



Annual Report 2019

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



futuremakers
by Standard Chartered

Empowering entrepreneurs to thrive

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

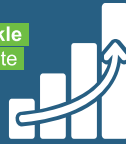


sc.com/futuremakers [#scfuturemaking](https://twitter.com/scfuturemaking)

Here for good



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



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

LEARN EARN GROW
Empowering the NEXT GENERATION

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

FOCUS AREAS

Education

Employability

Entrepreneurship

Global reach targets

500,000 adolescent girls

100,000 youth for work

50,000 micro & small businesses

Delivering across Pakistan

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

Education

Goal

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

Financial Education

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

Employability

Goal – Employability: Be independent module

Employability work readiness and vocational training schemes for youth

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

700+ girls received vocational training

Employment of the visually impaired

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

Entrepreneurship

#SCWomenInTech

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

Seeing is Believing

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



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

2019

580 EV days
20.7% participation

Get involved



Donate

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

Account Name: Right to Play – Futuremakers
Account Number: 18-4743873-18



Fundraise

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



Contact

Pakistan.Corporate-Affairs@sc.com





Standard Chartered is a leading international banking group

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

- **Standard Chartered Pakistan** is proud to be operating in the country as the **largest and oldest international Bank since 1863**.
- **Standard Chartered Pakistan** employs more than **2,800** people and has a network of **278** touch points (**61 branches, 168 ATMs, 29 CDMs and 20 CDKs**) across 11 cities.
- **Standard Chartered Pakistan** is the first International Bank to get an Islamic Banking licence and to open the **first Islamic Banking branch in the country**.
- **Standard Chartered Pakistan** is the leading bank for the **MNCs** operating in Pakistan. The Bank is the market leader for providing USD liquidity for **Corporates** and **Financial Institutions** in the country.
- **Standard Chartered Pakistan** plays a leading role in providing **FCY liquidity solutions** through innovative client centric structures.
- **Standard Chartered Pakistan** is a leading partner of **State Bank of Pakistan** in promoting **RMB** and increasing its use in Pakistan, which further strengthens its role as the main bank for **CPEC** led initiatives.
- **Standard Chartered Pakistan** partnered with **ANT FINANCIAL** in 2019 to launch the first block chain based **24/7**, cross border **wallet-to-wallet remittance** service between Malaysia and Pakistan.

AWARDS



Strong Recognition

16th Annual Excellence Awards
by CFA Society **Awards 2019**



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

Global Diversity and Inclusion Benchmark
Awards 2019



- Best Practice Award in Vision category
- Progressive Award in Benefits category
- Progressive Award in Communications category
- Progressive Award in Social Responsibility category

Asset Triple A - Islamic Finance
Awards 2019



- Best Investment Bank
- Best Deal in Pakistan

Global Finance
Awards 2019



- Best Digital Islamic Bank

Management Association of Pakistan
Awards 2019



- Best Commercial Bank

The Banker Magazine
Awards 2019



- Best Islamic Bank

Asia Money
Awards 2019



- Best International Bank
- Best Bank for Premium Services

Finance Asia
Awards 2018/2019



- Best Foreign Bank in Pakistan

Standard Chartered Bank (Pakistan) Limited Board of Directors



Mr. Ian Anderson Bryden
Chairperson of the Board
of Directors



Mr. Shazad Dada
Chief Executive Officer and
Member Board Risk
Committee



Mr. Ferdinand Pieterse
Director
Member Board Audit
Committee and Board
Risk Committee



Mr. Mohamed Abdel Bary
Director
Member Board Audit
Committee and Board HR &
Remuneration Committee



Mrs. Spenta Kandawalla
Director
Chairperson Board HR &
Remuneration Committee



Mr. Waqar Ahmed Malik
Director
Chairperson Board Audit
Committee and Member
Board HR & Remuneration
Committee



Mr. Towfiq Habib Chinoy
Director
Chairperson Board Risk
Committee

Pakistan Executive Committee - 2019

Standard Chartered Bank (Pakistan) Limited



Shazad Dada
Chief Executive Officer



Syed Mujtaba Abbas
Head Retail Banking



Mujahid Zuberi
Head Commercial Banking



Arslan Nayeem
Head Global Banking



Kailash Kumar
Head Wealth Management



Shiraz Hyder
Head Transaction Banking



Azhar Aslam
Head Islamic Banking



Adil Salahudin
Head Financial Markets



Asad Ali Sharif
Chief Financial Officer



Khadija Hashimi
Head Corporate Affairs and
Brand & Marketing



Lubna Azam Tiwana
Chief Risk Officer



Muhammad Umer
Head Human Resources



Muhammad Mubashir Yasin
Head Compliance



Majid Aziz
Chief Operating Officer



Jehangir Qazi
Head Legal



Shahzad Salamullah
Head Internal Audit

Company Information

BOARD OF DIRECTORS

Mr. Ian Anderson Bryden
Mr. Shazad Dada
Mr. Ferdinand Pieterse
Mr. Mohamed Abdel Bary
Mrs. Spenta Kandawalla
Mr. Waqar Ahmed Malik
Mr. Towfiq Habib Chinoy

Chairman
Chief Executive Officer

Company Secretary

Mr. Asif Iqbal Alam

Board Audit Committee

Mr. Waqar Ahmed Malik
Mr. Ferdinand Pieterse
Mr. Mohamed Abdel Bary

Chairperson

Board Risk Committee

Mr. Towfiq Habib Chinoy
Mr. Ferdinand Pieterse
Mr. Shazad Dada

Chairperson

Board Human Resource & Remuneration Committee

Mrs. Spenta Kandawalla
Mr. Mohamed Abdel Bary
Mr. Waqar Ahmed Malik

Chairperson

Shariah Board

Shaikh Nizam Yaqouby
Mufti Muhammad Abdul Mubeen
Mufti Irshad Ahmad Aijaz
Mufti Khawaja Noor ul Hassan

Chairperson

(Resident)

AUDITORS

M/s KPMG Taseer Hadi & Co
Chartered Accountants

Legal Advisors

HaidermotaBNR & Co
Barristers at Law & Corporate Counselors

Registered/ Main Office

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

Website

www.sc.com/pk

Registrar/ Share Registration Office

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

Table of Contents

Notice of Annual General Meeting	3
Chairman's Review	6
Directors' Report - English	7
Directors' Report - Urdu	13
Management's Statements on Internal Controls and Risk Management Framework	20
Report of Shari'ah Board - English	25
Report of Shari'ah Board - Urdu	28
Auditors' Review Report on Statement of Compliance with the Code of Corporate Governance	31
Statement of Compliance with the Code of Corporate Governance	32
Six Years Key Financial Data	34
Auditors' Report to the Members	36
Audited Financial Statements	41
Pattern of Shareholding	114
Form of Proxy	117
Disclosures on Governance and Remuneration	119
Disclosure on Complaint Handling	122

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

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

Notice is hereby given that the Fourteenth Annual General Meeting ('AGM') of the shareholders of Standard Chartered Bank (Pakistan) Limited ("Bank") will be held on Thursday, 26 March 2020 at 11:30 AM at the Institute of Chartered Accountants of Pakistan, ICAP House, Block 8, Clifton, Karachi, to transact the following business:

A. ORDINARY BUSINESS

- To receive, consider and adopt the Audited Accounts of the Bank for the year ended 31 December 2019 along with the Directors' and Auditors' Reports thereon.
- To appoint the Statutory Auditors of the Bank for the year ending 31 December 2020 and to fix their remuneration. The present auditors namely M/s KPMG Taseer Hadi & Co., Chartered Accountants shall be retiring at the conclusion of this Annual General Meeting. Standard Chartered Group has decided to appoint M/s Ernst & Young LLP as Statutory Auditors of the Group in place of M/s KPMG LLP. Accordingly, the Board of Directors of the Bank, based on recommendation of Board Audit Committee, has proposed the appointment of M/s EY Ford Rhodes, Chartered Accountants (a member firm of Ernst & Young Global Limited, a UK company Limited by Guarantee) as Statutory Auditors of the Bank for the year ending 31 December 2020 in place of the retiring auditors. The Board also seeks authority for the Board Audit Committee to negotiate and agree upon Auditors' remuneration subject to concurrence of the Board in the subsequent meeting.
- To consider and approve final cash dividend @ 17.5% (i.e. Rs. 1.75 per share) as recommended by the Board of Directors in addition to interim dividend of 12.5% already paid for the year 2019.

B. SPECIAL BUSINESS

- To approve the remuneration paid to the Independent Directors and Non Executive Directors (who are not group employees) of the Bank for the year ended 31 December 2019 in accordance with the Articles of Association of the Bank and in that connection to pass the following resolution, as ordinary resolution, with or without modification, addition or deletion:

"RESOLVED THAT the decision of the Board of Directors of Standard Chartered Bank (Pakistan) Limited to pay a fee of Rs. 6,650,000 during the year ended 31 December 2019 to the independent and non-executive members (who are not group employees) of the Board, in terms of their discretion under the Articles of Association of the Bank, be and is hereby confirmed and approved by the shareholders."
- To approve the Directors' Remuneration Policy as recommended by the Board of Directors of the Bank in line with the requirements under Prudential Regulations G-1 and in that connection to pass the following resolution, as ordinary resolution, with or without any modification:


"RESOLVED THAT the Directors' Remuneration Policy as recommended by the Board of Directors of the Bank be and is hereby approved effective from 01 January 2020."

A statement of material facts under section 134 (3) of the Companies Act, 2017 relating to the aforesaid special business to be transacted in the said AGM is appended below.

C. OTHER BUSINESS

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

By Order of the Board


Asif Iqbal Alam
Company Secretary
Karachi: 05 March 2020

اسٹینڈرڈ چارٹرڈ بینک (پاکستان) لمیٹڈ نوٹس برائے سالانہ اجلاس عام

بذریعہ ہذا مطلع کیا جاتا ہے کہ اسٹینڈرڈ چارٹرڈ بینک (پاکستان) لمیٹڈ (بینک) کے حصص یافتگان کا چودھواں سالانہ اجلاس عام 26 مارچ 2020 بروز جمعرات، صبح 11:30 بجے، انسٹیٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان، ICAP ہاؤس، بلاک 8، کلکٹن، کراچی میں درج ذیل کارروائی کیلئے منعقد کیا جائے گا۔
(الف) عمومی کارروائی

- 31 دسمبر 2019 کو ختم ہونے والے مالی سال کیلئے بینک کے آڈیٹڈ اکاؤنٹس اور ان پر ڈائریکٹرز اور آڈیٹرز کی رپورٹس کی وصولی، ان پر غور اور ان کی توثیق۔
- 31 دسمبر 2020 کو ختم ہونے والے سال کیلئے اسٹیٹوری آڈیٹرز کی تقرری اور ان کا معاوضہ طے کرنا۔ موجودہ آڈیٹرز یعنی میسرز KPMG تاثیر ہادی اینڈ کو، چارٹرڈ اکاؤنٹنٹس اس سالانہ اجلاس عام کے اختتام پر ریٹائر ہو جائیں گے۔ اسٹینڈرڈ چارٹرڈ گروپ نے میسرز KPMG LLP کی جگہ میسرز ارنسٹ اینڈ یوگ LLP کی بطور اسٹیٹوری آڈیٹرز تقرری کا فیصلہ کیا ہے۔ اس سلسلے میں بورڈ آڈٹ کمیٹی کی سفارش پر بورڈ آف ڈائریکٹرز نے ریٹائر ہونے والے آڈیٹرز کی جگہ، 31 دسمبر 2020 کو ختم ہونے والے سال کیلئے میسرز EY فورڈ رھوڈز، چارٹرڈ اکاؤنٹنٹس (ارنسٹ اینڈ یوگ گلوبل لمیٹڈ کی ممبر فرم، گارنٹی لمیٹڈ برطانیہ) کی بطور اسٹیٹوری آڈیٹرز تقرری کی تجویز کی ہے۔ بورڈ آڈیٹرز کا معاوضہ طے کرنے کیلئے بورڈ آڈٹ کمیٹی کو اختیار دیتا ہے جو کہ آئندہ بورڈ میٹنگ میں، بورڈ کے اتفاق رائے سے مشروط ہے۔
- بورڈ آف ڈائریکٹرز کی جانب سے تجویز کردہ 17.5% (یعنی 1.75 روپے فی حصص) نقد منافع کی ادائیگی پر غور اور منظور کرنا جو سال 2019 کیلئے ادا کیے جانے والے 12.5% عبوری منافع کے علاوہ ہے۔

(ب) خصوصی کارروائی

- 31 دسمبر 2019 کو ختم ہونے والے سال کیلئے بینک کے آڈیٹرز آف ایسیوی ایشن کے تحت بینک کے خود مختار ڈائریکٹرز اور نان ایگزیکٹو ڈائریکٹرز (جو گروپ ایمپلائز نہیں ہیں) کو ادا کیے گئے معاوضے کی منظوری اور اس سلسلے میں مندرجہ ذیل قرارداد کو ترمیم یا بغیر ترمیم، اضافے یا اخراج بطور عمومی قرارداد منظور کرنا:


"قرارداد یا آڈیٹرز آف ایسیوی ایشن کے تحت دی گئی صوابدید پر اسٹینڈرڈ چارٹرڈ بینک (پاکستان) لمیٹڈ کے بورڈ آف ڈائریکٹرز کا فیصلہ کہ بورڈ کے خود مختار ڈائریکٹرز اور نان ایگزیکٹو ڈائریکٹرز (جو گروپ ایمپلائز نہیں ہیں) کو 31 دسمبر 2019 کو ختم ہونے والے سال کیلئے مبلغ 6,650,000 روپے فیس ادا کرنے کو حصص یافتگان کی جانب سے توثیق اور منظوری دی جاتی ہے۔"
 - پروڈینشل ریگولیشنز G-1 کی شرائط کے تحت، بورڈ آف ڈائریکٹرز کی تجویز کردہ، ڈائریکٹرز کے معاوضے کی پالیسی کو منظور کرنا اور اس سلسلے میں مندرجہ ذیل قرارداد کو ترمیم یا بغیر ترمیم بطور عمومی قرارداد منظور کرنا:

"قرارداد یا آڈیٹرز آف ڈائریکٹرز کی تجویز کردہ، ڈائریکٹرز کے معاوضے کی پالیسی کی منظوری دی جاتی ہے، جو کہ یکم جنوری 2020 سے مؤثر ہوگی۔"
- کمپنیز ایکٹ 2017 کے سیکشن 134(3) کے تحت مذکورہ سالانہ اجلاس عام میں عمل میں لائی جانے والی خصوصی کارروائی سے متعلق ضروری تعلق کی دستاویز درج ذیل منسلک ہے۔

(ج) دیگر کارروائی

- جی بی آر کی اجازت سے کوئی اور کارروائی عمل میں لانا۔

بحکم بورڈ


آصف اقبال عالم
کمپنی سیکریٹری

کراچی، 05 مارچ 2020ء

NOTICE OF ANNUAL GENERAL MEETING

Notes:

- The Share Transfer Books of the Bank will remain closed from 19 March 2020 to 26 March 2020 (both days inclusive). Transfer received at the Share Registrar by the close of business on 18 March 2020 will be treated in time.
- Only those persons whose names appear in the Register of Members of the Bank as at 18 March 2020 will be entitled to attend / participate in / vote at the AGM and be entitled to receive above stated cash dividends.
- A member entitled to attend and vote at the above meeting is entitled to appoint another member as his / her proxy to attend and vote instead of him / her. Proxies, in order to be valid, must be received by the Bank at its registered office marked for the attention of the office of the Company Secretary, not less than 48 hours before the time for holding the meeting and must be duly stamped, signed and witnessed. A member shall not be entitled to appoint more than one proxy.
- Members are requested to notify change in their address, if any, to the Bank's Share Registrars, M/s. CDC Share Registrar Services Limited, CDC House, 99-B, Block B, SMCHS, Main Shakra-e-Faisal, Karachi - 74400. Toll Free: 0800-CDCPL (23275), Fax: (021) 34326053, Email: info@cdcsrsl.com.
- A. For Attending the Meeting:**
 - In case of individuals, the account holder or sub-account holder and / or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his identity by showing his original Computerized National Identity Card (CNIC) or original passport at the time of attending the Meeting.
 - In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced at the time of the Meeting.
- B. For Appointing Proxies:**
 - In case of individuals, the account holder or sub-account holder and / or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirement.
 - The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
 - Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
 - The proxy shall produce his original CNIC or original passport at the time of the Meeting.
 - In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted along with proxy form to the Bank.
- Members may inspect the minutes of the AGM held on 29 March 2019, in terms of Section 52 of the Companies Act, 2017, at the Bank's registered address.
- In terms of Section 223 (7) of the Companies Act 2017, the Annual Report for the year ended 2019 will also be placed on the Bank's website simultaneously with the dispatch of the same to the members.

Statement under section 134 (3)

Statement for Item (4) to the Agenda

The meeting fee payable to the independent directors and non-executive directors (who are not group employees) of the Bank was approved by the Board of Directors in terms of Article 60 of the Articles of Association of the Bank. This meeting fee requires approval of the shareholders in AGM in terms of paragraph C-2 of Regulation G-1 of Prudential Regulations for Corporate / Commercial Banking issued by the State Bank of Pakistan. The independent directors and non-executive directors (who are not group employees) of the Bank are interested in the payment of fees and remaining members of the Board have no interest in the matter.

Statement for Item (5) to the Agenda

BPRD Circular No. 3 of 2019 of the State Bank of Pakistan ('SBP') requires the banks to formulate a comprehensive and transparent policy on directors' remuneration and have the same approved by shareholders on pre or post facto basis in the AGM. The Bank already had a directors' remuneration policy ('the policy') which has been revised in accordance with the SBP directives and the same is being presented for approval by the shareholders at the AGM. Key features of the policy are set out below:

نوٹس:

- بینک کی حصص کی منتقلی کی کتابیں 19 مارچ 2020 سے لے کر 26 مارچ 2020 تک (بشمول دونوں دن) بند رہیں گی۔ 18 مارچ 2020 کو کاروبار کے اختتام تک رجسٹرار کو موصول ہونے والے ٹرانسفر بروقت تصور کیے جائیں گے۔
- صرف وہ ممبران جن کے نام 18 مارچ 2020 کو بینک کے ممبران کے رجسٹر میں درج ہوں گے وہی اس سالانہ اجلاس عام میں شرکت کرنے، ووٹ دینے اور ڈیویڈنڈ لینے کے اہل ہوں گے۔
- ایک ممبر جو اس اجلاس میں شرکت کرنے اور ووٹ دینے کا اہل ہے اپنی جگہ کسی اور فرد کو بطور نمائندہ اجلاس میں شرکت، بولنے، ووٹ ڈالنے کیلئے مقرر کر سکتا ہے۔ پروکسی کے مقرر ہونے کیلئے لازم ہے کہ وہ ممبر کے رجسٹرڈ آفس میں بنام اپنی سکرٹری اجلاس سے 48 گھنٹے قبل مکمل طور پر اسٹیٹپ شدہ، دستخط شدہ اور شواہد کے ساتھ وصول ہو جائیں۔ ایک ممبر ایک سے زیادہ پروکسی نامزد کرنے کا مختار نہ ہوگا۔
- حصص یافتگان سے درخواست ہے کہ وہ اپنے رجسٹرڈ پتے میں ہونے والی کسی تبدیلی سے فوری طور پر بینک کے شیئر رجسٹرار، ممبرز ڈی سی شیئر رجسٹرار سروسز لمیٹڈ، CDC ہاؤس، 99-B، بلاک B، SMCHS، مین شاہراہ فیصل، کراچی-74400، ٹول فری نمبر: (021) 34326053، ایمیل: info@cdcsrsl.com پر مطلع کریں۔
- (الف) اجلاس میں شرکت کیلئے:
 - افراد کی صورت میں اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر اور ایواہ افراد جن کی سکیورٹیز گروپ اکاؤنٹ میں ہیں اور ان کی رجسٹریشن کی تفصیلات ضابطے کے مطابق اپ لوڈ کر دی گئی ہیں، انہیں اجلاس میں شرکت کے وقت اپنی شناخت کیلئے اصل کمپیوٹرائزڈ شناختی کارڈ (سی این آئی سی) یا اصل پاسپورٹ دکھانا لازمی ہوگا۔
 - کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد/مختار نامہ، نامزد کرنے والے کے دستخط کے ساتھ اجلاس کے وقت پیش کرنا لازمی ہوگا۔
- (ب) پروکسی کی نامزدگی کیلئے
 - افراد کی صورت میں اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر اور ایواہ افراد جن کی سکیورٹیز گروپ اکاؤنٹ میں ہیں اور ان کی رجسٹریشن کی تفصیلات ضابطے کے مطابق اپ لوڈ کر دی گئی ہیں انہیں اپنا پروکسی فارم درج بالا قواعد کے مطابق پُر کر کے پیش کرنا ہوگا۔
 - پروکسی فارم کا دو افراد سے تصدیق شدہ ہونا لازمی ہے جن کے نام، پتے اور کمپیوٹرائزڈ قومی شناختی کارڈ نمبر فارم پر لکھے ہوں۔
 - پروکسی فارم کے ساتھ پروکسی اور اصل مالک کے کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ فوٹوکاپی منسلک کرنا ہوگی۔
 - پروکسی کو اصل کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ اجلاس کے وقت دکھانا ہوگا۔
 - کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد/مختار نامہ، نامزد کرنے والے کے دستخط کے ساتھ پروکسی فارم کے ساتھ بینک میں جمع کروانا ہوگا۔
- کمپنیز ایکٹ، 2017 کے سیکشن 52 کے تحت ممبران بینک کے رجسٹرڈ پتے پر 29 مارچ 2019ء کو ہونے والے سالانہ اجلاس عام کی روداد کا معائنہ کر سکتے ہیں۔
- سیکشن (7) 223 کے تحت سالانہ رپورٹ، ممبرز کو ترسیل کے ساتھ بینک کی ویب سائٹ پر بھی اپ لوڈ کر دی گئی ہے۔

سیکشن 134(3) کے تحت بیان

ایجنڈہ برائے آئٹم (4)

بینک کے آرٹیکل آف ایسوسی ایشن کے آرٹیکل 60 کے تحت بورڈ کے خود مختار اور نان ایگزیکٹو ممبران (جو گروپ بلاز میں نہیں) کو ادائیگی کے لیے والی مینٹنگ فیس کی بورڈ آف ڈائریکٹرز کی جانب سے منظوری دی گئی۔ اس مینٹنگ فیس کی اسٹیٹ بینک آف پاکستان کی جانب سے جاری کیے گئے پروڈیونٹ ریلیویشنز برائے کارپوریٹ / کمرشل بینکنگ کے ریگولیشن G-1 کے پیراگراف C-2 کے تحت سالانہ اجلاس عام میں حصص یافتگان سے منظوری لینا ضروری ہے۔ بورڈ کے خود مختار نان ایگزیکٹو ممبرز (جو گروپ بلاز میں نہیں) فیس کی ادائیگی میں دلچسپی رکھتے ہیں اور بورڈ کے باقی ممبرز کی معاملے میں دلچسپی نہیں ہے۔

ایجنڈہ برائے آئٹم (5) کا بیان

اسٹیٹ بینک آف پاکستان ('SBP') کے 2019 کے BPRD سرکلر نمبر 3 کے مطابق بینکوں کو ڈائریکٹرز کے معاوضے کے تعین کیلئے جامع اور شفاف پالیسی وضع کرنا ہوگی اور اسے حصص یافتگان سے اپنے سالانہ اجلاس عام میں پہلے یا بعد ہی بنیاد پر منظور کرنا ہوگا۔ بینک کے ڈائریکٹرز کے معاوضے کی پالیسی ('پالیسی') پہلے ہی موجود تھی جس کی تجدید اسٹیٹ بینک آف پاکستان کی ہدایت کے مطابق کر دی گئی ہے اور اسے سالانہ اجلاس عام میں حصص یافتگان کی منظوری کیلئے پیش کیا جا رہا ہے۔ پالیسی کے اہم نکات مندرجہ ذیل ہیں:

NOTICE OF ANNUAL GENERAL MEETING

- Directors' fees are determined at a level which reflect the duties, time commitment and contributions which are expected from the eligible directors and are set to attract high-calibre individuals and are benchmarked against the local market.
- Independent non-executive directors as well as non-executive directors (who are not group employees) of the Bank are eligible to receive a meeting fee for attending the meetings of the Board, its Committee(s) and Shareholders and for holding the office of Chairperson of the Board or its Committee(s).
- Travelling and lodging expenses for eligible directors who attend meetings of the Board, its Committee(s) and Shareholders will be borne by the Bank.
- Eligible directors will be paid a per meeting fee of PKR 400,000 and PKR 350,000 for attending meetings of the Board and Board Committees respectively. However, if an eligible director is a Chairperson of any Board Committee, he / she will be paid a per meeting fee of PKR 400,000 for attending a meeting of such Board Committee. Moreover, a per meeting fee of PKR 25,000 will be paid to each eligible director for attending any shareholders' meeting.
- The above fee structure and the quantum of the fees will be reviewed every two years. Any revisions thereof shall be approved by the Board as well as by the Shareholders (on pre or post facto basis) and form part of the policy.

