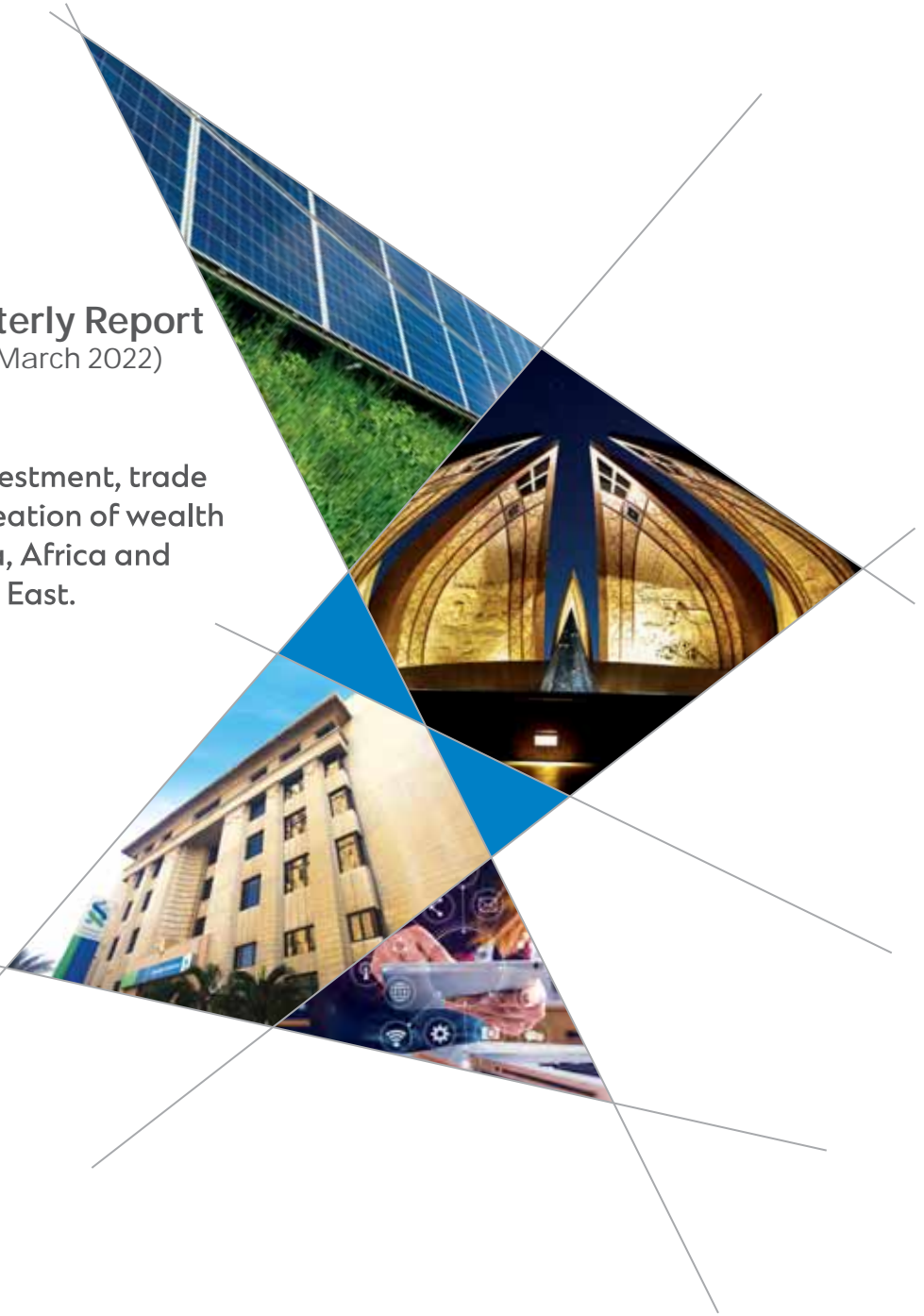


1st Quarterly Report

(January – March 2022)

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Company Information

Board of Directors*

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

Company Secretary

Mr. Asif Iqbal Alam

Board Audit Committee

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

Board Risk Committee

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

Board Human Resource & Remuneration Committee

Ms. Spenta Kandawalla	Chairperson
Mr. Towfiq Habib Chinoy	Member
Mr. Adam Long	Member

Board IT Committee

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

Shariah Board

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

Auditors

M/s EY Ford Rhodes
Chartered Accountants

Legal Advisors

Haidermota & Co
Barristers at Law & Corporate Counselors

Registered/ Main Office

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

Website

www.sc.com/pk

Registrar/ Share Registration Office

M/s CDC Share Registrar Services Limited
CDC House, 99-B, Block B,
SMCHS, Main Shahra-e-Faisal,
Karachi - 74400

Toll Free: 0800 - 23275
Fax: (021) 34326053
Email: info@cdcsrsl.com

as at 26 April 2022

STANDARD CHARTERED BANK (PAKISTAN) LIMITED
31 MARCH 2022
DIRECTORS' REPORT

On behalf of the Board of Directors, we are pleased to present the Directors' Report of Standard Chartered Bank (Pakistan) Limited (SCBPL or the Bank) along with the un-audited interim financial statements for the quarter ended 31st March 2022.

Economy

Building on revised growth rate of 5.6% in FY'21, Pakistan's economy is expected to grow by 4% to 5% in FY'22 on account of strong domestic demand. However, recent political uncertainty and delay in IMF programme may dampen the momentum.

On external front, exports continued their momentum increasing by 26% y/y to USD 20.5bn in the first eight months of the fiscal year. Remittance growth has moderated in the last few months but remained above USD 2bn on a monthly basis. However, pick-up in import bill driven by higher global commodity prices and strong domestic demand inflated trade deficit to USD 31.9bn for Jul'21-Feb'22 vs USD 17.5bn over the same period last year, leading to widening of Current Account deficit to USD 12bn for Jul'21-Feb'22. Consequently, Central Bank foreign exchange reserves reduced to USD 11bn by end March, while PKR witnessed depreciation of 13% since Jun'21, on account of rising external imbalances.

With a widening current account deficit and double-digit inflation, SBP increased its policy rate by 2.5% to 12.25% in its meeting held on April 07, which brings total cumulative increase since Sep'21 to of 5.25%.

Pakistani banks continue to remain well capitalized with an industry CAR of 16.7% and remain profitable with a ROE (after tax) of 14.1% for 2021. Non-performing loans of the banking sector decreased to 7.9% for CY21 (9.2% for CY20) with a decent provision coverage of 91.2%.

Purpose

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

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

Our strategic pillars

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

1) Network

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

2) Affluent

We continue to reinforce our strong credentials in the affluent segment by building loyalty and trust through offering our clients personalised wealth advice based on superior insight. Income from our affluent wealth business is up by 7%.

3) Mass Retail

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

4) Sustainability

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

These strategic priorities are supported by three key enablers:

1) People & Culture

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

2) New Ways of Working

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

3) Innovation & Technology

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

Operating Results and Business Overview

	31 March 2022 (PKR millions)	31 December 2021 (PKR millions)
Balance Sheet		
Paid-up capital	38,716	38,716
Total equity	79,948	79,605
Deposits	649,943	626,774
Advances – gross	272,974	255,905
Advances – net	251,973	234,173
Investments – net	440,170	450,583
	Quarter ended 31 March 2022 (PKR millions)	Quarter ended 31 March 2021 (PKR millions)
Profit and Loss		
Revenue	14,303	8,304
Operating expenses	3,034	2,815
Other non mark-up expenses	225	199
Operating profit (before provisions and tax)	11,044	5,289
Provisions / (recovery) and write offs - net	(730)	(573)
Profit before tax	11,774	5,862
Profit after tax	7,062	3,219
Earnings per Share (EPS) – Rupees	1.82	0.83

A record performance by the Bank in first quarter led to a growth of 101% in profit before tax to PKR 11.8 billion. Overall revenue grew 72%, whereas client revenue increased by 30% year on year with positive contributions from all segments. Operating expenses continue to be well

managed through operational efficiencies and disciplined spending with an increase of 8% from comparative period last year. Moreover, strong recoveries of bad debts, coupled with lower impairments as a result of prudent risk approach led to a net release of PKR 0.7 billion in Q1'22 compared to a net release of PKR 0.6 billion in the comparative period.

All businesses have positive momentum with strong growth in underlying drivers. This is evident from pickup in net advances, which have grown by PKR 17.8 billion (up 8%) since the start of this year. This was a result of targeted strategy to build profitable, high quality and sustainable portfolios. With a diversified product base, the Bank is well positioned to cater for the needs of its clients. On the liabilities side, the Bank's total deposits grew by PKR 23.2 billion (up 4%), whereas current and saving accounts grew by PKR 27.8 billion (up 5%) since the start of this year and comprise 93% of the deposit base.

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, going forward we expect economy to stabilise and continue on recovery path. Pace of recovery will be dependent on improvement in external flows, domestic and geopolitical environment and global commodity prices.

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

Having strengthened our foundations on controls and conduct we are well equipped to manage our risks, capital and liquidity effectively. The prudent and proactive measures that we are taking now 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.

