



**Half Yearly Report** (January – June 2020)  
Driving investment, trade  
and the creation of wealth  
across Asia, Africa and the Middle East.



**futuremakers**  
by Standard Chartered

# Empowering entrepreneurs to thrive

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



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

Here for good



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



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



LEARN



EARN



GROW

Empowering the NEXT GENERATION

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



**FOCUS AREAS** →

**Education**

**Employability**

**Entrepreneurship**

Global reach targets →

500,000 adolescent girls

100,000 youth for work

50,000 micro & small businesses

## Delivering across Pakistan

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

### Education

**Goal**

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

**Financial Education**

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

### Employability

**Goal – Employability: Be independent module**

Employability work readiness and vocational training schemes for youth

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

700+ girls received vocational training

**Employment of the visually impaired**

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

### Entrepreneurship

**#SCWomenInTech**

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

**Seeing is Believing**

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



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

**2019**

580 EV days  
20.7% participation

## Get involved



**Donate**

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

Account Name: Right to Play – Futuremakers

Account Number: 18-4743873-18



**Fundraise**

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



**Contact**

[Pakistan.Corporate-Affairs@sc.com](mailto:Pakistan.Corporate-Affairs@sc.com)





## Standard Chartered is a leading international banking group

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

- **Standard Chartered Pakistan** is proud to be operating in the country as the **largest and oldest international Bank since 1863**.
- **Standard Chartered Pakistan** employs more than **2,800** people and has a network of **279** touch points (**60 branches, 170 ATMs, 29 CDMs and 20 CDKs**) across 11 cities.
- **Standard Chartered Pakistan** is the first International Bank to get an Islamic Banking licence and to open the **first Islamic Banking branch in the country**.
- **Standard Chartered Pakistan** is the leading bank for the **MNCs** operating in Pakistan. The Bank is the market leader for providing USD liquidity for **Corporates** and **Financial Institutions** in the country.
- **Standard Chartered Pakistan** plays a leading role in providing **FCY liquidity solutions** through innovative client centric structures.
- **Standard Chartered Pakistan** is a leading partner of **State Bank of Pakistan** in promoting **RMB** and increasing its use in Pakistan, which further strengthens its role as the main bank for **CPEC** led initiatives.
- **Standard Chartered Pakistan** partnered with **ANT FINANCIAL** in 2019 to launch the first block chain based **24/7**, cross border **wallet-to-wallet remittance** service between Malaysia and Pakistan.



# AWARDS



## Strong Recognition

Global Diversity and Inclusion Benchmark



**Awards 2019/2020**

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

Asset Triple A - Islamic Finance



**Awards 2019/2020**

- Best Investment Bank
- Best Deal in Pakistan
- Best Bank in Treasury, Trade, SSC and Risk

Management Association of Pakistan



**Awards 2019**

- Best Commercial Bank

16th Annual Excellence Awards



by CFA Society **Awards 2019**

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

The Banker Magazine



**Awards 2019/2020**

- Best Islamic Bank

Global Finance



**Awards 2019/2020**

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

Asia Money



**Awards 2019**

- Best International Bank
- Best Bank for Premium Services

Finance Asia



**Awards 2018/2019**

- Best Foreign Bank in Pakistan

## Company Information

### Board of Directors

Mr. Ian Anderson Bryden	Chairman
Mr. Rehan Shaikh	Chief Executive Officer
Mrs. Spenta Kandawalla	
Mr. Towfiq Habib Chinoy	
Mr. Mohamed Abdel Razek	

### Company Secretary

Mr. Asif Iqbal Alam

### Board Audit Committee

Mrs. Spenta Kandawalla	Chairperson
Mr. Towfiq Habib Chinoy	
Mr. Mohamed Abdel Razek	

### Board Risk Committee

Mr. Towfiq Habib Chinoy	Chairperson
Mr. Rehan Shaikh	
Mr. Mohamed Abdel Razek	

### Board Human Resource & Remuneration Committee

Mrs. Spenta Kandawalla	Chairperson
Mr. Towfiq Habib Chinoy	

### Shariah Board

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

### Auditors

M/s EY Ford Rhodes  
Chartered Accountants

### Legal Advisors

HaidermotaBNR & Co  
Barristers at Law & Corporate Counselors

### Registered/ Main Office

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

### Website

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

### Registrar/ Share Registration Office

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

## Directors' Report – Period Ended 30 June 2020

On behalf of the Board of Directors, we are pleased to present the Directors' Report of Standard Chartered Bank (Pakistan) Limited (SCBPL or the Bank) along with the un-audited interim financial statements for the period ended 30th June 2020.

### Economy

The rapid spread of COVID-19 and sharp deterioration in global economic outlook has created a severe economic and financial shock for many countries around the world. For Pakistan, the current shock transmits mainly through a sharp slowdown in economic activity, lower tax revenue and higher Government financing needs relative to pre-COVID-19 levels. However, ongoing reforms that pointed to nascent improvement in credit fundamentals before the outbreak and financing from development partners have contained the pressure on the sovereign's liquidity and external positions. Further, support from the International Monetary Fund (IMF) emergency financing under the Rapid Financing Instrument (USD 1.39bn) in April 2020 provided strong support to the authorities' emergency policy response, preserving fiscal space for essential health spending, shoring up confidence, and catalyzing additional donor support.

In response to the crisis, the Government of Pakistan took swift action to control the spread of the virus which is reflected in the decline in the number of new COVID-19 cases. Similarly, the State Bank of Pakistan (SBP) adopted timely and aggressive measures, including lowering of the policy rate (625 bps since March 2020) and new refinancing facilities, to support liquidity and credit conditions and safeguard financial stability. Under the SBP relief package, repayments of more than Pakistani Rupee (PKR) 600bn by the borrowers have been deferred along with disbursement of PKR ~140bn in payroll support facilities for Corporate/ SME sector.

On the fiscal side, public finances are expected to come under pressure from the increase in health-related expenditures and decline in tax revenues. The near-term macroeconomic outlook has significantly changed from the time of the programme approval with previously projected growth of 2.4% now expected in the negative zone (Ministry of Finance and IMF projections; -0.4% and -1.5% respectively) for Fiscal Year (FY) 2020.

On the monetary front, average consumer price inflation (new base) in the month of June was 8.6% as compared to FY 2019 average (new base) of 8.0%. At close of June 2020, external conditions showed steady improvement with a sizeable reduction in the Current Account Deficit for FY 2020 which reduced by 78% to USD 3.0bn from USD 13.4bn in the comparative period. Improvement in Balance of Payments was primarily driven by import compression, growth in workers' remittances and external flows in sovereign debt instruments. The SBP foreign exchange reserves stood at USD 12.5bn at close of July 2020 (December 2019; USD 11.3bn) with PKR depreciating by 8.2% from the start of the year to July 2020.

Pakistani banks continue to remain well capitalized with an industry wide Capital Adequacy Ratio of 17.2% and remain profitable with a Return on Equity (after tax) of 11.0% for Q1 2020. While banking sector Non Performing Loans increased slightly to 9.1% at close of Q1 2020 (8.6% at the end of 2019), it remains to be seen how the uncertainties surrounding COVID-19 impact the banking sector in rest of the year.

### 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

- **Deliver our network**

Our 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.

- **Transform and disrupt with digital**

Our digital transaction mix, including "SC Mobile" application customers, continues to increase.

- **Improve productivity**

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

- **Grow our affluent business**

Post launch of Premium segment in Q4 2019, we are now focusing on driving Emerging Affluent top-line growth to build a feeder for Priority Banking Segment.

- **Optimise returns**

We continue to enhance returns, increasing Return on Equity and improving the Cost to Income Ratio. Financial results are summarised in the next section.

### Operating Results and Business Overview

	<b>30 June 2020</b> (PKR millions)	<b>31 December 2019</b> (PKR millions)
<b>Balance Sheet</b>		
Paid-up capital	38,716	38,716
Total equity	77,388	72,917
Deposits	546,721	465,629
Advances – gross	206,282	235,269
Advances – net	188,056	218,087
Investments – net	347,910	249,164
	<b>Half Year ended</b> <b>30 June 2020</b> (PKR millions)	<b>Half Year ended</b> <b>30 June 2019</b> (PKR millions)
<b>Profit and Loss</b>		
Revenue	23,508	18,673
Operating expenses	5,616	5,378
Other non mark-up expenses	366	410
Operating profit (before provisions and tax)	17,526	12,885
Provisions / (recovery) and write offs - net	1,274	(13)
Profit before tax	16,252	12,898
Profit after tax	9,851	7,231
Earnings per Share (EPS) - Rupees	2.54	1.87

Driven by strong balance sheet and fundamentals, the Bank continued performance momentum in first half of 2020. The Bank delivered a Profit before tax of PKR 16.2bn which is 26% higher than the corresponding period last year. Overall revenue growth was 26%, whereas client revenue increased by 27% year on year with positive contributions from financial markets, retail products and transaction banking. Operating expenses increased by only 4% year on year on account of spending mainly on the Bank's products, services and people to grow the franchise. The full impact of economic slowdown, regulatory changes and interest rate cuts in Q2 2020 will crystallise in the second half of 2020. The Bank's response from the financial risk management perspective is explained in note 5 to the financial statements.

On advances side, momentum is impacted due to the slowdown in economic activity. The Bank is closely monitoring the portfolio given the uncertain economic environment and is maintaining adequate provisions, where required. With diversified product base, the Bank is well positioned to cater for the needs of its clients and will continue its strategy to build a profitable, efficient and sustainable portfolio.

On the liabilities side, the Bank achieved another milestone as total deposits crossed PKR 500bn. At period end, total deposits closed at PKR 547bn with a growth of 17%, whereas current and saving accounts also grew by 17% from the start of the year and are now 93% of the deposit base. The optimal funding structure of the balance sheet continues to support the Bank's performance.



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

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

### **Outlook**

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

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

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

### **Credit Rating**

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

### **Changes in the Board of Directors**

Mr. Rehan Shaikh has replaced Mr. Shazad Dada as the new Chief Executive Officer (CEO) and Director of SCBPL pursuant to his regulatory clearance from SBP. Mr. Shaikh brings with him over 35 years of senior management and diversified banking experience in Pakistan and internationally across Retail, Commercial, Corporate and Institutional Banking as well as Islamic Banking. Before joining the Bank as CEO, he was CEO for Global Islamic Banking (Standard Chartered Saadiq).

The Board would like to place on record its appreciation for the services rendered by Mr. Asad Ali Shariff (Chief Financial Officer) as Acting CEO for the interim period.

Mr. Mohamed Abdel Razek, who was appointed as non-executive director in place of Mr. Ferdinand Pieterse, has joined the Board pursuant to his regulatory clearance from SBP.

The Board has also appointed Mr. Adam Long as non-executive director in place of Mr. Mohamed Abdelbary subject to his regulatory clearance from SBP.

### **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 SBP 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 Shaikh  
Chief Executive Officer



Spenta Kandawalla  
Director

Karachi: 24th August 2020

## ڈائریکٹرز کی رپورٹ

### اسٹیٹرز ڈی چارٹرڈ بینک (پاکستان) لمیٹڈ

### 30 جون 2020ء

بورڈ آف ڈائریکٹرز کی جانب سے ہم انتہائی مسرت سے اسٹیٹرز ڈی چارٹرڈ بینک (پاکستان) لمیٹڈ (SCBPL) کی ڈائریکٹرز رپورٹ مع 30 جون 2020ء کو ختم شدہ ششماہی کیلئے عبوری غیر آڈٹ شدہ مالی گوشوارہ پیش کر رہے ہیں۔

#### معیشت:

کووڈ-19 کے تیز پھیلاؤ اور عالمی معیشت میں تیزی سے بگاڑنے دینا کے متعدد ممالک کو شدید معاشی اور مالی بحران سے دوچار کیا ہے۔ پاکستان کیلئے یہ صورتحال بنیادی طور پر معاشی سرگرمیوں میں سست روی، محصولات میں کمی اور سرکاری اخراجات میں اضافے کا باعث ہے۔ تاہم وہاں سے پہلے لی گئی ابتدائی اصلاحات مالیاتی امور میں بہتری کا باعث بنی اور ترقیاتی شراکت داروں سے مالی اعانت کے حصول نے بیرونی صورت حال اور سوورن لیکویڈیٹی پر دباؤ کم کیا ہے۔ مزید یہ کہ آئی ایم ایف کے ریپیڈ فنڈنگ انسٹرومنٹ (1.39 ارب ڈالر) کے تحت اپریل 2020ء میں ایمرنٹس فنڈنگ کی فراہمی سے ہمارے حکام کی جانب سے فوری ردعمل کی پالیسی کو مضبوط سہارا ملا، جس سے صحت کے شعبے میں ضروری اخراجات کیلئے مالی گنجائش، اعتماد میں اضافہ اور ڈونر کی اضافی امداد حاصل ہو جائے گی۔