SHAREHOLDERS AWARENESS:

1. **E-Dividend Requirements:** In accordance with the Companies (Distribution of Dividend) Regulation 2017, shareholders are advised to provide their Identification Number/ Computerized National Identity Card (CNIC) Number and International Bank Account Number (IBAN) details, if they have not already done so, to our Share Registrar (if shares are held in physical form) at their above referred office address or to the respective Participants/ Broker (if shares are held through CDS Account) latest by 18 March 2020. Failing which may result in withholding of dividend payments of respective shareholders.

2. **Tax Requirements:** The dividend income on shares is liable to deduction of withholding tax under Section 150 of the Income Tax Ordinance, 2001 and pursuant to the provisions of Finance Act, 2019, effective from 01 July 2019; the 'Filer' and 'Non-Filer' shareholders will pay tax on dividend income @ 15% and 30% respectively. The Filer status of shareholders will only be determined on the basis of latest available Active Taxpayers List (ATL) uploaded by the Federal Board of Revenue (FBR) on their website <http://www.fbr.gov.pk/>.

In case a Folio / CDS Account is jointly held, each joint-holder will be treated separately as Filer or Non-Filer and tax will be deducted on the gross dividend amount determined by bifurcating the shareholding of each joint-holder on equal proportions, except where shareholding proportion of joint-holders is pre-defined as per the records of Bank's Share Registrar and thus tax rates will be applied in line with respective proportions. Those shareholders, who are holding shares jointly, are requested to update/ notify the shareholding proportions of Principal and Joint-holder(s) in writing to our Share Registrar latest by 18 March 2020 at their above referred office address.

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

Corporate shareholders are requested to provide of a copy of valid Income Tax Exemption Certificate issued by the concerned authority to your institution which is compulsorily required to claim tax exemption in terms of clarification issued by FBR vide their letter C.No.1 (43) DG (WHT)/ 2008-Vol.11-66417-R dated 12 May 2015 (viewable at FBR's website at following link: <http://www.fbr.gov.pk/ShowDocument.aspx?type=Doc&Actionid=4141>). In case you are subject to any special tax rate, please also provide a copy of relevant certificate issued by the concerned authority. Relevant copies should reach our Share Registrar at their above mentioned office address.

ڈائریکٹرز کی فیسوں کا تعین اہل ڈائریکٹرز سے ان کی ذمہ داریوں، وقت سے متعلقہ پابندیوں اور شرکت سے متعلق رکھی جانے والی توقعات پر پورا اترنے کے معیار پر کیا جاتا ہے اور اس طرح طے کی جاتی ہے کہ اعلیٰ صلاحیتوں کے حامل افراد کی توجہ باعث نہیں اور مقامی مارکیٹ میں ایک سنگ میل کی حیثیت رکھتی ہوں۔

بنک کے خود مختار ڈائریکٹرز اور نان ایگزیکٹو ڈائریکٹرز (جو گروپ ملازمین نہیں) بینک کے بورڈ اس کی کمیٹی (کمیشن) اور حصص یافتگان کے اجلاسوں میں شرکت کرنے اور بورڈ یا اس کی کمیٹی کے چیئر پرسن کا عہدہ سنبھالنے کیلئے میٹنگ فیس کے حقدار ہیں۔

بورڈ، اس کی کمیٹی (کمیشن) اور حصص یافتگان کے اجلاسوں میں شرکت کرنے والے اہل ڈائریکٹرز کے سفری اور ہوٹل میں قیام کے اخراجات بینک برداشت کرے گا۔

بورڈ اور اس کی کمیٹی کے اجلاسوں میں شرکت کیلئے اہل ڈائریکٹرز کو ہر اجلاس میں شرکت کیلئے 400,000 روپے اور 350,000 روپے بالترتیب ادا کئے جائیں گے۔ تاہم، اگر اہل ڈائریکٹرز کی بورڈ کمیٹی کا چیئر پرسن ہے تو اسے بورڈ کمیٹی کے ہر اجلاس میں شرکت کیلئے 400,000 روپے میٹنگ فیس ادا کی جائے گی۔ مزید برآں ہر اہل ڈائریکٹر کو حصص یافتگان کی ہر میٹنگ میں شرکت کیلئے 25,000 روپے میٹنگ فیس ادا کی جائے گی۔

فیس کے مندرجہ بالا ڈھانچے اور مقدار کا جائزہ ہر دو سال بعد لیا جائے گا اور اس میں کی جانے والی کسی بھی تبدیلی کی منظوری بورڈ اور حصص یافتگان سے (پہلے یا بعد کی بنیاد پر) لی جائے گی اور پالیسی کا حصہ ہوگی۔

حصص یافتگان کی آگاہی:

1- ای ڈیویڈنڈ کی ضروریات: کمیشن (ڈیویڈنڈ کی تقسیم) ریگولیشنز 2017 کی ہدایات کے تحت حصص یافتگان اپنے شناختی نمبر/ کمپیوٹرائزڈ قومی شناختی کارڈ (سی این آئی سی) نمبر اور انٹرنیشنل بینک اکاؤنٹ نمبر (آئی بی اے این) کی تفصیلات فراہم کریں۔ اگر انہوں نے تفصیلات فراہم نہیں کی ہیں تو ہمارے شیئر رجسٹرار (اگر شیئرز فزیکل فارم میں رکھے گئے ہیں) کو مذکورہ بالا آفس ایڈریس یا متعلقہ پارٹنیشنٹ / بروکر (اگر شیئرز بڈ ریویسی ڈی ایس اکاؤنٹ رکھے گئے ہیں) 18 مارچ 2020 تک مہیا کریں۔ ناکامی کی صورت میں متعلقہ حصص یافتگان کے ڈیویڈنڈ کی ادائیگی روک دی جائے گی۔

2- ٹیکس معاملات: انکم ٹیکس آرڈیننس 2001 کے سیکشن 150 اور فنانس ایکٹ 2019 کی دفعات (کیم جولائی 2019 سے مؤثر) کے مطابق ڈیویڈنڈ آمدن پر فائلر ممبران کیلئے شرح وڈ ہولڈنگ ٹیکس 15% جبکہ نان فائلر کیلئے 30% ہے۔ حصص یافتگان کے فائلر ہونے کا تعین فیڈرل بورڈ آف ریونیو (FBR) کی ویب سائٹ (<http://www.fbr.gov.pk>) پر جاری کردہ آخری ایکٹیو ٹیکس پیئر لسٹ (ATL) کی بنیاد پر کیا جائے گا۔

کسی فولیو/ ڈی ایس اکاؤنٹ کی مشترکہ ملکیت کی صورت میں ہر مشترکہ ہولڈر کو بطور فائلر یا نان فائلر طور پر تصور کیا جائیگا اور ٹیکس کی کوئی ڈیویڈنڈ کی مجموعی رقم پر کی جائے گی جو کہ ممبران میں شیئر ہولڈنگ کے تناسب کو مساوی تقسیم کر کے کی جائیگی سوائے اس کے کہ شیئر ہولڈنگ کے تناسب کی تفصیل پہلے ہی بینک کے شیئر رجسٹرار کے ریکارڈز میں موجود ہو اس صورت میں ٹیکس کی شرح اس تناسب سے لاگو کی جائے گی۔ لہذا ایسے مشترکہ ہولڈرز سے درخواست کی جاتی ہے کہ اپنی ہولڈنگ کا تناسب ہمارے شیئر رجسٹرار کو مندرجہ بالا پتے پر تحریری صورت میں 18 مارچ 2020 تک فراہم کر دیں۔

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

کارپوریٹ شیئر ہولڈرز جو ٹیکس سے استثناء کے دعویدار ہیں ان سے درخواست کی جاتی ہے کہ وہ متعلقہ اتھارٹیز کی جانب سے ان کے ادارے کو جاری کیا گیا مؤثر انکم ٹیکس ایکزیمنپشن سرٹیفکیٹ فراہم کریں جو کہ FBR کے لٹر C.No.1(43) DG (WHT)/ 2008-Vol.11-66417-R بتاریخ 12 مئی 2015 کے مطابق ٹیکس ایکزیمنپشن کلیم کیلئے ضروری ہے (جسے FBR کی ویب سائٹ <http://www.fbr.gov.pk/ShowDocument.aspx?type=Doc&Actionid=4141> پر دیکھا جاسکتا ہے)۔ اگر آپ خصوصی ٹیکس ریٹ کے تابع ہیں براہ مہربانی متعلقہ اتھارٹیز کی جانب سے جاری کیے گئے سرٹیفکیٹ کی کاپی ہمارے شیئر رجسٹرار کو درج بالا پتے پر فراہم کریں۔

CHAIRMAN'S REVIEW

For the year ended 31 December 2019

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

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

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

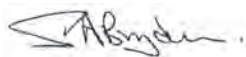
The Board has constituted its Sub-Committees with a defined scope of work and reporting procedures and such Committees are discharging their function and duties as per their respective terms of reference.

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

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

This has been another good year for the Board in which the overall performance and effectiveness of the Board remained 'Satisfactory' based on the annual evaluation of the Board which was carried out in 2019. This covered various aspects including the Board's composition and the Board's understanding of its role, responsibilities and duties as well as the Bank's risk profile and regulatory environment. It also reviewed the directors' induction process and training, the Board's involvement in strategy planning, the quality of information which the Board receives and the effectiveness of the follow up on action points. Surveys of the Board's Sub-Committees also showed 'Satisfactory' ratings. Moreover, survey results of individual directors, including the Chairman and Chief Executive, were noted as 'Satisfactory'. Areas of improvement identified from the performance evaluation of the Board have been mostly addressed and the remaining ones are being tracked, as agreed.

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



IAN BRYDEN
CHAIRMAN
27 February 2020

DIRECTORS' REPORT - 31 December 2019

On behalf of the Board of Directors, we are pleased to present the Directors' Report of Standard Chartered Bank (Pakistan) Limited (SCBPL or the Bank) along with the audited financial statements and auditors' report thereon for the year ended 31st December 2019.

Economy

After witnessing GDP growth of 5.8% in FY18, Pakistan's economic growth is likely to slow down. An International Monetary Fund (IMF) mission in December 2019 completed the first review of Pakistan's Extended Fund Facility (EFF) signed in July 2019 and discussed progress in the implementation of economic policies. Still in its early stages, Pakistan's programme is on track and has started to bear fruit. However, risks remain elevated. Strong ownership and steadfast reform implementation are critical to entrench macroeconomic stability and support robust and balanced growth. The external position is strengthening, underpinned by an orderly transition to a flexible, market-determined exchange rate by the State Bank of Pakistan (SBP) and a higher-than-expected increase in the SBP's net international reserves. Short term Inflation pressures have unexpectedly risen lately but are expected to recede soon, reflecting an appropriate monetary stance.

On the fiscal side, budgetary revenue collections are growing on the back of efforts on tax administration and policy changes, and despite the ongoing compression in import-related taxes there has been a significant improvement in tax revenue collections, with taxes showing double-digit growth net of exporters refunds. The near-term macroeconomic outlook is broadly unchanged from the time of the programme approval, with growth projected at 2.4 percent (as per IMF projections) in Fiscal year (FY) 20, inflation expected to decline in coming months and the current account (CA) adjusting more rapidly than anticipated. However, domestic and international risks remain, and structural economic challenges persist.

On the monetary front, average CPI inflation (new base) in the month of December was 11.1% as compared to FY19 average (new base) of 6.8%. External conditions showed continued steady improvement with a sizeable reduction in the CA deficit for first half of FY20 which was lower by 75% at USD 2.1bn versus USD 8.6bn in the comparative period. The improvement in balance of payments was primarily driven by import compression, healthy growth in workers' remittances and external flows in sovereign debt instruments. The SBP FX reserves stood at USD 11.3bn at close of December 2019. Pakistani Rupee (PKR) depreciated by 12% in calendar year (CY) 19 but made some gains in H2 2019 as uncertainty reduced around the exchange rate. Addressing the fiscal slippages, external sector financing gap and inflation pick up, the SBP tightened its monetary stance by 325bps in CY19 and kept the policy rate constant at 13.25% in its latest monetary policy statement in January 2020.

Pakistani banks continue to remain well capitalized with an industry wide CAR of 17.1% and remain profitable with a ROE (after tax) of 10.8% for Q3 2019. Meanwhile, NPLs of the banking sector slightly increased to 8.8% at close of Q3 2019 (8.0% at close of CY18).

Purpose

At Standard Chartered our purpose is to drive commerce and prosperity through our unique diversity which 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

Progress in 2019 on our strategic pillars is as follows:

- **Deliver our network**
We continue to leverage our network through innovative solutions, product specialization and structured offerings with focus on Multinationals and China Pakistan Economic Corridor (CPEC) clients.
- **Transform and disrupt with digital**
We launched QR based payments on our SC mobile application in Q2 2019. Moreover, our digital transaction mix including SC mobile application customers continue to increase.
- **Improve productivity**
We optimised our branch footprint while investing in our digital agenda in line with client needs. The increased focus on productivity resulted in controlled cost with top line growth. We maintained best in class CASA mix in the industry.

DIRECTORS' REPORT

- **Grow our affluent business**

We launched Premium segment in Q4 2019 to drive Emerging Affluent top-line growth & build a feeder for Priority and continue to grow in the Priority Banking Segment.

- **Optimise returns**

We continue to enhance returns with increase in ROE and improvement in cost to income ratio. Financial results are briefed in the next section.

Operating Results and Business Overview

	31 December 2019 (PKR millions)	31 December 2018 (PKR millions)
Balance Sheet		
Paid-up capital	38,716	38,716
Total equity	72,917	67,238
Deposits	465,629	424,899
Advances – gross	235,269	187,162
Advances – net	218,087	169,544
Investments – net	249,164	279,066
Profit and Loss		
Revenue	39,076	28,518
Operating expenses	11,129	10,887
Other non mark-up expenses	765	403
Operating profit (before provisions and tax)	27,182	17,228
Recovery / (provisions) and write offs - net	17	1,219
Profit before tax	27,199	18,447
Profit after tax	16,017	11,239
Earnings per Share (EPS) - Rupees	4.14	2.90

A record performance in 2019 by the Bank enabled it to deliver a Profit before tax of PKR 27.2 billion. This is 47% higher than the corresponding period last year and the highest profit since incorporation. Overall revenue growth was 37%, whereas client revenue increased by 31% year on year with positive contributions from transaction banking, financial markets and retail products. Operating expenses increased by only 2% year on year on account of spending mainly on the Bank's products, services and people to grow the franchise.

All businesses have positive momentum in client income with strong growth in underlying drivers. Momentum in advances (net) continues with 29% growth since the start of the year. This was the result of a targeted strategy to build profitable, high quality and sustainable portfolios. With 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 10%, whereas current and saving accounts grew by 8% since the start of this year and are now 93% of the deposits base. The optimal funding structure of the balance sheet continues to support the Bank's performance.

During 2019, the Bank contributed around PKR 18.6 billion to the national exchequer in lieu of direct income taxes, as an agent of Federal Board of Revenue (FBR) and on account of FED / Provincial Sales Taxes.

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

Outlook

These results further demonstrate our commitment to delivering a consistent and sustained performance. Having strengthened our foundations on controls and conduct, we recognise the importance of re-energising growth with a focus on income whilst

DIRECTORS' REPORT

keeping a strong monitoring on cost and risk management. The external environment remains challenging and we are committed to improving our performance whilst ensuring our clients' needs are at the heart of everything we do.

External Annual Audit

The financial statements of SCBPL have been audited without any qualification by the auditors of the Bank, namely KPMG Taseer Hadi & Co., Chartered Accountants.

Credit Rating

Pakistan Credit Rating Agency (PACRA) has maintained the Bank's long-term and short-term ratings of "AAA" (Triple A) and "A1+" (A One Plus) respectively in 2019. These ratings denote the lowest expectation of credit risk emanating from an exceptionally strong capacity for timely payment of financial commitments.

Sustainability

As the largest International Bank in the country, with 61 branches in 11 cities of Pakistan, Standard Chartered is an integral part of Pakistan's financial landscape. Through its sustainability and community investment agenda the Bank has demonstrated its commitment to the community. Our sustainability strategy seeks to strengthen relationships between our business, community, Government and clients.

As a responsible company, the Bank has continued to transform people's lives through its community programmes with employees contributing more than 550 volunteering days. Globally, Standard Chartered has surpassed the \$100 million target for Seeing is Believing (SiB), the Bank's initiative to tackle avoidable blindness and visual impairment, two years early. In Pakistan, the SiB journey is truly inspiring, impacting over 12 million beneficiaries. We have supported over 500,000 sight restoring surgeries, trained over 85,000 lady healthcare workers, and screened over 1.5 million children for refractive errors. The Bank also employs 24 Visually Impaired people in its call centres in Karachi and Lahore.

The Bank has projects that will continue to be implemented till June 2020 in Karachi, Lahore, Islamabad, Mansehra, Haripur, Swat and Swabi, with a continued focus on diabetic retinopathy and accelerating support for female cataract patients through the Bank's partners Sight Savers and Layton Rehmatulla Benevolent Trust (LRBT).

In 2019, the Bank launched its new Community Investment Strategy, Futuremakers by Standard Chartered, empowering the next generation to learn, earn and grow. This strategy has evolved to be more responsive to the changing social and economic needs across our markets around social and economic inequality and the limited opportunities for young people as globally, more than 200 million young people are either unemployed, or they have jobs, but continue to live in poverty due to low incomes. Futuremakers aims to tackle the issue of inequality and seeks to promote greater economic inclusion. Through this strategy, we also aspire to use the unique skills of the Bank, and of our employees, to share skills and build the capacity of young people to access jobs and economic opportunities that will help close the inequality gap.

We will focus on supporting disadvantaged young people from low-income households, particularly girls and people with visual impairments, to take part in programmes focused on education, employability and entrepreneurship. Futuremakers builds on the success of our existing community programmes. Many of our current programmes are included under Futuremakers. For example:

- The Bank will expand Goal, Standard Chartered's existing girls' education programme. In Pakistan, Goal was launched in Karachi in 2016 and has reached over 11,000 girls. The programme is currently actively running in 26 schools in Karachi and Islamabad.
- The Bank will continue to incorporate financial education into all programmes. In Pakistan, Standard Chartered has an initiative known as #TuesdayGoals through which employees volunteer their time to provide financial literacy to Goal girls. Last year, more than 1000 girls received financial education from over 100 employees
- The Bank will develop new global community programmes in employability and entrepreneurship. In 2019, Standard Chartered launched #SCWomenInTech in Pakistan with the aim of providing mentoring, training and pre-seed funding of up to USD10,000 to five female-led entrepreneurial ventures that were using technology to scale their businesses.

Standard Chartered has also set a fundraising target for the programmes within Futuremakers. Between 2019 and 2023, our ambition is to globally raise USD50 million (through fundraising and Bank-matching) to empower the next generation to learn, earn and grow. In Pakistan, funds raised locally will be directed towards the Bank's implementing partner for Goal in the country, Right to Play.

DIRECTORS' REPORT

Green Banking Initiatives

We are committed to promoting economic and social development in a sustainable and equitable manner. This means that as we help people and companies succeed, we do so sustainably and responsibly, constantly asking ourselves how we can have a more positive impact on the world around us.

In everything we do, we are guided by our brand promise Here for good, which underlines our distinctive approach. To fully embed our values into our core working practices, we have developed a suite of detailed policy frameworks and position statements. To help us maintain our environmental and social standards, we use these position statements to assess whether to provide financial services to clients operating in sensitive business sectors. These commitments impact everything from how we procure suppliers to how we are helping to deliver the UN Sustainable Development Goals (SDGs) and beyond.

Our Environmental & Social Risk Management Standard is intended to provide a consistent approach to identifying, assessing and managing environmental and social (E&S) risks and impacts associated with our client relationships, including for transactions with heightened potential for environmental and social risk, and for the support, escalation and ongoing monitoring of such risks and impacts.

Protection of environment is important part of our values. The Bank is committed to comply with all relevant environmental regulations and adopting best practices for continuous reduction in our environmental footprint. Key initiatives taken by the Bank in this regard are listed below:

- Installation of solar panels on select sites to promote renewable energy
- Commissioning long backup UPS systems to reduce usage of generators
- Use of aircon monitoring system to centrally control thermostat of Split ACs
- As part of life cycle replacement, all conventional ACs are being replaced with inverter type ACs
- Switching from conventional lighting arrangements to energy efficient LEDs
- Conducting environmental emission testing for generators to ensure clean operations
- Use of Material Safety Data Sheet (MSDS) compliant products for janitorial / fumigation services and environment friendly refrigerant gas for ACs
- Encouraging recycling of waste where possible
- Discouraging paper printouts and setting printer defaults to dual side printing
- Avoidance of single use plastic
- As part of its Employee Volunteering policy, Bank facilitated 199 days of employee volunteering leaves to support environmental initiatives

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

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

Statements on Internal Controls and Risk Management Framework

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

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

Meetings of the Board and its Committee Directors' Meetings

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

Six meetings of the Board of Directors ('the Board'), five meetings of Board Audit Committee ('BAC'), five meetings of Board Human Resource and Remuneration Committee ('RemCo'), and four meetings of Board Risk Committee ('BRC') were held during 2019. Attendance by each director / member is given as follows:

DIRECTORS' REPORT

Sr. No.	Name of Director	Board Meetings		BAC Meetings		RemCo Meetings		BRC Meetings	
		Member	Attended ¹	Member	Attended ¹	Member	Attended ¹	Member	Attended ¹
	Meetings held during the year		6		5		5		4
1	Ian Bryden	✓	6	-	-	-	-	-	-
2	Shazad Dada	✓	6	-	-	-	-	✓	4
3	Spenta Kandawalla	✓	6	-	-	✓	5	-	-
4	Ferdinand Pieterse	✓	6	✓	4	-	-	✓	4
5	Mohamed Abdelbary	✓	5	✓	4	✓	4	-	-
6	Waqar Ahmed Malik	✓	6	✓	5	✓	5	-	-
7	Towfiq Chinoy ²	✓	2	-	-	-	-	✓	1

Changes in the Board of Directors

Two non-executive directors of the Bank namely Mr. Ferdinand Pieterse and Mr. Mohamed Abdelbary have decided to step down and tendered their resignations which have been accepted by the Board effective 1 March 2020 and 23 April 2020 respectively. The Board has appointed Mr. Mohamed Abdel Razek as replacement for Mr. Pieterse subject to completion of necessary formalities including regulatory approval, whereas the replacement for Mr. Abdelbary will be appointed in due course of time. The Board places on record its appreciation for the invaluable support and contributions of Mr. Pieterse and Mr. Abdelbary during their tenure on the Board.

Directors' Remuneration

The Bank has revised the existing policy on remuneration of directors ('the policy') in accordance with the directives of State Bank of Pakistan's BPRD Circular No. 3 of 2019. Key features of the policy are as:

- Directors' fees are determined at a level which reflect the duties, time commitment and contributions which are expected from the eligible directors and are set to attract high-caliber individuals and are benchmarked against the local market.
- Independent non-executive directors as well as non-executive directors (who are not Group employees) of the Bank are eligible to receive a meeting fee for attending the meetings of the Board, its Committee(s) and Shareholders and for holding the office of Chairperson of the Board or its Committee(s).
- Travelling and lodging expenses for eligible directors who attend meetings of the Board, its Committee(s) and Shareholders will be borne by the Bank.
- The fee structure and the quantum of the fees will be reviewed every two years. Any revisions thereof, shall be approved by the Board as well as by the Shareholders (on pre or post facto basis) and form part of the policy.

Board's Evaluation

In order to enhance the overall effectiveness of the Board, its Sub-Committees and individual Directors, the Board has formulated an effective mechanism to undertake the Board Effectiveness Review. The services of an external consultant are engaged to facilitate the Board's annual performance evaluation. All Board members are required to complete their surveys online and the anonymity of the respondents is ensured throughout the process in order to promote an open and frank exchange of views. The consolidated results of the survey are shared with the Chairman and presented to the Board. The outcomes from the review are collated and form the basis of the action plan which is agreed by the Board for implementation.

Dealing in Shares / Stock Brokerage

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

Pattern of Shareholding

The pattern of shareholding forms part of this Annual Report. At 31 December 2019, Standard Chartered Bank, UK (holding

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

² Joined effective 24 September 2019

DIRECTORS' REPORT

company) held 98.99% shares of SCBPL. The directors, chief executive officer and key executives do not hold any interest in the shares of the Bank other than that disclosed in the pattern of shareholding.

