عمل کو مد نظر رکھنا ہے۔ ہم اپنی صحیح اقدار، طرز عمل اور بہتر کردار کو فروغ دینے، مالیاتی جرائم اور ماحولیاتی اثرات سے نبرد آزما ہونے کی صلاحیت میں اضافے پر مسلسل سرمایہ کاری کر رہے ہیں۔ اس کا مقصد اپنے صارفین کا رو باہمی طبقہ اور حکومت کے ساتھ بہترین روابط استوار کرنا ہے۔ ہم سماجی استحکام میں مزید پیشرفت کیلئے اپنی کوششیں جاری رکھیں گے۔

حکمت عملی کی ان ترجیحات کو تین کلیدی چیزوں کی معاونت حاصل ہے:

(1) لوگ اور ثقافت

ہم اپنے لوگوں میں سرمایہ کاری کرتے ہوئے اپنے ساتھیوں کو وہ مہارتیں فراہم کر رہے ہیں جس سے وہ ان شعبہ جات میں جدت پیدا کرنے کی صلاحیت اور مہارت حاصل کر سکیں۔

(2) دفتری اطوار

ہم اپنے کام کرنے کے طریقہ کار کو بنیادی طور پر تبدیل کرتے ہوئے ٹائم ٹو مارکیٹ میں تیزی کے ساتھ مزید افادیت حاصل کر رہے ہیں۔

(3) جدت اور ٹیکنالوجی

ہم اپنے کسٹمر کے تجربے کو بہتر بنانے، اپنی آپریشنل کارکردگی کو بڑھانے اور آمدنی کے نئے ذرائع کیلئے مزید جدت لا رہے ہیں۔

عملی نتائج اور کاروباری جائزہ:

31 دسمبر 2021ء (ملین پاکستانی روپے)

31 دسمبر 2022ء (ملین پاکستانی روپے)

38,716

38,716

79,605

87,521

626,774

718,450

255,905

236,923

234,173

216,208

450,583

477,732

بیلنس شیٹ

ادا کردہ سرمایہ

کل ایکویٹی

ڈپازٹس (جمع شدہ رقم)

قرضہ جات - مجموعی

قرضہ جات - خالص

سرمایہ کاری - خالص

ڈائریکٹرز کی رپورٹ

31 دسمبر 2022ء (ملین پاکستانی روپے) 31 دسمبر 2021ء (ملین پاکستانی روپے)

نفع و نقصان	31 دسمبر 2022ء (ملین پاکستانی روپے)	31 دسمبر 2021ء (ملین پاکستانی روپے)
آمدنی	62,649	37,393
انتظامی اخراجات	12,811	11,539
دیگر نان مارک آپ اخراجات	1,035	598
کاروباری منافع (غیر فعال مالیت اور سرمایہ کاری کے عوض نقصان اور قبل از ٹیکس)	48,804	25,256
خالص وصولیات / قرضہ جات پر ممکنہ خسارہ	(1,319)	495
قبل از ٹیکس منافع	50,123	24,762
بعد از ٹیکس منافع	19,844	13,728
فی حصص آمدن (EPS) - روپیہ	5.13	3.55

بینک کی ریکارڈ کارکردگی کی وجہ سے منافع قبل از ٹیکس 102% کے اضافے کے ساتھ 50.1 ارب روپے پر پہنچ گیا۔ مجموعی طور پر یونیٹ 68% بڑھا، جب کہ کلائنٹ کی آمدن میں تمام شعبوں کی جانب سے مثبت شرکت کی وجہ سے سال بسال 45% اضافہ ہوا۔ انتظامی اخراجات میں گذشتہ سال کے مقابلے میں 14% اضافہ دیکھا گیا جس کی بنیادی وجہ بہترین نظم و نسق اور اچھی کارکردگی ہے۔ مزید برآں کووڈ-19 کی مد میں رکھے گئے ممکنہ خسارے کی ریورسل اور محتاط طریقے اپنانے کی وجہ سے موجودہ مدت میں غیر فعال قرضہ جات میں 1.3 ارب روپے کی وصولی دیکھی گئی جبکہ پچھلے سال اسی عرصے میں 0.5 ارب روپے کا قرضہ جات میں خسارہ تھا۔

واجبات کے پہلو سے بینک کے مجموعی کھاتے 718 ارب روپے رہے جس میں 92 ارب روپے (15% زیادہ) تک کا اضافہ ہوا جبکہ کرنٹ اور سیونگ اکاؤنٹس میں اس سال کے آغاز سے 109 ارب روپے (19% زیادہ) کا اضافہ ہوا ہے جو کہ کل کھاتہ جات کے 96% پر مشتمل ہے۔ اثاثہ جات کے پہلو سے معاشی سرگرمی میں کمی، انٹرسٹ کی شرح میں اضافہ اور بینک کی جانب سے قرض دینے کیلئے محتاط طریقے کی وجہ سے نتیجے میں مجموعی قرضوں میں 7% کمی واقع ہوئی۔ ہم معاشی اور سیاسی صورتحال کا بغور جائزہ لے رہے ہیں اور اسی کے مطابق پورٹ فولیو ترتیب دیں گے۔ بینک اپنے صارفین کی ضروریات کی تکمیل کیلئے پوری طرح آراستہ ہے اور ایک منافع بخش، معیاری اور مستحکم پورٹ فولیو کی تشکیل اور تعمیر کی حکمت عملی برقرار رکھے گا۔

سال 2022 کے دوران بینک نے فیڈرل بورڈ آف ریونیو (FBR) کے ایجنٹ کے طور پر انکم ٹیکس، FED / صوبائی سیلز ٹیکس کی مد میں قومی خزانے میں تقریباً 38 ارب روپے جمع کرائے۔

بینک اپنے صارفین کو جدید سہولیات سے متعارف کروانے کیلئے اپنی ڈیجیٹل صلاحیتوں اور بنیادی ڈھانچے میں مسلسل سرمایہ کاری کر رہا ہے۔ ہم نے نظام کی بہتری کیلئے اپنے لوگوں کی تربیت، اقدار اور انضباط کی مضبوطی پر خصوصی توجہ دی ہے۔ ہم نے بینکنگ سٹیٹ کے استحکام کیلئے دانشمندانہ حکمت عملی اپنائی ہے۔ ہم نے اپنی خصوصی توجہ صارفین کیلئے اعلیٰ معیار کی خدمات فراہم کرنے اور اپنی پروڈکٹ پورٹ فولیو کو بہتر بنانے پر مرکوز کر رکھی ہے۔

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

معاشی منظر نامہ:

اگرچہ بیرونی منظر نامہ دشوار ہے۔ تاہم، معیشت کی بحالی کی رفتار کا انحصار زرمبادلہ کے ذخائر، ملکی اور جغرافیائی سیاسی ماحول، اشیاء کی عالمی قیمتوں میں بہتری اور حالیہ سیلاب کے اثرات پر ہوگا۔

نتیجہ ہمارے مضبوط اور مستحکم کاروباری اصولوں کو ظاہر کرتے ہیں۔ ہم جانتے ہیں کہ آنے والے وقت میں چیلنجز کا سامنا رہے گا اور ہم اپنے صارفین اور ملازمین کی مدد کیلئے پُر عزم ہیں اور ہم یقین دلاتے ہیں کہ ہمارے صارفین کی ضروریات کو مرکزیت حاصل رہے گی۔

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

ڈائریکٹرز کی رپورٹ

سالانہ بیرونی آڈٹ:

اسٹینڈرڈ چارٹرڈ بینک پاکستان لمیٹڈ کے کھاتہ جات کا آڈٹ بینک کے آڈیٹریسٹس EY فورڈر ہوڈز، چارٹرڈ اکاؤنٹنٹس نے کیا اور بغیر کسی اختلاف پٹنی رپورٹ پیش کی۔

کریڈٹ ریٹنگ:

2022ء میں پاکستان کریڈٹ ریٹنگ ایجنسی (PACRA) نے بینک کی بائرتیب ”AAA“ (ٹریپل اے) اور ”A1+“ (اے ون پلس) طویل مدتی اور قلیل مدتی درجہ بندی کو برقرار رکھا ہے۔ یہ درجہ بندیاں مالیاتی وعدوں کے بروقت ادائیگی کیلئے مستحکم صلاحیت کا اظہار کرتی ہیں۔

سماجی ذمہ داری:

ملک کے سب سے بڑے بین الاقوامی بینک کی حیثیت سے اسٹینڈرڈ چارٹرڈ، پاکستان کے مالی منظر نامے میں ایک لازمی جزو کی حیثیت رکھتا ہے۔ اپنے اسی نظریے اور معاشی امور میں سرمائے کے استعمال کے ذریعے بینک نے معاشی حوالے سے اپنے پُر خلوص عزم کا اظہار کیا ہے۔ ہم بہتر حکمت عملی کی مدد سے اپنے بزنس، سماج، حکومت اور صارفین کے ساتھ مضبوط تعلقات استوار کرنے کے خواہاں ہیں۔

2019ء میں بینک نے اپنے نئی کمیونٹی انویسٹمنٹ اسٹریٹیجی ’فیوچر میکرز بائی اسٹینڈرڈ چارٹرڈ‘ کا آغاز کر دیا ہے جس کے ذریعے آئندہ نسل کو سیکھنے، کمانے اور آگے بڑھنے کیلئے بااختیار بنایا جا رہا ہے۔ فیوچر میکرز کو عالمی سطح پر متعارف کرانے کا مقصد عدم مساوات و برابری کے مسئلے کا ازالہ کرنا ہے اور وسیع تر معاشی شمولیت کو فروغ دینا ہے۔ ہم کم آمدنی والے گھرانوں سے تعلق رکھنے والے نوجوانوں، خصوصاً لڑکیوں اور بصارت سے محروم افراد کو تعلیم کے حصول، قابل ملازمت ہونے اور کاروباری فرد بننے کے پروگرامز میں حصہ لینے کے مواقع فراہم کرتے ہیں۔ ہم تین گلوبل کمیونٹی پروگرامز کے ذریعے فیوچر میکرز فراہم کرتے ہیں۔

ایجوکیشن، گولڈ کیوں اور نوجوان خواتین کیلئے بذریعہ کیل زنگی کی مہارت کی تعلیم دینے والا ہمارا عالمی تعلیمی پروگرام ہے۔ پاکستان میں اس کی شروعات 2016ء میں کی گئی تھی اور یہ 2021 تک 22,000 سے زائد لڑکیوں کو بااختیار بنا چکا ہے اور اس وقت یہ کراچی اور اسلام آباد کے 171 اسکولز میں پوری سرگرمی سے چلایا جا رہا ہے۔

’یوٹھ ٹورک‘ ہمارا روزگار پروگرام ہے جس کا مقصد پسماندہ نوجوانوں، خاص طور پر لڑکیوں اور بصارت سے محروم لوگوں کو پیشہ ورانہ تربیت کے ذریعے ملازمتیں تلاش کرنے میں مدد فراہم کرنا ہے۔ 2020ء میں بینک نے وڈ لڑکیوں کی خدمات حاصل کیں جو گولڈ پروگرام کے ملازمت کے ماڈل کا حصہ تھیں۔ 2021ء میں بینک نے Futuremakers Inclusive Employability پروجیکٹ بھی شروع کیا جس کا مقصد معذور نوجوانوں کو معاشی طور پر بااختیار بنانا ہے۔ یہ پروجیکٹ ’فیوچر میکرز بائی اسٹینڈرڈ چارٹرڈ‘ کا حصہ ہے، جو نوجوانوں کی معیشت میں شمولیت کو فروغ دے کر عدم مساوات سے نمٹنے کے لیے بینک کا عالمی اقدام ہے اور اس میں کووڈ-19 کے متاثرین بھی شامل ہیں۔ پروگرام کے تحت بینک 480 سے زائد معذور نوجوانوں کو مستفید کرے گا جن میں سے 20 فیصد بصارت سے محروم افراد شامل ہیں۔ متوقع منصوبے سے مستفید ہونے والوں میں 20% نسبی ملازمت کا حصول کریں گے (بشمول ذاتی کاروبار) اس پروجیکٹ میں کم از کم 40% خواتین شامل ہیں، کیونکہ اس وقت پاکستانی لیبر فورس میں ان کی شرکت انتہائی کم ہے۔

انٹرا پرائیور فائر گرٹھ ہمارا فروغ کاروبار عالمی پروگرام ہے جو ٹیک انکوبیوٹرز میں کاروباری افراد اور خواتین کیلئے ہماری موجودہ مالی تعلیم کی تربیت پر استوار ہے۔ 2019ء میں ہم نے SCWomenInTech # پروگرام کا آغاز کیا جس کا مقصد خواتین کو معاشی شمولیت پر مبنی ماحول فراہم کرنا ہے۔ اس پروگرام کا مقصد خواتین کے زیر قیادت کاروباری ٹیم کی تربیت، سرپرستی اور نئے مواقع کیلئے مالی اعانت فراہم کرنا ہے۔ یہ پروگرام کاروباری شعبے میں صنفی امتیاز کے خاتمے اور ٹیکنالوجی کے ذریعے کاروبار کا آغاز کرنے یا فروغ دینے کیلئے تیار کیا گیا ہے۔

SCWomenInTech # کا مقصد پاکستان میں خواتین کو ان کے منفرد بزنس آئیڈیاز کو مارکیٹ میں لاکر خواتین کی سربراہی میں کاروبار کی نشاندہی اور فروغ میں مدد فراہم کرنا ہے۔

پاکستان میں اس کے آغاز کے بعد سے اب تک 88 کاروبار وسیع تربیت، کوچنگ اور رہنمائی کے سیشنز سے گزر چکے ہیں جن میں سے 26 کاروباروں کو اپنے کاروبار کو مزید بڑھانے کے لیے سیڈ منی دی گئی ہے۔ اس پروگرام کا مقصد جدت طرازی یا ٹیکنالوجی کی قیادت میں انٹرا پرائیور شپ کے ذریعے پاکستان میں خواتین کی معاشی اور سماجی ترقی کو فروغ دینا ہے۔

بینک نے 2021ء میں اپنا ایگری۔ پرائیور پروجیکٹ شروع کیا۔ اس منصوبے کا پہلا مرحلہ سال 2022ء میں اختتام پزیر ہوا۔ اس پروگرام میں معاونت کے طور پر بینک نے منافع بخش اور پائیدار زرعی اداروں کی ترقی کیلئے پنجاب اور سندھ کے دیہی اور شہری علاقوں میں 1,000 نوجوان خواتین اور مردوں کے ساتھ کام کیا ہے۔ پراجیکٹ نوجوان کاروباریوں کو مضبوط مقامی صلاحیت کے ساتھ زرعی مصنوعات تیار کرنے اور فروخت کرنے میں مدد کرنے پر توجہ مرکوز کرتا ہے۔

بینک نے سال 2022ء میں پاکستان میں فلڈ ریلیف پروجیکٹس کیلئے 2 لاکھ 49 ہزار ڈالر کی امداد فراہم کی ہے۔ اس رقم سے حکومت اور پاکستان میں سرکردہ خیراتی اداروں کی معاونت سے سیلاب متاثرین کیلئے فوری ریلیف اور بحالی کا کام کیا گیا۔

ڈائریکٹرز کی رپورٹ

سبز بینکنگ کے اقدامات:

ہم سماجی، اقتصادی، اور ماحولیاتی/حیاتیاتی تنوع پر زیادہ ذمہ دار بننے کے لیے "صحیح کام کریں" کی مسلسل کوشش کرتے ہیں۔ ذمہ دارانہ بینکنگ فراہم کرنے کے ہمارے عزم کے طور پر اور ہماری سماجی استحکام کی خواہشات، مستحکم سماجی ترقیاتی اہداف پر عملدرآمد کا نمونہ پیش کرتی ہے جو اقوام متحدہ کے سماجی ترقیاتی اہداف (SDG) کے ساتھ منسلک ہے۔ بینک 2050 تک اپنی فنانسنگ سرگرمیوں سے "نیٹ زیرو" کاربن کے اخراج تک پہنچنے کی کوشش کرے گا۔ جیسا کہ بینک کا مقصد فنانسنگ سرگرمیوں سے وابستہ اخراج کو نیٹ زیرو تک کم کرنا ہے۔ یہ سرسبز اور ٹرانزیشن فنانس کو دستیاب کرنے کے راستے بھی تلاش کر رہا ہے۔ یہ صارفین کو خالص صفر کاربن اخراج کی راہ پر گامزن کرنے میں مدد کرنے کا جبکہ لوگوں اور کمیونٹیز کے لیے منصفانہ منتقلی کے فوائد میں اضافے کا باعث بنے گا۔

بینک متعلقہ ماحولیاتی ضوابط کی تعمیل کرنے اور اپنے کاربن فٹ پرنٹ میں مسلسل کمی کے لیے بہترین طریقوں کو اپنانے کے لیے پرعزم ہے۔ 2022 میں، SCB نے اپنے کاربن کے اخراج (اسکوپ 1 & 2) کو 7.1% سے کم کیا ہے اور اس کیلئے ہیڈ آفس کے ساتھ ساتھ برانچوں میں قابل تجدید توانائی کے ذرائع (سولر پنل) اور سمارٹ ایئر کنڈیشننگ سسٹم (VRF اور انورٹر) کو شامل کیا گیا ہے۔ اس کے علاوہ، بینک کے ہیڈ آفس کو WWF-Pakistan کی جانب سے ماحولیاتی انتظامی نظام کو نافذ کرنے اور ماحولیاتی اثرات کو کم کرنے کے لیے "گرین آفس" کے طور پر سندی گئی ہے۔ اس کے علاوہ، بینک نے ایسے اقدامات جاری رکھے ہیں جن میں جزیٹرز کے لیے ماحول دوست اور بائیو ڈیگرڈیبل فیول ایڈیٹیو اور بیٹریوں میں الیکٹریٹی اسٹوریج شامل ہیں۔ مزید برآں، بینک نے فعال ملازمین کی رضا کارانہ خدمات اور مقامی کمیونٹیز کے ساتھ شراکت داری کے ذریعے سال کے دوران ملک بھر میں 100,000 سے زیادہ درخت لگانے کا سبب میل کامیابی سے طے کیا ہے۔

مزید برآں، صاف توانائی کا پرچار کرنے والے کے طور پر، بینک نے برانچز میں شمسی توانائی کی تنصیب جاری رکھنے کا منصوبہ بنایا ہے اور دیگر مقامات پر بھی قابل تجدید توانائی کے ذرائع تلاش کر رہا ہے۔

لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 ('دی کوڈ') کے ساتھ مطابقت کا بیان:

تمام لازمی قوانین کی مکمل پاسداری کی جارہی ہے اور اس کوڈ (ضابطے) میں دیئے گئے باقی تمام نوآئند سے مجموعی طور پر انحراف نہیں کیا گیا۔ کوڈ کے ساتھ کمپلائنس کا اسٹیٹمنٹ (بیان) اور اس پر آڈیٹرز رپورٹ اور اس سالانہ رپورٹ کا حصہ ہے۔

اسٹیٹمنٹ برائے اندرونی انضباط اور خطرات سے نمٹنے کا فریم ورک:

اسٹیٹمنٹ رڈ چارٹرڈ بینک (پاکستان) لمیٹڈ کی انتظامیہ موزوں انٹرنل کنٹرول اور طریقہ کار کے نظام کو قائم کرنے اور برقرار رکھنے کی ذمہ دار ہے۔ انٹرنل کنٹرول اور رسک مینجمنٹ فریم ورک سے متعلق انتظامیہ کے بیانات سالانہ رپورٹ کا حصہ ہیں۔

بورڈ ہمارے مجموعی داخلی کنٹرول کی تاثیر پر انتظامیہ کے جائزے کی توثیق کرتا ہے جس میں مالیاتی رپورٹنگ پر اندرونی کنٹرول ('ICFR') شامل ہے، جس کی تفصیل اندرونی کنٹرول اور رسک مینجمنٹ فریم ورک پر مینجمنٹ کے بیانات میں ہے۔

گزشتہ رپورٹ سے اب تک بورڈ آف ڈائریکٹرز میں تبدیلیاں:

اسٹیٹمنٹ رڈ چارٹرڈ گروپ سے ریٹائرمنٹ کے بعد، جناب این براؤن نے بینک کے بورڈ کے چیئرمین اور ڈائریکٹر کے عہدے سے سبکدوش ہونے کا فیصلہ کیا ہے۔ بورڈ نے یکم اپریل 2023 سے ان کا استعفیٰ قبول کر لیا ہے اور ان کے سات سالہ دور میں بینک کیلئے ان کی بے پناہ قیمتی شراکت، غیر مشروط تعاون اور رہنمائی کیلئے بورڈ جناب براؤن کی مخلصانہ کوششوں کو سراہتا ہے۔

محترمہ رولا ابومانہ نے 3 جنوری 2023 کو جناب ایڈم لاگ کی جگہ نان ایگزیکٹو ڈائریکٹر کے طور پر بورڈ میں شمولیت اختیار کی جنہوں نے اسی تاریخ سے سبکدوشی اختیار کی۔ بورڈ جناب ایڈم لاگ کی مدت کے دوران ان کی قابل قدر خدمات اور اعلیٰ معاونت کو سراہتا ہے۔

جناب بدرالدین ولانی 15 فروری 2023 سے بورڈ میں بطور خود مختار ڈائریکٹر شامل ہوئے تاکہ ایک خود مختار ڈائریکٹر کی خالی آسامی کو پر کیا جاسکے جن کو گزشتہ غیر معمولی اجلاس عام میں منتخب کیا گیا تھا۔

ڈائریکٹرز کی رپورٹ

بورڈ اور اس کی کمیٹیوں کے اجلاس

سال کے دوران بورڈ اور اس کی کمیٹیوں کے اجلاس کے انعقاد اور حاضری کی تفصیلات جس میں ڈائریکٹرز/ممبرز نے شرکت کی، درج ذیل ہیں:

نمبر شمار	ڈائریکٹر کا نام	بورڈ کے اجلاس		بی اے سی کے اجلاس		ریٹیکو کے اجلاس		بی آئی ٹی سی کے اجلاس	
		حاضر ¹	ممبر	حاضر ¹	ممبر	حاضر ¹	ممبر	حاضر ¹	ممبر
	سال کے دوران منعقد ہونے والے اجلاس	6	6	6	6	4	4	4	3
1	این براؤن	6/6	✓	-	-	-	-	-	-
2	اسپینا کاترا والا ²	2/2	✓	-	-	1/1	✓	-	-
3	توفیق چوہے	6/6	✓	-	-	4/4	✓	4/4	✓
4	احسان علی ملک	6/6	✓	6/6	✓	-	-	4/4	✓
5	محمد عبدالرزاق	5/6	✓	6/6	✓	-	-	-	-
6	ایڈم لونگ	4/6	✓	3/6	✓	4/4	✓	-	-
7	ریجان محمد شیخ	6/6	✓	-	-	-	-	3/4	✓

ڈائریکٹرز کی مراعات:

بینک کے پاس اسٹیٹ بینک آف پاکستان کی ہدایات کے مطابق ڈائریکٹرز کے معاوضے ("پالیسی") کیلئے باقاعدہ نظام اور شفاف طریقہ کار ہے۔ پالیسی کی کلیدی خصوصیات یہ ہیں:

- بینک کے آزادانہ ایگزیکٹو ڈائریکٹرز کے ساتھ ساتھ نان ایگزیکٹو ڈائریکٹرز (جو گروپ کے ملازمین نہیں ہیں) وہ بورڈ کے اجلاس میں حاضری کیلئے میٹنگ فیس حاصل کرنے کیلئے اہل ہوں گے۔ اس کی کمیٹی (ز) اور شیئر ہولڈرز اور بورڈ کے چیئر پرسن کا آفس رکھنے کیلئے اور اس کی کمیٹی (ز) کے بھی اہل ہوں گے۔
- آزادانہ ایگزیکٹو ڈائریکٹرز کے ساتھ ساتھ نان ایگزیکٹو ڈائریکٹرز (جو گروپ کے ملازمین نہیں ہیں) کیلئے ٹریولنگ اور لاجنگ اخراجات جو بورڈ کے اجلاس میں شریک ہوتے ہیں یا اس کی کمیٹی (ز) یا شیئر ہولڈرز کے اجلاس میں شریک ہوتے ہیں بینک کی جانب سے برداشت کیے جائیں گے۔
- فیس اسٹرکچر اور فیس کی مقدار کا ہر دو سال بعد جائزہ لیا جائے گا۔ اس کی کوئی ترمیم، بورڈ کے ساتھ ساتھ شیئر ہولڈرز کی جانب سے بھی منظور کی جائے گی (پہلے یا بعد کی بنیاد پر) اور اس پالیسی کے جزو کی تشکیل کرے گا۔

بورڈ کی جانچ اور تجویز:

بورڈ نے اپنی سب کمیٹیوں اور انفرادی ڈائریکٹرز کی مجموعی موثریت میں اضافے کی غرض سے ایک موثر مکینزم وضع کیا ہے تاکہ بورڈ کی موثریت کا جائزہ لیا جائے۔ ایک ایکسٹرنل کنسلٹنٹ کی خدمات بورڈ کی سالانہ کارکردگی کی جانچ کیلئے حاصل کی گئی ہیں۔ تمام بورڈ ممبرز سے اُن کے سرویز آن لائن مکمل کرنا مطلوب ہوتا ہے اور جواب دہندہ کی گمنامی اس پورے پروسس کے دوران یقینی بنائی جائے گی تاکہ خیالات کے آزادانہ اور بے تکلف تبادلے کا فروغ ہو۔ سروے کے جامع نتائج چیئر مین کے ساتھ شیئر کیے جاتے ہیں اور بورڈ کے سامنے رکھے جاتے ہیں۔ جائزے سے اخذ ہونے والے نتائج بشمول ایکشن پلان بورڈ کی منظوری سے نافذ العمل ہوتے ہیں۔

¹ غیر حاضری کی رخصت ان ڈائریکٹرز/ممبرز کو دی گئی جو کچھ اجلاس میں شریک نہیں ہو سکتے تھے۔

² ریٹائرڈ، 29 اپریل 2022 سے قابل اطلاق

ڈائریکٹرز کی رپورٹ

شیرز/اسٹاک بروکرینج میں لین دین:

ڈائریکٹرز، چیف ایگزیکٹو آفیسر، چیف فنانشل آفیسر، ہیڈ آف انٹرنل آڈٹ اور کمپنی بیکری تصدیق کر چکے ہیں کہ نہ وہ اور نہ ہی ان کے شریک حیات اسٹاک بروکرینج کے کاروبار سے منسلک رہے ہیں۔ مزید یہ کہ ڈائریکٹرز، اہم ایگزیکٹوز اور ان کے شریک حیات/چھوٹے بچوں کی جانب سے اس سال کے دوران جیسا کہ ان کی جانب سے تصدیق کر دی گئی ہے بینک کے شیرز میں کوئی لین دین نہیں کیا گیا ہے۔

شیر ہولڈنگ کا انداز:

پیٹرن آف شیر ہولڈنگ سالانہ رپورٹ کا حصہ ہے۔ 31 دسمبر 2022ء کو، اسٹینڈرڈ چارٹرڈ بینک، UK (ہولڈنگ کمپنی) کے پاس SCBPL کے 98.99% شیرز تھے۔ ڈائریکٹرز، چیف ایگزیکٹو آفیسر، اور دیگر اہم ایگزیکٹوز بینک کے شیرز (حصص) میں کوئی دلچسپی نہیں رکھتے، سوائے اس کے جو اس پیٹرن آف شیر ہولڈنگ میں ظاہر کر دیے گئے ہیں۔

پروویڈنٹ، گریجویٹ اور نیشنل فنڈز کی انویسٹمنٹس کا بیان:

انویسٹمنٹس کی مالیت بشمول پروویڈنٹ اور گریجویٹ فنڈز کی جمع شدہ آمدن 31 دسمبر 2022ء کے غیر آڈٹ شدہ اکاؤنٹس کی بنیاد پر درج ذیل ہیں:

000 پاکستانی روپے

2,946,423	پروویڈنٹ فنڈ
2,103,395	میجمنٹ اسٹاف گریجویٹ فنڈ
90,839	نان۔ میجمنٹ اسٹاف گریجویٹ فنڈ
55,095	میجمنٹ اسٹاف پنشن فنڈ
51,189	نان۔ میجمنٹ اسٹاف پنشن فنڈ

ڈیویڈنڈ (منافع منقسمہ)

بینک کے حصص یافتگان کی 17 ویں سالانہ عام اجلاس میں منظوری کیلئے بورڈ آف ڈائریکٹرز نے 25% (2.5 روپے فی حصص) کے حتمی نقد منافع کی سفارش کی ہے۔ یہ 15.0% (1.50 روپے فی حصص) عبوری نقد ڈیویڈنڈ کے علاوہ ہے جو سال کے دوران اعلان/ادا کیا گیا۔

بیرونی آڈیٹرز

آڈٹ کمیٹی نے زمبیسز ای وائی فورڈ ر ہوڈز، چارٹرڈ اکاؤنٹنٹس کا نام آئندہ مدت کے لیے بینک کے بیرونی آڈیٹرز کے طور پر تجویز کیا ہے۔ بورڈ آف ڈائریکٹرز نے آڈٹ کمیٹی کی تجویز پر ریٹائر ہونے والے آڈیٹرز زمبیسز ای وائی فورڈ ر ہوڈز، چارٹرڈ اکاؤنٹنٹس کو اگلی مدت کے لیے بطور بیرونی آڈیٹرز کے طور پر تجویز کیا ہے۔ ریٹائر ہونے والے آڈیٹرز، اہل ہونے کے ناطے، آئندہ سالانہ اجلاس عام میں دوبارہ تقرری کے لیے خود کو پیش کرتے ہیں۔

جیسا کہ آڈٹ فیس کا تعین منظوری کے مراحل میں ہے، بورڈ آف ڈائریکٹرز نے، بورڈ آڈٹ کمیٹی (BAC) کی سفارش پر، بورڈ آڈٹ کمیٹی کو سال 2023 کے لیے آڈٹ فیس پر گفت و شنید اور اتفاق کرنے کا اختیار دینے کی تجویز پیش کی ہے فیس کا اطلاق آئندہ اجلاس میں بورڈ کی منظوری سے مشروط ہوگا۔

سنانس و اعتراف

ہم اس موقع پر اپنے صارفین اور کاروباری رفقاء کے کار سے ان کے مسلسل تعاون اور اعتماد کیلئے بھرپور اظہار تشکر کرتے ہیں۔ ہم بینک دولت پاکستان کو ان کی جانب سے اس بینک کی طرف فراہم کی گئی رہنمائی اور اعانت کیلئے اپنا پورے اعتراف پیش کرتے ہیں۔ آخر میں ہم اپنے تمام وابستگان، عملے اور ساتھیوں کے شکر گزار ہیں جنہوں نے ہمارے معزز صارفین کیلئے گراں قدر خدمات انجام دیں۔

منجانب بورڈ



این براؤنڈن

چیئر مین



ریمان محمد شیخ

چیف ایگزیکٹو آفیسر

کراچی: 16 فروری 2023

Management's Statements on Internal Controls and Risk Management Framework

The following statements are made by the management to meet the requirements of the State Bank of Pakistan ("SBP") BSD Circular Letter No. 2 of 2005 and BSD Circular Letter No. 3 of 2005.

Internal Controls

1. Management of Standard Chartered Bank (Pakistan) Limited ("the Bank" or "SCBPL") is responsible for establishing and maintaining a sound system of internal controls aimed at achieving the following objectives of the Bank:
 - Efficiency and effectiveness of operations
 - Compliance with applicable laws and regulations
 - Reliability of financial reporting
2. Management has adopted different strategies to ensure effective monitoring and improvement of internal controls. These include Enterprise Risk Management Framework and Internal Audit in which assurance responsibilities are divided into three lines of defence i.e. the business functions, control functions independent of the business functions and Group Internal Audit.
3. The policies and procedures in all significant areas, and as per the directives of the regulators, have been duly approved by the Board.
4. The Board ensures that the external auditors interact with the Audit Committee and present their Management Letter to the Board directly.
5. An organization structure has been established which supports clear lines of communication and tiered levels of authority with accountability.
6. The Bank has an effective Internal Audit function, which reports directly to the Audit Committee of the Board. The function periodically carries out detailed reviews / audits of its branches and various departments / units based on a yearly plan which is approved by the Audit Committee.
7. Internal control policies, tools and reporting structures have been enhanced to provide greater clarity over roles and responsibilities. Relevant training materials are updated on a going basis and staff members are provided training commensurate to their job roles and responsibilities.
8. Management gives due consideration to the recommendations made by the internal and external auditors for improvements in the internal control system and acts to implement such recommendations.
9. Management has also put in place evaluation and approval procedures for major capital expenditure and other transactions.
10. There is an annual budgeting and strategic planning process. Financial forecasts are reviewed during the year on a periodic basis to reflect significant changes in business environment. Regular reporting and monitoring of financial performance of the departments and the Bank as a whole, using operating statistics and monthly management accounts which highlight key performance indicators and variance from budgets and forecasts is in place.
11. Review and implementation of health, safety, environment and contingency management processes and other significant policies are carried out and reporting mechanism is in place.
12. SCBPL maintains a system of Internal Controls over Financial Reporting ("ICFR"), which is designed to provide reasonable assurance to the Bank's management and Board of Directors regarding the preparation of reliable published financial statements. The system contains self-monitoring mechanisms, and corrective actions are taken to remediate deficiencies as these are identified. Management acknowledges that an effective internal control system, no matter how well designed, has inherent limitations and therefore can provide only reasonable assurance with respect to achievement of the system's objectives. The Bank has documented a comprehensive ICFR Governance Framework which has been approved by the Board of Directors.

Update and review of ICFR system for the year 2022 as per SBP Guidelines on Internal Controls has been successfully completed and the Annual Assessment Report for the year 2022 is in finalization stage. SCBPL is fully committed to making continuous efforts to improve the internal control system.

Management's Statements on Internal Controls and Risk Management Framework

Enterprise Risk Management Framework

The Bank has put in place an Enterprise Risk Management Framework ("ERMF"), to implement the guidelines and regulations, related to Risk Management. The ERMF sets out the principles and standards for risk management across the Bank which includes:

- Risk Culture: A healthy risk culture to identify and assess current and future risks, to openly discuss and take prompt actions.
- Strategic Risk Management: The approach followed by the Bank ensures that the strategy and corporate plans are aligned with the Bank's risk framework and risk appetite.
- Conduct Risk Management: The approach followed by the Bank ensures Conduct Risk is always considered when making material strategic decisions that may impact clients, investors, shareholders, counterparties, employees, markets, and competition.
- Principal Risks: There are nine principal risks which are managed through distinct Risk Type Frameworks ("RTFs") and the related Country Addendums. These include Credit, Traded, Treasury, Operational and Technology, Model, Reputational and Sustainability, Compliance, Information & Cyber Security and Financial Crime. These risks are embedded in the Bank's strategy and business models.
- Risk Appetite: The Bank reviews and sets its risk appetite annually through a structured process. Risk appetite determines the maximum amount of risk the Bank is willing to assume in pursuit of its strategy while remaining within its risk capacity.
- Role and Responsibilities: The framework also defines the responsibilities of the first line, the second line and the third line of defence for effective internal control.

The ultimate responsibility for the oversight of risk management function rests with the Bank's Board of Directors and the Board Risk Committee ("BRC"). Acting within the authority delegated by the Board, the Executive Committee ("EXCO") has appointed the Executive Risk Committee ("ERC") and the Asset and Liability Committee ("ALCO"), for effective Risk Management. There are various other risk related committees and forums at the management level. These include Approvals Committee, Country Financial Crime Risk Committee, Credit Issue Committee, Compliance and Conduct Management Committee ("CCMC"), IT Steering Committee etc.

ERC is chaired by the Country Chief Risk Officer ("CCRO"), through authority delegated by the Board via the Bank's EXCO.

The first line of defence is responsible for identification, assessment, monitoring and escalation of risk and issues to the second line of defence and senior management, setting and executing risk remediation plans, owning and designing processes, controls and standards for adherence to RTF's and policies. The second line of defence is primarily responsible for oversight and challenge of risk management. The CCRO is supported by a team of competent and experienced managers, including Senior Credit Officer responsible for credit risk in Corporate/ Commercial and Investment Banking ("CCIB") business, Country Credit Head – Consumer, Private and Business Banking ("CPBB") is responsible for credit risk management of CPBB business including Collections and Recoveries, Head of Stressed Asset Risk is responsible for review and approval of classified portfolio, Head of Traded and Treasury Risk responsible for risks associated with price movements, changes in interest rates, exchange rate movements, capital adequacy and overseeing the liquidity position. Country Head of Operational Risk is responsible for overseeing the operational risk from the second line perspective and Head Risk Governance is responsible for enterprise risk management and governance.

The Bank has established policies, procedures, standards, product programs etc. and has provided the Risk teams adequate support by way of systems and tools for identification, measurement, monitoring, controlling, and reporting of all types of risks.

Following are the important areas of the risk management function within the Bank:

Credit Risk

Credit Risk is defined as the "potential for loss due to the failure of a counterparty to meet its agreed obligations to pay the Bank". The credit risk management process is driven by the Bank's Enterprise Risk Management Framework including two credit risk type frameworks covering CCIB and CPBB Credit.

The CCIB Credit Risk Type Framework ("CRTF") sets out the overall risk management approach for Credit Risk of these

Management's Statements on Internal Controls and Risk Management Framework

business segments. The CRTF is built on a risk-based approach, meaning the risk management plans, processes, activities, and resource allocations are in accordance with the level of risk. The framework considers processes and tools that are forward-looking – which are repeatable, sustainable and anticipate future needs. The First Line, which are the lines of businesses as and functions engaged in or supporting revenue generating activities gives due consideration to the apparent Credit Risk at the point of the strategic choices and/or decision making.

The BRC and ERC are responsible to oversee the implementation of the Bank's credit risk management frameworks and Risk Appetite Mandate of the Bank. The committees ensure that the risk exposures for all types of risk across the Bank remain within the overall risk appetite and mandate.

Lending to counterparties is subject to a robust credit assessment that includes (but not limited to) evaluation of the client's credit quality including willingness, ability and capacity to pay. Suitability and appropriateness assessment are completed for all counterparties to ensure only credit products / facilities which are appropriate to the nature and scale of the counterparty's business are provided.

For CPBB Credit Risk, the approach is to support the delivery of optimum risk adjusted returns, with controlled volatility, and within overall risk appetite. A suitability and appropriateness assessment need to be completed by the first line of defence to ensure only product / facilities which are appropriate and suitable for clients are offered. Credit exposures will be permitted only against products / facilities which are at minimum covered by an approved Product Program, Credit Approval Document and Credit Risk Management Standards / Campaign Recommendation Document.

Stressed Assets Group ("SAG") is a separate workout specialist unit within the Bank to manage CCIB Problem Accounts. The Stressed Asset Risk ("SAR") unit is a second line function within CCIB Risk which is responsible for the review and approval of all proposals concerning client strategy (including any new money requests, restructuring, enforcement action) and for Loan Impairments for Problem Accounts.

There is a clearly articulated policy with established procedures for taking adequate Loan Impairments, Settlements, Waivers and Write offs of portfolio when the delinquencies are identified. The account managers closely watch the downgraded portfolio and initially try to recover through cash flows. As a last resort the sale of collateral through judicial process is exercised.

Traded Risk

The Bank has adopted the Traded Risk Type Framework ("TRTF") which sets out the overall risk management approach for Traded Risk. Traded Risk is defined as: "Potential for loss resulting from activities undertaken by the Bank in financial markets". Under the TRTF, the Bank recognizes two risk subtypes:

- 1) Market Risk, as the "Potential for fair value loss due to adverse moves in financial markets". Market Risk exposures arise primarily from interest rate movements and foreign exchange related contracts. The Bank does not have significant exposure to equity and commodity price risk.
- 2) Counterparty Credit Risk as "Potential for loss in the event of the default of a derivative counterparty, after taking into account the value of eligible collaterals and risk mitigation techniques".

Traded Risk Management ("TRM") function performs market risk management activities for the Bank. Market risk limits are proposed by TRM after discussion with relevant businesses and are reviewed twice a year. Under the framework, authority for setting market risk limits is delegated to the local risk committee i.e. ERC. Overall risk appetite is set by the Board in terms of Value at Risk ("VaR") and Stress Loss Trigger.

Bank measures the risk of losses arising from future potential adverse movements in market rates, prices and volatilities using a VaR methodology. The Bank uses historical simulation approach to measure VaR which is complemented by weekly stress testing of Market Risk exposures to highlight the potential risk that may arise from extreme market events that are deemed rare but plausible. Sensitivity measures are also used in addition to VaR & stress testing as risk management tools.

Any excess in limits results in escalation to senior management, with the level of escalation depending upon nature of excess. These limits are monitored daily as part of daily risk reporting. The BRC and the ERC provide primary oversight for Traded Risk.

Treasury Risk

During 2022, the Board of Directors approved the new Treasury Risk Framework which replaces the Capital and Liquidity Risk Type Framework. The key changes are:

Management's Statements on Internal Controls and Risk Management Framework

- Pension Risk has been included as a Treasury Risk sub-type, which was previously under Traded Risk.
- CEO supported by Treasury and Finance teams have become the 1st Line of Defence (“LOD”), supporting the CEO carrying out 1LOD Treasury responsibilities. Country CROs have become the 2LOD.
- Treasury and Finance teams will be responsible for ensuring implementation and compliance with all prudential capital, liquidity, IRRBB and recovery and resolution planning laws and regulations.

Treasury Risk is, “potential for insufficient capital, liquidity or funding to support our operations, the risk of reductions in earnings or value from movements in interest rates impacting banking book items and potential for losses from shortfall in pensions plan”.

Treasury Risk is sub-divided into 4 risk subtypes:

- 1- Capital Risk: Capital risk is the potential for insufficient level, composition or distribution of capital, own funds and eligible liabilities to support our activities under normal environments and stressed conditions. Capital risk appetite is split into stress risk appetite and business-as-usual risk appetite metrics. The Bank manages its demand for capital by regular monitoring of capital requirements and asset exposures. The Bank's ALCO monitors Risk Weighted Assets ('RWA') growth and provides guidance for RWA management, capital structure and maintenance of capital adequacy ratio.
- 2- Liquidity and Funding Risk: Liquidity and Funding Risk is the risk that Bank may not have sufficient stable or diverse sources of funding or financial resources to meet our contractual obligations and contingent obligations as they fall due.
- 3- Interest Rate Risk in Banking Book: Interest rate risk is the potential for a reduction in earnings or economic value due to movements in interest rates on banking book (non-traded assets), liabilities and off-balance sheet items.
- 4- Pension Risk: Pension risk is the potential for loss due to having to meet an actuarially assessed shortfall in the pension plans.

A range of tools are used for the management of liquidity. Tools for structural liquidity comprise of commitment and wholesale borrowing guidelines, key balance sheet ratios, and medium-term funding requirements whereas short-term liquidity tools include day to day monitoring of future cash flows and liquidity stress tests using various behavioral and rollover assumptions. The Bank also maintains significant levels of marketable securities either for compliance with local statutory requirements or as prudential investments of surplus funds.

In addition, the Bank has prepared a Country Recovery Plan which is a live document by which the Country ensures that it can recover its financial position in the event of an extreme but plausible liquidity and/or solvency stress. The Bank has set Recovery Indicators (“RIs”) capable of acting as early warning indicators of a liquidity and/or solvency stress which meet applicable regulations (where relevant). The RIs are designed to cover all aspects of the Country's business model and incorporate capital, liquidity, market, profitability, asset quality, macroeconomic indicators, and reputational risk.

Operational and Technology Risk

Operational Risk is defined as the “Potential for loss from inadequate or failed internal processes, technology events, human error, or from the impact of external events (including legal risks)”.

The diverse nature of Operational and Technology Risk requires different disciplines to effectively manage and control risk. These are categorised as risk sub-types under the Operational & Technology Risk Type Framework (“O&T RTF”). The O&T RTF is built on a risk-based approach, meaning the risk management plans, processes, activities, and resource allocations are determined in accordance with the level of risk. The framework considers processes and tools that are forward-looking which are repeatable, sustainable and anticipate future needs. The first line, when formulating business strategy and planning, consider and address Operational Risk at the point of strategic choices and / or decision making. This also includes consideration of the impact of decisions on the design and operational effectiveness of the related system of controls.

There is a consistent approach to risks and controls through the Risk and Control Self-Assessment (“RCSA”) process. The RCSA process involves objective assessments of risks based on client impact and likelihood with more focus on material risks and control design. When an operational risk event occurs, there is rapid escalation and root-cause reviews, tracked to completion.

Management's Statements on Internal Controls and Risk Management Framework

The Operational Risk policy is mapped to the O&T RTF and applies to all Principal Risk Types, and to the entire organization. It is implemented in all business segments and functions.

The O&T RTF sets out the approach for management of operational risk as well as clear lines of management's roles and responsibilities. In accordance with the framework, business segments and functions are accountable for the day-to-day management of business activities and to manage the operational risks that arises from these activities. The independent risk management and Subject Matter Experts challenge, guide, and provide oversight over the business activities. Existing and future levels of Operational Risk must be maintained within the approved Risk Appetite of the Bank.