اس بحران کے ردعمل میں، حکومت پاکستان نے وائرس کے وسیع تر پھیلاؤ کو روکنے کیلئے تیز اقدامات کئے جو حالیہ نئے کووڈ-19 کیسز میں بتدریج کمی کی صورت میں سب کے سامنے ہے۔ اسی طرح اسٹیٹ بینک آف پاکستان (SBP) نے بروقت اقدامات لیے جن میں پالیسی ریٹ میں کمی (مارچ 2020ء کے بعد سے 625 bps) اور ترقیاتی ری فنڈنگ سہولیات دینا شامل ہیں جس کی وجہ سے لیکویڈیٹی اور کریڈٹ صورتحال کو تقویت ملی اور مالیاتی استحکام کو تحفظ حاصل ہوا۔ اسٹیٹ بینک آف پاکستان کے ریٹیفیکیشن کے تحت 600 ارب روپے کے قرضوں کی واپسی کو مؤخر کیا گیا اور ساتھ ہی تنخواہ جاتی اخراجات کے لئے کارپوریٹ/ایس ایم ای سیلز کو 140 ارب روپے سے زائد قرضوں کی سہولت فراہم کی گئی۔

مالیاتی محاذ پر، سرکاری اخراجات صحت سے متعلق اخراجات میں اضافے اور ٹیکس وصولیوں میں کمی کی وجہ سے دباؤ متوقع ہے۔ آئی ایم ایف پروگرام کی منظوری کے وقت سے اب تک تھقلی المدد میکر وائٹنگ کے ساتھ ساتھ منظر نامہ میں کافی تبدیلی آ چکی ہے اور 2.4% کی متوقع شرح نمو ہادی سال 20ء میں منفی زون میں آ جانے کا خدشہ ہے (منشری آف فنانس اور آئی ایم ایف کے اندازوں کے مطابق 0.4% اور 1.5% بالترتیب)۔

زری نماذ پر، جون کے مہینے میں صارف اشاریہ قیمت (CPI) مہنگائی (نئی اساس) مالی سال 19ء کے 8% کے اوسط (نئی اساس) کے مقابلے میں 8.6% رہا۔ بیرونی صورتحال میں تسلسل کے ساتھ بہتری دیکھی گئی اور مالی سال 20ء کے حسابات جاریہ کے خسارے (CA) میں قابل ذکر کمی دیکھی گئی جو کہ مقابلہ آئی عرصے میں 13.4 ارب ڈالر کے مقابلے میں 3.0 ارب ڈالر گئے جو 78% کم ہے۔ توازن ادائیگی میں بہتری دیکھی گئی جس کی بنیادی وجہ درآمدات میں کمی، صحت کی سہولتوں کی تریات زریں اضافہ اور سوورن ڈیٹ انسٹرومنٹس میں ایکسٹرنل فلوز ہیں۔ ایس پی پی کے فارن ایکسیچینج ڈیٹا ستمبر 2019 میں 11.3 ارب ڈالر سے بڑھ کر جولائی 2020 میں 12.5 ارب ڈالر تک پہنچ گئے اور پاکستانی روپے کی قدر میں 8.2% کمی دیکھی گئی۔

پاکستانی بینکس شعبہ بینکاری کے موزوں سرمائے (CAR) کی شرح 17.2% کے ساتھ مستحکم رہی اور مالی سال 2020ء کی پہلی ششماہی میں سرمائے پر منافع کی شرح بعد از ٹیکس (RoE) 11.00% رہی۔ غیر فعال قرضے مالی سال 2020ء کی پہلی ششماہی میں تھوڑے سے اضافے کے ساتھ 9.1% ہو گئے جو مالی سال 2019ء کے اختتام پر 8.6% تھے۔ تاہم سال رواں کے آخر تک بینکاری کے شعبہ میں کووڈ-19 سے متعلق مزید خدشات ظاہر ہو سکتے ہیں۔

#### مقصد:

Driving Commerce and Prosperity through our Unique Diversity اسٹیٹرز ڈی 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 روئے کار لاتے ہوئے تقنی معیشت میں کاروبار کے فروغ کی سہولت بطور بینک باہم پہنچاتے ہیں۔

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

#### ہماری حکمت عملی:

ہمارے اسٹریٹجک ستونوں پر پیش رفت درج ذیل ہے:

☆ اپنے انٹرنیٹ ورک کا بہترین استعمال

ہمارا نیٹ ورک منافع بخش کردار ادا کرنے کی صلاحیت کا حامل ہے اور ہمارے صارفین کیلئے باعث امتیاز ہے۔ ہم اپنے نیٹ ورک کو بروئے کار لاتے ہوئے جدت طراز سولوشنز، پروڈکٹ اسپیشلائزیشن اور اسٹریٹجی ڈی آف شور پیشکش کے ذریعے نیٹ ورک سے منسلک آمدنی کو منظم طریقے سے بڑھا رہے ہیں۔ ہماری توجہ بیٹل اینڈ روڈ انیشی ایٹو اور دیگر تجارتی راہداریوں میں اپنے کلائنٹس کی سہولت ساتھ ساتھ سوورن، ملٹی نیشنل اور لوکل کارپوریٹ سیکٹرز میں مزید فروغ پر ہے۔

☆ ڈیجیٹل ارتقاء اور تقیر

ہم نے 2019ء کی دوسری سہ ماہی میں اپنے ایس سی موبائل ایپلیکیشن پر QR بیٹھمنس کا آغاز کر دیا ہے۔ اس کے علاوہ ہمارے ڈیجیٹل ٹرانزیکشنز کس میں شامل ایس سی موبائل ایپلیکیشن کسٹمر ریسلس بڑھ رہے ہیں۔

## ☆ پیداواری صلاحیت میں بہتری

ہم اپنے براؤنچ شفٹ پرنٹ (نقش پا) کو منظم کرتے ہوئے کلائنٹس کی ضروریات کے مطابق ڈیٹیل صلاحیتوں میں سرمایہ کاری کر رہے ہیں۔ پیداواری صلاحیت میں اضافے کے بڑھتے رجحان کی وجہ سے بلند شرح نمودار لاگت میں کمی کا حصول ممکن ہو سکا اور ہم نے انڈسٹری میں بہترین CASA کس حاصل کیا ہے۔

## ☆ متمول کاروبار میں اضافہ

ہم نے 2019ء کی چوتھی سہ ماہی میں پرییم سگمنٹ کا آغاز کیا تاکہ اب بھرتے ہوئے متمول طبقے سے حاصل آمدنی کو متحرک کریں جو کہ مستقبل میں پرائیورٹی سگمنٹ کی بنیاد بنے۔

## ☆ منافع جات میں بہتری

ہم سرمائے پر منافع میں اضافے کے ساتھ اور کوسٹ ٹو انکم یعنی اخراجات بتناسب آمدن (cost to income ratio) میں بہتری لارہے ہیں۔ مالیاتی نتائج اگلے حصے میں تفصیل سے درج ہیں۔

## عملی نتائج اور کاروباری جائزہ:

30 جون 2020ء (ملین پاکستانی روپے) 31 دسمبر 2019ء (ملین پاکستانی روپے)

بیلنس شیٹ	30 جون 2020ء (ملین پاکستانی روپے)	31 دسمبر 2019ء (ملین پاکستانی روپے)
اداشدہ سرمایہ	38,716	38,716
کل ایکویٹی	77,388	72,917
ڈپازٹس (جمع شدہ رقم)	546,721	465,629
قرضہ جات - مجموعی	206,282	235,269
قرضہ جات - خالص	188,056	218,087
سرمایہ کاری - خالص	347,910	249,164

30 جون 2020ء کو ختم شدہ مدت (ملین پاکستانی روپے) 30 جون 2019ء کو ختم شدہ مدت (ملین پاکستانی روپے)

نفع و نقصان	30 جون 2020ء (ملین پاکستانی روپے)	30 جون 2019ء (ملین پاکستانی روپے)
آمدنی	23,508	18,673
انتظامی اخراجات	5,616	5,378
دیگرتان مارک اپ اخراجات	366	410
کاروباری منافع (غیر فعال مالیات اور سرمایہ کاریوں کے عوض نقصان اور ٹیکس سے قبل)	17,526	12,885
خالص وصولیات/قرضہ جات پر ممکنہ خسارہ	1,274	(13)
قبل از ٹیکس منافع	16,252	12,898
بعد از ٹیکس منافع	9,851	7,231
فی شخص آمد (EPS) - روپیہ	2.54	1.87

بینک نے 2020ء کی پہلی سہ ماہی میں کارکردگی کی رفتار میں اضافے کے تسلسل کو جاری رکھا جس کی بنیاد مضبوط بیلنس شیٹ اور فنڈ اینگزام (مبادیات) پر عمل ہے۔ 2020ء کی پہلی سہ ماہی کے مطابق، بینک نے 16.2 ارب روپے کا قبل از ٹیکس منافع حاصل کیا ہے جو کہ پچھلے سال کے اسی عرصے کے مقابلے میں 26% زیادہ ہے۔ بینک کی مجموعی آمدن میں 26% اور آمدن صارف میں 27% اضافہ ہوا۔ ٹرانزیکشن بینکنگ، مالیاتی مارکیٹس اور ریشیل پروڈکٹس نے نمایاں کارکردگی دکھائی۔ انتظامی اخراجات میں 4% سالانہ اضافہ ہوا جو بینک کی پروڈکٹس، خدمات، افراد اور فرہنگیات میں سرمایہ کاری کا مظہر ہے۔ معاشی سخت روی، ریگولیٹری تبدیلیوں اور شرح سود میں کمی کے اثرات سال 2020ء کی دوسری سہ ماہی میں دیکھنے میں آئے تاہم بینک کی کارکردگی پر ان کے عمل اثرات 2020ء کی دوسری سہ ماہی میں ظاہر ہوں گے۔ فنانشل رسک مینجمنٹ کے تناظر میں بینک کا ردعمل فنانشل اسٹیبلٹی کے نوٹ 5 میں بھی وضاحت سے بیان کر دیا گیا ہے۔

معاشی سرگرمیوں میں سخت روی کی وجہ سے ایڈوانسز میں کمی آئی ہے۔ موجودہ غیر یقینی صورتحال کے پیش نظر بینک نے اپنے ایڈوانسز پورٹ فولیو پر گہری نظر رکھی ہوئی ہے اور حسب ضرورت ممکنہ قرضہ جاتی خسارے کا احاطہ کیا ہوا ہے۔ پروڈکٹس کے متنوع اساس کے ساتھ بینک اپنے صارفین کی ضروریات کی تکمیل کیلئے پوری طرح آراستہ ہے۔

لائسنس ہولڈر (واجبات) کے پہلو پر، بینک نے ایک اور سگمنٹ حاصل کر لیا ہے۔ کل ڈپازٹس اب 500 ارب روپے سے بھی زیادہ ہو چکی ہیں۔ اس عرصے کے اختتام پر، ڈپازٹس 17% کے اضافے کے ساتھ 547 ارب روپے تک پہنچے ہیں، جبکہ اس سال کے آغاز سے کرنٹ اور سیونگ اکاؤنٹس بھی 17% بڑھے ہیں جو کہ ڈپازٹس کا 93% ہیں۔ بیلنس شیٹ کا آئٹم ٹرانزیکشن بینک کی کارکردگی کو مسلسل مدد فراہم کر رہا ہے۔

بینک اپنے صارفین کو جدید سہولیات سے متعارف کروانے کیلئے اپنی ڈیجیٹل صلاحیتوں اور بنیادی ڈھانچے میں مسلسل سرمایہ کاری کر رہا ہے۔ ہم نے نظام کی بہتری کیلئے اپنے لوگوں کی تربیت، اقدار اور انضباط کی مضبوطی پر خصوصی توجہ دی ہے۔ ہم نے بیلنس شیٹ 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 معین 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، ہم توقع رکھتے ہیں کہ کووڈ-19 کی عالمی وبا اور اس کے اثرات میں بتدریج کمی آئے گی۔ بحالی کی رفتار کا دار و مدار حکومتی اقدامات اور پالیسیوں کی موثریت اور پابندیوں میں نرمی سے ہوگا۔ پہلی ششماہی کے نتائج ہمارے مضبوط اور مستحکم کاروباری اثاثہ کو ظاہر کرتے ہیں۔ ہم جانتے ہیں کہ آنے والے وقتوں میں چیلنجز کا سامنا رہے گا اور ہم اپنے صارفین اور ملازمین کی مدد کیلئے پرعزم ہیں اور ہم یقین دلاتے ہیں کہ ہمارے صارفین کی ضروریات کو مرکزیت حاصل رہے گی۔

انضباط اور کردار پر بنیادوں کو مستحکم کرنے کے بعد ہم سرمائے اور قوم 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۔

**کرڈٹ ریٹنگ:**

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

**بورڈ آف ڈائریکٹرز میں تبدیلیاں:**

جناب ریحان شیخ نے اسٹیٹ بینک آف پاکستان (SBP) کی ریگولیٹری کلیئرنس کے بعد جناب شہزاد اودا کی جگہ SCBPL کے نئے چیف ایگزیکٹو آفیسر (CEO) اور ڈائریکٹر کا عہدہ سنبھال لیا ہے۔ شیخ صاحب پاکستان اور بین الاقوامی سطح پر ریٹیل، کمرشل، کارپوریٹ اور انسٹیٹیوٹیل اور اسلامک بینکنگ میں سینئر مینجمنٹ اور متنوع بینکنگ کا 35 سالہ تجربہ رکھتے ہیں۔ بینک میں بطوری ای او شمولیت سے قبل وہ گلوبل اسلامک بینکنگ (اسٹیٹرزڈ چارٹرڈ صادق) کے سی ای او تھے۔

بورڈ اس عبوری مدت میں قائم مقام سی ای او کی حیثیت سے جناب اسد علی شریف (چیف فنانشل آفیسر) کی خدمات کو سراہتا ہے۔

جناب محمد عبدالرازق جو جناب فرڈیننڈ پیٹرس کی جگہ نان ایگزیکٹو ڈائریکٹر کے عہدے پر فائز ہوئے تھے، اسٹیٹ بینک سے ریگولیٹری کلیئرنس کے بعد بورڈ میں شامل ہو گئے ہیں۔

بورڈ نے جناب عبدالباری کی جگہ جناب ایڈم لائٹ کونان ایگزیکٹو ڈائریکٹر مقرر کیا ہے جو کہ اسٹیٹ بینک کی ریگولیٹری کلیئرنس سے مشروط ہے۔

**تاکش و اعتراف:**

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

منجانب بورڈ



ریحان شیخ

چیف ایگزیکٹو آفیسر



اسٹیٹ بینک کا ڈائریکٹر

ڈائریکٹر

کراچی، 24 اگست 2020ء

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# **Standard Chartered Bank (Pakistan) Limited**

Un-audited  
Financial Statements

For the six months period ended  
30 June 2020



## TO THE MEMBERS OF STANDARD CHARTERED BANK PAKISTAN LIMITED REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS

### Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Standard Chartered Bank Pakistan Limited** (the Bank) as at **30 June 2020** and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim cash flow statement and notes to the accounts for the six-months' period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review. The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the three months ended 30 June 2020 and 30 June 2019 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended 30 June 2020.