Statement of investments of Provident, Gratuity and Pension Funds

The value of investments including accrued income of provident and gratuity funds as at 31st December 2019 on the basis of un-audited accounts are:

	PKR '000
Provident Fund	2,558,295
Management Staff Gratuity Fund	1,582,917
Non-Management Staff Gratuity Fund	120,198
Management Staff Pension Fund	54,896
Non-Management Staff Pension Fund	55,263

Dividend

A final cash dividend of 17.5% (PKR 1.75 per share) has been recommended by the Board of Directors for approval at the 14th Annual General Meeting of the Bank's shareholders. This is in addition to 12.5% (PKR 1.25 per share) interim cash dividend announced / paid during the year.

External Auditors

The present auditors namely M/s KPMG Taseer Hadi & Co., Chartered Accountants shall be retiring at the conclusion of 14th Annual General Meeting. Standard Chartered Group has decided to appoint M/s Ernst & Young LLP as Statutory Auditors of the Group in place of M/s KPMG LLP. Accordingly, the Board of Directors of the Bank, based on recommendation of Board Audit Committee has proposed the appointment of M/s EY Ford Rhodes, Chartered Accountants (a member firm of Ernst & Young Global Limited, a UK company Limited by Guarantee) as Statutory Auditors of the Bank for the year ending 31 December 2020 in place of the retiring auditors.

The proposed firm of auditors have confirmed that they have been given a satisfactory rating under the Quality Control Review Programme of the Institute of Chartered Accountants of Pakistan ('ICAP'), and that the firm and all their partners are compliant with the International Federation of Accountants' Guidelines on Code of Ethics, as adopted by ICAP and meet the requirements for appointment under all applicable laws. The proposed firm of auditors also meet the requirements of Audit Oversight Board (Operations) Regulations, 2018.

As the audit fees is in the process of being negotiated / finalised, the Board of Directors, on the recommendation of Board Audit Committee (BAC), has also proposed to authorise the BAC to negotiate and agree upon the audit fees for the year 2020, subject to concurrence of the Board in the subsequent meeting.

On behalf of the management of the Bank and the Board, we would like to thank and appreciate the retiring auditors for the services and support extended throughout the period of their appointment.

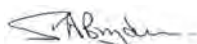
Appreciation and Acknowledgment

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



Shazad Dada
Chief Executive Officer



Ian Bryden
Chairman

Karachi: 27th February 2020

ڈائریکٹرز کی رپورٹ

31 دسمبر 2019ء

ڈائریکٹرز کی رپورٹ

بورڈ آف ڈائریکٹرز کی جانب سے ہم انتہائی مسرت سے اسٹیٹرز ڈیپازٹریٹ (پاکستان) لمیٹڈ (SCBPL) کی ڈائریکٹرز رپورٹ مع 31 دسمبر 2019ء کو ختم ہونے والے سال کے پڑتال شدہ کھاتہ جات اور آڈیٹرز رپورٹ پیش کر رہے ہیں۔

اکانومی (معیشت):

مالی سال 2018ء میں 5.8% کی شرح نمو کے حصول کے بعد، پاکستان کی معاشی نمو کے ممکنہ طور پر سست روی کا شکار ہونے کی توقع ہے۔ آئی ایم ایف کے ایک مشن نے دسمبر 2019ء میں پاکستان کی ایکٹیو ڈیفنڈنٹ فیسیٹی (ای ایف ایف) جو کہ جولائی 2019ء میں دستخط کی گئی تھی کا پہلا جائزہ مکمل کیا اور معاشی منصوبے کے نفاذ کی پیش رفت پر گفتگو کی۔ باوجود اپنے ابتدائی مراحل میں ہونے کے پاکستان کا پروگرام صحیح راہ پر گامزن ہے اور اس کے اثرات ملنا شروع ہو چکے ہیں۔ تاہم، خطرات اب بھی درپیش ہیں۔ مضبوط احساس ذمے داری اور مستحکم اصلاحات کا نفاذ اہم ہے تاکہ بیکرواکنامک استحکام قائم ہو اور مضبوط اور متوازن ترقی کی اعانت ہو۔ بیرونی صورتحال مستحکم ہو رہی ہے جسے SBP کی جانب سے مارکیٹ پر مبنی آپیکھنج ریٹ سے مزید تقویت ملی ہے اور SBP کے نیٹ انٹرنیشنل ریزروز میں توقع سے زیادہ اضافے سے استحکام حاصل ہوا ہے۔ حال میں قلیل مدتی افراط زر میں غیر متوقع طور پر اضافہ دیکھا گیا ہے لیکن توقع ہے کہ یہ جلد نیچے جائے گی اور اس تناظر میں اسٹیٹ بینک آف پاکستان کی زری پالیسی موزوں ہے۔

مالیاتی محاذ پر محصولات میں ایک نمایاں بہتری نظر آئی ہے جو انتظامی ڈھانچے کی بہتری اور پالیسی میں تبدیلی کا نتیجہ ہے۔ برآمد کنندگان کے قابل واپسی محصولات زری ادا نیگی کے باوجود ٹیکس وصولی کی شرح میں ڈگنا اضافہ دیکھا جا رہا ہے۔ مستقبل قریب میں میکرواکنامک آؤٹ لگ میں کسی بڑی تبدیلی کا رجحان نہیں ہے اور جیسا کہ آئی ایم ایف پروگرام کی ابتدا میں 2020ء کیلئے شرح نمو 2.4% کی پیش گوئی کی گئی تھی وہ اب بھی برقرار ہے۔ آنے والے مہینوں میں افراط زر میں کمی متوقع ہے، اور کرنٹ اکاؤنٹ (سی اے) توقع سے زیادہ تیزی سے ایڈجسٹ ہو رہا ہے۔ تاہم، ملکی اور بین الاقوامی مشکلات ابھی بھی باقی ہیں اور ساختی معاشی مشکلات برقرار ہیں۔

زری محاذ پر، دسمبر میں اوسط افراط زر میں اضافے کی شرح 11.1% تھی، جبکہ یہ شرح پچھلے سال 6.8% تھی۔ بیرونی حالات میں مسلسل نمایاں بہتری نظر آئی جبکہ کرنٹ اکاؤنٹ خسارہ میں مالی سال 2020ء کے ابتدائی چھ ماہ میں نمایاں طور پر کمی دیکھی گئی جو 75% کمی کے ساتھ 2.1 ارب ڈالر کی سطح پر بند ہوا۔ جبکہ اسی عرصے میں گزشتہ مالی سال میں یہی خسارہ 8.6 ارب ڈالر تھا۔ بیرونی اکاؤنٹ میں بہتری کی بنیادی وجہ اچھا پورٹ میں کمی، ترسیلات زر میں اضافہ اور حکومتی بانڈز میں غیر ملکی سرمایہ کاری ہے۔ فارن ریزرو دسمبر 2019ء کے اختتام پر 11.3 ارب ڈالر ہے۔ پاکستانی روپے میں مالی سال 2019ء میں 12% فیصد گراؤٹ دیکھنے میں آئی لیکن 2019ء کی دوسری ششماہی میں روپے کی قدر میں کچھ اضافہ نظر آیا اور شرح تبادلہ سے منسلک غیر یقینی کیفیت میں کمی دیکھی گئی۔ بیرونی مالیاتی خلیج اور افراط زر میں اضافے کا ازالہ کرتے ہوئے، SBP نے اپنی مالیاتی پالیسی کو مزید سخت کیا اور مالیاتی سال 2019ء میں 325 بی پی ایس اور بڑھادیے گئے جبکہ دسمبر 2019ء میں پالیسی ریٹ میں تبدیلی نہیں کی گئی چنانچہ موجودہ پالیسی ریٹ 13.25 پر بند ہوا۔

پاکستانی بینکنگ شعبہ بینکاری کے موزوں سرمائے (CAR) کی شرح 17.1% کے ساتھ مستحکم رہی اور 2019ء کی تیسری سہ ماہی میں سرمائے پر منافع کی شرح (بعد از ٹیکس) (ROE) 10.8% رہی۔ غیر فعال قرضے 2019ء کی تیسری سہ ماہی کے اختتام پر معمولی اضافے کے ساتھ 8.8% ہو گئے (جو مالی سال 2018ء کے اختتام پر 8.0% تھے)۔

مقصد:

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

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

ڈائریکٹرز کی رپورٹ

ہماری حکمت عملی

2019ء میں ہمارے اسٹریٹجک ستونوں پر پیش رفت درج ذیل ہے:

- اپنے نیٹ ورک کا بہترین استعمال
ہم اپنے انٹرنیشنل نیٹ ورک کو بروئے کار لاتے ہوئے جدت طراز سلسلہ، پروڈکٹ اسپیشلائزیشن اور اسٹریٹجک ڈیپٹنگ کے ذریعے ملٹی نیشنل اور سی پیک کلائنٹس پر توجہ مرکوز کیے ہوئے ہیں۔
- ڈیجیٹل ارتقاء اور ترقی
ہم نے 2019ء کی دوسری سہ ماہی میں اپنے ایس سی مو بائل ایپلیکیشن پر QR پر مبنی ادائیگی کا آغاز کر دیا۔ اس کے علاوہ ہمارے ڈیجیٹل ٹرانزیکشن مکس میں شامل ایس سی مو بائل ایپلیکیشن کے کسٹمرز کی تعداد میں مسلسل اضافہ ہو رہا ہے۔
- پیداواری صلاحیت میں بہتری
ہم اپنے برانچ فٹ پرنٹ (نقش یا) کو منظم کرتے ہوئے کلائنٹس کی ضروریات کے مطابق ڈیجیٹل صلاحیتوں میں سرمایہ کاری کر رہے ہیں۔ پیداواری صلاحیت میں اضافے کے بڑھتے رجحان کی وجہ سے بلند شرح نمو اور لاگت میں کمی کا حصول ممکن ہو سکا اور ہم نے انڈسٹری میں بہترین CASA مکس حاصل کیا ہے۔
- متمول کاروبار میں اضافہ
ہم نے 2019ء کی چوتھی سہ ماہی میں پرییم سگمنٹ کا آغاز کیا تاکہ اُبھرتے ہوئے متمول طبقے سے حاصل آمدنی کو متحرک کریں جو کہ مستقبل میں پرائیوریٹی سگمنٹ کی بنیاد بنے۔
- منافع جات میں بہتری:
ہم سرمائے پر منافع میں اضافے کے ساتھ اور کوسٹ ٹو انکم یعنی اخراجات بہ تناسب آمدن (cost to income ratio) میں بہتری لارہے ہیں۔ مالیاتی نتائج اگلے حصے میں تفصیل سے درج ہیں۔

عملی نتائج (آپریٹنگ نتائج) اور کاروباری جائزہ:

31 دسمبر 2018 (ملین روپے)	31 دسمبر 2019 (ملین روپے)	
38,716	38,716	بیلنس شیٹ
67,238	72,917	ادا کردہ سرمایہ
424,899	465,629	کل ایکویٹی
187,162	235,269	ڈپازٹس (جمع شدہ رقوم)
169,544	218,087	قرضہ جات - مجموعی
279,066	249,164	قرضہ جات - خالص
		سرمایہ کاری - خالص
		نفع و نقصان
28,518	39,076	آمدنی
10,887	11,129	انتظامی اخراجات
403	765	دیگر نان مارک آپ اخراجات
17,228	27,182	کاروباری منافع (غیر فعال مالیات اور سرمایہ کاری کے عموماً نقصان اور ٹیکس سے قبل)
1,219	17	خالص وصولیاں (قرضہ جات پر ممکنہ خسارہ)
18,447	27,199	قبل از ٹیکس منافع
11,239	16,017	بعد از ٹیکس منافع
2.90	4.14	فی حصص آمدن (EPS) - روپیہ

بینک نے 2019ء میں بہترین کارکردگی کا مظاہرہ کیا اور 27.2 ارب روپے کا قبل از ٹیکس منافع کمایا جو کہ پچھلے سال کے مقابلے میں %47 زیادہ ہے اور بینک کی قیام سے لے کر اب تک کا بلند ترین منافع ہے۔ رواں سال کے دوران بینک کی مجموعی آمدن میں %37 اور محصولات صارف میں %31 کا اضافہ ہوا اور ٹرانزیکشن بینکنگ، مالیاتی مارکیٹس اور ریٹیل پروڈکٹس نے نمایاں کارکردگی دکھائی۔ انتظامی

ڈائریکٹرز کی رپورٹ

اخراجات میں سال بہ سال صرف 2% اضافہ دیکھا گیا جو بینک کی پروڈکٹس، خدمات، افراد اور فرنیچر میں سرمایہ کاری کا مظہر ہے۔

تمام کاروبار میں بنیادی محرکات میں مستحکم ترقی اور نمو کے ساتھ صارف کی آمدن کی رفتار مثبت رہی۔ ایڈوانسز (نیٹ) میں سال کے آغاز سے 29% کا اضافہ دیکھا گیا۔ یہ بامناہج، اعلیٰ معیاری اور پائیدار پورٹ فولیو کی تعمیر کی غرض سے ایک باہد حکمت عملی کا نتیجہ تھا۔ پروڈکٹس کے متنوع اساس کے ساتھ بینک اپنے صارفین کی ضروریات کی تکمیل کیلئے پوری طرح آراستہ ہے۔

لائسنس (واجبات) کے پہلو سے، بینک کے کل ڈپازٹس میں 10% اضافہ ہوا، جبکہ سال کے آغاز سے کرنٹ اکاؤنٹ اور سیویگ اکاؤنٹس 8% کی شرح سے بڑھے اور اب ڈپازٹس میں 93% ہیں۔ ٹیلنس شیٹ کا آہٹل فنڈنگ اسٹرکچر بینک کی کارکردگی کو مسلسل مدد فراہم کر رہا ہے۔

2019ء کے دوران، بینک نے ڈائریکٹ انکم ٹیکس، بطور فیڈرل بورڈ آف ریونیو (FBR) کے ایجنٹ اور FED / صوبائی سیکرٹریٹس کی مدد میں قومی خزانے میں 18.6 ارب روپے جمع کروائے۔

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

معاشی منظر نامہ:

یہ نتائج ہمارے عزم اور مستحکم کارکردگی کی تریل کی عکاسی کرتے ہیں۔ اپنی انضبات اور اختیارات کے ڈھانچے کو مضبوط کرنے کے بعد ہم آمدنی میں اضافے کی اہمیت کو سمجھتے ہوئے، اخراجات میں احتیاط اور معاشی خطرات سے نمٹنے کی صلاحیت رکھتے ہیں۔ اقتصادی ماحول کے خطرات کو مد نظر رکھتے ہوئے ہم ثابت قدم ہیں کہ ہم اپنی کارکردگی کو بہتر کریں گے اور ساتھ ہی صارفین کی ضروریات کو اپنے عمل میں ترجیح دیں گے۔

سالانہ بیرونی آڈٹ:

اسٹینڈرڈ چارٹرڈ بینک پاکستان لمیٹڈ کے کھاتہ جات کا آڈٹ بینک کے آڈیٹر کے پی ایم جی تاثیر ہادی اینڈ کو، چارٹرڈ اکاؤنٹنٹس نے کیا اور بغیر کسی اختلاف پہ مبنی رپورٹ پیش کی۔

کریڈٹ ریٹنگ:

2019ء میں پاکستان کریڈٹ ریٹنگ ایجنسی (PACRA) نے بینک کی باآرتیب 'AAA' (ٹرپل اے) اور 'A1+' (اے ون پلس) طویل مدتی اور قلیل مدتی درجہ بندی کو برقرار رکھا ہے۔ یہ درجہ بندیاں مالیاتی وعدوں کے بروقت ادا کیلئے مستحکم صلاحیت کا اظہار کرتی ہیں۔

سماجی استحکام:

پاکستان کے 11 شہروں میں 61 شاخوں پر مشتمل ملک کے سب سے بڑے بین الاقوامی بینک کی حیثیت سے اسٹینڈرڈ چارٹرڈ پاکستان کے مالی استحکام میں ایک لازمی جزو کی حیثیت رکھتا ہے۔ اپنے اسی استحکام اور معاشی امور میں سرمائے کے استعمال کے ذریعے بینک نے معاشی حوالے سے اپنے پُر خلوص عزم کا اظہار کیا ہے۔ ہم بہتر حکمت عملی کی مدد سے اپنے بزنس، سماج، حکومت اور صارفین کے ساتھ مضبوط تعلقات استوار کرنے کے خواہاں ہیں۔

ایک نئے دارکینی نے طور پر بینک نے اپنے کمیونٹی پروگرامز کے ذریعے ملازمین کے 550 رضا کارانہ ایام کے ساتھ لوگوں کی زندگیوں کو بدلنے کے تسلسل کو جاری رکھا ہے۔ عالمی طور پر اسٹینڈرڈ چارٹرڈ بینک "سینک ایڈیوٹنگ" (SiB) کیلئے قابل گریز ناپینا پن اور بصارت کی معذوری کے ازالے کی غرض سے بینک نے 100 ملین ڈالر کا ٹارگٹ دو سال پہلے ہی حاصل کر لیا ہے۔ پاکستان میں SiB کا سفر واقعی متاثر کن ہے جس سے 12 ملین سے زائد افراد مستفید ہو رہے ہیں۔ ہم نے 500,000 سے زائد بینائی کی بحالی کی سر جریز میں مدد کی ہے اور آنکھوں کی انعطافی غلطیوں کیلئے 85,000 لیڈی ہیلتھ ورکرز کو تربیت دی ہے اور 1.5 ملین سے زائد بچوں کی اسکریننگ کر چکے ہیں۔ بینک نے کراچی اور لاہور میں موجود اپنے کال سینٹرز میں بصارت سے محروم 24 لوگوں کو ملازمت بھی فراہم کی ہے۔

بینک اپنے پائرز سائنٹ سیورز اور لیٹن رحمت اللہ بیٹو لنٹ ٹرسٹ (LRBT) کے ذریعے ڈائریکٹ ریٹنگ ایجنسی اور موسی سے متاثرہ خواتین کے علاج کیلئے کراچی، لاہور، اسلام آباد، مانسہرہ، ہری پور، سوات اور صوابی میں جون 2020ء تک اپنے منصوبے جاری رکھے گا۔

ڈائریکٹرز کی رپورٹ

2019ء میں بینک نے اپنے نئی کمیونٹی انویسٹمنٹ اسٹریٹیجی 'فیوچر میکرز ہائی اسٹیٹنڈرڈ چارٹرڈ' کا آغاز کر دیا ہے جس کے ذریعے آئندہ نسل کو سیکھنے، کمانے اور آگے بڑھنے کیلئے بااختیار بنایا جا رہا ہے۔ یہ حکمت عملی ہماری مارکیٹس میں سماجی اور معاشی ناہمواریوں کو مدنظر رکھتے ہوئے ترتیب دی گئی ہے۔ عالمی سطح پر نوجوانوں کیلئے محدود مواقع کی وجہ سے 200 ملین نوجوان یا تو بے روزگار ہیں یا پھر کم آمدن کی وجہ سے غربت کی زندگی گزارنے پر مجبور ہیں۔ فیوچر میکرز کا مقصد عدم مساوات و برابری کے مسئلے کا ازالہ کرنا ہے اور وسیع تر معاشی شمولیت کو فروغ دینا ہے۔ اس حکمت عملی کے ذریعے ہم بینک کی منفرد مہارتوں کے استعمال کے خواہشمند ہیں اور چاہتے ہیں کہ ہمارے ملازمین اپنی مہارتوں کا تبادلہ کریں اور نوجوانوں کی صلاحیتوں کی تشکیل و تعمیر کریں تاکہ وہ ملازمت تک رسائی حاصل کر سکیں اور معاشی مواقع پائیں جس سے عدم مساوات کی خلیج کو کم کرنے میں مدد ملے گی۔

ہم خاص طور پر کم آمدن والی اُمور خاندان دار خواتین، لڑکیوں اور بصارت سے محروم افراد اور پسماندہ نوجوانوں کی اعانت پر توجہ مرکوز رکھیں گے تاکہ وہ تعلیم کے حصول، قابل ملازمت ہونے اور کاروباری فرد بننے کے پروگرامز میں حصہ لیں۔ فیوچر میکرز ہمارے موجودہ کمیونٹی پروگرامز کی کامیابی کا تسلسل ہے۔ ہمارے جاری پروگرامز میں سے کئی فیوچر میکرز پروگرام میں بھی شامل ہیں۔ مثلاً:

- بینک 'گول' کو توسیع دے گا، یہ اسٹیٹنڈرڈ چارٹرڈ کا لڑکیوں کی تعلیم کا موجودہ پروگرام ہے۔ پاکستان میں گول کا آغاز کراچی میں 2016ء میں ہوا تھا اور یہ 11,000 لڑکیوں تک پہنچ چکا ہے۔ فی الوقت یہ پروگرام کراچی اور اسلام آباد میں 26 اسکولز میں پوری سرگرمی سے چلا یا جا رہا ہے۔
- بینک تمام پروگرامز میں فنانشل ایجوکیشن کو شامل کرے گا۔ پاکستان میں اسٹیٹنڈرڈ چارٹرڈ نے "فیوچر گول" کے طور پر ایک قدم اٹھا یا ہے جس کے ذریعے ملازمین اپنے قیمتی وقت کو رضا کارانہ طور پر پیش کرتے ہیں تاکہ گول گولز کو مالیاتی خواندگی فراہم کریں۔ پچھلے سال 100 سے زائد ملازمین کی طرف سے 1,000 سے زائد لڑکیوں کو مالیاتی تعلیم دی گئی۔
- بینک قابل ملازمت ہونے اور کاروباری بننے میں نئے گولز کمیونٹی پروگرامز کی تشکیل کرے گا۔ 2019ء میں، اسٹیٹنڈرڈ چارٹرڈ نے پاکستان میں رہنمائی، تربیت کی فراہمی کے مقصد سے ایس سی ویمن این ٹیک کا آغاز کیا اور 5 خواتین کی قیادت میں کاروباری کاوشوں کی اعانت کیلئے 10,000 ڈالر تک کی فنڈنگ کا آغاز کیا ہے۔

اسٹیٹنڈرڈ چارٹرڈ نے فیوچر میکرز پروگرامز کیلئے ایک فنڈ ریزنگ ٹارگٹ بھی ترتیب دیا ہے۔ 2019ء سے 2023ء کے درمیان ہمارا ارادہ ہے کہ ہم عالمی سطح پر 500 ملین ڈالر (بڈ ریہ فنڈ ریزنگ اور بینک میچنگ) حاصل کر لیں تاکہ آئندہ نسل کو سیکھنے، کمانے اور آگے بڑھنے کیلئے بااختیار بنایا جائے۔ پاکستان میں جو فنڈ مقامی طور پر اکٹھا ہوگا وہ ملک کے اندر گول، رائٹ ٹو پلے کیلئے خرچ کیا جائے گا۔

گرین بیکاری اقدامات

ہم ایک پائیدار اور معقول طور سے معاشی اور سماجی ترقی کے فروغ کیلئے پرعزم ہیں۔ اس کا مطلب ہے کہ ہم ایک ذمے دارانہ طرز عمل کا مظاہرہ کرتے ہوئے لوگوں اور اداروں کو کامیاب کرنے کیلئے کوشاں ہیں۔

ہمارا ہر قدم اپنے برانڈ پر موم سے رہنمائی حاصل کرتا ہے۔ ہیز فار گڈ ہماری منفرد سوچ کی عکاسی کی کرتا ہے۔ ہمارے کام کرنے کے بنیادی طور طریقوں کو مکمل طور پر ہماری اقدامات سے جوڑنے کیلئے ہم نے مفضل پالیسی فریم ورکس اور پوزیشن اسٹیٹمنٹس کا مجموعہ تشکیل دیا ہے۔ اپنے ماحولیاتی اور سماجی معیارات کو برقرار رکھنے میں مدد کی غرض سے ہم ان پوزیشن اسٹیٹمنٹس کو استعمال کرتے ہیں تاکہ اس بات کا اندازہ کریں کہ آیا اپنے کلائنٹس کو جو فنانشل سروسز پیش کرتے ہیں وہ ہمارے اقدار سے مطابقت رکھتے ہوں۔ یہ وعدے ہر شے پر اثر انداز ہوتے ہیں جیسا کہ سپلائرز کا حصول اور یو این (اقوام متحدہ) کے سسٹینیبیل ڈیولپمنٹ گولز (ایس ڈی جیز) کی بجا آوری۔