Appreciation and Acknowledgment

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

On behalf of the Board


Chief Executive Officer
Karachi: 26 April 2022


Director

Standard Chartered Bank (Pakistan) Limited

Un-audited
Financial Statements

For the three months period ended
31 March 2022

INTERNAL

Standard Chartered Bank (Pakistan) Limited
Statement of Financial Position
As at 31 March 2022

	Note	(Un-audited) 31 March 2022	(Audited) 31 December 2021
(Rupees in '000)			
ASSETS			
Cash and balances with treasury banks	6	54,580,620	60,295,393
Balances with other banks	7	9,140,474	9,567,702
Lendings to financial institutions	8	55,394,146	11,728,869
Investments	9	440,170,374	450,583,287
Advances	10	251,972,750	234,172,617
Fixed assets	11	10,590,362	10,689,126
Intangible assets	12	26,095,310	26,095,310
Deferred tax assets - net		-	-
Other assets	13	49,933,027	36,293,236
		<u>897,877,063</u>	<u>839,425,540</u>
LIABILITIES			
Bills payable	14	13,872,044	16,601,187
Borrowings	15	80,139,385	35,028,767
Deposits and other accounts	16	649,942,858	626,774,412
Liabilities against assets subject to finance lease		-	-
Sub-ordinated debt		-	-
Deferred tax liabilities - net	17	4,108,664	3,679,066
Other liabilities	18	69,866,083	77,736,852
		<u>817,929,034</u>	<u>759,820,284</u>
NET ASSETS		<u>79,948,029</u>	<u>79,605,256</u>
REPRESENTED BY:			
Share capital		38,715,850	38,715,850
Reserves		26,655,388	25,243,085
Surplus on revaluation of assets	19	7,415,651	7,371,825
Unappropriated profit		7,161,140	8,274,496
		<u>79,948,029</u>	<u>79,605,256</u>
CONTINGENCIES AND COMMITMENTS	20		

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

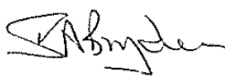
 Chairman
 Chief Executive officer
 Chief Financial Officer
 Director
 Director


INTERNAL


Standard Chartered Bank (Pakistan) Limited
 Profit and Loss Account (Un-audited)
 For the three months period ended 31 March 2022

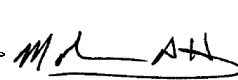
		Three months period ended 31 March 2022	Three months period ended 31 March 2021
		----- (Rupees in '000) -----	
Mark-up / return / interest earned	21	16,393,164	10,381,678
Mark-up / return / interest expensed	22	(8,181,112)	(4,359,845)
Net mark-up / interest income		8,212,052	6,021,833
NON MARK-UP / INTEREST INCOME			
Fee and commission income	23	1,031,327	948,500
Dividend income		-	9,598
Foreign exchange income	24	2,021,487	600,215
Income / (loss) from derivatives		1,762,979	162,944
Gain / (loss) on securities	25	1,284,165	527,411
Other income	26	(9,001)	33,106
Total non mark-up / interest income		6,090,957	2,281,774
Total Income		14,303,009	8,303,607
NON MARK-UP / INTEREST EXPENSES			
Operating expenses	27	(3,033,932)	(2,814,808)
Workers welfare fund		(225,381)	(183,409)
Other charges	28	(11)	(16,084)
Total non mark-up / interest expenses		(3,259,324)	(3,014,301)
Profit before provisions		11,043,685	5,289,306
Reversals / (provisions) and write offs - net	29	730,317	572,890
Extra-ordinary / unusual items		-	-
PROFIT BEFORE TAXATION		11,774,002	5,862,196
Taxation	30	(4,712,488)	(2,643,222)
PROFIT AFTER TAXATION		7,061,514	3,218,974
		(Rupees)	
BASIC / DILUTED EARNINGS PER SHARE	31	1.82	0.83


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


 Chairman


 Chief Executive Officer


 Chief Financial Officer


 Director


 Director

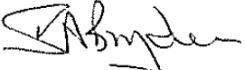
INTERNAL


Standard Chartered Bank (Pakistan) Limited
Statement of Comprehensive Income (Un-audited)

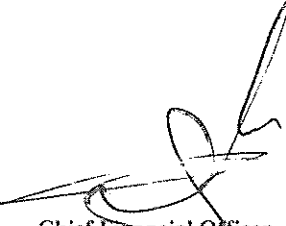
For the three months period ended 31 March 2022

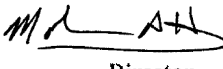
	Three months period ended 31 March 2022	Three months period ended 31 March 2021
	----- (Rupees in '000) -----	
Profit after tax for the period	7,061,514	3,218,974
Other comprehensive income		
Items that may be reclassified to profit and loss account in subsequent periods:		
Movement in surplus / (deficit) on revaluation of investments - net of tax	48,762	(241,423)
Movement in Surplus / (deficit) on revaluation of fixed assets - deferred tax rate impact	-	-
Items that will not be reclassified as to profit and loss account in subsequent periods	-	-
Total comprehensive income for the period	<u>7,110,276</u>	<u>2,977,551</u>


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


Chairman


Chief Executive Officer


Chief Financial Officer

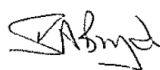

Director


Director

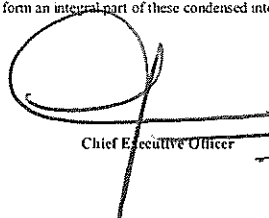
Standard Chartered Bank (Pakistan) Limited
Statement of Changes in Equity (Un-audited)
For the three months period ended 31 March 2022

	Share Capital	Share Premium	Statutory Reserve	Surplus / (Deficit) on revaluation of		Unappropriated Profit	Total
				Investments	Fixed Assets		
	(Rupees in '000)						
Balance as at 01 January 2021 - Un-audited	38,715,850	1,036,090	21,461,461	264,685	7,491,163	12,708,561	81,677,810
Total comprehensive income for the period							
Profit after tax for the three months period ended 31 March 2021	-	-	-	-	-	3,218,974	3,218,974
Other comprehensive income	-	-	-	-	-	-	-
Movement in surplus / (deficit) on revaluation of investments - net of tax	-	-	-	(241,423)	-	-	(241,423)
	-	-	-	(241,423)	-	3,218,974	2,977,551
Transactions with owners, recorded directly in equity							
Share based payment transactions (Contribution from holding Company)	-	-	-	-	-	5,047	5,047
Cash dividend (2020) at Rs. 2.75 per share	-	-	-	-	-	(10,646,859)	(10,646,859)
	-	-	-	-	-	(10,641,812)	(10,641,812)
Transfer to statutory reserve	-	-	643,795	-	-	(643,795)	-
Transferred from surplus on revaluation of fixed asset - net of deferred tax	-	-	-	-	(5,870)	5,870	-
Balance as at 31 March 2021 - Un-audited	38,715,850	1,036,090	22,105,256	23,262	7,485,293	4,647,798	74,013,549
Total comprehensive income for the period							
Profit after tax for the nine months period ended 31 December 2021	-	-	-	-	-	10,503,608	10,503,693
Other comprehensive income	-	-	-	-	-	-	-
Movement in surplus on revaluation of investments - net of tax	-	-	-	(511,234)	-	-	(511,234)
Remeasurement of post employment obligations - net of tax	-	-	-	-	-	(2,317)	(2,317)
Surplus on revaluation of fixed asset - net of deferred tax	-	-	-	-	419,123	-	419,123
	-	-	-	(511,234)	419,123	10,506,381	10,414,270
Transactions with owners, recorded directly in equity							
Share based payment transactions (Contribution from holding Company)	-	-	-	-	-	46,350	46,350
Cash dividend (Interim 2021) at Rs. 1.25 per share	-	-	-	-	-	(4,839,481)	(4,839,481)
	-	-	-	-	-	(4,793,131)	(4,793,131)
Transfer to statutory reserve	-	-	2,101,739	-	-	(2,101,739)	-
Surplus on revaluation - deferred tax rate impact	-	-	-	-	(29,432)	-	(29,432)
Transferred from surplus on revaluation of fixed asset - net of deferred tax	-	-	-	-	(15,187)	15,187	-
Balance as at 31 December 2021 - Audited	38,715,850	1,036,090	24,206,995	(487,972)	7,859,797	8,274,496	79,605,256
Total comprehensive income for the period							
Profit after tax for the three months period ended 31 March 2022	-	-	-	-	-	7,061,514	7,061,514
Other comprehensive income	-	-	-	-	-	-	-
Movement in Surplus / (deficit) on revaluation of fixed assets - deferred tax rate impact	-	-	-	-	-	-	-
Movement in surplus on revaluation of investments - net of tax	-	-	-	48,762	-	-	48,762
	-	-	-	48,762	-	7,061,514	7,110,276
Transactions with owners, recorded directly in equity							
Share based payment transactions (Contribution from holding Company)	-	-	-	-	-	7,771	7,771
Cash dividend (Final 2021) at Rs. 1.75 per share	-	-	-	-	-	(6,775,274)	(6,775,274)
	-	-	-	-	-	(6,767,503)	(6,767,503)
Transfer to statutory reserve	-	-	1,412,303	-	-	(1,412,303)	-
Transferred from surplus on revaluation of fixed asset - net of deferred tax	-	-	-	-	(4,936)	4,936	-
Balance as at 31 March 2022 - Un-audited	38,715,850	1,036,090	25,619,298	(439,210)	7,854,861	7,161,140	79,948,029

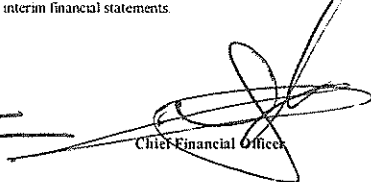
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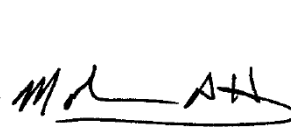
Chairman




Chief Executive Officer



Chief Financial Officer



Director



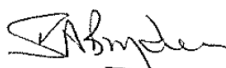
Director

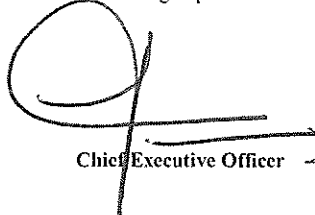
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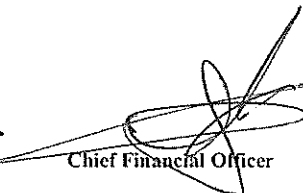
Standard Chartered Bank (Pakistan) Limited
Cash Flow Statement (Un-audited)
For the three months period ended 31 March 2022