### Scope of Review

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

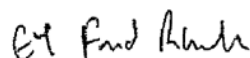
### Conclusion

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

### Other Matter

The financial statements for the Bank for the six-month period ended 30 June 2019 and for the year ended 31 December 2019 were reviewed and audited by another firm of chartered accountants who have expressed unmodified conclusion and unmodified opinion vide their review report and audit report issued on 27 August 2019 and 27 February 2020 respectively.

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




**M/s EY Ford Rhodes**  
**Chartered Accountants**  
**Karachi**  
**Date: 26 August 2020**

## Statement of Financial Position

As at 30 June 2020

	Note	(Un-audited) 30 June 2020	(Audited) 31 December 2019
----- (Rupees in '000) -----			
<b>ASSETS</b>			
Cash and balances with treasury banks	6	49,159,054	61,290,428
Balances with other banks	7	3,621,271	3,484,265
Lendings to financial institutions	8	55,203,427	17,012,089
Investments	9	347,910,399	249,164,030
Advances	10	188,056,363	218,087,193
Fixed assets	11	10,153,162	10,563,451
Intangible assets	12	26,095,349	26,095,375
Deferred tax assets - net		-	-
Other assets	13	25,839,614	34,273,754
		<b>706,038,639</b>	<b>619,970,585</b>
<b>LIABILITIES</b>			
Bills payable	14	12,558,322	12,375,271
Borrowings	15	20,203,820	20,256,731
Deposits and other accounts	16	546,721,279	465,628,985
Liabilities against assets subject to finance lease		-	-
Sub - ordinated debt		-	-
Deferred tax liabilities - net	17	3,699,528	3,707,964
Other liabilities	18	45,467,360	45,085,131
		<b>628,650,309</b>	<b>547,054,082</b>
<b>NET ASSETS</b>		<b>77,388,330</b>	<b>72,916,503</b>
<b>REPRESENTED BY:</b>			
Share capital		38,715,850	38,715,850
Reserves		21,841,140	19,870,955
Surplus on revaluation of assets	19	6,754,130	5,382,841
Unappropriated profit		10,077,210	8,946,857
		<b>77,388,330</b>	<b>72,916,503</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	20		

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



Ian Bryden  
Chairman



Rehan Shaikh  
Chief Executive Officer



Asad Ali Shariff  
Chief Financial Officer



Spenta Kandawalla  
Director



Mohamed Abdel Razek  
Director

## Profit and Loss Account (Un-audited)

For the six months period ended 30 June 2020

		Three months period ended 30 June 2020	Six months period ended 30 June 2020	Three months period ended 30 June 2019	Six months period ended 30 June 2019
	Note	----- (Rupees in '000) -----			
Mark-up / return / interest earned	21	14,417,128	30,218,323	12,260,793	23,435,783
Mark-up / return / interest expensed	22	(6,522,078)	(14,684,273)	(5,404,736)	(10,395,904)
<b>Net mark-up / interest income</b>		<b>7,895,050</b>	<b>15,534,050</b>	<b>6,856,057</b>	<b>13,039,879</b>
<b>NON MARK-UP / INTEREST INCOME</b>					
Fee and commission income	23	677,682	1,676,577	933,320	2,115,490
Dividend income		-	-	-	-
Foreign exchange income	24	1,726,318	2,602,274	1,340,214	2,668,539
Income / (loss) from derivatives		116,098	990,614	(138,759)	233,598
Gain / (loss) on securities	25	1,196,792	2,689,887	334,693	567,187
Other income	26	4,227	14,978	11,779	48,586
<b>Total non mark-up / interest income</b>		<b>3,721,117</b>	<b>7,974,330</b>	<b>2,481,247</b>	<b>5,633,400</b>
<b>Total Income</b>		<b>11,616,167</b>	<b>23,508,380</b>	<b>9,337,304</b>	<b>18,673,279</b>
<b>NON MARK-UP / INTEREST EXPENSES</b>					
Operating expenses	27	(2,839,913)	(5,615,895)	(2,748,632)	(5,377,868)
Workers welfare fund		(198,159)	(363,495)	(257,661)	(388,989)
Other charges	28	(2,885)	(2,885)	(12,362)	(21,393)
<b>Total non mark-up / interest expenses</b>		<b>(3,040,957)</b>	<b>(5,982,275)</b>	<b>(3,018,655)</b>	<b>(5,788,250)</b>
<b>Profit before provisions</b>		<b>8,575,210</b>	<b>17,526,105</b>	<b>6,318,649</b>	<b>12,885,029</b>
(Provisions) / recovery and write offs - net	29	(1,087,164)	(1,274,189)	(160,743)	13,108
Extra-ordinary / unusual items		-	-	-	-
<b>PROFIT BEFORE TAXATION</b>		<b>7,488,046</b>	<b>16,251,916</b>	<b>6,157,906</b>	<b>12,898,137</b>
Taxation	30	(2,945,569)	(6,400,989)	(2,444,184)	(5,666,677)
<b>PROFIT AFTER TAXATION</b>		<b>4,542,477</b>	<b>9,850,927</b>	<b>3,713,722</b>	<b>7,231,460</b>
		(Rupees)		(Rupees)	
<b>BASIC / DILUTED EARNINGS PER SHARE</b>	31	<b>1.17</b>	<b>2.54</b>	<b>0.96</b>	<b>1.87</b>

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



Ian Bryden  
Chairman



Rehan Shaikh  
Chief Executive Officer



Asad Ali Shariff  
Chief Financial Officer



Spenta Kandawalla  
Director




Mohamed Abdel Razek  
Director

## Statement of Comprehensive Income (Un-audited)


For the six months period ended 30 June 2020

	Three months period ended <b>30 June 2020</b>	Six months period ended <b>30 June 2020</b>	Three months period ended 30 June 2019	Six months period ended 30 June 2019
	----- (Rupees in '000) -----			
<b>Profit after tax for the period</b>	4,542,477	9,850,927	3,713,722	7,231,460
<b>Other comprehensive income</b>				
<b>Items that may be reclassified to profit and loss account in subsequent periods:</b>				
Movement in surplus / (deficit) on revaluation of investments - net of tax	568,500	1,379,378	(579,218)	(562,516)
<b>Items that will not be reclassified as to profit and loss account in subsequent periods</b>	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>5,110,977</b>	<b>11,230,305</b>	<b>3,134,504</b>	<b>6,668,944</b>

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Chairman

  
Rehan Shaikh  
Chief Executive Officer

  
Asad Ali Shariff  
Chief Financial Officer

  
Spenta Kandawalla  
Director


  
Mohamed Abdel Razek  
Director

## Statement of Changes in Equity (Un-audited)

For the six months period ended 30 June 2020

	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 2019	38,715,850	1,036,090	15,631,376	(92,271)	5,620,942	6,326,382	67,238,369
<b>Total comprehensive income for the period</b>							
Profit after tax for the six months period ended 30 June 2019	-	-	-	-	-	7,231,460	7,231,460
Other comprehensive income	-	-	-	-	22,510	-	22,510
Surplus / (Deficit) on revaluation - net of deferred tax	-	-	-	(562,516)	-	-	(562,516)
Movement in surplus / (deficit) on revaluation of investments - net of tax	-	-	-	(562,516)	22,510	7,231,460	6,691,454
<b>Transactions with owners, recorded directly in equity</b>							
Cash dividend (Final 2018) at Rs. 1.50 per share	-	-	-	-	-	(5,807,378)	(5,807,378)
Transfer to statutory reserve	-	-	1,446,292	-	-	(1,446,292)	-
Transferred from surplus on revaluation of fixed asset - net of deferred tax	-	-	-	-	(12,100)	12,100	-
<b>Balance as at 30 June 2019 - Un-audited</b>	<b>38,715,850</b>	<b>1,036,090</b>	<b>17,077,668</b>	<b>(654,787)</b>	<b>5,631,352</b>	<b>6,316,272</b>	<b>68,122,445</b>
<b>Total comprehensive income for the period</b>							
Profit after tax for the six months ended 31 December 2019	-	-	-	-	-	8,785,987	8,785,987
Other comprehensive income	-	-	-	590,005	-	-	590,005
Movement in surplus on revaluation of investments - net of tax	-	-	-	-	-	8,878	8,878
Remeasurement of post employment obligations - net of tax	-	-	-	-	7,873	-	7,873
Surplus on revaluation of fixed asset - net of deferred tax	-	-	-	590,005	7,873	8,794,865	9,392,743
<b>Transactions with owners, recorded directly in equity</b>							
Share based payment transactions (Contribution from holding Company)	-	-	-	-	-	72,007	72,007
Reversal of liability (to holding company) for share based payment transaction recorded in earlier years	-	-	-	-	-	168,789	168,789
Cash dividend (Interim 2019) at Rs. 1.25 per share	-	-	-	-	-	(4,839,481)	(4,839,481)
Transfer to statutory reserve	-	-	1,757,197	-	-	(1,757,197)	-
Realised on disposals during the year - net of deferred tax	-	-	-	-	(181,432)	181,432	-
Transferred from surplus on revaluation of fixed asset - net of deferred tax	-	-	-	-	(10,170)	10,170	-
<b>Balance as at 31 December 2019 - Audited</b>	<b>38,715,850</b>	<b>1,036,090</b>	<b>18,834,865</b>	<b>(64,782)</b>	<b>5,447,623</b>	<b>8,946,857</b>	<b>72,916,503</b>
<b>Total comprehensive income for the period</b>							
Profit after tax for the six months period ended 30 June 2020	-	-	-	-	-	9,850,927	9,850,927
Other comprehensive income	-	-	-	1,379,378	-	-	1,379,378
Movement in surplus on revaluation of investments - net of tax	-	-	-	1,379,378	-	9,850,927	11,230,305
<b>Transactions with owners, recorded directly in equity</b>							
Share based payment transactions (Contribution from holding Company)	-	-	-	-	-	16,796	16,796
Cash dividend (Final 2019) at Rs. 1.75 per share	-	-	-	-	-	(6,775,274)	(6,775,274)
Transfer to statutory reserve	-	-	1,970,185	-	-	(6,758,478)	(6,758,478)
Transferred from surplus on revaluation of fixed asset - net of deferred tax	-	-	-	-	(8,089)	(1,970,185)	-
<b>Balance as at 30 June 2020 - Un-audited</b>	<b>38,715,850</b>	<b>1,036,090</b>	<b>20,805,050</b>	<b>1,314,596</b>	<b>5,439,534</b>	<b>10,077,210</b>	<b>77,388,330</b>

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

  
Ian Bryden  
Chairman

  
Rehan Shaikh  
Chief Executive Officer

  
Asad Ali Shariff  
Chief Financial Officer

  
Spenta Kandawalla  
Director

  
Mohamed Abdel Razek  
Director



## Cash Flow Statement (Un-audited)

For the six months period ended 30 June 2020

	Note	30 June 2020	30 June 2019
----- (Rupees in '000) -----			
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit before taxation for the period		16,251,916	12,898,137
Less: Dividend income		-	-
		16,251,916	12,898,137
<b>Adjustments for:</b>			
Depreciation	27	560,133	487,139
Amortization	27	26	51
Gain on sale of fixed assets	26	(4,477)	(30,041)
Unrealized gain on revaluation of investments classified as held for trading - net	25	(239,122)	(137,951)
Finance cost against lease		214,579	109,558
(Gain) / loss on lease termination		(5,015)	-
Provisions / (reversals) and write offs - net	29	1,274,189	(13,108)
		1,800,313	415,648
		18,052,229	13,313,785
<b>Increase in operating assets</b>			
Lending to financial institutions		(38,191,338)	(21,685,330)
Held-for-trading securities		(13,392,761)	998,608
Advances		28,808,923	(19,771,988)
Other assets (excluding advance taxation)		3,896,649	(12,351,671)
		(18,878,527)	(52,810,381)
<b>Decrease in operating liabilities</b>			
Bills payable		183,051	(564,452)
Borrowings from financial institutions		421,538	12,864,394
Deposits		81,092,294	13,923,937
Other liabilities		(6,316,546)	10,187,443
		75,380,337	36,411,322
<b>Cash inflow / (outflow) before taxation</b>			
Income tax paid		74,554,039	(3,085,274)
		(2,614,677)	(4,375,821)
<b>Net cash flow generated from / (used in) operating activities</b>		71,939,362	(7,461,095)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Net investments in available for sale securities		(82,992,365)	25,798,563
Investment in fixed assets		(121,166)	(88,626)
Proceeds from sale of fixed assets		4,477	30,041
<b>Net cash flow (used in) / generated from investing activities</b>		(83,109,054)	25,739,978
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Dividend paid		(58,209)	(5,797,061)
Payment in respect of lease liability		(292,018)	(230,627)
<b>Net cash flow used in financing activities</b>		(350,227)	(6,027,688)
<b>Increase in cash and cash equivalents for the period</b>		(11,519,919)	12,251,195
Cash and cash equivalents at beginning of the period		62,879,650	49,697,264
Effect of exchange rate changes on cash and cash equivalents		1,227,349	931,272
		64,106,999	50,628,536
Cash and cash equivalents at end of the period		52,587,080	62,879,731
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>			
Cash and balances with treasury banks		49,159,054	58,016,783
Balances with other banks		3,621,271	4,948,025
Overdrawn nostros		(193,245)	(85,077)
		52,587,080	62,879,731

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Director



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Director

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

### For the six months period ended 30 June 2020

#### 1 STATUS AND NATURE OF BUSINESS

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

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

The Bank is engaged in the banking business as defined in the Banking Companies Ordinance, 1962 and has a total number of 60 branches in Pakistan including 4 Islamic branches (31 December 2019: 61 branches in Pakistan including 4 Islamic branches ) in operation at 30 June 2020.