ہمارے انوائرنمنٹل اینڈ سوشل رسک مینجمنٹ اسٹیٹنڈرڈ کا مقصد ماحولیاتی اور سماجی (ای اینڈ ایس) خطرات اور ہمارے کلائنٹس سے روابط کے ساتھ جڑے اثرات کی نشاندہی، تخمینہ کاری اور نظم کاری کی مستقل سوچ فراہم کرنا ہے۔ جس میں ماحولیاتی اور سماجی خطرات سے جڑی ٹرائزیشن کی مؤثر اور بھرپور نگرانی بھی شامل ہے۔

ماحول کا تحفظ ہماری اقدار کا اہم جزو ہے۔ بینک متعلقہ تمام ماحولیاتی ضوابط کی پاسداری کیلئے پرعزم ہے اپنی ماحولیاتی ذمے داریوں کی تکمیل کیلئے بہترین طور طریقے اپنارہا ہے۔ اس سلسلے میں بینک کی جانب سے لیے گئے کلیدی اقدامات کی فہرست درج ذیل ہے:

- منتخب مقامات پر سولر پینل کی تنصیب تاکہ قابل تجدید توانائی کو فروغ دیا جائے
- لاگت بیک اپ یو پی ایس سسٹمز کا آغاز تاکہ جزیئرز کے استعمال میں کمی لائی جاسکے
- ایئر کون مانیٹرنگ سسٹم کا استعمال تاکہ اسپلٹ اے سیز کا تھر مو اسٹیٹ مرکزی طور پر کنٹرول ہو سکے
- لائف سائیکل ریپلیسمنٹ کے تحت تمام کوششیں اے سیز کو انورٹا پ اے سیز سے تبدیل کیا جا رہا ہے
- روایتی لائٹنگ انتظامات سے کم انرجی خرچ کرنے والے ای ایل ای ڈیز پر منتقلی
- جزیئرز کے ماحولیاتی اخراج کی جانچ کا انعقاد تاکہ کلین آپریشنز کو یقینی بنایا جائے

ڈائریکٹرز کی رپورٹ

- میٹر بل سیفٹی ڈیٹا شیٹ (ایم ایس ڈی ایس) موافق پروڈکٹس کا جنٹیلو ریل/فیوٹیکیشن سروسز میں استعمال اور اے سیز کیلئے ماحول دوست ریفریجریٹ گیس کا استعمال
- فضلے کی ریسیکلنگ کی حوصلہ افزائی
- پیپر پرنٹ کی حوصلہ شکنی اور پرنٹرز کی دوطرفہ پرنٹنگ کی ڈیٹا شیٹ
- پلاسٹک کے استعمال کی حوصلہ شکنی
- ماحولیاتی اقدامات کی اعانت کیلئے بینک نے ایم پی آئی وائٹنبرگ پالیسی کے تحت اپنے ملازمین کو مجموعی طور پر 199 ایام کی رخصت فراہم کی

ایسٹیمینٹ (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019ء (دی کوڈ) کے ساتھ مطابقت کا بیان:

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

اسٹیٹمنٹس برائے اندرونی انضباط اور خطرات سے نمٹنے کا ڈھانچہ:

اسٹیٹمنٹرز چارٹرڈ بینک (پاکستان) لمیٹڈ کی انتظامیہ موزوں انٹرنل کنٹرول اور طریقہ کار کے نظام کو قائم کرنے اور برقرار رکھنے کی ذمہ دار ہے۔ انٹرنل کنٹرول اور رسک مینجمنٹ فریم ورک سے متعلق انتظامیہ کے بیانات سالانہ رپورٹ کا حصہ ہیں۔ مجموعی انٹرنل کنٹرولز، بشمول انٹرنل کنٹرول اور فنانشل رپورٹنگ (آئی سی ایف آر) جیسا کہ انٹرنل کنٹرولز اور رسک مینجمنٹ کی تشخیصی واندازے کی تصدیق بینک کا بورڈ کرتا ہے۔

بورڈ اور اس کی کمیٹی کے اجلاس:

بورڈ اور اس کی کمیٹی کے اجلاس کے انعقاد اور حاضری کی تفصیلات جس میں ڈائریکٹرز/ممبرز نے شرکت کی وہ درج ذیل ہے:

2019 کے دوران بورڈ آف ڈائریکٹرز (بورڈ) کے چھ، بورڈ آڈٹ کمیٹی ("BAC") کے پانچ، بورڈ چیومن ریورس اینڈ ریویویشن کمیٹی ("RemCo") کے پانچ اور بورڈ رسک کمیٹی ("BRC") کے چار اجلاس منعقد کیے گئے۔ ہر ڈائریکٹر/ممبر کی حاضری درج ذیل رہی:

نمبر شمار	ڈائریکٹرز کا نام		بورڈ کے اجلاس		بی اے سی کے اجلاس		ریسک کے اجلاس		بی آرسی کے اجلاس	
	حاضر	ممبر	حاضر	ممبر	حاضر	ممبر	حاضر	ممبر	حاضر	ممبر
	سال کے دوران منعقد ہونے والے اجلاس		6		5		5		4	
1	✓		6	✓	-	-	-	-	-	-
2	✓		6	✓	-	-	-	-	4	✓
3	✓		6	✓	-	-	5	✓	-	-
4	✓		6	✓	4	✓	-	-	4	✓
5	✓		5	✓	4	✓	4	✓	-	-
6	✓		6	✓	5	✓	5	✓	-	-
7	✓		2	✓	-	-	-	-	1	✓

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

² 24 ستمبر 2019ء کو واپس ہوئے۔

بورڈ آف ڈائریکٹرز میں تبدیلیاں:

بینک کے دو نان-ایگزیکٹو ڈائریکٹرز، جناب فرڈیننڈ پیٹرس اور جناب محمد عبدالباری نے مستعفی ہونے کا فیصلہ کر لیا ہے اور ان کے استعفیہ وصول ہو چکے ہیں جنہیں بورڈ کی جانب سے قبول کر لیا گیا ہے جو کہ یکم مارچ 2020ء اور 123 اپریل 2020ء سے بالترتیب مؤثر ہو جائیں گے۔ بورڈ نے جناب محمد عبدالرازق کو جناب پیٹرس کا متبادل مقرر کیا ہے جو اسٹیٹ بینک کی اجازت اور دیگر ضروری کارروائیوں کی تکمیل پر منحصر ہے، جبکہ جناب عبدالباری کیلئے متبادل کی تقرری کچھ عرصے میں ہو جائے گی۔ بورڈ نے جناب پیٹرس اور جناب عبدالباری کی گرانفدر اعانت اور خدمات کو خراج تحسین پیش کیا جو انھوں نے اس بورڈ پر اپنی مدت کے دوران پیش کیں۔

ڈائریکٹرز کی رپورٹ

ڈائریکٹرز کی مراعات:

- بینک نے اسٹیٹ بینک آف پاکستان کے بی پی آر ڈی سرکلر نمبر 3 برطابق 2019ء کے احکامات کے تحت ڈائریکٹرز کے مشاہیرے پر موجود پالیسی میں ترمیم کر دی ہے۔ پالیسی کی کلیدی خصوصیات یہ ہیں:
- ڈائریکٹرز کی فیسز کا تعین فرانس، وقت کی پابندی اور خدمات کا آئینہ دار ہوگا جو کہ اہل ڈائریکٹرز سے متوقع ہوں گی اور انتہائی اعلیٰ صلاحیتوں کے افراد کو ترغیب و کشش کیلئے مستعد ہوں گی اور مقامی مارکیٹ کے مقابلے میں بیچ مارک ہوں گی۔
- بینک کے آزادانہ ایگزیکٹو ڈائریکٹرز کے ساتھ ساتھ نان ایگزیکٹو ڈائریکٹرز (جو گروپ کے ملازمین نہیں ہیں) وہ بورڈ کے اجلاس میں حاضری کیلئے مینٹنگ فیس حاصل کرنے کیلئے اہل ہوں گے۔ اس کی کمیٹی (ز) اور شیئر ہولڈرز اور بورڈ کے چیئر پرسن کا آفس رکھنے کیلئے اور اس کی کمیٹی (ز) کے بھی اہل ہوں گے۔
- اہل ڈائریکٹرز کیلئے ٹریولنگ اور لاجنگ اخراجات جو بورڈ کے اجلاس میں شریک ہوتے ہیں یا اس کی کمیٹی (ز) یا شیئر ہولڈرز کے اجلاس میں شریک ہوتے ہیں بینک کی جانب سے برداشت کیے جائیں گے۔
- فیس اسٹریکچر اور فیس کی مقدار کا ہر دو سال بعد جائزہ لیا جائے گا۔ اس کی کوئی ترمیم، بورڈ کے ساتھ ساتھ شیئر ہولڈرز کی جانب سے بھی منظور کی جائے گی (پہلے یا بعد کی بنیاد پر) اور اس پالیسی کے جزوی تشکیل کرے گا۔

بورڈ کی جانچ اور تجزیہ:

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

شیئر/ اسٹاک بروکر بیج میں لین دین:

ڈائریکٹرز، چیف ایگزیکٹو آفیسر، چیف فنانشل آفیسر، ہیڈ آف اینٹرنل آڈٹ اور کمیٹی سیکریٹری تصدیق کر چکے ہیں کہ نہ وہ اور نہ ہی ان کے شریک حیات اسٹاک بروکر بیج کے کاروبار میں ملوث رہے ہیں۔ مزید یہ کہ ڈائریکٹرز، اہم ایگزیکٹو اور ان کے شریک حیات/ چھوٹے بچوں کی جانب سے اس سال کے دوران جیسا کہ ان کی جانب سے تصدیق کر دی گئی ہے بینک کے شیئرز میں کوئی لین دین نہیں کیا گیا ہے۔

شیئر ہولڈنگ کا انداز:

پیٹرن آف شیئر ہولڈنگ سالانہ رپورٹ کا حصہ ہے۔ 31 دسمبر 2019ء کو، اسٹیٹرزڈ چارٹرڈ بینک، UK (ہولڈنگ کمپنی) کے پاس SCBPL کے 98.99% شیئرز تھے۔ ڈائریکٹرز، چیف ایگزیکٹو آفیسر، اور دیگر اہم ایگزیکٹو اس بینک کے شیئرز (حصص) میں کوئی دلچسپی نہیں رکھتے، سوائے اس کے جو اس پیٹرن آف شیئر ہولڈنگ میں ظاہر کر دیے گئے ہیں۔

پروویڈنٹ، گریجویٹ اور پنشن فنڈز کی انویسٹمنٹس کا بیان:

انویسٹمنٹس کی مالیت بشمول پروویڈنٹ اور گریجویٹ فنڈز کی جمع شدہ آمدن 31 دسمبر 2019ء کے غیر آڈٹ شدہ اکاؤنٹس کی بنیاد پر درج ذیل ہیں:

000 روپے	پروویڈنٹ فنڈ
2,558,295	مینیجمنٹ اسٹاف گریجویٹ فنڈ
1,582,917	نان - مینیجمنٹ اسٹاف گریجویٹ فنڈ
120,198	مینیجمنٹ اسٹاف پنشن فنڈ
54,896	نان - مینیجمنٹ اسٹاف پنشن فنڈ
55,263	

ڈویڈنڈ (منافع منقسمہ):

17.5% کا حتمی نقد ڈویڈنڈ (1.75 روپے فی شیئر) بورڈ آف ڈائریکٹرز کی جانب سے بینک کے شیئر ہولڈرز کے 14 ویں سالانہ اجلاس عام میں منظوری کیلئے تجویز کیا گیا ہے۔ یہ اس سال کے دوران اعلان کردہ/ ادا شدہ 12.5% (1.25 روپے فی شیئر) عبوری نقد ڈویڈنڈ کے علاوہ ہے۔

ڈائریکٹرز کی رپورٹ

ایکسٹرنل آڈٹرز

موجودہ آڈیٹرز کے پی ایم جی (KPMG) تاثیر ہادی اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کے 14 ویں سالانہ اجلاس عام کے اختتام پر سبکدوش ہو جائیں گے۔ اسٹیٹڈ چارٹرڈ گروپ نے میسرز کے پی ایم جی ایل ایل پی (KPMG LLP) کی جگہ میسرز ارنسٹ اینڈ یونگ ایل ایل پی (Ernst & Young LLP) کو گروپ کے قانونی آڈیٹ کے طور پر مقرر کیا ہے، اس کے پیش نظر بینک کے بورڈ آف ڈائریکٹرز، بورڈ آف آڈٹ کمیٹی کی سفارش پر میسرز ای وائی فورڈ رھوڈز (EY Ford Rhodes)، چارٹرڈ اکاؤنٹنٹس کی تجویز دے چکے ہیں (یہ ارنسٹ اینڈ یونگ گلوبل لمیٹڈ (Ernst & Young Global Limited) کی ایک ممبر فرم ہے جو ایک برطانوی گارنٹی کمپنی لمیٹڈ ہے) جسے سبکدوش ہونے والے آڈیٹرز کی جگہ 31 دسمبر 2020ء کو اختتام پذیر ہونے والے سال کیلئے بینک کا قانونی آڈیٹ مقرر کیا جائے گا۔

آڈیٹرز کی تجویز کردہ فرم نے توثیق کر دی ہے کہ انھیں کو الٹی کنٹرول ریویو پروگرام آف دی انسٹیٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان (آئی سی اے پی) کے تحت ایک اطمینان بخش درجہ بندی دی گئی ہے، اور یہ کہ فرم اور ان کے تمام پارٹنرز کو ڈی آف آڈٹس گائیڈ لائنز سے جیسا کہ آئی سی اے پی کی جانب سے اختیار کیا گیا ہے سے موافقت رکھتے ہیں اور تمام لاگو قوانین کے تحت تفریقی کیلئے شرائط کی تکمیل کرتے رہیں۔ آڈیٹرز کی تجویز کردہ فرم آڈٹ اور سائٹ بورڈ (آپریٹرز) ریگولیشنز 2018ء کی شرائط پر بھی پوری اترتی ہے۔

جیسا کہ آڈٹ فیس کا تعین منظوری کے مراحل میں ہے، بورڈ آف ڈائریکٹرز نے بورڈ آڈٹ کمیٹی کی سفارش پر بورڈ آف کمیٹی کو اختیار دیا ہے کہ سال 2020ء کیلئے آڈٹ فیس کے تعین کیلئے مذاکرات کریں۔ آڈٹ فیس کا اطلاق بورڈ کی منظوری سے ہوگا۔

بینک کی اختتامیہ اور بورڈ کی طرف سے ہم سبکدوش ہونے والے آڈیٹرز کا شکریہ ادا کرتے ہیں اور ان کی تفریقی کے دورانیے میں ان کی جانب سے خدمات اور اعانت کو سراہتے ہیں۔

سائنس و اعتراف

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

منجانب بورڈ

شہزاد ادا

چیف ایگزیکٹو آفیسر

ایمن براؤن

چیئرمین

کراچی: 27 فروری 2020ء

Management's Statements on Internal Controls and Risk Management Framework

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

Internal Controls

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

Update and review of ICFR system for the year 2019 as per SBP Guidelines on Internal Controls has been successfully completed and the Annual Assessment Report for the year 2019 will be submitted to the SBP within the stipulated time. SCBPL is fully committed to making continuous efforts to improve the internal control system during 2020.

Enterprise Risk Management Framework

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

Management's Statements on Internal Controls and Risk Management Framework

- Risk Culture: A healthy risk culture to identify and assess current and future risks, to openly discuss and take prompt actions.
- Strategic Risk Management: The approach followed by the Bank ensures that the strategy and corporate plans are aligned with the Bank's risk framework and risk appetite.
- Principal Risks: There are ten principal risks which are managed through distinct Risk Type Frameworks ('RTFs'). These include Credit, Traded, Capital & Liquidity, Operational, Country, Reputational, Compliance, Conduct, Information & Cyber Security and Financial Crime risk. These risks are embedded in the bank's strategy and business models. Recently, the Bank has also categorized Model Risk as a principal risk, and the framework is being developed.
- Risk Appetite: The Bank reviews and sets its risk appetite annually through a structured process. Risk appetite determines the maximum amount of risk the Bank is willing to assume in pursuit of its strategy while remaining within its risk capacity.
- Role and Responsibilities: The framework also defines the responsibilities of the first line, second line and the third line for effective internal control.

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

ERC is chaired by the Country Chief Risk Officer ('CCRO'), through authority delegated by the Board via the Bank's EXCO. The overall responsibility to ensure that the risks are managed adequately, rests with the CCRO through the oversight function. The CCRO is supported by a team of competent and experienced managers, including Senior Credit Officer responsible for credit risk in Corporate / Commercial and Investment Banking ('CCIB') businesses, Country Credit Head – Retail Banking responsible for credit risk management of Retail Banking including Collections and Recoveries, Head of Group Special Assets Management responsible for management of non-performing accounts, Head of Fraud Risk Management Unit responsible for fraud detection and management of Retail Portfolio, Head of Market and Liquidity Risk unit responsible for risks associated with price movements, changes in interest rates, exchange rate movements, capital adequacy etc. CCRO also holds the role of Country Head of Operational Risk and is responsible for the management of bank wide operational risk through a dedicated Operational Risk team. The Bank has established policies, procedures, standards, product programs etc. and has provided the Risk team adequate support by way of systems and tools for identification, measurement, monitoring, controlling and reporting of all types of risks.

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

Credit Risk

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

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

Individual credit authorities are delegated by Board to relevant approvers while any approvals beyond individual delegated authority are approved by Approvals Committee chaired by the CCRO.

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

Lending to counterparties is subject to a robust credit assessment that includes an evaluation of the client's credit quality including willingness, ability and capacity to pay. A suitability and appropriateness assessment is completed for all counterparties to ensure only credit products / facilities which are appropriate to the nature and scale of the counterparty's business are provided. The unsecured credit risk decision framework is in place to support the delivery of optimum risk adjusted returns with controlled volatility and within overall risk appetite. Furthermore, the scores cards and decision engines are also used to support the implementation of credit risk decision strategy for the Retail Credit Portfolio.

Management's Statements on Internal Controls and Risk Management Framework

The Credit Risk Framework reinforces clear accountability and roles for managing risk through the Three Lines of Defense model. The business lines and functions engaged in or supporting revenue generating activities constitute the first line of defense who are accountable for embedding the credit risk approach. The Credit Risk function is the second line control function that approves credit and performs independent challenge, monitoring and oversight of the credit risk management practices. The first and second lines of defense are supported by the organization structure, job descriptions and delegated authorities.

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

Credit Documentation Team is responsible to carry out Business Credit Application (BCA) Review, Documentation Preparation and Checking, Issuance of Security Compliance Certificate (SCC), Monitoring of Documents and Circulation of credit related reports including Early Alert Accounts.

Traded Risk

The Bank has recently adopted the Traded Risk Type Framework which sets out the overall risk management approach for Traded Risk. Traded Risk is defined as: "Potential for loss resulting from activities undertaken by the Group in financial markets".

Under the Traded Risk Type Framework, the Bank recognizes three risk subtypes:

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

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

In addition to VaR and other market risk limits, independent stress testing of portfolios, factor sensitivity measures and derivatives are also employed as additional risk management tools to manage and hedge market risk exposures. VaR is the main limit that is being applied by the bank along with other supporting price risk limits. Interest Rate Risk is controlled via PV01 limits which are set on Net as well as Gross basis across various tenors and at currency level. Additionally, curve tenor limits are applied to contain the interest rate risk exposure going beyond certain tenors. PV01 strip is then applied to the historical scenarios i.e. Risk factors over the last 260 days to derive the NPV distribution which is then used to determine VaR and Stress VaR

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

Capital & Liquidity Risk

Capital risk is the potential for insufficient level or composition of capital to support bank's activities. Capital risk appetite is split into stress risk appetite and business-as-usual risk appetite metrics. The Bank manages its demand for capital by regular monitoring of capital requirements and asset exposures. The Bank's ALCO monitors Risk Weighted Assets (RWA) growth and provides guidance for RWA management, capital structure and maintenance of capital adequacy ratio.

Liquidity and Funding Risk is the risk that Bank may not have sufficient stable or diverse sources of funding or financial resources to meet obligations as they fall due.

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

Management's Statements on Internal Controls and Risk Management Framework

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

"Interest Rate Risk in the Banking Book" is the potential for a reduction in earnings or economic value due to movements in interest rates on banking book assets, liabilities and off-balance sheet items. This risk arises from differences in the re-pricing profile, interest rate basis, and optionality of these exposures.

Liquidity, Capital & Interest Rate Risk in the banking book is governed by Capital & Liquidity Risk Type Framework. ALCO, chaired by CEO, is responsible for ensuring that all these risks are managed effectively.

Operational Risk

Operational risk is the potential for loss resulting from inadequate or failed internal processes and systems, human error, or from impact of external events (including legal risks). Operational risk is inherent in the Bank's activities and as with the other risk types is managed through an overall framework with checks and balances that includes recognized ownership of the risk by the businesses, independent risk management oversight and an independent review by the Group Internal Audit.

The Operational Risk Type Framework (ORTF) sets out the approach for management of operational risk as well as the roles and responsibilities of the various stakeholders. In accordance with the framework, business segments and functions are accountable for the day to day management of business activities and to manage the operational risks that arises from these activities. The independent risk management and Subject Matter Experts challenge, guide, and provide oversight over the business activities. Existing and future levels of Operational Risk must be maintained within the approved Risk Appetite of the Bank.

The bank has a system in place, namely Enterprise Operational Risk Platform (EORP), that is utilized for the recording of operational losses, monitoring of controls, risks and associated mitigating actions pertinent to operational risk.

The ERC has oversight function over operational risk. The committee has the authority to take a view on the significance of risks and to direct appropriate actions. Depending on the significance of risks, the issues are tabled at ERC.

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

Additionally, the ORTF sets out approach for managing models to mitigate Pension risk. Pension risk is the potential for loss that surfaces from having to meet an actuarially-assessed shortfall in the Bank's defined-benefit pension schemes. The pension obligation risk to a bank arises from its contractual or other liabilities to, or related to, an occupational pension scheme. In other words, it represents the risk that additional contributions will need to be made to a pension scheme because of a future shortfall in the funding of the scheme.

The Bank assesses and monitors the assets and liabilities within the defined-benefit scheme, with support from independent actuarial advisers. Actuarial methodologies are used for determining the present values of the assets and liabilities of the defined-benefit scheme. The assumptions used account for the projected trends in the salaries, turnover and mortality of the membership.

Reputational Risk

Reputational Risk is defined as the "potential for damage to the franchise, resulting in loss of earnings or adverse impact on market capitalization, because of stakeholders taking a negative view of the organization, its actions or inactions – leading stakeholders to change their behavior".

The CEO or relevant Business Head along with relationship managers, process owners and credit approvers are responsible to ensure that reputational risks identified in relation to clients, transactions, products and strategic coverage are assessed and accepted in line with Reputational Risk Framework.

Where the Reputational Risk derives mostly as an outcome of another Principal Risk, the respective Framework Owners are responsible for the management of Reputational Risk.

At the country level, the CCRO provides independent oversight and challenge on matters related to Reputational Risk.

Management's Statements on Internal Controls and Risk Management Framework

Country Risk

Country Risk is the “potential for losses due to political or economic events in a country”. There are three parts to this as follows:

1. Transfer & Convertibility Risk (“TCR”): Potential losses on cross-border or foreign currency obligations arising from the possibility that a government is unable or unwilling to make foreign currency available for remittance out of the country.
2. Local Currency Risk (“LCR”): Potential losses on local currency obligations arising from operating in a volatile domestic economic and political environment.
3. Gross Country Risk is the aggregation of TCR and LCR and captures Country Risk at a gross level.

These risks are appropriately identified and monitored within the country. At the country level, Executive Risk Committee (“ERC”) provides primary oversight for Country Risk. The Country Chief Risk Officer (“CCRO”) is responsible for reporting Country Risk exposures to the ERC.

Compliance Risk

Compliance Risk refers to potential for penalties or loss to the Bank or for an adverse impact to our clients, stakeholders or to the integrity of the markets we operate in through a failure on our part to comply laws, regulations, rules, related self-regulatory organisation standards, and code of conduct. The Compliance Risk Type Framework (‘CRF’) is built on a risk-based approach, meaning the risk management plans, processes, activities, and resource allocations are determined in accordance with the level of risk to ensure the adherence with the SBP Guidelines and Compliance Risk Management. This includes oversight through CCMC. Compliance with applicable laws and regulations and related policies and procedures is the responsibility of all bank staff.

Conduct Risk

The Conduct Risk Type Framework (‘CoRTF’) sets out the overall end to end risk management approach for Conduct Risk and defined as the “Risk of detriment to Standard Chartered's clients, investors, shareholders, market integrity, competition and counter-parties or from the inappropriate supply of financial services, including instances of willful or negligent misconduct”. CoRTF sets out minimum standards to deliver fair customer outcomes and to protect the integrity of the markets to safeguard bank from any regulatory sanctions, financial loss and reputational damage. CCMC also monitors Conduct Risk.