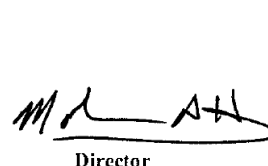
	Note	31 March 2022	31 March 2021
(Rupees in '000)			
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation for the period		11,774,002	5,862,196
Less: Dividend income		-	(9,598)
		<u>11,774,002</u>	<u>5,852,598</u>
Adjustments for:			
Depreciation	27	224,537	263,333
Amortization	27	-	3
Gain on sale of fixed assets	26	(1,325)	(3,937)
Unrealized gain on revaluation of investments classified as held for trading - net	25	(170,718)	(100,577)
Finance cost against lease		57,045	70,391
Gain on lease termination		-	(29,535)
(Reversals) / provisions and write offs - net	29	(730,317)	(572,890)
		<u>(620,778)</u>	<u>(373,212)</u>
		11,153,224	5,479,386
(Increase) \ decrease in operating assets			
Lending to financial institutions		(43,665,277)	20,570,247
Held-for-trading securities		(7,061,761)	(436,552)
Advances		(17,069,816)	(34,840,285)
Other assets (excluding advance taxation)		(15,475,046)	(14,211,432)
		<u>(83,271,900)</u>	<u>(28,918,022)</u>
Increase / (decrease) in operating liabilities			
Bills payable		(2,729,143)	2,879,448
Borrowings from financial institutions		45,119,218	9,654,884
Deposits		23,168,446	1,379,524
Other liabilities		(14,428,682)	18,627,022
		<u>51,129,839</u>	<u>32,540,878</u>
Cash inflow before taxation		<u>(20,988,837)</u>	<u>9,102,242</u>
Income tax paid		(2,421,846)	(706,221)
Net cash flow generated from operating activities		<u>(23,410,683)</u>	<u>8,396,021</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments in available for sale securities		17,508,040	(9,426,290)
Dividend received		-	9,598
Investment in fixed assets		(107,773)	(63,397)
Proceeds from sale of fixed assets		1,325	3,937
Net cash flow used in investing activities		<u>17,401,592</u>	<u>(9,476,152)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Dividend paid		(1,149)	(413)
Payment in respect of lease liability		(123,161)	(66,167)
Net cash flow used in financing activities		<u>(124,310)</u>	<u>(66,580)</u>
Decrease in cash and cash equivalents for the period		<u>(6,133,401)</u>	<u>(1,146,711)</u>
Cash and cash equivalents at beginning of the period		67,672,680	64,383,954
Effect of exchange rate changes on cash and cash equivalents		2,179,468	1,195,260
		<u>69,852,148</u>	<u>65,579,214</u>
Cash and cash equivalents at end of the period		<u>63,718,747</u>	<u>64,432,503</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD			
Cash and balances with treasury banks		54,580,620	56,650,421
Balances with other banks		9,140,474	7,783,056
Overdrawn nostros		(2,347)	(974)
		<u>63,718,747</u>	<u>64,432,503</u>

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


Chairman


Chief Executive Officer


Chief Financial Officer


Director


Director

Standard Chartered Bank (Pakistan) Limited

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

For the three months period ended 31 March 2022

1 STATUS AND NATURE OF BUSINESS

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

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

The Bank is engaged in the banking business as defined in the Banking Companies Ordinance, 1962 and has a total number of 41 branches in Pakistan including 2 Islamic branches (31 December 2021: 41 branches in Pakistan including 2 Islamic branches) in operation at 31 March 2022.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

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

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

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

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IFRS 9 'Financial Instruments' - SBP directed the banks in Pakistan to implement IFRS 9 with effect from 01 January 2022. 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. The Bank has calculated the tentative impact of adoption of IFRS 9 on the financial statement of the Bank on the date of initial application, which will be finalized post issuance of IFRS 9 guidelines from SBP.

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

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

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

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

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

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Bank for the year ended 31 December 2021.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The basis and the methods used for critical accounting estimates and judgments adopted in these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Bank for the year ended 31 December 2021.

5 FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Bank are consistent with those disclosed in the annual financial statements of the Bank for the year ended 31 December 2021.

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6	CASH AND BALANCES WITH TREASURY BANKS	<i>Note</i>	31 March 2022 (Un-audited)	31 December 2021 (Audited)
(Rupees in '000)				
	In hand			
	- Local currency		4,820,725	4,323,595
	- Foreign currencies		7,997,341	7,330,086
	With State Bank of Pakistan in:			
	- Local currency current account	<i>6.1</i>	24,879,830	31,393,344
	- Local currency current account - Islamic Banking	<i>6.1</i>	3,131,068	2,824,995
	Foreign currency deposit account			
	- Cash reserve account	<i>6.2</i>	4,497,138	4,388,226
	- Special cash reserve account	<i>6.2</i>	8,590,111	8,405,280
	- Local US Dollar collection account		630,959	1,444,358
	With National Bank of Pakistan in:			
	- Local currency current account		48	123,647
	Prize Bonds		33,400	61,862
			<u>54,580,620</u>	<u>60,295,393</u>

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

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

7	BALANCES WITH OTHER BANKS	<i>Note</i>	31 March 2022 (Un-audited)	31 December 2021 (Audited)
(Rupees in '000)				
	In Pakistan			
	- In current accounts		26,601	31,361
	Outside Pakistan			
	- In current accounts	<i>7.1</i>	<u>9,113,873</u>	<u>9,536,341</u>
			<u>9,140,474</u>	<u>9,567,702</u>

7.1 This includes balances of Rs. 9,070,398 million (2021: Rs. 9,486,490 million) held with other branches and subsidiaries of Standard Chartered Group outside Pakistan.

8	LENDINGS TO FINANCIAL INSTITUTIONS	<i>Note</i>	31 March 2022 (Un-audited)	31 December 2021 (Audited)
(Rupees in '000)				
	Repurchase agreement lendings (Reverse Repo)	<i>8.1</i>	-	5,167,885
	Placements	<i>8.2</i>	<u>55,394,146</u>	<u>6,560,984</u>
			<u>55,394,146</u>	<u>11,728,869</u>

8.1 These carry mark-up rate nil percent (2021: 10.0 percent to 10.7 percent) per annum payable at maturity, and are due to mature in January 2022. These arrangements are governed under Master Repurchase Agreements.

8.2 This represents placements with other branches and subsidiaries of Standard Chartered Group outside Pakistan at mark-up rates ranging from 0.25 percent to 0.70 percent per annum (2021: 0.10 percent to 0.15 percent per annum), and are due to mature in May 2022.

8.3 Particulars of lending	Note	31 March 2022	31 December 2021
		(Un-audited)	(Audited)
(Rupees in '000)			
In local currency		-	5,167,885
In foreign currencies		55,394,146	6,560,984
	8.3.1	55,394,146	11,728,869

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

9 INVESTMENTS

9.1 Investments by type	31 March 2022 (Un-audited)				31 December 2021 (Audited)			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
(Rupees in '000)								
<i>Held for trading securities</i>								
Federal Government Securities	59,116,828	-	170,719	59,287,547	52,055,067	-	289,257	52,344,324
	59,116,828	-	170,719	59,287,547	52,055,067	-	289,257	52,344,324
<i>Available for sale securities</i>								
Federal Government Securities	381,499,594	-	(784,702)	380,714,892	398,935,667	-	(833,320)	398,102,347
Shares	837,648	(734,398)	64,685	167,935	837,648	(734,398)	33,366	136,616
Non Government Debt Securities	147,000	(147,000)	-	-	147,000	(147,000)	-	-
	382,484,242	(881,398)	(720,017)	380,882,827	399,920,315	(881,398)	(799,954)	398,238,963
Total Investments	441,601,070	(881,398)	(549,298)	440,170,374	451,975,382	(881,398)	(510,697)	450,583,287

9.1.1 Investments given as collateral	Note	31 March 2022	31 December 2021
		(Un-audited)	(Audited)
(Rupees in '000)			
Market Treasury Bills		52,018,435	7,385,483
Pakistan Investment Bonds	15.1	18,819	18,857
		52,037,254	7,404,340
		31 March 2022	31 December 2021
		(Un-audited)	(Audited)
(Rupees in '000)			
9.2 Provision for diminution in the value of investments		881,398	1,019,423
Opening balance		-	(138,025)
Charge for the period / year		881,398	881,398
Closing Balance			

9.2.1 Particulars of provision against debt securities

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

10 ADVANCES	Note	Performing		Non Performing		Total	
		31 March 2022 (Un-audited)	31 December 2021 (Audited)	31 March 2022 (Un-audited)	31 December 2021 (Audited)	31 March 2022 (Un-audited)	31 December 2021 (Audited)
		(Rupees in '000)					
Loans, cash credits, running finances, etc		176,521,451	169,481,991	19,679,182	19,967,978	196,200,633	189,449,969
Islamic financing and related assets		73,260,945	58,219,124	1,355,016	1,335,396	74,615,961	59,554,520
Bills discounted and purchased (excluding treasury bills)		2,157,569	6,900,023	-	-	2,157,569	6,900,023
Advances - gross	10.1	251,939,965	234,601,138	21,034,198	21,303,374	272,974,163	255,904,512
Provision for non-performing advances							
- Specific	10.3	-	-	(19,327,072)	(19,544,268)	(19,327,072)	(19,544,268)
- General	10.3	(1,674,341)	(2,187,627)	-	-	(1,674,341)	(2,187,627)
Advances - net of provision		250,265,624	232,413,511	1,707,126	1,759,106	251,972,750	234,172,617

10.1 Particulars of advances - gross	31 March 2022 (Un-audited)	31 December 2021 (Audited)
	(Rupees in '000)	
In local currency	271,182,945	197,517,154
In foreign currencies	1,791,218	2,235,423
	<u>272,974,163</u>	<u>255,904,512</u>

10.2 Advances include Rs. 21,034,198 million (31 December 2021: Rs. 21,303,374 million) which have been placed under non-performing status (including subjective downgrades) are detailed as below:

Category of classification	31 March 2022 (Un-audited)		31 December 2021 (Audited)	
	Non Performing Loans	Provision	Non Performing Loans	Provision
Domestic	(Rupees in '000)			
Other assets especially mentioned	183,418	30	161,729	89
Substandard	238,371	18,296	271,839	22,912
Doubtful	1,669,825	730,592	1,802,818	760,934
Loss	18,942,884	18,578,154	19,066,988	18,760,333
	<u>21,034,198</u>	<u>19,327,072</u>	<u>21,303,374</u>	<u>19,544,268</u>

10.2.1 At 31 March 2022, the provision requirement has been reduced by Rs. 428,942 million (31 December 2021: Rs. 393,056 million) being benefit of Forced Sale Value (FSV) of commercial, residential and industrial properties (land and building only) held as collateral, in accordance with the State Bank of Pakistan Prudential Regulations (PR) and SBP Circular 10 dated 21 October 2011. Increase in accumulated profits amounting to Rs. 261,655 million due to the said FSV benefit is not available for distribution of cash and stock dividend bonus to employees.