The Bank has an enterprise risk management system in place, namely M7, that is utilized for the recording of operational risk events (including financial losses and non-financial events), results of control sample testing and associated mitigating actions pertinent to operational risk.

The ERC is the overarching committee to have oversight over operational risk related matters. The committee has a clear understanding of operational risk as distinct risk category. The committee has the authority to take a view on the significance of risks and to direct appropriate actions.

Disaster recovery procedures, third-party risk management, business contingency planning and internal audits also form an integral part of the operational risk management process.

Technology policies and standards are refreshed annually. This policy sets out principles to build and run Technology processes, systems and services. Adherence to this policy and connected standards will enable to maintain customer confidence, protect commercial interests and reputation, comply with legal requirements and meet regulatory expectations.

Technology policy is mapped to the Technology Risk sub-type under the Operational and Technology Risk Type Framework.

All Technology Risk related processes and controls are supported by the Technology function and applies to all staff. The Policy applies to the Technology function and all the staff who are involved in partnering with Technology for technology delivery or support activities and must be read in conjunction with all the underlying Standards and Interconnected Policies.

Reputational and Sustainability Risk

The Bank has adopted the Reputational and Sustainability ("R&S") Risk Type Framework which sets out the overall risk management approach for Reputational and Sustainability. R&S Risk is defined as the "Potential for damage to the franchise (such as loss of trust, earnings or market capitalisation), because of stakeholders taking a negative view of the Group through actual or perceived actions or inactions, including a failure to uphold responsible business conduct or lapses in our commitment to do no significant environmental and social harm through our client, third party relationships, or our own operations."

Sustainability Risk continues to be an area of growing importance for the Bank, driving a need for strategic transformation across business activities and risk management to ensure that we uphold the principles of Responsible Business Conduct and continue to do the right thing for our stakeholders, the environment and affected communities.

The Reputational Risk Materiality Assessment, which incorporates ESG risk considerations and potential shifts in stakeholder perceptions, is used to assess, manage, or mitigate stakeholder perception risks.

At the country level, the CCRO provides independent oversight and challenge on matters related to Reputational and Sustainability Risk with the support of Risk Governance Team.

Model Risk

The Bank has adopted the Model Risk Type Framework which sets out the overall risk management approach. Model Risk is defined as the "Potential loss that may occur as a consequence of decisions or the risk of mis-estimation that could be principally based on the output of models, due to errors in the development, implementation or use of such models". An important source of model risk is the inherent uncertainty in all model outputs, and may arise from uncertainty in parameter estimates, limited statistics, or uncertainty in model choices.

Model Risk sub-types are defined by model family, which accounts for the variety of models used in the Bank and consequent differences in model risk manifestation and risk management approach. Risk sub- types will be reviewed annually as part of this RTF's review cycle.

Management's Statements on Internal Controls and Risk Management Framework

The responsibility of oversight of effective Model Risk Management from second line perspective is with Country CRO supported by Risk Function teams.

Country Risk

Country Risk management is an Overarching risk and is an integral component of ERMF. Country Risk Limits and Exposures:

- i. Local Currency Risk ("LCR"): Potential losses on local currency obligations arising from operating in a volatile domestic economic and political environment.
- ii. Transfer & Convertibility Risk ("TCR"): Potential losses on cross-border or foreign currency obligations arising from the possibility that a government is unable or unwilling to make foreign currency available for remittance out of the country.
- iii. Gross Country Risk ("GCR"): Potential for losses due to political or economic events in a country. GCR is defined as the sum of TCR and LCR exposures.

The Country Risk exposure monitoring of identified risks is holistic, including local currency and foreign currency credit exposures, as well as other exposures and there is periodic reporting to senior management and Board on significant country risk events, issues and mitigation plans.

From first line perspective Country CEO is responsible for monitoring Country Risk exposures with second line responsibility of oversight resting with CRO. The ERC and BRC also monitor utilization of limits.

Compliance Risk

Compliance Risk refers to the risk of legal or regulatory sanctions, material financial loss, or loss to reputation a Financial Institute may suffer as a result of its failure to comply with laws, regulations, rules, related self-regulatory organization standards, and codes of conduct applicable to its banking activities. Compliance with applicable laws and regulations and related policies and standards is the responsibility of all bank staff. Compliance Risk Type Framework ("CRF") outlines the overall Compliance risk management approach for the Group, internal and external stakeholders; and defining risk management approach with a specific focus on areas of laws and regulations for which Compliance is the Second Line of Defence. Locally, the Bank has adopted the SBP Guidelines on Compliance Risk Management to ensure adherence with the regulatory obligations. Management has established Compliance & Conduct Management Committee to maintain robust governance and oversight on the relevant risks in line with the regulatory requirements and strategic priorities of the franchise. Further, all the material risks, issues and findings from regulator, GIA and external auditors are tracked and addressed on priority by the management and a detailed update is presented to the Board Audit, Risk Committees as well as Board of Directors, who ensured that management has taken the appropriate actions and has put in place a system to minimize repetition with an aim to build sustainable controls environment.

Conduct Risk

The Conduct Risk has been elevated to be an integral part of the ERMF, focusing on the two key components, Institutional Conduct, and Individual Behavior. Conduct Risk is viewed through the lens of whether the Group is delivering the required Conduct Outcomes through the Group's risk management framework (the ERMF and PRTs) and the Group Code of Conduct. The Conduct Risk is governed and monitored through the CCMC and tracked via Country Conduct Plan. This Plan is developed post extensive deliberations and discussions by Country's Management Team. The objective is to formulate a plan that should highlight the key Conduct Risks that are inherent in business and for each of the risks identified, appropriate remediation action, enhancements to the control environment, responsible action owners and timeframes for resolution be clearly identified and agreed upon. An update on Conduct Risk is part of the agenda for Board Audit and Risk Committee as well as to Board of Directors to ensure management has taken required actions to drive the conduct agenda in country's business.

Financial Crime Compliance Risk

The Financial Crime Risk Type Framework ("FCRTF") sets out the overall risk management approach to FCRTF as a PRT. Financial Crime Risk is defined as the "potential for legal or regulatory penalties, material financial loss or reputational damage resulting from the failure to comply with applicable laws and regulations relating to Sanctions, Anti-Money Laundering and Anti-Bribery and Corruption, and Fraud. This has been designed to set minimum standards to adhere to the local and international regulatory authorities related guidelines. The Bank has established Financial Crime Risk Committee ("FCRC"), management forum to maintain rigorous oversight and monitoring of related risks in the business. Further, all the material risks, issues and findings from regulator, internal and external auditors are tracked and addressed

Management's Statements on Internal Controls and Risk Management Framework

on priority by the management and a detailed update is presented to the Board Audit and Risk Committees as well as Board of Directors, who ensure that management has taken the appropriate actions and has put in place a system to minimize repetition with an aim to build sustainable controls environment.

Information and Cyber Security Risk

The Bank defines Information and Cyber Security Risk as potential for loss from a breach of confidentiality, integrity or availability of bank's information system and assets through cyber-attack, insider activity, error or control failure. The Bank seeks to avoid risk and uncertainty for its information assets and systems and has a low appetite for material incidents affecting wider operations and reputation of the Bank. Information and Cyber Security Risk is managed through a structured framework (i.e. Information and Cyber Security Risk Type Framework – also referred as 'ICS RFT') comprising of a risk assessment methodology and supporting policies, procedures including threat led assessment and standards which are aligned to industry and global best practice models, and roles and responsibilities for first, second and third lines of defence are defined under the framework. The ICS RFT sets out the overall risk management approach for ICS within the Bank and at the heart of the ICS RFT is the Group Information and Cyber Security Policy (ICS Policy) which defines the controls which must be embedded into all parts of the business. ICS Policy and Standards define control requirements for the management of ICS Risk by the first line and the ICS Risk Categories (risk sub types) have been defined to help articulate the impact of ICS risks to the business and control requirements for the management of ICS Risk. The Bank has also established a mechanism to monitor & report Risk Appetite and the adherence to ICS RA is monitored and reported monthly through the RA Monitoring Information ("RAMI") and Risk Information Report ("RIR"). As per Bank's Risk assessment Stress Testing, Vulnerability Scanning, and Penetration Testing of Bank's Information Assets relating to Information and Cyber Security Risk are performed. The Bank also has Information and Cyber Security Awareness program that ensures staff is aware of how to work within the policy responsibilities. The program includes the Bank's mandatory information and Cyber Security e-learning course, Information Security Champions initiatives and targeted awareness campaigns. This is monitored through governance committee such as ICS Working Group, ERC and IT Steering Committee.

By order of the Board



Rehan Muhammad Shaikh
Chief Executive Officer
16 February 2023

Report of Shari'ah Board

For the year ended 31 December 2022

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

الحمد لله رب العالمين، والصلاة والسلام على سيدنا محمد وعلى آله وصحبه أجمعين، وبعد

ALL PRAISE BE TO ALLAH, THE LORD OF ALL THE WORLDS AND BLESSINGS ON OUR MASTER, PROPHET MUHAMMAD (PEACE BE UPON HIM) AND ALL HIS FAMILY AND ALL HIS COMPANIONS.

By the grace of Allah Almighty, Saadiq, Standard Chartered Bank (Pakistan) Limited (the Bank) has completed its nineteenth year of the successful Islamic banking operation. As a requirement of the Shariah Governance Framework (SGF) State Bank of Pakistan (SBP), the purpose of this report is to provide opinion of the Shariah Board (SB) on the overall Shariah compliance environment of the Bank's Islamic banking business and operations.

During the year as per the regulatory requirements, the SB conducted four meetings and has reviewed, provided opinions, and approved different products, country addendums, department operating instructions, transactions, process notes, Shariah compliance review reports and Shariah audit reports. In addition, the SB and BOD have also met twice this year in which SB has provided detailed briefing on Shariah compliance environment and discussed the further improvement where the same is required.

Following is an overview for the year 2022:

Islamic Business Review

During the year under review, the Bank primarily used Islamic financings modes of Musharakah, Diminishing Musharakah, Murabaha, Commodity Murabaha, Musawammah and Istisna to meet the customers' financial need in a Shariah compliant manner. At the year ended December 31, 2022, the Bank had Islamic financing and investment/placement of Rs 101 billion. While, on the liability side, the Bank had total Islamic deposits of Rs 87.7 billion in Saving Accounts, Term Accounts, Current and other Accounts by end of the year.

Shariah Compliance Reviews

The Shariah Compliance Department (SCD) is working under the guidance of the Resident Shariah Board Member and Shariah Board to perform its roles and responsibilities as covered in the SGF.

During the year under review, Shariah compliance team conducted Islamic Banking reviews of different businesses and functions on a sample basis. The review included Islamic Consumer, Private & Business Banking (CPBB), Islamic Corporate, Commercial & Institutional Banking (CCIB), & Financial Market, Personal Finance, Profit & Loss Distribution and Islamic Branches & Islamic Banking Windows.

Further, SCD has also been engaged in facilitating Learning & Development Department and other stakeholders to provide Islamic banking trainings and develop/enhance the learning modules.

Shariah Audit

During the year, Internal Shariah Audit Unit (ISAU) has conducted several Audits on annual and quarterly basis which include the audit of Shariah Governance Framework Pakistan, Mortgage Subsidy under Mera Pakistan Mera Ghar, Shariah profit & loss distribution and Saadiq Personal Finance.

Charity Amounts

The opening balance of the charity fund on January 1, 2022 was Rs 9.8 million. During the year, an amount of Rs. 19.2 million has been added to charity account which includes NOSTRO account related income purification i.e. Rs 3.5 million & delayed payment amount received from customers i.e. Rs 15.7 million. Furthermore, charity amount of Rs. 11 million has been disbursed to different approved charitable and social welfare institutions. However, the remaining Rs 18.1 million charity amount is in process to be paid to the charitable institutions.

Report of Shari'ah Board

For the year ended 31 December 2022

Training and Capacity Building

During the year, SB has observed that during the year the bank has undertaken good initiatives for the enhancement of staff's awareness and knowledge which includes digital tools and face to face classroom sessions. Approximately 7413 trainings on 40 different Islamic banking courses related to products & services were provided to 2000 employees. In addition to that, separate sessions on the Conversion / Transformation of conventional Bank into Islamic were arranged for the Board of Directors and Executive Management of the Bank.

Shariah Board's Opinion

As per the Shariah Governance Framework, the Board of Directors and Executive Management are solely responsible to ensure that the operations of the Bank are conducted in a manner that comply with Shariah principles. while, SB is required to submit a report on the overall Shariah compliance environment of the Bank.

To establish our opinion as expressed in this report, we have reviewed the Shariah review reports of Shariah compliance department and Shariah audit reports of internal & external Shariah audits.

Based on the above, we are of the view that:

1. The Bank has by and in large complied with the Shariah rules and principles provided in light of the fatawa, rulings and guidelines issued by the Shariah Board.
2. The Bank has complied with the directives, regulations, instructions and guidelines related to Shariah compliance issued by State Bank of Pakistan (SBP) in accordance with the rulings of SBP's Shariah advisory committee.
3. During the review period, any matter requiring corrective measures has been noted and resolved by the management and/or ensured to be rectified in future. Subject to the foregoing, the Bank has a mechanism in place to ensure Shariah compliance in their overall Islamic operations.
4. The Bank has a well-defined system in place which is sound enough to ensure that any earnings realized from sources or by means prohibited by Shariah have been credited to charity account and are being properly utilized for charitable purposes.
5. The Bank has adequately complied with the SBP instructions on profit and loss distribution and pool management.
6. Learning & Development department in coordination with Shariah compliance department and other stakeholders have arranged various Islamic Banking trainings and development sessions for capacity building of staff and is in continuous process to enhance and develop Islamic banking learning environment and to build the importance of Shariah compliance in the products and processes of the Bank.
7. The Shariah Board has been provided resources enabling it to discharge its duties. However, considering the increase in volume of the work, additional resource in Shariah department will further strengthen the Shariah compliance function in the Bank.

We appreciate and supports the vision of BOD and Management for promoting Islamic Banking through various channels within a bank and banking industry.

Recommendations

Based on the above, we recommend that:

1. The bank should play its part in achieving Sustainable Development Goals set by the United Nations (UN-SDG). It is recommended that the bank should strive to increase portfolio of green financing and sustainable banking practices according to the Shariah requirement.

Report of Shari'ah Board

For the year ended 31 December 2022

2. Shariah Board appreciates the efforts for converting insurance exposure to Takaful. However, it is recommended that the bank should continue the effort to expand Takaful coverage on its all businesses.
3. It is also recommended that the bank keeps align itself with relevant updates from SBP on Federal Shariah Court judgement.

And Allah Subhanah wa Ta'ala knows the Best.

May Allah Subhanah wa Ta'ala accept our endeavours and grant us devotion to accomplish His cherished tasks, make us successful in this world and in the hereafter, and forgive our mistakes. Ameen



Dr. Shaikh Nizam Yaqouby
Chairman Shariah Board



Mufti Muhammad Abdul Mubeen
Member Shariah Board



Dr. Mufti Irshad Ahmad Aijaz
Member Shariah Board



Mufti Muhammad Sarfraz Nihal
Resident Shariah Board Member

Dated: 16th February 2022

شریعی بورڈ رپورٹ

بِسْمِ اللّٰهِ الرَّحْمٰنِ الرَّحِیْمِ

شریعی بورڈ رپورٹ

برائے سال 31 دسمبر 2022

الحمد للہ رب العالمین، والصلوٰۃ والسلام علی سیدنا محمد وعلیٰ آلہ وصحبہ أجمعین، وبعد

تمام تعریفیں اللہ تبارک و تعالیٰ کیلئے جو تمام جہانوں کا رب ہے اور رحمتیں نازل ہوں ہمارے آقا محمد صلی اللہ علیہ وسلم اور ان کے تمام اہل و عیال اور تمام صحابہ کرام پر۔

الحمد للہ! صادق اسٹینڈرڈ چارٹرڈ بینک (پاکستان) لمیٹڈ نے اسلامی بینکاری کی کامیاب سرگرمیوں کا انیسواں سال مکمل کر لیا ہے۔ اسٹیٹ بینک آف پاکستان کے اسلامک فننس گروپ (IFG) کے شریعی گورننس فریم ورک (SGF) کی شرائط کے مطابق، اس رپورٹ کا مقصد بینک کے اسلامک بینکاری معاملات کی شریعی کمپلائنس کی مجموعی صورتحال پر شریعی بورڈ (SB) کی رائے فراہم کرنا ہے۔

سال کے دوران شریعی بورڈ نے نگران قواعد و ضوابط کے تقاضوں کے تحت مختلف پروڈکٹس، ملکی ضمنیوں، شعبوں کیلئے ہدایات برائے عملدرآمد، ٹرانزیکشنز، پروسیس نوٹس، شریعی کمپلائنس اور شریعی آڈٹ رپورٹس کا جائزہ لینے، ان پر اپنی رائے دینے اور ان کی منظوری کیلئے چار اجلاس منعقد کئے۔ اس سال شریعی بورڈ نے بورڈ آف ڈائریکٹرز کے ساتھ معمول کی دو ملاقاتیں کیں، جس کا مقصد شریعی کمپلائنس کی مجموعی صورتحال کی تفصیلی وضاحت اور اس میں (جہاں ضرورت ہو) بہتری لانے کیلئے تجاویز پیش کرنا تھا۔

سال 2022ء کا جائزہ مندرجہ ذیل ہے:

اسلامی کاروبار کا جائزہ

زیر جائزہ سال کے دوران، بینک نے صارفین کی مالی ضروریات کو شرعی طور پر پورا کرنے کیلئے بنیادی طور پر اسلامی فنانسنگ کے طریقوں مشارکہ، شریعت متناقصہ، مراہجہ، کموڈٹی مراہجہ، مساومہ اور استصناع کا استعمال کیا۔ 2022ء کے اختتام پر، بینک کی مجموعی اسلامک فنانسنگ اور انویسٹمنٹ/پالیسی منٹ 101 بلین روپے تھی۔ جبکہ واجبات کے لحاظ سے، بینک کے پاس سال کے آخر میں سیونگز اکاؤنٹس، ٹرم اکاؤنٹس، کرنٹ اور دیگر اکاؤنٹس میں کل 87.7 بلین روپے کے اسلامی ڈپازٹس تھے۔

شریعی کمپلائنس جائزہ

شریعی کمپلائنس ڈپارٹمنٹ (SCD)، ریویژنٹ شریعی بورڈ ممبر اور شریعی بورڈ کی رہنمائی میں کام کر رہا ہے تاکہ شریعی گورننس فریم ورک کے تحت اپنا کردار اور ذمہ داریاں نبھائے۔

زیر جائزہ سال کے دوران شریعی کمپلائنس ٹیم نے آزمائشی جانچ کی بنیادوں پر اسلامک بینکنگ کے کئی شعبوں کا جائزہ لیا۔ اس جائزے میں اسلامک کنزیومر، پرائیویٹ اور بزنس بینکنگ (CPBB) اسلامک کارپوریٹ، کمرشل اور انسٹیٹیویشنل بینکنگ (CCIB) اور فنانشل مارکیٹ، پرسنل فنانس (CM)، نفع و نقصان کی تقسیم، اسلامک برانچز اور اسلامک بینکنگ ونڈوز شامل تھے۔

مزید برآں، شریعی کمپلائنس ڈپارٹمنٹ نے اسلامک بینکاری ٹریڈنگ اور لرننگ ماڈیولز بنانے میں لرننگ ڈپارٹمنٹ اور دیگر اسٹیک ہولڈرز کی مدد بھی کی۔

شریعی آڈٹ

رواں سال انٹرنل شریعی آڈٹ پونٹ (ISAU) نے سالانہ اور سماہی بنیاد پر متعدد آڈٹس کئے جن میں شریعی گورننس فریم ورک پاکستان، میرا پاکستان میرا گھر کے تحت مارکیٹ سسٹمی، شریعی نفع و نقصان کی تقسیم اور صادق پرسنل فنانس شامل ہیں۔

شریعی بورڈ رپورٹ

چیریٹی ماؤنٹس (خیراتی قوم)

کیم جنوری 2022ء کو چیریٹی فنڈ کا ابتدائی بیلنس 9.8 ملین روپے تھا۔ سال کے دوران 19.2 ملین روپے چیریٹی اکاؤنٹ میں جمع ہوئے جس سے نوٹر وا کاؤنٹ کی آمدن میں نامناسب حصے کو الگ کرنے کی مد میں 3.5 ملین روپے اور کسٹمر کی کوتاہی یا تاخیر سے ادائیگی کے باعث حاصل ہونے والے 15.7 ملین روپے وغیرہ شامل تھے۔ مزید یہ کہ مختلف منظور شدہ خیراتی اور سماجی بہبود کے اداروں کو 11 ملین روپے کی خیراتی رقم فراہم کی گئی۔ بقیہ 18.5 ملین روپے کی خیراتی رقم خیراتی اداروں کو ادا کرنے کا عمل جاری ہے۔

ٹریڈنگ اور صلاحیتوں میں اضافے کی کاوشیں

سال کے دوران شریعی بورڈ نے مشاہدہ کیا کہ بینک نے اپنے عملے کو آگاہی اور ان کی معلومات میں اضافے کیلئے بہتر اقدامات کئے ہیں جس میں ڈیجیٹل ٹولز اور فزیکل کلاس روم شامل ہیں۔ بینک کے 2,000 ملازمین کو پروڈکٹس اور خدمات سے متعلق تقریباً 7,413 ٹریڈنگ اور 40 مختلف اسلامک بینکنگ کورسز کروائے گئے۔ اس کے علاوہ، بینک کے بورڈ آف ڈائریکٹرز اور اعلیٰ انتظامیہ کیلئے روایتی بینکاری سے اسلامی بینکاری میں تبدیلی سے متعلق علیحدہ نشستوں کا بھی اہتمام کیا گیا۔

شریعی بورڈ کی رائے:

شریعی گورننس فریم ورک کے مطابق، بینک کے معاملات کو شرعی قوانین کے مطابق چلانا بورڈ آف ڈائریکٹرز اور اعلیٰ انتظامیہ کی ذمہ داری ہے جبکہ شریعی بورڈ کی ذمہ داری ہے کہ بینک کے مجموعی شرعی اصولوں کے مطابق ہوئے، ایک رپورٹ پیش کرے۔

اس رپورٹ میں بیان کی گئی اپنی رائے کو قائم کرنے کیلئے، ہم نے شریعی کمپلائنس، اندرونی اور بیرونی شریعی آڈٹ کی رپورٹس کا جائزہ لیا ہے۔

مذکورہ بالا تفصیل کی بنیاد پر ہماری رائے درج ذیل ہے:

- 1- بینک نے شریعی بورڈ کی جانب سے جاری کردہ فتاویٰ، احکام اور اصولوں کی روشنی میں فراہم کردہ شرعی قوانین اور اصولوں کی مجموعی طور پر پاسداری کی ہے۔
- 2- بینک نے اسٹیٹ بینک آف پاکستان کی شریعی ایڈوائزری کمیٹی کے احکام کے مطابق اسٹیٹ بینک کی جانب سے جاری کردہ شریعی کمپلائنس سے متعلق احکام، ضوابط، ہدایات اور اصولوں کی پاسداری کی ہے۔
- 3- جائزے کے دوران، کسی بھی ایسے معاملے جس میں اصلاحی اقدام کی ضرورت ہو، پر غور کیا گیا اور منجمنٹ کی جانب سے قابل اصلاح امور کا ازالہ کیا گیا ہے اور/یا مستقبل میں ان کی درستگی کی یقین دہانی کروائی گئی ہے۔ مذکورہ بالا تفصیل کی بنیاد پر، بینک کے پاس اس کے تمام معاملات میں شریعی کمپلائنس کو یقینی بنانے کی غرض سے ایک جامع نظام موجود ہے۔
- 4- بینک کے پاس ایک واضح نظام موجود ہے جو تمام تر غیر شرعی ذرائع سے حاصل شدہ رقم چیریٹی اکاؤنٹ میں جمع کئے جانے اور اسے مناسب طور پر خیراتی اداروں میں بروئے کار لائے جانے کو یقینی بناتا ہے۔
- 5- بینک نے نفع و نقصان کی تقسیم اور پول منجمنٹ کے سلسلے میں اسٹیٹ بینک کی ہدایات کی مناسب طور پر پاسداری کی ہے۔
- 6- شعبہ تعلیم، تربیت و ترقی (لرننگ اینڈ ڈیولپمنٹ) نے شریعی کمپلائنس ڈپارٹمنٹ اور دیگر اسٹیک ہولڈرز کے تعاون سے ملازمین کی صلاحیت میں اضافے کیلئے مختلف اسلامی بینکاری تربیتی نشستوں کا اہتمام کیا ہے اور بینک کی مصنوعات اور عمل میں شریعی کمپلائنس کی اہمیت کو بڑھانے اور اسلامک بینکنگ کے سیکشن کے ماحول کو فروغ اور ترقی دینے کیلئے مسلسل کوشاں ہے۔
- 7- شریعی بورڈ کو اس کی ذمہ داریوں کی ادائیگی کیلئے وسائل فراہم کئے گئے ہیں تاہم کام کے حجم میں اضافے کو مد نظر رکھتے ہوئے شریعی ٹیم میں اضافی افرادی قوت، بینک میں شریعی کمپلائنس کے عمل کو مزید مستحکم کرے گی۔

شعبہ بینکاری کے اندر مختلف ذرائع کے ذریعے اسلامی بینکاری کو فروغ دینے کیلئے ہم بورڈ آف ڈائریکٹرز اور انتظامیہ کے اولین مقصد (وژن) کو سراہتے اور حوصلہ افزائی کرتے ہیں۔

شریعی بورڈ رپورٹ

تجاویز:

درج بالا کی بنیاد پر ہم تجویز کرتے ہیں کہ:

- 1- بینک کو SDG کے متعین کردہ مستحکم ترقیاتی اہداف کے حصول میں اپنا کردار ادا کرنا چاہیے۔ یہ تجویز دی جاتی ہے کہ بینک کو شرعی تقاضوں کے مطابق گرین فنانسنگ کی مقدار اور مستحکم بینکاری کو بڑھانے کی کوشش کرتے رہنا چاہیے۔
- 2- شریعی بورڈ، روایتی انشورنس کو نکالنے میں تبدیلی کرنے کی کوششوں کو، سراہتا ہے۔ تاہم، یہ سفارش کی جاتی ہے کہ بینک اپنے تمام شعبہ ہائے بینکاری میں نکالنے کی شمولیت کو بڑھانے کی کوشش جاری رکھے۔
- 3- یہ بھی تجویز کیا جاتا ہے کہ فیڈرل شریعی عدالت کے فیصلے پر اسٹیٹ بینک سے وصول ہونے والی متعلقہ معلومات سے خود کو آگاہ رکھے اور اس پر عمل پیرا ہو۔

اور اللہ سبحانہ و تعالیٰ بہتر علم رکھتا ہے۔

اللہ سبحانہ و تعالیٰ ہماری کاوشوں کو قبول فرمائے اور ہمیں اپنے پسندیدہ کاموں کو پورا کرنے کی توفیق عطا فرمائے، ہمیں دنیا و آخرت میں کامیابی عطا فرمائے اور ہماری خطائیں معاف فرمائے۔ آمین

محمد عبدالمبین

مفتی محمد عبدالمبین
ممبر شریعی بورڈ

محمد سرفراز نہال

مفتی محمد سرفراز نہال
ریزیڈنٹ شریعی بورڈ ممبر

ڈاکٹر شیخ نظام یعقوبی

ڈاکٹر شیخ نظام یعقوبی
چیئر مین شریعی بورڈ

ڈاکٹر مفتی ارشاد احمد اعجاز

ڈاکٹر مفتی ارشاد احمد اعجاز
ممبر شریعی بورڈ

مورخہ: 16 فروری 2023

Independent Auditor's Report

To the members of Standard Chartered Bank (Pakistan) Limited

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

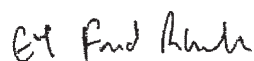
We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Standard Chartered Bank (Pakistan) Limited (the Bank) for the year ended 31 December 2022 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Bank. Our responsibility is to review whether the Statement of Compliance reflects the status of the Bank's compliance with the provisions of the Regulations and report if it does not and to highlight any non compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Bank's personnel and review of various documents prepared by the Bank to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Bank's corporate governance procedures and risks.

The Regulations require the Bank to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Bank's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Bank for the year ended 31 December 2022.



Chartered Accountants

Place: Karachi

Date: 3 March 2023

UDIN Number: CR202210120BjCtfyso

Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019

Standard Chartered Bank (Pakistan) Limited

For the year ended 31 December 2022

The Bank has complied with the requirements of the Regulations in the following manner:

1. The total number of directors is seven as per the following:
 - a) Male: Six
 - b) Female: One¹
2. The composition of the Board at year-end was as follows:
 - a) Independent Non Executive Directors: Mr. Ehsan Ali Malik
To be appointed²
 - b) Non Executive Directors (including a female director): Mr. Ian Anderson Bryden (Chairperson)
Mr. Mohamed Abdel Razek
Mr. Towfiq Habib Chinoy
Mr. Adam Long
 - c) Executive Director: Mr. Rehan M. Shaikh
3. The directors have confirmed that none of them is serving as a director in more than seven listed companies, including this Bank.
4. The Bank has adopted Group's 'Code of Conduct', which has been approved by the Board and is disseminated to all the directors and employees of the Bank along with its supporting policies and procedures.
5. The Board has developed and approved a vision/ mission statement and overall corporate strategy. The Board has also approved significant policies and adopted certain Standard Chartered Group policies as far as they are in accordance with the local laws and regulations. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board as empowered by the relevant provisions of the Companies Act, 2017 ('the Act') and these Regulations.
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of the Act and the Regulation with respect to frequency, recording and circulating minutes of the Board meetings.
8. The Board has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. All of the directors on the Board have already completed SECP's approved Directors' Training Programme. During the year under review, a number of in-house training/ orientation sessions were also attended by the directors.
10. The Board approves the appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit including their remuneration and terms and conditions of employment; and complies with relevant requirements of the Regulations.
11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board.

¹In reference to compliance with regulation 7, a casual vacancy for a female independent director was created on 27 October 2022 and subsequently a female director Ms. Rola Abu Manneh was appointed by the Board in place of Mr. Adam Long on 12 December 2022. Her FPT approval from SBP was received on 3 January 2023. Mr. Adam Long stepped down on the same date.

²A casual vacancy of an independent director was created on 27 October 2022. The position was filled with the appointment of Mr. Badaruddin Vellani on 25 January 2023 who assumed the charge of office from 15 February 2023 pursuant to his FPT clearance by SBP.

Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019

12. The Board has formed following Board Committees and their composition at year-end was as below:

a) Board Audit Committee ("BAC"):	Mr. Ehsan Ali Malik Mr. Mohamed Abdel Razek Mr. Adam Long	(Chairperson) (Member) (Member)
b) Board Human Resource & Remuneration Committee ("RemCo"):	To be appointed ³ Mr. Towfiq H. Chinoy Mr. Adam Long	(Chairperson) (Member) (Member)
c) Board Risk Committee ("BRC"):	Mr. Towfiq H. Chinoy Mr. Ehsan Ali Malik Mr. Rehan M. Shaikh	(Chairperson) (Member) (Member)
d) Board Information & Technology Committee ("BITC"):	Mr. Mohamed Abdel Razek Mr. Rehan M. Shaikh Mr. Ehsan Ali Malik	(Chairperson) (Member) (Member)

Note: The Board has not constituted a separate Nomination Committee and functions are being performed by the Board.

13. The terms of reference of the aforesaid Committees have been formed, documented and advised to the Committees for compliance.

14. The frequency of meetings of the aforesaid Committees as per the respective Terms of References are as follows:

a) Board Audit Committee:	At least once in a quarter
b) Board Human Resource & Remuneration Committee:	At least twice in a year
c) Board Risk Committee:	At least four in a year
d) Board Information & Technology Committee:	At least twice in a year

15. The Board has set up an effective Internal Audit ('IA') function. Personnel of internal audit function are suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Bank.

16. The statutory auditors of the Bank have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan ('ICAP') and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants ('IFAC') guidelines on code of ethics as adopted by ICAP and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Directors of the Bank.

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that all requirements under clauses 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with. Explanation on Regulation 6 is given below:

For the purpose of this regulation, the Bank has not rounded up the fraction as one. The Bank has duly complied with the minimum number of independent directors. The Board has two independent directors out of seven and the additional number is assigned to non-executive director.

By Order of the Board



Rehan Muhammad Shaikh
Chief Executive Officer



Ehsan Ali Malik
Director

Date: 16 February 2023

³ Mr. Badaruddin Vellani has been appointed as the Chairperson of Human Resource and Remuneration Committee with effect from 17 February 2023.

Six Years Key Financial Data

Key Financial Data	2017	2018	2019	2020	2021	2022
Profit and Loss						
Net mark-up income	16,498	18,830	27,788	28,140	26,268	44,602
Non funded income	8,982	9,688	11,289	12,800	11,126	18,048
Total income	25,480	28,518	39,076	40,940	37,393	62,649
Non mark-up expenses	11,743	11,290	11,894	12,383	12,137	13,845
Provisions / (recovery) & write-offs	284	(1,218)	(17)	4,941	495	(1,319)
Profit before Tax	13,453	18,447	27,199	23,616	24,762	50,123
Profit after Tax	8,245	11,239	16,017	13,133	13,728	19,844
Profitability ratios						
Return on equity	13.3%	17.3%	22.9%	17.0%	17.0%	23.7%
Return on assets	1.7%	2.1%	2.7%	2.0%	1.8%	2.2%
Expense / Income ratio	46%	40%	30%	30%	32%	22%
Balance Sheet						
Total assets	519,832	576,081	619,971	721,905	839,426	927,289
Advances - gross	157,259	187,162	235,269	199,753	255,905	236,923
Advances - net	137,635	169,544	218,087	178,216	234,173	216,208
Non performing loans	19,587	17,403	17,738	22,695	21,303	21,237
Investments - net	272,488	279,066	249,164	349,445	450,583	477,732
Deposits	377,576	424,899	465,629	556,506	626,774	718,450
Shareholder's equity	62,937	67,238	72,917	81,678	79,605	87,521
Asset quality & other ratios						
Advances / deposits ratio	36%	40%	47%	32%	37%	30%
NPL to gross advances	12%	9%	8%	11%	8%	9%
Coverage ratio - specific	97%	97%	92%	84%	92%	93%
CASA mix	92%	94%	93%	93%	92%	96%
Capital adequacy ratio (CAR)	19.27%	19.09%	16.94%	19.12%	16.93%	18.68%
Share information						
Earning per share	2.13	2.90	4.14	3.39	3.55	5.13
Dividend pay-out ratio	17.50%	22.50%	30.00%	27.50%	30.00%	40.00%
Touchpoints (Numbers)						
Branches	93	77	61	53	41	40
ATMs / CDM / CDK	276	247	217	197	173	169

Standard Chartered Bank (Pakistan) Limited

Audited
Financial Statements

For the year ended
31 December 2022

Independent Auditor's Report

To the members of Standard Chartered Bank (Pakistan) Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Standard Chartered Bank (Pakistan) Limited (the Bank), which comprise the statement of financial position as at 31 December 2022, the profit and loss account, the statement of comprehensive income, the statement of changes in equity and the cash flows statement for the year then ended, along with unaudited certified returns received from the branches except for 8 branches which have been audited by us and notes to the financial statements, including a summary of significant accounting policies and other explanatory information and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, profit and loss account, the statement of comprehensive income, statement of changes in equity and cash flow statement together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan, and give the information required by the Banking Companies Ordinance, 1962 and the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Bank's affairs as at 31 December 2022 and of the profit, other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the key audit matters:

Key Audit Matters	How the matter was addressed in our audit
1. Provision against Non-Performing Credit Exposure (Refer note 8.3 to the financial statements)	
<p>The Bank's advances portfolio represents 23.3% of its total assets as of 31 December 2022. A substantial portion of the advances portfolio include corporate finances to public sector entities and large to small size businesses operating in diverse sectors of the economy.</p> <p>As per the Bank's accounting policy (refer note 3.5 to the financial statements), the Bank periodically assesses the adequacy of its provisions against non-performing credit exposures in accordance with the requirements of Prudential Regulations of State Bank of Pakistan. Such regulations require specific provisioning against loan losses on the basis of an age-based criteria which should be supplemented by a subjective evaluation of Bank's credit portfolio. The determination of loan loss provision against certain vulnerable corporate loans, therefore,</p>	<p>We applied a range of audit procedures including the following:</p> <ul style="list-style-type: none">- We reviewed the Bank's process for identification and classification of non-performing loans including the quality of underlying data and systems. As part of such review we performed an analysis of the changes within the different categories of classified non-performing accounts from last year to the current reporting date. This analysis was used to gather audit evidence regarding downgrading of impaired loans and declassification of accounts from non-performing to regular, as the case may be;

<p>involves use of management judgment, on a case to case basis, taking into account factors such as the economic and business conditions, borrowers repayment behaviors and realizability of collateral held by the Bank.</p> <p>In view of the significance of this area in terms of its impact on the financial statements and the level of involvement of management’s judgment, we identified adequacy and completeness of loan loss provision as a significant area of audit judgment and a key audit matter.</p>	<ul style="list-style-type: none"> - We performed independent checks for the computations of provisions in line with the requirements of the applicable Prudential Regulations; - In addition, we selected a representative sample of borrowers from the credit portfolios across various branches including individually significant corporate loans and performed tests and procedures such as review of credit documentation, repayment history and past due status, financial condition as depicted by the borrowers’ financial statements, nature of collateral held by the bank and status of litigation, if any, with the borrower; - Based on the said credit reviews, we identified and discussed with the management the loan accounts where the credit risk appears to have increased. We reviewed the adequacy of provisions against such accounts on the basis of our independent objective evaluation of the risk mitigating factors that exist in such cases; - In respect of the level of general provision maintained by the Bank, we discussed the approach and policy followed by the Bank with the management; and <p>We also assessed adequacy of disclosures as included in note 8.2 and 8.4 to the financial statements regarding the non-performing loans and provisions made for the same in the financial statements in accordance with the requirements of the applicable financial reporting framework.</p>
<p>2. Goodwill Impairment (Refer note 10.1 to the financial statements)</p>	
<p>As at 31 December 2022, the Bank’s intangible assets includes goodwill of Rs. 26,095 million on account of acquisition of Union Bank Limited in 2006.</p> <p>Goodwill is required to be annually assessed for impairment under IAS 36 “Impairment of Assets”. Accordingly, management performed an impairment test of the goodwill which is subjective in nature due to assumptions made about future performance.</p> <p>As disclosed in note 10.1, the Bank uses a discounted cashflow model to determine value in use, based on certain key assumptions.</p> <p>Due to the significance and impact of the assumptions and judgements involved, the impairment test of goodwill is considered to be a key audit matter.</p>	<p>We applied a range of audit procedures including the following:</p> <ul style="list-style-type: none"> - We assessed the reasonableness of cash flow projections and compared key inputs, such as discount rates and growth rates, to externally available industry, economic and financial data and performance; - We evaluated whether the assumptions, on which valuation is based, are realistic and consistent with the general economic environment, the economic environment of specific industry, existing market information and the entity’s economic circumstances; - We involved our internal valuation specialist to review and evaluate management’s key assumptions used in impairment calculations. - Performed break even analysis around the key assumptions used in the model <p>We assessed the adequacy of the related disclosures in the financial statements.</p>

3. User Access Management

IT General Controls (ITGCs) support the continuous operation of the automated and other IT dependent controls within the business processes related to financial reporting. Effective IT general controls are needed to ensure that IT applications process business data as expected and that changes are made in an appropriate manner.

The possibility of IT application users gaining access privileges beyond those necessary to perform their assigned duties may result in breaches in segregation of duties, including inappropriate manual intervention, unauthorized changes to systems or programs.

These deficiencies are still in the process of being fully remediated. During the current year audit we made further observations relating to the effectiveness of remediation activities.

The risk has decreased in the current year due to management's remediation program, which is still in progress as at the year-end date.

User access management is identified as a key audit matter because of the complexity of the Bank's Information Technology structure and environment, the quantum of transactions processed through the Bank's Information Technology systems and the high degree of reliance placed by the Bank on such systems for the purpose of financial reporting

We applied a range of audit procedures including the following: -

- We obtained an understanding of the Bank's Information Technology environment, structure and complexity; and identified the Bank's key Information Technology systems and applications that affect the business and other processes related to financial reporting;
- We evaluated the design and tested the operating effectiveness of the controls for such systems and applications including ITGCs involving access management, change management and Information Technology operations;
- We tested Information Technology compensating controls where possible, and also performed additional Information Technology substantive procedures to assess the impact of risks associated with the reported deficiencies, on the financial statements. Where required, we tested business compensating controls and performed additional business substantive procedures.

We assessed the impact of the results of the above on our audit procedures over the financial statements for the year ended 31 December 2022.

Information Other than the Financial Statements and Auditor's Reports Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's reports thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting and reporting standards as applicable in Pakistan, the requirements of Banking Companies Ordinance, 1962 and the Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide to the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. Based on our audit, we further report that in our opinion:
 - a) proper books of account have been kept by the Bank as required by the Companies Act, 2017 (XIX of 2017) and the returns referred above from the branches have been found adequate for the purpose of our audit;
 - b) the statement of financial position, the profit or loss account, the statement of comprehensive income, statement of changes in equity and statement of cash flow (together with the notes thereon have been drawn up in conformity with the Banking Companies Ordinance, 1962 and the Companies Act, 2017 (XIX of 2017) and are in

agreement with the books of account and returns;

- c) investments made, expenditure incurred and guarantees extended during the year were in accordance with the objects and powers of the Bank and the transactions of the Bank which have come to our notice have been within the powers of the Bank; and
 - d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Bank and deposited in the Central Zakat Fund established under section 7 of that Ordinance.
2. We confirm that for the purpose of our audit we have covered more than sixty per cent of the total loans and advances of the Bank.

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



Chartered Accountants

Place: Karachi

Date: 6 March 2023

UDIN Number: AR202210120MbCI7wi0Y

Statement of Financial Position

As at 31 December 2022

	Note	2022	2021
(Rupees in '000)			
ASSETS			
Cash and balances with treasury banks	4	68,918,645	60,295,393
Balances with other banks	5	8,737,656	9,567,702
Lendings to financial institutions	6	51,286,290	11,728,869
Investments	7	477,732,454	450,583,287
Advances	8	216,207,696	234,172,617
Fixed assets	9	11,474,182	10,689,126
Intangible assets	10	26,095,310	26,095,310
Deferred tax assets - net		-	-
Other assets	11	66,836,739	36,293,236
		927,288,972	839,425,540
LIABILITIES			
Bills payable	12	14,820,617	16,601,187
Borrowings	13	28,063,619	35,028,767
Deposits and other accounts	14	718,449,989	626,774,412
Liabilities against assets subject to finance lease		-	-
Sub-ordinated debt		-	-
Deferred tax liabilities - net	15	5,354,762	3,679,066
Other liabilities	16	73,079,106	77,736,852
		839,768,093	759,820,284
NET ASSETS		87,520,879	79,605,256
REPRESENTED BY:			
Share capital	17	38,715,850	38,715,850
Reserves	18	29,211,960	25,243,085
Surplus on revaluation of assets	19	7,878,792	7,371,825
Unappropriated profit		11,714,277	8,274,496
		87,520,879	79,605,256
CONTINGENCIES AND COMMITMENTS	20		

The annexed notes 1 to 43 and Annexure I and II form an integral part of these financial statements.



Ian Bryden
Chairman



Rehan M. Shaikh
Chief Executive Officer



Syed Ejaz Alam
Chief Financial Officer



Rola Abu Manneh
Director



Ehsan Ali Malik
Director

Profit and Loss Account

For the year ended 31 December 2022

	Note	2022	2021
(Rupees in '000)			
Mark-up / return / interest earned	21	90,430,254	46,852,339
Mark-up / return / interest expensed	22	(45,828,352)	(20,584,643)
Net mark-up / interest income		44,601,902	26,267,696
NON MARK-UP / INTEREST INCOME			
Fee and commission income	23	2,992,986	3,132,567
Dividend income		25,927	20,930
Foreign exchange income	24	9,538,996	4,593,312
Income / (loss) from derivatives		3,097,930	1,097,052
Gain / (loss) on securities	25	2,266,039	2,054,917
Other income	26	125,663	226,909
Total non mark-up / interest income		18,047,541	11,125,687
Total income		62,649,443	37,393,383
NON MARK-UP / INTEREST EXPENSES			
Operating expenses	27	(12,810,591)	(11,539,495)
Workers welfare fund		(1,022,926)	(578,534)
Other charges	28	(11,919)	(18,989)
Total non mark-up / interest expenses		(13,845,436)	(12,137,018)
Profit before provisions		48,804,007	25,256,365
Provisions and write offs - net	29	1,319,492	(494,727)
Extra-ordinary / unusual items		-	-
PROFIT BEFORE TAXATION		50,123,499	24,761,638
Taxation	30	(30,279,124)	(11,033,966)
PROFIT AFTER TAXATION		19,844,375	13,727,672
(Rupees)			
BASIC / DILUTED EARNINGS PER SHARE	31	5.13	3.55

The annexed notes 1 to 43 and Annexure I and II form an integral part of these financial statements.