#### 2 BASIS OF PREPARATION

##### 2.1 Statement of compliance

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

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

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

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

The Securities and Exchange Commission of Pakistan (SECP) has notified Islamic Financial Accounting Standard (IFAS) 3, ‘Profit and Loss Sharing on Deposits’ issued by the Institute of Chartered Accountants of Pakistan. IFAS 3 shall be followed with effect from the financial periods beginning after 1 January 2014 in respect of accounting for transactions relating to ‘Profit and Loss Sharing on Deposits’ as defined by the said standard. The standard has resulted in certain new disclosures in the condensed interim financial statements of the Bank. The SBP through BPRD Circular Letter No. 4 dated 25 February 2015, has deferred the applicability of IFAS 3 till further instructions and prescribed the Banks to prepare their annual and periodical financial statements as per existing prescribed formats issued vide BSD Circular 04 of 2006 and BPRD Circular Letter No. 05 of 2019, as amended from time to time.

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

### For the six months period ended 30 June 2020

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

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

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

There are certain interpretations and amendments that are mandatory for the Bank's accounting periods beginning on or after 01 January 2020 but are considered not to be relevant or do not have any significant effect on the Bank's operations and therefore not detailed in these condensed interim financial statements.

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

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

Standard or Interpretation	Effective date (annual periods beginning on or after)
- Covid-19-Related Rent Concessions – Amendment to IFRS 16	01 June 2020
- Classification of liabilities as current or non-current - Amendment to IAS 1	01 January 2022
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendment to IFRS 10 and IAS 28	Not yet finalized

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

The State Bank of Pakistan, vide its BPRD Circular No. 04 of 2019 dated 23 October 2019 directed the banks in Pakistan to implement IFRS 9 with effect from 01 January 2021. IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. According to initial exercise to estimate the impairment required under expected credit loss model, the provision is estimated to increase by Rs. 628 million as at 30 June 2020.

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

Standard	IASB Effective date (annual periods beginning on or after)
- IFRS 1 - First-time Adoption of International Financial Reporting Standards	01 July 2014
- IFRS 17 – Insurance Contracts	01 January 2023

### 3 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Bank for the year ended 31 December 2019.

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

For the six months period ended 30 June 2020

### 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The basis and the methods used for critical accounting estimates and judgments adopted in these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Bank for the year ended 31 December 2019.

### 5 FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Bank are consistent with those disclosed in the annual financial statements of the Bank for the year ended 31 December 2019.

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

The State Bank of Pakistan (SBP) has responded to the crisis by cutting the policy rate by 625 basis points to 7 percent and by introducing regulatory measures to maintain banking system soundness and to sustain economic activity. These include (i) reducing the capital conservation buffer by 100 basis points to 1.5 percent; (ii) increasing the regulatory limit on extension of credit to SMEs to Rs 180 million; (iii) relaxing the debt burden ratio for consumer loans from 50 percent to 60 percent; (iv) allowing banks to defer clients' payment of principal on loan obligations by one year; (v) relaxing regulatory criteria for restructured/rescheduled loans for borrowers who require relief beyond the extension of principal repayment for one year and (vi) introduction of refinancing schemes for payment of wages and salaries.

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

#### 5.1 Credit Risk

The Risk Management function of the Bank is regularly conducting assessments of the credit portfolio to identify borrowers most likely to get affected due to changes in the business and economic environment. The Bank has further strengthened its credit review procedures in the light of COVID-19. The Bank is continuously reviewing the portfolio, to identify customers susceptible to higher risk, resulting from the COVID-19 outbreak. It is expected that several borrowers will be affected by COVID 19 as the Bank has received requests from borrowers to avail deferment / restructuring / rescheduling schemes announced by SBP.

#### 5.2 Liquidity Risk

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

#### 5.3 Operational Risk

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

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

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

For the six months period ended 30 June 2020

### 5.4 Capital Adequacy Ratio (CAR)

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

6	CASH AND BALANCES WITH TREASURY BANKS	Note	(Un-audited)	(Audited)
			30 June 2020	31 December 2019
----- (Rupees in '000) -----				
	In hand			
	- Local currency		4,520,409	4,372,414
	- Foreign currencies		4,459,742	3,957,268
	With State Bank of Pakistan in:			
	- Local currency current account	6.1	20,874,387	28,246,958
	- Local currency current account - Islamic Banking	6.1	4,510,769	7,074,948
	Foreign currency deposit account			
	- Cash reserve account	6.2	4,742,807	4,470,826
	- Special cash reserve account	6.2	8,931,621	12,422,663
	- Local US Dollar collection account		62,068	27,063
	With National Bank of Pakistan in:			
	- Local currency current account		1,052,923	679,642
	Prize Bonds		4,328	38,646
			<u>49,159,054</u>	<u>61,290,428</u>

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

**6.2** As per BSD Circular No. 15 dated June 21, 2008, cash reserve of 5% and special cash reserve of 15% (for Islamic 6%) are required to be maintained with SBP on deposits held under the New Foreign Currency Accounts Scheme (FE-25 deposits). However due to the COVID – 19 pandemic, the State Bank of Pakistan (SBP) has given relaxation vide Circular No. 08 of 2020, dated 17 April 2020 to maintain cash reserve of 5% and special cash reserve of 10% (for Islamic 6%) with SBP on deposits held under the New Foreign Currency Accounts Scheme (FE-25 deposits).

7	BALANCES WITH OTHER BANKS	Note	(Un-audited)	(Audited)
			30 June 2020	31 December 2019
----- (Rupees in '000) -----				
	Outside Pakistan			
	- In current accounts	7.1	3,621,271	3,484,265
			<u>3,621,271</u>	<u>3,484,265</u>

**7.1** This includes balances of Rs. 3,574.971 million (2019: Rs. 3,434.676 million) held with other branches and subsidiaries of Standard Chartered Group outside Pakistan.



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

For the six months period ended 30 June 2020

8	LENDINGS TO FINANCIAL INSTITUTIONS	Note	(Un-audited)	(Audited)
			30 June 2020	31 December 2019
----- (Rupees in '000) -----				
	Repurchase agreement lendings (Reverse Repo)	8.1	24,233,962	1,968,136
	Bai Muajjal receivable from State Bank of Pakistan	8.2	1,845,421	4,117,655
	Placements	8.3	29,124,044	10,926,298
			<u>55,203,427</u>	<u>17,012,089</u>

**8.1** These carry mark-up rate ranging from 7.0 percent to 7.3 percent per annum (2019: 13.1 percent) payable at maturity, and are due to mature in July 2020. These arrangements are governed under Master Repurchase Agreements.

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

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

8.4	Particulars of lending	Note	(Un-audited)	(Audited)
			30 June 2020	31 December 2019
----- (Rupees in '000) -----				
	In local currency		26,079,383	6,085,791
	In foreign currencies		29,124,044	10,926,298
		8.4.1	<u>55,203,427</u>	<u>17,012,089</u>

**8.4.1** None of the lending to financial institutions were classified at year end.

## 9 INVESTMENTS

9.1	Investments by type	30 June 2020 (Un-audited)				31 December 2019 (Audited)			
		Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
----- (Rupees in '000) -----									
	<b>Held for trading securities</b>								
	Federal Government Securities	34,937,754	-	239,122	35,176,876	21,544,993	-	297,850	21,842,843
		<u>34,937,754</u>	<u>-</u>	<u>239,122</u>	<u>35,176,876</u>	<u>21,544,993</u>	<u>-</u>	<u>297,850</u>	<u>21,842,843</u>
	<b>Available for sale securities</b>								
	Federal Government Securities	310,359,384	-	1,967,682	312,327,066	226,969,169	-	(145,771)	226,823,398
	Shares	786,081	(734,398)	53,025	104,708	786,081	(734,398)	42,958	94,641
	Non Government Debt Securities	585,025	(285,025)	1,749	301,749	685,025	(285,025)	3,148	403,148
		<u>311,730,490</u>	<u>(1,019,423)</u>	<u>2,022,456</u>	<u>312,733,523</u>	<u>228,440,275</u>	<u>(1,019,423)</u>	<u>(99,665)</u>	<u>227,321,187</u>
	<b>Total Investments</b>	<u>346,668,244</u>	<u>(1,019,423)</u>	<u>2,261,578</u>	<u>347,910,399</u>	<u>249,985,268</u>	<u>(1,019,423)</u>	<u>198,185</u>	<u>249,164,030</u>

9.2	Provision for diminution in the value of investments	(Un-audited)	(Audited)
		30 June 2020	31 December 2019
----- (Rupees in '000) -----			
	Opening balance	1,019,423	967,517
	Charge for the period / year	-	51,906
	Closing Balance	<u>1,019,423</u>	<u>1,019,423</u>

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

For the six months period ended 30 June 2020

### 9.2.1 Particulars of provision against debt securities

Category of classification	30 June 2020 (Un-audited)		31 December 2019 (Audited)	
	Non Performing Investments	Provision	Non Performing Investments	Provision
<b>Domestic</b>	----- (Rupees in '000) -----			
Other assets especially mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	285,025	285,025	285,025	285,025
	<u>285,025</u>	<u>285,025</u>	<u>285,025</u>	<u>285,025</u>

10 ADVANCES	Note	Performing		Non Performing		Total	
		(Un-audited)	(Audited)	(Un-audited)	(Audited)	(Un-audited)	(Audited)
		30 June 2020	31 December 2019	30 June 2020	31 December 2019	30 June 2020	31 December 2019
		----- (Rupees in '000) -----					
Loans, cash credits, running finances, etc.		130,384,361	165,469,857	19,268,345	16,315,864	149,652,706	181,785,721
Islamic financing and related assets		50,462,175	41,295,830	1,787,922	1,422,079	52,250,097	42,717,909
Bills discounted and purchased (excluding treasury bills)		4,379,172	10,764,990	-	-	4,379,172	10,764,990
Advances - gross	10.1	185,225,708	217,530,677	21,056,267	17,737,943	206,281,975	235,268,620
Provision for non-performing advances							
- Specific	10.3	-	-	(17,547,249)	(16,375,109)	(17,547,249)	(16,375,109)
- General	10.3	(678,363)	(806,318)	-	-	(678,363)	(806,318)
Advances - net of provision		<u>(678,363)</u>	<u>(806,318)</u>	<u>(17,547,249)</u>	<u>(16,375,109)</u>	<u>(18,225,612)</u>	<u>(17,181,427)</u>
		<u>184,547,345</u>	<u>216,724,359</u>	<u>3,509,018</u>	<u>1,362,834</u>	<u>188,056,363</u>	<u>218,087,193</u>

10.1 Particulars of advances - gross	(Un-audited)	(Audited)
	30 June 2020	31 December 2019
	----- (Rupees in '000) -----	
In local currency	200,431,498	227,723,865
In foreign currencies	5,850,477	7,544,755
	<u>206,281,975</u>	<u>235,268,620</u>

10.2 Advances include Rs. 21,056.267 million (31 December 2019: Rs. 17,737.943 million) which have been placed under non-performing status, including subjective downgrades, are detailed as below:

Category of classification	30 June 2020 (Un-audited)		31 December 2019 (Audited)	
	Non Performing Loans	Provision	Non Performing Loans	Provision
<b>Domestic</b>	----- (Rupees in '000) -----			
Other assets especially mentioned	210,422	-	129,362	-
Substandard	3,434,821	805,902	1,116,851	257,494
Doubtful	1,052,791	469,857	533,567	264,565
Loss	16,358,233	16,271,490	15,958,163	15,853,050
	<u>21,056,267</u>	<u>17,547,249</u>	<u>17,737,943</u>	<u>16,375,109</u>

10.2.1 At 30 June 2020, the provision requirement has been reduced by Rs. 116.238 million (31 December 2019: Rs. 34.682 million) being benefit of Forced Sale Value (FSV) of commercial, residential and industrial properties (land and building only) held as collateral, in accordance with the State Bank of Pakistan Prudential Regulations (PR) and SBP Circular 10 dated 21 October 2011. Increase in accumulated profits amounting to Rs. 75.555 million due to the said FSV benefit is not available for distribution of cash and stock dividend / bonus to employees.