10.3 Particulars of provision against advances	31 March 2022 (Un-audited)			31 December 2021 (Audited)		
	Specific	General	Total	Specific	General	Total
	(Rupees in '000)					
Opening balance	19,544,268	2,187,627	21,731,895	18,965,250	2,570,953	21,536,203
Reversals	(382,567)	(513,286)	(895,853)	(1,664,544)	(523,093)	(2,187,637)
	(186,302)	(513,286)	(699,588)	1,089,739	(383,326)	706,413
Amounts written off	(78,199)	-	(78,199)	(594,028)	-	(594,028)
Other movements (including FX adjustments)	47,305	-	47,305	83,307	-	83,307
Closing balance	<u>19,327,072</u>	<u>1,674,341</u>	<u>21,001,413</u>	<u>19,544,268</u>	<u>2,187,627</u>	<u>21,731,895</u>

10.3.1 General provision includes provision amounting to Rs. 1,044,491 million (31 December 2021: Rs. 1,014,621 million) against the consumer finance portfolio. It also includes Rs Nil (31 December 2021: Rs Nil) pertaining to Small Enterprise (SE) portfolio in accordance with SBP Prudential Regulations.

Given the prevailing economic environment due to uncertainties around COVID-19, the management believes it is appropriate to maintain a general provision of up to 0.25 percent (31 December 2021: 0.5 percent) of the performing credit portfolio on prudent basis. This general provision is in addition to the requirements of Prudential Regulations. Based on management's best estimate the bank holds a COVID-19 general provision of Rs. 630 million (31 December 2021: Rs. 1,173 million).

11 FIXED ASSETS	Note	31 March 2022 (Un-audited)	31 December 2021 (Audited)
		(Rupees in '000)	
Capital work-in-progress	11.1	504,256	440,901
Property and equipment	11.4	10,086,106	10,248,225
		<u>10,590,362</u>	<u>10,689,126</u>
11.1 Capital work-in-progress			
Civil works		504,256	408,099
Equipment		-	32,802
		<u>504,256</u>	<u>440,901</u>

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	31 March 2022 (Un-audited)	31 March 2021 (Un-audited)
	----- (Rupees in '000) -----	
11.2 Additions to fixed assets		
The following additions have been made to fixed assets during the period:		
Capital work-in-progress	63,355	37,345
Building on leasehold land - owned	1,213	-
Electrical office and computer equipment	43,205	24,758
Leasehold improvement	-	1,294
	<u>44,418</u>	<u>26,052</u>

11.3 Disposal of fixed assets

The net book value of fixed assets disposed off during the period is Rs. Nil (31 March 2021: Rs. 2.98 million). In addition net book value upon derecognition of Right of use asset (ROU) during the period amounted to Rs. Nil (31 March 2021: Rs 90.2 million)

11.4 This also includes Right of use asset (ROU) in line with IFRS 16 amounting to Rs 1,740.106 million (31 December 2021: Rs 1,836.675 million)

12 INTANGIBLE ASSETS

	<i>Note</i>	31 March 2022 (Un-audited)	31 December 2021 (Audited)
		----- (Rupees in '000) -----	
Goodwill		26,095,310	26,095,310
Computer Software	12.1	-	-
		<u>26,095,310</u>	<u>26,095,310</u>

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

12.1 Additions to intangible assets

The additions made to intangible assets during the period is Rs. Nil (31 December 2020: Rs. Nil)

12.2 Disposals of intangible assets

The disposal made to intangible assets during the period is Rs. Nil (31 December 2020: Rs. Nil).

	<i>Note</i>	31 March 2022 (Un-audited)	31 December 2021 (Audited)
		----- (Rupees in '000) -----	

13 OTHER ASSETS

Income / mark-up accrued in local currency		8,713,865	5,437,089
Income / mark-up accrued in foreign currencies		16,493	6,413
Advances, deposits, advance rent and other prepayments		357,914	68,362
Defined benefit plans		13,850	13,850
Advance taxation (payments less provisions)		645,280	2,537,499
Branch adjustment account		-	671
Mark to market gain on forward foreign exchange contracts		7,514,369	5,688,498
Interest rate derivatives and currency options - positive fair value		331,871	303,066
Receivable from SBP / Government of Pakistan		1,321,315	245,020
Receivable from associated undertakings		31,755	42,518
Assets Held for Sale	13.1	1,394,373	1,394,373
Receivable from Standard Chartered Bank, Sri Lanka operations		25,708	38,626
Advance Federal Excise Duty		199,747	199,747
Cards Settlement account		3,614,526	2,113,481
Acceptances		15,105,771	12,065,534
Unsettled trades - Debt Securities		10,160,612	5,794,218
Sundry receivables		392,988	249,246
Others		180,366	182,801
		<u>50,020,803</u>	<u>36,381,012</u>
Less: Provision held against other assets	13.2	(87,776)	(87,776)
Other Assets - net of provisions		<u>49,933,027</u>	<u>36,293,236</u>

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13.1 These represents carrying value of vacant owned properties which the Bank intends to dispose-off. The management considered these property to meet the criteria to be classified as held for sale at the date of classification. These assets are available for immediate sale and can be sold in it's current condition.

13.2 Provision held against other assets

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

Others - Trade related	87,776	87,776
------------------------	--------	--------

14 BILLS PAYABLE

In Pakistan	13,468,639	16,176,865
Outside Pakistan	403,405	424,322
	<u>13,872,044</u>	<u>16,601,187</u>

15 BORROWINGS

In Pakistan	80,137,215	35,017,820
Outside Pakistan	2,170	10,947
	<u>80,139,385</u>	<u>35,028,767</u>

15.1 Details of borrowings secured / unsecured

Secured

Borrowings from State Bank of Pakistan under Export Refinance (ERF) scheme	15.1.1	24,109,015	24,437,229
Refinance scheme for payment of wages and salaries		1,824,163	2,432,217
State Bank of Pakistan - I TFF		242,331	169,583
Repurchase agreement borrowings (Repo)	15.1.2	52,018,435	7,385,483
Financing facility for renewable energy plants		543,094	593,308
		<u>78,737,038</u>	<u>35,017,820</u>

Unsecured

Call borrowings	15.1.3	1,400,000	-
Overdrawn nostro accounts		2,347	10,947
		<u>80,139,385</u>	<u>35,028,767</u>

15.1.1 Mark-up on Export Refinance (ERF) from State Bank of Pakistan is charged at 2 percent (2021: 2 percent) per annum and are due to mature latest by June 2022. ERF borrowings also include borrowings under Islamic Export Refinance scheme amounting to Rs. 4,742 million (2021: Rs. 4,742 million). These borrowings are secured against demand promissory notes executed by the Bank in favour of State Bank of Pakistan.

15.1.2 Repurchase agreement borrowings carry mark up rates ranging from 9.50 percent to 10.96 percent (2021: 10.5 percent to 10.7 percent) per annum payable at maturity and are due to mature by April 2022. These are secured against three months market treasury bills. The market value of securities given as collateral against these borrowings amounted to Rs. 52,023.787 million.

15.1.3 These carry mark up at the rate 9.75 percent (2021: Nil percent) per annum payable at maturity and are due to mature by April 2022.

16 DEPOSITS AND OTHER ACCOUNTS

	31 March 2022 (Un-audited)			31 December 2021 (Audited)		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
(Rupees in '000)						
Customers						
- Fixed deposits	41,174,389	820,480	41,994,869	47,908,842	803,841	48,712,683
- Savings deposits	302,253,246	23,138,413	325,391,659	284,966,620	22,898,281	307,864,901
- Current accounts	174,743,326	68,077,751	242,821,077	165,384,020	64,785,018	230,169,038
- Margin accounts	3,712,649	184,395	3,897,044	5,483,911	177,397	5,661,308
- Special exporters' account	7,208,453	-	7,208,453	8,800,436	-	8,800,436
	529,092,063	92,221,039	621,313,102	512,543,829	88,664,537	601,208,366
Financial Institutions						
- Fixed deposits	2,543,650	9,504	2,553,154	506,379	9,143	515,522
- Savings deposits	9,769,698	1,040,693	10,810,391	6,992,742	1,195,136	8,187,878
- Current accounts	11,976,328	3,191,686	15,168,014	13,699,347	3,068,008	16,767,355
- Margin accounts	15,045	83,152	98,197	14,895	80,396	95,291
	24,304,721	4,325,035	28,629,756	21,213,363	4,352,683	25,566,046
	553,396,784	96,546,074	649,942,858	533,757,192	93,017,220	626,774,412

16.1 This includes Rs. 822.175 million (2021: Rs. 732.691 million) against balances of other branches and subsidiaries of Standard Chartered Group.