Ian Bryden
Chairman



Rehan M. Shaikh
Chief Executive Officer



Syed Ejaz Alam
Chief Financial Officer



Rola Abu Manneh
Director



Ehsan Ali Malik
Director

Statement of Comprehensive Income

For the year ended 31 December 2022

Note	2022	2021
(Rupees in '000)		
Profit after taxation for the year	19,844,375	13,727,672
Other comprehensive income		
Items that may be reclassified to profit and loss account in subsequent periods:		
Movement in surplus on revaluation of investments - net of tax	581,945	(752,657)
Items that will not be reclassified to profit and loss account in subsequent periods:		
Remeasurement gain / (loss) on defined benefit obligations - net of tax	8,290	(2,317)
Movement in surplus on revaluation of operating fixed assets - net of tax 19.1	-	419,123
	8,290	416,806
Total comprehensive income	20,434,610	13,391,821

The annexed notes 1 to 43 and Annexure I and II form an integral part of these financial statements.



Ian Bryden
Chairman



Rehan M. Shaikh
Chief Executive Officer



Syed Ejaz Alam
Chief Financial Officer



Rola Abu Manneh
Director



Ehsan Ali Malik
Director

Statement of Changes in Equity

For the year ended 31 December 2022

	Share Capital	Share Premium	Statutory Reserve	Surplus / (Deficit) on revaluation of		Unappropriated Profit	Total
				Investments	Fixed Assets		
	(Rupees in '000)						
Balance as at 01 January 2021	38,715,850	1,036,090	21,461,461	264,685	7,491,163	12,708,561	81,677,810
Total comprehensive income for the year							
Profit after tax for the year ended 31 December 2021	-	-	-	-	-	13,727,672	13,727,672
Other comprehensive income							
Movement in surplus / (deficit) on revaluation of investments - net of tax	-	-	-	(752,657)	-	-	(752,657)
Remeasurement of post employment obligations - net of tax	-	-	-	-	-	(2,317)	(2,317)
Surplus on revaluation - net of deferred tax	-	-	-	-	419,123	-	419,123
	-	-	-	(752,657)	419,123	13,725,355	13,391,821
Transactions with owners, recorded directly in equity							
Share based payment transactions (contribution from holding company)	-	-	-	-	-	51,397	51,397
Cash dividend (2020) at Rs. 2.75 per share	-	-	-	-	-	(10,646,859)	(10,646,859)
Cash dividend (Interim 2021) at Rs. 1.25 per share	-	-	-	-	-	(4,839,481)	(4,839,481)
	-	-	-	-	-	(15,434,943)	(15,434,943)
Transfer to statutory reserve	-	-	2,745,534	-	-	(2,745,534)	-
Surplus on revaluation - deferred tax rate impact	-	-	-	-	(29,432)	-	(29,432)
Transferred from surplus on revaluation of fixed asset - net of deferred tax	-	-	-	-	(21,057)	21,057	-
	-	-	-	-	(21,057)	21,057	-
Balance as at 31 December 2021	38,715,850	1,036,090	24,206,995	(487,972)	7,859,797	8,274,496	79,605,256
Total comprehensive income for the year							
Profit after tax for the year ended 31 December 2022	-	-	-	-	-	19,844,375	19,844,375
Other comprehensive income							
Movement in surplus on revaluation of investments - net of tax	-	-	-	581,945	-	-	581,945
Remeasurement of post employment obligations - net of tax	-	-	-	-	-	8,290	8,290
	-	-	-	581,945	-	19,852,665	20,434,610
Transactions with owners, recorded directly in equity							
Share based payment transactions (Contribution from holding Company)	-	-	-	-	-	91,727	91,727
Cash dividend (Final 2021) at Rs. 1.75 per share	-	-	-	-	-	(6,775,274)	(6,775,274)
Cash dividend (Interim 2022) at Rs. 1.50 per share	-	-	-	-	-	(5,807,378)	(5,807,378)
	-	-	-	-	-	(12,490,925)	(12,490,925)
Transfer to statutory reserve	-	-	3,968,875	-	-	(3,968,875)	-
Realised on disposal during the year - net of deferred tax	-	-	-	-	(28,494)	28,494	-
Surplus on revaluation - deferred tax rate impact	-	-	-	-	(28,062)	-	(28,062)
Transferred from surplus on revaluation of fixed assets - net of deferred tax	-	-	-	-	(18,422)	18,422	-
	-	-	-	-	(18,422)	18,422	-
Balance as at 31 December 2022	38,715,850	1,036,090	28,175,870	93,973	7,784,819	11,714,277	87,520,879

The annexed notes 1 to 43 and Annexure I and II form an integral part of these financial statements.



Ian Bryden
Chairman



Rehan M. Shaikh
Chief Executive Officer



Syed Ejaz Alam
Chief Financial Officer



Rola Abu Manneh
Director



Ehsan Ali Malik
Director

Cash Flow Statement

For the year ended 31 December 2022

	Note	2022	2021
(Rupees in '000)			
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation for the year		50,123,499	24,761,638
Less: Dividend income		(25,927)	(20,930)
		50,097,572	24,740,708
Adjustments for:			
Depreciation	9.2	894,858	980,268
Amortization	10	-	14
Gain on sale of fixed assets	26	(23,585)	(11,162)
Gain on sale of asset held for sale	26	(80,601)	-
Unrealized loss / (gain) on revaluation of investments classified as held for trading - net	25	131,784	(289,257)
Finance cost against lease	22	102,929	246,919
Gain on lease termination	26	(1,376)	(154,296)
Provisions and write offs - net	29	(1,319,492)	494,727
		(295,483)	1,267,213
		49,802,089	26,007,921
(Increase) / decrease in operating assets			
Lendings to financial institutions		(39,557,421)	57,822,933
Held-for-trading securities		51,600,251	(15,591,425)
Advances		19,299,508	(56,424,853)
Other assets (excluding advance taxation)		(34,481,682)	(16,654,322)
		(3,139,344)	(30,847,667)
Increase / (decrease) in operating liabilities			
Bills payable		(1,780,570)	5,889,147
Borrowings from financial institutions		(10,028,759)	11,783,031
Deposits		91,675,577	70,268,489
Other liabilities		(10,620,561)	27,417,392
		69,245,687	115,358,059
Cash inflow before taxation			
Income tax paid		115,908,432	110,518,313
		(25,745,557)	(8,178,183)
Net cash flow from operating activities			
		90,162,875	102,340,130
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments in available for sale securities		(78,716,052)	(85,495,501)
Dividend received		25,927	20,930
Investments in fixed assets		(1,425,593)	(648,671)
Proceeds from sale of fixed assets		31,232	11,162
Proceeds from sale of asset held for sale		156,000	-
Net cash flow used in investing activities			
		(79,928,486)	(86,112,080)
CASH FLOW FROM FINANCING ACTIVITIES			
Dividend paid		(4,926,565)	(11,392,837)
Payment in respect of lease liability		(578,229)	(562,279)
Net cash flow used in financing activities			
		(5,504,794)	(11,955,116)
Increase in cash and cash equivalents for the year			
		4,729,595	4,272,934
Cash and cash equivalents at beginning of the year		60,165,709	63,467,269
Effect of exchange rate changes on cash and cash equivalents		9,686,439	2,111,945
		69,852,148	65,579,214
Cash and cash equivalents at end of the year	33	74,581,743	69,852,148

The annexed notes 1 to 43 and Annexure I and II form an integral part of these financial statements.



Ian Bryden
Chairman



Rehan M. Shaikh
Chief Executive Officer



Syed Ejaz Alam
Chief Financial Officer



Rola Abu Manneh
Director



Ehsan Ali Malik
Director

Notes to the Financial Statements

For the year ended 31 December 2022

1. STATUS AND NATURE OF BUSINESS

Standard Chartered Bank (Pakistan) Limited ("the Bank") was incorporated in Pakistan on 19 July 2006 and was granted approval for commencement of banking business by State Bank of Pakistan, with effect from 30 December 2006. The ultimate holding company of the Bank is Standard Chartered PLC. (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 2021: 41 branches in Pakistan including 2 Islamic branches) in operation at 31 December 2022.

2. BASIS OF PREPARATION

2.1 Basis of presentation

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

These financial statements have been prepared in conformity with the format of financial statements prescribed by the State Bank of Pakistan (SBP) vide BPRD Circular No. 02, dated January 25, 2018

Key financial figures of the Islamic banking branches are disclosed in Annexure II to these financial statements.

2.2 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards comprise of:

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are 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;
- Directives issued by the State Bank of Pakistan and the Securities and Exchange Commission of Pakistan.

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

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

Notes to the Financial Statements

For the year ended 31 December 2022

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.

IFRS10 Consolidated Financial Statements was made applicable from period beginning on or after January 01, 2015 vide S.R.O 633(I)/2014 dated July 10, 2014 by SECP. However, SECP has directed through S.R.O 56(I) /2016 dated January 28, 2016, that the requirements of consolidation under section 237 of the repealed Companies Ordinance 1984 (Section 228 of Companies Act 2017) and IFRS-10 "Consolidated Financial Statements" is not applicable in case of investment by companies in mutual funds established under Trust structure. Accordingly, the requirements of these standards have not been considered in the preparation of these financial statements.

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

There are certain new and amended standards, issued by International Accounting Standards Board (IASB), interpretations and amendments that are mandatory for the Bank's accounting periods beginning on or after January 1, 2022 but are considered not to be relevant or do not have any significant effect on the Bank's operations and therefore not detailed in these unconsolidated financial statements.

SBP has directed banks in Pakistan to implement IFRS 9 with effect from January 1, 2023 vide BPRD circular no. 03 dated July 05, 2022. The estimated impact of adoption is Rs. 3,414 million (net of tax) on retained earning.

2.4 Standards, interpretations and amendments to published accounting and reporting standards as applicable in Pakistan that are not yet effective

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, 2023:

Standard, Interpretation or Amendment	Effective date (annual periods beginning on or after)
- Classification of Liabilities as Current or Non-current - Amendments to IAS 1	January 01, 2023
- Definition of Accounting Estimates - Amendments to IAS 8	January 01, 2023
- Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	January 01, 2023
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12	January 01, 2023
- Lease Liability in a Sale and Leaseback - Amendments to IFRS 16	January 01, 2024
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28	January 01, 2024

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

Standard	IASB effective date (annual periods beginning on or after)
IFRS 1 – First time adoption of IFRSs	01 July 2009
IFRS 17 – Insurance Contracts	01 January 2023

Notes to the Financial Statements

For the year ended 31 December 2022

- IFRS 9 Financial Instruments

As directed by SBP via BPRD Circular no 3 of 2022, IFRS 9 Financial Instruments is effective for periods beginning on or after 1 January 2023 for banks having asset base of more than Rs. 500 billion as at 31 December 2021. SBP via same circular has finalized the instructions on IFRS 9 (Application Instructions) for ensuring smooth and consistent implementation of the standard in the banks.

During the year 2022, the management of the Bank has performed an impact assessment of IFRS 9 taking into account the SBP's IFRS 9 Application Instructions. The assessment is based on available information and may be subject to changes arising from further reasonable and supportable information being made available to the Bank at the time of finalizing the impact for initial application of IFRS 9. In addition, the Bank will implement changes in classification of certain financial instruments.

An overview of the IFRS 9 requirements that are expected to have significant impact are summarized below along with the additional requirements introduced by the SBP:

Classification and measurement

The classification and measurement of financial assets will depend 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 in which they are held. 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 ('FVPL'). The classification of equity instruments is generally measured as Fair Value through Profit & Loss (FVTPL) unless the Bank elects for Fair Value through Other Comprehensive Income (FVTOCI) at initial recognition. The Bank has analyzed the impact of initial application of IFRS 9 on its financial assets as follows:

Equity Securities

The Bank expects to continue measuring at fair value all financial assets currently held at fair value.

Equity shares currently held as available-for-sale (AFS) with gains and losses recorded in OCI for which FVOCI election is not made, will instead be measured at fair value through profit or loss (FVTPL), which will increase volatility in recorded profit or loss for future periods. The AFS reserve related to securities in amount, which is currently presented as accumulated OCI, will be reclassified to retained earnings. However, there will be no impact on overall equity with respect to such classification.

Unquoted equity securities are required to be measured at fair value under IFRS 9

Debt securities and Loans and advances

Debt securities currently classified as AFS and which pass the SPPI test, are expected to be measured at fair value through OCI (FVOCI) under IFRS 9 as the Bank's business model is to hold the assets to collect contractual cash flows, but also to sell those investment. Debt securities currently classified as HTM and which pass the SPPI test are expected to be measured at amortized costs under IFRS 9 as the business model is to hold the assets to collect contractual cash flows

Cashflows of certain debt instruments classified in AFS and / or HTM categories, which do not pass solely payments of principal and interest test are accordingly measured at fair value through profit and loss

Impairment

The impairment requirements apply to financial assets measured at amortised cost and FVOCI (other than equity instruments), lease receivables, and certain loan commitments and financial guarantee contracts. At initial recognition, an impairment allowance (or provision in the case of commitments and guarantees) is required for expected credit losses ('ECL') resulting from default events that are possible within the next 12 months ('12-month ECL'). In the event of a significant increase in credit risk, an allowance (or provision) is required for ECL resulting from all possible default events over the expected life of the financial instrument ('lifetime ECL'). Financial assets where 12-month ECL is recognised are in 'stage 1'; financial assets that are considered to have experienced a significant increase in credit risk are in 'stage 2'; and financial assets for which there is an objective evidence of impairment, hence are considered to be in default or otherwise credit impaired, are in 'stage 3'

Notes to the Financial Statements

For the year ended 31 December 2022

The assessment of credit risk and the estimation of ECL are required to be unbiased and probability-weighted, and should incorporate all available information which is relevant to the assessment including information about past events, current conditions and reasonable and supportable forecasts of economic conditions at the reporting date. In addition, the estimation of ECL should take into account the time value of money.

Based on the requirement of IFRS 9 and SBP's IFRS 9 application instructions, the Bank has performed an ECL assessment taking into account the key elements such as assessment of SICR, Probability of Default, Loss Given Default and Exposure at Default.

Under the SBP's instructions, credit exposure (in local currency) guaranteed by the Government and Government Securities are exempted from the application of ECL Framework. Moreover, until implementation of IFRS 9 has stabilized, Stage 1 and stage 2 provisions would be made as per IFRS 9 ECL and stage 3 provision would be made considering higher of IFRS 9 ECL or provision computed under existing PRs' requirements

Presentation and disclosure

IFRS 9 also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of Bank's disclosure about its financial instruments particularly in the year of adoption of the IFRS 9. The State Bank of Pakistan vide its BPRD Circular No. 02 dated February 9, 2023 has issued revised formats for interim and annual financial statements of the banks for the accounting periods starting from January 01, 2023, which shall include the presentation and disclosures on adoption of IFRS 9 as applicable in Pakistan.

Loan / financing related fee

Loan origination / commitment fees that are regarded as compensation to the lender for an ongoing involvement with the acquisition of a financial instrument would be recognized over the life of the related loan. However, if the commitment expires without the lender making the loan, the fee would be recognised as revenue earned.

Impact of adoption of IFRS 9

The actual impact of adopting IFRS 9 on the Bank's financial statements in the year 2023 may not be accurately estimated because it will be dependent on the financial instruments that the Bank would hold during next year and economic conditions at that time as well as accounting elections and judgements that it will make in future. Nevertheless, the Bank has performed a preliminary assessment of the potential impact of adoption of IFRS 9 based on its statement of financial position as at December 31, 2022.

Classification and measurement

Based on the bank's assessment, the IFRS 9 requirements are expected to have the impact on the classification and measurement of its financial assets and financial liabilities

Impairment

The total estimated adjustment (net of tax) of the adoption of IFRS 9 on the opening balance of the Bank's equity at 1 January 2023 is reduction in equity of approximately Rs. 3,414 million, representing corresponding impact of:

- An increase of approximately Rs. 3,577 million related to impairment requirements;
- A reduction of approximately Rs. 163 million related to classification and measurement requirements, other than impairment;

Impact on regulatory capital

The introduction of IFRS 9 will result in reduction in regulatory capital of the Banks, which is likely to reduce their lending capacity and ability to support their clients. In order to mitigate the impact of expected credit loss (ECL) models on capital, SBP has determined that it may be appropriate for the FIs to introduce a transitional arrangement for the impact on regulatory capital from the application of ECL accounting. Annexure B of the 'Application Instructions' issued by SBP have detailed the transitional arrangement.

The impact of adoption of IFRS 9 on the capital ratios of the Bank are as follows:

Notes to the Financial Statements

For the year ended 31 December 2022

	As per adopted IFRS 9	As per current Financials
Common Equity Tier 1 Capital Adequacy ratio	14.83%	16.42%
Tier 1 Capital Adequacy Ratio	14.83%	16.42%
Total Capital Adequacy Ratio	17.77%	18.68%
CET1* available to meet buffers (as a percentage of risk weighted assets)	7.33%	8.92%

* CET1 is inclusive of CCB of 1.5%

2.5 Critical accounting estimates and judgments

The preparation of financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires management to make judgments, estimates and assumptions that effect the application of accounting policies and reported amounts of assets and liabilities and income and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in the following:

- Note 7 Classification, valuation and provision of investments
- Note 8.2 Classification and provisioning against non-performing advances
- Note 9 & 10 Valuation, useful-life and depreciation / amortisation rates for fixed / intangible assets
- Note 9 & 10 Impairment of non-financial assets including goodwill and other intangibles
- Note 9,16 & 22 Leases - Term and discount rates
- Note 15 Deferred taxation
- Note 16.2 Provision against off balance sheet obligations
- Note 20.7 Derivative instruments
- Note 30 Income taxes
- Note 34 Employees' retirement defined benefit plans and related assumptions
- Note 36 Share based payments

2.6 Basis of measurement

These financial statements have been prepared under the historical cost convention, except that certain available for sale, trading and derivative financial instruments have been measured at fair value. Certain fixed assets are stated at revalued amounts less accumulated depreciation and accumulated impairment losses, where applicable. Net obligations in respect of defined benefit schemes are measured at their present values

2.7 Functional and presentation currency

These financial statements are presented in Pakistan Rupees, which is the Bank's functional currency.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all years presented.

3.1 Business combinations

Acquisitions from entities under common control

Business combinations arising from transfers of interest in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative

Notes to the Financial Statements

For the year ended 31 December 2022

period presented. For this purpose comparatives are restated, where required. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the combining entity's financial statements.

Other acquisitions

Other business combinations are accounted for using the acquisition method. For acquisition prior to 1 January 2009, the cost of acquisition is measured at the fair value of the asset given, equity instruments issued and the liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identified assets acquired are fair valued at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of cost of acquisition over the fair value of identifiable net assets acquired is recorded as goodwill.

If this is less than the fair value of the net assets acquired in the case of a bargain purchase, the difference is recognized directly in the profit and loss account as directed by the SBP.

3.2 Cash and cash equivalents

For the purposes of cash flow statement, cash and cash equivalents comprise of cash in hand, current accounts with treasury banks, balance with other Banks and overdrawn nostros.

3.3 Lending and Borrowing

Securities sold subject to repurchase agreements ('repos') remain on the balance sheet; the counterparty liability is included in borrowings from financial institutions. Securities purchased under agreements to resell ('reverse repos') are recorded as lendings to financial institutions. The difference between sale and repurchase price is treated as mark-up / return / interest earned or expensed and accrued over the life of the underlying agreement using the effective interest method.

3.4 Investments

The Bank classifies its investments as follows:

a) Held for trading

These are securities, which are acquired with the intention to trade by taking advantage of short term market / interest rate movements and are carried at market value. The surplus / deficit arising as a result of revaluation at market value is recognised in the profit and loss account. These securities are to be sold within 90 days from the date of their classification as 'Held for trading' under normal circumstances, in accordance with the requirements specified by BSD Circular 10 dated 13 July 2004 issued by the State Bank of Pakistan. Market value of investment in Government securities is determined based on the relevant PKRV, PKFRV and PKISRV rates / price.

b) Held to maturity

These are securities with fixed or determinable payments and fixed maturity that are held with the intention and ability to hold to maturity. These are carried at amortised cost.

c) Available for sale

These are investments that do not fall under the held for trading or held to maturity categories and are carried at market value. The surplus / deficit arising as a result of revaluation at market value is included in equity and is taken to the profit and loss account when realized upon disposal or when the investment is considered to be impaired. Market value of investment in Government securities is determined based on the relevant PKRV, PKFRV and PKISRV rates / price.

All 'regular way' purchases and sales of investments are recognised on the trade date i.e. the date that the bank commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of investments that require delivery of assets within the time frame generally established by regulation or convention in the market place.

Unquoted equity securities are valued at the lower of cost and break-up value. The break-up value of these securities is calculated with reference to the net assets of the investee company as per the latest available financial statements.

Notes to the Financial Statements

For the year ended 31 December 2022

Impairment

Impairment loss in respect of equity securities classified as available for sale is recognised based on management's assessment of objective evidence of impairment as a result of one or more events that may have an impact on the estimated future cash flows of the investments. A significant or prolonged decline in fair value of an equity investment below its cost is also considered an objective evidence of impairment and charged to the profit and loss account. A subsequent increase in the carrying value, upto the cost of the investment, is credited to the profit and loss account.

Provision for diminution in the value of debt securities is made as per the Prudential Regulations issued by the State Bank of Pakistan. In case of impairment of available for sale securities, the cumulative loss that has been recognised directly in surplus / (deficit) on revaluation of securities on the statement of financial position is removed therefrom and recognised in the profit and loss account.

3.5 Advances

Advances are stated net of provision against non-performing advances. Specific and general provisions are made based on an appraisal of the loan portfolio that takes into account Prudential Regulations issued by the State Bank of Pakistan from time to time. Specific provisions are made where the repayment of identified loans is in doubt and reflect an estimate of the amount of loss expected. The general provision is for the inherent risk of losses which, although not separately identified, are known from experience to be present in any loan portfolio. Provision made / reversed during the year is charged to the profit and loss account and accumulated provision is netted off against advances. Advances are written-off when there is no realistic prospect of recovery.

When the Bank is the lessor in a lease agreement that transfers substantially all of the risks and rewards incidental to ownership of an asset to the lessee, the arrangement is presented within loans and advances. A receivable is recognized at an amount equal to the present value of the minimum lease payments including guaranteed residual value, if any. Finance lease receivables are included in advances.

Islamic financing

In Murabaha transactions, the Bank purchases the goods and after taking the possession, sells them to the customer on cost plus profit basis either in a spot or credit transaction. Markup income is recognized on a straight line basis over the period of the installments.

In Diminishing Musharakah financing, the Bank enters into Musharakah based on Shirkat-ul-milk for financing an agreed share of fixed asset (e.g. house, plant or machinery) with its customers. The customers pay periodic profit as per the agreement for the utilisation of the Bank's Musharakah share and also periodically purchase the Bank's share over the tenure of the transaction.

In Musharakah financing, the Bank enters into financing with the customer in his operating business based on Shirkat-ul-Aqd. The customer pays provisional profit as per the desired profit rate which is subject to final settlement based on the annual accounts of the customer.

3.6 Operating fixed assets - tangible

Owned

Operating fixed assets, other than land and buildings, are stated at cost less accumulated depreciation and accumulated impairment losses thereon. Cost includes expenditure that is directly attributable to the acquisition of fixed assets. Land and buildings are stated at revalued amounts less accumulated depreciation.

Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. All other repairs and maintenance expenditures are charged to profit and loss account during the financial period in which they are incurred.

Land and buildings are revalued by independent professionally qualified valuer(s). Surplus arising on revaluation is credited to the 'surplus on revaluation of fixed assets' account (net of deferred tax). The revaluation is carried out with sufficient regularity to ensure that the carrying amount does not differ materially from that which would have been determined using fair value at the balance sheet date. A decrease arising on revaluation of fixed assets is adjusted against the surplus of that asset to the extent of any previous surplus recognized with respect to that asset

Notes to the Financial Statements

For the year ended 31 December 2022

and if no surplus exists, it is charged to the profit and loss account as an impairment.

Depreciation is calculated over the expected useful life of the asset at the rates specified in note 9.2 to the financial statements. The depreciation charge for the year is calculated on a straight line basis after taking into account the residual value, if any. Accumulated depreciation on owned buildings, at the date of revaluation, is eliminated against the gross carrying amount of buildings. The net amount is then restated to the revalued amount.

Surplus on revaluation of fixed assets (net of deferred tax) is transferred to unappropriated profit to the extent of incremental depreciation charged on related assets.

Land is not depreciated. Depreciation on all other fixed assets is calculated using the straight line method to allocate their depreciable cost or revalued amount to their residual values over their estimated useful lives.

The residual values and useful lives of fixed assets are reviewed, and adjusted (if appropriate) at each balance sheet date.

Gains and losses on disposal of fixed assets are included in profit and loss account currently, except that the related surplus on revaluation of fixed assets (net of deferred tax) is transferred directly to unappropriated profit.

Capital work in progress

Capital work in progress is stated at cost less accumulated impairment losses, if any.

3.7 Leases

A contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period in exchange for consideration. The Bank mainly leases properties for its operations. The Bank recognizes a right-of-use asset and lease liability at the lease commencement date.

The right-of-use asset is initially measured at the amount of initial measurement of lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to be incurred to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

The right-of-use asset is subsequently measured at cost less any accumulated depreciation and impairment losses. The right of use asset is depreciated on a straight-line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use asset is reduced by impairment losses, if any, and adjusted for certain re measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Bank's incremental borrowing rate. The lease liability is subsequently increased by the finance cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in assessment of whether extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The lease modification is accounted for as a separate lease if modification increase the scope of lease by adding the right to use one or more underlying assets and the consideration for lease increases by an amount that is commensurate with the stand-alone price for the increase in scope adjusted to reflect the circumstances of the particular contracts, if any. When the lease modification is not accounted for as a separate lease, the Bank accounts for the remeasurement of the lease liability by either decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease for the lease modification that decrease the scope of the lease. The Bank recognizes in profit or loss any gain or loss relating to such modification; or making a corresponding adjustment to the right-of-use asset for all other lease modifications.

The Bank has elected not to recognize right-of-use assets and lease liabilities for short term and low value assets. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term. The right-of-use assets are presented in the same line items as it presents underlying assets of the same nature that it owns.

Notes to the Financial Statements

For the year ended 31 December 2022

3.8 Intangible assets

Goodwill

Goodwill represents the excess of cost of an acquisition over the fair value of net identifiable assets acquired at the date of acquisition. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. The impairment loss if any is recognized in statement of profit and loss

Computer software

Acquired computer software licenses are capitalised on the basis of costs incurred to acquire and bring to use the specific software. These costs are amortised over their expected useful lives using the straight line method. Intangibles are amortized on a straight line basis at the rates specified in Note 10.

Acquired intangibles in business combination

Acquired intangibles in business combination that have finite lives are amortised over their economic useful life based on the manner that benefits of the relevant assets are consumed.

3.9 Impairment of non-financial assets

The carrying amounts of the Bank's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognised in profit and loss if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated pre-tax future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

3.10 Non-banking assets acquired in satisfaction of claims

Non-banking assets acquired in satisfaction of claims are carried at revalued amounts less accumulated depreciation. These assets are revalued by professionally qualified valuers with sufficient regularity to ensure that their net carrying value does not differ materially from their fair value. A surplus arising on revaluation of property is credited to the 'surplus on revaluation of non-banking assets' account and any deficit arising on revaluation is taken to profit and loss account directly. Legal fees, transfer costs and direct costs of acquiring title to property are charged to the profit and loss account and not capitalised. Depreciation on these assets is charged based on the Bank depreciation policy.

3.11 Borrowings / deposits and their cost

- Borrowings / deposits are recorded at the time when the proceeds are received.
- Borrowing / deposit costs are recognised as an expense in the period in which these are incurred using effective mark-up / interest rate method.

3.12 Staff retirement benefits

Defined benefit plan

The Bank operates approved funded management / non-management pension scheme only for its existing pensioners and un-funded lump sum scheme on cessation for unionised staff.

For defined benefit plans, the net defined benefit liability / asset recognised in the balance sheet is the deficit or surplus, adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The deficit or surplus is:

Notes to the Financial Statements

For the year ended 31 December 2022

- (a) the present value of the defined benefit obligation; less
- (b) the fair value of plan assets (if any)."

Annual contributions towards defined benefit schemes are made on the basis of actuarial advice using the Projected Unit Credit Method. The present value of defined benefit obligation is calculated annually by independent actuaries by discounting the estimated future cash flows using an interest rate equal to the yield on high-quality corporate bonds.

Past service cost is the change in the present value of the defined benefit obligation resulting from a plan amendment. The Bank recognises past service cost as an expense when the plan is amended.

Actuarial gains or losses that arise are recognised in other comprehensive income in the period they arise. Service costs and Net interest on net defined benefit liability / asset are recognised in profit and loss account.

Defined contribution plan

The Bank also operates a defined contribution gratuity scheme for all its management and non management staff, and a provident fund scheme for all its permanent staff, contributing at 8.33 percent, 16.66 percent and 10 percent of basic salary respectively.

3.13 Foreign currency transactions

Transactions in foreign currencies are translated to Pakistan Rupees at exchange rates prevailing at the date of transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to Pakistan Rupees at the exchange rate prevailing at the reporting date. Foreign currency differences arising on retranslation are recognised in profit or loss.

3.14 Revenue recognition

Mark-up / return on advances and investments are recognised on an accrual basis using the effective interest rate method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability.

Mark-up recoverable on classified loans, advances and investments is recognised on a receipt basis in accordance with the requirements of Prudential Regulations issued by the State Bank of Pakistan. Mark-up on rescheduled / restructured loans, advances and investments is also recognised in accordance with the requirements of these Prudential Regulations.

Where debt securities are purchased at a premium or discount, those premiums / discounts are amortized through profit and loss account over the remaining maturity, using the effective yield method.

Fees, commission and brokerage income is recognised on an accrual basis except where in the opinion of the management, it would not be prudent to do so. Fees and commission which in substance amount to an additional interest charge, are recognised over the life of the underlying transaction on a level yield basis.

Dividend income is recognised when the right to receive income is established.

Gains and losses on sale of investments are recognized in the profit and loss account.

A portion of income is deferred for loyalty reward credits awarded to customers for usage of the Bank's credit card and are measured by reference to their fair value. Upon expiry / redemption of the reward credits, the income previously deferred will be recognized.

Profit on Murabaha transactions from the date of disbursement to the date of culmination of Murabaha (offer and acceptance) is recognised immediately on the date of culmination and thereafter, profit on Murabaha is recognised on accrual basis.

Profit on Diminishing Musharakah financings is recognised on an accrual basis.

Profit on Musharakah financing is booked on an accrual basis and is subject to adjustment upon declaration of profit by Musharakah partners.

Notes to the Financial Statements

For the year ended 31 December 2022

3.15 Taxation

Income tax expense comprises of current and deferred tax. Income tax expense is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current tax

Current tax is the expected tax payable on the taxable income for the year (using tax rates enacted or substantively enacted at the balance sheet date), and any adjustment to tax payable in respect of previous years.

Deferred tax

Deferred tax is provided for using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.16 Derivative financial instruments

Derivative financial instruments are initially recognised at fair value and are subsequently remeasured at fair value. All derivative financial instruments are carried as assets when fair value is positive and liabilities when fair value is negative. Any change in the fair value of derivative financial instruments is taken to profit and loss account.

3.17 Provisions

Provisions, including restructuring costs and legal claims are recognised when: (i) the Bank has a present legal or constructive obligation as a result of past events; (ii) it is more likely than not that an outflow of resources will be required to settle the obligation; and (iii) the amount has been reliably estimated. Provisions are reviewed at each balance sheet date and are adjusted to reflect the current best estimate.

3.18 Fiduciary activities

The Bank commonly acts in fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions for which it earns a fee. These assets and its related income arising thereon are excluded from these financial statements, as they are not assets of the Bank. The assets under custody amount to Rs. 239 billion as at 31 December 2022.

3.19 Segment reporting

A segment is a component of the Bank that engages in business activities for which it may earn revenues and incur expenses (including revenue and expense relating to transactions with other component), whose results are regularly reviewed by the management to make decisions about resources to be allocated to the segment and assess its performance and for which financial information is available.

Business Segment

A brief description of the products and services offered by different segments of the Bank is given in note 39 to these financial statements.

Geographical Segment

The Bank operates only in Pakistan.

3.20 Offsetting

Financial assets and liabilities are set off and the net amount presented in the balance sheet when, and only when,

Notes to the Financial Statements

For the year ended 31 December 2022

the Bank has a legal right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

3.21 Subordinated debt

Subordinated debt is initially measured at fair value plus transaction costs, and subsequently measured at their amortised cost using the effective interest method.

3.22 Share-based compensation

The Group operates various share-based compensation plans which are accounted for as equity settled share based payment transactions, regardless of inter group repayment arrangements. For equity-settled awards, the total amount to be expensed over the vesting period is determined by reference to the fair value of the options at the date of grant, which excludes the impact of any non-market vesting conditions (for example, profitability and growth targets). The fair value of equity instruments granted is based on market prices, if available, at the date of grant. In the absence of market prices, the fair value of the instruments is estimated using an appropriate valuation technique, such as a binomial option pricing model. Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The obligation is charged to profit and loss account and credited to equity as a contribution from parent. The liability for these transactions which is based on the fair value of these options at the settlement date is settled through debiting equity when the remittance is made to the Group.

3.23 Acceptances

Acceptances comprise of undertakings by the Bank to pay bills of exchange drawn on customers. The Bank expects most acceptances to be simultaneously settled with the reimbursement from the customers. Acceptances are accounted for as on-balance sheet transactions. Therefore, commitments in respect of acceptances have been accounted for as financial assets and financial liabilities

3.24 Basic and diluted earnings per share

The Bank presents basic and diluted earnings per share (EPS) for its shareholders. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the period / year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any. There were no convertible dilutive potential ordinary shares in issue at 31 December 2022.

3.25 Non-current assets held for sale

Non-current assets (or disposal group) held for sale comprises of assets whose carrying amount is expected to be recovered primarily through sale rather than continuing use. The assets are measured at the lower of their carrying values and fair values less cost to sell. Subsequent gains in fair value less costs to sell are recognised to the extent they do not exceed the cumulative impairment losses previously recorded. A non-current asset is not depreciated while classified as held for sale or while part of a disposal group classified as held for sale.

3.26 Dividend and appropriation to reserves

Dividend and appropriation to reserves, except appropriation which are required by law after the balance sheet date, are recognised as liability in the Bank's financial statements in the year in which these are approved.

3.27 Financial assets and liabilities

Financial instruments carried on the balance sheet include cash and balances with treasury banks, balances with other banks, lendings to financial and other institutions, investments, advances, certain receivables, bills payable, borrowings from financial institutions, deposit accounts and other payables. The particular recognition methods adopted for significant financial assets and financial liabilities are disclosed in the individual policy statements associated with them.

3.28 Contingencies and commitments

Commitments for outstanding forward foreign exchange contracts are disclosed in these financial statements at contracted rates. Contingent liabilities / commitments denominated in foreign currencies are expressed in rupee

Notes to the Financial Statements

For the year ended 31 December 2022

terms at the rates of exchange prevailing at the statement of financial position date.

3.29 Provision for guarantee claims and other off balance sheet obligations

Provision for guarantee claims and other off balance sheet obligations are recognised when intimated and reasonable certainty exists for the Bank to settle the obligation. Charge to profit and loss account is stated net of expected recoveries.

4 CASH AND BALANCES WITH TREASURY BANKS

	Note	2022	2021
(Rupees in '000)			
In hand			
- Local currency		4,726,792	4,323,595
- Foreign currencies		8,351,423	7,330,086
With State Bank of Pakistan in:			
- Local currency current account	4.1	33,065,724	31,393,344
- Local currency current account-Islamic Banking	4.1	8,445,224	2,824,995
- Foreign currency deposit account			
Cash reserve account	4.2	4,785,732	4,388,226
Special cash reserve account	4.2	9,123,602	8,405,280
Local US Dollar collection account		402,751	1,444,358
With National Bank of Pakistan in:			
- Local currency current account		93	123,647
Prize Bonds		17,304	61,862
		68,918,645	60,295,393

4.1 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.

4.2 As per DMMD Circular No. 20 dated November 13, 2021, cash reserve of 6% and special cash reserve of 10% (for Islamic 6%) are required to be maintained with SBP on deposits held under the New Foreign Currency Accounts Scheme (FE-25 deposits).

5 BALANCES WITH OTHER BANKS

	Note	2022	2021
(Rupees in '000)			
In Pakistan			
- In current accounts		19,329	31,361
Outside Pakistan			
- In current accounts	5.1	8,718,327	9,536,341
		8,737,656	9,567,702

5.1 This includes balances of Rs. 5,547.742 million (2021: Rs. 9,486.490 million) held with other branches and subsidiaries of Standard Chartered Group outside Pakistan.

6 LENDINGS TO FINANCIAL INSTITUTIONS

	Note	2022	2021
(Rupees in '000)			
Repurchase agreement lendings (Reverse Repo)	6.1	31,800,000	5,167,885
Placements	6.2	19,486,290	6,560,984
		51,286,290	11,728,869

Notes to the Financial Statements

For the year ended 31 December 2022

6.1 This carry mark-up rate at 17.65 percent (2021: 10.0 percent to 10.7 percent) per annum payable at maturity, and is due to mature in January 2023. This arrangement is governed under Master Repurchase Agreements.

6.2 These represents placements with other branches and subsidiaries of Standard Chartered Group outside Pakistan at mark-up rates ranging from 1.35 percent to 4.4 percent per annum (2021: 0.10 percent to 0.15 percent per annum), and are due to mature in January 2023.

6.3 Particulars of lending	Note	2022	2021
(Rupees in '000)			
In local currency		31,800,000	5,167,885
In foreign currencies		19,486,290	6,560,984
	6.5	51,286,290	11,728,869

6.4 Securities held as collateral against lendings to financial institutions

	2022			2021		
	Held by bank	Further given as collateral	Total	Held by bank	Further given as collateral	Total
----- (Rupees in '000) -----						
Market Treasury Bills	-	-	-	5,167,885	-	5,167,885
Pakistan Investment Bonds	31,800,000	-	31,800,000	-	-	-
	31,800,000	-	31,800,000	5,167,885	-	5,167,885

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

7 INVESTMENTS

	Note	2022				2021			
		Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
----- (Rupees in '000) -----									
7.1 Investments by type									
Held for trading securities									
Federal Government Securities		454,816	-	(131,784)	323,032	52,055,067	-	289,257	52,344,324
		454,816	-	(131,784)	323,032	52,055,067	-	289,257	52,344,324
Available for sale securities									
Federal Government Securities	7.6.1	477,141,307	-	118,480	477,259,787	398,935,667	-	(833,320)	398,102,347
Shares	7.6.2	837,648	(734,398)	46,385	149,635	837,648	(734,398)	33,366	136,616
Non Government Debt Securities	7.6.3	147,000	(147,000)	-	-	147,000	(147,000)	-	-
		478,125,955	(881,398)	164,865	477,409,422	399,920,315	(881,398)	(799,954)	398,238,963
Total Investments		478,580,771	(881,398)	33,081	477,732,454	451,975,382	(881,398)	(510,697)	450,583,287

Notes to the Financial Statements

For the year ended 31 December 2022

7.2 Investments by segment

	2022				2021			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
----- (Rupees in '000) -----								
Federal Government Securities								
Market Treasury Bills	288,887,013	-	(713,332)	288,173,681	280,027,923	-	217,746	280,245,669
Pakistan Investment Bonds	151,519,128	-	791,555	152,310,683	151,781,560	-	(654,362)	151,127,198
GoP Ijarah Sukuk	35,736,913	-	(91,527)	35,645,386	18,567,355	-	(107,447)	18,459,908
Naya Pakistan certificates	1,453,069	-	-	1,453,069	613,896	-	-	613,896
	477,596,123	-	(13,304)	477,582,819	450,990,734	-	(544,063)	450,446,671
Shares								
Listed Companies	784,644	(731,394)	46,385	99,635	784,644	(731,394)	33,366	86,616
Unlisted Companies	53,004	(3,004)	-	50,000	53,004	(3,004)	-	50,000
	837,648	(734,398)	46,385	149,635	837,648	(734,398)	33,366	136,616
Non Government Debt Securities								
Unlisted	147,000	(147,000)	-	-	147,000	(147,000)	-	-
	147,000	(147,000)	-	-	147,000	(147,000)	-	-
Total investment	478,580,771	(881,398)	33,081	477,732,454	451,975,382	(881,398)	(510,697)	450,583,287

Note **2022** **2021**
(Rupees in '000)

7.2.1 Investments given as collateral

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

Federal Government securities

- Market Treasury Bills
- Pakistan Investment Bonds

	-	7,385,483
7.4	18,664	18,857
	18,664	7,404,340

7.3 Provision for diminution in the value of investments

Opening balance	881,398	1,019,423
Reversals / write off	-	(138,025)
Closing balance	881,398	881,398

7.3.1 Particulars of provision against debt securities

Category of classification	2022		2021	
	Non Performing Investment	Provision	Non Performing Investment	Provision
----- (Rupees in '000) -----				
Loss	147,000	147,000	147,000	147,000
	147,000	147,000	147,000	147,000

7.4 Investments include securities having book value of Rs. 18.664 million (2021: Rs. 18.857 million) pledged with the State Bank of Pakistan as security to facilitate T.T. discounting facility to the Bank, including an amount earmarked against the facilities allocated to branches now in Bangladesh.

7.5 Market Treasury Bills, Pakistan Investment Bonds and GoP Ijarah Sukuks are eligible for discounting with the State Bank of Pakistan.

Notes to the Financial Statements

For the year ended 31 December 2022

7.6 Quality of 'Available for Sale' securities

Details regarding quality of Available for Sale (AFS) securities are as follows:

7.6.1 Federal Government Securities - Government guaranteed	Note	Cost	
		2022	2021
		(Rupees in '000)	
Market Treasury Bills		288,661,451	232,275,148
GoP Ijarah Sukuk		35,584,844	18,567,355
Pakistan Investment Bonds		151,441,943	147,479,268
Naya Pakistan certificates	7.6.11	1,453,069	613,896
		477,141,307	398,935,667

7.6.1.1 This represent initial investment made for the establishment of modaraba pools in Naya Pakistan Company Limited in accordance with S.R.O. 964 (1) / 2020 dated October 05, 2020.

7.6.2 Shares

Listed Companies

	Sector wise exposure	Cost	
		2022	2021
		(Rupees in '000)	
Agritech Limited	Fertilizer	783,077	783,077
Allied Bank Limited	Banks	1,567	1,567
		784,644	784,644

All shares are ordinary shares of Rs. 10 each except otherwise mentioned.

Unlisted Companies

	2022		2021	
	Cost	Breakup value	Cost	Breakup value
	(Rupees in '000)		(Rupees in '000)	
1LINK (Private) Limited	50,000	537,279	50,000	312,706
Pakistan Export Finance Guarantee Agency Limited *	3,004	-	3,004	-
	53,004	537,279	53,004	312,706

* The company is under liquidation and the last accounts were audited in 2014. Hence, the breakup value of the entity is considered to be nil.

7.6.3 Non Government Debt Securities

Unlisted

Bonds and Term Finance Certificates - unlisted

	Rating		Cost	
	2022	2021	2022	2021
	(Rupees in '000)		(Rupees in '000)	
Term Finance Certificates of Rs. 5,000 each				
Agritech Limited	Unrated	Unrated	147,000	147,000
			147,000	147,000

8 ADVANCES

Note	Performing		Non Performing		Total	
	2022	2021	2022	2021	2022	2021
	(Rupees in '000)					
Loans, cash credits, running finances, etc.	156,192,408	169,481,991	19,485,579	19,967,978	175,677,987	189,449,969
Islamic financing and related assets	56,346,207	58,219,124	1,751,236	1,335,396	58,097,443	59,554,520
Bills discounted and purchased (excluding treasury bills)	3,147,283	6,900,023	-	-	3,147,283	6,900,023
Advances - gross	215,685,898	234,601,138	21,236,815	21,303,374	236,922,713	255,904,512
Provision for non-performing advances						
- Specific	-	-	(19,692,817)	(19,544,268)	(19,692,817)	(19,544,268)
- General	(1,022,200)	(2,187,627)	-	-	(1,022,200)	(2,187,627)
	(1,022,200)	(2,187,627)	(19,692,817)	(19,544,268)	(20,715,017)	(21,731,895)
Advances - net of provision	214,663,698	232,413,511	1,543,998	1,759,106	216,207,696	234,172,617

Notes to the Financial Statements

For the year ended 31 December 2022

8.1 Particulars of advances - gross

	2022	2021
	(Rupees in '000)	
8.1.1 In local currency	235,226,425	252,983,759
In foreign currencies	1,696,288	2,920,753
	236,922,713	255,904,512

8.2 Advances include Rs. 21,236.815 million (31 December 2021: Rs. 21,303.374 million) which have been placed under non-performing status as detailed below:

Category of classification	2022		2021	
	Non Performing Loans	Provision	Non Performing Loans	Provision
	----- (Rupees in '000) -----			
Domestic				
Other Assets Especially Mentioned	187,726	13	161,729	89
Substandard	311,236	19,674	271,839	22,912
Doubtful	868,052	353,321	1,802,818	760,934
Loss	19,869,801	19,319,809	19,066,988	18,760,333
	21,236,815	19,692,817	21,303,374	19,544,268

8.2.1 At 31 December 2022, the provision requirement has been reduced by Rs. 518.584 million (31 December 2021: Rs. 393.056 million) being benefit of Forced Sale Value (FSV) of commercial, residential and industrial properties (land and building only) held as collateral, in accordance with the State Bank of Pakistan Prudential Regulations (PR) and SBP Circular 10 dated 21 October 2011. Increase in accumulated profits amounting to Rs. 295.593 million due to the said FSV benefit is not available for distribution of cash and stock dividend / bonus to employees.