Financial Crime Compliance Risk

The Financial Crime Risk Type Framework (‘FCRTF’) sets out the overall risk management approach to FCRTF as a Principal Risk Type (‘PRT’). Financial Crime Risk is defined as the “potential for legal or regulatory penalties, material financial loss or reputational damage resulting from the failure to comply with applicable laws and regulations relating to International Sanctions, Anti-Money Laundering and Anti-Bribery and Corruption, and Fraud. This has been designed to set minimum standards to adhere to the local and international regulatory authorities’ related Guidelines. The Bank has established Financial Crime Risk Committee, a monthly management committee to have an oversight and management of financial crimes related risks.

Information & Cyber Security Risk

The Bank defines Information and Cyber Security Risk as potential for loss from a breach of confidentiality, integrity or availability of bank's information system and assets through cyber-attack, insider activity, error or control failure. The Bank seeks to avoid risk and uncertainty for its information assets and systems and has a low appetite for material incidents affecting wider operations and reputation of the bank. Information and Cyber Security Risk is managed through a structured framework comprised of a risk assessment methodology (i.e. Information and Cyber Security Risk Type Framework) and supporting policies, procedures and standards which are aligned to industry and global best practice models, and roles and responsibilities for first line and second line are defined under the framework. Stress Testing of technical controls relating to Information and Cyber Security risk are performed annually by an external independent party. The bank also has Information and Cyber Security Awareness program that ensures staff is aware of how to work with the policy responsibilities. The program includes the bank's mandatory information and Cyber Security e-learning course, Information Security Champions initiatives and targeted awareness campaigns. This is monitored through the ERC and IT Steering Committee.

By order of the Board



Shazad Dada
Chief Executive Officer

Report of Shari'ah Board

For the year ended 31 December 2019

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ
الحمد لله رب العالمين، والصلاة والسلام على سيدنا محمد وعلى آله وصحبه أجمعين، وبعد

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

By the grace of Allah Almighty, Standard Chartered Bank Limited (SCBPL or the Bank) has completed another year of successful Islamic banking operation. The year under review was the sixteenth year of the Bank's Islamic banking under the brand name of Saadiq. As a requirement of the Shariah Governance Framework of Islamic Banking Department, State Bank of Pakistan (IBD SBP), the purpose of this report is to provide opinion of the Shariah Board (SB) on the Shariah compliance environment of the Bank.

During the year, the SB held four meetings and has reviewed, provided opinions and approved different products, country addendums, department operating instructions, transactions, process notes, Shariah compliance and Shariah audit reports. The SB also met with the Board of Directors (BOD) twice this year to have a briefing on the Shariah compliance environment and recommendations to improve Shari'ah compliance environment wherein required.

The SB appreciates the vision of the BOD and management for Islamic banking products and services.

Following is an overview for the year 2019:

Islamic Business Review

During the year under review, SCBPL has diversified its portfolio into various Islamic financing and investment modes including Musharakah, Diminishing Musharakah, Murabahah, Musawamah and others. At the close of the year ended December 31, 2019, the Bank had total Islamic financing and investment of Rs. 45.626 billion.

At the year ended December 31, 2019, the Bank had total Islamic deposits of Rs. 48.472 billion in Saving Accounts, Term Accounts and Current Accounts.

Islamic Banking Products / Documentation

During the year, Islamic product team in collaboration with the Shariah compliance department has made different amendments in the retail Islamic Home and Auto Financing documentation and Diminishing Musharakah documentation for corporate clients for simplification. Furthermore, another product of third party Islamic mutual funds was on-boarded to provide a comprehensive suite to Bank's Islamic customers.

Shariah Compliance Reviews

During the year under review, Shariah compliance team conducted reviews of different segments of Islamic banking on a test check basis. In this regard, Shariah compliance review of retail segment included profit & loss distribution and pool management, home financing and auto financing. Further, 18 branches and windows were also reviewed during this period. While Shariah review of other business includes corporate & institutional banking, commercial Banking, Islamic treasury & trade department.

Shariah Audit

Internal audit department has conducted Shariah Audit of products and process during the year in line with regulatory requirements and risk-based methodology. Bank has established a comprehensive mechanism for identification and management of Shariah Risk. Overall the control environment is acceptable.

Report of Shari'ah Board

For the year ended 31 December 2019

Charity Amounts

During the year, an amount of Rs. 12.99 /- million has been credited to charity account on account of non-Shariah compliant sources or delayed payment received from customers in default or overdue cases etc. Further, charity amount of Rs.7.9/- million has been disbursed to different approved charitable and social welfare institutions.

Training and Capacity Building

During the year, approximately 110 class room training programs on Islamic banking products and services have been arranged in which approximate 1800 staff were trained. Further, approximately 1330 staff have successfully completed Islamic banking certifications through e-Learning module. In addition, sessions on the Shariah Governance Framework were also arranged for the Board of Directors and Executive Committee of the Bank.

Furthermore, Shariah scholars, Islamic banking professionals & trainers from Islamic Banking Department, State Bank of Pakistan and other prestigious institutions were also engaged and, in this regard, approximately 190 staff have participated in the Islamic banking training sessions.

Shariah Board's Opinion:

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

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

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

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

Report of Shari'ah Board

For the year ended 31 December 2019

Recommendations:

Based on the above, we recommend that:

1. The Bank should continue to nominate key executives, Islamic banking staff and concerned stakeholders for Islamic banking and finance courses and refresher training sessions.
2. The Bank should continue to enhance the promotion and marketing of Islamic Banking products and services at all available forums. Furthermore, the Bank is encouraged to continue Islamic banking awareness programs for general public and customers.
3. The Bank is encouraged to explore new technology base solutions to meet client's needs whilst ensuring Shariah compliance.
4. The BOD should encourage the stakeholders and management on focusing the importance of Shariah compliance at all levels.

And Allah Subhanah wa Ta'ala knows the Best.

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



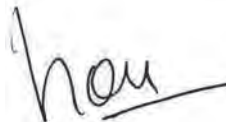
Dr. Nizam Yaqouby
Chairman Shariah Board



Mufti Muhammad Abdul Mubeen
Member Shariah Board



Mufti Irshad Ahmad Aijaz
Member Shariah Board



Mufti Khawaja Noor ul Hassan
Resident Shariah Board Member

Dated: February 12, 2020 | Jumad al Saniyah 18, 1441 A.H.

شریعی بورڈ رپورٹ

برائے سال 31 دسمبر 2019

بسم الله الرحمن الرحيم

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

الحمد للہ اسٹیٹڈ رڈ چارٹرڈ بینک لمیٹڈ (SCBPL یا بینک) نے کامیاب اسلامک بینکنگ آپریشنز کا ایک اور سال مکمل کر لیا ہے۔ زیر جائزہ سال صادق کے نام سے اسلامی بینکنگ کا سولہواں سال تھا۔ اسٹیٹ بینک آف پاکستان کے اسلامک بینکنگ ڈپارٹمنٹ کے شریعی گورننس فریم ورک کی شرائط کے مطابق، اس رپورٹ کا مقصد بینک کے شریعی کمپلائنس انوائرنمنٹ پر شریعی بورڈ کی رائے فراہم کرنا ہے۔

سال کے دوران شریعی بورڈ نے مختلف پروڈکٹس، ضمیموں، ڈپارٹمنٹ آپریشننگ انسٹرکشنز، ٹرانزیکشنز، پروسس نوٹس، شریعی کمپلائنس اور شریعی آڈٹ رپورٹس کا جائزہ لینے ان پر اپنی رائے دینے اور ان کی منظوری کیلئے چار اجلاس منعقد کئے گئے۔ اس سال شریعی بورڈ نے شریعی کمپلائنس انوائرنمنٹ کی تفصیلی وضاحت اور جہاں ضروری ہو، شریعی کمپلائنس انوائرنمنٹ میں بہتری لانے کی تجاویز پیش کرنے کیلئے بورڈ آف ڈائریکٹرز کے ساتھ دو ملاقاتیں بھی کیں۔

شریعی بورڈ اسلامک بینکنگ پروڈکٹس کیلئے بورڈ آف ڈائریکٹرز کی کاوشوں کو سراہتا ہے۔

سال 2019 کا جائزہ مندرجہ ذیل ہے:

اسلامی کاروبار کا جائزہ

زیر جائزہ سال کے دوران اسٹیٹڈ رڈ چارٹرڈ بینک پاکستان لمیٹڈ نے اپنے مجموعی کاروبار کو فنانشنگ اور انویسٹمنٹ کے مختلف اسلامی طریقوں جس میں مشارکہ، شرکت متناقصہ، مراہی، مساموہ اور دیگر شامل ہیں، کے ذریعے وسعت دی۔ 31 دسمبر 2019 کو سال کے اختتام پر بینک کی مجموعی اسلامک فنانشنگ اور انویسٹمنٹ کل 45.626 بلین روپے تھی اور بینک کے سیونگز کاؤنٹس، ٹرم اکاؤنٹس اور کرنٹ اکاؤنٹس میں مجموعی اسلامک ڈپازٹس کی رقم کل 48.472 بلین روپے تھی۔

اسلامی بینکنگ پروڈکٹس / دستاویزات

سال کے دوران اسلامک پروڈکٹ ٹیم نے شریعی کمپلائنس ڈپارٹمنٹ کے تعاون سے کارپوریٹ کلائنٹس کی سہولت کیلئے ریٹیل اسلامک ہوم فنانشنگ، آٹو فنانشنگ اور شرکت متناقصہ کی دستاویزات میں مختلف تبدیلیاں کیں۔ مزید برآں تھرڈ پارٹی اسلامک میوچوئیل فنڈز کا ایک اور پروڈکٹ بھی پیش کیا گیا تاکہ بینک کے اسلامی کسٹمرز کو ایک جامع چیک فراہم کیا جاسکے۔

شریعی کمپلائنس جائزے

زیر جائزہ سال کے دوران شریعی کمپلائنس ٹیم نے آزمائشی جانچ کی بنیادوں پر اسلامک بینکنگ کے کئی شعبوں کا جائزہ لیا۔ اس سلسلے میں ریٹیل شعبے کے شریعی کمپلائنس جائزے میں نفع و نقصان کی تقسیم اور پول مینجمنٹ، ہوم فنانشنگ اور آٹو فنانشنگ بھی شامل تھے۔ مزید برآں اس عرصے کے دوران براؤنچر / ونڈوز کا بھی جائزہ لیا گیا۔ جبکہ کارپوریٹ اور ادارتی بینکنگ، کمرشل بینکنگ، اسلامی ٹریڈری اور ٹریڈ کا بھی شرعی جائزہ لیا گیا۔

شریعی بورڈ رپورٹ

برائے سال 31 دسمبر 2019

شریعی آڈٹ

اندرونی شعبہ آڈٹ نے رواں سال میں ریگولیٹری شرائط اور خطرات کے امکانات پر مبنی اصولوں کے مطابق پروڈکٹس اور طریقہ کار کا شریعی آڈٹ کیا ہے۔ بینک نے شریعی رسک کی شناخت اور انتظام کا ایک جامع طریقہ کار اپنایا ہے جو بحیثیت مجموعی کنٹرول، قابل قبول ہے۔

چیرٹی اماؤنس (خیراتی رقوم):

اس سال کے دوران شریعت کی طرف سے منع کردہ وسائل یا کسٹمر کی جانب سے کوتاہی کے باعث ادائیگی میں تاخیر سے کل 12.99 ملین روپے کی رقم چیرٹی اکاؤنٹ میں جمع ہوئی۔ مزید یہ کہ کل 7.9 ملین روپے کی چیرٹی کی رقم مختلف منظور شدہ خیراتی اور سماجی بہبود کے اداروں کو ادا کی گئی۔

ٹریڈنگ اور صلاحیت کی تعمیر

سال کے دوران اسلامک بینکنگ پروڈکٹس اور سروسز پر 110 کلاس روم تربیتی پروگرام منعقد کئے گئے جن میں تقریباً 1800 اسٹاف کو تربیت دی گئی۔ مزید یہ کہ تقریباً 1330 اسٹاف نے کامیابی سے بذریعہ ای۔لرننگ ماڈیول اسلامک بینکنگ کی سند حاصل کی۔ اس کے علاوہ بورڈ آف ڈائریکٹرز اور ایگزیکٹو کمیٹی کیلئے شریعی گورننس فریم ورک پر سیشنز بھی منعقد کئے گئے۔

مزید برآں، اسلامک بینکنگ ڈپارٹمنٹ، اسٹیٹ بینک آف پاکستان، دیگر ممتاز اداروں کے شریعی اسکالرز، اسلامک بینکنگ پروفیشنلز اور ٹریڈرز کے توسط سے تقریباً 190 اسٹاف نے اسلامک بینکنگ کی ٹریڈنگ حاصل کی۔

شریعی بورڈ کی رائے:

شریعی گورننس فریم ورک کے مطابق بینک کے آپریشنز کو شرعی قوانین کے مطابق چلانا بورڈ آف ڈائریکٹرز اور ایگزیکٹو مینجمنٹ کی ذمہ داری ہے جبکہ ہمارے لئے بینک کے مجموعی شرعی اصولوں کے مطابق ہونے پر ایک رپورٹ پیش کرنا مطلوب ہے۔ اس رپورٹ میں بیان کی گئی اپنی رائے کو قائم کرنے کیلئے ہم نے شریعی کمپلائنس ڈپارٹمنٹ اور اندرونی شریعی آڈٹ کی رپورٹس کا جائزہ لیا۔

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

- 1- بینک نے شریعی بورڈ کی جانب سے جاری کردہ فتاویٰ، احکام اور اصولوں کی روشنی میں فراہم کردہ شرعی قوانین اور اصولوں کی پاسداری کی ہے۔
- 2- بینک نے اسٹیٹ بینک آف پاکستان کی شریعی ایڈوائزری کمیٹی کے احکام کے مطابق اسٹیٹ بینک کی جانب سے جاری کردہ شریعی کمپلائنس سے متعلق احکام، ضوابط، ہدایات اور اصولوں کی پاسداری کی ہے۔
- 3- جائزے کے دوران، کسی بھی ایسے معاملے جس میں اصلاحی اقدام کی ضرورت ہو، پر غور کیا گیا اور مینجمنٹ کی جانب سے قابل اصلاح امور کا ازالہ کیا گیا ہے اور/یا مستقبل میں ان کی درستگی کی یقین دہانی کروائی گئی ہے۔ مذکورہ بالا تفصیل کی بنیاد پر، بینک کے پاس اس کے تمام معاملات میں شریعی کمپلائنس کو یقینی بنانے کی غرض سے ایک جامع نظام موجود ہے۔
- 4- بینک کے پاس ایک واضح نظام موجود ہے جو تمام تر غیر شرعی ذرائع سے حاصل شدہ رقم چیرٹی اکاؤنٹ میں جمع کئے جانے اور اسے مناسب طور پر خیراتی اداروں میں بروئے کار لائے جانے کو یقینی بناتا ہے۔

شریعی بورڈ رپورٹ

برائے سال 31 دسمبر 2019

- 5- بینک نے نفع و نقصان کی تقسیم اور پول منجمنٹ پراسٹیٹ بینک کی ہدایات کی پاسداری کی ہے اور شریعہ کمپلائنس اور ریگولیٹری قوانین کی جہاں بھی ضرورت ہو یقینی بنانے کی پاسداری کروائی ہے۔
- 6- لرننگ اینڈ ڈویلپمنٹ ڈپارٹمنٹ نے شریعہ کمپلائنس ڈپارٹمنٹ کے تعاون سے صلاحیت میں اضافے کیلئے مختلف تربیتی سیشنز کا اہتمام کیا ہے اور بینک کی مصنوعات اور عمل میں شرعی تعمیل کی اہمیت کو بڑھانے اور اسلامک بینکنگ کے سیکھنے کے ماحول کو فروغ اور ترقی دینے کیلئے مستقل عمل میں ہے۔
- 7- شریعہ بورڈ کو اس کی ذمہ داریوں کی ادائیگی کیلئے وسائل فراہم کئے گئے ہیں تاہم کام کے حجم میں اضافے کو مد نظر رکھتے ہوئے شریعہ ٹیم میں اضافی افرادی قوت، بینک میں شریعہ کمپلائنس کے فنکشن کو مزید مستحکم کرے گی۔

تجاویز:

درج بالا کی بنیاد پر ہم تجویز کرتے ہیں کہ:

- 1- بینک کو اسلامک بینکنگ اینڈ فنانس کورسز اور ریفریشنگ سیشنز کیلئے اہم ایگزیکٹوز، اسلامک بینکنگ اسٹاف اور متعلقہ افراد کی نامزدگی جاری رکھنی چاہئے۔
- 2- اسلامک بینکنگ پروڈکٹس اور سروسز کی پروموشن اور مارکیٹنگ تمام دستیاب فورمز پر بڑھانی چاہئے۔ مزید یہ کہ بینک کو کسٹمرز اور عام لوگوں کیلئے اسلامک بینکنگ آگہی پروگرامز کا سلسلہ بھی جاری رکھنا چاہئے۔
- 3- بینک کو شرعی تقاضوں کی تکمیل کرتے ہوئے کلائنٹ کی ضروریات پوری کرنے کیلئے جدید ٹیکنالوجی پر مبنی سہولیات تلاش کرنے کی کوششیں بھی جاری رکھنی چاہئیں۔
- 4- بورڈ آف ڈائریکٹرز کو تمام سطحوں پر شریعہ کمپلائنس کی اہمیت پر توجہ دلانے کیلئے متعلقہ افراد اور انتظامیہ کی حوصلہ افزائی جاری رکھنی چاہئے۔

اور اللہ سبحانہ و تعالیٰ سب سے بہتر جاننے والا ہے۔

اللہ سبحانہ و تعالیٰ ہماری کوششوں کو قبول فرمائے، ہمیں توفیق عطا فرمائے کہ ہم اس کے مطلوب امور کی تکمیل کر پائیں، ہمیں دنیا و آخرت میں کامیابیوں سے سرفراز فرمائے اور ہماری خطاؤں کو معاف کر دے۔ آمین



مفتی محمد عبدالحمید

ممبر شریعہ بورڈ



مفتی خواجہ نور الحسن

ریڈیٹنٹ شریعہ بورڈ ممبر



ڈاکٹر نظام یعقوبی

چیئرمین شریعہ بورڈ



مفتی ارشد احمد اعجاز

ممبر شریعہ بورڈ

مورخہ 12 فروری 2020 بمطابق 18 جمادی الثانی 1441 ہجری

Independent Auditor's Review Report to the Members on Statement of Compliance contained in the Listed Companies (Code of Corporate Governance) Regulations, 2019

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

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

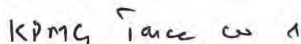
As part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control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

The Regulations require the Bank to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Bank's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Bank's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Bank for the year ended 31 December 2019.

Date: 27 February 2020

Karachi


KPMG Taseer Hadi & Co.
Chartered Accountants

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

The Board of Directors of Standard Chartered Bank (Pakistan) Limited ("Bank") supports and re-confirms its commitment to continued support and implementation of the highest standards of Corporate Governance at all times.

This statement is being presented under Regulation 36 of the Listed Companies (Code of Corporate Governance) Regulations, 2019 ('the Code'). For the year ended 31 December 2019, the Bank has applied the principles contained in the Code in the following manner:

1. The total number of directors is seven as per the following:
 - a) Male: Six
 - b) Female: One
2. The composition of Board is as follows:
 - a) Independent Non Executive Director(s):
 - Ms. Spenta Kandawalla
 - Mr. Waqar Ahmed Malik
 - b) Non Executive Director(s):
 - Mr. Ian Bryden
 - Mr. Mohamed Abdel Bary
 - Mr. Ferdinand Pieterse
 - Mr. Towfiq Habib Chinoy
 - c) Executive Director(s): Mr. Shazad Dada
3. The directors have confirmed that none of them is serving as a director in more than seven listed companies, including this Bank.
4. The Bank has adopted Group's 'Code of Conduct', which has been approved by the Board and is disseminated to all the directors and employees of the Bank along with its supporting policies and procedures.
5. The Board has developed and approved a vision / mission statement and overall corporate strategy. The Board has also approved significant policies and adopted certain Standard Chartered Group policies as far as they are in accordance with the local laws and regulations. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board as empowered by the relevant provisions of the Companies Act, 2017 ('the Act') and the Code.
7. The Board met at least once in every quarter. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of the Act and the Code with respect to frequency, recording and circulating minutes of the Board meetings.
8. The Board has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and the Code.
9. All Directors are provided with an Orientation Pack on their appointment. All directors on the Board have already completed directors training programs/ courses arranged by Pakistan Institute of Corporate Governance or Institute of Directors (UK). During the year under review, a number of in-house orientation sessions were also attended by the directors.
10. The Board approves the appointment of CFO, Company Secretary and Head of Internal Audit including their remuneration and terms and conditions of employment. The process of the Head of Internal Audit's annual performance appraisal will be revised to give the Board Audit Committee the opportunity to decide his rating whilst taking input from Group into consideration. For 2019 the rating was noted, debated and approved.
11. The financial statements of the Bank were duly endorsed by CEO and CFO before approval of the Board.

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

12. The Board has formed Committees comprising of members given below:

- | | |
|---|---------------------------------------|
| a) Board Audit Committee: | Mr. Waqar Ahmed Malik (Chairperson) |
| | Mr. Ferdinand Pieterse (Member) |
| | Mr. Mohamed Abdel Bary (Member) |
| b) Board Human Resource & Remuneration Committee: | Ms. Spenta Kandawalla (Chairperson) |
| | Mr. Mohamed Abdel Bary (Member) |
| | Mr. Waqar Ahmed Malik (Member) |
| c) Board Risk Committee: | Mr. Towfiq Habib Chinoy (Chairperson) |
| | Mr. Shazad Dada (Member) |
| | Mr. Ferdinand Pieterse (Member) |

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

14. The frequency of meetings of the aforesaid Committees were as follows:

- | | |
|---|----------------------------|
| a) Board Audit Committee: | At least once in a quarter |
| b) Board Human Resource & Remuneration Committee: | At least twice in a year |
| c) Board Risk Committee: | At least once in a quarter |

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

16. The statutory auditors of the Bank have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan ('ICAP') and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by ICAP and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the Bank.

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

18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Code have been complied with. Explanations on regulations 6 and 32 are given below:

The Bank has rounded off number of Independent Directors based on mathematical rounding off principle which is in line with the explanation given in the Frequently Asked Questions for Prudential Regulations for Corporate/Commercial Banking issued by the State Bank of Pakistan.

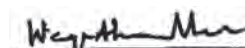
The Board of Directors based on the suggestion of Board Audit Committee has recommended the appointment of M/S EY Ford Rhodes as statutory auditors for the year ending 31 December 2020 in place of retiring auditor. The Board has also recommended to authorize the Board Audit Committee to negotiate and agree upon their remuneration subject to concurrence of the Board in subsequent meeting.