17 DEFERRED TAX ASSETS / (LIABILITIES)

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

	Note	31 March 2022 (Un-audited)			
		At 1 January 2022	Recognised in profit and loss	Recognised in OCI	At 31 March 2022
(Rupees in '000)					
Deductible Temporary Differences on					
Deficit on revaluation of investments		311,982	-	(31,175)	280,807
Worker Welfare Fund		976,495	-	-	976,495
Provision against advances, off balance sheet etc.	17.1	1,445,740	(417,111)	-	1,028,629
Accelerated tax depreciation		41,791	15,532	-	57,323
Unpaid liabilities		3,997,679	-	-	3,997,679
		6,773,687	(401,579)	(31,175)	6,340,933
Taxable Temporary Differences on					
Surplus on revaluation of fixed assets	19.1	(270,181)	3,156	-	(267,025)
Post retirement employee benefits	19.2	(5,402)	-	-	(5,402)
Goodwill		(10,177,170)	-	-	(10,177,170)
		(10,452,753)	3,156	-	(10,449,597)
		(3,679,066)	(398,423)	(31,175)	(4,108,664)
(Rupees in '000)					
31 December 2021 (Audited)					
		At 1 January 2020	Recognised in profit and loss	Recognised in OCI	At 31 December 2020
(Rupees in '000)					
Deductible Temporary Differences on					
Deficit on revaluation of investments		(142,523)	-	454,505	311,982
Worker Welfare Fund		876,342	100,153	-	976,495
Provision against advances, off balance sheet etc.		2,914,861	(1,469,121)	-	1,445,740
Accelerated tax depreciation		67,486	(25,695)	-	41,791
Unpaid liabilities		3,043,259	954,420	-	3,997,679
		6,759,425	(440,243)	454,505	6,773,687
Taxable Temporary Differences on					
Surplus on revaluation of fixed assets		(254,107)	13,463	(29,537)	(270,181)
Post retirement employee benefits		3,054	-	(8,456)	(5,402)
Goodwill		(9,133,358)	(1,043,812)	-	(10,177,170)
		(9,384,411)	(1,030,349)	(37,993)	(10,452,753)
		(2,624,986)	(1,470,592)	416,512	(3,679,066)

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

31 March 2022 **31 December**
(Un-audited) **2021 (Audited)**

Note

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

Mark-up / return / interest payable in local currency		1,553,146	522,719
Mark-up / return / interest payable in foreign currencies		-	1,240
Accrued expenses		3,005,964	3,572,068
Advance payments		624,947	456,472
Sundry creditors		9,783,602	9,182,051
Mark to market loss on forward foreign exchange contracts		6,018,434	2,046,836
Unrealized loss on interest rate derivatives and currency options		5,669,240	5,228,961
Due to Holding Company	18.1	21,059,558	14,336,497
Charity fund balance		6,759	10,482
Dividend payable		199,776	132,495
Branch adjustment account		330	-
Provision against off balance sheet obligations	18.2	233,308	233,808
Worker's welfare fund (WWF) payable	18.3	3,178,035	2,952,654
Lease liability	18.4	1,999,462	2,047,578
Short sell - Government Securities		742,228	20,989,124
Acceptances		15,105,771	12,065,534
Unsettled trades - Debt Securities		61,803	3,929,796
Others		623,720	28,537
		<u>69,866,083</u>	<u>77,736,852</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	10,809,082	4,086,021
	<u>21,059,558</u>	<u>14,336,497</u>

18.2 Provision against off-balance sheet obligations

Opening balance	233,808	226,638
Charge for the period / year	-	50,817
Reversals	(500)	(43,647)
Closing balance	<u>233,308</u>	<u>233,808</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.

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

19 SURPLUS ON REVALUATION OF ASSETS - NET OF DEFERRED TAX	31 March 2022 (Un-audited)	31 December 2021 (Audited)
	<i>Note</i>	(Rupees in '000)
Surplus / (deficit) arising on revaluation of:		
Fixed assets	19.1	8,121,886
Available for Sale Securities	19.2	(720,017)
		<u>7,401,869</u>
Deferred tax on surplus / (deficit) on revaluation of:		
Fixed assets	19.1	(267,025)
Available for Sale Securities	19.2	280,807
		<u>13,782</u>
		<u>7,415,651</u>
		<u>7,371,825</u>
19.1 Surplus on revaluation of fixed assets - net of tax		
Surplus on revaluation of fixed assets as at 1 January		8,129,978
Recognised during the year		-
Realised on disposal during the period		-
Transferred to unappropriated profit in respect of incremental depreciation charged during the year		(8,092)
Surplus on revaluation of fixed assets - Gross		8,121,886
Less: Related deferred tax liability on:		
Revaluation surplus as at 1 January		(270,181)
Revaluation surplus recognised during the period		-
Surplus realized on disposal during the period		-
Deferred tax rate impact		(29,432)
Incremental depreciation charged during the period		3,156
		<u>(267,025)</u>
Surplus on revaluation of fixed assets - net of tax		<u>7,854,861</u>
		<u>7,859,797</u>
19.2 (Deficit) / Surplus on revaluation of Available for Sale securities - net of tax		
Market Treasury Bills		(526,414)
Pakistan Investment Bonds		(91,611)
Sukuk and Ijarah Bonds		(166,677)
Listed shares		64,685
		<u>(720,017)</u>
Related deferred tax asset / (liability)		280,807
		<u>(439,210)</u>
		<u>(487,972)</u>
20 CONTINGENCIES AND COMMITMENTS		
Guarantees	20.1	147,490,442
Commitments	20.2	630,443,589
Other contingent liabilities	20.3	30,781,591
		<u>808,715,622</u>
		<u>659,551,947</u>
20.1 Guarantees:		
Guarantees issued favouring:		
Financial guarantees		10,194,932
Performance guarantees		95,105,792
Other guarantees		42,189,718
		<u>147,490,442</u>
		<u>137,226,388</u>
20.2 Commitments:		
Documentary credits and short-term trade-related transactions		
Letters of credit		47,234,955
Commitments in respect of:		54,690,025
Forward foreign exchange contracts;		
- Purchase	20.4	289,706,593
- Sale	20.4	240,797,709
Commitment in respect of derivatives		
- Interest rate swaps	20.6	13,644,916
- Cross currency swaps	20.6	38,787,168
Commitment in respect of operating lease	20.7	573
Commitment for acquisition of fixed assets		271,675
		<u>630,443,589</u>
		<u>491,543,968</u>
20.3 Other contingent liabilities		<u>30,781,591</u>
		<u>30,781,591</u>
20.3.1 The Bank has a case before the Court on the land where an office building is constructed and the Bank owns a portion of that premises. A request for clearance of its premises from the competent court has been filed based on the fact that the Bank is a bonafide purchaser of the premises having no relevance with the principal case. Considering the facts of the case, the management expects a favourable decision in this case from the competent court. The Bank is also in litigation with various tenants for repossessing its office space in one of its other owned properties. These cases are now being adjudicated before the Court of Rent Controller. Based on the facts of the case and the opinion of legal counsel, the management expects a favourable decision from the dealing court in remaining cases.		
20.3.2 An order for income year 2011 levying Federal Excise Duty of Rs. 515.6 million has been issued. The demand has been stayed by the Sindh High Court.		

20.3.2 The tax department amended the assessments for income years 2007 to 2019 (tax years 2008 to 2020 respectively) under the related provisions of the Income Tax Law and appeals against the amended assessment orders are pending before different appellate forums. The management considers that a significant amount of the additional tax liability is the result of limiting differences and is confident that the issues in the above mentioned tax years will be decided in favour of the Bank at appellate forums. Accordingly, no additional provision is required. Further, the Sindh High Court has decided the issue of goodwill amortisation in favour of the Bank for the tax years 2008 and 2012 and the Federal Board of Revenue has filed leave to appeal before the Supreme Court of Pakistan

	31 March 2022 (Un-audited)	31 December 2021 (Audited)
(Rupees in '000)		
20.4 Commitments in respect of forward foreign exchange contracts		
Purchase from		
State Bank of Pakistan	58,013,195	42,922,076
Other banks	228,653,256	185,697,911
Customers	3,040,142	5,203,422
	<u>289,706,593</u>	<u>233,823,409</u>
Sale to		
State Bank of Pakistan	-	-
Other banks	236,463,647	154,490,357
Customers	4,334,062	2,038,944
	<u>240,797,709</u>	<u>156,529,301</u>

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

20.5 Commitments to extend credit

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

	31 March 2022 (Un-audited)	31 December 2021 (Audited)
(Rupees in '000)		
20.6 Commitments in respect of derivatives		
Interest rate Swaps		
- Purchase	3,822,458	4,045,113
- Sale	9,822,458	10,045,113
	<u>13,644,916</u>	<u>14,090,226</u>
Cross currency Swaps		
- Purchase	15,688,500	9,834,847
- Sale	23,098,668	22,229,684
	<u>38,787,168</u>	<u>32,064,531</u>
20.7 Commitments in respect of operating lease		
Not later than one year	-	-
Later than one year and not later than five years	573	702
Later than five years	-	-
	<u>573</u>	<u>702</u>
20.8 Derivative instruments		
20.8.1 Product analysis		

		31 March 2022 (Un-audited)					
		(Rupees in '000)					
Counterparties		Interest Rate Swaps		Cross Currency Swaps		FX Options	
		Notional Principal *	Mark to market gain / loss	Notional Principal *	Mark to market gain / loss	Notional Principal *	Mark to market gain / loss
With Banks for							
Hedging		3,822,458	95,667	4,749,838	(404,365)	-	-
Market Making		-	-	723,820	(204,867)	-	-
With FIs other than banks							
Hedging		-	-	-	-	-	-
Market Making		-	-	-	-	-	-
With other entities for							
Hedging		-	-	-	-	-	-
Market Making		9,822,458	(305,839)	33,313,511	(4,517,965)	-	-
Total							
Hedging		3,822,458	95,667	4,749,838	(404,365)	-	-
Market Making		9,822,458	(305,839)	34,037,331	(4,722,832)	-	-

		31 December 2020 (audited)					
		(Rupees in '000)					
Counterparties		Interest Rate Swaps		Cross Currency Swaps		FX Options	
		Notional Principal *	Mark to market gain / loss	Notional Principal *	Mark to market gain / loss	Notional Principal *	Mark to market gain / loss
With Banks for							
Hedging		4,045,113	25,235	4,940,143	(359,047)	-	-
Market Making		-	-	784,611	(267,346)	-	-
With FIs other than banks							
Hedging		-	-	-	-	-	-
Market Making		-	-	-	-	-	-
With other entities for							
Hedging		-	-	-	-	-	-
Market Making		10,045,113	(145,342)	26,339,778	(4,179,395)	-	-
Total							
Hedging		4,045,113	25,235	4,940,143	(359,047)	-	-
Market Making		10,045,113	(145,342)	27,124,389	(4,446,741)	-	-