8.3 Particulars of provision against advances

	Note	2022			2021		
		Specific	General	Total	Specific	General	Total
		----- (Rupees in '000) -----					
Opening balance		19,544,268	2,187,627	21,731,895	18,965,250	2,570,953	21,536,203
Charge for the year		1,184,921	9,940	1,194,861	2,754,283	139,767	2,894,050
Reversals		(1,139,022)	(1,175,367)	(2,314,389)	(1,664,544)	(523,093)	(2,187,637)
Amounts written off	8.5.1	45,899	(1,165,427)	(1,119,528)	1,089,739	(383,326)	706,413
Other movements (including FX adjustment)		(236,423)	-	(236,423)	(594,028)	-	(594,028)
Other movements (including FX adjustment)		339,073	-	339,073	83,307	-	83,307
Closing balance		19,692,817	1,022,200	20,715,017	19,544,268	2,187,627	21,731,895

8.4 Particulars of provision against advances

	2022			2021		
	Specific	General	Total	Specific	General	Total
	----- (Rupees in '000) -----					
In local currency	18,154,731	1,022,200	19,176,931	18,345,255	2,187,627	20,532,882
In foreign currencies	1,538,086	-	1,538,086	1,199,013	-	1,199,013
	19,692,817	1,022,200	20,715,017	19,544,268	2,187,627	21,731,895

8.4.1 General provision includes provision amounting to Rs 1,022.200 million (31 December 2021: Rs 1,014.621 million) against the consumer finance portfolio.

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

8.5 Particulars of write-offs

	Note	2022	2021
		(Rupees in '000)	
8.5.1 Against provisions	8.3	236,423	594,028
Directly charged to profit & loss account	29	173,278	166,996
	8.5.2 & 8.7	409,701	761,024
8.5.2 Write-offs of Rs. 500,000 and above - Domestic		236,800	580,687
Write-offs of below Rs. 500,000		172,901	180,337
		409,701	761,024

Notes to the Financial Statements

For the year ended 31 December 2022

8.6 Details of loans written-off of Rs. 500,000 and above

In terms of sub-section (3) of section 33A of the Banking Companies Ordinance, 1962, the statement in respect of written-off loans or any other financial relief of five hundred thousand rupees or above allowed to a person(s) during the year ended 31 December 2022 is given in Annexure 1.

8.7 This includes loans charged off as per Bank's policy. Recovery efforts on the amount charged off are ongoing, as the Bank continues to have the legal right of recovery.

9	FIXED ASSETS	Note	2022	2021
			(Rupees in '000)	
	Capital work-in-progress	9.1	841,538	440,901
	Property and equipment	9.2 & 9.6	10,632,644	10,248,225
			11,474,182	10,689,126
9.1	Capital work-in-progress			
	Civil works		129,393	408,099
	Equipment		712,145	32,802
			841,538	440,901

9.2 Property and equipment

	2022									
	Freehold Land	Leasehold Land	Buildings on Freehold land	Buildings on Owned	Leasehold Land Right of Use Assets	Furniture and Fixtures	Electrical, Office and Computer Equipment	Vehicles	Leasehold improvements	Total
	(Rupees in '000)									
At January 1, 2022										
Cost / Revalued amount	651,300	6,182,601	145,476	692,756	3,132,622	237,374	3,227,313	121,662	783,645	15,174,749
Accumulated depreciation	-	-	(13,939)	(58,216)	(1,295,947)	(232,824)	(2,505,691)	(121,521)	(698,386)	(4,926,524)
Net book value	651,300	6,182,601	131,537	634,540	1,836,675	4,550	721,622	141	85,259	10,248,225
Year ended December 2022										
Opening net book value	651,300	6,182,601	131,537	634,540	1,836,675	4,550	721,622	141	85,259	10,248,225
Additions	-	-	-	456,129	-	129,798	402,800	-	36,229	1,024,956
Disposals - cost	-	-	(1,983)	(5,137)	(30,889)	(14,668)	(57,122)	(4,364)	(16,384)	(130,547)
Disposals - Accumulated Depreciation	-	-	634	1,642	10,823	14,668	57,122	4,364	13,581	102,834
Depreciation charge	-	-	(13,687)	(77,213)	(400,665)	(12,401)	(371,842)	(141)	(18,909)	(894,858)
Other adjustments / transfers - Cost	-	-	-	(21,836)	(189,613)	(4,744)	(346,103)	-	(117,386)	(679,682)
Other adjustments / transfers - Accumulated Depreciation	-	-	-	21,836	486,742	4,744	344,723	-	103,671	961,716
Closing net book value	651,300	6,182,601	116,501	1,009,961	1,713,073	121,947	751,200	-	86,061	10,632,644
At December 31, 2022										
Cost / Revalued amount	651,300	6,182,601	143,493	1,121,912	2,912,120	347,760	3,226,888	117,298	686,104	15,389,476
Accumulated depreciation	-	-	(26,992)	(111,951)	(1,199,047)	(225,813)	(2,475,688)	(117,298)	(600,043)	(4,756,832)
Net book value	651,300	6,182,601	116,501	1,009,961	1,713,073	121,947	751,200	-	86,061	10,632,644
Rate of depreciation (percentage)	-	-	2.86% - 6.67%	2.86% - 6.67%	7.7% - 100%	33.33%	14.28% - 33.33%	33.33%	6.67% - 10%	

Notes to the Financial Statements

For the year ended 31 December 2022

	2021									
	Freehold Land	Leasehold Land	Buildings on Freehold land	Buildings on Owned	Leasehold Land Right of Use Assets	Furniture and Fixtures	Electrical, Office and Computer Equipment	Vehicles	Leasehold improvements	Total
----- (Rupees in '000) -----										
At January 1, 2021										
Cost / Revalued amount	651,300	6,852,717	138,466	742,515	3,630,969	246,158	3,033,575	122,869	887,141	16,305,710
Accumulated depreciation	-	-	-	-	(1,151,313)	(242,678)	(2,202,150)	(107,627)	(767,520)	(4,471,288)
Net book value	<u>651,300</u>	<u>6,852,717</u>	<u>138,466</u>	<u>742,515</u>	<u>2,479,656</u>	<u>3,480</u>	<u>831,425</u>	<u>15,242</u>	<u>119,621</u>	<u>11,834,422</u>
Year ended December 2021										
Opening net book value	651,300	6,852,717	138,466	742,515	2,479,656	3,480	831,425	15,242	119,621	11,834,422
Additions	-	-	7,010	14,838	-	1,812	229,046	-	31,404	284,110
Movement in surplus on assets revalued during the year	-	418,959	-	270	-	-	-	-	-	419,229
Transfers (to) from assets held for sale	-	(1,089,075)	-	(61,036)	-	-	-	-	-	(1,150,111)
Disposals - Cost	-	-	-	-	(1,092,850)	(8,845)	(35,153)	(1,207)	-	(1,138,055)
Disposals - Accumulated Depreciation	-	-	-	-	365,307	8,845	35,153	1,207	-	410,512
Depreciation charge	-	-	(13,939)	(59,073)	(509,941)	(742)	(338,694)	(15,101)	(42,778)	(980,268)
Other adjustments / transfers - Cost	-	-	-	(3,831)	594,503	(1,751)	(155)	-	(134,900)	453,866
Other adjustments / transfers - Accumulated Depreciation	-	-	-	857	-	1,751	-	-	111,912	114,520
Closing net book value	<u>651,300</u>	<u>6,182,601</u>	<u>131,537</u>	<u>634,540</u>	<u>1,836,675</u>	<u>4,550</u>	<u>721,622</u>	<u>141</u>	<u>85,259</u>	<u>10,248,225</u>
At December 31, 2021										
Cost / Revalued amount	651,300	6,182,601	145,476	692,756	3,132,622	237,374	3,227,313	121,662	783,645	15,174,749
Accumulated depreciation	-	-	(13,939)	(58,216)	(1,295,947)	(232,824)	(2,505,691)	(121,521)	(698,386)	(4,926,524)
Net book value	<u>651,300</u>	<u>6,182,601</u>	<u>131,537</u>	<u>634,540</u>	<u>1,836,675</u>	<u>4,550</u>	<u>721,622</u>	<u>141</u>	<u>85,259</u>	<u>10,248,225</u>
Rate of depreciation (percentage)	-	-	2.86% - 6.67%	2.86% - 6.67%	7.7% - 100%	33.33%	14.28% - 33.33%	33.33%	6.67% - 10%	

9.3 In year 2020 all owned land and buildings were revalued by independent accredited professional valuers, Iqbal A. Nanjee & Co. (Private) Limited and Colliers International (Level 3 measurements). Both valuers appointed by the Bank are also on the panel of Pakistan Banks Association. The valuation experts used a market based approach to arrive at the fair value of the Bank's properties. The market based approach uses prices and other relevant information generated by market transactions involving identical or comparable or similar properties. These values are adjusted to reflect the nature, current condition and location of the properties. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty, accordingly a qualitative disclosure of sensitivity has not been presented in these financial statements.

If the owned land and buildings were measured using the cost model, the carrying amounts would have been as follows:

Carrying amount	2022	2021
	(Rupees in '000)	
Freehold land	27,351	42,425
Leasehold land	532,928	461,143
Buildings on freehold land	42,425	36,590
Buildings on leasehold land	461,143	130,983
	<u>1,063,847</u>	<u>671,141</u>

The movement in surplus on revaluation of fixed assets is given in note 19.1 to the financial statements.

- 9.4** As at 31 December 2022, the cost of fully depreciated fixed assets still in the Bank's use amounted to Rs. 2.425 billion (2021: Rs. 2.633 billion).
- 9.5** During the year, no disposals of fixed assets were made to the Chief Executive or to a director or to executives or to a shareholder holding not less than 10 percent of the voting shares of the Bank or to any related party.
- 9.6** Disposed off assets with book value of Rs 500,000 or more are mentioned below (31 December 2021 : Rs Nil)

Notes to the Financial Statements

For the year ended 31 December 2022

	Book value	Sale Proceeds	Gain / (Loss) on Sale	Mode of Disposal	Particulars of Purchaser
------(Rupees in '000)-----					
Buildings on Leasehold Land- Owned	2,896	30	(2,866)	Sale	M/S Image Graphic Solutions Pvt Ltd
Leasehold improvement	650	10	(640)	Sale	M/S Image Graphic Solutions Pvt Ltd
Total	3,546	40	(3,506)		

10 INTANGIBLE ASSETS	2022				
	Goodwill	Core deposits intangible	Customer relationships intangible	Brand names	Total
------(Rupees in '000)-----					
At January 1, 2022					
Cost	26,095,310	1,982,413	774,680	389,400	29,241,803
Accumulated amortisation and impairment	-	(1,982,413)	(774,680)	(389,400)	(3,146,493)
Net book value	26,095,310	-	-	-	26,095,310
Year ended December 2022					
Opening net book value	26,095,310	-	-	-	26,095,310
Amortisation charge	-	-	-	-	-
Closing net book value	26,095,310	-	-	-	26,095,310
At December 31, 2022					
Cost	26,095,310	1,982,413	774,680	389,400	29,241,803
Accumulated amortisation and impairment	-	(1,982,413)	(774,680)	(389,400)	(3,146,493)
Net book value	26,095,310	-	-	-	26,095,310
------(Rupees in '000)-----					
	2021				
	Goodwill	Core deposits intangible	Customer relationships intangible	Brand names	Total
At January 1, 2021					
Cost	26,095,310	1,982,413	774,680	389,400	29,241,803
Accumulated amortisation and impairment	-	(1,982,413)	(774,666)	(389,400)	(3,146,479)
Net book value	26,095,310	-	14	-	26,095,324
Year ended December 2021					
Opening net book value	26,095,310	-	14	-	26,095,324
Amortisation charge	-	-	(14)	-	(14)
Closing net book value	26,095,310	-	-	-	26,095,310
At December 31, 2021					
Cost	26,095,310	1,982,413	774,680	389,400	29,241,803
Accumulated amortisation and impairment	-	(1,982,413)	(774,680)	(389,400)	(3,146,493)
Net book value	26,095,310	-	-	-	26,095,310

Notes to the Financial Statements

For the year ended 31 December 2022

- 10.1** At 31 December 2022, goodwill (less accumulated impairment losses – if any) amounted to Rs 26,095 million (2021: Rs 26,095 million).

An annual assessment is made as to whether the current carrying value of goodwill is impaired. For the purposes of impairment testing, goodwill has been allocated to the CGUs that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those CGUs. At 31 December 2022, recoverable amount of all CGUs exceeded the carrying amount.

The recoverable amount for the purpose of assessing impairment of goodwill on acquisition of Union Bank Limited was based on value in use. The calculations are based on the five year forecast approved by the management and a terminal value determined using Gordon Growth Model (using long term GDP growth rate of 4.46%). The cash flows are discounted using a discount rate (23.31%) which reflects the current market rate appropriate for the business, computed using Capital Asset Pricing Model. The allocation of goodwill to CGUs for the purpose of impairment testing is given below:

	2022	2021
	(Rupees in '000)	
Cash generating unit		
Corporate Commercial and Institutional Banking (CCIB)	12,642,354	12,642,354
Consumer Private Business Banking (CPBB)	13,452,956	13,452,956
Total Goodwill	26,095,310	26,095,310

The management believes that any reasonable possible changes to the key assumptions on which calculation of recoverable amount is based, would not cause the carrying amount to exceed the recoverable amount. The Bank has performed sensitivity analysis on the key assumptions for recoverable amount. These include a 1 per cent increase in the discount rate, a 1 per cent reduction in long-term GDP growth rate and a 10 per cent reduction in estimated cash flows. In all the three scenarios mentioned above, the recoverable values in all the CGUs exceed their carrying values and hence no impairment is deemed to exist.

11 OTHER ASSETS	Note	2022	2021
		(Rupees in '000)	
Income / mark-up accrued in local currency		9,219,776	5,437,089
Income / mark-up accrued in foreign currencies		30,454	6,413
Advances, deposits, advance rent and other prepayments		256,034	68,362
Defined benefit plans	34.4	32,270	13,850
Advance taxation (payments less provisions)		-	2,537,499
Branch adjustment account		-	671
Mark to market gain on forward foreign exchange contracts		277,236	5,688,498
Interest rate derivatives and currency options - positive fair value		142,689	303,066
Receivable from SBP / Government of Pakistan		1,047,900	245,020
Receivable from associated undertakings		101,639	42,518
Assets Held for Sale	11.1	1,318,975	1,394,373
Receivable from Standard Chartered Bank, Sri Lanka operations	11.2	26,141	38,626
Advance Federal Excise Duty - Sales tax		199,747	199,747
Cards Settlement account		6,015,905	2,113,481
Acceptances		4,788,892	12,065,534
Unsettled trades	11.3	42,718,948	5,794,218
Sundry receivables		623,965	249,246
Others		123,944	182,801
		66,924,515	36,381,012
Less: Provision held against other assets	11.4	(87,776)	(87,776)
Other Assets - net of provisions		66,836,739	36,293,236

Notes to the Financial Statements

For the year ended 31 December 2022

11.1 These represents carrying value of vacant owned properties which the Bank intends to dispose-off. The management considered these property to meet the criteria to be classified as held for sale at the date of classification. These assets are available for immediate sale and can be sold in it's current condition. Following the classification as held for sale, no impairment loss was recognized as fair value less cost to sell of the property exceeds its carrying value.

11.2 Consequent to Sale and Purchase Agreement (SPA) signed between Standard Chartered Bank, Sri Lanka (SCBSL) and Standard Chartered Bank (Pakistan) Limited (SCBPL), the Sri Lanka branch operations of SCBPL were amalgamated with SCBSL with effect from close of business on 10 October 2008. According to the terms of SPA, unproductive debts, staff loans of SCBPL who are not retained by the purchaser, their corresponding housing loans and assets arising from litigation which cannot be assigned are held in trust with SCBSL. The recoveries made (net of expenses) from such assets are taken to income from Sri Lanka branch operations along with foreign exchange translation impacts as disclosed in note 26 to these financial statements, and consequently recorded as receivable. Moreover, loans which were fully provided and deemed non recoverable were written-off after necessary approvals.

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

	Note	2022	2021
11.4 Provision held against other assets		(Rupees in '000)	
Others - Trade related		35,495	35,495
Others - Fee related		52,281	52,281
		87,776	87,776
11.4.1 Movement in provision against other assets			
Opening balance		87,776	87,776
Charge for the year		-	-
Closing balance		87,776	87,776
12 BILLS PAYABLE			
In Pakistan		14,349,273	16,176,865
Outside Pakistan		471,344	424,322
		14,820,617	16,601,187
13 BORROWINGS			
In Pakistan		24,989,061	35,017,820
Outside Pakistan		3,074,558	10,947
		28,063,619	35,028,767
13.1 Details of borrowings secured / unsecured			
Secured			
Borrowings from State Bank of Pakistan under Export Refinance (ERF) scheme	13.1.1	24,173,044	24,437,229
Refinance scheme for payment of wages and salaries		-	2,432,217
Repurchase agreement borrowings (Repo)		-	7,385,483
State Bank of Pakistan - LTFF	13.1.2	124,361	169,583
Financing facility for renewable energy plants	13.1.3	691,656	593,308
		24,989,061	35,017,820
Unsecured			
Overdrawn nostro accounts	13.1.4	3,074,558	10,947
		28,063,619	35,028,767

Notes to the Financial Statements

For the year ended 31 December 2022

- 13.1.1** Mark-up on Export Refinance (ERF) from State Bank of Pakistan is charged ranging from 9 percent to 10 percent (2021: 2 percent) per annum and are due to mature latest by June 2023. ERF borrowings also include borrowings under Islamic Export Refinance scheme amounting to Rs. 5,022 million (2021: Rs. 4,742 million). These borrowings are secured against demand promissory notes executed by the Bank in favour of State Bank of Pakistan.
- 13.1.2** Mark-up on Long Term Finance Facility (LTFF) from State Bank of Pakistan is charged at 2.5 percent (2021: 2.5 percent) per annum and are due to mature latest by July 2025. These loans are secured against promissory notes executed by the Bank in favour of State Bank of Pakistan.
- 13.1.3** These borrowings have been obtained from the SBP under a scheme for financing the renewable energy power plants to promote renewable energy projects in the country. These carry mark-up at rates ranging from 2.00 percent to 3.00 percent (2021: 2.00 percent to 3.00 percent) per annum and are due to mature latest by October, 2032.
- 13.1.4** These include overdrawn nostro accounts with other branches and subsidiaries of Standard Chartered Group outside Pakistan amounting to Rs. 3,074.558 million (2021: Rs. 10.9 million).

	2022	2021
	(Rupees in '000)	
In local currency	24,989,061	35,017,820
In foreign currencies	3,074,558	10,947
	28,063,619	35,028,767

13.2 Particulars of borrowings with respect to currencies

	2022	2021
In local currency	24,989,061	35,017,820
In foreign currencies	3,074,558	10,947
	28,063,619	35,028,767

14 DEPOSITS AND OTHER ACCOUNTS

Note

	2022			2021		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
Customers	----- (Rupees in '000) -----					
- Fixed / Term deposits	29,988,396	1,713,772	31,702,168	47,908,842	803,841	48,712,683
- Savings deposits	322,839,080	22,375,290	345,214,370	284,966,620	22,898,281	307,864,901
- Current accounts	195,219,814	72,106,066	267,325,880	165,384,020	64,785,018	230,169,038
- Margin accounts	44,957,304	227,563	45,184,867	5,483,911	177,397	5,661,308
- Other deposits	1,179,260	-	1,179,260	8,800,436	-	8,800,436
	594,183,854	96,422,691	690,606,545	512,543,829	88,664,537	601,208,366
Financial Institutions						
- Fixed / Term deposits	525,650	11,752	537,402	506,379	9,143	515,522
- Savings deposits	11,280,395	1,487,433	12,767,828	6,992,742	1,195,136	8,187,878
- Current accounts	11,711,116	2,646,930	14,358,046	13,699,347	3,068,008	16,767,355
- Margin accounts	77,583	102,585	180,168	14,895	80,396	95,291
	23,594,744	4,248,700	27,843,444	21,213,363	4,352,683	25,566,046
	617,778,598	100,671,391	718,449,989	533,757,192	93,017,220	626,774,412

- 14.1** This includes Rs. 542.285 million (2021: Rs. 732.691 million) against balances of other branches and subsidiaries of Standard Chartered Group.

14.2 Composition of deposits

	2022	2021
	(Rupees in '000)	
- Individuals	330,171,739	304,634,275
- Government (Federal and Provincial)	1,059,732	228,209
- Public Sector Entities	3,022,802	2,895,758
- Banking Companies	23,439,238	22,284,451
- Non-Banking Financial Institutions	3,741,383	3,072,559
- Private Sector	295,864,559	219,339,973
- Embassies	662,823	209,036
- Non residents (Corporate & Individual)	47,761,413	45,491,632
- Trusts	12,726,300	28,618,519
	718,449,989	626,774,412

- 14.3** This includes deposits eligible to be covered under insurance arrangements amounting to Rs. 358,978 million (2021: Rs. 349,153 million)

Notes to the Financial Statements

For the year ended 31 December 2022

15 DEFERRED TAX ASSETS / (LIABILITIES)

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

	Note	2022			
		At 1 January 2022	Recognised in profit and loss	Recognised in OCI	At 31 December 2022
----- (Rupees in '000) -----					
Deductible Temporary Differences on					
Worker Welfare Fund		976,495	100,153	-	1,076,648
Provision against advances, off balance sheet etc.	15.1	1,445,740	(803,721)	-	642,019
Accelerated tax depreciation		41,791	66,978	-	108,769
Unpaid liabilities		3,997,679	410,019	-	4,407,698
		6,461,705	(226,571)	-	6,235,134
Taxable Temporary Differences on					
Surplus on revaluation of fixed assets	19.1	(270,181)	13,897	(27,862)	(284,146)
Surplus / (deficit) on revaluation of investments	19.2	311,982	-	(382,874)	(70,892)
Post retirement employee benefits		(5,402)	-	(8,474)	(13,876)
Goodwill		(10,177,170)	(1,043,812)	-	(11,220,982)
		(10,140,771)	(1,029,915)	(419,210)	(11,589,896)
		(3,679,066)	(1,256,486)	(419,210)	(5,354,762)
----- (Rupees in '000) -----					
----- (Rupees in '000) -----					
----- (Rupees in '000) -----					
Deductible Temporary Differences on					
Deficit on revaluation of investments		(142,523)	-	454,505	311,982
Worker Welfare Fund		876,342	100,153	-	976,495
Provision against advances, off balance sheet etc.		2,914,861	(1,469,121)	-	1,445,740
Accelerated tax depreciation		67,486	(25,695)	-	41,791
Unpaid liabilities		3,043,259	954,420	-	3,997,679
		6,759,425	(440,243)	454,505	6,773,687
Taxable Temporary Differences on					
Surplus on revaluation of fixed assets		(254,107)	13,463	(29,537)	(270,181)
Post retirement employee benefits		3,054	-	(8,456)	(5,402)
Goodwill		(9,133,358)	(1,043,812)	-	(10,177,170)
		(9,384,411)	(1,030,349)	(37,993)	(10,452,753)
		(2,624,986)	(1,470,592)	416,512	(3,679,066)

15.1 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.

Notes to the Financial Statements

For the year ended 31 December 2022

16 OTHER LIABILITIES	Note	2022	2021
(Rupees in '000)			
Mark-up / return / interest payable in local currency		710,376	522,719
Mark-up / return / interest payable in foreign currencies		3,236	1,240
Accrued expenses		3,596,902	3,572,068
Advance payments		690,971	456,472
Sundry creditors		13,695,777	7,640,888
Mark to market loss on forward foreign exchange contracts		169,502	2,046,836
Unrealized loss on interest rate derivatives and currency options		12,341,108	5,228,961
Due to Holding Company	16.1	20,837,568	14,336,497
Taxation (provisions less payments)		739,582	-
Clearing and settlement accounts		8,848,884	1,541,163
Charity fund balance		18,354	10,482
Dividend payable		172,961	132,495
Branch adjustment account		103,376	-
Provision against off balance sheet obligations	16.2 & 16.3	189,808	233,808
Worker's Welfare Fund (WWF) payable	16.4	3,975,581	2,952,654
Lease liability		1,847,964	2,047,578
Short sell - Federal Government Securities		-	20,989,124
Acceptances		4,788,892	12,065,534
Unsettled trades	16.5	-	3,929,796
Others		348,264	28,537
		73,079,106	77,736,852
16.1 Due to holding company			
On account of reimbursement of executive and general administrative expenses		10,250,476	10,250,476
Dividend and other payable		10,587,092	4,086,021
		20,837,568	14,336,497

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

16.3 Provision against off-balance sheet obligations

Opening balance	233,808	226,638
Charge for the year	7,241	50,817
Reversals	(51,241)	(43,647)
Closing balance	189,808	233,808

16.4 The Supreme Court of Pakistan vide its order dated 10 November 2016 has held that the amendments made in the law introduced by the Federal Government by Finance Act 2008 for the levy of 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.

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

Notes to the Financial Statements

For the year ended 31 December 2022

17 SHARE CAPITAL

17.1 Authorized Capital

2022	2021	Note	2022	2021
(Number of shares)			(Rupees in '000)	
<u>4,000,000,000</u>	<u>4,000,000,000</u>		<u>40,000,000</u>	<u>40,000,000</u>
Ordinary shares of Rs.10 each				

17.2 Issued, subscribed and paid-up Capital

2022	2021		2022	2021
(Number of shares)			(Rupees in '000)	
2,939,785,018	2,939,785,018	Ordinary shares of Rs. 10 each Fully paid in cash	29,397,850	29,397,850
931,800,003	931,800,003	Issued in terms of scheme of amalgamation	9,318,000	9,318,000
		17.3		
<u>3,871,585,021</u>	<u>3,871,585,021</u>		<u>38,715,850</u>	<u>38,715,850</u>

17.3 These represent 892,554,151 shares of Rs. 10/- each issued and allotted at par to Standard Chartered Bank (UK) against transfer of entire undertaking of SCB Branch Business by SCB to the Bank, and 39,245,852 shares issued and allotted at par credited as fully paid up to persons who were registered shareholders of Union Bank. These shares have been issued in accordance with the scheme of amalgamation duly approved by State Bank of Pakistan on 4 December 2006.

17.4 At 31 December 2022, Standard Chartered Bank (UK), held 98.99% shares of the Bank.

18 Reserves

	Note	2022	2021
		(Rupees in '000)	
Share premium	18.1	1,036,090	1,036,090
Statutory reserve	18.2	28,175,870	24,206,995
		<u>29,211,960</u>	<u>25,243,085</u>

18.1 This represents excess of fair value of the shares over par value of shares issued to registered shareholders of Union Bank in terms of the amalgamation scheme.

18.2 In accordance with the Banking Companies Ordinance, 1962, the Bank is required to transfer twenty percent of its profit of each year to a reserve fund until the amount in such fund equals the paid-up capital of the Bank.

18.3 The Board of Directors in their meeting held on 16 February 2023 have announced a final cash dividend of 25.0% (Rs. 2.50/- per share) in respect of the year ended 31 December 2022 (2021: Rs. 1.75 per share). This is in addition to 15.0% (Rs. 1.50/- per share) interim cash dividend announced during the year. The financial statements for the year ended 31 December 2022 do not include the effect of final dividend appropriations which will be accounted for subsequent to the year end.

Notes to the Financial Statements

For the year ended 31 December 2022

19 SURPLUS ON REVALUATION OF ASSETS - NET OF DEFERRED TAX	Note	2022	2021
(Rupees in '000)			
Surplus / (deficit) arising on revaluation of:			
Fixed assets	19.1	8,068,965	8,129,978
Available for sale securities	19.2	164,865	(799,954)
		8,233,830	7,330,024
Deferred tax on (surplus) / deficit on revaluation of:			
Fixed assets	19.1	(284,146)	(270,181)
Available for sale securities	19.2	(70,892)	311,982
		(355,038)	41,801
		7,878,792	7,371,825
19.1 Surplus on revaluation of fixed assets - net of tax			
Surplus on revaluation of fixed assets as at 1 January		8,129,978	7,745,270
Recognised during the year		-	419,228
Realised on disposal during the year		(28,694)	-
Transferred to unappropriated profit in respect of incremental depreciation charged during the year		(32,319)	(34,520)
Surplus on revaluation of fixed assets as at 31 December - Gross		8,068,965	8,129,978
Less: Related deferred tax liability on:			
Revaluation surplus as at 1 January		(270,181)	(254,107)
Revaluation surplus recognised during the year		-	(105)
Surplus realized on disposal during the year		200	-
Deferred rate tax rate impact		(28,062)	(29,432)
Incremental depreciation charged during the year		13,897	13,463
		(284,146)	(270,181)
Surplus on revaluation of fixed assets as at 31 December - net of tax		7,784,819	7,859,797
19.2 Surplus on revaluation of Available for Sale securities - net of tax			
Market Treasury Bills		(713,450)	(68,204)
Pakistan Investment Bonds		834,425	(657,740)
Sukuk and Ijarah Bonds		(2,495)	(107,376)
Listed shares		46,385	33,366
		164,865	(799,954)
Related deferred tax liability		(70,892)	311,982
		93,973	(487,972)
20 CONTINGENCIES AND COMMITMENTS			
Guarantees	20.1	164,596,737	137,226,388
Commitments	20.2	181,866,138	491,543,968
Other contingent liabilities	20.3	30,736,676	30,781,591
		377,199,551	659,551,947
20.1 Guarantees:			
Guarantees issued favouring:			
Financial guarantees		11,464,512	11,529,652
Performance guarantees		108,968,856	90,299,604
Other guarantees		44,163,369	35,397,132
		164,596,737	137,226,388
20.2 Commitments:			
Documentary credits and short-term trade-related transactions			
Letters of credit		35,040,339	54,690,025
Commitments in respect of:			
Forward foreign exchange contracts			
- Purchase	20.4	94,999,666	233,823,409
- Sale	20.4	4,669,999	156,529,301
Commitment in respect of derivatives			
- Interest rate swaps	20.6	12,604,238	14,090,226
- Cross currency swaps	20.6	34,120,092	32,064,531
Commitment for acquisition of fixed assets		430,954	345,774
Commitment in respect of operating leases	20.7	850	702
		181,866,138	491,543,968
20.3 Other contingent liabilities			
		30,736,676	30,781,591

Notes to the Financial Statements

For the year ended 31 December 2022

20.3.1 The Bank has a case before the Court on the land where an office building is constructed and the Bank owns a portion of that premises. A request for clearance of its premises from the competent court has been filed based on the fact that the Bank is a bonafide purchaser of the premises having no relevance with the principal case. Considering the facts of the case, the management expects a favourable decision in this case from the competent court. The Bank is also in litigation with various tenants for repossessing its office space in one of its other owned properties. These cases are now being adjudicated before the Court of Rent Controller. Based on the facts of the case and the opinion of legal counsel, the management expects a favourable decision from the dealing court in remaining cases.

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

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

20.4 Commitments in respect of forward foreign exchange contracts

	2022	2021
	(Rupees in '000)	
Purchase from:		
State Bank of Pakistan	56,451,740	42,922,076
Other banks	35,844,802	185,697,911
Customers	2,703,124	5,203,422
	<u>94,999,666</u>	<u>233,823,409</u>
Sale to:		
State Bank of Pakistan	-	-
Other banks	3,770,185	154,490,357
Customers	899,814	2,038,944
	<u>4,669,999</u>	<u>156,529,301</u>

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

20.5 Commitments to extend credit

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

20.6 Commitments in respect of derivatives

	2022	2021
	(Rupees in '000)	
Interest rate Swaps		
- Purchase	3,302,119	4,045,113
- Sale	9,302,119	10,045,113
	<u>12,604,238</u>	<u>14,090,226</u>
Cross currency Swaps		
- Purchase	-	9,834,847
- Sale	34,120,092	22,229,684
	<u>34,120,092</u>	<u>32,064,531</u>

20.7 Commitments in respect of operating leases

Not later than one year	-	-
Later than one year and not later than five years	850	702
Later than five years	-	-
	<u>850</u>	<u>702</u>

Notes to the Financial Statements

For the year ended 31 December 2022

20.8 Derivative instruments

20.8.1 Product analysis

		2022					
		(Rupees in '000)					
Counterparties		Interest Rate Swaps		Cross Currency Swaps		FX Options	
		Notional Principal *	Mark to market gain / loss	Notional Principal *	Mark to market gain / loss	Notional Principal *	Mark to market gain / loss
With Banks for							
	Hedging	3,302,119	142,689	4,478,469	(612,818)	-	-
	Market Making	-	-	303,954	(170,404)	-	-
With FIs other than banks							
	Hedging	-	-	-	-	-	-
	Market Making	-	-	-	-	-	-
With other entities for							
	Hedging	-	-	-	-	-	-
	Market Making	9,302,119	(1,022,125)	29,337,670	(10,535,761)	-	-
Total							
	Hedging	3,302,119	142,689	4,478,469	(612,818)	-	-
	Market Making	9,302,119	(1,022,125)	29,641,624	(10,706,165)	-	-
		2021					
		(Rupees in '000)					
Counterparties		Interest Rate Swaps		Cross Currency Swaps		FX Options	
		Notional Principal *	Mark to market gain / loss	Notional Principal *	Mark to market gain / loss	Notional Principal *	Mark to market gain / loss
With Banks for							
	Hedging	4,045,113	25,235	4,940,143	(359,047)	-	-
	Market Making	-	-	784,611	(267,346)	-	-
With FIs other than banks							
	Hedging	-	-	-	-	-	-
	Market Making	-	-	-	-	-	-
With other entities for							
	Hedging	-	-	-	-	-	-
	Market Making	10,045,113	(145,342)	26,339,778	(4,179,395)	-	-
Total							
	Hedging	4,045,113	25,235	4,940,143	(359,047)	-	-
	Market Making	10,045,113	(145,342)	27,124,389	(4,446,741)	-	-

* At the exchange rate prevailing at year end.

Notes to the Financial Statements

For the year ended 31 December 2022

20.8.2 Maturity analysis

Remaining Maturity	2022				
	No. of Contracts	Notional Principal	Mark to Market		Net
			Negative	Positive	
----- (Rupees in '000) -----					
Upto 1 month	-	-	-	-	-
1 to 3 months	4	575,059	(216,195)	-	(216,195)
3 to 6 months	1	392,706	(22,133)	-	(22,133)
6 months to 1 year	3	1,122,403	(457,664)	-	(457,664)
1 to 2 years	7	11,378,161	(1,859,632)	142,689	(1,716,943)
2 to 3 years	36	13,635,502	(5,738,956)	-	(5,738,956)
3 to 5 years	2	5,000,001	(737,380)	-	(737,380)
5 to 10 years	7	14,620,500	(3,309,148)	-	(3,309,148)
Above 10 years	-	-	-	-	-
	60	46,724,332	(12,341,108)	142,689	(12,198,419)

Remaining Maturity	2021				
	No. of Contracts	Notional Principal	Mark to Market		Net
			Negative	Positive	
----- (Rupees in '000) -----					
Upto 1 month	4	6,019,373	-	-	-
1 to 3 months	-	-	-	-	-
3 to 6 months	1	72,281	(38,530)	-	(38,530)
6 months to 1 year	2	564,592	(244,930)	27,656	(217,274)
1 to 2 years	8	3,760,120	(386,668)	44,107	(342,561)
2 to 3 years	7	14,931,995	(843,384)	24,847	(818,537)
3 to 5 years	37	20,806,397	(3,715,449)	206,456	(3,508,993)
5 to 10 years	-	-	-	-	-
Above 10 years	-	-	-	-	-
	59	46,154,758	(5,228,961)	303,066	(4,925,895)

For derivate risk management policy refer note 42.

21 MARK-UP / RETURN / INTEREST EARNED

Note	2022	2021
(Rupees in '000)		
On loans and advances to customers	30,417,907	18,727,580
On loans and advances to financial institutions	89,211	117,642
On investments	57,491,111	27,338,537
On deposits with financial institutions / State Bank of Pakistan	177,189	3,313
On securities purchased under resale agreements	2,020,478	431,674
On call money lendings / Placements	234,358	233,593
	90,430,254	46,852,339

22 MARK-UP / RETURN / INTEREST EXPENSED

Deposits	40,646,176	17,975,590
Securities sold under repurchase agreements	1,321,449	510,929
Call borrowings	39,598	1,691
Borrowings from State Bank of Pakistan under Export Refinance (ERF) scheme	1,083,186	446,577
Cost of foreign currency swaps against foreign currency deposits / borrowings	2,076,369	882,958
Deposit protection premium	558,645	519,979
Finance cost against leases	102,929	246,919
	45,828,352	20,584,643

22.1 As per State Bank of Pakistan DPC Circular No. 04 of 2018, dated 22nd June 2018, all member banks are required to pay deposits protection premium at the rate of 0.16% on eligible deposits as defined in the aforesaid circular.

Notes to the Financial Statements

For the year ended 31 December 2022

	Note	2022	2021
(Rupees in '000)			
23 FEE & COMMISSION INCOME			
Branch banking customer fees		398,339	286,268
Consumer finance related fees		75,893	77,815
Card related fees (debit and credit cards)		788,915	1,175,565
Credit related fees		7,358	19,088
Investment banking fees		120,810	181,457
Brokerage charges		(59,755)	(70,204)
Commission on trade and cash management		905,630	673,813
Commission on guarantees		408,681	279,075
Commission on remittances including home remittances		181,543	228,762
Commission on bancassurance		33,981	72,782
Custody fees		131,591	208,146
		2,992,986	3,132,567
24 FOREIGN EXCHANGE INCOME			
Gain / (loss) realised from dealing in:			
Foreign currencies		9,278,822	5,995,415
Derivative financial instruments		260,174	(1,402,103)
		9,538,996	4,593,312
25 GAIN / (LOSS) ON SALE OF SECURITIES			
Realised	25.1	2,397,823	1,765,660
Unrealised - held for trading	7.1	(131,784)	289,257
		2,266,039	2,054,917
25.1 Realised gain on:			
Federal Government Securities			
Market Treasury Bills		1,601,810	990,691
Pakistan Investment Bonds		792,239	777,655
Ijarah Sukuks		3,774	(2,686)
		2,397,823	1,765,660
26 OTHER INCOME			
Rent on property		32,586	29,539
Gain on sale of fixed assets - net	9.6	23,585	11,162
Gain on sale of asset held for sale		80,601	-
Sri Lanka branch operations recovery & exchange translation	11.2	(12,485)	345
Recoveries against assets at acquisition of Union Bank Limited		-	30,000
Gain / (loss) on lease termination		1,376	154,296
Gain on acquisition of assets		-	1,567
		125,663	226,909

Notes to the Financial Statements

For the year ended 31 December 2022

	Note	2022	2021
(Rupees in '000)			
27 OPERATING EXPENSES			
Total compensation expense	27	7,414,425	6,644,007
Property expense			
Rent & taxes		160,490	111,228
Insurance		12,378	11,178
Utilities cost		399,302	269,327
Security (including guards)		187,941	220,228
Repair & maintenance		226,307	195,490
Civil works		122,138	204,743
Facilities management cost		135,518	128,600
Depreciation (Property related)		116,860	125,531
Depreciation (Right of use assets)	9	400,665	509,941
Cleaning and Janitorial		416,672	430,508
Minor improvements, additions and others		225,568	67,271
		2,403,839	2,274,045
Information technology expenses			
Software maintenance		253,352	330,963
Hardware maintenance		206,805	287,815
Depreciation (IT related)		311,617	275,690
Amortisation		-	14
Network charges		54,897	14,149
		826,671	908,631
Other operating expenses			
Directors' fees and allowances		13,975	13,925
Fees and allowances to Shariah Board		15,742	11,589
Legal & professional charges		236,007	130,732
Outsourced services costs	27	133,721	115,894
Travelling & conveyance		140,902	38,355
Depreciation (Other operating exp)		65,716	69,106
Training & development		19,655	1,203
Postage & courier charges		127,219	127,439
Communication		368,560	345,016
Stationery & printing		191,327	206,001
Marketing, advertisement & publicity		465,259	292,249
Donations	27	23,371	9,250
Auditors remuneration	28	30,400	27,150
Cash transportation services		60,439	58,578
Documentation and processing charges		159,717	165,179
Insurance		21,984	32,051
Others		91,662	69,095
		2,165,656	1,712,812
		12,810,591	11,539,495
27.1 Total compensation expense			
Managerial Remuneration			
i) Fixed		3,707,537	3,206,827
ii) Variable of which;			
a) Cash Bonus / Awards etc.		1,306,711	1,180,887
b) Bonus & Awards in Shares etc.		92,096	51,397
Fees and allowances etc		1,380,831	1,127,174
Charge for defined benefit plan		(1,299)	(475)
Contribution to defined contribution plan		435,519	379,525
Rent & house maintenance		26,000	26,000
Conveyance		221,323	399,728
Others			
a) Redundancy / severance		29,482	87,942
b) Staff entertainment		17,526	18,420
c) Temporary staff cost		352	240
d) Staff insurance		198,347	166,342
		7,414,425	6,644,007

Notes to the Financial Statements

For the year ended 31 December 2022

27.2 Total cost for the year included in other operating expenses relating to outsourced activities is Rs. 134 million (2021: Rs. 116 million). The total amount pertains to the payment to companies incorporated in Pakistan. The material outsourcing arrangement along with their nature of services are as follows;

Supplier name	Services	2022	2021
(Rupees in '000)			
CMS Company	Cash Sorting at Cash Houses and Branches	30,000	30,000
DWP Technologies (Pvt) Ltd	Network Management Support Services	20,299	11,300
DWP Technologies (Pvt) Ltd	Printing of Customer Statement	10,493	5,854
Agility Logistics (Pvt) Limited	Archival facility for Bank's documents	11,671	14,922
Infotel Pakistan (Pvt.) Ltd.	Credit and Debit Card Personalization	10,486	6,918
Apex Printry Pvt Ltd	Secured Printing i.e.Cheque books, Pay orders etc.	10,883	9,196
Inbox Business Technologies Ltd	Desktop & End User Support Services	39,889	37,704
		133,721	115,894

27.3 Bank is awaiting approval from State Bank of Pakistan (SBP) for payment of group executive and general administration expenses for prior years. In concurrence with SCB UK, no expenses have been charged since 2018.

27.4 Details of the donations given in excess of Rs. 500,000 are given below:

	2022	2021
(Rupees in '000)		
Donee		
Right to Play International - Goal Programme	10,135	9,250
The Citizen's Foundation	10,000	-
Orange Tree Foundation	2,400	-
Health Oriented Preventive Education	836	-

Donations were not made to any donee in which directors or their spouse had any interest.

Moreover, SCB Group directly sponsored donations amounting to PKR 22.51 million during the year (2021: Rs.44.88 million) which were co-ordinated through SCBPL. This donation was made for SCWomen in tech initiative through Innoventures.

	Note	2022	2021
(Rupees in '000)			
27.5 Auditors' remuneration			
Statutory audit fee		21,006	17,862
IFRS reporting fee		4,150	3,529
Special certifications and sundry other reporting		3,831	4,408
Fee for audit of employee funds		413	351
Out-of-pocket expenses		1,000	1,000
		30,400	27,150
28 OTHER CHARGES			
Fines and penalties imposed by SBP		11,919	18,989
29 PROVISIONS AND WRITE OFFS - NET			
Reversal / (provision) against loans and advances	8	1,119,528	(706,413)
Reversal / (provision) against off-balance sheet obligations - net		44,000	(7,170)
Recovery of amounts written off		344,337	411,969
Bad debts written off directly	8.5.1	(173,278)	(166,996)
Fixed assets write offs		(15,095)	(26,117)
		1,319,492	(494,727)
30 TAXATION			
- Current		27,577,385	9,696,706
- Prior years	30	1,445,253	(133,332)
- Deferred		1,256,486	1,470,592
		30,279,124	11,033,966

Notes to the Financial Statements

For the year ended 31 December 2022

30.1 Relationship between tax expense and accounting profit

	2022	2021
	(Rupees in '000)	
Profit before taxation	50,123,499	24,761,638
Tax at the applicable tax rate of 39% (2021: 35%)	19,548,165	8,666,573
Expenses that are not deductible in determining taxable income	4,648	6,646
Super tax	4,797,763	975,170
Prior year provision	1,445,253	827,368
Impact of rate change	379,614	255,018
Additional Tax on Government Securities	4,068,353	287,390
Others	35,330	15,801
	30,279,126	11,033,966

31 EARNINGS PER SHARE - BASIC AND DILUTED

	2022	2021
	(Rupees in '000)	
Profit for the year	19,844,375	13,727,672
	(Number of shares)	
Weighted average number of ordinary shares	3,871,585,021	3,871,585,021
	(Rupees)	
Earnings per share - basic and diluted	5.13	3.55

There were no convertible dilutive potential ordinary shares outstanding as at December 31, 2022 and 2021.