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

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10.3 Particulars of provision against advances	30 June 2020 (Un-audited)			31 December 2019 (Audited)		
	Specific	General	Total	Specific	General	Total
----- (Rupees in '000) -----						
Opening balance	16,375,109	806,318	17,181,427	16,841,631	776,856	17,618,487
Charge for the period / year	1,454,707	1,210	1,455,917	850,740	35,059	885,799
Reversals	(147,666)	(129,165)	(276,831)	(829,588)	(5,597)	(835,185)
	1,307,041	(127,955)	1,179,086	21,152	29,462	50,614
Amounts written off	(224,585)	-	(224,585)	(565,808)	-	(565,808)
Other movements	89,684	-	89,684	78,134	-	78,134
Closing balance	17,547,249	678,363	18,225,612	16,375,109	806,318	17,181,427

- 10.3.1** General provision includes provision amounting to Rs 672.778 million (31 December 2019: Rs 794.758 million) against the consumer finance portfolio. It also includes Rs 5.585 million (31 December 2019: Rs 11.560 million) pertaining to Small Enterprise (SE) portfolio.
- 10.3.2** The State Bank of Pakistan (the SBP), vide BPRD Circular letter 13 of 2020 dated 26 March 2020, has relaxed certain criteria for classification of the SBP Prudential Regulations R-8 (Classification and Provisioning of Assets) to mitigate the impact of COVID-19 as disclosed in note 5.

11 FIXED ASSETS	Note	(Un-audited)	(Audited)
		30 June 2020	31 December 2019
----- (Rupees in '000) -----			
Capital work-in-progress	11.1	34,706	248,599
Property and equipment	11.4	10,118,456	10,314,852
		10,153,162	10,563,451
<b>11.1 Capital work-in-progress</b>			
Civil works		7,781	6,776
Equipment		26,925	241,823
		34,706	248,599

11.2 Additions to fixed assets	(Un-audited)	(Un-audited)
	30 June 2020	30 June 2019
----- (Rupees in '000) -----		

The following additions have been made to fixed assets during the period:

Capital work-in-progress - net	(213,893)	29,521
Furniture and fixture	-	2,100
Electrical office and computer equipment	335,059	45,110
Vehicles	-	11,895
	335,059	59,105

### 11.3 Disposal of fixed assets

The net book value of fixed assets disposed off during the period is Rs. Nil (30 June 2019: Rs. Nil). In addition net book value of disposals of Right of use asset (ROU) during the period amounting to Rs. 38.4 million (31 December 2019: Rs Nil)

- 11.4** This also includes Right of use asset (ROU) in line with IFRS 16 amounting to Rs 3,010.229 million (31 December 2019: Rs 3,308.651 million)

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

For the six months period ended 30 June 2020

		(Un-audited) 30 June 2020	(Audited) 31 December 2019
		----- (Rupees in '000) -----	
<b>12</b>	<b>INTANGIBLE ASSETS</b>		
	Goodwill	26,095,310	26,095,310
	Core deposits intangible	-	-
	Customer relationships intangible	39	65
	Brand names	-	-
	Computer Software	-	-
		<u>26,095,349</u>	<u>26,095,375</u>

**12.1** The above mentioned items under intangible assets are fully amortized.

### 12.2 Additions to intangible assets

The additions made to intangible assets during the period is Rs. Nil (31 December 2019: Rs. Nil)

### 12.3 Disposals of intangible assets

The disposal made to intangible assets during the period is Rs. Nil (31 December 2019: Rs. Nil).

		(Un-audited) 30 June 2020	(Audited) 31 December 2019
		----- (Rupees in '000) -----	
<b>13</b>	<b>OTHER ASSETS</b>		
	Income / mark-up accrued in local currency	6,207,690	5,640,392
	Income / mark-up accrued in foreign currencies	19,362	28,096
	Advances, deposits, advance rent and other prepayments	334,572	358,824
	Defined benefit plans	31,542	31,542
	Advance taxation (payments less provisions)	5,881,861	11,861,988
	Branch adjustment account	495	8
	Mark to market gain on forward foreign exchange contracts	5,423,674	3,755,586
	Interest rate derivatives and currency options - positive fair value	11,218	256,896
	Receivable from SBP / Government of Pakistan	304,872	364,927
	Receivable from associated undertakings	2,276	257,654
	Assets Held for Sale	329,735	329,735
	Receivable from Standard Chartered Bank, Sri Lanka operations	40,033	37,713
	Advance Federal Excise Duty	188,443	188,443
	Cards Settlement account	1,594,263	776,988
	Acceptances	4,059,870	5,344,566
	Unsettled trades	1,070,792	4,244,466
	Sundry receivables	301,874	703,082
	Others	124,819	128,343
		<u>25,927,391</u>	<u>34,309,249</u>
	Less: Provision held against other assets	<u>(87,777)</u>	<u>(35,495)</u>
	<b>Other Assets - net of provisions</b>	<u>25,839,614</u>	<u>34,273,754</u>

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

For the six months period ended 30 June 2020

**13.1** Advance taxation (payments less provisions) includes the amount paid under appeals / litigations of Rs. 8,303 million (including amount paid against claim for amortization of goodwill of Rs. 3,607 million, refer note 20.3.3), provision against current period and other tax payments.

### 13.2 Provision held against other assets

	<b>(Un-audited)</b> <b>30 June</b> <b>2020</b>	<b>(Audited)</b> <b>31 December</b> <b>2019</b>
	----- (Rupees in '000) -----	
Others - Trade related	<b>87,777</b>	35,495
	<b>87,777</b>	<b>35,495</b>

#### 13.2.1 Movement in provision against other assets

Opening balance	<b>35,495</b>	35,495
Charge for the period / year	<b>52,282</b>	-
Closing balance	<b>87,777</b>	<b>35,495</b>

### 14 BILLS PAYABLE

In Pakistan	<b>12,088,090</b>	11,944,994
Outside Pakistan	<b>470,232</b>	430,277
	<b>12,558,322</b>	<b>12,375,271</b>

### 15 BORROWINGS

In Pakistan	<b>20,010,858</b>	19,589,433
Outside Pakistan	<b>192,962</b>	667,298
	<b>20,203,820</b>	<b>20,256,731</b>

#### 15.1 Details of borrowings secured / unsecured

##### Secured

Borrowings from State Bank of Pakistan under Export Refinance (ERF) scheme	<b>19,121,509</b>	19,533,921
Refinance scheme for payment of wages and salaries State Bank of Pakistan - LTFF	<b>752,202</b>	-
	<b>36,864</b>	55,116
	<b>19,910,575</b>	19,589,037

##### Unsecured

Call borrowings	<b>100,000</b>	-
Overdrawn nostro accounts	<b>193,245</b>	667,694
	<b>20,203,820</b>	<b>20,256,731</b>

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

For the six months period ended 30 June 2020

### 16 DEPOSITS AND OTHER ACCOUNTS

Note	30 June 2020 (Un-audited)			31 December 2019 (Audited)		
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
	----- (Rupees in '000) -----					
<b>Customers</b>						
- Fixed deposits	34,064,018	351,540	34,415,558	30,909,511	472,936	31,382,447
- Savings deposits	240,250,383	25,482,273	265,732,656	194,710,890	24,072,229	218,783,119
- Current accounts	135,830,777	61,065,856	196,896,633	119,521,063	56,357,019	175,878,082
- Margin accounts	3,095,456	187,753	3,283,209	3,381,984	175,170	3,557,154
- Special exporters' account	4,851,270	-	4,851,270	6,255,671	-	6,255,671
	418,091,904	87,087,422	505,179,326	354,779,119	81,077,354	435,856,473
<b>Financial Institutions</b>						
- Fixed deposits	3,426,129	8,532	3,434,661	434,427	124,462	558,889
- Savings deposits	17,269,551	1,937,184	19,206,735	7,593,833	1,794,542	9,388,375
- Current accounts	10,536,906	8,270,538	18,807,444	12,685,930	7,088,396	19,774,326
- Margin accounts	18,078	75,035	93,113	15,797	35,125	50,922
	31,250,664	10,291,289	41,541,953	20,729,987	9,042,525	29,772,512
	449,342,568	97,378,711	546,721,279	375,509,106	90,119,879	465,628,985

16.1 This includes Rs. 922.382 million (31 December 2019: Rs. 597.736 million) against balances of other branches and subsidiaries of Standard Chartered Group operating outside Pakistan.

### 17 DEFERRED TAX ASSETS / (LIABILITIES)

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

Note	30 June 2020 (Un-audited)			
	At 1 January 2020	Recognised in profit and loss	Recognised in OCI	At 30 June 2020
	----- (Rupees in '000) -----			
<b>Deductible Temporary Differences on</b>				
Post retirement employee benefits	2,476	-	-	2,476
Deficit on revaluation of investments	34,883	-	(742,743)	(707,860)
Provision against advances, off balance sheet etc.	1,805,362	87,436	-	1,892,798
Unpaid liabilities	2,403,306	639,904	-	3,043,210
	4,246,027	727,340	(742,743)	4,230,624
<b>Taxable Temporary Differences on</b>				
Surplus on revaluation of fixed assets	(194,429)	4,355	-	(190,074)
Goodwill	(7,830,986)	-	-	(7,830,986)
Accelerated tax depreciation	71,424	19,484	-	90,908
	(7,953,991)	23,839	-	(7,930,152)
	(3,707,964)	751,179	(742,743)	(3,699,528)
	----- (Rupees in '000) -----			
	31 December 2019 (Audited)			
	At 1 January 2019	Recognised in profit and loss	Recognised in OCI	At 31 December 2019
	----- (Rupees in '000) -----			
<b>Deductible Temporary Differences on</b>				
Post retirement employee benefits	7,256	-	(4,780)	2,476
Deficit on revaluation of investments	49,685	-	(14,802)	34,883
Provision against advances, off balance sheet etc.	2,485,817	(680,455)	-	1,805,362
Unpaid liabilities	1,902,215	501,091	-	2,403,306
	4,444,973	(179,364)	(19,582)	4,246,027
<b>Taxable Temporary Differences on</b>				
Surplus on revaluation of fixed assets	(202,903)	8,474	-	(194,429)
Goodwill	(7,830,986)	-	-	(7,830,986)
Accelerated tax depreciation	(42,293)	113,717	-	71,424
	(8,076,182)	122,191	-	(7,953,991)
	(3,631,209)	(57,173)	(19,582)	(3,707,964)

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**17.1** In terms of the Seventh Schedule to the Income Tax Law, the claim of provision for advances and off balance sheet items in respect of Corporate and Consumer (including SME) advances has been restricted to 1% and 5% of gross advances respectively. As such deferred tax asset has been recognised. The management based on projection of taxable profits, considers that the Bank would be able to claim deductions in future years within the prescribed limits in seventh schedule. It also includes deferred tax asset on pre seventh schedule provision against loans and advances disallowed, which only become tax allowable upon being written off.

### 18 OTHER LIABILITIES

		(Un-audited) 30 June 2020	(Audited) 31 December 2019
	Note	----- (Rupees in '000) -----	
Mark-up / return / interest payable in local currency		560,915	447,174
Mark-up / return / interest payable in foreign currencies		-	248
Accrued expenses		2,320,258	3,058,823
Advance payments		542,717	523,345
Sundry creditors		5,671,191	4,082,939
Mark to market loss on forward foreign exchange contracts		3,882,096	6,147,974
Unrealized loss on interest rate derivatives and currency options		4,770,626	3,992,870
Due to Holding Company	18.1	17,859,375	10,835,325
Charity fund balance		17,577	12,985
Dividend payable		111,992	101,520
Provision against off balance sheet obligations	18.2	184,520	235,130
Worker's welfare fund (WWF) payable	18.3	1,918,834	2,997,975
Lease liability	18.4	3,331,132	3,477,995
Short sell - Government Securities		5,453	3,684,152
Acceptances		4,059,870	5,344,566
Unsettled trades		108,575	-
Others		122,229	142,110
		<u>45,467,360</u>	<u>45,085,131</u>

#### 18.1 Due to Holding Company

On account of reimbursement of executive and general administrative expenses	10,250,476	10,250,476
Dividend and other payable	7,608,899	584,849
	<u>17,859,375</u>	<u>10,835,325</u>

#### 18.2 Provision against off-balance sheet obligations

Opening balance	235,130	283,541
Charge for the period / year	-	51,987
Reversals	(50,610)	(100,398)
Closing balance	<u>184,520</u>	<u>235,130</u>

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

**18.3** The Supreme Court of Pakistan vide its order dated 10 November 2016 has held that the amendments made in the law introduced by the Federal Government by Finance Act 2008 for the levy of Worker's Welfare Funds (WWF) on banks were not lawful. The Federal Board of Revenue has filed review petitions against this order, which are currently pending. Legal advice obtained on the matter indicates that consequent to filing of these review petitions the judgment may not currently be treated as conclusive until the review petition is decided. Accordingly, the amount charged for WWF since 2008 has not been reversed and advance payment made against WWF is netted off with WWF liabilities.