* At the exchange rate prevailing at period end

		Three months period ended	Three months period ended
	Note	31 March 2022 (Un- audited)	31 March 2021 (Un-audited)
		----- (Rupees in '000) -----	
21	MARK-UP / RETURN / INTEREST EARNED		
		6,219,878	4,267,573
		5,315	9,690
		103,793	153,339
		9,985,517	5,777,526
		1,295	-
		53,993	99,272
		23,373	74,278
		<u>16,393,164</u>	<u>10,381,678</u>
22	MARK-UP / RETURN / INTEREST EXPENSED		
		7,241,571	3,955,356
		456,676	88,717
		667	1,174
		118,702	97,771
		166,790	16,441
	22.1	139,661	129,995
		57,045	70,391
		<u>8,181,112</u>	<u>4,359,845</u>
22.1	As per State Bank of Pakistan DPC Circular No. 04 of 2018, dated 22nd June 2018, all member banks are required to pay deposits protection premium at the rate of 0.16% on eligible deposits as defined in the aforesaid circular.		
23	FEE & COMMISSION INCOME		
		94,250	94,514
		11,041	24,671
		439,131	416,039
		1,852	1,802
		35,501	32,899
		(17,791)	(20,445)
		245,014	198,313
		116,845	91,226
		55,973	47,118
		11,699	20,202
		37,812	42,161
		<u>1,031,327</u>	<u>948,500</u>
24	FOREIGN EXCHANGE INCOME		
	Gain (loss) realised from dealing in :		
	Foreign Currencies	2,020,811	1,087,693
	Derivative financial instruments	676	(487,478)
		<u>2,021,487</u>	<u>600,215</u>
25	GAIN / (LOSS) ON SECURITIES		
	Realised	1,113,447	426,834
	Unrealised - held for trading	170,718	100,577
		<u>1,284,165</u>	<u>527,411</u>
25.1	Realised gain on:		
	Federal Government Securities		
	Market Treasury Bills	669,696	347,041
	Pakistan Investment Bonds	442,322	72,205
	Ijarah Sukuk	1,429	7,588
		<u>1,113,447</u>	<u>426,834</u>
26	OTHER INCOME		
	Rent on property	2,592	2,278
	Gain on sale of fixed assets - net	1,325	3,937
	Sri Lanka branch operations cost & FX translation	(12,918)	(4,214)
	Recoveries against assets from acquisition of Union Bank Limited	-	-
	Gain on lease termination	-	29,535
	Gain on acquisition of assets	-	1,570
		<u>(9,001)</u>	<u>33,106</u>

27 OPERATING EXPENSES	Note	Three months period ended 31 March 2022 (Un-audited)	Three months period ended 31 March 2021 (Un- audited)
		----- (Rupees in '000) -----	
Total compensation expense		1,702,967	1,565,647
Property expense			
Rent & taxes		24,417	16,956
Insurance		3,112	836
Utilities cost		64,852	62,344
Security (including guards)		51,290	52,683
Repair & maintenance		65,374	58,915
Civil works		38,920	70,493
Facilities management cost		33,503	31,132
Depreciation (Property related)		26,199	32,732
Depreciation (Right of use assets)		114,569	146,028
Cleaning and Janitorial		103,633	93,999
Minor improvements, additions and others		32,211	19,728
		558,080	585,846
Information technology expenses			
Software maintenance		78,248	62,422
Hardware maintenance		52,553	85,520
Depreciation (IT related)		71,900	66,495
Amortization		-	3
Network charges		2,236	3,278
		204,937	217,718
Other operating expenses			
Directors' fees and allowances		3,100	3,100
Fees and allowances to Shariah Board		4,665	3,042
Legal & professional charges		37,777	52,676
Outsourced services costs		26,714	28,891
Travelling & conveyance		19,146	8,395
Depreciation (Other fixed assets)		11,869	18,078
Training & development		279	1,514
Postage & courier charges		35,795	49,215
Communication		94,611	76,533
Stationery & printing		61,150	50,169
Marketing, advertisement & publicity		122,036	53,771
Auditors remuneration		8,076	5,500
Cash transportation services		13,112	18,266
Documentation and processing charges		39,231	35,689
Insurance		4,475	11,193
Others		85,912	29,565
		567,948	445,597
		3,033,932	2,814,808
28 OTHER CHARGES			
Net charge against fines and penalties imposed by SBP		11	16,084
29 REVERSALS / (PROVISIONS) & WRITE OFFS - NET			
Provision against loans and advances	10.3 & 18.2	699,588	540,037
Provision against off-balance sheet obligations - net		500	-
Recovery of amounts written off		86,222	111,843
Bad debts written off directly		(55,993)	(78,990)
		730,317	572,890
30 TAXATION			
- Current		4,314,065	2,831,837
- Prior years		-	-
- Deferred		398,423	(188,615)
		4,712,488	2,643,222
31 EARNINGS PER SHARE - BASIC AND DILUTED			
Profit for the period		7,061,514	3,218,974
		(Number of shares)	
Weighted average number of ordinary shares		3,871,585,021	3,871,585,021
		(Rupees)	
Earnings per share - basic and diluted		1.82	0.83

32 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

On balance sheet financial instruments	Size	31 March 2022 (Euros)						Fair value			
		Carrying value						Level 1	Level 2	Level 3	Total
		Held for Trading	Available for Sale	Loaned or Receivable	Other Financial Assets	Other Financial Liabilities	Total				
(Euros in '000)											
Financial assets measured at fair value											
Securities											
Federal Government Securities (EU Gov - Euro - Sukuk - Non-Pakistani securities)		59,287,567	348,714,892				408,002,459		408,002,459	408,002,459	
Sukuk (Sharia-compliant securities)			117,834				117,835	117,835	117,835	117,835	
Equity securities (listed shares)											
Other assets											
Unsettled purchases of forward foreign exchange contracts		7,516,349					7,516,349	7,516,349	7,516,349	7,516,349	
Unsettled sales of forward foreign exchange contracts		(311,874)					(311,874)	(311,874)	(311,874)	(311,874)	
Financial assets not measured at fair value											
Cash and bank balances with SOF and NBP	12.2			54,530,629			54,530,629		54,530,629	54,530,629	
Derivatives with other banks	12.2			8,148,474			8,148,474		8,148,474	8,148,474	
Loans to financial institutions	12.2			15,381,164			15,381,164		15,381,164	15,381,164	
Receivables with SOF	12.2										
Investments - other assets	12.2		58,800				58,800		58,800	58,800	
Advances	12.2			201,872,718			201,872,718		201,872,718	201,872,718	
Other assets	12.2			25,000,000			25,000,000		25,000,000	25,000,000	
		47,334,787	369,883,827	291,872,718			1,109,091,332		1,109,091,332	1,109,091,332	
Financial liabilities measured at fair value											
Other liabilities											
Unsettled sales of forward foreign exchange contracts	12.2		4,818,433				4,818,433	4,818,433	4,818,433	4,818,433	
Unsettled sales of forward rate derivatives & currency options	12.2		5,469,248				5,469,248	5,469,248	5,469,248	5,469,248	
Financial liabilities not measured at fair value											
SOE Payable	12.2			13,872,884			13,872,884		13,872,884	13,872,884	
Deposits and other accounts	12.2			449,912,858			449,912,858		449,912,858	449,912,858	
Provisions	12.2			86,139,385			86,139,385		86,139,385	86,139,385	
Other liabilities (including liabilities against assets subject to future loans)	12.2			64,772,422			64,772,422		64,772,422	64,772,422	
		11,487,624		609,577,549			621,065,173		621,065,173	621,065,173	
Off-balance sheet financial instruments											
Interest Rate swap - Foreign currency options - Forward purchase contracts				109,217,642			109,217,642	109,217,642	109,217,642	109,217,642	
Interest Rate swap - Foreign currency options - Forward sale contracts				(21,718,611)			(21,718,611)	(21,718,611)	(21,718,611)	(21,718,611)	
Off-balance sheet financial instruments											
(Euros in '000)											
Financial assets measured at fair value											
Securities											
Federal Government Securities (EU Gov - Euro - Sukuk - Non-Pakistani securities)		54,344,324	348,192,234				402,536,558		402,536,558	402,536,558	
Sukuk (Sharia-compliant securities)			49,935				49,935	49,935	49,935	49,935	
Equity securities (listed shares)											
Other assets											
Unsettled purchases of forward foreign exchange contracts		5,184,404					5,184,404	5,184,404	5,184,404	5,184,404	
Unsettled sales of forward foreign exchange contracts		(85,864)					(85,864)	(85,864)	(85,864)	(85,864)	
Financial assets not measured at fair value											
Cash and bank balances with SOF and NBP	12.2			48,233,743			48,233,743		48,233,743	48,233,743	
Derivatives with other banks	12.2			1,527,772			1,527,772		1,527,772	1,527,772	
Loans to financial institutions	12.2			11,728,854			11,728,854		11,728,854	11,728,854	
Receivables with SOF	12.2										
Investments - other assets	12.2		58,800				58,800		58,800	58,800	
Advances	12.2			241,172,617			241,172,617		241,172,617	241,172,617	
Other assets	12.2			21,471,467			21,471,467		21,471,467	21,471,467	
		60,139,488	398,128,069	264,172,617			1,262,411,531		1,262,411,531	1,262,411,531	
Financial liabilities measured at fair value											
Other liabilities											
Unsettled sales of forward foreign exchange contracts	12.2		2,948,874				2,948,874	2,948,874	2,948,874	2,948,874	
Unsettled sales of forward rate derivatives & currency options	12.2		5,128,951				5,128,951	5,128,951	5,128,951	5,128,951	
Financial liabilities not measured at fair value											
SOE Payable	12.2			13,872,884			13,872,884		13,872,884	13,872,884	
Deposits and other accounts	12.2			429,774,442			429,774,442		429,774,442	429,774,442	
Provisions	12.2			84,228,741			84,228,741		84,228,741	84,228,741	
Other liabilities (including liabilities against assets subject to future loans)	12.2			58,800,000			58,800,000		58,800,000	58,800,000	
		13,872,884		547,675,067			561,547,951		561,547,951	561,547,951	
Off-balance sheet financial instruments											
Interest Rate swap - Foreign currency options - Forward purchase contracts				109,217,642			109,217,642	109,217,642	109,217,642	109,217,642	
Interest Rate swap - Foreign currency options - Forward sale contracts				(21,718,611)			(21,718,611)	(21,718,611)	(21,718,611)	(21,718,611)	

32.2 Derivatives, interest rate derivatives, foreign currency options, and other instruments that are not carrying amounts are reasonable approximations of fair value.