32 STAFF STRENGTH

	2022	2021
	(Number)	
Permanent	2,124	2,279
Temporary / on contractual basis / direct contracts	11	13
Bank's own staff at the end of year	2,135	2,292
Outsourced	-	-
Total staff strength	2,135	2,292

33 CASH AND CASH EQUIVALENTS

	2022	2021
	(Rupees in '000)	
Cash and balances with treasury banks	68,918,645	60,295,393
Balances with other banks	8,737,656	9,567,702
Overdrawn nostros	(3,074,558)	(10,947)
	74,581,743	69,852,148

Notes to the Financial Statements

For the year ended 31 December 2022

33.1 Reconciliation of movement of liabilities to cash flows arising from financing activities

	2022							Total		
	Liabilities			Equity						
	Bills payable	Borrowings	Deposits and other accounts	Deferred tax liabilities	Other liabilities	Share capital	Reserves	Surplus on revaluation of assets	Unappropriated profit	
Balance as at 1 January 2022	16,601,187	35,028,767	626,774,412	3,679,066	77,736,852	38,715,850	25,243,085	7,371,825	8,274,496	839,425,540
Changes from financing cash flows	-	-	-	-	(4,926,565)	-	-	-	-	(4,926,565)
Dividend paid	-	-	-	-	(578,229)	-	-	-	-	(578,229)
Payment in respect of lease liability	-	-	-	-	(5,504,794)	-	-	-	-	(5,504,794)
Total changes from financing cash flows	-	-	-	-	(10,009,588)	-	-	-	-	(10,009,588)
Other changes	-	-	-	-	-	-	-	-	19,962,814	19,962,814
Liability-related	(1,780,570)	(6,965,148)	91,675,577	1,675,696	(14,543)	-	3,968,875	-	(3,968,875)	(1,780,570)
Changes in bills payable	-	-	-	-	-	-	-	-	-	(6,965,148)
Changes in borrowings	-	-	-	-	-	-	-	-	-	91,675,577
Changes in deposits and other accounts	-	-	-	1,675,696	-	-	-	-	-	1,675,696
Changes in deferred tax liabilities	-	-	-	-	861,591	-	-	-	-	861,591
Changes in other liabilities	-	-	-	-	-	-	-	-	-	-
- Cash based	-	-	-	-	-	-	-	-	-	-
- Non-cash based - Actuarial loss on remeasurements of defined benefit plan	-	-	-	-	(14,543)	-	-	-	-	(14,543)
Transfer of profit to reserve	-	-	-	-	-	-	3,968,875	-	(3,968,875)	-
Dividend announced	-	-	-	-	-	-	-	-	(12,582,652)	(12,582,652)
Realised on disposal during the year - net of deferred tax	-	-	-	-	-	-	-	-	28,494	28,494
Changes in surplus on revaluation of assets	(1,780,570)	(6,965,148)	91,675,577	1,675,696	847,048	-	-	506,967	-	506,967
Balance as at 31 December 2022	14,820,617	28,063,619	718,449,989	5,354,762	73,079,106	38,715,850	29,211,960	7,878,792	11,714,277	927,288,972

Notes to the Financial Statements

For the year ended 31 December 2022

Reconciliation of movement of liabilities to cash flows arising from financing activities

	2021							Total		
	Liabilities			Equity						
	Bills payable	Borrowings	Deposits and other accounts	Deferred tax liabilities	Other liabilities	Share capital	Reserves	Surplus on revaluation of assets	Unappropriated profit	
Balance as at 1 January 2021	10,712,040	23,293,381	556,505,923	2,624,986	47,090,605	38,715,850	22,497,551	7,755,848	12,706,561	721,904,745
Changes from financing cash flows										
Dividend paid	-	-	-	-	(11,392,837)	-	-	-	-	(11,392,837)
Payment in respect of lease liability	-	-	-	-	(562,279)	-	-	-	-	(562,279)
Total changes from financing cash flows	-	-	-	-	(11,955,116)	-	-	-	-	(11,955,116)
Other changes	-	-	-	-	-	-	-	-	13,797,809	13,797,809
Liability-related										
Changes in bills payable	5,889,147	-	-	-	-	-	-	-	-	5,889,147
Changes in borrowings	-	11,735,386	-	-	-	-	-	-	-	11,735,386
Changes in deposits and other accounts	-	-	70,268,489	-	-	-	-	-	-	70,268,489
Changes in deferred tax liabilities	-	-	-	1,054,080	-	-	-	-	-	1,054,080
Changes in other liabilities	-	-	-	-	42,597,564	-	-	-	-	42,597,564
- Cash based	-	-	-	-	-	-	-	-	-	-
- Non-cash based - Actuarial loss on revaluations of defined benefit plan	-	-	-	-	3,799	-	-	-	-	3,799
Transfer of profit to reserve	-	-	-	-	-	-	2,745,534	-	(2,745,534)	-
Dividend announced	-	-	-	-	-	-	-	-	(15,486,340)	(15,486,340)
Realised on disposal during the year - net of deferred tax	-	-	-	-	-	-	-	-	-	-
Changes in surplus on revaluation of assets	-	-	-	-	-	-	-	(384,023)	-	(384,023)
Balance as at 31 December 2021	16,601,187	35,028,767	626,774,412	3,679,066	77,736,852	38,715,850	25,243,085	7,371,825	8,274,496	839,425,540

(Rupees in '000)

Notes to the Financial Statements

For the year ended 31 December 2022

34 DEFINED BENEFIT PLANS

34.1 General description

Non Management Staff Pension Fund

The plan provides pension calculated at 50% of the average pensionable salary after completing 30 years of service. The employees of the Bank are entitled to either pension or gratuity, but not both. However, the employees of ANZ Grindlays Bank transferred to the bank are entitled to both pension and gratuity and the minimum number of years required for entitlement of pension is 25 years for these employees. Pension is calculated as 1/120 times the last drawn merged salary for each year of service. The plan is closed to active employees. The entire liability is in respect of existing pensioners.

Management Staff Pension Fund

The plan is closed to active employees. The entire liability is in respect of existing pensioners.

Additional Lump Sum on cessation scheme

This scheme covers unionized employees of the Bank, where they are entitled to 12 basic salaries as of January 1, 2017, payable upon retirement or in case of death or permanent disability leading to cessation of employment during the service. This is an unfunded defined benefit scheme.

34.2 Number of Employees under the scheme

	2022	2021
SCB Non Management Pension Fund	25	29
SCB Management Pension Fund	37	40
Additional Lump Sum on cessation scheme	9	10

34.3 Principal Actuarial Assumptions

The last actuarial valuation of the scheme was carried out on 31 December 2022 and the key assumptions used for actuarial valuation were as follows:

	2022	2021
Discount rate	13.25% p.a.	10.40% p.a.
Expected rate of increase in salary in future years	N/A	N/A
Expected rate of return on plan assets	13.25% p.a.	10.40% p.a.
Expected long term rate of increase in pension	3.5% p.a.	3.5% p.a.
Mortality rate	SLIC (2001-05) ultimate mortality table rated down one year Light	SLIC (2001-05) ultimate mortality table rated down one year Light
Withdrawal rate		

	SCB Non Management Pension Fund		SCB Management Pension Fund		Additional Lump Sum on cessation scheme		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
(Rupees in '000)								

34.4 Reconciliation of (receivable from) / payable to defined benefit plan

Present value of obligations	28,485	33,615	43,519	54,191	10,425	12,135	82,428	99,941
Fair value of plan assets	(57,248)	(57,196)	(57,450)	(56,595)	-	-	(114,698)	(113,791)
(Receivable from) / payable to defined benefit plan	(28,763)	(23,581)	(13,931)	(2,404)	10,425	12,135	(32,270)	(13,850)

34.5 Movement in defined benefit obligation

Obligation as at 1 January	33,615	38,866	54,191	46,253	12,135	18,039	99,941	103,158
Interest cost	3,376	3,576	5,454	4,245	1,273	2,028	10,103	9,849
Benefits paid	(4,166)	(4,927)	(6,234)	(6,511)	(2,577)	(8,448)	(12,978)	(19,886)
Re measurement: Actuarial (gain) / loss on obligation	(4,340)	(3,900)	(9,892)	10,204	(406)	516	(14,638)	6,820
Obligation as at 31 December	28,485	33,615	43,519	54,191	10,425	12,135	82,428	99,941

34.6 Movement in fair value of plan assets

Fair value as at 1 January	57,196	56,441	56,595	55,443	-	-	113,791	111,884
Interest income on plan assets	5,710	5,220	5,692	5,104	-	-	11,402	10,324
Benefits paid	(4,166)	(4,927)	(6,234)	(6,511)	-	-	(10,400)	(11,438)
Re measurement: Actuarial gain / (loss) on plan assets	(1,492)	462	1,397	2,559	-	-	(95)	3,021
Fair value as at 31 December	57,248	57,196	57,450	56,595	-	-	114,698	113,791

Notes to the Financial Statements

For the year ended 31 December 2022

	SCB Non Management Pension Fund		SCB Management Pension Fund		Additional Lump Sum on cessation scheme		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
(Rupees in '000)								
34.7 Movement in (receivable) / payable from / to defined benefit plan								
Balance as at 1 January	(23,581)	(17,575)	(2,404)	(9,190)	12,135	18,039	(13,850)	(8,726)
Net benefit cost/(income) for the year ended	(2,334)	(1,644)	(238)	(859)	1,273	1,470	(1,299)	(1,033)
Current service cost	-	-	-	-	-	558	-	558
Benefits paid	-	-	-	-	(2,577)	(8,448)	(2,577)	(8,448)
Total amount of remeasurements recognised in OCI during the year	(2,848)	(4,362)	(11,289)	7,645	(406)	516	(14,543)	3,799
Balance as at 31 December	(28,763)	(23,581)	(13,931)	(2,404)	10,425	12,135	(32,269)	(13,850)
34.8 Actual return on plan assets								
Expected return on plan assets	5,710	5,220	5,692	5,104	-	-	11,402	10,324
Actuarial gain / (loss) on plan assets	(1,492)	462	1,397	2,559	-	-	(95)	3,021
	4,218	5,682	7,089	7,663	-	-	11,307	13,345

Amount recognized in total comprehensive income

The following amounts have been charged in respect of these benefits to profit and loss account and other comprehensive income:

Components of defined benefit costs recognized in profit and loss account.

Interest cost	3,376	3,576	5,454	4,245	1,273	2,028	10,103	9,849
Expected return on plan assets	(5,710)	(5,220)	(5,692)	(5,104)	-	-	(11,402)	(10,324)
	(2,334)	(1,644)	(238)	(859)	1,273	2,028	(1,299)	(475)

Components of defined benefit costs (re-measurement) recognised in other comprehensive income

Re-measurement : Actuarial gain / loss on obligation

- (Gain) / Loss due to change in financial assumptions	(4,288)	(1,125)	(6,720)	(1,881)	(930)	(260)	(11,938)	(3,266)
- (Gain) / Loss due to change in experience adjustments	(52)	(2,775)	(3,172)	12,085	524	776	(2,700)	10,086
	(4,340)	(3,900)	(9,892)	10,204	(406)	516	(14,638)	6,820

Re-measurement : interest income net of return on plan assets

Actual net return on plan assets	4,475	6,064	6,782	7,099	-	-	11,257	13,163
Interest income on plan assets	5,710	5,220	5,692	5,104	-	-	11,402	10,324
Opening difference	(257)	(382)	307	564	-	-	50	182
	1,492	(462)	(1,397)	(2,559)	-	-	95	(3,021)
Net re-measurement recognised in other comprehensive income	(2,848)	(4,362)	(11,289)	7,645	(406)	516	(14,543)	3,799

34.8.1 Components of plan assets

Bonds	-	55,038	56,315	49,885	-	-	56,315	104,923
Cash and net current assets	57,248	2,158	1,135	6,710	-	-	58,383	8,868

34.8.2 Sensitivity Analysis on defined benefit obligations

	+1% Discount rate	-1% Discount rate	+1% Pension increase	-1% Pension increase
(Rupees in '000)				
Non Management Pension Fund	27,233	29,857	29,978	27,109
Management Pension Fund	41,559	45,668	48,858	41,364
Additional Lump Sum on cessation scheme	10,133	10,735	-	-

Notes to the Financial Statements

For the year ended 31 December 2022

34.8.3 Five year data on surplus/ (deficit) of the plans and experience adjustments

	2022	2021	2020	2019	2018
	----- (Rupees in '000) -----				
Present value of defined benefit obligation	82,428	99,941	103,158	78,618	87,854
Fair value of plan assets	114,698	113,791	111,884	110,160	104,154
Deficit / (Surplus)	(32,270)	(13,850)	(8,726)	(31,542)	(16,300)
Experience adjustments on plan liabilities - loss / (gain)	(2,700)	10,086	(6,106)	4,556	(4,025)
Experience adjustments on plan assets - loss / (gain)	95	(3,021)	1,849	(6,632)	(405)

34.8.4 Expected contributions to be paid to the funds in the next financial year

-

34.8.5 Expected charge / (reversal) for the next financial year

(3,802)

34.9 Funding Policy

The administration of defined benefit pension scheme is governed under provision of trust deeds established in 2002. Trustees at the request of the Bank agreed to act in accordance with the terms and conditions of these deeds including investment. Funding levels are monitored on annual basis based on actuarial recommendations.

Following are the significant risks associated with the define benefit plan / scheme

Asset Volatility

The Defined Benefit Pension Fund is almost entirely invested in Government Bonds with mostly fixed income bonds. For Management Pension Fund, 98.02% of the Investment (Rs. 56.315 million) is invested in Special Saving Certificates. This gives rise to significant reinvestment risk. The asset class is volatile with reference to the yield on this class. This risk should be viewed together with change in the bond yield risk. There is no equity or corporate bond exposure. Thus, no equity or settlement risk.

For Non-Management Fund, 100% of the investment (Rs. 57.248 million) are in cash and cash equivalents.

Changes in Bond Yields

There are two dimensions to the changes in Bond yields: first, as described above; second, the valuation of the Defined Benefit Liabilities is discounted with reference to these bond yields. So any increase in Bond yields will lower the Defined Benefit Liabilities and vice versa, but, it will also lower the Asset values.

Life expectancy / Withdrawal rate

The Gratuity is paid off at the maximum of age 60. The Life expectancy is in almost minimal range and is quite predictable in the ages when the employee is in the accredited employment of the Bank for the purpose of the pension. Thus, the risk of life expectancy is almost negligible. The withdrawal risk is dependent upon the: benefit structure; age and retention profile of the staff; the valuation methodology; and long-term valuation assumptions. In this case, it is not a significant risk.

35 DEFINED CONTRIBUTION PLAN

The Bank operates a contributory provident and gratuity fund scheme for permanent employees. For provident fund, the employer and employee both contribute 10% of the basic salaries to the funded scheme every month. For gratuity fund scheme, the employer contributes 8.33% and 16.66% of the basic salaries to the funded scheme every month and the payment is made subject to completion of vesting period. Equal monthly contribution by the employer for both the schemes during the year amounted to Rs. 435.519 million (2021: Rs. 379.525 million).

36 SHARE BASED PAYMENTS

The Bank's employees participate in the following share compensation plans operated globally by the ultimate holding company, Standard Chartered PLC (SCPLC). Under these equity settled plans, employees in Pakistan are issued shares of SCPLC upon meeting the vesting conditions. The market value of shares is denominated in pounds sterling at the time of grant. The (total income) / expense recognised in respect of above schemes on equity settled basis amounts to Rs. 91.727 million. The main features of each plan are as follows:

Notes to the Financial Statements

For the year ended 31 December 2022

2011 Standard Chartered Share Plan (the '2011 Plan')

The 2011 Plan was approved by Group shareholders in May 2011 and is the Group's main share plan. Since approval, it has been used to deliver various types of share awards. Share awards applicable for Pakistan are as under.

A) Long Term Incentive Plan (LTIP) awards

Granted with vesting subject to performance measures such as total shareholder return (TSR); return on equity (RoE) with a common equity tier (CET1) underpin; strategic measures; earnings per share (EPS) growth; and return on risk-weighted assets (RoRWA). Each measure is assessed independently over a three-year period. Awards granted from 2016 have an individual conduct gateway requirement that results in the award lapsing if not met.

B) Deferred / Restricted shares

Deferred awards are used to deliver the deferred portion of variable remuneration, in line with both market practice and regulatory requirements. These awards vest in installments on anniversaries of the awards date specified at the time of grant. Deferred awards are not subject to any plan limit. This enables the Group to meet regulatory requirements relating to deferral levels and is in line with market practice.

Restricted share awards, made outside of the annual performance process as replacement buy-out awards to new joiners who forfeit awards on leaving their previous employers, vest in installments on the anniversaries of the award date specified at the time of grant. This enables the Group to meet regulatory requirements relating to buy-outs, and is in line with market practice.

All Employee Sharesave Plans- (AESP) 2013 Sharesave Plan

The 2013 Sharesave Plan was approved by Group shareholders in May 2013. Under the 2013 Sharesave Plan, employees may open a savings contract. Within a maturity period of six months after the third anniversary, employees may purchase ordinary shares in the Company at a discount of up to 20 per cent on the share price at the date of invitation (this is known as the 'option exercise price'). There are no performance measures attached to options granted under the 2013 Sharesave Plan and no grant price is payable to receive an option. In Pakistan the Plan operate as Equity Settled Scheme.

Movements in the number of share options held by the Bank's employees are as follows:

	2022				2021			
	2011 Plan ¹		AESP 2013 Plan		2011 Plan ¹		AESP 2013 Plan	
	LTIP	Deferred / Restricted shares	Sharesave	average exercise price £ per share	LTIP	Deferred / Restricted shares	Sharesave	average exercise price £ per share
	------(Number in '000)-----				------(Number in '000)-----			
At 1 January	-	62	63	3.79	-	47	62	4.08
Granted during the year	-	43	27	4.23	-	33	20	3.67
Exercised during the year	-	(28)	(7)	5.06	-	(17)	-	3.67
Lapsed during the year	-	-	(18)	4.04	-	(2)	(19)	4.6
Notional dividend	-	1	-	-	-	1	-	-
At 31 December	-	78	65	3.77	-	62	63	3.79

Scheme	2022					2021				
	Range of exercise price	Weighted average exercise price	No. of options ('000)	Expected years	Contractual years	Range of exercise price	Weighted average exercise price	No. of options ('000)	Expected years	Contractual years
LTIP ^{1&2}	-	-	-	-	-	-	-	-	-	-
Deferred / Restricted shares ^{1&3}	-	-	78	10	8.26	-	-	62	10	8.26
Sharesave ⁴	£3.14/£5.13	3.77	65	3.33/5.33	2.38	£3.14/£6.20	3.79	63	3.33/5.33	2.38

1) Employees do not contribute towards the cost of these awards, hence the weighted average exercise price of these plans are nil.

2) As of 31 December 2022, total number of options exercisable for Long-Term Incentive Plan (LTIP) awards were nil.

3) As of 31 December 2022 total number of options for Deferred / Restricted Shares Plan awards exercisable were 416.

4) As of 31 December 2022 total number of options exercisable for Sharesave Plan awards were 2,318.

Notes to the Financial Statements

For the year ended 31 December 2022

37 COMPENSATION OF CHIEF EXECUTIVE AND EXECUTIVES

	2022						
	Directors			Members Shariah Board	President / CEO	Key Management Personnel	Other Material Risk Takers / Controllers
	Chairman	Executives (other than CEO)	Non- Executives				
	------(Rupees in '000)-----						
Fees and Allowances etc.	-	-	13,975	8,656	-	-	-
Managerial remuneration							
i) Fixed	-	-	-	5,613	90,492	254,966	291,504
ii) Total Variable of which							
a) Cash Bonus / Awards	-	-	-	1,232	66,877	159,897	154,438
b) Bonus & Awards in Shares	-	-	-	-	55,581	16,859	10,900
Contribution to defined contribution plan	-	-	-	686	3,382	31,228	35,543
Rent and house allowance	-	-	-	-	26,000	-	-
Conveyance	-	-	-	466	-	16,591	23,468
Others	-	-	-	4,126	1,870	46,323	122,965
Total	-	-	13,975	20,779	244,202	525,864	638,818
Number of persons	1	-	3	4	1	15	25

	2021						
	Directors			Members Shariah Board	President / CEO	Key Management Personnel	Other Material Risk Takers / Controllers
	Chairman	Executives (other than CEO)	Non- Executives				
	------(Rupees in '000)-----						
Fees and Allowances etc.	-	-	13,925	4,017	-	-	-
Managerial Remuneration							
i) Fixed	-	-	-	4,173	82,000	218,941	222,553
ii) Total Variable of which							
a) Cash Bonus / Awards	-	-	-	461	43,978	114,580	121,255
b) Bonus & Awards in Shares	-	-	-	-	32,233	10,444	6,458
Contribution to defined contribution plan	-	-	-	470	10,020	26,628	27,122
Rent and house allowance	-	-	-	-	26,000	-	-
Conveyance	-	-	-	708	-	28,893	38,331
Others	-	-	-	1,760	381	38,441	71,231
Total	-	-	13,925	11,589	194,612	437,927	486,950
Number of persons	1	-	3	4	1	16	25

37.1 Chief Executive Officer (CEO) and the Key management personnel (KMP) are part of the Bank's MRT / MRC. In addition, certain staff meeting the criteria for MRT / MRC but not classified as KMP are separately disclosed as 'Other MRT / MRC'.

37.2 Others include allowances in lieu of loans and relocations as per Bank policy and terms of employment for executives including the Chief Executive Officer.

37.3 The Chief Executive is also entitled for a Bank maintained car, reimbursements for cost of medical expense and other benefits like club subscription, utilities, etc as per the terms of employment.

Notes to the Financial Statements

For the year ended 31 December 2022

37.4 Remuneration paid to Directors for participation in Board and Committee Meetings

		2022						
		Meeting Fees and Allowances Paid						
Sr. No.	Name of Director	For Board Meetings	For Board Committees				Share holders meeting	Total Amount Paid
			Board Audit Committee	Board HR Committee	Board Risk Committee	Board IT Committee		
------(Rupees in '000)-----								
1	Spenta Kandawalla	800	-	400	-	-	25	1,225
2	Towfiq Habib Chinoy	2,400	-	1,400	1,600	-	50	5,450
3	Ehsan Ali Malik	2,400	2,400	-	1,400	1,050	50	7,300
		5,600	2,400	1,800	3,000	1,050	125	13,975

		2021						
		Meeting Fees and Allowances Paid						
Sr. No.	Name of Director	For Board Meetings	For Board Committees				Share holders meeting	Total Amount Paid
			Board Audit Committee	Board HR Committee	Board Risk Committee	Board IT Committee		
------(Rupees in '000)-----								
1	Spenta Kandawalla	1,600	-	1,600	-	-	25	3,225
2	Towfiq Habib Chinoy	2,000	-	1,400	1,600	-	25	5,025
3	Ehsan Ali Malik	1,600	1,600	-	1,400	1,050	25	5,675
		5,200	1,600	3,000	3,000	1,050	75	13,925

37.5 Remuneration paid to Shariah Board Members

Items	2022			2021		
	Chairman	Resident Member	Non-Resident Member(s)	Chairman	Resident Member	Non-Resident Member(s)
------(Rupees in '000)-----						
Meeting Fees and Allowances	4,184	-	4,472	1,129	-	2,888
Salaries and allowances	-	12,123	-	-	7,572	-
Total amount	4,184	12,123	4,472	1,129	7,572	2,888
Number of persons	1	1	2	1	1	2

38 FAIR VALUE

Fair value of financial instruments

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

The fair value of quoted securities other than those classified as held to maturity, is based on quoted market price. Quoted securities classified as held to maturity are carried at cost. The fair value of unquoted equity securities is determined on the basis of the break-up value of these investments as per their latest available financial statements.

The fair value of unquoted debt securities, fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to the absence of a current and active market for these assets and liabilities and reliable data regarding market rates for similar instruments.

In the opinion of the management, the fair value of the remaining financial assets and liabilities are not significantly different from their carrying values since these are either short-term in nature or, in the case of customer loans and deposits, are frequently repriced.

Notes to the Financial Statements

For the year ended 31 December 2022

On balance sheet financial instruments

	Note	2022									
		Carrying value					Fair value				
		Held for trading	Available for sale	Loans and receivables	Other financial assets	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----											
Financial assets measured at fair value											
- Investments											
		323,032	477,259,787	-	-	-	477,582,819	-	477,582,819	-	477,582,819
		-	99,635	-	-	-	99,635	99,635	-	-	99,635
Federal Government Securities (Tbills + PIBs + Sukuks + Naya Pakistan Certificates)											
Equity securities traded (Shares)											
Financial assets not measured at fair value											
- Cash and bank balances with SBP and NBP											
	38.2	-	-	-	68,918,645	-	68,918,645	-	-	-	68,918,645
- Balances with other banks											
	38.2	-	-	-	8,737,656	-	8,737,656	-	-	-	8,737,656
- Lending to financial institutions											
	38.2	-	-	-	51,286,290	-	51,286,290	-	-	-	51,286,290
- Bai Muajjal with GOP											
	38.2	-	-	-	-	-	-	-	-	-	-
- Investments - ordinary shares											
	38.2	-	50,000	-	-	-	50,000	-	-	-	50,000
- Advances											
	38.2	-	-	216,207,696	-	-	216,207,696	-	-	-	216,207,696
- Other assets											
	38.2	-	-	-	66,292,186	-	66,292,186	-	-	-	66,292,186
		323,032	477,409,422	216,207,696	195,234,777	-	889,174,927	-	-	-	889,174,927
Financial liabilities not measured at fair value											
- Bills Payable											
	38.2	-	-	-	-	14,820,617	14,820,617	-	-	-	14,820,617
- Deposits and other accounts											
	38.2	-	-	-	-	718,449,989	718,449,989	-	-	-	718,449,989
- Borrowings											
	38.2	-	-	-	-	28,063,619	28,063,619	-	-	-	28,063,619
- Other liabilities (excluding Liabilities against assets subject to finance lease)											
	38.2	-	-	-	-	70,355,122	70,355,122	-	-	-	70,355,122
		-	-	-	-	831,689,347	831,689,347	-	-	-	831,689,347
Off-balance sheet financial instruments											
Interest Rate swaps / Foreign currency options / Forward purchase contracts											
		-	-	-	98,301,785	-	98,301,785	-	98,721,710	-	98,721,710
Interest Rate swaps / Foreign currency options / Forward sale contracts											
		-	-	-	48,092,212	-	48,092,212	-	60,602,822	-	60,602,822

Notes to the Financial Statements

For the year ended 31 December 2022

On balance sheet financial instruments

		2021										
Note		Carrying value					Fair value					
		Held for trading	Available for sale	Loans and receivables	Other financial assets	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total	
----- Rupees in '000 -----												
Financial assets measured at fair value												
-	Investments											
	Federal Government Securities (Tbills + PIBs + Sukuks + Naya Pakistan Certificates)	52,344,324	398,102,347	-	-	-	450,446,671	-	450,446,671	-	450,446,671	
	Equity securities traded (Shares)	-	86,616	-	-	-	86,616	86,616	-	-	86,616	
Financial assets not measured at fair value												
-	Cash and bank balances with SBP and NBP	38.2	-	-	-	60,295,393	-	60,295,393				
-	Balances with other banks	38.2	-	-	-	9,567,702	-	9,567,702				
-	Lending to financial institutions	38.2	-	-	-	11,728,869	-	11,728,869				
-	Advances	38.2	-	-	234,172,617	-	-	-	234,172,617			
-	Investments - ordinary shares	38.2	-	50,000	-	-	-	50,000				
-	Other assets	38.2	-	-	-	33,463,151	-	33,463,151				
			52,344,324	398,238,963	234,172,617	115,055,115	-	799,811,019				
Financial liabilities not measured at fair value												
-	Bills Payable		-	-	-	-	16,601,187	16,601,187				
-	Deposits and other accounts	38.2	-	-	-	-	626,774,412	626,774,412				
-	Borrowings	38.2	-	-	-	-	35,028,767	35,028,767				
-	Other liabilities (excluding Liabilities against assets subject to finance lease)	38.2	-	-	-	-	76,082,320	76,082,320				
			-	-	-	-	754,486,686	754,486,686				
Off-balance sheet financial instruments												
Interest Rate swaps / Foreign currency options / Forward purchase contracts												
			-	-	-	253,722,741	-	253,722,741	-	259,714,305	-	259,714,305
Interest Rate swaps / Foreign currency options / Forward sale contracts												
			-	-	-	188,804,100	-	188,804,100	-	196,079,897	-	196,079,897

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

38.3 Fair value of non-financial assets

	2022				2021			
	Carrying value	Fair value			Carrying value	Fair value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
----- Rupees in '000 -----								
Fixed assets	11,474,182	-	-	11,474,182	10,689,126	-	-	10,689,126

38.4 During the year ended 31 December 2022, 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.

Notes to the Financial Statements

For the year ended 31 December 2022

38.5 The Bank measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

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

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

39 SEGMENT INFORMATION

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

Corporate Commercial and Institutional Banking (CCIB)

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

Consumer Private Business Banking (CPBB)

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

Central & Other Items

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

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

Notes to the Financial Statements

For the year ended 31 December 2022

39.1 Segment Details with respect to Business Activities

	2022			Total
	Commercial Corporate Institutional Banking	Consumer Private Business Banking	Central and Other Items	
	(Rupees in '000)			
Profit & Loss				
Inter segment revenue - net	15,909,892	29,795,759	(45,705,651)	-
Net mark-up/return/profit	(644,780)	(10,479,068)	55,725,750	44,601,902
Non mark-up / return / interest income	13,287,070	4,411,375	349,096	18,047,541
Total Income	28,552,182	23,728,066	10,369,195	62,649,443
Segment direct expenses	3,976,534	8,160,751	1,708,151	13,845,436
Inter segment expense allocation	-	-	-	-
Total expenses	3,976,534	8,160,751	1,708,151	13,845,436
Provisions	(1,075,076)	(259,513)	15,097	(1,319,492)
Profit before taxation	25,650,724	15,826,828	8,645,947	50,123,499
Balance Sheet				
Cash & Bank balances	-	-	77,656,301	77,656,301
Investments	323,036	50,000	477,359,418	477,732,454
Net inter segment lending	155,328,894	322,546,472	(477,875,366)	-
Lendings to financial institutions	-	-	51,286,290	51,286,290
Advances - performing	169,863,579	44,800,119	-	214,663,698
- Non performing	531,869	1,012,129	-	1,543,998
Others	64,929,995	14,638,632	24,837,604	104,406,231
Total Assets	390,977,373	383,047,352	153,264,247	927,288,972
Borrowings	-	-	28,063,619	28,063,619
Deposits & other accounts	337,038,043	381,399,385	12,561	718,449,989
Net inter segment borrowing	-	-	-	-
Others	53,939,330	1,647,967	37,667,188	93,254,485
Total liabilities	390,977,373	383,047,352	65,743,368	839,768,093
Equity	-	-	87,520,879	87,520,879
Total Equity & liabilities	390,977,373	383,047,352	153,264,247	927,288,972
Contingencies & Commitments	246,035,098	326,309	130,838,144	377,199,551
	2021			
	(Rupees in '000)			
Profit & Loss				
Inter segment revenue - net	4,326,070	18,231,759	(22,557,829)	-
Net mark-up/return/profit	2,986,258	(4,101,908)	27,383,346	26,267,696
Non mark-up / return / interest income	6,890,182	4,341,152	(105,647)	11,125,687
Total Income	14,202,510	18,471,003	4,719,870	37,393,383
Segment direct expenses	3,528,566	7,542,844	1,065,608	12,137,018
Inter segment expense allocation	-	-	-	-
Total expenses	3,528,566	7,542,844	1,065,608	12,137,018
Provisions	179,857	288,752	26,118	494,727
Profit before taxation	10,494,087	10,639,407	3,628,144	24,761,638
Balance Sheet				
Cash & Bank balances	-	-	69,863,095	69,863,095
Investments	52,344,324	50,000	398,188,963	450,583,287
Net inter segment lending	46,441,108	325,310,454	(371,751,562)	-
Lendings to financial institutions	-	-	11,728,869	11,728,869
Advances - performing	192,054,790	40,358,721	-	232,413,511
- Non performing	852,881	906,225	-	1,759,106
Others	38,885,713	15,033,116	19,158,843	73,077,672
Total Assets	330,578,816	381,658,516	127,188,208	839,425,540
Borrowings	-	-	35,028,767	35,028,767
Deposits & other accounts	246,278,219	380,469,401	26,792	626,774,412
Net inter segment borrowing	-	-	-	-
Others	84,300,597	1,189,115	12,527,393	98,017,105
Total liabilities	330,578,816	381,658,516	47,582,952	759,820,284
Equity	-	-	79,605,256	79,605,256
Total Equity & liabilities	330,578,816	381,658,516	127,188,208	839,425,540
Contingencies & Commitments	237,577,848	493,323	421,480,776	659,551,947

Notes to the Financial Statements

For the year ended 31 December 2022

40 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:

	2022				2021			
	Parent	Directors	Key management personnel	Other related parties	Parent	Directors	Key management personnel	Other related parties
----- (Rupees in '000) -----								
Balances with other banks								
In current accounts	5,547,742	-	-	-	9,486,490	-	-	-
In deposit accounts	-	-	-	-	-	-	-	-
	5,547,742	-	-	-	9,486,490	-	-	-
Lendings to financial institutions								
Opening balance	6,560,984	-	-	-	60,281,457	-	-	-
Addition during the year	1,754,767,391	-	-	-	1,906,965,566	-	-	-
Repaid during the year	(1,741,842,085)	-	-	-	(1,960,686,039)	-	-	-
Closing balance	19,486,290	-	-	-	6,560,984	-	-	-
Advances								
Opening balance	-	84	217,158	-	-	103	199,961	-
Addition during the year	-	5,097	148,147	-	-	2,265	199,206	-
Repaid during the year	-	(5,105)	(128,776)	-	-	(2,284)	(143,317)	-
Transfer in / (out) - net	-	-	(21,440)	-	-	-	(38,692)	-
Closing balance	-	76	215,089	-	-	84	217,158	-
Provision held against advances	-	-	-	-	-	-	-	-
----- (Rupees in '000) -----								
Other Assets								
Interest / mark-up accrued	11,594	-	1,105	-	176	-	1,056	-
Receivable from staff retirement fund	-	-	-	32,270	-	-	-	13,850
Due from associated undertakings	127,780	-	-	-	81,144	-	-	-
Other receivable	-	-	-	-	-	-	-	-
Closing balance	139,374	-	1,105	32,270	81,320	-	1,056	13,850
Borrowings								
Opening balance	10,846	-	-	-	58,592	-	-	-
Borrowings during the year	3,074,558	-	-	-	4,776	-	-	-
Settled during the year	(10,845)	-	-	-	(52,522)	-	-	-
Closing balance	3,074,559	-	-	-	10,846	-	-	-
Deposits and other accounts								
Opening balance	732,691	155,902	144,835	116,030	568,666	163,244	101,742	147,670
Received during the year	35,276	186,597	940,665	3,765,295	185,954	1,500,331	1,039,819	1,229,874
Withdrawn during the year	(225,683)	(177,321)	(942,697)	(3,797,048)	(21,929)	(1,507,673)	(985,164)	(1,261,514)
Transfer in / (out) - net	-	(161,838)	8,032	-	-	-	(11,562)	-
Closing balance	542,284	3,340	150,835	84,277	732,691	155,902	144,835	116,030

Notes to the Financial Statements

For the year ended 31 December 2022

	2022				2021			
	Parent	Directors	Key management personnel	Other related parties	Parent	Directors	Key management personnel	Other related parties
----- (Rupees in '000) -----								
Other Liabilities								
Interest / mark-up payable	-	-	-	-	-	-	-	-
Due to holding company	20,837,568	-	-	-	14,336,497	-	-	-
Other liabilities	-	-	-	-	-	2,373	-	-
(to be specified separately if > Rs 5 million)	-	-	-	-	-	-	-	-
Closing balance	20,837,568	-	-	-	14,336,497	2,373	-	-
Contingencies and Commitments								
Transaction-related contingent liabilities - guarantees	70,335,480	-	-	-	57,353,301	-	-	-
Commitments in respect of forward foreign exchange contracts	3,691,387	-	-	-	2,983,624	-	-	-
Derivatives								
Derivative instruments- Interest rate swaps - notional	3,828,190	-	-	-	8,985,256	-	-	-
Derivative instruments- FX options - notional	-	-	-	-	-	-	-	-
Derivative assets	144,644	-	-	-	31,082	-	-	-
Derivative liabilities	616,269	-	-	-	364,206	-	-	-
RELATED PARTY TRANSACTIONS								
Income								
Mark-up / return / interest earned	242,265	106	28,165	-	47,596	97	28,457	-
Fee and commission income	9,781	16	58	-	16,425	85	63	-
Income / (loss) from derivatives	(50,965)	-	-	-	(404,201)	-	-	-
Expense								
Mark-up / return / interest paid	-	301	4,349	20,488	117	6,885	3,271	7,393
Fee and commission expense	-	-	-	-	-	-	-	-
Operating expenses	-	13,975	770,066	-	(14,116)	13,925	632,539	-
Rent expense	-	-	-	-	-	-	-	-
Other transactions								
Dividend paid	(4,790,424)	-	-	-	(11,257,496)	-	-	-
Contribution to defined contribution plans	-	-	-	(434,220)	-	-	-	(379,051)
Net charge for defined contribution plans	-	-	-	(434,220)	-	-	-	(379,051)
Net charge for defined Benefit plans	-	-	-	(1,299)	-	-	-	(475)

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

Notes to the Financial Statements

For the year ended 31 December 2022

41 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	2022	2021
	(Rupees in '000)	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	38,715,850	38,715,850
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	64,735,488	54,621,127
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	64,735,488	54,621,127
Eligible Tier 2 Capital	8,900,992	10,047,424
Total Eligible Capital (Tier 1 + Tier 2)	73,636,480	64,668,551
Risk Weighted Assets (RWAs):		
Credit Risk	287,625,617	272,298,682
Market Risk	21,033,154	39,378,955
Operational Risk	85,479,076	70,351,669
Total	394,137,847	382,029,306
Common Equity Tier 1 Capital Adequacy ratio	16.42%	14.30%
Tier 1 Capital Adequacy Ratio	16.42%	14.30%
Total Capital Adequacy Ratio	18.68%	16.93%
Minimum CAR (including Capital Conservation Buffer)	11.50%	11.50%
Leverage Ratio (LR):		
Eligible Tier-1 Capital	64,735,488	54,621,127
Total Exposures	1,141,761,856	1,025,510,971
Leverage Ratio	5.67%	5.33%
Minimum SBP Requirement	3.00%	3.00%
Liquidity Coverage Ratio (LCR):		
Average High Quality Liquid Assets	486,035,026	408,146,977
Average Net Cash Outflow	114,563,947	85,437,728
Average Liquidity Coverage Ratio	424.2%	477.7%
Minimum SBP Requirement	100.0%	100.0%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	637,896,049	581,667,236
Total Required Stable Funding	261,554,915	248,478,720
Net Stable Funding Ratio	244%	234%
Minimum SBP Requirement	100%	100%

41.1 The full disclosure on the capital adequacy, leverage ratio & liquidity requirements, along with the specifications of credit ratings used to determine the capital requirements in respect of credit risk & mapping of credit rating to SBP grades, as per SBP prevailing guidelines shall be placed at <https://www.sc.com/pk/about-us/financial-statements.html>

Notes to the Financial Statements

For the year ended 31 December 2022

42. RISK MANAGEMENT

The Bank has an effective Enterprise Risk Management Framework (ERMF), to implement the guidelines and regulations, related to Risk Management. The ERMF sets out the principles and standards for risk management across the Bank and covers principal risk types of Credit, Traded, Treasury, Operational & Technology, Reputational & Sustainability, Compliance, Information & Cyber Security, Financial Crime and Model. These principle risks are managed through distinct Risk Type Frameworks (RTFs). A dynamic risk scanning process is also in place to periodically scan for emerging risks and uncertainties. The ERMF and RTFs define the formal definition of each risk type. The RTFs also define the risk management principles and approach for the management of these risks. In line with ERMF the bank has in place a governance structure for management of risk. Country Risk management is an integral component of the ERMF.

In addition to PRTs, the Bank may be exposed to certain Integrated Risks. Integrated Risk Types (“IRTs”) are those risks that are significant in nature and materialise primarily through the relevant PRTs. Through this Framework, the CRO relies on delegates/ Integrated Risk Framework Owners (“IRFO”) to perform second-line of defence activities for such risks as deemed necessary.

The ultimate responsibility for the oversight of risk management function rests with the Bank’s Board of Directors. Acting within the authority delegated by the Board, the Country Management Team (CMT) has appointed the Executive Risk Committee (ERC) and the Asset and Liability Committee (ALCO), for effective Risk Management. There are various other risk related committees and forums at the management level. These include Approvals Committee, Country Financial Crime Risk Committee, Credit Issue Committee, Compliance and Conduct Management Committee (“CCMC”) etc. The ultimate responsibility for the oversight of risk management function rests with the Bank’s Board of Directors and the Board Risk Committee (BRC). The Board has delegated Board Information Technology Committee for performance of task of IT Steering Committee.

The Bank has a Risk Appetite Mandate in place which defines the maximum level of risk that the bank can undertake. This is approved annually by the Board.

The Bank follows the three Lines of Defence (“LOD”) as part of its risk management and control framework. Under this, the businesses and functions being the first line of defense are engaged in or support revenue generating activities, own and manage the risks. Second line are the control functions that are independent of the First Line, and provide oversight and challenge of risk management to provide confidence to the Senior Management and the Board. Lastly, the internal audit function provides independent assurance.

42.1 Credit risk

Credit Risk is defined as the “potential for loss due to the failure of a counterparty to meet its agreed obligations to pay the Bank” and further divided into following sub-types:

- Credit concentration risk is the risk of material losses arising from sub-optimally diversified exposures. This may be due to the portfolio's sizeable single name exposure or high correlation across geographies and sectors. The risk arises that, due to a change in circumstances, having a concentration may give rise to potential losses.
- FX lending risk relates to the relationship between credit risk and market risk, where volatility in exchange rate movements may have adverse consequences on a borrower’s debt servicing capacity should they lack natural or financial hedges. FX lending risk may also be present through currency concentration and where there is a collateral currency mismatch.
- Credit residual risk is the risk of partial performance or failure of credit risk mitigation techniques (e.g. collateral, derivative based hedging, insurance), owing to undervaluation or ineffective enforceability. Credit residual risk can occur due to the imperfect matching profile between credit exposures and collaterals / hedging instruments.
- Regulatory Risk is the risk of failure to comply with regulations and rules relating to the management of credit risk exposures.
- Refinancing risk is the risk that a borrower cannot refinance by borrowing further to repay existing debt potentially leading to the borrower facing liquidity pressures.
- Collateral Management Risk denotes that the held collateral as a mitigant to extended credit, is not adequately documented or the formalities to facilitate enforcement have not been completed or the collateral is not effectively managed and as a result may not achieve the estimated forced sale value when enforced.

Notes to the Financial Statements

For the year ended 31 December 2022

Climate Risk has been included as Risk Type for Corporate, Commercial and Institutional Banking (CCIB) segment to identify the potential for financial loss and non-financial detriments arising from climate change and society's response to it. Climate change presents a CCIB credit risk when physical and transition risks disrupt operations and impact a client's business or operational model, thereby affecting their ability to generate the income required to repay debt, as well as the collateral that may back the loan.

The effects of Credit Risk Mitigation techniques, including collateral, guarantees, and legally enforceable netting agreement (if any). Quantitative and qualitative information about its securitization activities and contractual obligations with respect to recourse arrangements and the expected losses under those arrangements.

A Risk Appetite metrics is setup considering the inherent risks, control effectiveness and residual risk. A careful consideration is given to strategy and infrastructure, concentration risk, risk-adjusted profitability and efficient use of the capital resources while reviewing new credit exposures and monitoring existing credit exposures. This is predominantly done through setting up thresholds at client and portfolio levels. Portfolio or underwriting guidelines set the target portfolio shape around sector, product, industry, tenor, collateral, risk acceptance criteria and credit risk profile. Periodic deep dives are performed to identify vulnerable clients or portfolio segments; and appropriate mitigating actions are taken to derisk the balance sheet.

The overall credit portfolio is monitored against risk appetite and any breach is highlighted and discussed with appropriate mitigation actions in the appropriate committees and forums.

Moreover, Credit Monitoring Processes are also in-place that assists in controlling the rising risks, which may lead to credit losses. The process includes vigilant tracking and managing the accounts reported in Excess and Past Due Monitoring (EPDM), Conditions, Covenant and Risk Triggers (CCaRT), Accounts Subject to Additional Review (ASTAR) and Early Alert Reporting (EAR).