19. The Bank has also complied with other applicable regulations, other than regulations referred under Point 18 above.

By Order of the Board



Shahzad Dada
Chief Executive Officer



Waqar Ahmed Malik
Director

Six Years Key Financial Data

Rupees in million

	2014	2015	2016	2017	2018	2019
Profit & Loss						
Net mark-up income	20,863	22,308	19,385	16,498	18,830	28,187
Non funded income	7,393	7,097	7,163	8,982	9,688	10,890
Total income	28,256	29,405	26,548	25,480	28,518	39,076
Non mark-up expenses	12,560	12,463	12,344	11,743	11,290	11,894
Provisions / (recovery) & write-offs	466	1,557	(1,141)	284	(1,218)	(17)
Profit before Tax	15,231	15,385	15,345	13,453	18,447	27,199
Profit after Tax	9,725	9,288	9,618	8,245	11,239	16,017
Profitability Ratios						
Return on equity	16.7%	15.1%	15.6%	13.3%	17.3%	22.9%
Return on assets	2.4%	2.2%	2.1%	1.7%	2.1%	2.7%
Expense / Income ratio	44%	42%	46%	46%	40%	30%
Balance Sheet						
Total assets	409,568	447,348	474,752	519,832	576,081	619,971
Advances - gross	150,040	130,370	133,631	157,259	187,162	235,269
Advances - net	128,590	108,853	113,951	137,635	169,544	218,087
Non performing loans	23,096	24,018	21,873	19,587	17,403	17,738
Investments - net	189,678	231,837	245,850	272,488	279,066	249,164
Deposits	304,504	327,238	365,562	377,576	424,899	465,629
Shareholder's equity	60,715	61,950	61,282	62,937	67,238	72,917
Asset quality & liquidity ratios						
Advances / deposits ratio	42%	33%	31%	36%	40%	47%
NPL to gross advances	15%	18%	16%	12%	9%	8%
Coverage ratio - specific	91%	87%	87%	97%	97%	92%
CASA mix	92%	93%	94%	92%	94%	93%
Capital adequacy ratio (CAR)	19.07%	21.04%	20.19%	19.27%	19.09%	16.94%
Share information						
Earning per share	2.51	2.40	2.48	2.13	2.90	4.14
Dividend payout	22.50%	20.00%	20.00%	17.50%	22.50%	30.00%
Touchpoints (Numbers)						
Branches	116	101	101	93	77	61
ATMs / CDM / CDK	277	262	274	276	247	217

Standard Chartered Bank (Pakistan) Limited

Financial Statements

For the year ended
31 December 2019

Independent Auditor's Report

To the Members of Standard Chartered Bank (Pakistan) Limited

Opinion

We have audited the annexed financial statements of **Standard Chartered Bank (Pakistan) Limited** (the Bank), which comprise the statement of financial position as at 31 December 2019, and profit and loss account, the statement of comprehensive income, the cash flow statement and the statement of changes in equity for the year then ended, notes to the financial statements, including a summary of significant accounting policies and other explanatory information and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, profit and loss account, statement of comprehensive income, cash flow statement and the statement of changes in equity together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan, and, give the information required by the Banking Companies Ordinance, 1962 and the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Bank's affairs as at 31 December 2019 and of the profit and other comprehensive income, its cash flows and the changes in equity for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

Following are Key Audit Matters:

S. No.	Key audit matters	How the matters were addressed in our audit
1	Goodwill impairment	
	<p>Refer note 10.1 to the financial statements giving details on management testing performed on goodwill for impairment.</p> <p>The Bank has recognized goodwill of Rs. 26,095 million on acquisition of Union Bank Limited in 2006.</p> <p>The identification of indicators of impairment and the preparation of the estimate of recoverable amount involves subjective judgment and uncertainties.</p> <p>Goodwill may be misstated if the carrying value is not supported by the estimated discounted future cash flows of the underlying businesses.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> • Assessed that allocation to cash generating units (CGUs) reflect our understanding of the business and how it operates including assessment of the independence of the underlying cash flows. • Assessed management's ability to accurately prepare forecasts compared to actual results. • Assessed the appropriateness of consideration of impact of macroeconomic developments as well as consistency in inter related items as per planned direction of the Bank in the corporate plan. • Assessed consistency of the projected cash flows to the Board's approved corporate plan.

S. No.	Key audit matters	How the matters were addressed in our audit
		<ul style="list-style-type: none"> • Involved our own valuation specialist to assist in evaluating the appropriateness of discount rates applied, which included comparing the cost of capital with sector averages for the banking industry in Pakistan. • Performed breakeven analysis on the discount rate, the future cash flows and future inflation rate projections to assess the sensitivities. • Considered adequacy of disclosures about key assumptions / discount rate.
2	Impairment of Loans and advances	
	<p>Refer note 8 to the financial statements on loans and advances</p> <p>The Bank's advances to customers represent 35.2% of its total assets. These are stated at net of provision against advances of Rs. 218,087 million.</p> <p>The provision against advances was identified as a key focus area in our audit as it involves a considerable degree of management judgment and compliance with the Prudential Regulations issued by the State Bank of Pakistan.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> • Assessed the design and tested the operation of manual and automated controls over classification and grading of customers, including: <ul style="list-style-type: none"> – The accuracy of data input into the system used for credit grading; – The ongoing monitoring and identification of advances displaying indicators of impairment and whether they are migrating on a timely basis to early alert or to higher risk grade; – Identification of past due customers. • For a risk based sample of Corporate (CIB) and Commercial Banking (CB) advances, where the management has not identified as displaying indicators of impairment, challenged the management's assessment by comparing the historical performance, financial ratios and reports on security maintained with the expected future performance and formed our own view whether any impairment indicators are present. • Where management has identified as displaying indicators of impairment, assessed the number of days overdue and factors used for calculation of provision in accordance with the Prudential Regulations. • For retail, consumer and SME advances, analyzed the days past due report and factors used for calculation of specific provision required in accordance with Prudential Regulations. • For retail, consumer and SME advances, where the management has not identified as displaying any indicators of impairment, compared the general provision calculated with provision required in accordance with Prudential Regulations.
3	Taxation	
	<p>Refer note 11, 15 and 30 to the financial statements on deferred and current taxation.</p> <p>The Bank has recognized a net deferred tax liability of Rs. 3,708 million including deferred tax asset of Rs. 4,317 million and advance tax asset of Rs. 11,862 million.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> • Assessed that appropriate tax rates are applied which have been enacted at the balance sheet date and are appropriate at the time of reversal of temporary differences.

S. No.	Key audit matters	How the matters were addressed in our audit
	<p>The deferred tax asset primarily relates to provision against advances amounting to Rs. 1,805 million which would be allowed at the time of write off or when the charge is lower than the limit specified.</p> <p>Advance tax asset has arisen due to various tax assessments which are at various stage of appeal.</p> <p>Use of incorrect judgments / assumptions may result in misstatement of deferred tax and advance tax asset.</p>	<ul style="list-style-type: none"> Assessed customer wise position of provision against advances which will be claimed for tax deduction in future years and compared with deferred tax asset calculation. Inspected the assessment orders, appellate Tribunal decisions and Court decisions and challenged management's assessment of tax positions by involving our own tax specialists to evaluate the Bank's tax positions.
4	IFRS -16 Lease arrangements	
	<p>Refer Note 2.3 and 3.7 relating to the application of IFRS 16 – Lease arrangements effective from 1 January 2019.</p> <p>The application of IFRS 16 required judgments as to recognition, measurement adjustments, including considering of renewal options and discount rates.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> Evaluated the appropriateness of the selection of accounting policies based on the requirements of IFRS 16 and our understanding of the business. Evaluated management's process for identifying lease contracts to be assessed based on the selected transition approach and practical expedients applied. Evaluated the management's process and tested the controls relating to completeness and accuracy of the transition adjustments. Evaluated the reasonableness of management's key judgments and estimates made in respect of leases to be recorded under IFRS 16. Considered adequacy of disclosures of leases meeting IFRS 16 requirements.
5	Processing through Information System	
	<p>IT systems and controls over financial reporting were identified as a key audit matter because of the pervasive nature and complexity of the IT environment, the extensive volume of transactions and reliance of financial reporting process on IT system.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> Obtained an understanding, evaluated the design and tested the operating effectiveness of access controls for applications and systems relevant to Bank's financial reporting processes. This included controls over system access and system change management and computer operations. Obtained management's evaluation of the access rights granted to applications relevant to financial accounting and reporting systems and tested a resolution of sample of exceptions. Assessed the operating effectiveness of controls over granting, removal and appropriateness of access rights.

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

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the

audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Bank as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, profit and loss account, statement of comprehensive income, cash flow statement and the statement of changes in equity together with the notes thereon have been drawn up in conformity with the Banking Companies Ordinance, 1962 and Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account;
- c) investments made, expenditure incurred and guarantees extended during the year were in accordance with the objects and powers of the Bank and the transactions of the Bank which have come to our notice have been within the powers of the Bank; and
- d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Bank and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

We confirm that for the purpose of our audit we have covered more than sixty percent of the total loans and advances of the Bank.

The engagement partner on the audit resulting in this independent auditor's report is Syed Iftikhar Anjum.

Date: 27 February 2020

Karachi

KPMG Taseer Hadi & Co.
KPMG Taseer Hadi & Co.
Chartered Accountants

Statement of Financial Position

As at 31 December 2019

	Note	2019	2018
(Rupees in '000)			
ASSETS			
Cash and balances with treasury banks	4	61,290,428	50,293,497
Balances with other banks	5	3,484,265	2,344,297
Lendings to financial institutions	6	17,012,089	6,465,508
Investments	7	249,164,030	279,065,904
Advances	8	218,087,193	169,543,762
Fixed assets	9	10,563,451	7,837,979
Intangible assets	10	26,095,375	26,095,476
Deferred tax assets - net		-	-
Other assets	11	34,273,754	34,434,913
		619,970,585	576,081,336
LIABILITIES			
Bills payable	12	12,375,271	16,943,627
Borrowings	13	20,256,731	24,023,697
Deposits and other accounts	14	465,628,985	424,898,936
Liabilities against assets subject to finance lease		-	-
Sub-ordinated debt		-	-
Deferred tax liabilities - net	15	3,707,964	3,631,209
Other liabilities	16	45,085,131	39,345,498
		547,054,082	508,842,967
NET ASSETS		72,916,503	67,238,369
REPRESENTED BY:			
Share capital	17	38,715,850	38,715,850
Reserves	18	19,870,955	16,667,466
Surplus on revaluation of assets	19	5,382,841	5,528,671
Unappropriated profit		8,946,857	6,326,382
		72,916,503	67,238,369
CONTINGENCIES AND COMMITMENTS	20		

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



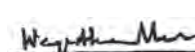
Ian Bryden
Chairman



Shazad Dada
Chief Executive Officer



Asad Ali Shariff
Chief Financial Officer



Waqar Malik
Director



Ferdinand Pieterse
Director

Profit and Loss Account

For the year ended 31 December 2019

	Note	2019	2018
(Rupees in '000)			
Mark-up / return / interest earned	21	52,240,154	31,206,960
Mark-up / return / interest expensed	22	(24,053,613)	(12,376,471)
Net mark-up / interest income		28,186,541	18,830,489
NON MARK-UP / INTEREST INCOME			
Fee and commission income	23	3,602,430	4,156,666
Dividend income		-	-
Foreign exchange income	24	4,197,403	5,480,279
Income / (loss) from derivatives		1,177,969	(1,336,192)
Gain / (loss) on securities	25	1,799,304	1,278,642
Other income	26	112,668	108,297
Total non mark-up / interest income		10,889,774	9,687,692
Total income		39,076,315	28,518,181
NON MARK-UP / INTEREST EXPENSES			
Operating expenses	27	(11,128,663)	(10,886,745)
Workers welfare fund		(732,699)	(369,546)
Other charges	28	(32,560)	(33,774)
Total non mark-up / interest expenses		(11,893,922)	(11,290,065)
Profit before provisions		27,182,393	17,228,116
Provisions and write offs - net	29	16,810	1,218,457
Extra-ordinary / unusual items		-	-
PROFIT BEFORE TAXATION		27,199,203	18,446,573
Taxation	30	(11,181,756)	(7,207,213)
PROFIT AFTER TAXATION		16,017,447	11,239,360
(Rupees)			
BASIC / DILUTED EARNINGS PER SHARE	31	4.14	2.90

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



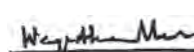
Ian Bryden
Chairman



Shazad Dada
Chief Executive Officer



Asad Ali Shariff
Chief Financial Officer



Waqar Malik
Director



Ferdinand Pieterse
Director

Statement of Comprehensive Income

For the year ended 31 December 2019

Note	2019	2018
(Rupees in '000)		
Profit after taxation for the year	16,017,447	11,239,360
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	27,489	(54,202)
Items that will not be reclassified to profit and loss account in subsequent periods:		
Remeasurement gain / (loss) on defined benefit obligations - net of tax	8,878	14,076
Movement in surplus on revaluation of operating fixed assets - net of tax	30,383	-
19.1	39,261	14,076
Total comprehensive income	16,084,197	11,199,234

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



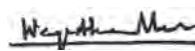
Ian Bryden
Chairman



Shazad Dada
Chief Executive Officer



Asad Ali Shariff
Chief Financial Officer



Waqar Malik
Director



Ferdinand Pieterse
Director

Cash Flow Statement

For the year ended 31 December 2019

	Note	2019	2018
(Rupees in '000)			
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation for the year		27,199,203	18,446,573
Less: Dividend income		-	-
		27,199,203	18,446,573
Adjustments for:			
Depreciation	9.2	1,007,718	446,848
Amortization	10	101	166
Gain on sale of fixed assets	26	(51,502)	(13,788)
Unrealized gain on revaluation of investments classified as held for trading - net	25	(297,850)	(52,025)
Finance cost against leases	22	220,267	-
Gain on lease termination	26	(3,882)	-
Provisions and write offs - net	29	(16,810)	(1,218,457)
		858,042	(837,256)
		28,057,245	17,609,317
(Increase) / decrease in operating assets			
Lendings to financial institutions		(10,546,581)	1,602,157
Held-for-trading securities		(9,417,383)	(7,313,409)
Advances		(48,429,695)	(30,678,197)
Other assets (excluding advance taxation)		(1,902,061)	(3,101,109)
		(70,295,720)	(39,490,558)
Increase / (decrease) in operating liabilities			
Bills payable		(4,568,356)	(2,014,718)
Borrowings from financial institutions		(2,425,402)	(3,928,624)
Deposits		40,730,049	47,322,872
Other liabilities		2,841,955	7,948,154
		36,578,246	49,327,684
Cash inflow before taxation		(5,660,229)	27,446,443
Income tax paid		(9,138,958)	(7,490,543)
Net cash flow (used in) / from operating activities		(14,799,187)	19,955,900
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments in available for sale securities		39,607,491	698,586
Investments in fixed assets		(399,611)	(276,932)
Proceeds from sale of fixed assets		247,908	13,788
Net cash flow from investing activities		39,455,788	435,442
CASH FLOW FROM FINANCING ACTIVITIES			
Dividend paid		(10,630,906)	(5,541,198)
Payment in respect of lease liability		(547,232)	-
Net cash flow used in financing activities		(11,178,138)	(5,541,198)
Increase in cash and cash equivalents for the year		13,478,463	14,850,144
Cash and cash equivalents at beginning of the year		49,001,641	35,076,357
Effect of exchange rate changes on cash and cash equivalents		1,626,895	702,035
		50,628,536	35,778,392
Cash and cash equivalents at end of the year	33	64,106,999	50,628,536

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



Ian Bryden
Chairman



Shazad Dada
Chief Executive Officer



Asad Ali Shariff
Chief Financial Officer



Waqar Malik
Director



Ferdinand Pieterse
Director

Statement of Changes in Equity

For the year ended 31 December 2019

	Share Capital	Share Premium	Statutory Reserve	Surplus / (Deficit) on revaluation of		Unappropriated Profit	Total
				Investments	Fixed Assets		
(Rupees in '000)							
Balance as at 1 January 2018	38,715,850	1,036,090	13,383,504	(38,069)	5,639,634	4,199,687	62,936,696
Total comprehensive income for the year							
Profit after tax for the year ended 31 December 2018	-	-	-	-	-	11,239,360	11,239,360
Other comprehensive income							
Movement in surplus / (deficit) on revaluation of investments - net of tax	-	-	-	(54,202)	-	-	(54,202)
Remeasurement of post employment obligations - net of tax	-	-	-	-	-	14,076	14,076
	-	-	-	(54,202)	-	11,253,436	11,199,234
Transactions with owners, recorded directly in equity							
Share based payment transactions (contribution from holding company)	-	-	-	-	-	46,502	46,502
Payment against share based payment transactions (to holding company)	-	-	-	-	-	(168,789)	(168,789)
Cash dividend (Final 2017) at Rs. 1.00 per share	-	-	-	-	-	(3,871,585)	(3,871,585)
Cash dividend (Interim 2018) at Rs. 0.75 per share	-	-	-	-	-	(2,903,689)	(2,903,689)
	-	-	-	-	-	(6,897,561)	(6,897,561)
Transfer to statutory reserve	-	-	2,247,872	-	-	(2,247,872)	-
Transferred from surplus on revaluation of fixed asset - net of deferred tax	-	-	-	-	(18,692)	18,692	-
Balance as at 31 December 2018	38,715,850	1,036,090	15,631,376	(92,271)	5,620,942	6,326,382	67,238,369
Total comprehensive income for the year							
Profit after tax for the year ended 31 December 2019	-	-	-	-	-	16,017,447	16,017,447
Other comprehensive income							
Movement in surplus on revaluation of investments - net of tax	-	-	-	27,489	-	-	27,489
Remeasurement of post employment obligations - net of tax	-	-	-	-	-	8,878	8,878
Surplus on revaluation on fixed assets - net of deferred tax	-	-	-	-	30,383	-	30,383
	-	-	-	27,489	30,383	16,026,325	16,084,197
Transactions with owners, recorded directly in equity							
Share based payment transactions (contribution from holding company)	-	-	-	-	-	72,007	72,007
Reversal of liability (to holding company) for share based payment transaction recorded in earlier years	-	-	-	-	-	168,789	168,789
Cash dividend (Final 2018) at Rs. 1.50 per share	-	-	-	-	-	(5,807,378)	(5,807,378)
Cash dividend (Interim 2019) at Rs. 1.25 per share	-	-	-	-	-	(4,839,481)	(4,839,481)
	-	-	-	-	-	(10,406,063)	(10,406,063)
Transfer to statutory reserve	-	-	3,203,489	-	-	(3,203,489)	-
Realised on disposals during the year - net of deferred tax	-	-	-	-	(181,432)	181,432	-
Transferred from surplus on revaluation of fixed assets - net of deferred tax	-	-	-	-	(22,270)	22,270	-
Balance as at 31 December 2019	38,715,850	1,036,090	18,834,865	(64,782)	5,447,623	8,946,857	72,916,503

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



Ian Bryden
Chairman



Shazad Dada
Chief Executive Officer



Asad Ali Shariff
Chief Financial Officer



Waqar Malik
Director



Ferdinand Pieterse
Director

Notes to the Financial Statements

For the year ended 31 December 2019

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 61 branches in Pakistan (2018: 77 branches in Pakistan) in operation at 31 December 2019.

2. BASIS OF PREPARATION

2.1 Basis of presentation

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

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

2.2 Statement of compliance

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

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

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

The SBP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and International Accounting Standard (IAS) 40, 'Investment Property' for Banking Companies in Pakistan through BSD Circular Letter 10 dated 26 August 2002 till further instructions. Further, the SECP has deferred the applicability of International Financial Reporting Standard (IFRS) 7 'Financial Instruments: Disclosures' through its notification S.R.O 411(I)/2008 dated 28 April 2008.

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 on or after 1 January 2014 in respect of accounting for transactions relating to 'Profit and Loss Sharing on Deposits' as defined by the said standard. The standard has resulted in certain new disclosures in the 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 BPRD Circular 2 of 2018, as amended from time to time.

Notes to the Financial Statements

For the year ended 31 December 2019

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

There are certain new and amended standards, interpretations and amendments that are mandatory for the Bank's accounting periods beginning on or after 1 January 2019 but are considered not to be relevant or do not have any significant effect on the Bank's financial statements and therefore not detailed in these financial statements except for the following:

- **Leases**

On 1 January 2019, the Bank adopted IFRS 16 Leases.

IFRS 16 introduced a single lease accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17 Leases. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for these two types of leases differently.

The significant judgments in the implementation were determining if a contract contains a lease, and the determination of whether the Bank is reasonably certain that it will exercise extension options present in lease contracts. The significant estimates were the determination of incremental borrowing rates. The weighted average discount rate applied to lease liabilities on the transition date 1 January 2019 was 13.2 percent.

The impact of IFRS 16 on the Bank is primarily where the Bank is a lessee in property lease contracts. The Bank has elected to adopt simplified approach on transition and has not restated comparative information. On 1 January 2019, the Bank recognized a lease liability, being the remaining lease payments, including extension options where renewal is reasonably certain, discounted using the Bank's incremental borrowing rate at the date of initial application. The corresponding right-of-use asset recognized is the amount of the lease liability adjusted by prepaid or accrued lease payments related to those leases. The balance sheet increase as a result of recognition of lease liability and right to use assets as of 1 January 2019 was Rs. 2,246 million and Rs. 2,290 million (including advance rent) respectively, with no adjustment to retained earnings. The asset is presented in 'Fixed Assets' and the liability is presented in 'Other liabilities'. Also in relation to those leases under IFRS 16, the Bank has recognized depreciation and interest costs, instead of operating lease expenses. During the twelve months period to 31 December 2019, the Bank recognized depreciation expense of Rs. 561 million and interest expense of Rs. 220 million on these leases, instead of lease rentals of Rs. 547 million.

- **Additional / Amended Disclosures**

The State Bank of Pakistan (SBP) through its letter BPRD/R&PD/2018/17232 had relaxed the implementation and disclosure requirements under the revised framework for Governance and Remuneration practices. The implementation of the risk-adjusted remuneration framework, as described in the guidelines across the converged business areas and MRTs / MRCs was made effective from 1 January 2019, while the disclosures were made effective from 31 December 2019.

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

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 1 January 2020:

- Amendment to IFRS 3 'Business Combinations' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.
- Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.

Notes to the Financial Statements

For the year ended 31 December 2019

- On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately and contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallise. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 1 January 2020, unless the new guidance contains specific scope outs.
- Interest Rate Benchmark Reform which amended IFRS 9, IAS 39 and IFRS 7 is applicable for annual financial periods beginning on or after 1 January 2020. The G20 asked the Financial Stability Board (FSB) to undertake a fundamental review of major interest rate benchmarks. Following the review, the FSB published a report setting out its recommended reforms of some major interest rate benchmarks such as IBORs. Public authorities in many jurisdictions have since taken steps to implement those recommendations. This has in turn led to uncertainty about the long-term viability of some interest rate benchmarks. In these amendments, the term 'interest rate benchmark reform' refers to the market-wide reform of an interest rate benchmark including its replacement with an alternative benchmark rate, such as that resulting from the FSB's recommendations set out in its July 2014 report 'Reforming Major Interest Rate Benchmarks' (the reform). The amendments made provide relief from the potential effects of the uncertainty caused by the reform. A company shall apply the exceptions to all hedging relationships directly affected by interest rate benchmark reform. The amendments are not likely to affect the financial statements of the Bank.
- IFRS 14 'Regulatory Deferral Accounts' - (effective for annual periods beginning on or after 1 July 2019) provides interim guidance on accounting for regulatory deferral accounts balances while IASB considers more comprehensive guidance on accounting for the effects of rate regulation. In order to apply the interim standard, an entity has to be rate regulated – i.e. the establishment of prices that can be charged to its customers for goods or services is subject to oversight and / or approved by an authorized body. The term 'regulatory deferral account balance' has been chosen as a neutral descriptor for expense (income) or variance account that is included or is expected to be included by the rate regulator in establishing the rate(s) that can be charged to customers and would not otherwise be recognized as an asset or liability under other IFRSs. The standard is not likely to have any effect on the Bank's financial statements.
- IFRS 9 'Financial Instruments' and amendment – Prepayment Features with Negative Compensation – for Banks and DFIs, the effective date of the standard has been extended to annual periods beginning on or after 1 January 2021 vide SBP Circular 4 dated 23 October 2019. IFRS 9 replaces the existing guidance in IAS 39 'Financial Instruments: Recognition and Measurement'. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. According to SBP circular referred to above, the Banks / DFIs are required to have a parallel run of IFRS 9 from 1 January 2020. The Banks / DFIs are also required to prepare pro-forma financial statements which includes the impact of IFRS 9 for the year ended 31 December 2019. According to initial exercise to estimate the impairment required under expected credit loss model, the provision is estimated to decrease by Rs. 74 million as at 31 December 2019.

2.5 Critical accounting estimates and judgments

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

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

- Note 8.2 Classification and provisioning against non-performing advances
- Note 9 Valuation and depreciation / amortisation rates for fixed assets
- Note 10 Impairment of non-financial assets including goodwill.
- Note 9 Leases
- Note 15 Deferred taxation
- Note 20.7 Derivative instruments
- Note 30 Income taxes

Notes to the Financial Statements

For the year ended 31 December 2019

2.6 Basis of measurement

These financial statements have been prepared under the historical cost convention, except that certain available for sale, trading and derivative financial instruments have been measured at fair value, whereas certain fixed assets are stated at revalued amounts less accumulated depreciation and accumulated impairment losses, where applicable.

2.7 Functional and presentation currency

These financial statements are presented in Pakistan Rupees, which is the Bank's functional currency. Except as indicated, financial information presented in Pakistan Rupees has been rounded to the nearest thousand.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all years presented except as described in note 2.3 and 3.7 in respect of treatment of leases.

3.1 Business acquisitions

Acquisitions from entities under common control

Business combinations arising from transfers of interest in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented. For this purpose comparatives are restated, where required. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the combining entity's financial statements.

Other acquisitions

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

3.2 Cash and cash equivalents

For the purposes of cash flow statement, cash and cash equivalents comprise of cash and balances with treasury banks, balances with other banks and overdrawn nostros.

3.3 Lending and Borrowing

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

3.4 Investments

The Bank classifies its investments as follows:

a) Held for trading

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

b) Held to maturity

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

Notes to the Financial Statements

For the year ended 31 December 2019

c) Available for sale

These are investments that do not fall under the held for trading or held to maturity categories and are carried at market value. The surplus / deficit arising as a result of revaluation at market value is included in equity. Market value of investments in Government securities is determined based on the relevant PKRV and PKISRV rates.