32.3 Fair value of non-financial assets

	31 March 2022 (Euros)				31 December 2021 (Euros)			
	Carrying value	Fair value			Carrying value	Fair value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
Property	10,598,362	-	-	10,598,362	4,492,124	-	7,106,238	

32.4 During the period ended 31 March 2022, there were no transfers between Level 1 and Level 2 fair value measurement and no transfer into and out of Level 3 fair value measurement.

32.5 The Bank measures fair value 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 that are quoted prices for similar assets or liabilities (other than Level 1) that are observable for the assets or liability, either directly or indirectly, in active markets.
- Level 3: Fair value measurements using inputs for the assets or liability that are not quoted in active markets and are based on unobservable inputs.

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

Federal Government Securities (EU Gov - Euro - Sukuk - Non-Pakistani securities)	The fair values of Federal Government securities are determined on the basis of prices quoted from Reuters.
Islamic Government debt securities (Sukuk - Bonds - other than government)	Government debt securities are determined on the basis of values from Reuters, or prices quoted by the Market Funds Association of Pakistan.
Derivatives	The fair value of derivatives contracts with various counterparties is determined using valuation techniques based on market-observable inputs such as interest rate and credit default swap rates and pricing and using present value calculations.
Forward foreign exchange contracts	The fair value of forward foreign exchange contracts are determined using forward pricing calculations.
Real estate	Fair value is determined on a price for best use of property values. The valuation technique involves measurement of the market value of the property.

33 SEGMENT INFORMATION

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

Corporate Commercial and Institutional Banking (CCIB)

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

Customer Private Business Banking (CPBB)

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

Central & Other Items

Activities not directly related to a client segment are included in Central & other items. This mainly includes Treasury-Markets (Asset and Liability Management), specific strategic.

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

33.1 Segment Details with respect to Business Activities

	31 March 2022 (Un-audited)			Total
	Corporate Commercial Institutional Banking	Consumer Private Business Banking	Central and Other Items	
(Rupees in '000)				
Profit & Loss				
Inter segment revenue - net	2,207,252	5,477,187	(7,684,439)	-
Net mark-up / return / profit	(62,656)	(1,623,527)	9,898,235	8,212,052
Non mark-up / return / interest income	4,726,004	1,289,210	75,743	6,090,957
Total Income	6,870,600	5,142,870	2,289,539	14,303,009
Segment direct expenses	899,550	1,961,901	397,873	3,259,324
Inter segment expense allocation	-	-	-	-
Total expenses	899,550	1,961,901	397,873	3,259,324
(Reversals) / provisions	(643,788)	(86,529)	-	(730,317)
Profit before taxation	6,614,838	3,267,498	1,891,666	11,774,002
Balance Sheet				
Cash & Bank balances	-	-	63,721,094	63,721,094
Investments	59,287,549	50,000	380,832,825	440,170,374
Net inter segment lending	49,870,367	326,599,381	(376,469,748)	-
Lending to financial institutions	-	-	55,394,146	55,394,146
Advances - performing	207,873,098	42,392,526	-	250,265,624
- Non performing	812,852	894,274	-	1,707,126
Others	48,738,975	15,030,241	22,849,483	86,618,699
Total Assets	366,582,841	384,966,422	146,327,800	897,877,063
Borrowings	47,754,288	-	32,385,097	80,139,385
Deposits & other accounts	266,767,763	383,160,549	14,546	649,942,858
Net inter segment borrowing	-	-	-	-
Others	52,060,790	1,805,873	33,980,128	87,846,791
Total liabilities	366,582,841	384,966,422	66,379,771	817,929,034
Equity	-	-	79,948,029	79,948,029
Total Equity & liabilities	366,582,841	384,966,422	146,327,800	897,877,063
Contingencies & Commitments	246,567,896	589,587	561,558,139	808,715,622
31 March 2021 (Un-audited)				
Inter segment revenue - net	833,370	4,516,352	(5,349,722)	-
Net mark-up / return / profit	831,418	(992,093)	6,182,508	6,021,833
Non mark-up / return / interest income	1,108,189	1,199,405	(25,820)	2,281,774
Total Income	2,772,977	4,723,664	806,966	8,303,607
Segment direct expenses	844,509	1,841,730	328,062	3,014,301
Inter segment expense allocation	-	-	-	-
Total expenses	844,509	1,841,730	328,062	3,014,301
(Reversals) / provisions	(646,462)	73,572	-	(572,890)
Profit before taxation	2,280,006	2,955,506	478,904	5,714,416
31 December 2021 (Audited)				
Balance Sheet				
Cash & Bank balances	-	-	69,863,095	69,863,095
Investments	52,344,324	50,000	398,188,963	450,583,287
Net inter segment lending	46,441,108	325,310,454	(371,751,562)	-
Lending to financial institutions	-	-	11,728,869	11,728,869
Advances - performing	192,054,790	40,358,721	-	232,413,511
- Non performing	852,881	906,225	-	1,759,106
Others	38,885,713	15,033,116	19,158,843	73,077,672
Total Assets	330,578,816	381,658,516	127,188,208	839,425,540
Borrowings	-	-	35,028,767	35,028,767
Deposits & other accounts	246,278,219	380,469,401	26,792	626,774,412
Net inter segment borrowing	-	-	-	-
Others	84,300,597	1,189,115	12,527,393	98,017,105
Total liabilities	330,578,816	381,658,516	47,582,952	759,820,284
Equity	-	-	79,605,256	79,605,256
Total Equity & liabilities	330,578,816	381,658,516	127,188,208	839,425,540
Contingencies & Commitments	237,577,848	493,323	421,480,776	659,551,947

34 RELATED PARTY TRANSACTIONS

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

The transactions and balances with related parties are summarised as follows

	31 March 2022 (Un-audited)				31 December 2021 - audited			
	Parent	Directors	Key management personnel	Other related parties	Parent	Directors	Key management personnel	Other related parties
	(Rupees in '000)							
Balances with other banks								
In current accounts	9,070,398	-	-	-	9,486,490	-	-	-
In deposit accounts	-	-	-	-	-	-	-	-
	<u>9,070,398</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,486,490</u>	<u>-</u>	<u>-</u>	<u>-</u>
Lending to financial institutions								
Opening balance	6,560,984	-	-	-	60,281,457	-	-	-
Addition during the year	986,576,574	-	-	-	1,906,965,566	-	-	-
Repaid during the year	(937,743,412)	-	-	-	(1,960,686,039)	-	-	-
Closing balance	<u>55,394,146</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,560,984</u>	<u>-</u>	<u>-</u>	<u>-</u>
Advances								
Opening balance	-	84	217,158	-	-	103	199,961	-
Addition during the year	-	1,529	28,983	-	-	2,265	199,206	-
Repaid during the year	-	(1,540)	(30,245)	-	-	(2,284)	(143,317)	-
Transfer in / (out) - net	-	-	-	-	-	-	(38,692)	-
Closing balance	<u>-</u>	<u>73</u>	<u>215,896</u>	<u>-</u>	<u>-</u>	<u>84</u>	<u>217,158</u>	<u>-</u>
Provision held against advances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Assets								
Interest / mark-up accrued	7,603	-	864	-	176	-	1,056	-
Receivable from staff retirement fund	-	-	-	13,850	-	-	-	13,850
Due from associated undertakings	57,463	-	-	-	81,144	-	-	-
Other receivable	-	-	-	-	-	-	-	-
	<u>65,066</u>	<u>-</u>	<u>864</u>	<u>13,850</u>	<u>81,320</u>	<u>-</u>	<u>1,056</u>	<u>13,850</u>
Borrowings								
Opening balance	10,846	-	-	-	58,592	-	-	-
Borrowings during the year	-	-	-	-	4,776	-	-	-
Settled during the year	(8,677)	-	-	-	(52,522)	-	-	-
Closing balance	<u>2,169</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,846</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deposits and other accounts								
Opening balance	732,691	155,902	144,835	116,030	568,666	163,244	101,742	147,670
Received during the year	204,113	84,686	337,281	321,456	185,954	1,500,331	1,039,819	1,229,874
Withdrawn during the year	(114,629)	(70,978)	(281,488)	(229,248)	(21,929)	(1,507,673)	(985,164)	(1,261,514)
Transfer in / (out) - net	-	-	-	-	-	-	(11,562)	-
Closing balance	<u>822,175</u>	<u>169,610</u>	<u>200,628</u>	<u>208,238</u>	<u>732,691</u>	<u>155,902</u>	<u>144,835</u>	<u>116,030</u>
Other Liabilities								
Due to holding company	21,059,558	-	-	-	14,336,497	-	-	-
Other liabilities	-	1,871	-	-	-	2,373	-	-
	<u>21,059,558</u>	<u>1,871</u>	<u>-</u>	<u>-</u>	<u>14,336,497</u>	<u>2,373</u>	<u>-</u>	<u>-</u>
Contingencies and Commitments								
Commitments in respect of forward foreign exchange contracts	6,590,223	-	-	-	2,983,624	-	-	-
Derivatives								
Derivative instruments - Interest rate swaps - notional	8,572,296	-	-	-	8,985,256	-	-	-
Derivative assets	110,617	-	-	-	31,082	-	-	-
Derivative liabilities	411,563	-	-	-	364,206	-	-	-