Stress testing tool is used for credit risk identification assessment, monitoring and mitigation and contribute to risk appetite calibration. Periodic stress tests are performed on the credit portfolio/segment to anticipate vulnerabilities from stressed conditions and initiate timely de-risking and mitigation plans.

Currently, the overall credit portfolio is well collateralized. This includes all major types of collaterals such as hypothecation charge over current assets, charge over fixed assets, mortgage over property, lien on cash deposit, pledge of shares, SBLCs, pledge of stock etc.

42.1.1 Lendings to financial institutions

Credit risk by public / private sector

	Gross lendings		Non-performing lendings		Provision held	
	2022	2021	2022	2021	2022	2021
	----- (Rupees in '000) -----					
Public / Government	31,800,000	5,167,885	-	-	-	-
Private	19,486,290	6,560,984	-	-	-	-
	51,286,290	11,728,869	-	-	-	-

42.1.2 Investment in debt securities

Credit risk by industry sector

	Gross Investments		Non-performing Investments		Provision held	
	2022	2021	2022	2021	2022	2021
	----- (Rupees in '000) -----					
Financial	477,582,819	450,446,671	-	-	-	-
Chemical and Pharmaceuticals	147,000	147,000	147,000	147,000	147,000	147,000
	477,729,819	450,593,671	147,000	147,000	147,000	147,000

Notes to the Financial Statements

For the year ended 31 December 2022

Credit risk by public / private sector

	Gross Investments		Non-performing Investments		Provision held	
	2022	2021	2022	2021	2022	2021
----- (Rupees in '000) -----						
Public / Government	477,582,819	450,446,671	-	-	-	-
Private	147,000	147,000	147,000	147,000	147,000	147,000
	477,729,819	450,593,671	147,000	147,000	147,000	147,000

42.13 Advances

Credit risk by industry sector

	Gross Advances		Non-performing Advances		Provision held	
	2022	2021	2022	2021	2022	2021
----- (Rupees in '000) -----						
Agriculture, Forestry, Hunting and Fishing	3,245,021	1,083,933	-	-	-	-
Mining and Quarrying	-	27,700	-	-	-	-
Food, tobacco and beverages	41,679,605	37,398,829	2,163,905	2,163,915	2,163,905	1,725,078
Metal and allied	385,787	818,337	-	-	-	-
Oil and gas	15,741	17,267	-	-	-	-
Textile	40,712,581	43,636,388	5,663,271	4,630,126	5,544,746	4,591,441
Chemical and Pharmaceuticals	10,874,974	15,936,091	1,686,264	1,873,978	1,653,322	1,873,978
Cement	4,009,868	4,962,372	3,009,868	2,952,808	3,009,868	2,952,808
Sugar	1,293,921	2,265,247	124,591	124,591	124,591	124,591
Footwear and Leather garments	1,981,502	1,150,269	131,502	136,945	131,502	136,945
Automobile and transportation equipment	2,673,800	2,203,470	455,514	303,726	311,041	303,726
Electronics and electrical appliances	9,898,987	9,279,922	16,940	16,940	16,940	16,940
Construction	1,458,943	2,168,916	614,675	-	614,675	-
Power (electricity), Gas, Water, Sanitary	16,136,295	26,245,086	658,650	661,888	658,650	661,888
Wholesale and Retail Trade	6,967,544	9,288,725	396,311	831,418	396,311	831,418
Exports/Imports	150,024	146,073	-	-	-	-
Transport, Storage and Communication	34,827,639	33,937,749	1,953,527	2,134,302	1,953,527	2,134,302
Services	3,600,717	6,323,105	1,340,192	751,715	1,279,753	591,946
Individuals	45,664,469	45,219,044	2,555,782	2,613,732	1,543,651	1,707,504
Others	11,345,295	13,795,989	465,823	2,107,290	290,335	1,891,703
	236,922,713	255,904,512	21,236,815	21,303,374	19,692,817	19,544,268

Credit risk by public / private sector

	Gross Advances		Non-performing Advances		Provision held	
	2022	2021	2022	2021	2022	2021
----- (Rupees in '000) -----						
Public / Government	1,169,451	4,655,435	-	-	-	-
Private	235,753,262	251,249,077	21,236,815	21,303,374	19,692,817	19,544,268
	236,922,713	255,904,512	21,236,815	21,303,374	19,692,817	19,544,268

Notes to the Financial Statements

For the year ended 31 December 2022

42.1.4 Contingencies and Commitments

Credit risk by industry sector

	2022	2021
	----- (Rupees in '000) -----	
Mining and Quarrying	912,320	795,372
Food and Beverages	-	484,659
Engineering	1,071,055	1,044,195
Textile	940,112	3,072,255
Chemical and Pharmaceuticals	16,349,577	16,196,391
Cement	224,442	2,553,434
Sugar	1,170,537	24,362
Footwear and Leather garments	248,780	167,362
Automobile and transportation equipment	12,973,786	16,288,055
Electronics and electrical appliances	18,898,267	19,381,282
Power (electricity), Gas, Water, Sanitary	9,840,670	19,934,108
Wholesale and Retail Trade	1,480,785	1,380,706
Exports/Imports	1,071,055	54,300
Transport, Storage and Communication	19,806,625	11,674,275
Financial	97,824,392	82,120,351
Food, tobacco and beverages	13,921,097	5,693,779
Services	659,929	2,201,416
Oil and gas	-	6,287,146
Others	2,243,646	2,562,965
	199,637,075	191,916,413

Credit risk by public / private sector

Public/ Government	5,948,272	10,974,828
Private	193,688,803	180,941,585
	199,637,075	191,916,413

42.1.5 Concentration of Advances

The bank top 10 exposures on the basis of total (funded and non-funded exposures) aggregated to Rs 121.161 billion (2021: 120.278 billion) are as following:

	2022	2021
	----- (Rupees in '000) -----	
Funded	75,760,136	64,699,392
Non Funded	45,400,888	55,578,341
Total Exposure	121,161,024	120,277,733

The sanctioned limits against these top 10 exposures aggregated to Rs 190.634 billion (2021: 166.121 billion). None of the above are non-performing.

42.1.6 Advances - Province/Region-wise Disbursement & Utilization

Province/Region	2022						
	----- (Rupees in '000) -----						
	Disbursements	Utilization					
	Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan	
Punjab	1,457,627,369	1,457,627,369	-	-	-	-	-
Sindh	1,206,116,686	-	1,206,116,686	-	-	-	-
KPK including FATA	15	-	-	15	-	-	-
Balochistan	627	-	-	627	-	-	-
Islamabad	410,556,175	-	-	-	410,556,175	-	-
AJK including Gilgit-Baltistan	-	-	-	-	-	-	-
Total	3,074,300,872	1,457,627,369	1,206,116,686	15	627	410,556,175	-

Notes to the Financial Statements

For the year ended 31 December 2022

Province/Region	2021						
	(Rupees in '000)						
	Disbursements	Utilization					
Punjab		Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan	
Punjab	828,768,256	828,768,256	-	-	-	-	-
Sindh	1,059,695,107	-	1,059,695,107	-	-	-	-
KPK including FATA	2,947,600	-	-	2,947,600	-	-	-
Balochistan	56,725	-	-	-	56,725	-	-
Islamabad	248,728,471	-	-	-	-	248,728,471	-
AJK including Gilgit-Baltistan	-	-	-	-	-	-	-
Total	2,140,196,159	828,768,256	1,059,695,107	2,947,600	56,725	248,728,471	-

4.2.2 Market Risk

The Bank has adopted the Traded Risk Type Framework under which the bank recognizes market risk as the "Potential for loss of economic value due to adverse changes in the financial markets rates or prices". The Traded Risk Framework is built on a risk-based approach and the framework considers processes and tools to be forward-looking, repeatable, sustainable and anticipate future needs. Market Risk exposures arise primarily from interest rate and foreign exchange related contracts. The Bank has no significant exposure to equity and commodity price risk.

Traded Risk Management (TRM) performs market risk management activities for the bank. Market risk limits are proposed by TRM after discussion with relevant businesses and are reviewed twice a year. Under the framework, authority for setting market risk limits is delegated to the local risk committee i.e. ERC. Overall risk appetite is set by the BOD in terms of Value at Risk (VaR) and Stress Loss Trigger. Market risk exposures are monitored on a daily basis by TRM and reported to country ERC on a monthly basis.

The Bank applies three complementary measures of market risk: VaR, Stress Loss exposures, and sensitivity measures. The VaR methodology used for internal risk management and setting of risk appetite uses historic simulation, with a confidence interval of 97.5% and a holding period of 1 day. Weekly Stress Loss exposures supplement VaR by providing a forward-looking view of positions and an assessment of their resilience to stressed market conditions. Sensitivity measures are applied to control exposures at a granular risk factor level. Market liquidity varies by risk factor and therefore sensitivity limits are used to prevent accumulation of illiquid positions.

Any excess in limits result in escalation to senior management, with the level of escalation depending upon nature of excess. These limits are monitored daily as part of daily risk reporting. The Board Risk Committee and the Executive Risk Committee provides primary oversight for Traded Risk.

4.2.2.1 Balance sheet split by trading and banking books

	2022			2021		
	Banking book	Trading book	Total	Banking book	Trading book	Total
(Rupees in '000)						
Cash and balances with treasury banks	68,918,645	-	68,918,645	60,295,393	-	60,295,393
Balances with other banks	8,737,656	-	8,737,656	9,567,702	-	9,567,702
Lendings to financial institutions	51,286,290	-	51,286,290	11,728,869	-	11,728,869
Investments	477,409,422	323,032	477,732,454	398,238,963	52,344,324	450,583,287
Advances	216,207,696	-	216,207,696	234,172,617	-	234,172,617
Fixed assets	11,474,182	-	11,474,182	10,689,126	-	10,689,126
Intangible assets	26,095,310	-	26,095,310	26,095,310	-	26,095,310
Other assets	23,697,866	43,138,873	66,836,739	24,507,454	11,785,782	36,293,236
	883,827,067	43,461,905	927,288,972	775,295,434	64,130,106	839,425,540

4.2.2.2 Foreign Exchange Risk

Foreign exchange risk is the risk of financial impact due to exchange rate fluctuations. The Bank's assets in a particular currency are typically funded in the same currency to minimize foreign currency exposure. However, the Bank usually have some open positions in various currencies resulting from its transactions which are maintained within the overall limit advised by the SBP.

The Bank manages the foreign exchange risk by measuring and monitoring exposures against limits of FX VaR, currency-wise NOP, and sensitivity measures.

Notes to the Financial Statements

For the year ended 31 December 2022

	2022				2021			
	Foreign Currency Assets	Foreign Currency Liabilities	Off-balance sheet items	Net foreign currency exposure	Foreign Currency Assets	Foreign Currency Liabilities	Off-balance sheet items	Net foreign currency exposure
	----- (Rupees in '000) -----							
United States Dollar	108,921,698	108,894,245	(24,476,108)	(24,448,655)	29,711,560	29,764,736	(45,762,844)	(45,816,020)
Great Britain Pound Sterling	7,275,831	7,274,967	(630,897)	(630,033)	7,655,960	7,637,619	(756,629)	(738,288)
Euro	4,973,073	4,973,263	(13,862,893)	(13,863,083)	3,400,992	3,403,157	(7,480,221)	(7,482,386)
Swiss Franc	42,997	42,996	(566,401)	(566,400)	40,341	40,356	(480,516)	(480,531)
Japanese Yen	138,050	138,076	(1,842,031)	(1,842,057)	347,496	297,542	(2,143,745)	(2,093,791)
Other currencies	3,738,314	3,701,361	(4,537,839)	(4,500,886)	970,553	963,666	(8,438,833)	(8,431,946)
	125,089,963	125,024,908	(45,916,169)	(45,851,114)	42,126,902	42,107,076	(65,062,788)	(65,042,962)

	2022		2021	
	Banking book	Trading book	Banking book	Trading book
	----- (Rupees in '000) -----			
	(+/-)	(+/-)	(+/-)	(+/-)
Impact of 1% change in foreign exchange rates on				
- Profit and loss account	N/A	(55,075)	N/A	(43,282)
- Other comprehensive income	N/A	N/A	N/A	N/A

42.2.3 Equity position Risk

Since the exposure of the Bank in equity is insignificant, the effect of changes in equity prices have not been disclosed.

42.2.4 Yield / Interest Rate Risk in the Banking Book (IRRBB)-Basel Specific

Yield/ Interest rate sensitivity position for on-balance sheet instruments is based on the earlier of contractual re-pricing or maturity date and for off-balance sheet instruments is based on settlement date. This also refers to the non-trading market risk.

- Interest Rate Risk in the Banking Book (IRRBB) is defined as a potential reduction on the Bank's earnings or economic value due to an adverse movement in interest rates arising from its Banking Book exposures.
- IRRBB arises from 1) Repricing Risk (arises from timing mismatch in the re-pricing profile of assets, liabilities and off-balance sheet positions), 2) Basis Risk (arises from the imperfect correlation of rates on different instruments with otherwise similar re-pricing characteristics) and 3) Option Risk (result from clients exercising their right to alter the cash-flow of an instrument)

The bank assumes a constant balance sheet (balances, duration, product mix etc) with maturing balances being replenished with instruments of similar characteristics; this also assumes that contingent exposures are not drawn in order to maintain a constant balance sheet. A parallel shock is applied to the yield curve across all currencies for a forecasted horizon of 12 months. The economic life and re-pricing tenors for maturing products is assumed to be the contractual profile whereas for non-maturing products it is taken to be the FTP profile.

When modelling floating rate products; or instruments with short term tenors or high spreads, the prepayment behavior will be assumed independent from interest rate scenarios.

When modelling long term fixed rate products with low spreads the prepayment behaviour will be assumed interest rate dependent. Pass through rates (proportion of change in market rates passed on to customers) along with timelag (time difference between market interest rate change and its pass through to a customer) are determined by businesses once a year and reviewed and approved by the ALCO.

- IRRBB is a risk sub type covered under the Treasury Risk Type Framework. The framework and its policies require the interest rate risk exposures in the banking book to be presented to the ALCO on regular basis.
- Re-pricing Gaps, Value at Risk on Treasury Market Portfolio and impact of interest rate changes on Net interest income are regularly presented in ALCO.

	2022		2021	
	Banking book	Trading book	Banking book	Trading book
	----- (Rupees in '000) -----			
	(+/-)	(+/-)	(+/-)	(+/-)
Impact of 1% change in interest rates on				
- Profit and loss account	1,199,240	(103,038)	1,344,863	(394,157)
- Other Comprehensive income	(1,017,905)	-	(610,043)	-

Notes to the Financial Statements

For the year ended 31 December 2022

42.2.5 MISMATCH OF INTEREST RATE SENSITIVE ASSETS AND LIABILITIES

	2022										
	Effective yield / interest rate	Total	Exposed to yield / interest rate risk								Non interest bearing financial instruments
		Upto one month	Over one month to three months	Over three months to six months	Over six months to one year	Over one year to two years	Over two years to three years	Over three years to five years	Over five years to ten years	Over ten years	
----- (Rupees in '000) -----											
On-balance sheet financial instruments											
Assets											
Cash and balances with treasury banks	0.98%	68,918,645	9,123,602	-	-	-	-	-	-	-	59,795,043
Balances with other banks	0.88%	8,737,656	-	-	-	-	-	-	-	-	8,737,656
Lendings to financial institutions	7.10%	51,286,290	51,286,290	-	-	-	-	-	-	-	-
Investments	12.90%	477,732,454	119,199,387	180,150,426	176,779,938	-	-	1,453,069	-	-	149,635
Advances	12.95%	216,207,696	70,747,679	83,524,342	27,002,085	17,786,332	7,294,329	5,805,088	3,904,672	143,169	-
Other assets	-	66,292,186	-	-	-	-	-	-	-	-	66,292,186
		889,174,927	250,356,958	263,674,768	203,782,023	17,786,332	7,294,329	5,805,088	5,357,741	143,169	134,974,520
Liabilities											
Bills payable	-	14,820,617	-	-	-	-	-	-	-	-	14,820,617
Borrowings	7.75%	28,063,619	227,606	21,849,844	2,152,788	57,194	114,388	103,082	138,331	345,828	3,074,558
Deposits and other accounts	6.35%	718,449,989	359,785,105	24,514,298	2,819,644	2,911,777	141,240	109,872	120,000	-	328,048,053
Sub-ordinated loans	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	-	70,355,122	-	-	-	-	-	-	-	-	70,355,122
		831,689,347	360,012,711	46,364,142	4,972,432	2,968,971	255,628	212,954	258,331	345,828	416,298,350
On-balance sheet gap		57,485,580	(109,655,753)	217,310,626	198,809,591	14,817,361	7,038,701	5,592,134	5,099,410	(202,659)	(281,323,830)
Off-balance sheet financial instruments											
Forward Lending											
Interest Rate Swap / Cross Currency Swaps		3,302,119	-	3,302,119	-	-	-	-	-	-	-
Foreign Currency option		-	-	-	-	-	-	-	-	-	-
Forward Foreign Exchange Contracts		94,999,666	91,994,534	2,527,022	478,110	-	-	-	-	-	-
		98,301,785	91,994,534	5,829,141	478,110	-	-	-	-	-	-
Forward Borrowing											
Interest Rate Swap / Cross Currency Swaps		43,422,211	-	39,216,679	3,225,711	979,821	-	-	-	-	-
Foreign Currency option		-	-	-	-	-	-	-	-	-	-
Forward Foreign Exchange Contracts		4,670,000	3,866,360	178,500	-	625,140	-	-	-	-	-
		48,092,211	3,866,360	39,395,179	3,225,711	1,604,961	-	-	-	-	-
Off-balance sheet gap		50,209,574	88,128,174	(33,566,038)	(2,747,601)	(1,604,961)	-	-	-	-	-
Total yield / interest risk sensitivity gap		107,695,154	(21,527,579)	183,744,588	196,061,990	13,212,400	7,038,701	5,592,134	5,099,410	(202,659)	(281,323,830)
Cumulative yield / interest risk sensitivity gap				162,217,009	358,278,999	371,491,399	378,530,100	384,122,234	389,221,644	389,018,985	389,018,985

Notes to the Financial Statements

For the year ended 31 December 2022

Effective yield / interest rate	Total	2021									Non interest bearing financial instruments	
		Exposed to yield / interest rate risk										
		Upto one month	Over one month to three months	Over three months to six months	Over six months to one year	Over one year to two years	Over two years to three years	Over three years to five years	Over five years to ten years	Over ten years		
----- (Rupees in '000) -----												
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	-	60,295,393	8,405,280	-	-	-	-	-	-	-	-	51,890,113
Balances with other banks	-	9,567,702	-	-	-	-	-	-	-	-	-	9,567,702
Lendings to financial institutions	2.37%	11,728,869	11,728,869	-	-	-	-	-	-	-	-	-
Investments	7.93%	450,583,287	49,903,540	245,879,076	154,050,159	-	-	-	613,896	-	-	136,616
Advances	8.63%	234,172,617	81,462,921	109,275,433	20,784,131	5,886,772	4,729,347	6,141,072	4,802,322	782,530	308,089	-
Other assets	-	33,463,151	-	-	-	-	-	-	-	-	-	33,463,151
		<u>799,811,019</u>	<u>151,500,610</u>	<u>355,154,509</u>	<u>174,834,290</u>	<u>5,886,772</u>	<u>4,729,347</u>	<u>6,141,072</u>	<u>5,416,218</u>	<u>782,530</u>	<u>308,089</u>	<u>95,057,582</u>
Liabilities												
Bills payable	-	16,601,187	-	-	-	-	-	-	-	-	-	16,601,187
Borrowings	3.29%	35,028,767	7,783,288	21,502,479	3,167,610	1,216,109	657,580	49,946	99,891	232,828	308,089	10,947
Deposits and other accounts	3.19%	626,774,412	320,503,406	37,722,456	3,656,755	2,828,308	412,050	133,300	120,000	-	-	261,398,137
Sub-ordinated loans	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	-	76,082,320	-	-	-	-	-	-	-	-	-	76,082,320
		<u>754,486,686</u>	<u>328,286,694</u>	<u>59,224,935</u>	<u>6,824,365</u>	<u>4,044,417</u>	<u>1,069,630</u>	<u>183,246</u>	<u>219,891</u>	<u>232,828</u>	<u>308,089</u>	<u>354,092,591</u>
On-balance sheet gap		<u>45,324,333</u>	<u>(176,786,084)</u>	<u>295,929,574</u>	<u>168,009,925</u>	<u>1,842,355</u>	<u>3,659,717</u>	<u>5,957,826</u>	<u>5,196,327</u>	<u>549,702</u>	<u>-</u>	<u>(259,035,009)</u>
Off-balance sheet financial instruments												
Forward Lending												
Interest Rate Swap / Cross Currency Swaps		19,899,332	6,019,373	13,879,959	-	-	-	-	-	-	-	-
Foreign Currency option		-	-	-	-	-	-	-	-	-	-	-
Forward Foreign Exchange Contracts		233,823,409	64,619,917	84,193,510	76,721,270	8,288,712	-	-	-	-	-	-
		<u>253,722,741</u>	<u>70,639,290</u>	<u>98,073,469</u>	<u>76,721,270</u>	<u>8,288,712</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Forward Borrowing												
Interest Rate Swap / Cross Currency Swaps		32,274,798	9,544,496	22,730,302	-	-	-	-	-	-	-	-
Foreign Currency option		-	-	-	-	-	-	-	-	-	-	-
Forward Foreign Exchange Contracts		156,529,301	94,000,180	38,034,797	19,685,219	4,809,105	-	-	-	-	-	-
		<u>188,804,099</u>	<u>103,544,676</u>	<u>60,765,099</u>	<u>19,685,219</u>	<u>4,809,105</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Off-balance sheet gap		<u>64,918,642</u>	<u>(32,905,386)</u>	<u>37,308,370</u>	<u>57,036,051</u>	<u>3,479,607</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total yield / interest risk sensitivity gap		<u>110,242,975</u>	<u>(209,691,470)</u>	<u>333,237,944</u>	<u>225,045,976</u>	<u>5,321,962</u>	<u>3,659,717</u>	<u>5,957,826</u>	<u>5,196,327</u>	<u>549,702</u>	<u>-</u>	<u>(259,035,009)</u>
Cumulative yield / interest risk sensitivity gap				<u>123,546,474</u>	<u>348,592,450</u>	<u>353,914,412</u>	<u>357,574,129</u>	<u>363,531,955</u>	<u>368,728,282</u>	<u>369,277,984</u>	<u>369,277,984</u>	

Yield risk is the risk of decline in earnings due to adverse movement of the yield curve. Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in the market interest rates. The Bank is exposed to various risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The Bank manages this risk by matching the re-pricing of assets and liabilities and off-balance sheet instruments.

42.3 Operational Risk

Operational risk is the Potential for loss from inadequate or failed internal processes, technology events, human error, or from the impact of external events (including legal risks)". It is inherent in the Bank carrying out business; the Organization can suffer damage from a range of operational risks, for example, loss of clients or regulatory fines from failed transaction processing, operational resilience or data management risks.

The Operational Risk Type Framework (ORTF), sets out the approach for management of operational risk as well as the roles and responsibilities of the various stakeholders. The ORTF is built on a risk-based approach meaning that risk management plans, processes, activities, and resource allocations are determined in accordance with the level of risk. In accordance with the framework, business segments and functions are accountable for the day to day management of business activities and to manage the operational risks that arises from these activities. The independent risk management function and Subject Matter Experts provide, challenge, guidance, and oversight over the business activities. Existing and future levels of Operational Risk must be maintained within the approved Risk Appetite of the Bank.

Notes to the Financial Statements

For the year ended 31 December 2022

The bank has an enterprise risk management system in place, namely M7, that is utilized for the recording of operational risk events (including financial losses and non financial events), operational losses, results of control sample testings, monitoring of controls, risks and associated mitigating actions pertinent to operational risk.

Business Continuity Plans (BCP) for respective areas are in place and tested on a periodic basis. The Bank has enhanced monitoring for all cyber security risks. The remote work capabilities area available for staff and related risk and control measures are assessed to make sure they are fully protected using virtual private network (“VPN”) connections.

The Executive Risk Committee (ERC) is the overarching committee to have an oversight function over operational risk related matters and other non-financial risks in addition to Compliance risk, Financial Crime risk, Conduct risk, Information & Cyber Security risk, and Reputational risk. The committee has a clear understanding of operational risk as a distinct risk category is aware of the key risks faced by the institution. The committee has the authority to take a view on the significance of risks and to direct appropriate actions. Depending on the significance of risks, the issues are tabled at ERC.

42.3.1 Operational Risk-Disclosures Basel Specific

The bank uses The Standardized Approach (TSA) for assessing capital charge for Operational Risk. Under the TSA approach the business activities of the banks are divided into eight business lines, namely corporate finance, trading & sales, retail banking, commercial banking, payment & settlement, agency services, asset management, and retail brokerage. Within each business line, the gross income is a broad indicator that serves as a proxy for the scale of business operations and thus the likely scale of operational risk exposure within each of these business lines. The capital charge for each business line is calculated by multiplying the gross income by a factor (denoted beta) that is assigned to that business line.

Events leading to potential or actual operational losses are known as Operational Risk Events (OREs). Appropriate procedures are in place for the identification, classification, capture, approval and analysis of OREs. OREs must be identified by the First Line of Defence. Prompt actions are to be taken to remediate the impact to our clients and to the Bank. All identified ORE are categorized in terms of Basel business line and event types, and are duly logged on the M7 system. Furthermore, all OREs are reviewed to assess the need for risk treatment actions which include remediation and mitigation actions. Remediation actions seek to rectify the specific outcomes of the event where possible and mitigation actions seek to sustainably prevent the reoccurrence of the ORE. If required, detailed Root Cause Reviews (RCR) are performed to have a detailed analysis of the ORE and to embed lessons learnt through the redesign of processes or controls.

42.4 Liquidity Risk

Liquidity and Funding Risk is the risk that we may not have sufficient stable or diverse sources of funding to meet our contractual and contingent obligations as they fall due.

Liquidity Risk, both short term and structural, and Funding Risk are monitored through the Bank's Treasury Risk Type Framework and covered under the Liquidity and Funding Risk policy, and is managed by the Asset and Liability Committee (“ALCO”). This committee, chaired by the CEO, is responsible for both the statutory and prudential liquidity. The ALCO prudently monitors the Bank's balance sheet and ensures that the bank remains liquid at all times.

A range of tools and metrics are used for the management/monitoring of liquidity such as key balance sheet ratios, survival horizon, Liquidity Coverage Ratio, Net Stable Funding Ratio whereas short-term liquidity tools include day to day monitoring of future cash flows and liquidity stress tests using various behavioral and rollover assumptions. The Bank also maintains significant levels of marketable securities either for compliance with local statutory requirements or as prudential investments of surplus funds.

Stress Testing and scenario analyses are used to assess the financial and management capability to continue to operate effectively under extreme, but plausible, operating conditions and to understand the potential threats to the bank's liquidity and other financial resources. Routine stress tests under the Liquidity and Funding Risk Policy comprises of Name specific stress, market wide stress and a combined scenario. In addition, the Bank has prepared a Country Recovery Plan which is a live document by which the Country ensures that it has the ability to recover its financial position in the event of an extreme but plausible liquidity and/or solvency stress. The Bank has set Recovery Indicators capable of acting as early warning indicators of a liquidity and/or solvency stress which meet applicable regulations (where relevant).

42.4.1 MATURITIES OF ASSETS AND LIABILITIES - based on contractual maturity of assets and liabilities of the bank

In accordance with the guidelines issued by SBP through BSD Circular Letter No. 3 of 2011 and BSD Circular Letter No. 2 of 2013, Banks are required to disclose maturities of assets and liabilities separately for 'contractual maturities' and 'expected maturities'. The expected maturities are calculated using three (3) years historical balances and identifying "Core" and "Non-Core" balances using monthly volatility analysis. Fixed / intangible assets are presented on the basis of their depreciation / amortisation schedule.

	2022									
	Total	Upto one month	Over one month to three months	Over three months to six months	Over six months to one year	Over one year to two years	Over two years to three years	Over three years to five years	Over five years to ten years	Over ten years
	(Rupees in '000)									
Assets										
Cash and balances with treasury banks	68,918,645	68,918,645	-	-	-	-	-	-	-	-
Balances with other banks	8,737,656	8,737,656	-	-	-	-	-	-	-	-
Lendings to financial institutions	51,286,290	51,286,290	-	-	-	-	-	-	-	-
Investments	477,732,454	64,641,225	180,150,426	153,383,161	42,372,588	-	18,013,830	19,021,588	149,636	-
Advances	216,207,696	67,636,447	81,411,139	27,753,021	15,843,964	5,898,708	5,344,255	4,112,660	3,475,931	4,731,571
Other assets	66,836,739	60,344,386	4,518,105	1,563,384	235,905	174,959	-	-	-	-
Fixed assets	11,474,182	92,348	547,785	248,127	495,597	2,019,103	1,208,651	2,142,969	4,654,307	65,295
Intangible assets	26,095,310	-	-	-	-	-	-	-	-	26,095,310
Deferred tax assets	-	-	-	-	-	-	-	-	-	-
	927,288,972	321,656,997	266,627,455	182,947,693	58,948,054	8,092,770	24,566,736	25,277,217	8,279,874	30,892,176
Liabilities										
Bills payable	14,820,617	14,820,617	-	-	-	-	-	-	-	-
Borrowings	28,063,619	3,302,164	21,849,844	2,152,788	57,194	114,388	103,082	138,331	345,828	-
Deposits and other accounts	718,449,989	709,969,967	2,377,489	2,819,644	2,911,777	141,240	109,872	120,000	-	-
Sub-ordinated loans	-	-	-	-	-	-	-	-	-	-
Other liabilities	73,079,106	12,027,342	5,897,386	4,066,467	37,385,651	1,850,560	6,942,622	968,687	3,940,391	-
Deferred tax liabilities	5,354,762	-	-	-	-	-	-	5,354,762	-	-
	839,768,093	740,120,090	30,124,719	9,038,899	40,354,622	2,106,188	7,155,576	6,581,780	4,286,219	-
	87,520,879	(418,463,093)	236,502,736	173,908,794	18,593,432	5,986,582	17,411,160	18,695,437	3,993,655	30,892,176
Net assets										
Share capital	38,715,850									
Reserves	29,211,960									
Unappropriated profit	11,714,277									
Surplus on revaluation of assets - net	7,878,792									
	87,520,879									
	2021									
	Total	Upto one month	Over one month to three months	Over three months to six months	Over six months to one year	Over one year to two years	Over two years to three years	Over three years to five years	Over five years to ten years	Over ten years
	(Rupees in '000)									
Assets										
Cash and balances with treasury banks	60,295,393	60,295,393	-	-	-	-	-	-	-	-
Balances with other banks	9,567,702	9,567,702	-	-	-	-	-	-	-	-
Lendings to financial institutions	11,728,869	11,728,869	-	-	-	-	-	-	-	-
Investments	450,583,287	22,802,815	226,669,702	35,141,397	15,595,601	131,257,104	-	19,042,698	73,970	-
Advances	234,172,617	90,614,737	44,064,366	25,385,715	6,327,019	12,488,328	34,280,227	7,291,362	6,518,509	7,202,354
Other assets	36,293,236	17,921,731	12,209,511	2,873,776	433,803	205,226	2,417,886	24,847	206,456	-
Fixed assets	10,689,126	60,911	118,429	186,231	372,764	1,204,486	871,154	1,976,961	3,921,985	1,976,205
Intangible assets	26,095,310	-	-	-	-	-	-	-	-	26,095,310
Deferred tax assets	-	-	-	-	-	-	-	-	-	-
	839,425,540	212,992,158	283,062,008	63,587,119	22,729,187	145,155,144	37,569,267	28,335,868	10,720,920	35,273,869
Liabilities										
Bills payable	16,601,187	16,601,187	-	-	-	-	-	-	-	-
Borrowings	35,028,767	7,794,235	21,502,479	3,167,610	1,216,109	657,580	49,946	99,891	232,828	308,089
Deposits and other accounts	626,774,412	604,839,456	14,784,543	3,656,755	2,828,308	412,050	133,300	120,000	-	-
Other liabilities	77,736,852	34,179,865	7,303,875	7,584,588	21,712,298	460,797	922,923	4,379,160	494,625	698,721
Deferred tax liabilities	3,679,066	-	-	-	-	-	-	3,679,066	-	-
	759,820,284	663,414,743	43,590,897	14,408,953	25,756,715	1,530,427	1,106,169	8,278,117	727,453	1,006,810
	79,605,256	(450,422,585)	239,471,111	49,178,166	(3,027,528)	143,624,717	36,463,098	20,057,751	9,993,467	34,267,059
Net assets										
Share capital	38,715,850									
Reserves	25,243,085									
Unappropriated profit	8,274,496									
Deficit on revaluation of assets - net	7,371,825									
	79,605,256									

Notes to the Financial Statements

For the year ended 31 December 2022

42.4.2 MATURITIES OF ASSETS AND LIABILITIES - based on expected maturity of assets and liabilities of the bank

	2022									
	Total	Upto one month	Over one month to three months	Over three months to six months	Over six months to one year	Over one year to two years	Over two years to three years	Over three years to five years	Over five years to ten years	Over ten years
	(Rupees in '000)									
Assets										
Cash and balances with treasury banks	68,918,645	68,918,645	-	-	-	-	-	-	-	-
Balances with other banks	8,737,656	8,737,656	-	-	-	-	-	-	-	-
Lendings to financial institutions	51,286,290	51,286,290	-	-	-	-	-	-	-	-
Investments	477,732,454	64,641,225	180,150,426	153,383,161	42,372,588	-	18,013,830	19,021,588	149,636	-
Advances	216,207,696	7,787,578	83,490,056	30,220,150	21,454,848	46,896,399	5,706,417	5,726,677	5,961,694	8,963,877
Other assets	66,836,739	60,344,386	4,518,105	1,563,384	235,905	174,959	-	-	-	-
Fixed assets	11,474,182	92,348	547,785	248,127	495,597	2,019,103	1,208,651	2,142,969	4,654,307	65,295
Intangible assets	26,095,310	-	-	-	-	-	-	-	-	26,095,310
Deferred tax assets	-	-	-	-	-	-	-	-	-	-
	927,288,972	261,808,128	268,706,372	185,414,822	64,558,938	49,090,461	24,928,898	26,891,234	10,765,637	35,124,482
Liabilities										
Bills payable	14,820,617	14,820,617	-	-	-	-	-	-	-	-
Borrowings	28,063,619	3,302,164	21,849,844	2,152,788	57,194	114,388	103,082	138,331	345,828	-
Deposits and other accounts	718,449,989	120,984,066	29,726,169	43,842,665	84,957,818	438,709,399	109,872	120,000	-	-
Sub-ordinated loans	-	-	-	-	-	-	-	-	-	-
Other liabilities	73,079,106	12,027,342	5,897,386	4,066,467	37,385,651	1,850,560	6,942,622	968,687	3,940,391	-
Deferred tax liabilities	5,354,762	-	-	-	-	-	-	5,354,762	-	-
	839,768,093	151,134,189	57,473,399	50,061,920	122,400,663	440,674,347	7,155,576	6,581,780	4,286,219	-
	87,520,879	110,673,939	211,232,973	135,352,902	(57,841,725)	(391,583,886)	17,773,322	20,309,454	6,479,418	35,124,482
Net assets										
Share capital	38,715,850									
Reserves	29,211,960									
Unappropriated profit	11,714,277									
Surplus on revaluation of assets - net	7,878,792									
	87,520,879									
	2021									
	Total	Upto one month	Over one month to three months	Over three months to six months	Over six months to one year	Over one year to two years	Over two years to three years	Over three years to five years	Over five years to ten years	Over ten years
	(Rupees in '000)									
Assets										
Cash and balances with treasury banks	60,295,393	60,295,393	-	-	-	-	-	-	-	-
Balances with other banks	9,567,702	9,567,702	-	-	-	-	-	-	-	-
Lendings to financial institutions	11,728,869	11,728,869	-	-	-	-	-	-	-	-
Investments	450,583,287	22,802,815	226,669,702	35,141,397	15,595,601	131,257,104	-	19,042,698	73,970	-
Advances	234,172,617	39,443,046	56,241,849	24,562,866	20,187,296	38,443,568	34,277,415	7,295,166	6,519,058	7,202,354
Other assets	36,293,236	17,921,731	12,209,511	2,873,776	433,803	205,226	2,417,886	24,847	206,456	-
Fixed assets	10,689,126	60,911	118,429	186,231	372,764	1,204,486	871,154	1,976,961	3,921,985	1,976,205
Intangible assets	26,095,310	-	-	-	-	-	-	-	-	26,095,310
Deferred tax assets	-	-	-	-	-	-	-	-	-	-
	839,425,540	161,820,467	295,239,491	62,764,270	36,589,464	171,110,384	37,566,455	28,339,672	10,721,469	35,273,869
Liabilities										
Bills payable	16,601,187	16,601,187	-	-	-	-	-	-	-	-
Borrowings	35,028,767	7,794,235	21,502,479	3,167,610	1,216,109	657,580	49,946	99,891	232,828	308,089
Deposits and other accounts	626,774,412	73,052,111	34,202,407	32,783,552	61,081,900	425,401,142	133,300	120,000	-	-
Other liabilities	77,736,852	34,179,865	7,303,875	7,584,588	21,712,298	460,797	922,923	4,379,160	494,625	698,721
Deferred tax liabilities	3,679,066	-	-	-	-	-	-	3,679,066	-	-
	759,820,284	131,627,398	63,008,761	43,535,750	84,010,307	426,519,519	1,106,169	8,278,117	727,453	1,006,810
	79,605,256	30,193,069	232,230,730	19,228,520	(47,420,843)	(255,409,135)	36,460,286	20,061,555	9,994,016	34,267,059
Net assets										
Share capital	38,715,850									
Reserves	25,243,085									
Unappropriated profit	8,274,496									
Deficit on revaluation of assets - net	7,371,825									
	79,605,256									

Notes to the Financial Statements

For the year ended 31 December 2022

42.5 Derivative Risk

The Bank has adopted the Traded Risk Type Framework which sets out the overall risk management approach for Traded Risk, which covers potential for loss resulting from derivative activities undertaken by the financial markets. Traded Risk Management (TRM) performs market risk management activities for the Bank. Derivative risk limits are proposed by TRM after discussion with relevant businesses and are reviewed twice a year. Under the framework, authority for setting derivative risk limits is delegated to the local Executive Risk Committee.

The Executive Risk Committee and the Board Risk Committee have primary oversight responsibility for Derivative Risk.

42.6 Model Risk

Model Risk is defined as the "potential loss that may occur as a consequence of decisions or the risk of mis-estimation that could be principally based on the output of models due to errors in the development, implementation, or use of such models". An important source of model risk is the inherent uncertainty in all model outputs, and may arise from uncertainty in parameter estimates, limited statistics, or uncertainty in model choices.

Model risk management is subject to a robust risk assessment process with a two-dimensional risk rating for each model: Model materiality ratings and model uncertainty ratings. Accurate assessment of risk ratings enables a risk-based and proportionate model risk management approach.

Model monitoring is carried out by the applicable Process Owner (or delegate) for model monitoring, to identify issues and risks related to model performance and model use. Model monitoring results are presented to the respective delegated authority periodically.

43. GENERAL

43.1 CORRESPONDING FIGURES

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

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

43.2 DATE OF AUTHORIZATION

These financial statements were authorized for issue in the Board of Directors meeting held on 16 February 2023.