Further, as a consequence of passage of 18th Amendment to the Constitution, levy for Worker's Welfare fund was also introduced by the Government of Sindh (Sindh WWF) which was effective from 1 January 2014. The definition of industrial undertakings under the aforesaid Sindh WWF law includes banks and financial institutions as well. The Bank along with the other banks has challenged applicability of the said law on Banks before the Sindh High Court.

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

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### 19 SURPLUS ON REVALUATION OF ASSETS - NET OF DEFERRED TAX

	Note	(Un-audited) 30 June 2020	(Audited) 31 December 2019
------(Rupees in '000)-----			
<b>Surplus / (deficit) arising on revaluation of:</b>			
Fixed assets	19.1	5,629,608	5,642,052
Available for Sale Securities	19.2	2,022,456	(99,665)
		<b>7,652,064</b>	<b>5,542,387</b>
<b>Deferred tax on surplus / (deficit) on revaluation of:</b>			
Fixed assets	19.1	(190,074)	(194,429)
Available for Sale Securities	19.2	(707,860)	34,883
		<b>(897,934)</b>	<b>(159,546)</b>
		<b>6,754,130</b>	<b>5,382,841</b>
<b>19.1 Surplus on revaluation of fixed assets - net of tax</b>			
Surplus on revaluation of fixed assets as at 1 January		5,642,052	5,823,845
Surplus/ (Deficit) on revaluation - net of deferred tax		-	34,623
Realised on disposal during the period - net of deferred tax		-	(182,154)
Transferred to unappropriated profit in respect of incremental depreciation charged during the year - net of deferred tax		(8,089)	(22,270)
Related deferred tax liability on incremental depreciation charged during the period		(4,355)	(11,992)
		<b>(12,444)</b>	<b>(34,262)</b>
Surplus on revaluation of fixed assets		5,629,608	5,642,052
Less: Related deferred tax liability on:			
Revaluation surplus as at 1 January		(194,429)	(202,903)
Revaluation surplus recognised during the period		-	(4,240)
Surplus realized on disposal during the period		-	722
Incremental depreciation charged during the period		4,355	11,992
		<b>(190,074)</b>	<b>(194,429)</b>
Surplus on revaluation of fixed assets - net of tax		<b>5,439,534</b>	<b>5,447,623</b>
<b>19.2 (Deficit) / Surplus on revaluation of Available for Sale securities - net of tax</b>			
Market Treasury Bills		1,189,986	(106,335)
Pakistan Investment Bonds		788,754	(59,926)
Sukuk and Ijarah Bonds		(9,309)	23,638
Listed shares		53,025	42,958
		<b>2,022,456</b>	<b>(99,665)</b>
Related deferred tax asset / (liability)		(707,860)	34,883
		<b>1,314,596</b>	<b>(64,782)</b>
<b>20 CONTINGENCIES AND COMMITMENTS</b>			
Guarantees	20.1	130,953,856	126,880,752
Commitments	20.2	410,190,370	504,664,407
Other contingent liabilities	20.3	10,777,727	10,988,197
		<b>551,921,953</b>	<b>642,533,356</b>
<b>20.1 Guarantees:</b>			
Guarantees issued favouring:			
Financial guarantees		16,013,185	19,018,743
Performance guarantees		83,904,063	78,572,604
Other guarantees		31,036,608	29,289,405
		<b>130,953,856</b>	<b>126,880,752</b>



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	Note	(Un-audited) 30 June 2020	(Audited) 31 December 2019
------(Rupees in '000)-----			
<b>20.2 Commitments:</b>			
<b>Documentary credits and short-term trade-related transactions</b>			
Letters of credit		17,566,125	26,644,590
<b>Commitments in respect of:</b>			
<b>Forward foreign exchange contracts;</b>			
- Purchase	20.4	214,182,459	262,611,679
- Sale	20.4	148,812,566	186,080,094
<b>Commitment in respect of derivatives</b>			
- Interest rate swaps	20.6	252,076	464,542
- Cross currency swaps	20.6	29,269,477	28,561,180
<b>Commitment in respect of operating lease</b>	20.7	64,554	72,530
<b>Commitment for acquisition of fixed assets</b>		43,113	229,792
		<u>410,190,370</u>	<u>504,664,407</u>
		<u>10,777,727</u>	<u>10,988,197</u>

### 20.3 Other contingent liabilities

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

**20.3.2** Further, an order for income year 2011 levying Federal Excise Duty of Rs. 515.6 million has been issued. The demand has been stayed by the Sindh High Court.

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

	(Un-audited) 30 June 2020	(Audited) 31 December 2019
------(Rupees in '000)-----		
<b>20.4 Commitments in respect of forward foreign exchange contracts</b>		
Purchase from:		
State Bank of Pakistan	102,082,088	102,632,973
Other banks	107,004,109	149,755,699
Customers	5,096,263	10,223,007
	<u>214,182,459</u>	<u>262,611,679</u>
Sale to:		
State Bank of Pakistan	-	32,014,212
Other banks	109,896,539	140,125,724
Customers	38,916,027	13,940,158
	<u>148,812,566</u>	<u>186,080,094</u>

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

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### 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.

	<b>(Un-audited)</b> <b>30 June</b> <b>2020</b>	<b>(Audited)</b> <b>31 December</b> <b>2019</b>
	----- (Rupees in '000) -----	
<b>20.6 Commitments in respect of derivatives</b>		
<b>Interest rate Swaps</b>		
- Purchase	126,038	232,271
- Sale	126,038	232,271
	<u>252,076</u>	<u>464,542</u>
<b>Cross currency Swaps</b>		
- Purchase	1,120,326	5,419,666
- Sale	28,149,151	23,141,514
	<u>29,269,477</u>	<u>28,561,180</u>
<b>20.7 Commitments in respect of operating lease</b>		
Not later than one year	7,844	15,868
Later than one year and not later than five years	56,710	56,662
Later than five years	-	-
	<u>64,554</u>	<u>72,530</u>

### 20.8 Derivative instruments

#### 20.8.1 Product analysis

	<b>30 June 2020 (Un-audited)</b>					
	----- (Rupees in '000) -----					
	Interest Rate Swaps		Cross Currency Swaps		FX Options	
Counterparties	Notional Principal *	Mark to market gain / loss	Notional Principal *	Mark to market gain / loss	Notional Principal *	Mark to market gain / loss
<b>With Banks for</b>						
Hedging	-	-	-	-	-	-
Market Making	126,038	657	9,027,877	(1,293,454)	-	-
<b>With FIs other than banks</b>						
Hedging	-	-	-	-	-	-
Market Making	-	-	-	-	-	-
<b>With other entities for</b>						
Hedging	-	-	-	-	-	-
Market Making	126,038	(657)	20,241,600	(3,465,954)	-	-
<b>Total</b>						
Hedging	-	-	-	-	-	-
Market Making	252,076	-	29,269,477	(4,759,408)	-	-

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

### For the six months period ended 30 June 2020

31 December 2019 (Audited)						
(Rupees in '000)						
	Interest Rate Swaps		Cross Currency Swaps		FX Options	
	Notional Principal *	Mark to market gain / loss	Notional Principal *	Mark to market gain / loss	Notional Principal *	Mark to market gain / loss
Counterparties						
With Banks for						
Hedging	-	-	-	-	-	-
Market Making	232,271	185	15,593,813	(1,173,504)	-	-
With FIs other than banks						
Hedging	-	-	-	-	-	-
Market Making	-	-	-	-	-	-
With other entities for						
Hedging	-	-	-	-	-	-
Market Making	232,271	(185)	12,967,367	(2,562,470)	-	-
Total						
Hedging	-	-	-	-	-	-
Market Making	464,542	-	28,561,180	(3,735,974)	-	-

\* At the exchange rate prevailing at period end.

	Note	(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)
		Three months period ended	Six months period ended	Three months period ended	Six months period ended
		30 June 2020	30 June 2020	30 June 2019	30 June 2019
----- (Rupees in '000) -----					
<b>21 MARK-UP / RETURN / INTEREST EARNED</b>					
On loans and advances to customers		6,417,009	13,928,152	4,949,910	9,329,274
On loans and advances to financial institutions		7,912	12,508	11,180	21,684
On investments in: i) Held for trading securities		417,534	605,664	(7,070)	13,221
ii) Available for sale securities		7,128,978	14,810,808	6,387,204	12,144,595
On deposits with financial institutions / State Bank of Pakistan		5,735	27,222	44,639	84,348
On securities purchased under resale agreements		346,136	546,588	571,359	1,336,026
On call money lending / placements		93,824	287,381	303,571	506,635
		<b>14,417,128</b>	<b>30,218,323</b>	<b>12,260,793</b>	<b>23,435,783</b>
<b>22 MARK-UP / RETURN / INTEREST EXPENSED</b>					
Deposits		5,330,589	11,970,395	4,470,927	8,869,506
Securities sold under repurchase agreements		45,481	574,023	164,178	260,219
Call borrowings		3,525	11,906	32,662	84,402
Borrowings from State Bank of Pakistan under Export Refinance (ERF) scheme		108,983	195,868	78,587	169,673
Cost of foreign currency swaps against foreign currency deposits / borrowings		815,073	1,503,076	498,720	703,091
Deposit protection premium	22.1	107,308	214,426	109,305	199,455
Finance cost of lease liability		111,119	214,579	50,357	109,558
		<b>6,522,078</b>	<b>14,684,273</b>	<b>5,404,736</b>	<b>10,395,904</b>

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

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

For the six months period ended 30 June 2020

		(Un-audited) Three months period ended	(Un-audited) Six months period ended	(Un-audited) Three months period ended	(Un-audited) Six months period ended
	Note	30 June 2020	30 June 2020	30 June 2019	30 June 2019
<b>23 FEE &amp; COMMISSION INCOME</b>		----- (Rupees in '000) -----			
Branch banking customer fees		72,215	160,867	87,665	181,910
Consumer finance related fees		9,806	19,455	10,776	22,101
Card related fees (debit and credit cards)		161,357	498,848	214,393	615,900
Credit related fees		122,436	150,615	77,699	136,065
Investment banking fees		23,425	45,085	21,006	48,745
Brokerage charges		(17,619)	(41,776)	(15,373)	(29,923)
Commission on trade and cash management		86,095	324,904	327,048	695,977
Commission on guarantees		107,074	279,300	104,116	248,603
Commission on remittances including home remittances		46,401	93,767	45,579	80,867
Commission on bancassurance		16,629	41,487	13,130	24,273
Custody Fees		49,863	104,025	47,281	90,972
		<b>677,682</b>	<b>1,676,577</b>	<b>933,320</b>	<b>2,115,490</b>
<b>24 FOREIGN EXCHANGE INCOME</b>					
Gain / (loss) realised from dealing in :					
Foreign Currencies		1,657,909	2,816,547	1,047,971	2,225,230
Derivative financial instruments		68,409	(214,273)	292,243	443,309
		<b>1,726,318</b>	<b>2,602,274</b>	<b>1,340,214</b>	<b>2,668,539</b>
<b>25 GAIN / (LOSS) ON SECURITIES</b>					
Realised	25.1	1,380,122	2,450,765	193,119	429,236
Unrealised - held for trading	9.1	(183,330)	239,122	141,574	137,951
		<b>1,196,792</b>	<b>2,689,887</b>	<b>334,693</b>	<b>567,187</b>
<b>25.1 Realised gain on:</b>					
<b>Federal Government Securities</b>					
Market Treasury Bills		1,027,025	1,834,233	(90,175)	110,619
Pakistan Investment Bonds		353,097	598,357	283,294	318,617
Ijarah Sukuk		-	18,175	-	-
		<b>1,380,122</b>	<b>2,450,765</b>	<b>193,119</b>	<b>429,236</b>
<b>26 OTHER INCOME</b>					
Rent on property		55	3,166	6,149	12,020
Gain on sale of fixed assets - net		3,310	4,477	1,068	30,041
Sri Lanka branch operations cost & FX translation		862	2,320	4,562	6,525
Gain / (loss) on lease termination		-	5,015	-	-
		<b>4,227</b>	<b>14,978</b>	<b>11,779</b>	<b>48,586</b>