RELATED PARTY TRANSACTIONS

	31 March 2022 (Un-audited)				31 March 2021 (Un-audited)			
	Parent	Directors	Key management personnel	Other related parties	Parent	Directors	Key management personnel	Other related parties
	(Rupees in '000)							
Income								
Mark-up / return / interest earned	24,358	37	6,228	-	13,968	6	7,755	-
Fee and commission income	3,562	12	-	-	3,524	7	46	-
Income / (loss) from derivatives	403,772	-	-	-	(19,214)	-	-	-
Expense								
Mark-up / return / interest paid	-	204	859	3,020	-	1,101	495	1,667
Fee and commission expense	-	-	-	-	-	-	-	-
Operating expenses	16,053	3,500	101,188	-	12,590	3,100	107,296	-
Rent and Renovation expense	-	-	-	-	-	-	-	-
Other transactions								
Dividend paid	-	-	-	-	-	-	-	-
Contribution to defined contribution plans	-	-	-	100,665	-	-	-	72,572
Net charge for defined contribution plans	-	-	-	100,665	-	-	-	72,572

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

35 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	31 March 2022 (Un-audited)	31 December 2021 (Audited)
	(Rupees in '000)	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	38,715,850	38,715,850
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	55,436,361	54,621,127
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	55,436,361	54,621,127
Eligible Tier 2 Capital	9,529,202	10,047,424
Total Eligible Capital (Tier 1 + Tier 2)	64,965,563	64,668,551
Risk Weighted Assets (RWAs)		
Credit Risk	322,492,692	272,298,682
Market Risk	17,509,698	39,378,955
Operational Risk	70,351,669	70,351,669
Total	410,354,059	382,029,306
Common Equity Tier 1 Capital Adequacy ratio	13.51%	14.30%
Tier 1 Capital Adequacy Ratio	13.51%	14.30%
Total Capital Adequacy Ratio	15.83%	16.93%
Minimum CAR (including Capital Conservation Buffer)	11.50%	11.50%
Leverage Ratio (LR):		
Eligible Tier 1 Capital	55,436,361	54,621,127
Total Exposures	1,070,549,916	1,025,510,971
Minimum SBP Requirement	3.00%	3.00%
Liquidity Coverage Ratio (LCR):		
Average High Quality Liquid Assets	451,369,823	408,146,977
Average Net Cash Outflow	92,984,444	85,437,728
Average Liquidity Coverage Ratio	485.4%	477.7%
Minimum SBP Requirement	100.0%	100.0%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	589,237,663	581,667,236
Total Required Stable Funding	254,672,824	248,478,720
Net Stable Funding Ratio	231%	234%
Minimum SBP Requirement	100%	100%

36 ISLAMIC BANKING BUSINESS

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

	Note	31 March 2022 (Un-audited)	31 December 2021 (Audited)
----- (Rupees in '000) -----			
ASSETS			
Cash and balances with treasury banks		4,349,182	3,985,646
Due from financial institutions	36.1	7,689,866	6,560,984
Investments	36.2	18,861,017	19,073,804
Islamic financing and related assets - net	36.3	73,656,506	58,546,455
Fixed assets		97,870	204,137
Other assets		7,271,527	6,716,261
Total Assets		111,925,968	95,087,287
LIABILITIES			
Bills payable		121,202	84,750
Due to financial institutions		4,741,529	4,741,529
Deposits and other accounts	36.4	62,108,726	60,424,815
Due to Head Office		22,576,220	9,637,350
Other liabilities		7,201,479	6,627,919
		96,749,156	81,516,363
NET ASSETS		15,176,812	13,570,924
REPRESENTED BY			
Islamic Banking Fund		500,000	500,000
(Deficit) / surplus on revaluation of assets		(166,677)	(107,377)
Unappropriated / Unremitted profit	36.9	14,843,489	13,178,301
		15,176,812	13,570,924

CONTINGENCIES AND COMMITMENTS 36.6

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

	Note	31 March 2022 (Un-audited)	31 March 2021 (Un-audited)
----- (Rupees in '000) -----			
Profit / return earned	36.7	2,168,340	1,560,368
Profit / return expensed	36.8	(517,607)	(335,040)
Net Profit / return		1,650,733	1,225,328
Other income			
Fee and Commission Income		190,526	193,278
Foreign Exchange Income		246,452	302,599
Gain / (loss) on securities		33,815	5,379
Other Income		21,784	29
Total other income		492,577	501,285
Total Income		2,143,310	1,726,613
Other expenses			
Operating expenses		(527,967)	(482,279)
		(527,967)	(482,279)
Profit / (loss) before provisions		1,615,343	1,244,334
Provisions and write offs - net		49,845	(88,199)
Profit / (loss) before taxation		1,665,188	1,156,135

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. 0.65 billion (31 March 2021: Rs. 0.45 billion).

	31 March 2022 (Un-audited)			31 December 2021 (Audited)				
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total		
(Rupees in '000)								
36.1 Due from Financial Institutions								
Unsecured	-	7,689,866	7,689,866	-	6,560,984	6,560,984		
Bai Muajjal Receivable from State Bank of Pakistan	-	-	-	-	-	-		
	-	7,689,866	7,689,866	-	6,560,984	6,560,984		
36.2 Investments by segments:								
	31 March 2022 (Un-audited)			31 December 2021 (Audited)				
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
(Rupees in '000)								
Federal Government Securities:								
Ijarah Sukuk	18,462,344	-	(166,677)	18,295,667	18,567,285	-	(107,377)	18,459,908
Islamic Naya Pakistan Certificates	565,350	-	-	565,350	613,896	-	-	613,896
Bai Muajjal with GOP	-	-	-	-	-	-	-	-
	19,027,694	-	(166,677)	18,861,017	19,181,181	-	(107,377)	19,073,804
Non Government Debt Securities								
Listed	-	-	-	-	-	-	-	-
Unlisted	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Total Investments	19,027,694	-	(166,677)	18,861,017	19,181,181	-	(107,377)	19,073,804
36.3 Islamic financing and related assets								
					31 March 2022 (Un-audited)	31 December 2021 (Audited)		
(Rupees in '000)								
Murabaha					6,236,634	4,103,516		
Musharaka					19,326,789	17,501,136		
Diminishing Musharaka					29,305,190	27,699,615		
Kafalah					700,919	-		
Musawammah					6,349,731	1,730,700		
Ujrah (Saadiq Credit Cards)					433,318	434,479		
Advances against Islamic assets - Murabaha					7,106,978	2,534,350		
Advances against Islamic assets - Diminishing Musharakah					1,070,833	1,121,918		
Advances against Islamic assets - Istisna					2,456,000	1,806,000		
Inventory related to Islamic financing - Murabaha					1,629,569	2,632,806		
Gross Islamic financing and related assets					74,615,961	59,554,520		
Less: provision against Islamic financings								
Specific					(529,035)	(511,194)		
General					(430,420)	(496,871)		
					(959,455)	(1,008,065)		
Islamic financing and related assets - net of provision					73,656,506	58,546,455		
36.4 Deposits								
Customers								
Current deposits					38,470,657	35,897,577		
Savings deposits					22,364,154	22,937,913		
Term deposits					445,826	936,549		
Margin accounts					160,288	1,560		
					61,440,925	59,773,599		
Financial Institutions								
Current deposits					53,818	29,321		
Term deposits					667,801	651,216		
					667,801	651,216		
					62,108,726	60,424,815		
36.5 Clarity Fund								
Opening Balance					9,886	10,551		
Additions during the period								
Received from customers on account of delayed payment					1,088	3,115		
Other Non-Shariah compliant income					74	220		
					1,162	3,335		
Payments - utilization during the period								
Education					(6,750)	-		
Health					-	(4,000)		
					(6,750)	(4,000)		
Closing Balance					4,298	9,886		
36.6 CONTINGENCIES AND COMMITMENTS								
Guarantees					6,525,288	3,429,452		
Commitments					13,614,238	2,670,350		
Other contingent liabilities					5,248,316	8,623,632		
					25,387,842	14,723,434		
36.7 Profit/Return Earned of Financing, Investments and Placement								
					31 March 2022 (Un-audited)	31 March 2021 (Un-audited)		
(Rupees in '000)								
Profit earned on								
Financing					1,684,237	1,070,161		
Investments					481,757	489,447		
Placements					2,346	760		
					2,168,340	1,560,368		
36.8 Profit on Deposits and other Dues Expensed								
Deposits and other accounts					(475,186)	(295,270)		
Due to Financial Institutions					(21,123)	(18,479)		
Deposit protection premium					(18,505)	(17,211)		
Finance cost of lease liability					(2,793)	(4,080)		
					(517,607)	(335,040)		

36.9 Islamic Banking Business Unappropriated Profit

Opening Balance	13,178,301	8,570,985
Add: Islamic Banking profit for the period	1,665,188	4,607,316
Less: Transferred / Remitted to Head Office	-	-
Closing Balance	14,843,489	13,178,301

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

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	6.6%	146.130	22.160	86.8%	13.2%

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
5. Special Pool - CCIB

i) Key features and risk & reward characteristics

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

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

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

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

iii) Deployment of Mudaraba based deposits

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

iv) Other information

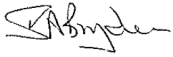
	Type of Pool				
	General	Special	High Yield	Special Term Deposit	Special Pool - CCIB
Profit rate weightage announcement frequency	Monthly	Monthly	Monthly	Monthly	Monthly
Mudarib share (amount in '000)	120,668	9,501	19,108	2,145	12,298
Mudarib share (%)	39.4%	15.0%	13.3%	21.4%	11.2%
Mudarib Share transferred through Hiba (Amount in '000)	32,599	7,346	8,025	1,210	11,827
Mudarib Share transferred through Hiba (%)	21.3%	43.6%	29.6%	36.1%	49.0%
Average return on pool assets	9.1%	9.3%	9.8%	10.6%	9.6%
Average return on deposits	5.5%	7.9%	9.7%	8.2%	8.5%

INTERNAL

37. GENERAL

37.1 Date of Authorization

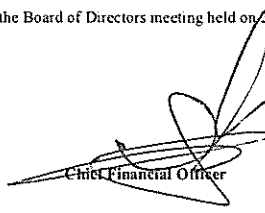
These condensed interim financial statements were authorized for issue in the Board of Directors meeting held on 29 April 2022



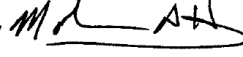
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Chief Executive Officer



Chief Financial Officer



Director



Director



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