Ian Bryden
Chairman



Rehan M. Shaikh
Chief Executive Officer



Syed Ejaz Alam
Chief Financial Officer



Rola Abu Manneh
Director



Ehsan Ali Malik
Director

Notes to the Financial Statements

For the year ended 31 December 2022

Annexure - I

Statement in respect of written-off loans or any other financial relief of five hundred thousand rupees or above as required under sub-section (3) of section 33A of the Banking Companies Ordinance, 1962 during the year ended 31 December, 2022

Amount in PKR Rupees

Sr. No.	Name	Address	Name of Partners / Directors NIC / CNIC	Father / Husband Name	Outstanding Liabilities at Beginning of Year			Amount Written off / Concession		
					Principle	Interest/ Markup	Total	Principle	Interest/ Markup	Total Balance (Gross)
1	Al Rehman Jeweller	38 Commercial Zone Gulberg Liberty Market Lahore	35201-9292407-9	NA	15,517,897	158,814	15,676,711	-	7,866,954	7,866,954
2	Uniprint	House No 397 Block K Street 7 Phase 5 DHA Lahore	35201-1582889-3	NA	15,895,620	182,795	16,078,415	-	5,032,325	5,032,325
3	Shaukat Ali	House No. 2522/W-8M, Basti Daira Timber Market Mohalla People Vehra Multan	36302-7678497-9	Muhammad Ali	6,850,000	1,224,446	8,074,446	3,350,000	1,224,446	4,574,446
4	M Arjumand Masood	New Mahmood Medical Store Chowk Mayo Hospital Lahore	35201-1158943-1	Ch M Shafi	6,996,924	4,136,828	11,133,752	-	4,136,752	4,136,752
5	Mian Masroor Mehmood	116-D Sui Gas Society DHA Phase V Mosque Lahore	35202-6406637-9	Mian Mehmood Ul Hassan	3,863,335	163,345	4,026,680	3,863,335	144,772	4,008,107
6	Hammad Tariq	Flat No. D-15 Block D 3rd Floor Street No. 91 Sector G-11/3 Crown Towers G-11 Islamabad	35202-2508998-9	Muhammad Tariq	3,705,613	131,676	3,837,289	3,697,504	247,093	3,944,598
7	Muhammad Kashif Jawwad	Flat No. A-315/5 3rd Floor Bills Paradise Phase-1 Gulistan e Johar Block-18 Karachi	42101-3091775-9	Muhammad Laique Khan	3,716,816	102,160	3,818,976	3,716,816	63,177	3,779,994
8	Muddeser Ahmed Farooqi	House No. 70 Ground Floor Street No. 588 G-13/2 Islamabad	35202-7303077-7	Mubasher Ahmed Farooqi	3,387,387	155,538	3,542,925	3,387,387	230,518	3,617,905
9	Syed Fahad Tirmizi	House No. C-108 Gulistan e Johar Block 15 Karachi	42201-0583561-9	Syed Ibrahim Hussain Tirmizi	3,550,221	64,772	3,614,993	3,382,516	79,412	3,461,928
10	Ozair Lodhi	House No. 14-A Sindhi Muslim Housing Society Near Bundu Khan Karachi	42201-9728630-1	Abdul Rehman Lodhi	3,076,972	256,270	3,333,242	3,076,972	284,571	3,361,543
11	Mr Faheem Aarsal	671 Gulmohar Block Sector C Near KFC Bahria Town Lahore	45104-0273220-7	Muhammad Qaseem Aarsal	1,696,818	12,254	1,709,072	2,495,602	325,631	2,821,233
12	Tariq Mehmood Sindhu	House No. 517 Ravi Block Allama Iqbal Town Park Lahore	35202-4057195-3	Bashir Parvez Urf Ahmad	2,551,847	148,344	2,700,191	2,551,847	185,192	2,737,040
13	Asadullah Khan	House No 247/2 Street 41 Sector 2 Phase 3 Near DHA School Lahore	61101-8412358-3	Sharafat Ullah Khan	-	-	-	2,621,084	86,601	2,707,685
14	Amir Siddiqui	Flat No. 509 18 West Residencia Street 73 F-11 Markaz Park Sector Islamabad	42201-0515958-9	Mohammad Abdul Azeem Siddiqui	2,640,746	16,022	2,656,769	2,636,456	-	2,636,456
15	Mr Kazi Muhammad Aamir	House No. B-13 Street No. 6 Block-18 Moh Gulshan e Iqbal Al Hamd Masjid Near Little Star School Karachi	42201-6969439-5	Kazi Muhammad Akbar	2,414,844	6,886	2,421,730	2,517,054	53,624	2,570,678
16	Mr Shahzaib Ali Khan	House No. 289 Janiper Block Near Grand Jamia Mosque Grand Mosque Bahria Town Lahore	13302-5537260-3	Ali Akber Khan	1,141,815	10,170	1,151,985	2,043,091	527,140	2,570,230
17	Faheem Aarsal	671 Gulmohar Block Sector C Near KFC Bahria Town Lahore	45104-0273220-7	Muhammad Qaseem Aarsal	2,566,349	12,656	2,579,005	2,321,512	106,541	2,428,052
18	Sohaib Marghub	96-A PIA Housing Society Near Johar Town Lahore	35202-4503231-1	Marghub Siddiqi	1,970,142	100,817	2,070,959	1,970,142	189,337	2,159,479
19	Rizwan Iqbal	Plot No. 21 C Flat No. 3 Mohalla 2 Zamzama Commercial Lane Phase 5 DHA Karachi	42301-5064717-3	Muhammad Iqbal	1,913,190	26,387	1,939,577	1,913,190	150,861	2,064,051
20	Kifayat Zaman	House No.12 Street No.148 G-13/4 Islamabad	16101-9497697-3	Shahi Zaman	2,067,244	48,221	2,115,465	1,915,465	56,367	1,971,832
21	Nazir Ahmad Nadeem	House No. 271 (Upper Portion) Street No 69 Sector G-8/1 Islamabad	35303-0843704-1	Abdul Rehman	2,047,501	68,981	2,116,482	1,781,735	156,949	1,938,684
22	Tariq Manzoor	House No 626-C Bahria Town Phase 7 Masjid Rawalpindi	37405-1526328-3	Manzoor Ahmed	1,849,800	31,421	1,881,222	1,763,523	170,238	1,933,761
23	Syed Muhammad Haider Naqvi	R-44 Zoramin Residency Scheme-33 Mousmiat University Road Karachi	42101-1698586-7	Syed Mumtaz Haider Naqvi	1,932,989	10,168	1,943,157	1,814,708	114,507	1,929,214
24	Aurang Zeb Achakzai	House No.9-C Khanau Bunglows Spini Road Shahrah-e-Azam Quetta	54302-0775364-1	Mohammad Anwar Khan	2,011,302	19,397	2,030,699	1,893,654	25,733	1,919,387
25	Mr Ifan Hussain Fatmi	Heritage Suits Room 208 Hafeez Center Gulberg Lahore	90403-0190946-5	Shahid Hussain Fatmi	1,652,559	27,526	1,680,085	1,660,036	249,594	1,909,630
26	Data Steel Pipe Industries (Pvt) Ltd	Data Steel Pipe Ind Pvt Ltd Ibrahim Building 20 West Wharf Road Karachi	35201-7631070-1	NA	1,924,801	98,100,494	100,025,295	1,892,740	-	1,892,740
27	Data Steel Pipe Industries (Pvt) Ltd	Data Steel Pipe Ind Pvt Ltd Ibrahim Building 20 West Wharf Road Karachi	42101-1746807-1	NA	1,846,567	35,081,333	36,927,900	1,831,997	-	1,831,997
28	Syed Bilal Hassan	House No 437/5 Street No 5 New Mulpur Behind Nawat Stadium Sharif Park Rawalpindi	37302-1293490-9	Syed Sakhawat Hussain Shah	1,719,230	16,580	1,735,810	1,719,230	51,065	1,770,294
29	Rustam Khan	Al Badar House Mufti Abad High School No. 3 Mansehra Islamabad	13503-7256495-5	Roshan Khan	1,852,083	28,314	1,880,397	1,617,394	109,104	1,726,498
30	Arbab Tariq	House No P-346 Ground Floor Street No. 4 Ghorri Town VIP Block Islamabad	82202-5039695-1	Muhammad Tariq	1,701,600	20,512	1,722,113	1,594,707	124,868	1,719,575
31	Mr Hammad Tariq	Flat No. D-15 Block D 3rd Floor Street No. 91 Sector Crown Towers G-11 Islamabad	35202-2508998-9	Muhammad Tariq	1,457,199	2,270	1,459,469	1,545,973	149,772	1,695,745
32	Syed Raza Haider Zaidi	98-H EME Housing Society Multan Road Near Canal Road Lahore	35202-5897984-9	Syed Zaheer Haider Zaidi	1,634,169	23,595	1,657,763	1,594,087	70,056	1,664,143

Notes to the Financial Statements

For the year ended 31 December 2022

Annexure - I

Amount in PKR Rupees

Sr. No.	Name	Address	Name of Partners / Directors NIC / CNIC	Father / Husband Name	Outstanding Liabilities at Beginning of Year			Amount Written off / Concession		
					Principle	Interest/ Markup	Total	Principle	Interest/ Markup	Total Balance (Gross)
33	Mr Muhammad Anas Zafar Soleja	143/L Soleja Homes P.E.C.H.S Near SCB Branch Allama Iqbal Road Branch Karachi	42201-1742950-5	M Zafar Idrees	324,593	10,674	335,267	1,310,121	342,584	1,652,705
34	Kamran Amin Butt	Flat No 307 3Rd Floor E-11/1 Markaz Islamabad	61101-1985504-3	Muhammad Amin Butt	1,669,778	30,596	1,700,374	1,499,343	113,944	1,613,287
35	Talha Khaliq	House 272-A Upper Gizri Karachi Clifton Karachi	42301-4823748-3	Abdul Khaliq Brohi	1,635,029	26,384	1,661,414	1,472,340	133,334	1,605,675
36	Syed Waqar Azeem	House No.1-H-8 Street-4 Falcon Complex-2 Gate No.5 AFOHS Malir Cant Karachi	42201-8744204-9	Syed Amin Uddin	1,525,023	31,212	1,556,235	1,524,057	39,784	1,563,841
37	Zaheer Ahmed Patoli	House No.D-6A Block-9 Kehkashan Clifton Ocean Mall Karachi	41103-1542854-7	Mohammad Khaman	1,438,499	95,531	1,534,029	1,438,499	90,494	1,528,992
38	Uzma Tahir	357 P Block Johat Town Emporium Mall Lahore	35202-9923554-8	Nasreen	1,500,892	34,161	1,535,053	1,489,593	36,846	1,526,439
39	Muhammad Hussain Brohi	House No A-15 Shaheed Makhdoom Bilawa Village Kiran Hospital Karachi	45301-0570435-1	Juma Khan	1,657,643	28,157	1,685,800	1,384,291	120,544	1,504,835
40	Syed Qamar Abbas Zaidi	House No. 3B South Central Avenue Phase 2 Abu Bakar Mosque DHA Karachi	42301-6010661-7	Syed Asrar Hussain Zaidi	1,460,348	27,660	1,488,008	1,410,216	84,491	1,494,707
41	Aliya Alavi	House No. E-31 Khayaban-e-Sehar Phase VI Shehbaz near Agha Khan Lab DHA Karachi	42301-7849236-4	Aftab Ahmed Alavi	1,332,980	104,902	1,437,882	1,332,980	153,005	1,485,985
42	Shahbaz Hussain Shah Bukhari	Flat Number 2 Axis Group Bahria Enclave Urban Boulevard Plot 10 Islamabad	34402-2317048-1	Syed Manzoor Hussain Shah	1,463,765	25,826	1,489,590	1,437,250	47,658	1,484,908
43	Fazal Abbas	Al Abbas Traders Block No. 07 Khushab Road Sargodha	38403-2053440-1	Muhammad Qasim	-	1,481,490	1,481,490	-	1,481,490	1,481,490
44	Muhammad Azhar Rana	House No. 52 Islam Block Azam Garden Multan Road near PSO Pump Lahore	36302-8480317-1	Muhammad Mansha	1,418,881	22,896	1,441,777	1,347,492	98,581	1,446,073
45	Sadia Nusrat	Appartment No. 1 Rahat Appartments Street No. 10 Gulraiz 3 Margala Medical Institute Rawalpindi	37406-6475089-8	Khurshid Alam	1,306,461	8,590	1,315,051	1,306,461	125,544	1,432,005
46	Raja Imran Mehmood	House No 14 Street 15 Shah Khalid Colony Airport Link Rawalpindi	37405-0367441-1	Raja Mehmood Ahmed	1,294,321	113,723	1,408,045	1,294,321	126,417	1,420,738
47	Adnan Zafar Dada	House No 143 Khayaban e Aziz Bhatti Shaheed Phase 7 Ext DHA Karachi	42301-1622591-5	Zafar Hussain Dada	1,309,327	71,336	1,380,663	1,309,327	111,130	1,420,457
48	Muhammad Raees Khan	House No B-125 PCSIR Cooperative Housing Society Scheme 33 Karachi University Gulzar e Hijri Karachi	42101-1610623-3	Muhammad Younus Khan	1,437,669	24,421	1,462,089	1,339,148	39,817	1,378,964
49	Aisha Ilyas	Ghulam Nabi House Lane No. 02 Quaid e Azam Colony PSO Pump Dhamial Camp Rawalpindi	37405-2187192-0	Muhammad Ilyas	1,285,718	16,146	1,301,863	1,271,681	80,352	1,352,033
50	Muhammad Nadeem	House No. 539 Street No-64 G-11/2 Near Masjid Usman Binaffan Islamabad	35201-8982839-1	Muhammad Rafique	1,257,616	83,512	1,341,128	1,257,616	83,512	1,341,128
51	Humayoon Asghar	House No. 66/122nd Street DHA Khayaban-E-Badban Phase-5 Near KFC 26th Street Karachi	42301-4750782-9	Muhammad Asghar	1,319,386	13,753	1,333,139	1,319,386	19,379	1,338,765
52	Shaheryar Aziz Malik	House No.460 Sector Y Street No.3 Phase 7 DHA Lahore	35201-0723245-9	Abdul Aziz Malik	1,323,468	40,447	1,363,914	1,298,012	23,734	1,321,746
53	Kamran Raza	House No. 172 Shah Jamal Darbar Lahore	35202-3028406-5	Muhammad Khalid	1,299,583	22,075	1,321,658	1,200,779	107,892	1,308,671
54	Muhammad Tayyab	Flat No. 3 SA Pride Block 13-B Gulshan e Iqbal Near Rite Medicos Karachi	42101-4625094-1	Muhammad Mahmood Ahmad	1,242,760	18,640	1,261,399	1,149,960	130,957	1,280,917
55	Unaid Mansoor	Flat No. 403-Zahra Classic Garden East Tomb Of Quaid Karachi	42301-9986726-9	Muhammad Mansoor	1,153,619	123,815	1,277,434	1,153,619	123,815	1,277,434
56	Zia Misbah	House No.D-20 Block 09 Gulshan e Iqbal Urdu University Karachi	42201-0492538-5	Shah Muhammad Misbah	1,183,635	44,860	1,228,495	1,183,635	90,483	1,274,118
57	Mr Muhammad Fawad	House No B-165 Block 15 Gulistan e Jouhar Continental Bakery Karachi	42201-9747643-3	Muhammad Siddiq	69,208	2,829	72,037	951,755	321,384	1,273,139
58	Mr Irfan Hussain Fatmi	Heritage Suits Room 208 Hafeez Center Gulberg Lahore	90403-0190946-5	Shahid Hussain Fatmi	728,892	5,149	734,041	963,283	303,832	1,267,115
59	Imdad Ali Mallah	House No. 224 1st Floor Sector A Street No. 3 Kashmir Colony Near Dubai Hotel Korangi Road Karachi	45205-7499648-1	Muhammad Bachal Mallah	1,129,606	104,204	1,233,810	1,129,606	115,856	1,245,462
60	Tariq Hassan	House No. R-402 City Villas Scheme-33 University Road Near Kiran Hospital Karachi	42201-5392046-1	Muhammad Ibrahim	1,212,008	9,563	1,221,571	1,212,008	24,644	1,236,652
61	Syed Ibrahim	Appartment No. 510, 5th Floor Block B Marina Elevation Clifton Block 2 Near IVS Karachi	42301-4026966-3	Syed Jaffer	1,220,345	22,238	1,242,583	1,210,493	26,011	1,236,504
62	Muhammad Essa Solangi	Flat No E 22 Rafi Mall 2nd Floor Malir Near Nadra Office 15 Karachi	43102-2436808-5	Sewo Khan Solangi	-	-	-	1,154,127	62,134	1,216,261
63	Ahmer Iqbal	House No. 491-AA Phase 4 DHA Near Play Ground Lahore	12101-0226236-3	Muhammad Iqbal	1,208,071	27,673	1,235,745	1,179,614	34,233	1,213,848
64	Chaudhary Junaid Ali Khan	DHA Phase 2 House 2-A Sec D Link Road Islamabad	35202-2561026-3	Mazhar Hussain Chaudhary	1,216,707	60,700	1,277,407	1,185,824	24,103	1,209,926
65	Sonia Saher	House No.454 Street No.9 Azam Town Mehmoodabad Near Erum Academy School Karachi	42000-4731707-0	Waseem Samuel	1,157,173	22,605	1,179,778	1,129,150	80,041	1,209,191

Notes to the Financial Statements

For the year ended 31 December 2022

Annexure - I

Amount in PKR Rupees

Sr. No.	Name	Address	Name of Partners / Directors NIC / CNIC	Father / Husband Name	Outstanding Liabilities at Beginning of Year			Amount Written off / Concession		
					Principle	Interest/ Markup	Total	Principle	Interest/ Markup	Total Balance (Gross)
66	Mr Rashid Bhatti	Paradise Tower Flat 401 4th Floor Frere Twon Opposite Country Court Appartment Town Clifton Karachi	42301-2226836-1	Asghar Bhatti	999,942	23,293	1,023,235	999,942	198,969	1,198,911
67	Najeeb Ahmed	219 House No. 32 Street Khayaban e Muslim Ph No. 6 DHA Chota Bukhari Karachi	35202-8251771-5	Nisar Ahmad Khan	1,417,147	25,276	1,442,423	1,152,530	45,526	1,198,056
68	Muhammad Shahzad Baig	Nadeem Mention 5th Floor Garikhata Arambagh Flat Mouloo Near Juma Hospital Karachi	42101-7139877-9	Mirza Abdul Majid Baig	1,188,862	6,645	1,195,506	1,093,112	89,364	1,182,476
69	Taimour Jibrani	503 Shamiim Skytower Federal B Area Muka Chock Federal B Area Karachi	54400-6767686-7	Yahya Abdullah	1,161,648	21,705	1,183,354	1,098,539	75,502	1,174,041
70	Muhammad Arshad	House No.11 Street No.2 Baqutallah Road Baba Fareed Colony No.2 Chungi Amer Sidhu Lahore	35202-4018451-9	Muhammad Siddique	1,159,552	15,317	1,174,869	1,134,879	28,102	1,162,981
71	Syed Muhammad Raza Abbas Naqvi	House No B-113 New Rizvia Society Phase No. 2 Scheme 33 Karachi	42101-5218415-5	Syed Zafar Abbas	1,055,886	6,943	1,062,829	1,055,886	102,268	1,158,154
72	Mr Feroz Uddin	Sumeria Banglows House No. R1 Safora Chorangi Gujro Rimjhim Tower Division Malir District Karachi	42401-3547736-7	Ghulam Haider	911,333	163,074	1,074,407	911,333	233,067	1,144,400
73	Yousaf Hassan Butt	House No 01 Lane No. D-2 Sector C - 2 Bahria Enclave Chak Shahzad Islamabad	61101-3742150-7	Sajjad Hassan Butt	1,182,426	8,164	1,190,590	1,088,141	53,103	1,141,244
74	Rashid Bhatti	Paradise Tower Flat 401 4th Floor Frere Town Opposite Country Court Appartments Town Clifton Karachi	42301-2226836-1	Asghar Bhatti	1,054,471	30,767	1,085,238	1,054,471	85,755	1,140,226
75	Muhammad Usman Amin	House No. 419-A3 Gulberg III Near 7 Up Office Lahore	35202-2918398-7	Perwaiz Amin Bhandari	1,160,835	66,339	1,227,174	1,107,066	26,169	1,133,236
76	Mr Ozair Lodhi	House No. 14-A Sindhi Muslim Housing Society Near Bundu Khan Karachi	42201-9728630-1	Abdul Rehman Lodhi	983,048	121,882	1,104,930	983,047	139,398	1,122,445
77	Waseem Hassan	House No 91 J Block Firdous Market Gulberg 3 Gourmet Bakery Lahore	31104-5743320-1	Muhammad Ashraf	1,034,456	60,403	1,094,859	1,034,456	87,871	1,122,328
78	Ali Zeeshan Khan	Flat 108 Tower 2 Commender Heights Scheme 33 Malir Cant HBL Bank Karachi	42501-1537316-9	Zafarullah Khan	1,292,217	7,647	1,299,864	1,042,621	67,174	1,109,795
79	Afreen Mirza	87/2 Lane No. 15 Off Khayaban-e-Sehar Near PSO Pumo Phase-7 DHA Karachi	42301-0886385-2	Adnan Ahmed	1,030,459	69,141	1,099,600	1,030,459	68,924	1,099,383
80	Mr Bilal Ur Rehman Khan	House No. 24-A/2 Valencia Town Lahore Tariq Garden Lahore	35202-6976750-3	Atta Ur Rehman Khan	1,031,024	49,336	1,080,360	990,547	108,579	1,099,127
81	Mr Kashif Sharoon	House No.35 F C College Campus Ferozepur Road Nera HBL FCC College Lahore	35202-3116631-1	Mubarak Masih	-	-	-	900,000	192,202	1,092,202
82	Siraj Hussain Memon	House No. 4 Sector-3 Street No. 6 Haroon Bahria Nimra Masjid Baldia Town Navel Colony Karachi	41409-1838603-5	Ali Akbar Memon	974,009	112,054	1,086,062	974,009	112,054	1,086,062
83	Syed Ali Raza Noor	House No. 1781 Street 68 Ali Block A Q Khan School Bharia Phase 8 Rawalpindi	37405-9146800-1	Syed Ala Noor	941,083	23,978	965,061	941,083	133,126	1,074,210
84	Mr Muhammad Farrukh Nadeem	House No.2046 Street No.66 Abu Bakkar Block Bahria Town Phase 8 Near Foot Ball Ground Rawalpindi	34102-0386072-5	Muhammad Younas	5,885	2,036	7,921	1,040,783	28,148	1,068,931
85	Mr Basim Munir	House No. 129/ 2 Main Saba Avenue Khayaban-e-Muhafiz Dha Phase-VI Chai Wala Karachi	42301-7227082-5	Munir Ahmed	1,013,136	63,218	1,076,354	998,136	66,608	1,064,744
86	Shahnaz	House No. L-699 Sector 4 Khawaja Ajmair Nagri North Karachi Nr Ajmer Nagri Thana Karachi	42101-3060047-6	Zulfiqar Ali	962,044	17,976	980,020	952,401	100,942	1,053,343
87	Muhammad Usman Hashmi	House No A 26 Sector U-1 Reflektion Lawn Are Gulshan e Maymaar Karachi	42501-5300708-3	Muhammad Rizwan Hashmi	1,009,391	17,146	1,026,537	997,394	53,803	1,051,197
88	Muhammad Shahid Soroya	House No 31 Heaven Homes Tariq Ismail Road Khyabane e Jinnah Near Nasheman Iqbal Society Lahore	35202-1180960-5	Muhammad Hanif Soroya	1,006,246	36,677	1,042,923	1,006,246	42,934	1,049,180
89	Haris Aijaz Khan	House No.104 Lane-5 Chaklala Sch No.1 Rawalpindi	37405-6907564-3	Aijaz Ahmed Khan	936,775	21,067	957,843	936,775	112,244	1,049,020
90	Tawfiq Adnan	House 41-F Street 15 Near SCB Bank F-11/2 Islamabad	35200-1449236-3	Sher Muhammad Khan	1,077,943	7,088	1,085,031	949,300	88,805	1,038,105
91	Mr Syed Qamar Abbas Zaidi	House No. 3B South Central Avenue Phase 2 Abu Bakar Mosque DHA Karachi	42301-6010661-7	Syed Asrar Hussain Zaidi	904,701	103,783	1,008,484	862,135	173,460	1,035,595
92	Jawad Akram	House No B II 307 Al Naveed Jajal Pur Road Gujrat	34201-0586013-9	Muhammad Akram	1,048,607	17,812	1,066,419	932,942	87,818	1,020,760
93	Ammad Hassan Shah	House No 81 Street No 50 Ft1 Markaz Ft1/3 Islamabad	42201-4465563-3	Syed Riaz Ul Hassan Shah	1,084,168	74,310	1,158,478	946,152	51,191	997,344
94	Sameer Mir	Appartment No.208 2nd Floor Rubi Beach Pride New Building Altamash Hospital Block-1 Clifton Karachi	42201-5306170-3	Mir Muhammad Qadeer	1,070,396	27,551	1,097,947	976,352	18,771	995,124
95	Muhammad Abbas	Flat No 209 B Central Flats Model Town Extension Model Town Lahore	31105-1844423-3	Munir Ahmed	912,141	58,940	971,081	912,141	80,068	992,209
96	Irshad Ali	House No.E-13 Block 11 Sindhi Madho Goth Metro Shopping Mall Gulshan e Iqbal Karachi	42301-5668458-7	Kauro	923,730	56,578	980,308	923,730	64,049	987,779
97	Uzma Bano	House No. R 529 Goher Green City Malir Baba Wilyat Shah Mazar Karachi	42201-4146136-6	Muhammad Khurshid Khan	870,568	17,745	888,313	870,568	98,723	969,291

Notes to the Financial Statements

For the year ended 31 December 2022

Annexure - I

Amount in PKR Rupees

Sr. No.	Name	Address	Name of Partners / Directors NIC / CNIC	Father / Husband Name	Outstanding Liabilities at Beginning of Year			Amount Written off / Concession		
					Principle	Interest/ Markup	Total	Principle	Interest/ Markup	Total Balance (Gross)
98	Rashid Latif	House No 1353 Street 5 National Police Foundation Police Foundation Block C Islamabad	14101-5906988-3	Abdul Latif	970,454	17,211	987,665	953,131	15,120	968,251
99	Mr Syed Alamdar Hussain Shah	House No. 12 Street 15-B Barma Town Lahtrar Road Islamabad	38302-1237665-1	Seyd Zawar Hussain Shah	778,533	42,064	820,597	769,497	188,726	958,223
100	Mr Khizar Bilal	House No. 945 Block C Street 15 DHA Phase 6 Head Office Lahore	91506-0178631-9	Bilal Ahmed	848,035	41,573	889,608	848,035	108,170	956,205
101	Khawaja Abdul Momin	House 1293 Street 79 Umer Block Phase 8 Bahria Town Rawalpindi	37405-0350157-1	Amna Begum	920,025	43,623	963,648	920,025	34,066	954,090
102	Syed Muhammad Ayaz Ahmed	House No.R-340 Sector No.7-D/2 Gulshan-e-Farooq Anda Morr North Karachi	42101-2580916-5	Syed Muhammad Zubair Ahmed	857,230	76,036	933,266	857,230	84,592	941,822
103	Abdul Haq	House No. 1854 Street 1 Sador Barlen Hakim Fateh Muhammad Sehwnani Rd Meternity Home Liyari Karachi	42301-0459705-5	Gulam Nabi	921,813	15,658	937,471	867,193	73,894	941,087
104	Mr Zubair Khan	House No.173 2nd Floor Near Mubarak Masjid Mubarak Upper Gizri Karachi	13101-0894005-9	Abdul Karim	841,468	20,255	861,723	883,358	56,220	939,578
105	Allah Wadhaya	House No. 172-D Ayayana Qaid Housing Scheme Bank Stop Lahore	36502-9562807-5	Naseer Ahmad	900,982	13,228	914,211	888,211	48,539	936,750
106	Mr Shahzad Babar	House No. 268 S Block Street 27 None Phase 2 DHA Lahore	13101-7791608-1	Abdullah Jan Baber	762,739	45,079	807,818	827,710	92,248	919,958
107	Muhammad Nadeem	Flat No 104 Hafeez Center Gali No.6 Burns Road Near S.M Law College Karachi	42301-1084250-3	Muhammad Jamshaid	900,700	15,491	916,191	895,191	22,614	917,805
108	Shahid Bashir Judge	11B Basement Shan Arcade Barkat Market Lahore	36502-1880874-3	Mohammad Bashir	2,189,346	913,979	3,103,325	-	913,979	913,979
109	Abdul Ghani	House No. B.86 Gulshan e Iqbal 13 D 2 Karachi Gilani Station Karachi	41206-1351710-1	Sher Muhammad Humairani	879,767	11,136	890,903	860,934	52,984	913,918
110	Dawood Salman Gailani	Khayaban-e-Bahria Ph IV DHA Sultan Masjid House No.74 Karachi	42000-9736851-9	Salman Gailani	839,615	7,453	847,068	809,213	101,585	910,797
111	Mr Javed Inam Siddique	House No. A-438 Second Floor Block 12 Gulberg Federal B Area Karachi	42101-1687985-7	Inam Bari Siddique	790,342	8,174	798,516	700,463	209,381	909,844
112	Syed Rizwan Ahmed	A-103/1 SHAES Appartment Block 4 Main University Road Gulistan-e-Johar Karachi	42201-6363281-1	Usman Ahmed	870,046	19,425	889,472	869,472	35,065	904,536
113	Mr Mohsin Ahmed	House No.120 Block D Punjab Society Near DHA Lahore	35201-4543386-9	Ahmed Ali	-	-	-	699,901	203,778	903,679
114	Sumair Ashan Liah	House No A-145-A Block No.B Sindhi Muslim Society Daruashia Masjid Karachi	42201-0975059-5	Abdul Rehman	879,190	21,508	900,698	844,321	56,644	900,964
115	Sabir Ali	A-112 Block 2 Gulistan e Johar Saadquain Grammer School Karachi	42201-0333880-3	Ramzan Ali	909,603	16,314	925,918	845,994	53,421	899,415
116	Muhammad Younus	House No A 505 Block 3 Al Rahman Square Near PTV Station Sharfabad Karachi	42201-4794354-3	Zaib Un Nisa	1,050,511	7,253	1,057,764	820,541	72,779	893,320
117	Muhammad Faisal Iqbal	1st Floor Yousaf Plaza Near Shell Pump 5-A Bank Alfalah Ferozpur Road Qartaba Chowk Lahore	38403-4322838-7	Nazar Muhammad	834,658	21,991	856,649	796,334	86,263	882,597
118	Nattasha Nisar	House No. 5 H Block 2 Pechs Karachi	44103-4778173-8	Faraz Ahmed	792,571	30,007	822,578	792,571	87,918	880,489
119	Abdul Ghaffar	House No. 50/35 Riazabad Dhamiyal Road Ufone Franchies Rawalpindi	37405-4923130-9	Muhammad Pervez	785,825	76,396	862,221	785,825	91,039	876,864
120	Mr Mohsin Ahmed	House No.120 Block D Punjab Society Near DHA Lahore	35201-4543386-9	Ahmed Ali	111,989	11,876	123,865	734,727	137,289	872,016
121	Mr Awais Ahmad	Ahmad House 134 Street 02 Imperial Garden Meezan Bank Paragon City Lahore	35201-9020668-9	Ahmad Ullah	827,488	-	827,488	737,992	129,935	867,927
122	Luqman Khalid Jamil	House No 17 Block 16 Sector B-1 Township Lahore	35102-0687146-1	Jamil Ahmed	818,184	20,032	838,216	792,934	72,879	865,813
123	Adnan Ali Shahbaz	House No. 51-A Sattar Park Near Joy Shah Darbar Joy Shah Darbar Rajgarh Lahore	35202-4969410-5	Shan Muhammad Shahbaz	833,382	38,200	871,582	833,382	31,474	864,856
124	Mr Imran Khan	House No.174-A Rehan Garden Phase-2 Ferozpur Central Park Road Lahore	42101-1887010-9	Muhammad Yousaf	755,188	104,842	860,030	755,188	108,322	863,510
125	Muhammad Babar Jamal	Building No 70 Flat 4C Lahore Sector B Askari II Lahore	37406-1626547-9	Jamal Ahmed	961,602	37,837	999,439	839,677	12,552	852,229
126	Mirza Danish Hussain Barlas	House No A-15 Ground Floor Lane 5 Kasbit SMCHS Block-B Karachi	42201-5156802-7	Mirza Akbar Hussain Barlas	988,486	77,772	1,066,258	849,668	-	849,668
127	Syed Sohail Mehdi	A- 35 Block-S North Nazimabad Ship Honor College Karachi	42101-4987441-9	Syed Sardar Muhammad Naqvi	812,032	4,272	816,304	781,688	60,853	842,541
128	Muhammad Kamran Shahid	House No No. B-16 Block 4 A Gulshan-e-Iqbal Patel Hospital Karachi	42101-1930618-7	Abdul Aziz Shahid	784,728	10,879	795,607	767,294	74,440	841,735
129	Babar Ali	House No. 76 Block 1 Karim Park Ravi Road Lahore	35202-6883161-9	Sardar Ali	1,989,047	829,392	2,818,438	-	829,392	829,392
130	Tahir Iqbal	House No 181 Block E Tajpura Scheme Mughalpura Lahore	35201-1265596-7	Gulam Ahmad	778,870	50,347	829,216	778,870	46,429	825,299
131	Mohammad Sohail Sidiq	Quarter No A 20 Panch House Colony Multan Road Lahore	35202-2446916-1	Muhammad Ishaq	734,400	24,536	758,937	734,400	83,143	817,544

Notes to the Financial Statements

For the year ended 31 December 2022

Annexure - I

Amount in PKR Rupees

Sr. No.	Name	Address	Name of Partners / Directors NIC / CNIC	Father / Husband Name	Outstanding Liabilities at Beginning of Year			Amount Written off / Concession		
					Principle	Interest/ Markup	Total	Principle	Interest/ Markup	Total Balance (Gross)
132	Naseer Ahmad	House 480 E Block Pak Arab Housing Ghore Wala Chowk Society Lahore	35202-2978959-1	Muhammad Bashir	800,004	8,758	808,762	800,004	16,128	816,132
133	Yasir Mustafa	House No. 02 Moh Salik Street Muslim Hunjab College Town Lahore	33202-1507140-9	Ishfaq Hussain Bhatti	763,042	46,750	809,792	763,042	46,750	809,792
134	Saleem Ahmed	14-B Kashmir House 10th South Street Sunset Club Phase-2 Karachi	42301-7854725-5	Kauser Hussain	742,872	13,176	756,048	742,872	62,314	805,186
135	Mohsin Imtiaz	House No 26/34 Block E Madina Colony Gourmet Bakery Cavlary Ground Cantt Lahore	34101-9459636-3	Imtiaz Ahmad	787,152	17,121	804,274	741,298	61,345	802,643
136	Faisal Yaqoob	73-C-Block-2 KAECHS City School Karachi	42201-5343908-9	Muhammad Yaqoob	889,767	17,235	907,002	776,235	21,651	797,886
137	Abdul Rasheed Alvi	696-Main Bagrian Road Green Town Lahore	35202-3005008-9	Al Hajj Faiz Ahmed	4,639,635	849,856	5,489,492	-	788,244	788,244
138	Rahim Khan	House No 434 Sector 51/A Korangi 06 Back Side Mono Technical College Karachi	42201-5188776-7	Hussain Khan	699,919	18,860	718,779	660,239	127,156	787,395
139	Imran Iqbal	House No. - Jt- 26 Janjua Town Attock Petrol Pump Adyala Road Rawalpindi	54400-2817903-5	Muhammad Iqbal	752,188	4,462	756,650	744,798	42,425	787,223
140	Mr Syed Ansar Ul Hassan	180-P Block DHA National Hospital Lahore	35201-0324272-5	Syed Anwar Ul Hassan	736,475	12,724	749,199	736,476	47,462	783,938
141	Mian Muhammad Nasir	House No. 15-A Abbot Road Near Jan Ki Dewai Jan Ki Dewai Hospital Hospital Lahore	34201-4643673-5	Mian Saeed Muhammad	739,867	31,759	771,626	739,867	40,940	780,807
142	Anis Ur Rahman	House No 116 Idrees Block Ferouzpur Road Gulshan E Madina Society Lahore	35101-9892051-7	Nasreen Kausar	759,629	18,269	777,899	699,600	70,841	770,441
143	Muhammad Zaem	House No 13C/1 Street No 1-A Sector No 2 Moh Atta Road Shalimar Town Near Shalimar Bagh Lahore	35201-1518677-3	Muhammad Amin	646,600	17,520	664,120	648,578	121,772	770,349
144	Ravi Kumar	Flat No.609/6 Blk 13 Sulera Apt Gulistan e Johar More Johar Karachi	41303-7033886-3	Prem	774,351	23,396	797,746	739,324	24,887	764,211
145	Ramsha Mariam	F-9 Safari Boulevard Phase 3 Gulistan e Johar Block 15 near Continental Bakery Karachi	42201-6361473-6	Khurram Khalid	791,741	28,029	819,770	734,066	24,476	758,542
146	Zahid Hussain	A-1653-1 Phase-1 Gulshan-E-Hadeed Bin Qasim Karachi	42501-3110423-1	M Suleman	1,476,354	5,559	1,481,914	-	751,910	751,910
147	Marina Khan	Flat No. 4 Ch Adnan Plaza Soan Garden Double Opp Bank Al Habib Road Islamabad	42000-3694200-0	Arif Khan	720,000	1,420	721,420	672,230	77,655	749,885
148	Ashique Hussain	House No.316 New Saeed Abad Block 9-A Baldia Town Kar Near Al Habib School Karachi	42401-4066209-7	Din Muhammad Khan	674,509	49,829	724,338	674,509	72,727	747,236
149	Mr Muhammad Roes Khan	House No B-125 PCSIR Coperative Housing Society Scheme 33 Karachi University Gulzar e Hijri Karachi	42101-1610623-3	Muhammad Younus Khan	670,476	9,717	680,193	613,142	131,007	744,150
150	Syed Muhammad Abbas Zaidi	2nd Floor R-33 Railway Society 13-D-3 Gulshan-e-Iqbal Masjid e Tanz Ul Iman Karachi	42201-7178264-5	Syed Arshad Hussain Zaidi	732,860	14,316	747,176	664,886	71,925	736,812
151	Mahboob Ul Hassan	House No. 241-1 G-Block Model Town Near Metro Cash And Carry Lahore	35202-2565120-1	Nawab Din	14,570	4,179	18,749	625,000	102,796	727,796
152	Abuzar Bokhari	11/B2 Asad Jan Road Cantonment	35201-1466646-7	Syed Mansoor Hussain Bokhari	755,351	36,558	791,909	662,250	64,533	726,783
153	Muhammad Faraz Naveed	House No. A-4 Moria Khan Goth Star Gate Karachi Total Parco Pump Air Port Karachi	37405-1273923-5	Muhammad Naveed Siddiqui	658,751	23,874	682,626	658,751	66,752	725,503
154	Eastern Computers & Mobiles	Office No 49-GF/12-A 2nd Floor Hafeez Centre Gulberg 3 Lahore	35202-3970171-8	NA	3,384,053	397,733	3,781,786	-	725,414	725,414
155	Abdullah	House No.333C Street 22 E 11/4 E 11 Markaz Islamabad	36302-3097217-9	Muhammad Ahmad	653,537	56,391	709,928	653,537	67,461	720,997
156	Mr Rakesh Rakesh	Flat No. 304 Paradise Residency 3rd Floor Near Teen Frere Town Lahore	45402-3654802-1	Sunder Das	525,783	192,655	718,438	525,783	194,349	720,133
157	Mrs Sarwat Siddiqui	House No 623 Durani Street Islompura Chahan Park Lahore	35202-9385807-2	Shamshad Ahmad Siddiqui	533,220	130,277	663,497	533,219	186,770	719,989
158	Mr Ozair Lodhi	House No. 14-A Sindhi Muslim Housing Society Bundu Khan Karachi	42201-9728630-1	Abdul Rehman Lodhi	542,037	135,592	677,629	542,036	174,887	716,924
159	Shahzad	Flat No. 69-D N-Blk Model Town Ext Fast Rent A Car Lahore	31102-8064596-3	Nisar Ahmad	663,778	35,265	699,043	663,778	52,902	716,680
160	Mr Muhammad Kaleem Safdar	House No.435 L Block Khayaban e Ameen Defence Road Lahore	37402-0939061-9	Safdar Ali Raza	618,246	39,897	658,143	618,245	97,621	715,866
161	Sidra Yasmeen	House No. 15/8 Sheet No. 16 Model Colony 9-C Warsi Masjid Malir Karachi	42401-8575357-6	Muhammad Anwar	660,744	19,102	679,846	660,744	54,292	715,036
162	Athar Farid	Near Noor Masjid Moh Chodhrian Simbly Dam Road Phulgaran Noor Masjid Islamabad	36302-0453415-9	Ghulam Farid	634,388	71,702	706,090	634,388	71,702	706,090
163	Mr Amir Siddiqui	Flat 509 18 West Residencia Street 73 F-11 Markaz Park Sector F-11/1 Islamabad	42201-0515958-9	Mohammad Abdul Azeem Siddiqui	598,734	29,439	628,173	598,734	105,806	704,540
164	Zaheer Abbas	House No. D 96 Gulistan Society Quaidabad Firdous Plaza Landhi Karachi	42501-3958878-1	Manzoor Hussain	682,404	17,977	700,380	648,104	56,334	704,438

Notes to the Financial Statements

For the year ended 31 December 2022

Annexure - I

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165	Mirza Muhammad Ali	Flat No A-104 Hameem Heights Gulshan e Iqbal Block No.13-D 2 Karachi Near Wasim Baag Karachi	42201-9186097-7	Mirza Rahat Ali	669,533	3,445	672,978	657,192	35,231	692,423
166	Sikandar Asif	H No. 136 S39 PAEC Housing Society Rawat Islamabad	37405-2170814-3	Asif Hussain	679,293	12,873	692,166	664,238	22,341	686,579
167	Araaj Sohail	House 32/33 N Blk Cantt View Scheme Bedian Rd Bhatta Chowk Lahore	37405-1721908-0	Khawaja Sohail	690,142	38,910	729,052	676,550	6,321	682,870
168	Bushra Mehmood Butt	House No.171 Street No.28 Overseas Block A Gourmet Bahria Town Lahore	35202-7360167-8	Nighat	620,000	52,303	672,303	620,000	62,820	682,820
169	Mr Noman Naseem	House No.594 Sec 4-B Town Saeedabad Siddiq e Akber Mosque Baldya Town West Karachi	42401-9166648-1	Naseem Khan	205,684	3,093	208,777	528,960	147,149	676,109
170	Mr Abdul Qadir	Plot No.45/3 Flat No. 803 Blk 7/8 Moh Over Seass Society Tahir Medical Amir Khusro Road Karachi	42301-9366067-1	Haji Qasim	800	-	800	519,220	155,834	675,054
171	Mr Manan Arif	House No.393/6 Block B Faisal Town Jama Masjid Khota Pind Lahore	35202-3545027-3	Muhammad Arif	540,289	4,603	544,892	527,822	134,394	662,216
172	Mr Raja Adnan Javaid	House No 1-A Main V.Mandla Info Shahdara Water Shahdara Water Sup Supply Shahdara Road T&D Islamabad	61101-1903005-9	Raja Javaid Iqbal	528,881	125,007	653,888	528,881	125,007	653,888
173	Mr Muhammad Saeed	Flat No. 141 Commercial Pak Arab Housing Society Bear Waqar Medics Ferozpur Road Lahore	35201-1474028-5	Meiraj Din	318,164	-	318,164	629,012	22,201	651,214
174	Mr Humayoon Asghar	House No. 66/122nd Street DHA Khayaban-E-Badban Phase-5 Near KFC 26th Street Karachi	42301-4750782-9	Muhammad Asghar	190,799	453,570	644,369	190,799	459,424	650,223
175	Abbas Ali Shah	House No.05 Phase-4 Sector EE DHA Near Grid Station Lahore	35201-3320662-3	Syed Ghulam Ali Shah	628,206	10,917	639,124	620,472	18,104	638,577
176	Muhammad Saqib Sethi	House No. 190 Street No. 3 Larex Colony Shahdara Station Govt Boys Highy School Lahore	35202-7348984-5	Muhammad Ashraf Sethi	657,224	63,522	720,747	613,080	21,035	634,115
177	Haroon Rashid	Wazir House Opp Masjid e Noor Durrani Bani Gala Islamabad	21708-4331517-9	Shazia Bibi	602,711	12,285	614,996	577,609	56,301	633,910
178	Ikram Ullah Khan	House No.59 Street No.36 Sec G-13/2 Islamabad Chowk	15401-0697225-1	Saad Ullah Khan	593,504	39,004	632,508	593,504	39,004	632,508
179	Yasir Afzaal	House No 137 (Upper Floor) Street No 57 F-11 E-11/3 Islamabad	61101-5590705-5	Muhammad Afzaal Chaudhry	574,405	53,260	627,665	574,405	53,260	627,665
180	Mr Tanveer Ul Amin Farooqi	4-B Street No.5 Askari-4 Main Rashid Minhas Road Near Millinium Mall Karachi	42201-7301782-7	Amin Ud Din Farooqi	489,954	-	489,954	490,704	134,689	625,393
181	Kashif Sarfaraz	Room No. 106 Blk-B Female Begum Akhter Tawar No 1 Ruksana Hospital Bahria Town Karachi	82303-2999976-1	Muhammad Sarfaraz Khan	560,880	53,466	614,346	560,880	63,990	624,870
182	Saima Noureen	Muslim Street Alipur Naye Abbadi Miuat Petrol Pump Islamabad	37403-7433412-8	Yasir Khan	592,950	31,543	624,493	592,950	31,543	624,493
183	Ali Abbas Bhatti	House No. 249 A-3 Wafaqi Md Store Colony Lahore	34101-6817167-9	Chaudhry Shabbir Hussain Khan	603,030	4,163	607,194	575,925	47,612	623,537
184	Mr Syed Kashif Ijaz Zaidi	Airport Housing Society Sector No.04 Street 18 E Block House No.268 Masjid Usman Ghani Near Usman Ghani Mosque Islamabad	61101-8458615-9	Syed Ijaz Hussain Zaidi	539,706	114,313	654,019	539,706	80,083	619,789
185	Mr Aakash Kumar	House No A-14/3 Street No 5 Bath Island Clifton Near Sapphire Residency Karachi	41308-6100666-5	Daya Ram	456,203	-	456,203	462,620	155,498	618,117
186	Mr Muhammad Rizwan Ul Haq	Program Manager D&P ARFA Software Technology Park Model Town 346-B Ferozpur Road Lahore	38403-6960632-5	Muhammad Hussain	472,685	108,463	581,148	472,685	143,254	615,939
187	Mr Nauman Khan	House No 4 Street 6 Muhallah Bazar Zargran Purani Anarkali Lahore Near FBR Office Lahore	35202-2839470-1	Naseer Khan	542,644	19,868	562,512	512,987	99,565	612,552
188	Tahir Manzoor	House No. 25-C-3 Mohallah Gulberg 111 Near M.M Alam Road Lahore	35202-5506427-7	Chaudhary Manzoor Ahmed	467,342	-	467,342	528,621	78,700	607,321
189	Mr Muhammad Imran Khokhar	House 19 Block E1 Sector A Valancia Housing Society Engineer Town Defence Road Lahore	35201-4386275-7	Abdul Qadir Khokhar	-	-	-	486,181	120,465	606,646
190	Mr Imtiaz Ahmed	Flat No. F-82 Block-F 7th Floor Noman Avenue Samba Bank Gulistan e Johar Karachi	17301-7379621-1	Abdul Hameed	600,634	-	600,634	571,429	34,164	605,592
191	Mr Raja Sher Afzel	House No. 35/1 Main Saba Avenue Phase 5 Extension Badar Commercial DHA Karachi	61101-3787416-9	Raja Hashmat Khan	498,103	10,304	508,407	466,798	136,915	603,713
192	Mr Faisal Bashir	H.No.13-C Pakistan Airforce Colony Zarrar Shaheed Rd Askari-9 Society Lahore Cantt Lahore Lahore	35201-8377046-3	Muhammad Bashir	436,755	134,561	571,316	436,755	166,177	602,932
193	Sayed Tanveer Hussain Shah	House No 24, Koel Street Taj Bagh Scheme Lahore Near Hurbans Pura Morr Lahore	35202-2176615-9	Sayed Muhammad Rafique Shah	918,917	25,440	944,358	593,257	9,601	602,858
194	Sajjad Hussain	House No.2 F-20 Block 9 Clifton Karachi	42301-6411313-5	Akbar Ali	519,171	12,558	531,729	519,729	82,908	602,637
195	Mr Muhammad Rizwan Ul Haq	Program Manager D&P ARFA Software Technology Park Model Town 346-B Ferozpur Road Lahore	38403-6960632-5	Muhammad Hussain	506,105	82,248	588,353	506,105	94,916	601,021