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

For the six months period ended 30 June 2020

27	OPERATING EXPENSES	Note	(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)
			Three months period ended	Six months period ended	Three months period ended	Six months period ended
			30 June 2020	30 June 2020	30 June 2019	30 June 2019
----- (Rupees in '000) -----						
	<b>Total compensation expense</b>		<b>1,599,895</b>	<b>3,121,561</b>	1,525,915	2,940,536
	<b>Property expense</b>					
	Rent & taxes		37,645	76,523	95,224	181,246
	Insurance		3,197	5,837	2,836	6,014
	Utilities cost		54,554	109,327	65,345	109,742
	Security (including guards)		47,256	94,468	59,035	109,742
	Repair & maintenance		45,529	95,442	58,383	119,325
	Civil works		41,098	80,710	44,464	86,366
	Facilities management cost		34,261	68,523	34,262	68,903
	Depreciation (Property related)		42,686	86,377	38,013	84,231
	Depreciation (Right of use assets)		163,866	327,100	135,513	271,153
	Cleaning and janitorial		106,935	199,985	98,045	219,949
	Minor improvements, additions and others		29,290	38,888	20,627	24,722
			<b>606,317</b>	<b>1,183,180</b>	651,747	1,281,393
	<b>Information technology expenses</b>					
	Software maintenance		45,626	87,982	44,744	78,506
	Hardware maintenance		91,650	156,133	77,535	154,063
	Depreciation (IT related)		58,980	106,878	45,947	94,825
	Amortization		13	26	26	51
	Network charges		519	2,074	1,858	3,841
			<b>196,788</b>	<b>353,093</b>	170,110	331,286
	<b>Other operating expenses</b>					
	Directors' fees and allowances		5,550	5,550	1,550	2,700
	Fees and allowances to Shariah Board		2,298	4,906	2,315	5,062
	Legal & professional charges		89,337	116,135	21,273	56,636
	Outsourced services costs		12,525	79,826	18,194	31,538
	Travelling & conveyance		9,859	42,641	30,201	53,873
	Depreciation (Other fixed assets)		19,841	39,778	21,275	36,930
	Training & development		1,373	2,970	3,316	3,814
	Postage & courier charges		26,830	60,208	30,856	59,657
	Communication		77,557	159,072	72,520	145,384
	Stationery & printing		30,165	65,018	36,974	86,005
	Marketing, advertisement & publicity		49,305	124,471	84,502	136,137
	Donations		19,758	19,758	7,000	7,000
	Auditors remuneration		6,500	13,500	10,313	16,813
	Cash transportation services		16,652	35,055	19,671	39,536
	Documentation and processing charges		32,758	72,721	35,957	69,838
	Insurance		5,091	10,907	3,848	8,829
	Others		31,514	105,545	1,095	64,901
			<b>436,913</b>	<b>958,061</b>	400,860	824,653
			<b>2,839,913</b>	<b>5,615,895</b>	2,748,632	5,377,868

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

For the six months period ended 30 June 2020

Note	(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)
	Three months period ended	Six months period ended	Three months period ended	Six months period ended
	30 June 2020	30 June 2020	30 June 2019	30 June 2019
------(Rupees in '000)-----				
<b>28 OTHER CHARGES</b>				
Net charge against fines and penalties imposed by SBP	2,885	2,885	12,362	21,393
<b>29 (PROVISIONS) / REVERSALS &amp; WRITE OFFS - NET</b>				
(Provision) / recovery against loans and advances 10.3 & 18.2	(964,263)	(1,128,476)	(64,339)	97,512
Recovery of amounts written off 10.3	37,052	91,873	71,364	140,946
Provision for diminution in the value of investments 9.1	-	-	(47,880)	(47,880)
Bad debts written off directly	(107,671)	(185,304)	(58,302)	(109,442)
Fixed asset write offs	-	-	-	(6,442)
Impairment against fixed assets	-	-	(61,586)	(61,586)
Provision against other assets	(52,282)	(52,282)	-	-
	<b>(1,087,164)</b>	<b>(1,274,189)</b>	<b>(160,743)</b>	<b>13,108</b>
<b>30 TAXATION</b>				
- Current	3,842,680	7,128,502	2,813,417	5,305,556
- Prior year	23,666	23,666	-	607,199
- Deferred	(920,777)	(751,179)	(369,233)	(246,078)
	<b>2,945,569</b>	<b>6,400,989</b>	<b>2,444,184</b>	<b>5,666,677</b>
<b>31 EARNINGS PER SHARE - BASIC AND DILUTED</b>				
Profit for the period	4,542,477	9,850,927	3,713,722	7,231,460
	------(Number of shares)-----			
Weighted average number of ordinary shares	3,871,585,021	3,871,585,021	3,871,585,021	3,871,585,021
	------(Rupees)-----			
Earnings per share - basic and diluted	1.17	2.54	0.96	1.87



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

### For the six months period ended 30 June 2020

On balance sheet financial instruments

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

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

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

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

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

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





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

For the six months period ended 30 June 2020

### 33 SEGMENT INFORMATION

33.1 Segment Details with respect to Business Activities	30 June 2020 (Un-audited)				
	Corporate and Institutional Banking	Commercial Banking	Retail Banking	Central and Other Items	Total
	----- (Rupees in '000) -----				
<b>Profit and Loss</b>					
Inter segment revenue - net	1,292,382	(2,634,715)	13,662,721	(12,320,388)	-
Net mark-up / return / profit	485,146	4,672,265	(4,671,572)	15,048,211	15,534,050
Non mark-up / return / interest income	5,808,581	602,568	1,506,434	56,747	7,974,330
Total Income	7,586,109	2,640,118	10,497,583	2,784,570	23,508,380
Segment direct expenses	1,039,113	667,484	3,598,210	677,468	5,982,275
Inter segment expense allocation	-	-	-	-	-
Total expenses	1,039,113	667,484	3,598,210	677,468	5,982,275
(Reversals) / provisions	-	1,151,861	122,328	-	1,274,189
<b>Profit before taxation</b>	<b>6,546,996</b>	<b>820,773</b>	<b>6,777,045</b>	<b>2,107,102</b>	<b>16,251,916</b>
<b>Balance Sheet</b>					
Cash & Bank balances	-	-	-	52,780,325	52,780,325
Investments	35,176,876	-	-	312,733,523	347,910,399
Net inter segment lending	83,590,273	-	308,154,102	(391,744,375)	-
Lendings to financial institutions	-	-	-	55,203,427	55,203,427
Advances - Performing	81,479,996	76,711,696	26,355,654	-	184,547,346
- Non performing	-	2,861,584	647,433	-	3,509,017
Others	18,258,013	8,831,254	15,064,821	19,934,037	62,088,125
<b>Total Assets</b>	<b>218,505,158</b>	<b>88,404,534</b>	<b>350,222,010</b>	<b>48,906,937</b>	<b>706,038,639</b>
Borrowings	-	-	-	20,203,820	20,203,820
Deposits & other accounts	174,111,609	23,797,306	348,791,880	20,484	546,721,279
Net inter segment borrowing	-	56,078,559	-	(56,078,559)	-
Others	44,393,549	8,528,670	1,430,129	7,372,862	61,725,210
<b>Total liabilities</b>	<b>218,505,158</b>	<b>88,404,535</b>	<b>350,222,009</b>	<b>(28,481,393)</b>	<b>628,650,309</b>
Equity	-	-	-	77,388,330	77,388,330
<b>Total Equity &amp; liabilities</b>	<b>218,505,158</b>	<b>88,404,535</b>	<b>350,222,009</b>	<b>48,906,937</b>	<b>706,038,639</b>
<b>Contingencies &amp; Commitments</b>	<b>155,492,057</b>	<b>22,277,548</b>	<b>271,929</b>	<b>373,880,419</b>	<b>551,921,953</b>
	30 June 2019 (Un-audited) - restated				
<b>Profit and Loss</b>					
Inter segment revenue - net	2,744,922	(2,364,183)	9,567,308	(9,936,863)	11,184
Net mark-up / return / profit	(633,319)	3,510,545	(2,958,345)	13,120,998	13,039,879
Non mark-up / return / interest income	3,225,227	768,979	1,509,214	129,980	5,633,400
Total Income	5,336,830	1,915,341	8,118,177	3,314,115	18,684,463
Segment direct expenses	954,063	611,382	3,626,384	596,421	5,788,250
Inter segment expense allocation	1,372	545	8,110	1,157	11,184
Total expenses	955,435	611,927	3,634,494	597,578	5,799,434
(Reversals) / provisions	-	(156,903)	27,885	115,910	(13,108)
<b>Profit before taxation</b>	<b>4,381,395</b>	<b>1,460,317</b>	<b>4,455,798</b>	<b>2,600,627</b>	<b>12,898,137</b>

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

For the six months period ended 30 June 2020

	30 June 2019 (Un-audited) - restated				Total
	Corporate and Institutional Banking	Commercial Banking	Retail Banking	Central and Other Items	
	----- (Rupees in '000) -----				
<b>Balance Sheet</b>					
Cash & Bank balances	-	-	-	62,964,808	62,964,808
Investments	11,266,952	123,543	-	240,102,900	251,493,395
Net inter segment lending	32,945,795	-	259,343,264	(292,289,059)	-
Lendings to financial institutions	-	-	-	28,150,838	28,150,838
Advances - Performing	72,958,736	88,225,911	27,497,185	-	188,681,832
- Non performing	-	603,974	158,960	-	762,934
Others	33,252,495	9,117,430	14,668,203	25,662,447	82,700,575
<b>Total Assets</b>	<u>150,423,978</u>	<u>98,070,858</u>	<u>301,667,612</u>	<u>64,591,934</u>	<u>614,754,382</u>
Borrowings	-	16,903,818	-	18,060,092	34,963,910
Deposits & other accounts	116,033,226	22,507,696	300,275,127	6,824	438,822,873
Net inter segment borrowing	-	47,410,233	-	(47,410,233)	-
Others	34,390,752	11,249,111	1,392,485	25,812,806	72,845,154
<b>Total liabilities</b>	<u>150,423,978</u>	<u>98,070,858</u>	<u>301,667,612</u>	<u>(3,530,511)</u>	<u>546,631,937</u>
Equity	-	-	-	68,122,445	68,122,445
<b>Total Equity &amp; liabilities</b>	<u>150,423,978</u>	<u>98,070,858</u>	<u>301,667,612</u>	<u>64,591,934</u>	<u>614,754,382</u>
<b>Contingencies &amp; Commitments</b>	<u>198,520,034</u>	<u>2,756,675</u>	<u>181,235</u>	<u>410,525,239</u>	<u>611,983,183</u>

### Corporate and Institutional Banking

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

### Commercial Banking

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

### Retail Banking

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

### Central & Other Items

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

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

## 34 RELATED PARTY TRANSACTIONS

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

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

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

For the six months period ended 30 June 2020

	30 June 2020 (Un-audited)				31 December 2019 - audited			
	Parent	Directors	Key management personnel	Other related parties	Parent	Directors	Key management personnel	Other related parties
	----- (Rupees in '000) -----							
<b>Balances with other banks</b>								
In current accounts	3,574,971	-	-	-	3,434,676	-	-	-
In deposit accounts	-	-	-	-	-	-	-	-
	<b>3,574,971</b>	-	-	-	<b>3,434,676</b>	-	-	-
<b>Lending to financial institutions</b>								
Opening balance	10,926,298	-	-	-	6,465,508	-	-	-
Addition during the year	1,913,714,726	-	-	-	5,351,639,963	-	-	-
Repaid during the year	(1,895,516,980)	-	-	-	(5,347,179,173)	-	-	-
Transfer in / (out) - net	-	-	-	-	-	-	-	-
Closing balance	<b>29,124,044</b>	-	-	-	<b>10,926,298</b>	-	-	-
<b>Advances</b>								
Opening balance	-	129	210,371	-	-	5,269	198,459	-
Addition during the year	-	113	28,381	-	-	1,814	134,566	-
Repaid during the year	-	(242)	(41,593)	-	-	(6,954)	(93,362)	-
Transfer in / (out) - net	-	-	23,015	-	-	-	(29,292)	-
Closing balance	-	-	<b>220,174</b>	-	-	129	<b>210,371</b>	-
Provision held against advances	-	-	-	-	-	-	-	-
<b>Other Assets</b>								
Interest / mark-up accrued	120	-	644	-	1,533	-	663	-
Receivable from staff retirement fund	-	-	-	31,542	-	-	-	31,542
Due from associated undertakings	42,309	-	-	-	295,367	-	-	-
Other receivable	-	-	-	-	-	-	1,354	-
	<b>42,429</b>	-	<b>644</b>	<b>31,542</b>	<b>296,900</b>	-	<b>2,017</b>	<b>31,542</b>
<b>Borrowings</b>								
Opening balance	666,612	-	-	-	6,174,771	-	-	-
Borrowings during the year	26,772	-	-	-	70,102	-	-	-
Settled during the year	(500,501)	-	-	-	(5,578,261)	-	-	-
Closing balance	<b>192,883</b>	-	-	-	<b>666,612</b>	-	-	-
<b>Deposits and other accounts</b>								
Opening balance	597,736	190,190	94,863	176,457	964,772	403,272	80,143	122,721
Received during the year	329,755	174,320	453,954	510,817	37,951	859,863	802,255	17,375,169
Withdrawn during the year	(5,108)	(169,435)	(405,037)	(491,179)	(404,987)	(1,072,945)	(787,535)	(17,321,433)
Transfer in / (out) - net	-	(141,582)	-	-	-	-	-	-
Closing balance	<b>922,383</b>	<b>53,493</b>	<b>143,780</b>	<b>196,095</b>	<b>597,736</b>	<b>190,190</b>	<b>94,863</b>	<b>176,457</b>
<b>Other Liabilities</b>								
Due to holding company	17,859,375	-	-	-	10,835,325	-	-	-
Other liabilities	-	2,877	-	-	-	-	-	-
	<b>17,859,375</b>	<b>2,877</b>	-	-	<b>10,835,325</b>	-	-	-
<b>Contingencies and Commitments</b>								
Transaction-related contingent liabilities - guarantees	58,757,003	-	-	-	55,067,647	-	-	-
Commitments in respect of forward foreign exchange contracts	2,056,422	-	-	-	3,286,846	-	-	-
<b>Derivatives</b>								
Derivative instruments - notional	5,934,174	-	-	-	6,070,617	-	-	-
Derivative assets	9,165	-	-	-	18,413	-	-	-
Derivative liabilities	462,121	-	-	-	495,681	-	-	-