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

Impairment

Impairment loss in respect of equity securities classified as available for sale is recognised based on management's assessment of objective evidence of impairment as a result of one or more events that may have an impact on the estimated future cash flows of the investments. A significant or prolonged decline in fair value of an equity investment below its cost is also considered an objective evidence of impairment. Provision for diminution in the value of debt securities is made as per the Prudential Regulations issued by the State Bank of Pakistan. In case of impairment of available for sale securities, the cumulative loss that has been recognised directly in surplus / (deficit) on revaluation of securities on the statement of financial position is removed therefrom and recognised in the profit and loss account.

3.5 Advances

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

When the Bank is the lessor in a lease agreement that transfers substantially all of the risks and rewards incidental to ownership of an asset to the lessee, the arrangement is presented within loans and advances.

Islamic financing

In Murabaha transactions, the Bank purchases the goods and after taking the possession, sells them to the customer on cost plus profit basis either in a spot or credit transaction.

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

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

3.6 Operating fixed assets - tangible

Owned

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

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

Land and buildings are revalued by independent professionally qualified valuer(s). Surplus arising on revaluation is credited to the 'surplus on revaluation of fixed assets' account (net of deferred tax). The revaluation is carried out with sufficient

Notes to the Financial Statements

For the year ended 31 December 2019

regularity to ensure that the carrying amount does not differ materially from that which would have been determined using fair value at the balance sheet date.

Accumulated depreciation on owned buildings, at the date of revaluation, is eliminated against the gross carrying amount of buildings. The net amount is then restated to the revalued amount.

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

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

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

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

Capital work in progress

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

3.7 Leases

A contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. The Bank mainly leases properties for its operations. The Bank recognizes a right-of-use asset and lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability. The right-of-use asset is depreciated using the straight line method from the commencement date to the earlier of end of the useful life of right-of-use asset or end of the lease term. The estimated useful lives of assets are determined on the same basis as that for owned assets. In addition, the right-of-use asset is periodically reduced by impairment losses, if any.

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

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

Upto 31 December 2018, assets held under property leases, not equivalent to ownership rights, were classified as operating leases and were not recognized as assets in the statement of financial position. Payments under operating leases were recognized in profit and loss on a straight line basis over the term of the lease.

3.8 Intangible assets

Goodwill

Goodwill represents the excess of cost of an acquisition over the fair value of net identifiable assets acquired at the date of acquisition. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses.

Computer software

Acquired computer software licenses are capitalised on the basis of costs incurred to acquire and bring to use the specific software. These costs are amortised over their expected useful lives using the straight line method.

Notes to the Financial Statements

For the year ended 31 December 2019

Acquired intangibles in business combination

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

3.9 Impairment of non-financial assets

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

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

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

3.10 Borrowings / deposits and their cost

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

3.11 Staff retirement benefits

Defined benefit plan

The Bank operates approved funded management and non management pension scheme only for its existing pensioners.

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

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

The present value of defined benefit obligation is calculated annually by independent actuaries by discounting the estimated future cash flows using an interest rate equal to the yield on high-quality corporate bonds.

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

Defined contribution plan

The Bank also operates a defined contribution gratuity scheme for all its management and non management staff, and a provident fund scheme for all its permanent staff.

3.12 Foreign currency transactions

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

3.13 Revenue recognition

Mark-up / return on advances and investments are recognised on an accrual basis using the effective interest rate method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the

Notes to the Financial Statements

For the year ended 31 December 2019

expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability.

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

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

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

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

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

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

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

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

3.14 Taxation

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

Current tax

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

Deferred tax

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

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

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

3.15 Derivative financial instruments

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

3.16 Provisions

Provisions for restructuring costs and legal claims are recognised when: (i) the Bank has a present legal or constructive obligation as a result of past events; (ii) it is more likely than not that an outflow of resources will be required to settle the obligation; and (iii) the amount has been reliably estimated.

Notes to the Financial Statements

For the year ended 31 December 2019

3.17 Fiduciary activities

The Bank commonly acts in fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions for which it earns a fee. These assets and its related income arising thereon are excluded from these financial statements, as they are not assets of the Bank. The assets under custody amount to Rs. 323 billion as at 31 December 2019.

3.18 Segment reporting

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

Business Segment

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

Geographical Segment

The Bank operates only in Pakistan.

3.19 Offsetting

Financial assets and liabilities are set off and the net amount presented in the balance sheet when, and only when, the Bank has a legal right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

3.20 Subordinated debt

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

3.21 Share-based compensation

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

3.22 Acceptances

Acceptances comprise of undertakings by the Bank to pay bills of exchange drawn on customers. The Bank expects most acceptances to be simultaneously settled with the reimbursement from the customers. Acceptances are accounted for as on-balance sheet transactions.

3.23 Basic and diluted earnings per share

The Bank presents basic and diluted earnings per share (EPS) for its shareholders. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the period / year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any. There were no convertible dilutive potential ordinary shares in issue at 31 December 2019.

Notes to the Financial Statements

For the year ended 31 December 2019

3.24 Non-current assets held for sale

Non-current assets held for sale comprises of assets whose carrying amount is expected to be recovered primarily through sale rather than continuing use. Immediately before being classified as held for sale, the assets are remeasured in accordance with the Bank's accounting policies. Thereafter, the assets are measured at the lower of their carrying values and fair values less cost to sell.

3.25 Dividend and appropriation to reserves

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

3.26 Financial assets and liabilities

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

3.27 Provision for guarantee claims and other off balance sheet obligations

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

4 CASH AND BALANCES WITH TREASURY BANKS

	Note	2019	2018
(Rupees in '000)			
In hand			
- Local currency		4,372,414	4,786,076
- Foreign currencies		3,957,268	4,974,694
With State Bank of Pakistan in:			
- Local currency current account	4.1	28,246,958	22,318,671
- Local currency current account - Islamic Banking	4.1	7,074,948	1,949,185
- Foreign currency deposit account			
Cash reserve account	4.2	4,470,826	4,141,199
Special cash reserve account	4.2	12,422,663	11,555,317
Local US Dollar collection account		27,063	63,245
With National Bank of Pakistan in:			
- Local currency current account		679,642	496,166
Prize bonds		38,646	8,944
		61,290,428	50,293,497

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

4.2 As per BSD Circular No. 15 dated June 21, 2008, cash reserve of 5% and special cash reserve of 15% (for Islamic 6%) are required to be maintained with SBP on deposits held under the New Foreign Currency Accounts Scheme (FE-25 deposits).

Notes to the Financial Statements

For the year ended 31 December 2019

5 BALANCES WITH OTHER BANKS

Note **2019** **2018**
(Rupees in '000)

Outside Pakistan
- In current accounts 5.1 3,484,265 2,344,297

5.1 This includes balances of Rs. 3,434.676 million (2018: Rs. 2,295.707 million) held with other branches and subsidiaries of Standard Chartered Group outside Pakistan.

6 LENDINGS TO FINANCIAL INSTITUTIONS

Note **2019** **2018**
(Rupees in '000)

Repurchase agreement lendings (Reverse Repo) 6.1 1,968,136 -
Bai Muajjal receivable from State Bank of Pakistan 6.2 4,117,655 -
Placements 6.3 10,926,298 6,465,508
17,012,089 6,465,508

6.1 These carry mark-up rate of 13.1 percent per annum payable at maturity, and are due to mature during January 2020. These arrangements are governed under Master Repurchase Agreements.

6.2 These represent lendings to State Bank of Pakistan by Islamic Banking Business under Bai Muajjal agreements at return rates ranging from 10.27 percent to 10.37 percent per annum with maturities upto February 2020.

6.3 This represents placements with other branches and subsidiaries of Standard Chartered Group outside Pakistan at mark-up rates ranging from 0.60 percent to 1.55 percent per annum (2018: 0.55 percent to 2.20 percent per annum), and are due to mature during January 2020.

6.4 Particulars of lending

Note **2019** **2018**
(Rupees in '000)

In local currency 6,085,791 -
In foreign currencies 10,926,298 6,465,508
6.6 17,012,089 6,465,508

6.5 Securities held as collateral against lendings to financial institutions

	2019			2018		
	Held by bank	Further given as collateral	Total	Held by bank	Further given as collateral	Total
----- (Rupees in '000) -----						
Market Treasury Bills	<u>1,968,136</u>	-	<u>1,968,136</u>	-	-	-

6.5.1 The market value of securities held as collateral against lendings to financial institutions amounted to Rs. 1,968.150 million.

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

Notes to the Financial Statements

For the year ended 31 December 2019

7 INVESTMENTS

	Note	2019				2018			
		Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
----- (Rupees in '000) -----									
7.1 Investments by type									
Held for trading securities									
Federal Government Securities		21,544,993	-	297,850	21,842,843	12,127,610	-	52,025	12,179,635
		21,544,993	-	297,850	21,842,843	12,127,610	-	52,025	12,179,635
Available for sale securities									
Federal Government Securities	7.6.2	226,969,169	-	(145,771)	226,823,398	266,324,636	-	(148,733)	266,175,903
Shares	7.6.3	786,081	(734,398)	42,958	94,641	786,081	(682,492)	1,566	105,155
Non Government Debt Securities	7.6.4	685,025	(285,025)	3,148	403,148	885,025	(285,025)	5,211	605,211
		228,440,275	(1,019,423)	(99,665)	227,321,187	267,995,742	(967,517)	(141,956)	266,886,269
Total Investments		249,985,268	(1,019,423)	198,185	249,164,030	280,123,352	(967,517)	(89,931)	279,065,904

7.2 Investments by segment

	2019				2018			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
----- (Rupees in '000) -----								
Federal Government Securities								
Market Treasury Bills	230,155,712	-	174,244	230,329,956	271,471,215	-	(83,043)	271,388,172
Pakistan Investment Bonds	15,141,712	-	(42,656)	15,099,056	1,090,053	-	(5,215)	1,084,838
GoP Ijarah Sukuk	1,825,760	-	20,491	1,846,251	4,500,000	-	(8,450)	4,491,550
Bai Muajjal with GoP	1,390,978	-	-	1,390,978	1,390,978	-	-	1,390,978
	248,514,162	-	152,079	248,666,241	278,452,246	-	(96,708)	278,355,538
Shares								
Listed Companies	783,077	(731,394)	42,958	94,641	783,077	(679,488)	1,566	105,155
Unlisted Companies	3,004	(3,004)	-	-	3,004	(3,004)	-	-
	786,081	(734,398)	42,958	94,641	786,081	(682,492)	1,566	105,155
Non Government Debt Securities								
Listed	400,000	-	3,148	403,148	600,000	-	5,211	605,211
Unlisted	285,025	(285,025)	-	-	285,025	(285,025)	-	-
	685,025	(285,025)	3,148	403,148	885,025	(285,025)	5,211	605,211
Total investment	249,985,268	(1,019,423)	198,185	249,164,030	280,123,352	(967,517)	(89,931)	279,065,904

7.3 Provision for diminution in the value of investments

	2019	2018
	(Rupees in '000)	
Opening balance	967,517	962,147
Charge for the year	51,906	5,370
Closing balance	1,019,423	967,517

Notes to the Financial Statements

For the year ended 31 December 2019

7.3.1 Particulars of provision against debt securities

Category of classification	2019		2018	
	Non Performing Investment	Provision	Non Performing Investment	Provision
	------(Rupees in '000)-----			
Loss	285,025	285,025	285,025	285,025
	<u>285,025</u>	<u>285,025</u>	<u>285,025</u>	<u>285,025</u>

7.4 Investments include securities having book value of Rs. 17.546 million (2018: Rs. 18.111 million) pledged with the State Bank of Pakistan as security to facilitate T.T. discounting facility to the Bank, including an amount earmarked against the facilities allocated to branches now in Bangladesh.

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

7.6 Quality of 'Available for Sale' securities

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

7.6.1 Federal Government Securities - Government guaranteed

	2019	2018
	Cost	
	(Rupees in '000)	
Market Treasury Bills	212,543,244	259,538,484
GoP Ijarah Sukuk	1,825,760	4,500,000
Pakistan Investment Bonds	11,209,187	895,174
	<u>225,578,191</u>	<u>264,933,658</u>

7.6.2 Federal Government Securities - Non Government guaranteed

Bai Muajjal with GoP	1,390,978	1,390,978
	<u>226,969,169</u>	<u>266,324,636</u>

7.6.3 Shares

Listed Companies

	2019	2018
	Cost	
	(Rupees in '000)	
Agritech Limited	783,077	783,077
	<u>783,077</u>	<u>783,077</u>

Unlisted Companies

	2019		2018	
	Cost	Breakup value	Cost	Breakup value
	(Rupees in '000)		(Rupees in '000)	
Pakistan Export Finance Guarantee Agency Limited	3,004	-	3,004	-
	<u>3,004</u>	<u>-</u>	<u>3,004</u>	<u>-</u>

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

Notes to the Financial Statements

For the year ended 31 December 2019

7.6.4 Non Government Debt Securities

Listed

Sukuk Bonds

	Note	2019		2018	
		Rating	Cost	Rating	Cost
(Rupees in '000)					
Fatima Fertilizer Sukuk Bonds	7.6.4.1	AA-	AA-	400,000	600,000
				<u>400,000</u>	<u>600,000</u>

Unlisted

Bonds and Term Finance Certificates - unlisted

Term Finance Certificates of Rs. 5,000 each

	2019		2018	
	Rating	Cost	Rating	Cost
(Rupees in '000)				
Agritech Limited	Unrated	147,000	Unrated	147,000
Azgard Nine Limited	Unrated	138,025	Unrated	138,025
		<u>285,025</u>		<u>285,025</u>

7.6.4.1 Fatima Fertilizer Sukuk bonds carry mark-up rates at 1.1% above 6 months KIBOR. The principal and profit is payable semi-annually with maturity in November 2021.

8 ADVANCES

	Note	Performing		Non Performing		Total	
		2019	2018	2019	2018	2019	2018
(Rupees in '000)							
Loans, cash credits, running finances, etc.		165,469,857	117,624,884	16,315,864	16,915,712	181,785,721	134,540,596
Islamic financing and related assets		41,295,830	49,077,231	1,422,079	486,990	42,717,909	49,564,221
Bills discounted and purchased (excluding treasury bills)		10,764,990	3,057,432	-	-	10,764,990	3,057,432
Advances - gross	8.1	217,530,677	169,759,547	17,737,943	17,402,702	235,268,620	187,162,249
Provision for non-performing advances							
- Specific		-	-	(16,375,109)	(16,841,631)	(16,375,109)	16,841,631
- General	8.3	(806,318)	(776,856)	-	-	(806,318)	(776,856)
		<u>(806,318)</u>	<u>(776,856)</u>	<u>(16,375,109)</u>	<u>(16,841,631)</u>	<u>(17,181,427)</u>	<u>(17,618,487)</u>
Advances - net of provision		<u>216,724,359</u>	<u>168,982,691</u>	<u>1,362,834</u>	<u>561,071</u>	<u>218,087,193</u>	<u>169,543,762</u>

8.1 Particulars of advances - gross

	2019	2018
(Rupees in '000)		
In local currency	227,723,865	181,776,109
In foreign currencies	7,544,755	5,386,140
	<u>235,268,620</u>	<u>187,162,249</u>

8.2 Advances include Rs. 17,737.943 million (31 December 2018: Rs. 17,402.702 million) which have been placed under non-performing status as detailed below:

Category of classification	2019		2018	
	Non Performing Loans	Provision	Non Performing Loans	Provision
(Rupees in '000)				
Domestic				
Other Assets Especially Mentioned	129,362	-	23,099	-
Substandard	1,116,851	257,494	321,582	68,015
Doubtful	533,567	264,565	365,798	144,450
Loss	15,958,163	15,853,050	16,692,223	16,629,166
	<u>17,737,943</u>	<u>16,375,109</u>	<u>17,402,702</u>	<u>16,841,631</u>

Notes to the Financial Statements

For the year ended 31 December 2019

8.2.1 At 31 December 2019, the provision requirement has been reduced by Rs. 34.682 million (31 December 2018: Rs. 44.834 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. 22.543 million due to the said FSV benefit is not available for distribution of cash and stock dividend / bonus to employees.

8.3 Particulars of provision against advances	Note	2019			2018		
		Specific	General	Total	Specific	General	Total
----- (Rupees in '000) -----							
Opening balance		16,841,631	776,856	17,618,487	18,953,981	670,580	19,624,561
Charge for the year		850,740	35,059	885,799	393,398	113,656	507,054
Reversals		(829,588)	(5,597)	(835,185)	(1,588,039)	(7,380)	(1,595,419)
Amounts written off	8.5.1	21,152	29,462	50,614	(1,194,641)	106,276	(1,088,365)
Other movements (including FX adjustment)		(565,808)	-	(565,808)	(1,018,712)	-	(1,018,712)
Closing balance		78,134	-	78,134	101,003	-	101,003
		<u>16,375,109</u>	<u>806,318</u>	<u>17,181,427</u>	<u>16,841,631</u>	<u>776,856</u>	<u>17,618,487</u>

8.4 Particulars of provision against advances	2019			2018		
	Specific	General	Total	Specific	General	Total
----- (Rupees in '000) -----						
In local currency	15,433,227	806,318	16,239,545	15,996,985	776,856	16,773,841
In foreign currencies	941,882	-	941,882	844,646	-	844,646
	<u>16,375,109</u>	<u>806,318</u>	<u>17,181,427</u>	<u>16,841,631</u>	<u>776,856</u>	<u>17,618,487</u>

8.5 Particulars of write-offs	Note	2019	2018
		(Rupees in '000)	
8.5.1 Against provisions	8.3	565,808	1,018,712
Directly charged to profit & loss account	29	186,804	177,254
	8.5.2 & 8.7	<u>752,612</u>	<u>1,195,966</u>
8.5.2 Write-offs of Rs. 500,000 and above - Domestic		489,216	932,581
Write-offs of below Rs. 500,000		263,396	263,385
		<u>752,612</u>	<u>1,195,966</u>

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

In terms of sub-section (3) of section 33A of the Banking Companies Ordinance, 1962, the statement in respect of written-off loans or any other financial relief of five hundred thousand rupees or above allowed to a person(s) during the year ended 31 December 2019 is given in Annexure 1.

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

8.8 The additional advances disbursed to small and medium enterprises during the year amounted to Rs. 1,928 million and net mark-up income earned from such loans amounted to Rs. 123.95 million.

9 FIXED ASSETS	Note	2019	2018
		(Rupees in '000)	
Capital work-in-progress	9.1	248,599	12,203
Property and equipment	9.2 & 9.6	10,314,852	7,825,776
		<u>10,563,451</u>	<u>7,837,979</u>
9.1 Capital work-in-progress			
Civil works		6,776	12,203
Equipment		241,823	-
		<u>248,599</u>	<u>12,203</u>

Notes to the Financial Statements

For the year ended 31 December 2019

9.2 Property and equipment

	2019									
	Freehold Land	Leasehold Land	Buildings on Freehold land	Buildings on Leasehold land			Electrical, Office and Computer Equipment	Vehicles	Leasehold improvements	Total
				Owned	Right-of-Use Assets	Furniture and Fixtures				
(Rupees in '000)										
At 1 January 2019										
Cost / Revalued amount	660,098	5,237,282	223,714	806,633	-	264,131	2,900,523	143,195	1,153,585	11,389,161
Accumulated depreciation	-	-	(14,710)	(62,049)	-	(253,343)	(2,242,775)	(100,597)	(889,911)	(3,563,385)
Net book value	660,098	5,237,282	209,004	744,584	-	10,788	657,748	42,598	263,674	7,825,776
Year ended December 2019										
Opening net book value	660,098	5,237,282	209,004	744,584	-	10,788	657,748	42,598	263,674	7,825,776
Adjustment on adoption of IFRS 16	-	-	-	-	2,289,868	-	-	-	-	2,289,868
Opening net book value - restated	660,098	5,237,282	209,004	744,584	2,289,868	10,788	657,748	42,598	263,674	10,115,644
Additions	-	-	-	15,908	1,580,248	3,589	115,319	13,586	14,814	1,743,464
Revaluation adjustment	-	22,510	5,595	6,518	-	-	-	-	-	34,623
Impairment loss recognised in the profit and loss account - net	-	(22,510)	(1,341)	(6,099)	-	-	-	-	-	(29,950)
Disposals - cost	-	(181,305)	-	(16,382)	-	(7,833)	(25,761)	(33,912)	-	(265,193)
Disposals - Accumulated depreciation	-	-	-	1,281	-	7,833	25,761	33,912	-	68,787
Depreciation charge	-	-	(20,139)	(62,597)	(561,465)	(7,581)	(269,139)	(20,991)	(65,806)	(1,007,718)
Other adjustments / transfers - Cost	(144,768)	-	(111,173)	(93,100)	-	(3,149)	(506,651)	-	(178,372)	(1,037,213)
Other adjustments / transfers - Accumulated depreciation	-	-	11,679	7,627	-	3,149	505,574	-	164,379	692,408
Closing net book value	515,330	5,055,977	93,625	597,740	3,308,651	6,796	502,851	35,193	198,689	10,314,852
At 31 December 2019										
Cost / Revalued amount	515,330	5,055,977	116,795	713,478	3,870,116	256,738	2,483,430	122,869	990,027	14,124,760
Accumulated depreciation	-	-	(23,170)	(115,738)	(561,465)	(249,942)	(1,980,579)	(87,676)	(791,338)	(3,809,908)
Net book value	515,330	5,055,977	93,625	597,740	3,308,651	6,796	502,851	35,193	198,689	10,314,852
Rate of depreciation (percentage)	-	-	2.86% - 6.67%	2.86% - 6.67%	7.7% - 100%	33.33%	14.28% - 33.33%	33.33%	6.67% - 10%	
	2018									
	Freehold Land	Leasehold Land	Buildings on Freehold land	Buildings on Leasehold land			Electrical, Office and Computer Equipment	Vehicles	Leasehold improvements	Total
				Owned	Right-of-Use Assets	Furniture and Fixtures				
(Rupees in '000)										
At 1 January 2018										
Cost / Revalued amount	662,136	5,237,282	219,113	805,356	-	252,261	2,706,665	96,836	1,161,177	11,140,826
Accumulated depreciation	-	-	-	-	-	(242,722)	(2,110,963)	(92,978)	(888,300)	(3,334,963)
Net book value	662,136	5,237,282	219,113	805,356	-	9,539	595,702	3,858	272,877	7,805,863
Year ended December 2018										
Opening net book value	662,136	5,237,282	219,113	805,356	-	9,539	595,702	3,858	272,877	7,805,863
Additions	-	-	2,563	1,277	-	11,870	342,494	46,359	69,424	473,987
Disposals - Cost	-	-	-	-	-	-	(73,282)	-	-	(73,282)
Disposals - Accumulated depreciation	-	-	-	-	-	-	73,282	-	-	73,282
Depreciation charge	-	-	(14,710)	(62,049)	-	(10,621)	(280,170)	(7,619)	(71,679)	(446,848)
Other adjustments / transfers - Cost	(2,038)	-	2,038	-	-	-	(75,354)	-	(77,016)	(152,370)
Other adjustments / transfers - Accumulated depreciation	-	-	-	-	-	-	75,076	-	70,068	145,144
Closing net book value	660,098	5,237,282	209,004	744,584	-	10,788	657,748	42,598	263,674	7,825,776
At 31 December 2018										
Cost / Revalued amount	660,098	5,237,282	223,714	806,633	-	264,131	2,900,523	143,195	1,153,585	11,389,161
Accumulated depreciation	-	-	(14,710)	(62,049)	-	(253,343)	(2,242,775)	(100,597)	(889,911)	(3,563,385)
Net book value	660,098	5,237,282	209,004	744,584	-	10,788	657,748	42,598	263,674	7,825,776
Rate of depreciation (percentage)	-	-	2.86% - 6.67%	2.86% - 6.67%	-	33.33%	14.28% - 33.33%	33.33%	6.67% - 10%	

Notes to the Financial Statements

For the year ended 31 December 2019

- 9.3 In year 2017, the Bank's owned land and buildings were revalued by independent accredited professional valuers, Iqbal A. Nanjee & Co. (Private) Limited and Colliers International (Level 3 measurements).

Both valuers appointed by the Bank are on the panel of Pakistan Banks Association. The valuation experts used a market based approach to arrive at the fair value of the Bank's properties. The market based approach uses prices and other relevant information generated by market transactions involving identical or comparable or similar properties. These values are adjusted to reflect the nature, current condition and location of the properties. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty, accordingly a qualitative disclosures of sensitivity has not been presented in these financial statements.