Notes to the Financial Statements

For the year ended 31 December 2022

Annexure - I

Amount in PKR Rupees

Sr. No.	Name	Address	Name of Partners / Directors NIC / CNIC	Father / Husband Name	Outstanding Liabilities at Beginning of Year			Amount Written off / Concession		
					Principle	Interest/ Markup	Total	Principle	Interest/ Markup	Total Balance (Gross)
196	Dennis M Pereira	Flat No.810 8th Floor Rainbow Centre Rainbow Centre Saddar Karachi	42201-0831696-7	Darryl A Pereira	588,669	21,437	610,106	588,669	9,309	597,978
197	Faisal Ishaq	House No.A-78 Block 3 Gulistan-e-Johar Sadqain Grammar School Karachi	42101-5067514-7	Muhammad Ishaq	581,716	8,342	590,058	567,168	29,780	596,948
198	Al-Kabeer Traders	47-B Green Market Vehari	36603-5763044-7	NA	267,419	326,840	594,258	267,419	326,840	594,258
199	Mr Zia Khan	82B New Muslim Town Lahore	35202-5881112-1	Haji Khurshid Ahmad	516,312	79,532	595,844	488,384	105,319	593,702
200	Mr Kamran Raza	House No. 172 Shah Jamal Shah Darbar Lahore	35202-3028406-5	Muhammad Khalid	263,385	113	263,498	499,551	93,173	592,724
201	Mr Muhammad Subtain	House No. 83 Block G Street No. 11 Al Rehman Garden Phase 2 Punjab School Lahore	35202-0108638-9	Azeem Shahzad	499,431	-	499,431	465,071	127,452	592,524
202	Sajeel Abbas Nasir	House No. 243 C2 Engineers Jamia Masjid Town Sector A Lahore	35202-8666346-5	Nasir Abbas Baloch	549,527	38,471	587,997	549,527	41,320	590,847
203	Amir Riaz	House No. 628 Street No. 24 Phase-1 Margallah Children Park Town Islamabad	61101-1973060-9	Riaz Muhammad Abbasi	649,799	8,830	658,629	560,703	25,335	586,038
204	Ghaffar Ahmed Khan	P No.4-Lalazar Colony Tulsa Road 5A Street House No.30/G Main Rainbow School Main 5 C. Near TCS Tulsa Road Rawalpindi	37401-6787557-1	Zahoor Ahmed	531,205	15,801	547,006	531,205	53,462	584,667
205	Mr Hafiz Muhammad Talal	R-69/1 Sec 15-A/4 Buffer Zone Karachi	42201-0507686-3	Muhammad Younus Saddiqui	561,780	4,650	566,430	506,448	77,378	583,826
206	Mr Syed Asher Hussain Jafri	House No. 73-L Gulberg 2 Lahore Near Canal Park Lahore	35202-5710727-9	Syed Ather Hussain Jafrey	495,319	5,651	500,970	490,953	90,840	581,793
207	Asma Tahir	House No. 292-C Street No G-6/2 Opposite CDA Hospital Islamabad	61101-1901331-2	Tahir Ali	526,425	44,418	570,843	526,425	52,706	579,130
208	Aurangzeb Khan Afridi	Central Govt Society House No A-52 Block No 19 Hill Top Gulistan Johar Karachi	42101-2363721-7	Iqbal Ali Khan Afridi	575,269	9,772	585,041	529,412	49,338	578,750
209	Zeeshan	House No. 246 / 248 Drigh Road Cantt Hospital Cantt Bazar Karachi	42501-5400846-9	John Peter	863,366	21,575	884,941	555,055	17,028	572,083
210	Mr Tayyab Jahangir	House No.5 Jasmine Block 3-Km Thoker Niaz Biag Multan Road Park View City Lahore	35202-7915162-9	Jahangir Ishaq Khan	499,525	45,123	544,648	487,531	83,919	571,450
211	Mr Muhammad Asif Saeed Rawat	House No C 14 Phase 1 PNS Karsaz Duknikh Dohnts Shaheen Shanwari Near Dunkin Donuts Karachi	42101-8246116-1	Muhammad Saeed Rawat	525,946	40,595	566,541	525,946	40,595	566,541
212	Mr Malik Farrukh Hassan Awan	House No. 167-B Block RECHS Jamia Masjid Teh Cant Zila Lahore	35202-9180773-3	Masoom Buksh	496,174	26,762	522,936	496,174	70,147	566,322
213	Louis Paul Benedict	Reno Center Flat No C- 505 Block C Floor 5 Uncle Surya Hospital Randle Road Karachi	42301-6844726-7	Anthony G Benedict	550,458	14,025	564,484	506,568	58,046	564,614
214	Aamir Farooqui	Flat No. A-2/12 Johar Square Block 18 Gulistan e Johar Chowrangji Karachi	42201-0360249-5	Nasrullah Farooqui	504,564	11,570	516,134	504,564	59,516	564,080
215	Shameem Akhtar	House No. 18 Street 5 Eden Palace Villas Raiwind Road Lahore	61101-7901504-0	Ghulam Akbar	439,360	13,499	452,859	444,059	119,877	563,936
216	Naeem Yousaf	House No. 382 Block G-4 Wapda Town Cantt Wapda Town Lahore	36402-4816006-7	Muhammad Yousaf	541,712	10,582	552,294	514,611	49,250	563,861
217	Irfan Uddin	R-84 Block-K 2nd Floor North Masjid Batha Nazimabad Karachi	42101-5701715-1	Haji S M Noor Uddin	510,919	41,781	552,700	510,919	50,126	561,045
218	Syed Nasir Ali Kazmi	House No 278 Street No 8 New Malpur Nawaz Sharif Park Satellite Town Rawalpindi	35201-5469169-7	Syed Maqbool Hussain Kazmi	603,769	22,759	626,528	545,388	15,610	560,998
219	Syed Amir Ali	House No 35-C East Street Gold Mart Phase 01 DHA Karachi	42301-4370826-7	Syed Afaq Ali	544,922	7,405	552,327	530,453	30,456	560,909
220	Mr Rai Muratab Ali Khan	House No 317 Block-A Nespak Housing Society Phase-3 Near Valencia Lahore	35402-3791012-1	Bashir Ahmed	495,972	12,504	508,476	516,676	42,717	559,393
221	Hammad Saeed Malik	House No V-53 Street No 11 Gohawa Mor Toyota Airport Motors New Airport Road Lahore	37301-8888506-5	Saeed Ahmed Malik	525,533	31,333	556,866	525,533	32,824	558,357
222	Farman Ali	House No 926 Street No.34 A Ghouri Town Phase 4-A Islamabad	45503-7371186-5	Shah Dino	516,579	9,919	526,498	510,998	46,609	557,606
223	Aisha Saleem	House No. E 114 Street No. 8 Al Noor Town Rahat Bakery Walton Road Cantt Distt Lahore	35201-6317271-0	Muhammad Waqar Shahid	502,870	37,066	539,936	502,870	53,814	556,685
224	Muhammad Saad Masud Khan	House No. 25 Mah Ali Town Riwand Near University Of Lahore	35202-7905845-9	Muhammad Masud Ahmed Khan	509,170	37,669	546,839	509,170	46,604	555,773
225	Jamshad Hanif	House No. A-324, Street No. 66 G-6/1/1 Islamabad	61101-9094492-5	Hanif Masih	510,765	3,526	514,291	503,372	50,096	553,468
226	Mr Syed Sohail Mehdi	A- 35Block-S North Nazimabad Ship Honor College Karachi	42101-4987441-9	Syed Sardar Muhammad Naqvi	413,849	2,458	416,307	499,889	53,463	553,352
227	Atta Ur Rehman	Residential Compound Embassy Of Korea Block 13 Street No.29 Diplomatic SCB Diplomatic Branch Enclave 2 Sec G 5/4 Islamabad	35202-7856735-7	Nasir Ullah Khan	501,885	51,280	553,165	501,885	51,280	553,165

Notes to the Financial Statements

For the year ended 31 December 2022

Annexure - I

Amount in PKR Rupees

Sr. No.	Name	Address	Name of Partners / Directors NIC / CNIC	Father / Husband Name	Outstanding Liabilities at Beginning of Year			Amount Written off / Concession		
					Principle	Interest/ Markup	Total	Principle	Interest/ Markup	Total Balance (Gross)
228	Mr Babar Shahzad	House No.CB 579/C Street No.2 Westridge Lane 4 Peshawar Road Rawalpindi Cantt Rawalpindi	37405-0275554-9	Changez Akhter	433,296	87,024	520,320	433,296	119,206	552,501
229	Mr Usman Ali	H 785/40 Dhok Kala Khan Service Road Near Rafiq CNG Rawalpindi	37405-4592050-5	Malik Muhammad Arshad	23,795	2,320	26,115	463,994	87,703	551,696
230	Mr Mirza Danish Hussain Barlas	House No A-15 Ground Floor Lane 5 Kasbit SMCHS Block-B Karachi	42201-5156802-7	Mirza Akbar Hussain Barlas	459,278	40,051	499,329	464,623	86,488	551,112
231	Mazhar Muneeb	306-A Gulfshan Colony Jhang Road	33100-2272632-5	Hidayat Ali Akhtar	468,789	64,821	533,610	468,789	82,088	550,877
232	Muhammad Bilal Malik	Flat No 405 4th Floor Iqbal Arcade Main Shaheed Naheed Super Market e Millat Road Karachi	42000-2672098-5	Siraj Uddin Malik	502,952	17,569	520,521	484,785	64,953	549,738
233	Mr Ehsan Ul Haq	House No 93-D, St No 7 Sector I-10/3 Islamabad	61101-2329249-7	Ejaz Ul Haq	452,282	71,382	523,664	452,282	96,691	548,973
234	Syed Zamurad Abbas Naqvi	House No. 10 Street No. 168 G 13/3 Jama Masjid Islamabad	37405-0390305-5	Syed Sarfraz Hussain Naqvi	490,869	43,494	534,363	490,869	52,923	543,792
235	Syed Muhammad Danish Habib	M 03/C Empire Estate Building Sector 14-B Meezan Bank Shadman Town Karachi	42101-5330904-5	Syed Ali Azam	522,244	18,755	540,999	522,244	20,755	542,999
236	Razi Ullah	House No.1587 Street No.127-A Sector 1 Gulshanabad Adayala Road Adayala Road Rawalpindi	33201-0257016-3	Aman Ullah	513,159	9,153	522,311	492,329	50,212	542,541
237	Abdul Hafeez	House No R-44 Wight House PCSIR Society Sch 33 Near PCSIR Laboratory Karachi	45202-3477813-9	Ali Muhammad	495,808	28,526	524,334	495,808	46,598	542,406
238	Amjad Pervez	House No.412-A Street 33 Bank Alfalah Phase 4-A Ghouri Town Islamabad	13301-9829378-5	Pervez Akhtar	507,584	23,546	531,130	507,584	33,901	541,485
239	Meraaj Carz	53-E Maulana Shauqat Ali Road, Johar Town Lahore	35202-2738460-3	NA	7,312,858	1,731,251	9,044,109	1	540,910	540,911
240	Mr Muhammad Subtain	House No. 83 Block G St No. 11 Al Rehman Garden Phase 2 Punjab School Lahore	35202-0108638-9	Azeem Shahzad	487,964	-	487,964	461,858	77,735	539,593
241	Adnan Nawaz	House No. Sd 180 Phase-2 Malir Cantt Check Post No. 6 Karachi	13302-5207094-5	Muhammad Nawaz	503,212	34,646	537,857	503,212	34,646	537,857
242	Naseer Ud Din Qazi	Ground Floor Qazi Plaza Street No 1 Lane No 3 Near Margala Dental College Gulrez Phase II Rawalpindi	37405-6817046-7	Zia Ud Din Qazi	519,082	19,682	538,764	494,782	42,698	537,479
243	Mr Adeel Israr	House No. 415 Street No. 9 Quaid Villas Bahria Town Karachi	42201-0496363-7	Israr Ahmed	136,131	2,042	138,173	415,523	121,212	536,735
244	Mr Tahseen Ur Rehman	7C 4th Floor Flat 4 Asad Arcade 24th Commercial Street Phase 2 DHA Near Sunset Club Karachi	42301-0840313-9	Taskeen Ur Rehman	482,619	29,300	511,919	490,597	41,584	532,180
245	Mr Raza H Bande Ali	177-Amynabad Off Martin Road Off Martin Road P.L.B Colony Karachi	42201-5137413-3	Yar Mohammad	170,466	2,133	172,599	413,072	117,877	530,949
246	Sohail Majeed	Photo House 2 Corner Hall Road Regal Chowk Egal Chowk Karachi	35201-6476120-7	Abdul Majeed Chohan	449,422	43,381	492,803	449,423	79,284	528,707
247	Mr Shafi Uddin	House No. F-1/A Pakistan Railway Housing Project 3 Jinnah Star Crescent Hall Avenue Malir Halt Karachi	42501-9137316-5	Mohi Uddin	443,134	75,678	518,812	443,134	85,529	528,662
248	Mr Nasir Siddique	House No.57 Block No.A Eden Valley Near Eden Valley Office Faisalabad	33100-6708081-7	Muhammad Siddique	420,842	13,447	434,289	398,436	127,887	526,323
249	Mr. Sohail Majeed	Photo House 2-Corner Hall Road Regal Chowk Lahore	35201-6476120-7	Abdul Majeed Chohan	489,056	24,923	513,978	481,720	43,719	525,439
250	Muhammad Wisal	House No.5 Street No.B-14 Barma Town Islam Centre Khanna Islamabad	17101-7954330-7	Faiz Muhammad	514,980	6,998	521,978	488,090	35,746	523,836
251	Mr Faheem Aarsal	671 Gulmohar Block Sector C Bahria Town Lahore	45104-0273220-7	Muhammad Qaseem Aarsal	144,089	-	144,089	437,383	86,114	523,497
252	Muhammad Sheraz Azam	House No. 22 A-Block C Faisal Garden University Johar Town Lahore	35202-4793226-5	Muhammad Azam Khan	488,331	29,539	517,871	488,331	33,016	521,347
253	Mr Syed Abbas Anwar	House No. L 4/2 13 2nd Floor Own Homes Block 110 Total Pump 21 F.B Area Karachi	42301-6001967-7	Syed Anwar Ul Hasan	436,990	40,144	477,134	406,833	113,804	520,637
254	Qamar Zaidi	1/1B Street No. 19 Phase V D.H.A Karachi	42301-6010661-7	D Asrar Hussain Zaidi	371,699	101,366	473,065	331,149	186,696	517,845
255	Tariq Mustafa	61/11 20Th Street Off Khayaban-e-Badban Phase V Dha Karachi	42301-1554547-7	Ali Mustafa	395,407	89,824	485,231	395,407	120,536	515,943
256	Muhammad Usman Cheema	Flat No. 04 Block 11-D Type Flats Shabir Town Qazal Bash Chowk Raiwind Road Lahore	34104-6097988-3	Allah Tawakal Cheema	521,714	9,289	531,003	498,223	17,097	515,320
257	Muhammad Saeed	Flat No. 141 Commercial Pak Arab Housing Society Bear Waqar Medics Ferozpur Road Lahore	35201-1474028-5	Meiraj Din	504,503	3,981	508,484	475,554	39,332	514,886
258	Mr Qazi Hamza	House No.168 Street 8 Sector F Defence Villas Bahria Phase 8 DHA Phase 1 Rawalpindi	90406-0166819-5	Khalid Nadeem Qazi	418,030	18,131	436,161	457,305	56,794	514,098
259	Kh Mehmood Urrehman	Shara-e-Rashid P.O Box 202 Chowk Shah Abdali	36302-0273260-3	Khawaja Bashir Ahmed	341,013	99,420	440,433	344,474	168,414	512,888
260	Muhammad Shakir	House No.A-393 Block I Moh North Nazimabad Mateen Food Karachi	42101-1769174-5	Muhammad Hashim	481,849	19,233	501,082	481,849	29,798	511,647

Notes to the Financial Statements

For the year ended 31 December 2022

Annexure - I

Amount in PKR Rupees

Sr. No.	Name	Address	Name of Partners / Directors NIC / CNIC	Father / Husband Name	Outstanding Liabilities at Beginning of Year			Amount Written off / Concession		
					Principle	Interest/ Markup	Total	Principle	Interest/ Markup	Total Balance (Gross)
261	Qasim Riaz	E-616 Pak Arab Housing Society Ghoray Wala Goal Chakar Ferozpur Road Lahore	35202-5189811-3	Muhammad Riaz	460,544	48,776	509,320	460,544	48,776	509,320
262	Muhammad Adeel Bhutta	House No.12 Street No.1 Ghouri Town Phase No.1 Save Mart Islamabad	33201-1510536-1	Muhammad Akram Bhutta	493,366	12,177	505,543	493,366	12,177	505,543
263	Mr Malik Farrukh Hassan Awan	House No. 167-B Block RECHS Jamia Masjid Teh Cant Zila Lahore	35202-9180773-3	Masoom Buksh	408,462	19,684	428,146	421,565	83,046	504,611
264	Mr Afzaal Latif Malik	House No. 43-A Lane 8 DHA - Phase 2 Sector F Islamabad	61101-1909394-7	Malik Khan Zaman Khan	439,964	4,640	444,604	460,200	42,000	502,200
					292,056,697	154,893,222	446,949,914	236,799,932	46,845,599	283,645,523

Notes to the Financial Statements

For the year ended 31 December 2022

Annexure - II

ISLAMIC BANKING BUSINESS

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

	Note	2022	2021
(Rupees in '000)			
ASSETS			
Cash and balances with treasury banks		9,775,522	3,985,646
Due from financial institutions	1	7,032,585	6,560,984
Investments	2	37,098,455	19,073,804
Islamic financing and related assets - net	3	57,189,213	58,546,455
Fixed assets		49,668	204,137
Other assets		2,196,823	6,716,261
Total Assets		113,342,266	95,087,287
LIABILITIES			
Bills payable		54,692	84,750
Due to financial institutions		5,022,029	4,741,529
Deposits and other accounts	4	87,691,012	60,424,815
Due to Head Office	5	2,540,210	9,637,350
Other liabilities		822,453	6,627,919
		96,130,396	81,516,363
NET ASSETS		17,211,870	13,570,924
REPRESENTED BY			
Islamic Banking Fund		500,000	500,000
Surplus/ (Deficit) on revaluation of assets		(2,495)	(107,377)
Unappropriated/ Unremitted profit	7	16,714,365	13,178,301
		17,211,870	13,570,924

CONTINGENCIES AND COMMITMENTS

8

The profit and loss account of the Bank's Islamic banking branches for the year ended 31 December 2022 is as follows:

	Note	2022	2021
(Rupees in '000)			
Profit / return earned	9	11,011,592	6,970,913
Profit / return expensed	10	(2,421,132)	(1,423,807)
Net Profit / return		8,590,460	5,547,106
Other income			
Fee and Commission Income		579,100	444,564
Foreign Exchange Income		337,571	219,591
Gain / (loss) on securities		178,542	44,702
Other Income		23,015	29
Total other income		1,118,228	708,886
Total income		9,708,688	6,255,992
Other expenses			
Operating expenses		(2,272,573)	(1,930,551)
Total other expenses		(2,272,573)	(1,930,551)
Profit / (loss) before provisions		7,436,115	4,325,441
Reversal / (provisions) and write offs - net		99,949	281,875
Profit / (loss) before taxation		7,536,064	4,607,316

The Bank calculates and files a single corporate tax return as per the requirements of Income Tax Ordinance, 2001. Segmental calculation is not required for filing. However, considering the revised format requirement of the financial statements to disclose Islamic Banking segment's tax charge separately, a notional tax charge for Islamic Banking is expected to be Rs. 4.6 billion (2021:Rs. 2.1 billion).

Notes to the Financial Statements

For the year ended 31 December 2022

Annexure - II

	2022			2021		
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
1 Due from Financial Institutions						
Unsecured	-	7,032,585	7,032,585	-	6,560,984	6,560,984
	-	7,032,585	7,032,585	-	6,560,984	6,560,984

	2022				2021			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Market Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Market Value
2 Investments by segments:								
Federal Government Securities:								
-Ijarah Sukuks	35,736,913	-	(91,527)	35,645,386	18,567,285	-	(107,377)	18,459,908
-Islamic Naya Pakistan Certificates	1,453,069	-	-	1,453,069	613,896	-	-	613,896
-Bai Muajjal with GOP	-	-	-	-	-	-	-	-
	37,189,982	-	(91,527)	37,098,455	19,181,181	-	(107,377)	19,073,804
Non Government Debt Securities								
- Listed	-	-	-	-	-	-	-	-
- Unlisted	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Total Investments	37,189,982	-	(91,527)	37,098,455	19,181,181	-	(107,377)	19,073,804

	Note	2022	2021
		(Rupees in '000)	
3 Islamic financing and related assets			
Murabaha	3.1	6,160,026	4,103,517
Musharaka		9,360,545	17,501,136
Diminishing Musharaka		30,671,524	27,699,615
Musawammah		1,300,000	1,730,700
Ujrah (Saadiq Credit Cards)		480,360	424,479
Advances against Islamic assets - Murabaha		5,841,119	2,534,350
Advances against Islamic assets - Diminishing Musharakah		743,585	1,121,918
Advances against Islamic assets - Istisna		1,883,000	1,806,000
Inventory related to Islamic financing - Murabaha		1,657,284	2,632,805
Gross Islamic financing and related assets		58,097,443	59,554,520
Less: provision against Islamic financings			
- Specific		(567,423)	(511,194)
- General		(340,807)	(496,871)
		(908,230)	(1,008,065)
Islamic financing and related assets - net of provision		57,189,213	58,546,455

	Note	2022	2021
		(Rupees in '000)	
3.1 Murabaha			
Murabaha financing	3.1.1	6,160,025	4,103,517
Inventory for Murabaha		1,657,284	2,632,805
Advances for Murabaha		5,841,119	2,534,350
		13,658,428	9,270,672
3.1.1 Murabaha receivable - gross	3.1.2	7,535,156	4,426,011
Less: Deferred murabaha income	3.1.4	(1,283,598)	(235,624)
Profit receivable shown in other assets		(91,533)	(86,870)
Murabaha financings		6,160,025	4,103,517
3.1.2 The movement in Murabaha financing during the year is as follows:			
Opening balance		4,426,011	3,127,310
Sales during the year		16,192,123	15,187,968
Adjusted during the year		(13,082,978)	(13,889,267)
Closing balance		7,535,156	4,426,011

Notes to the Financial Statements

For the year ended 31 December 2022

Annexure - II

	2022	2021
	(Rupees in '000)	
3.1.3 Murabaha sale price	7,535,156	4,426,011
Murabaha purchase price	(6,160,025)	(4,103,517)
	<u>1,375,131</u>	<u>322,494</u>
3.1.4 Deferred murabaha income		
Opening balance	235,624	67,667
Arising during the year	2,289,524	529,428
Less: Recognised during the year	(1,241,550)	(361,471)
Closing balance	<u>1,283,598</u>	<u>235,624</u>

4	Deposits	2022			2021		
		In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
							(Rupees in '000)
Customers							
	Current deposits	28,393,117	10,653,394	39,046,511	26,932,546	8,965,031	35,897,577
	Savings deposits	22,136,809	-	22,136,809	22,937,913	-	22,937,913
	Term deposits	484,778	-	484,778	936,549	-	936,549
	Margin accounts	25,384,540	-	25,384,540	1,560	-	1,560
		<u>76,399,244</u>	<u>10,653,394</u>	<u>87,052,638</u>	50,808,568	8,965,031	59,773,599
Financial Institutions							
	Current deposits	58,429	-	58,429	29,321	-	29,321
	Savings deposits	579,945	-	579,945	621,895	-	621,895
		<u>638,374</u>	<u>-</u>	<u>638,374</u>	651,216	-	651,216
		<u>77,037,618</u>	<u>10,653,394</u>	<u>87,691,012</u>	51,459,784	8,965,031	60,424,815

	2022	2021
	(Rupees in '000)	
4.1 Composition of deposits		
- Individuals	46,413,192	45,999,614
- Government (Federal and Provincial)	46,749	22,909
- Non-Banking Financial Institutions	541,886	544,650
- Private Sector	34,151,237	9,055,435
- Non residents (Corporate & Individual)	6,006,684	4,216,808
- Trusts	531,264	585,399
	<u>87,691,012</u>	<u>60,424,815</u>

4.2 This includes deposits eligible to be covered under insurance arrangements amounting to Rs 48,178 million (2021: Rs. 46,242 million)

5 Due to Head Office	<u>2,540,210</u>	<u>9,637,350</u>
-----------------------------	------------------	------------------

	2022	2021
	(Rupees in '000)	
6 Charity Fund		
Opening balance	9,886	10,551
Additions during the period		
Received from customers on account of delayed payment	3,530	3,115
Other Non-Shariah compliant income	15,742	220
	<u>19,272</u>	<u>3,335</u>
Payments / utilization during the period		
Education	(11,048)	-
Health	-	(4,000)
	<u>(11,048)</u>	<u>(4,000)</u>
Closing balance	<u>18,110</u>	<u>9,886</u>

Notes to the Financial Statements

For the year ended 31 December 2022

Annexure - II

	2022	2021
	(Rupees in '000)	
Details of charity payments		
The Hunar Foundation	6,750	-
The Aman Foundation	4,298	-
Patient's Aid Foundation	-	4,000
	<u>11,048</u>	<u>4,000</u>
	2022	2021
	(Rupees in '000)	
7 Islamic Banking Business Unappropriated Profit		
Opening Balance	13,178,301	8,570,985
Add: Islamic Banking profit for the period	7,536,064	4,607,316
Less: Transferred / Remitted to Head Office	(4,000,000)	-
Closing Balance	<u>16,714,365</u>	<u>13,178,301</u>
	2022	2021
	(Rupees in '000)	
8 Contingencies And Commitments		
-Guarantees	1,442,579	3,429,452
-Commitments	-	2,670,350
-Other contingent liabilities	6,089,906	8,623,632
	<u>7,532,485</u>	<u>14,723,434</u>
	2022	2021
	(Rupees in '000)	
9 Profit/Return Earned of Financing, Investments and Placement		
Profit earned on:		
Financing	8,281,360	5,169,849
Investments	2,562,788	1,796,940
Placements	167,444	4,124
	<u>11,011,592</u>	<u>6,970,913</u>
	2022	2021
	(Rupees in '000)	
10 Profit on Deposits and other Dues Expensed		
Deposits and other accounts	(2,140,124)	(1,249,470)
Due to Financial Institutions	(204,956)	(97,009)
Deposit protection premium	(74,019)	(68,843)
Finance cost of lease liability	(2,033)	(8,485)
	<u>(2,421,132)</u>	<u>(1,423,807)</u>
	2022	2021
	(Rupees in '000)	
11 Profit & Loss distribution and Pool Management		
The Bank manages following assets pools for profit and loss distribution:		
a) Islamic Export Refinance Scheme (IERS) Musharakah Pool; and		
b) Mudarabah 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.		

Notes to the Financial Statements

For the year ended 31 December 2022

Annexure - II

The relevant details are mentioned hereunder:

Type of Pool	Profit rate and weightage announcement period	Average return on Pool Assets	Bank Profit	SBP Profit	Bank Profit (%)	SBP Profit (%)
IERS Pool	Monthly	8.7%	691,730	223,860	75.6%	24.4%

B) Mudarabah Depositors Pool

1. General Pool
2. Special Pool
3. High Yield Pool
4. Special Term Deposit Pool
5. Special Pool - CCIB
6. High Yield Pool 2
7. Special Pool TD- CCIB

i) Key features, risk and 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, Automobile, Rice, etc.

iv) Other information

	Type of Pool						
	General	Special	High Yield	Special Term Deposit	Special Pool - CCIB	High Yield - Pool 2	Special Pool -TD- CCIB
Profit rate and weightage announcement frequency	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly
Mudarib share (amount in '000)	684,699	73,516	93,049	9,892	29,273	-	-
Mudarib share (%)	43.4%	20.2%	11.8%	22.9%	11.9%	0.0%	0.0%
Mudarib Share transferred through Hiba (Amount in '000)	104,833	21,801	40,304	4,459	16,135	0	0
Mudarib Share transferred through Hiba (%)	13.3%	22.9%	30.2%	31.1%	35.5%	0.0%	0.0%
Average return on pool assets	11.8%	12.2%	12.4%	13.2%	12.3%	11.6%	14.1%
Average return on deposits	6.7%	9.6%	11.0%	11.1%	9.8%	0.0%	0.0%

PATTERN OF SHAREHOLDING

As at 31 December 2022

No. of Shareholders	Shareholdings' Slab		Total Shares Held
1,169	1	to 100	43,363
1,744	101	to 500	537,969
958	501	to 1000	735,104
2,122	1001	to 5000	5,396,379
689	5001	to 10000	4,252,509
91	10001	to 15000	1,126,936
63	15001	to 20000	1,092,405
36	20001	to 25000	840,890
19	25001	to 30000	537,191
22	30001	to 35000	723,557
11	35001	to 40000	407,797
4	40001	to 45000	167,989
15	45001	to 50000	736,609
3	50001	to 55000	153,010
5	55001	to 60000	287,280
2	60001	to 65000	125,100
4	65001	to 70000	273,976
1	70001	to 75000	75,000
2	75001	to 80000	155,817
1	85001	to 90000	85,500
1	90001	to 95000	95,000
5	95001	to 100000	497,000
3	100001	to 105000	308,239
3	105001	to 110000	327,500
1	110001	to 115000	112,000
2	115001	to 120000	238,900
2	120001	to 125000	248,500
2	125001	to 130000	253,747
1	135001	to 140000	137,000
1	140001	to 145000	143,000
1	150001	to 155000	152,616
1	165001	to 170000	167,500
2	175001	to 180000	356,000
3	195001	to 200000	600,000
1	220001	to 225000	220,200
1	235001	to 240000	238,900
2	245001	to 250000	497,232
1	275001	to 280000	276,000
3	295001	to 300000	900,000
1	415001	to 420000	417,000
2	420001	to 425000	843,500
1	440001	to 445000	440,179
2	495001	to 500000	1,000,000
1	710001	to 715000	712,500
1	910001	to 915000	914,570
1	920001	to 925000	923,500
1	980001	to 985000	980,295
1	995001	to 1000000	1,000,000
1	1240001	to 1245000	1,243,100
1	1260001	to 1265000	1,263,500
1	5980001	to 5985000	5,984,000
1	3832335001	to 3832340000	3,832,339,162
7,012			3,871,585,021

CATEGORY WISE LIST OF SHAREHOLDERS

As at 31 December 2022

Categories of Shareholders	Shareholders	Shares Held	Percentage	
Directors, Chief Executive Officer and their spouse(s) and minor children				
Mr. Ian Anderson Bryden	1	1	0.00	
Mr. Ehsan Ali Malik	1	1	0.00	
Mr. Rehan Muhammad Shaikh	1	1	0.00	
Mr. Towfiq Habib Chinoy	1	1	0.00	
Mr. Mohamed Salah Abdel Hamid Abdel Razek	1	1	0.00	
Mr. Adam Long	1	1	0.00	
Associated Companies, undertakings and related parties	1	3,832,339,162	98.99	
NIT and ICP	1	3,250	0.00	
Banks Development Financial Institutions, Non-Banking Financial Institutions	8	6,224,900	0.16	
Insurance Companies	1	235	0.00	
Modarabas and Mutual Funds	8	166,002	0.00	
General Public				
	a. Local	6,900	30,732,872	0.79
	b. Foreign	12	34,445	0.00
Foreign Companies	-	-	-	0.00
Others	75	2,084,149	0.05	
Totals	7,012	3,871,585,021	100.00	

Share holders holding 10% or more	Shares Held	Percentage
Standard Chartered Bank (UK)	3,832,339,162	98.99

FORM OF PROXY
17TH ANNUAL GENERAL MEETING
STANDARD CHARTERED BANK (PAKISTAN) LIMITED

نمائندگی کا فارم (پراکسی فارم)
سنٹرہویں سالانہ اجلاس
اسٹینڈرڈ چارٹرڈ بینک (پاکستان) لمیٹڈ

I/We of
..... being member(s) of Standard
Chartered Bank (Pakistan) Limited holding
..... Ordinary shares hereby appoint
..... of
..... or failing him/her
..... of
..... who is/are also member(s) of
Standard Chartered Bank (Pakistan) Limited as my/our
Proxy in my/our absence to attend and vote for me/us
and on my/our behalf at the Annual General Meeting of
the Bank to be held on 29 March 2023 and/or any
adjournment thereof.

میں/ہم کا/کی
..... بحیثیت رکن اسٹینڈرڈ چارٹرڈ بینک (پاکستان)
..... لمیٹڈ اور حاملہ عام حصص،
..... کے/کی
..... کا یا ان کی غیر موجودگی میں
..... کے/کی
..... جو اسٹینڈرڈ چارٹرڈ بینک (پاکستان) لمیٹڈ کے رکن ہیں،
کو اپنی غیر حاضری میں بینک کے سالانہ اجلاس عام جو 29 مارچ 2023 کو منعقد
ہونا ہے یا اس کے التواء کی صورت میں حاضری اور حق رائے دہی کے استعمال
کے لئے اپنا نمائندہ (پراکسی) تقرر کرنا/کرتی ہوں۔

آج بروز بتاریخ 2023 کو
دستخط کیے گئے۔

Signed this _____ day of _____
2023.

Folio/ CDC No.
فولیو/سی ڈی سی

Signature
دستخط

WITNESSES:

گواہ:

1. Signature: _____
Name: _____
CNIC/Passport No.: _____
Address: _____

1. دستخط
نام
سی این آئی سی / پاسپورٹ نمبر
پتہ

2. Signature: _____
Name: _____
CNIC/Passport No.: _____
Address: _____

دستخط
نام
سی این آئی سی / پاسپورٹ نمبر
پتہ

Note:

نوٹ:

1. The Proxy Form should be deposited at the registered office of the Bank, as soon as possible but not later than 48 hours before the time of holding the meeting, failing which, Proxy Form will not be treated as valid.
2. No person shall act as proxy unless he/she is a member of the Bank.

1. نمائندگی کا فارم (پراکسی فارم) جلد از جلد بینک کے رجسٹرڈ پتے پر جمعہ کرانیں، سالانہ اجلاس عام کی ابتداء سے 48 گھنٹے پہلے تک موصول ہونے والے فارم موثر تصور کئے جائیں گے بعد ازاں موصول ہونے والا کوئی بھی فارم قابل قبول نہیں ہوگا۔
2. کسی بھی غیر رکن شخص کا تقرر بطور نمائندہ (پراکسی) نہیں کیا جا سکتا۔

Fold here

Company Secretary
Standard Chartered Bank (Pakistan) Limited
P.O.Box No. 5556,
I.I.Chundrigar Road,
Karachi 74000, Pakistan

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Disclosures on Governance and Remuneration

Qualitative disclosures in line with State Bank of Pakistan's BPRD Circular No. 1 of 2017 (effective 31 December 2019) are as under;

A. CORPORATE GOVERNANCE DISCLOSURE

Corporate Governance culture and values

This has been separately covered under Chairman's review report.

Composition of the Board and its Committees

The Board has constituted four Committees i.e. Board Audit Committee ('BAC'), Board Human Resource and Remuneration Committee ('RemCo'), Board Risk Committee ('BRC') and Board Information Technology Committee ('BITC'). The composition of the Board at the year-end is disclosed under the para one and two of the Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019 ('the SoC') whereas composition of the Board's Sub-Committees is available under para 12 of the SoC.

Terms of references of the Board's Committees

The terms of reference of Board's Committees have been formed, documented and advised to the Committees for compliance. A brief on terms of reference for each Sub-Committee is provided as below:

- BAC is primarily responsible for reviewing the financial statements and related controls, review the effectiveness of the Bank's internal controls, internal financial controls and the compliance controls, monitoring the effectiveness of the internal audit function, reviewing independence and objectivity of external and internal audit, recommending appointment/ removal of external auditors and their remuneration, governing external auditors' engagement on non-audit services, and monitoring the effectiveness of compliance controls for conduct, regulatory reporting and financial crime compliance.
- RemCo acknowledges that the Bank is part of Group and follows Group company's remuneration framework and policies, subject to applicable laws and regulations in Pakistan. RemCo also maintains high levels of good governance on all remuneration related matters, in line with prevailing international best practice, as well as any specific regulatory directives in Pakistan.
- BRC is broadly responsible for monitoring Bank's risk profile and its consistency with risk appetite, identifying and monitoring existing or new risks relating to the Bank, reviewing the appropriateness and effectiveness of risk management systems and controls, overseeing implementation of risk management framework, and reviewing stress testing.
- BITC is broadly responsible for advising and reporting to the board on the status of technology activities and digital initiatives; and to review IT and Digital strategies with relevant policies, to ensure technology risk management strategies are designed and implemented as per Bank's Enterprises Risk Management Framework, to ensure technology procurements are aligned with the IT strategy, to receive periodic updates from IT Steering Committee to monitor technology-related projects, to ensure technology outsourcing arrangement are supported by the Committee before submission to Board for approval, and to ensure that all cloud based arrangements (domestic/off-shore) are in line with the policy approved by the Board.

Board and Committee's oversight on Islamic Banking Branches

There is a mechanism in place for Board's oversight on Shariah compliance function and Shariah Board through half yearly meetings between Shariah Board members and the BoD. Furthermore, external Shariah Audit report is presented to BoD and Board Audit Committee.

Directors Appointment Process

The Bank has a formal process for the appointment of directors which has been approved by the Board. A succession plan for the Board is in place and same is reviewed from time to time to ensure that the required skills, knowledge, diversity and experience continue to be maintained on the Board. With respect to independent directors, a list of prospective candidates with relevant skills and experience is maintained by the Board. When a casual vacancy arises the list is reviewed to identify the best available candidates who meet the selection criteria. Candidates are interviewed by the Chairman on behalf of the Board before seeking endorsement from the Group as the majority shareholder. In case of appointment of non-executive directors, the Group in consultation with the Chairman nominates a senior executive from the Group with responsibility for businesses/functions that bear relevance to the activities of the Bank. Upon completion of due diligence and screening checks, the Board finally approves director appointments subject to necessary regulatory approvals. Appointment of executive director(s) is governed under the human resource policies of the Bank.

Disclosures on Governance and Remuneration

Profile of Directors

The profiles of all seven directors are available at the Bank's website under About-us page. URL is <https://www.sc.com/pk/about-us/>.

B. DISCLOSURE RELATING TO SHARIAH BOARD

Shariah Board Appointment Process

The Bank has a formal framework for the appointment of Shariah Board Members which has been approved by the Board of Directors ("BoD"). The Shariah Board Members are appointed by BoD for a term of three (3) years as per the Fit and Proper Criteria notified under the Shariah Governance Framework. Appointments of Shariah Board members shall be subject to prior written clearance of SBP.

Composition of the Shariah Board

Shariah Board of Standard Chartered Bank of Pakistan comprises of following four Shariah Scholars including an international scholar:

- Dr. Sheikh Nizam Yaquby (Chairman)
- Mufti Muhammad Abdul Mubeen (Member Shariah Board)
- Dr. Mufti Irshad Ahmad Aijaz (Member Shariah Board)
- Mufti Hafiz Muhammad Sarfraz Nihal (Resident Shariah Board Member)

Profile of Shariah Board Members

The profiles of all Shariah Board Members are available at the Bank's website under URL <https://www.sc.com/pk/saadiq/shariah-consultants.html>

Terms of References

The terms of reference of Shariah Board have been formed and documented as per Shariah Governance Framework and advised to the Shariah Board for compliance. Key points of Shariah Board Term of reference are as follows.

- The SB shall be empowered to consider, decide and supervise all Shariah related matters of the Bank. All decisions, rulings, fatawa of the SB shall be binding on the Bank whereas SB shall be responsible and accountable for all its Shariah related decisions
- The SB shall review and approve all the procedure manuals, product programs/structures, process flows, related agreements, marketing advertisements, sales illustrations and brochures so that they are in conformity with the rules and principles of Shariah
- All decisions and rulings of the SB of the Bank shall be in conformity with the directives, regulations, instructions and guidelines issued by State Bank of Pakistan (SBP) in accordance with the rulings of Shariah Advisory Committee of SBP

Shariah Board Meetings

The details of the meetings held during the year, 2022 are as follows:

S.No.	Period/Year (2022)	Meeting Held (Yes / No)	Meeting No.	Date of Meeting	Meeting Attended (Yes / No)			
					Chairman	Member	Member	RSBM
1	Q1'22	Yes	27 th	10/03/2022	Yes	Yes	Yes	Yes
2	Q2'22	Yes	28 th	14/06/2022	Yes	Yes	Yes	Yes
3	Q3'22	Yes	29 th	27/09/2022	Yes	Yes	Yes	Yes
4	Q4'22	Yes	30 th	12/12/2022	Yes	Yes	Yes	Yes

Disclosures on Governance and Remuneration

C - DISCLOSURE RELATING TO REMUNERATING POLICY

In order to align the remuneration practices in Pakistan with the international standards and best practices, the SBP issued Guidelines on Remuneration Practices through its BPRD Circular No. 02 dated March 03, 2016, which were subsequently revised through BPRD Circular No. 01 dated January 25, 2017.

In accordance with these guidelines, the Bank has developed a comprehensive Remuneration Framework. The aim of this framework is to promote an effective risk management culture, and to ensure that the remuneration practice at the Bank is in line with the Bank's objectives taking into consideration all risks that the Bank may face. As a result, a fair, objective, transparent and sound remuneration policy, aligned with risks and responsibilities of Financial Intermediation has been put in place. The framework was reviewed and recommended by the Board's Human Resource & Remuneration Committee (REMCO) and approved by the Board of Directors (BoD).

Under the policy, all employees across the Bank who are materially responsible for risk taking - Material Risk Takers (MRTs), or risk controlling activities - Material Risk Controllers (MRCs) are identified. The remuneration of these MRTs and MRCs is dependent upon the achievement of performance measured through risk-adjusted balance scorecards which include financial and non-financial/ qualitative performance indicators including compliance with internal policies/ procedures/ controls, customer experience, as well as certain risk-adjusting factors (negative earners) such as regulatory compliance, frauds, disciplinary matters etc. All other individuals who do not fall within the criteria of MRTs and MRCs continue to be governed through the Bank's existing HR policy.

A certain portion of the variable compensation of the MRTs and MRCs in excess of threshold as per the policy; shall now be made subject to mandatory deferrals for a defined period, thus creating alignment between the employees' and stakeholders' interests and reinforcing that compensation is appropriately linked to longer-term sustainable performance. Deferred remuneration, especially with risk adjustments, improves risk-taking incentives because the amount ultimately received by employees can be made to depend on risk outcomes, and shall vest proportionately over the deferral period following the year of variable remuneration award, subject to any malus trigger adjustments.

The pay-outs for variable compensation for the performance year 2021 for MRTs and MRCs shall be based on the revised mechanism. The accounting for shares and deferred cash is in line with the relevant accounting standards. The disclosures required under the SBP's Guidelines on Remuneration Practices are included as part of these financial statements.

Disclosure on Complaint Handling 2022

At Standard Chartered Bank, the Client is at the epicentre of our business and living by our Brand promise, we proudly create a niche in the market with our Client Experience. The Bank emerged with the learnings of pandemic in the year 2022, transitioning its services to the new normal for the clients with a special focus on digitisation and process simplification.

Best in-class banking services has always been a key focus for the Bank where immense importance has been given to good conduct and fair treatment of clients. In line with the Bank's and the Regulator's digital agenda, we continue to move towards the need of the hour with the launch of the digital account opening, equipped our digital channels with new services, brought up the service level for Contact Centre and conducted extensive trainings and awareness sessions for our frontline staff to promote client education and financial inclusion.

As we evolve so have our clients, their changing expectations, increased usage of digital services and interest has not only changed their feedback and suggestions received via the Voice of Client platforms but also the complaints received through conventional and unconventional channels.

The Bank received a total of 110,900 complaints and average time taken to resolve the complaints was 10.3 days. This reflects clients' financial behaviour evolution and transformation that has and will continue to have a profound impact on banking services.

The clients are encouraged to lodge complaints from the following channels:

- Standard Chartered Bank
 - SC Branch: Visit any branch
 - SC Client Centre: 24/7 assistance on 021 111 002 002 or 042 111 002 002
 - SC Email: Complaints.Pakistan@sc.com
 - SC Website: www.sc.com/pk
 - SC Postal Address: SCBPL Client Care Unit, 1st Floor Jubilee Insurance Building, I.I.Chundrigar Road, Saddar, Karachi
 - SC Social Media: www.facebook.com/standardcharteredpk
- State Bank of Pakistan
- Banking Mohtasib Pakistan
- Insurance Ombudsmen
- Federal Ombudsmen
- Securities and Exchange Commission of Pakistan



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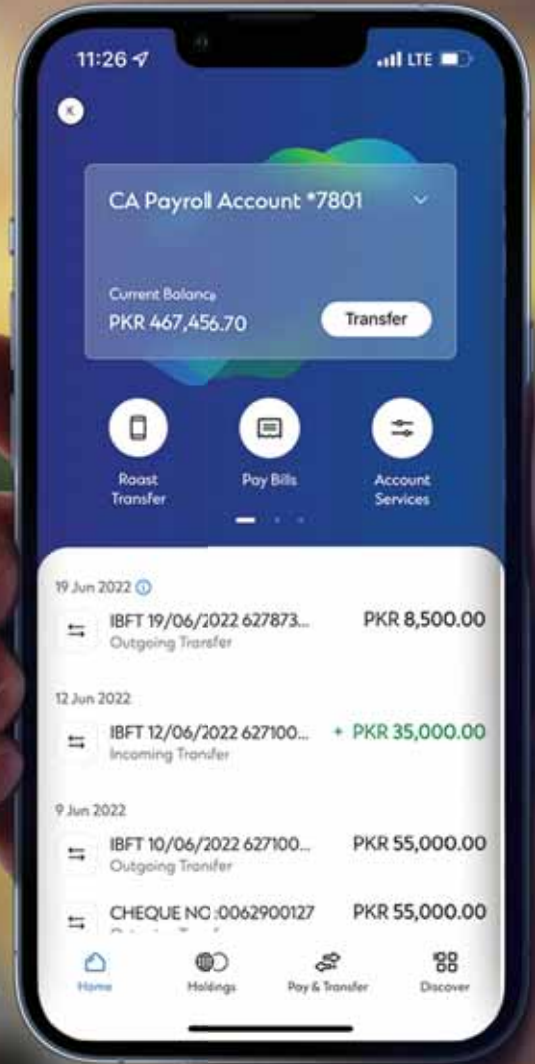


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