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

For the six months period ended 30 June 2020

### RELATED PARTY TRANSACTIONS

	30 June 2020 (Un-audited)				30 June 2019 - (Un-audited)			
	Parent	Directors	Key management personnel	Other related parties	Parent	Directors	Key management personnel	Other related parties
----- (Rupees in '000) -----								
<b>Income</b>								
Mark-up / return / interest earned	79,438	1	16,141	-	54,668	123	11,504	-
Fee and commission income	4,015	-	-	-	362,529	-	-	-
Income / (loss) from derivatives	24,312	-	-	-	(10,850)	-	-	-
<b>Expense</b>								
Mark-up / return / interest paid	762	6,368	2,443	6,627	52,074	14,531	1,121	21,902
Fee and commission expense	118,687	-	-	-	16,371	-	-	-
Operating expenses	-	5,550	206,595	-	-	2,700	190,146	-
Rent and Renovation expense	-	-	1,761	-	-	-	1,723	-
<b>Other transactions</b>								
Dividend paid	-	-	-	-	5,748,491	-	-	-
Contribution to defined contribution plans	-	-	-	211,760	-	-	-	199,336
Net charge for defined contribution plans	-	-	-	211,760	-	-	-	199,336

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

### 35 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	(Un-audited) 30 June 2020	(Audited) 31 December 2019
----- (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	52,338,295	49,172,949
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	52,338,295	49,172,949
Eligible Tier 2 Capital	7,432,493	6,253,941
Total Eligible Capital (Tier 1 + Tier 2)	59,770,788	55,426,890

#### Risk Weighted Assets (RWAs):

Credit Risk	229,287,605	239,728,627
Market Risk	27,908,079	31,719,263
Operational Risk	55,836,821	55,836,821
Total	313,032,505	327,284,711

Common Equity Tier 1 Capital Adequacy ratio	16.72%	15.02%
Tier 1 Capital Adequacy Ratio	16.72%	15.02%
Total Capital Adequacy Ratio	19.09%	16.94%
Minimum CAR (including Capital Conservation Buffer)	11.50%	12.50%

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

For the six months period ended 30 June 2020

	(Un-audited) 30 June 2020	(Audited) 31 December 2019
----- (Rupees in '000) -----		
<b>Leverage Ratio (LR):</b>		
Eligible Tier 1 Capital	52,338,295	49,172,949
Total Exposures	842,388,882	784,627,968
Leverage Ratio	6.21%	6.27%
Minimum SBP Requirement	3.00%	3.00%
<b>Liquidity Coverage Ratio (LCR):</b>		
Total High Quality Liquid Assets	347,648,471	287,918,837
Total Net Cash Outflow	83,687,021	70,433,462
Liquidity Coverage Ratio	415.4%	408.8%
Minimum SBP Requirement	100.0%	100.0%
<b>Net Stable Funding Ratio (NSFR):</b>		
Total Available Stable Funding	504,516,660	444,118,240
Total Required Stable Funding	204,959,789	226,386,744
Net Stable Funding Ratio	246%	196%
Minimum SBP Requirement	100%	100%

### 36 ISLAMIC BANKING BUSINESS

The bank is operating 4 (31 December 2019: 4) Islamic banking branches and 56 (31 December 2019: 57) Islamic banking windows at the end of the period.

	(Un-audited) 30 June 2020	(Audited) 31 December 2019
----- (Rupees in '000) -----		
<b>ASSETS</b>		
Cash and balances with treasury banks	5,497,585	8,028,214
Due from financial institutions	7,525,679	6,944,460
Investments	7,541,227	3,640,376
Islamic financing and related assets - net	51,500,728	41,985,594
Fixed assets	152,776	185,135
Other assets	1,535,592	1,566,815
<b>Total Assets</b>	<b>73,753,587</b>	<b>62,350,594</b>
<b>LIABILITIES</b>		
Bills payable	46,591	139,575
Due to financial institutions	4,130,000	4,050,000
Deposits and other accounts	57,883,074	48,471,603
Due to Head Office	256,564	674,733
Other liabilities	1,448,699	879,377
	<b>63,764,928</b>	<b>54,215,288</b>
<b>NET ASSETS</b>	<b>9,988,659</b>	<b>8,135,306</b>
<b>REPRESENTED BY:</b>		
Islamic Banking Fund	200,000	200,000
(Deficit) / surplus on revaluation of assets	(9,309)	23,638
Unappropriated / Unremitted profit	9,797,968	7,911,668
	<b>9,988,659</b>	<b>8,135,306</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	36.6	

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

For the six months period ended 30 June 2020

The profit and loss account of the Bank's Islamic banking branches for the period ended 30 June 2020 is as follows:

	Note	(Un-audited)	(Un-audited)
		30 June 2020	30 June 2019
----- (Rupees in '000) -----			
Profit / return earned	36.7	3,590,726	3,054,639
Profit / return expensed	36.8	(1,108,734)	(553,184)
Net Profit / return		2,481,992	2,501,455
<b>Other income</b>			
Fee and Commission Income		257,402	223,620
Foreign Exchange Income		119,543	570,736
Income / (loss) from derivatives		18,175	-
Other Income		2,660	149
		397,780	794,505
Total Income		2,879,772	3,295,960
<b>Other expenses</b>			
Operating expenses		(978,887)	(919,191)
		(978,887)	(919,191)
Profit / (loss) before provisions		1,900,885	2,376,769
Provisions and write offs - net		(14,585)	18,712
Profit / (loss) before taxation		1,886,300	2,395,481

The Bank calculates and files a single corporate tax return as per the requirements of Income Tax Ordinance, 2001. Segmental calculation is not required for filing. However, considering the revised format requirement of the financial statements to disclose Islamic Banking segment's tax charge separately, a notional tax charge for Islamic Banking is expected to be Rs. 0.74 billion (30 June 2019: Rs. 0.93 billion).

	30 June 2020 (Un-audited)			31 December 2019 (Audited)		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
----- (Rupees in '000) -----						
<b>36.1 Due from Financial Institutions</b>						
Unsecured	-	5,680,258	5,680,258	-	2,826,805	2,826,805
Bai Muajjal Receivable from State Bank of Pakistan	1,845,421	-	1,845,421	4,117,655	-	4,117,655
	1,845,421	5,680,258	7,525,679	4,117,655	2,826,805	6,944,460

	30 June 2020 (Un-audited)				31 December 2019 (Audited)			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
----- (Rupees in '000) -----								
<b>36.2 Investments by segments:</b>								
<b>Federal Government Securities:</b>								
Ijarah Sukuk	5,859,558	-	(11,058)	5,848,500	1,825,760	-	20,490	1,846,250
Bai Muajjal with GOP	1,390,978	-	-	1,390,978	1,390,978	-	-	1,390,978
	7,250,536	-	(11,058)	7,239,478	3,216,738	-	20,490	3,237,228
<b>Non Government Debt Securities</b>								
Listed	300,000	-	1,749	301,749	400,000	-	3,148	403,148
Unlisted	-	-	-	-	-	-	-	-
	300,000	-	1,749	301,749	400,000	-	3,148	403,148
<b>Total Investments</b>	7,550,536	-	(9,309)	7,541,227	3,616,738	-	23,638	3,640,376

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

For the six months period ended 30 June 2020

	(Un-audited) 30 June 2020	(Audited) 31 December 2019
----- (Rupees in '000) -----		
<b>36.3 Islamic financing and related assets</b>		
Murabaha	1,979,004	1,726,466
Musharaka	19,326,141	18,182,094
Diminishing Musharaka	20,003,308	20,134,278
Kafalah	17,500	-
Musawammah	6,493,264	588,791
Ujrah (Saadiq Credit Cards)	343,386	444,345
Advances against Islamic assets - Murabaha	1,778,099	68,261
Advances against Islamic assets - Diminishing Musharakah	156,679	25,531
Inventory related to Islamic financing - Murabaha	2,152,716	1,548,143
Gross Islamic financing and related assets	52,250,097	42,717,909
Less: provision against Islamic financings		
Specific	(642,509)	(626,693)
General	(106,860)	(105,622)
	(749,369)	(732,315)
Islamic financing and related assets - net of provision	51,500,728	41,985,594
<b>36.4 Deposits</b>		
<b>Customers</b>		
Current deposits	31,885,289	28,020,413
Savings deposits	24,105,657	19,619,004
Term deposits	889,016	710,367
Margin accounts	1,533	120,468
	56,881,495	48,470,252
<b>Financial Institutions</b>		
Savings deposits	1,001,579	1,351
	1,001,579	1,351
	57,883,074	48,471,603
<b>36.5 Charity Fund</b>		
Opening Balance	12,985	7,932
Additions during the period		
Received from customers on account of delayed payment	2,767	6,295
Other Non-Shariah compliant income	1,407	6,690
	4,174	12,985
Payments / utilization during the period		
Education	-	(6,002)
Health	-	(1,930)
	-	(7,932)
Closing Balance	17,159	12,985
<b>36.6 Contingencies and Commitments</b>		
Guarantees	2,088,478	380,254
Commitments	14,860,460	17,726,029
Other contingent liabilities	2,089,189	2,329,305
	19,038,127	20,435,588



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

For the six months period ended 30 June 2020

	(Un-audited) 30 June 2020	(Un-audited) 30 June 2019
<b>36.7 Profit / Return Earned of Financing, Investments and Placement</b>	----- (Rupees in '000) -----	
Profit earned on:		
Financing	3,187,773	2,711,417
Investments	398,926	293,918
Placements	4,027	49,304
	<b>3,590,726</b>	<b>3,054,639</b>
<b>36.8 Profit on Deposits and other Dues Expensed</b>		
Deposits and other accounts	(1,032,353)	(484,105)
Due to Financial Institutions	(39,859)	(30,035)
Deposit protection premium	(28,349)	(28,349)
Finance cost of lease liability	(8,173)	(10,695)
	<b>(1,108,734)</b>	<b>(553,184)</b>
	(Un-audited)	(Audited)
	30 June 2020	31 December 2019
<b>36.9 Islamic Banking Business Unappropriated Profit</b>	----- (Rupees in '000) -----	
Opening Balance	7,911,668	6,258,514
Add: Islamic Banking profit for the period	1,886,300	4,153,154
Less: Transferred / Remitted to Head Office	-	(2,500,000)
Closing Balance	<b>9,797,968</b>	<b>7,911,668</b>

### 36.10 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 Depositors Pool

#### a) Islamic Export Refinance Scheme (IERS) Musharakah Pool

Banks create Musharakah Pool as advised by SBP, consisting of financing to a minimum of 10 blue chip companies on Islamic modes with diversification in multiple sectors. Banks's investment in Musharakah Pool is at least equal to the amount of export refinance availed from SBP. Key features, risks, rewards and calculation of profit / loss of IERS pool is as per SBP IER Scheme and the relevant circulars issued by SBP from time to time.

The relevant details are mentioned hereunder:

Type of Pool	Profit rate and weightage announcement period	Average return on Pool Assets	Bank Profit	SBP Profit	Bank Profit %	SBP Profit %
IERF Pool	Monthly	8.1%	309,969	40,646	88.4%	11.6%

#### b) Mudarabah Pool

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

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

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

### For the six months period ended 30 June 2020

#### i) Key features and risk & reward characteristics

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

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

In case of loss, the same is borne by the depositor in proportion to their investments, and the Bank (Mudarib) bears the loss of its efforts/services in managing Mudarabah.

#### ii) Parameters used for allocation of profit, charging expenses and provisions

The profit is calculated from income earned on the remunerative assets tagged to the pool and is distributed between Mudarib (Bank) and Rabb-ul-Maal (Depositor) based on the declared sharing ratios and weightages before the beginning of the concerned period.

#### iii) Deployment of Mudaraba based deposits

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

#### iv) Other information

	Type of Pool			
	General	Special	High Yield	Special Term Deposit
Profit rate / weightage announcement frequency	Monthly	Monthly	Monthly	Monthly
Mudarib share (amount in '000)	258,727	61,173	83,777	3,301
Mudarib share (%)	44.7%	19.7%	16.0%	21.0%
Mudarib Share transferred through Hiba (Amount in '000)	30,835	19,509	46,569	1,108
Mudarib Share transferred through Hiba (%)	10.6%	24.2%	35.7%	25.1%
Average return on pool assets	11.7%	12.2%	12.4%	13.2%
Average return on deposits	6.4%	9.8%	10.4%	10.5%

### 37. GENERAL


#### 37.1 Corresponding Figures

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

#### 37.2 All amounts have been rounded to the nearest thousand Rupees.

#### 37.3 Date Of Authorization

These condensed interim financial statements were authorized for issue in the Board of Directors meeting held on 24 August 2020.



Ian Bryden  
Chairman



Rehan Shaikh  
Chief Executive Officer



Asad Ali Shariff  
Chief Financial Officer



Spenta Kandawalla  
Director



Mohamed Abdel Razek  
Director



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