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

Carrying amount	2019	2018
	(Rupees in '000)	
Freehold land	42,425	121,205
Leasehold land	518,112	541,834
Buildings on freehold land	40,558	91,419
Buildings on leasehold land	203,259	272,665
	804,354	1,027,123

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

- 9.4 During the year, no disposals of fixed assets were made to the Chief Executive or to a director or to executives or to a shareholder holding not less than 10% of the voting shares of the Bank or to any related party.

- 9.5 Details of particulars of disposed off assets with book value of Rs. 500,000 or more are given below:

	Cost / Revalued amount	Accumulated depreciation	Book value	Sale Proceeds	Gain / (Loss) on Sale	Mode of Disposal	Particulars of Purchaser
(Rupees in '000)							
Lease hold Land	181,305	-	181,305	199,000	17,695	Sale	Mr. Barkat Ali Khan
Building on Lease hold Land	10,400	833	9,567	10,600	1,033	Sale	Mr. Syed Muhammad Bakhtiar Ali
	5,982	449	5,533	6,000	467	Sale	Mr. Barkat Ali Khan

- 9.6 IFRS 16 'Leases', is effective for annual period beginning on or after 1 January 2019. Accordingly, right-of-use asset has been recognised for operating leases which met the recognition criteria prescribed within the standard. (Refer note 2.3 and 3.7)

10 INTANGIBLE ASSETS

	2019					Total
	Goodwill	Core deposits intangible	Customer relationships intangible	Brand names	Computer Software	
(Rupees in '000)						
At 1 January 2019						
Cost	26,095,310	1,982,413	774,680	389,400	-	29,241,803
Accumulated amortisation and impairment	-	(1,982,413)	(774,514)	(389,400)	-	(3,146,327)
Net book value	26,095,310	-	166	-	-	26,095,476
Year ended December 2019						
Opening net book value	26,095,310	-	166	-	-	26,095,476
Amortisation charge	-	-	(101)	-	-	(101)
Closing net book value	-	-	65	-	-	26,095,375
At 31 December 2019	26,095,310	-	65	-	-	26,095,375
Cost	26,095,310	1,982,413	774,680	389,400	-	29,241,803
Accumulated amortisation and impairment	-	(1,982,413)	(774,615)	(389,400)	-	(3,146,428)
Net book value	26,095,310	-	65	-	-	26,095,375
Rate of amortisation (percentage)	-	-	-	-	-	-
Useful life (months)	-	-	24	-	-	-

Notes to the Financial Statements

For the year ended 31 December 2019

	2018					Total
	Goodwill	Core deposits intangible	Customer relationships intangible	Brand names	Computer Software	
----- (Rupees in '000) -----						
At 1 January 2018						
Cost	26,095,310	1,982,413	774,680	389,400	336,320	29,578,123
Accumulated amortisation and impairment	-	(1,982,413)	(774,348)	(389,400)	(336,320)	(3,482,481)
Net book value	<u>26,095,310</u>	<u>-</u>	<u>332</u>	<u>-</u>	<u>-</u>	<u>26,095,642</u>
Year ended December 2018						
Opening net book value	26,095,310	-	332	-	-	26,095,642
Other adjustments - transfers / write offs	-	-	-	-	(336,320)	(336,320)
Amortisation charge	-	-	(166)	-	-	(166)
Other adjustments - transfers / write offs	-	-	-	-	336,320	336,320
Closing net book value	<u>26,095,310</u>	<u>-</u>	<u>166</u>	<u>-</u>	<u>-</u>	<u>26,095,476</u>
At 31 December 2018						
Cost	26,095,310	1,982,413	774,680	389,400	-	29,241,803
Accumulated amortisation and impairment	-	(1,982,413)	(774,514)	(389,400)	-	(3,146,327)
Net book value	<u>26,095,310</u>	<u>-</u>	<u>166</u>	<u>-</u>	<u>-</u>	<u>26,095,476</u>
Rate of amortisation (percentage)	-	-	-	-	-	-
Useful life (months)	-	-	36	-	-	-

10.1 At 31 December 2019, accumulated goodwill (less impairment losses – if any) amounted to Rs. 26,095 million (2018: Rs. 26,095 million).

An annual assessment is made as to whether the current carrying value of goodwill is impaired. For the purposes of impairment testing, goodwill has been allocated to the CGUs that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those CGUs. At 31 December 2019, recoverable amount of all CGUs exceeded the carrying amount.

The recoverable amount for the purpose of assessing impairment of goodwill on acquisition of Union Bank Limited was based on value in use. The calculations are based on the five year forecast approved by the management and a terminal value determined using Gordon Growth Model (using growth rate of 5%, equivalent to long term inflation rate). The cash flows are discounted using a pre tax discount rate (24.6%) which reflects the current market rate appropriate for the business, computed using Capital Asset Pricing Model. The allocation of goodwill to CGUs for the purpose of impairment testing is given below:

	2019	2018
	(Rupees in '000)	
Cash generating unit		
Corporate & Institutional Business	6,841,098	6,841,098
Commercial Business	5,801,256	5,801,256
Retail Business	13,452,956	13,452,956
Total Goodwill	<u>26,095,310</u>	<u>26,095,310</u>

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

Notes to the Financial Statements

For the year ended 31 December 2019

11 OTHER ASSETS	Note	2019	2018
(Rupees in '000)			
Income / mark-up accrued in local currency		5,640,392	2,959,431
Income / mark-up accrued in foreign currencies		28,096	33,470
Advances, deposits, advance rent and other prepayments		358,824	551,481
Defined benefit plans	34.4	31,542	16,300
Advance taxation (payments less provisions)	11.1	11,861,988	13,847,613
Branch adjustment account		8	-
Mark to market gain on forward foreign exchange contracts		3,755,586	8,370,550
Interest rate derivatives and currency options - positive fair value		256,896	30,937
Receivable from SBP / Government of Pakistan		364,927	634,680
Receivable from associated undertakings		257,654	751,835
Assets held for sale	11.2	329,735	-
Receivable from Standard Chartered Bank, Sri Lanka operations	11.3	37,713	35,200
Advance Federal Excise Duty		188,443	188,443
Cards settlement account		776,988	261,367
Acceptances		5,344,566	5,699,708
Unsettled trades		4,244,466	-
Sundry receivables		703,082	985,692
Others		128,343	103,701
		34,309,249	34,470,408
Less: Provision held against other assets	11.4	(35,495)	(35,495)
Other Assets - net of provisions		34,273,754	34,434,913

11.1 Advance taxation (payments less provisions) represents the amounts paid under appeals / litigations of Rs. 8,303 million (including amount paid against claim for amortization of goodwill of Rs. 3,607 million, refer note 20.3.3, assessed refunds of Rs. 2,174 million) and advance tax paid under section 147 and other tax payments.

11.2 These represent book value of vacant owned properties which the Bank intends to dispose off.

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

11.4 Provision held against other assets	Note	2019	2018
(Rupees in '000)			
Others - Trade related		35,495	35,495
		35,495	35,495
12 BILLS PAYABLE			
In Pakistan		11,944,994	16,144,129
Outside Pakistan		430,277	799,498
		12,375,271	16,943,627
13 BORROWINGS			
In Pakistan		19,589,433	17,848,847
Outside Pakistan		667,298	6,174,850
		20,256,731	24,023,697

Notes to the Financial Statements

For the year ended 31 December 2019

	Note	2019	2018
(Rupees in '000)			
13.1 Details of borrowings secured / unsecured			
Secured			
Borrowings from State Bank of Pakistan under Export Refinance (ERF) scheme	13.1.1	19,533,921	17,658,060
State Bank of Pakistan - LTFF	13.1.2	55,116	190,522
		19,589,037	17,848,582
Unsecured			
Call borrowings		-	4,165,857
Overdrawn nostro accounts	13.1.3	667,694	2,009,258
		20,256,731	24,023,697

13.1.1 Mark-up on Export Refinance (ERF) from State Bank of Pakistan is charged at 2 percent (2018: 2 percent) per annum. ERF borrowings also include borrowings under Islamic Export Refinance Scheme amounting to Rs. 4,050 million (2018: Rs. 3,289 million). These borrowings are secured against demand promissory notes executed by the Bank in favour of State Bank of Pakistan.

13.1.2 Mark-up on Long Term Finance Facility (LTFF) from State Bank of Pakistan carry mark up rates ranging from 2.5 percent to 5.0 percent (2018: 2.5 percent to 6.5 percent) per annum. These loans are secured against promissory notes executed by the Bank in favour of State Bank of Pakistan.

13.1.3 These include overdrawn nostro accounts with other branches and subsidiaries of Standard Chartered Group outside Pakistan amounting to Rs. 667 million (2018: Rs. 2,009 million).

	2019	2018
(Rupees in '000)		
13.2 Particulars of borrowings with respect to currencies		
In local currency	19,589,433	17,848,847
In foreign currencies	667,298	6,174,850
	20,256,731	24,023,697

14 DEPOSITS AND OTHER ACCOUNTS	Note	2019			2018		
		In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
Customers							
------(Rupees in '000)-----							
Remunerative							
- Fixed deposits		30,909,511	472,936	31,382,447	23,167,116	490,223	23,657,339
- Savings deposits		194,710,890	24,072,229	218,783,119	170,648,553	23,277,644	193,926,197
Non-Remunerative							
- Current accounts		119,521,063	56,357,019	175,878,082	120,892,070	52,531,995	173,424,065
- Margin accounts		3,381,984	175,170	3,557,154	5,272,210	49,924	5,322,134
- Special exporters' account		6,255,671	-	6,255,671	4,728,626	-	4,728,626
		354,779,119	81,077,354	435,856,473	324,708,575	76,349,786	401,058,361
Financial Institutions							
- Remunerative deposits - Others		8,028,260	1,919,004	9,947,264	7,476,187	1,762,157	9,238,344
- Non-remunerative deposits - Others	14.1	12,701,727	7,123,521	19,825,248	10,405,921	4,196,310	14,602,231
		375,509,106	90,119,879	465,628,985	342,590,683	82,308,253	424,898,936

14.1 This includes Rs. 597.736 million (2018: Rs. 964.772 million) against balances of other branches and subsidiaries of Standard Chartered Group operating outside Pakistan.

	Note	2019	2018
(Rupees in '000)			
14.2 Composition of deposits			
- Individuals		241,575,513	222,622,127
- Government (Federal and Provincial)		1,044,012	1,460,224
- Public Sector Entities		6,721,245	3,114,905
- Banking Companies		18,974,628	18,093,731
- Non-Banking Financial Institutions		2,424,116	455,930
- Private Sector		154,783,342	147,349,271
- Embassies		8,373,768	5,290,914
- Non residents (Corporate & Individual)		21,960,141	16,920,180
- Trusts		9,772,220	9,591,654
	14.3	465,628,985	424,898,936

Notes to the Financial Statements

For the year ended 31 December 2019

14.3 This includes deposits eligible to be covered under insurance arrangements amounting to Rs. 249,318 million (2018: Rs. 206,676 million).

15 DEFERRED TAX ASSETS / (LIABILITIES)

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

Note	2019			
	At 1 January 2019	Recognised in profit and loss	Recognised in OCI	At 31 December 2019
----- (Rupees in '000) -----				
Deductible Temporary Differences on				
	7,256	-	(4,780)	2,476
Post retirement employee benefits				
Deficit on revaluation of investments	49,685	-	(14,802)	34,883
19.2				
Provision against advances, off balance sheet etc.	2,485,817	(680,455)	-	1,805,362
15.1				
Unpaid liabilities	1,902,215	501,091	-	2,403,306
	4,444,973	(179,364)	(19,582)	4,246,027
Taxable Temporary Differences on				
	(202,903)	8,474	-	(194,429)
Surplus on revaluation of fixed assets				
19.1				
Goodwill	(7,830,986)	-	-	(7,830,986)
Accelerated tax depreciation	(42,293)	113,717	-	71,424
	(8,076,182)	122,191	-	(7,953,991)
	(3,631,209)	(57,173)	(19,582)	(3,707,964)
----- (Rupees in '000) -----				
----- (Rupees in '000) -----				
2018				
	At 1 January 2018	Recognised in profit and loss	Recognised in OCI	At 31 December 2018
----- (Rupees in '000) -----				
Deductible Temporary Differences on				
	14,835	-	(7,579)	7,256
Post retirement employee benefits				
Deficit on revaluation of investments	20,498	-	29,187	49,685
Provision against advances, off balance sheet etc.	2,959,817	(474,000)	-	2,485,817
Unpaid liabilities	1,417,138	485,077	-	1,902,215
	4,412,288	11,077	21,608	4,444,973
Taxable Temporary Differences on				
	(212,968)	10,065	-	(202,903)
Surplus on revaluation of fixed assets				
Goodwill	(7,830,986)	-	-	(7,830,986)
Accelerated tax depreciation	(74,742)	32,449	-	(42,293)
	(8,118,696)	42,514	-	(8,076,182)
	(3,706,408)	53,591	21,608	(3,631,209)

15.1 In terms of the Seventh Schedule to the Income Tax Law, the claim of provision for advances and off balance sheet items in respect of Corporate and Consumer (including SME) advances has been restricted to 1% and 5% of gross advances respectively. The management, based on projection of taxable profits, considers that the actual charge for provision of advances in future years would be lower than the amount allowed by seventh schedule and therefore it would be able to recover deferred tax asset recorded on this account. It also includes deferred tax asset on pre seventh schedule provision against loans and advances disallowed, which only become tax allowable upon being written off.

Notes to the Financial Statements

For the year ended 31 December 2019

16 OTHER LIABILITIES	Note	2019	2018
(Rupees in '000)			
Mark-up / return / interest payable in local currency		420,924	198,511
Mark-up / return / interest payable in foreign currencies		26,498	33,470
Accrued expenses		3,058,823	2,741,552
Advance payments		523,345	455,317
Sundry creditors		4,082,939	4,249,807
Mark to market loss on forward foreign exchange contracts		6,147,974	3,640,401
Unrealized loss on interest rate derivatives and currency options		3,992,870	2,631,269
Due to holding company	16.1	10,835,325	11,925,280
Charity fund balance		12,985	7,932
Dividend payable		101,520	85,567
Branch adjustment account		-	2,438
Provision against off balance sheet obligations	16.2 & 16.3	235,130	283,541
Worker's Welfare Fund (WWF) payable	16.4	2,997,975	2,265,276
Lease liability	16.5	3,477,995	-
Short sell - Federal Government securities		3,684,152	-
Acceptances		5,344,566	5,699,708
Unsettled trades		-	4,920,925
Others		142,110	204,504
		45,085,131	39,345,498
16.1 Due to holding company			
On account of reimbursement of executive and general administrative expenses		10,250,476	10,250,476
Dividend and other payable		584,849	1,674,804
		10,835,325	11,925,280
16.2 Provision against off-balance sheet obligations			
Opening balance		283,541	282,927
Charge for the year		51,987	8,500
Reversals		(100,398)	(7,886)
Closing balance		235,130	283,541
16.3	These primarily represents provision against off balance sheet exposures such as bank guarantees.		
16.4	The Supreme Court of Pakistan vide its order dated 10 November 2016 has held that the amendments made in the law introduced by the Federal Government by Finance Act 2008 for the levy of Worker's Welfare Fund (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.		
	Further, as a consequence of passage of 18th Amendment to the Constitution, levy for Worker's Welfare fund was also introduced by the Government of Sindh (Sindh WWF) which was effective from 1 January 2014. The definition of industrial undertakings under the aforesaid Sindh WWF law includes banks and financial institutions as well. The Bank along with the other banks has challenged applicability of the said law on Banks before the Sindh High Court.		
16.5	IFRS 16 'Leases', is effective for annual period beginning on or after 1 January 2019. Accordingly, lease liability has been recognised for operating leases which met the recognition criteria prescribed within the standard. (Refer note 2.3 and 3.7)		

Notes to the Financial Statements

For the year ended 31 December 2019

17 SHARE CAPITAL

17.1 Authorized Capital

2019 (Number of shares)	2018	Note	2019 (Rupees in '000)	2018
<u>4,000,000,000</u>	<u>4,000,000,000</u>		<u>40,000,000</u>	<u>40,000,000</u>

Ordinary shares of Rs.10 each

17.2 Issued, subscribed and paid-up Capital

2019 (Number of shares)	2018	Note	2019 (Rupees in '000)	2018
<u>2,939,785,018</u>	2,939,785,018		<u>29,397,850</u>	29,397,850
<u>931,800,003</u>	931,800,003	17.3	<u>9,318,000</u>	9,318,000
<u>3,871,585,021</u>	<u>3,871,585,021</u>		<u>38,715,850</u>	<u>38,715,850</u>

Ordinary shares of Rs. 10 each
Fully paid in cash

Issued in terms of scheme of
amalgamation

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

17.4 At 31 December 2019, Standard Chartered Bank, United Kingdom, held 98.99% shares of the Bank.

18 Reserves	Note	2019 (Rupees in '000)	2018
Share premium	18.1	<u>1,036,090</u>	1,036,090
Statutory reserve	18.2	<u>18,834,865</u>	15,631,376
		<u>19,870,955</u>	16,667,466

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

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

18.3 The Board of Directors in their meeting held on 27 February 2020 have announced a final cash dividend of 17.5% (Rs. 1.75/- per share) in respect of the year ended 31 December 2019 (2018: Rs. 1.50 per share). This is in addition to 12.5% (Rs. 1.25/- per share) interim cash dividend announced during the year. The financial statements for the year ended 31 December 2019 do not include the effect of final dividend appropriations which will be accounted for subsequent to the year end.

Notes to the Financial Statements

For the year ended 31 December 2019

19	SURPLUS ON REVALUATION OF ASSETS - NET OF DEFERRED TAX	Note	2019	2018
(Rupees in '000)				
	Surplus / (deficit) arising on revaluation of:			
	Fixed assets	19.1	5,642,052	5,823,845
	Available for sale securities	19.2	(99,665)	(141,956)
			<u>5,542,387</u>	<u>5,681,889</u>
	Deferred tax on surplus / (deficit) on revaluation of:			
	Fixed assets	19.1	(194,429)	(202,903)
	Available for sale securities	19.2	34,883	49,685
			<u>(159,546)</u>	<u>(153,218)</u>
			<u>5,382,841</u>	<u>5,528,671</u>
19.1	Surplus on revaluation of fixed assets - net of tax			
	Surplus on revaluation of fixed assets as at 1 January		5,823,845	5,852,602
	Recognised during the year		34,623	-
	Realised on disposal during the year		(182,154)	-
	Transferred to unappropriated profit in respect of incremental depreciation charged during the year - net of deferred tax		(22,270)	(18,692)
	Related deferred tax liability on incremental depreciation charged during the year		(11,992)	(10,065)
			<u>(34,262)</u>	<u>(28,757)</u>
	Surplus on revaluation of fixed assets as at 31 December		5,642,052	5,823,845
	Less: Related deferred tax liability on:			
	Revaluation surplus as at 1 January		(202,903)	(212,968)
	Revaluation surplus recognised during the year		(4,240)	-
	Surplus realized on disposal during the year		722	-
	Incremental depreciation charged during the year		11,992	10,065
			<u>(194,429)</u>	<u>(202,903)</u>
	Surplus on revaluation of fixed assets as at 31 December - net of tax		<u>5,447,623</u>	<u>5,620,942</u>
19.2	Surplus / (deficit) on revaluation of Available for Sale securities - net of tax			
	Market Treasury Bills		(106,335)	(136,954)
	Pakistan Investment Bonds		(59,926)	(3,329)
	Sukuk and Ijarah Bonds		23,638	(3,239)
	Listed shares		42,958	1,566
			<u>(99,665)</u>	<u>(141,956)</u>
	Related deferred tax liability		34,883	49,685
			<u>(64,782)</u>	<u>(92,271)</u>
20	CONTINGENCIES AND COMMITMENTS			
	Guarantees	20.1	126,880,752	107,971,882
	Commitments	20.2	475,638,685	303,883,384
	Other contingent liabilities	20.3	10,988,197	11,125,936
			<u>613,507,634</u>	<u>422,981,202</u>
20.1	Guarantees:			
	Guarantees issued favouring:			
	Financial guarantees		19,018,743	15,986,920
	Performance guarantees		78,572,604	59,937,338
	Other guarantees		29,289,405	32,047,624
			<u>126,880,752</u>	<u>107,971,882</u>
20.2	Commitments:			
	Documentary credits and short-term trade-related transactions			
	Letters of credit		26,644,590	20,430,495
	Commitments in respect of:			
	Forward foreign exchange contracts			
	- Purchase	20.4	262,611,679	173,791,445
	- Sale	20.4	186,080,094	107,179,523
	Commitment for acquisition of fixed assets		229,792	63,916
	Commitment in respect of operating leases	20.6	72,530	2,418,005
			<u>475,638,685</u>	<u>303,883,384</u>
20.3	Other contingent liabilities		<u>10,988,197</u>	<u>11,125,936</u>

Notes to the Financial Statements

For the year ended 31 December 2019

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

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

20.3.3 The tax department amended the assessments for income years 2007 to 2017 (tax years 2008 to 2018 respectively) under the related provisions of the Income Tax Law, determining additional tax liability amounting to Rs. 4,696 million on account of various issues such as disallowances relating to provision against loans and advances and Rs. 3,607 million on account of goodwill amortization (for which deferred tax is also booked) which have been paid by the Bank. Appeals against the amended assessment orders are pending before different appellate forums. The management considers that a significant amount of the additional tax liability is the result of timing differences and is confident that the issues in the above mentioned tax years will be decided in favor of the Bank at appellate forums. Accordingly, no additional provision is required. The Sindh High Court has decided the issue of goodwill amortisation in favor of the Bank for the tax years 2008 and 2012. A tax refund order of Rs. 893 million has been issued by the Federal Board of Revenue in respect of tax year 2008. The Federal Board of Revenue has filed leave to appeal before the Supreme Court of Pakistan.

20.4 Commitments in respect of forward foreign exchange contracts

	2019	2018
	(Rupees in '000)	
Purchase from:		
State Bank of Pakistan	102,632,973	77,367,993
Other banks	149,755,699	95,861,603
Customers	10,223,007	561,849
	<u>262,611,679</u>	<u>173,791,445</u>
Sale to:		
State Bank of Pakistan	32,014,212	-
Other banks	140,125,724	91,861,463
Customers	13,940,158	15,318,060
	<u>186,080,094</u>	<u>107,179,523</u>

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

20.5 Commitments to extend credit

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

20.6 Commitments in respect of operating leases

	2019	2018
	(Rupees in '000)	
Not later than one year	15,868	634,412
Later than one year and not later than five years	56,662	1,506,899
Later than five years	-	276,694
	<u>72,530</u>	<u>2,418,005</u>

20.7 Derivative instruments

20.7.1 Product analysis

	2019			
	(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
With Banks for				
Hedging	-	-	-	-
Market Making	10,406,418	(416,433)	-	-
With FIs other than banks				
Hedging	-	-	-	-
Market Making	-	-	-	-
With other entities for				
Hedging	-	-	-	-
Market Making	18,619,304	(3,319,541)	-	-
Total				
Hedging	-	-	-	-
Market Making	29,025,722	(3,735,974)	-	-

Notes to the Financial Statements

For the year ended 31 December 2019

	2018			
	(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
With Banks for				
Hedging	-	-	-	-
Market Making	13,108,769	(1,554,362)	37,141	(214)
With FIs other than banks				
Hedging	-	-	-	-
Market Making	-	-	-	-
With other entities for				
Hedging	-	-	-	-
Market Making	14,538,458	(1,045,970)	37,141	214
Total				
Hedging	-	-	-	-
Market Making	27,647,227	(2,600,332)	74,282	-

* At the exchange rate prevailing at year end.

20.7.2 Maturity analysis

Remaining Maturity	2019				
	No. of Contracts	Notional Principal	Mark to Market		Net
			Negative	Positive	
(Rupees in '000)					
Upto 1 month	-	-	-	-	-
1 to 3 months	1	459,897	(150,962)	-	(150,962)
3 to 6 months	-	-	-	-	-
6 months to 1 year	4	1,047,761	(190,883)	185	(190,698)
1 to 2 years	3	1,061,222	(235,061)	-	(235,061)
2 to 3 years	2	1,147,531	(350,618)	-	(350,618)
3 to 5 years	7	8,021,462	(304,939)	256,711	(48,228)
5 to 10 years	24	17,287,849	(2,760,407)	-	(2,760,407)
Above 10 years	-	-	-	-	-
	41	29,025,722	(3,992,870)	256,896	(3,735,974)

Remaining Maturity	2018				
	No. of Contracts	Notional Principal	Mark to Market		Net
			Negative	Positive	
(Rupees in '000)					
Upto 1 month	8	74,283	(214)	214	-
1 to 3 months	-	-	-	-	-
3 to 6 months	4	469,353	89,967	1,380	91,347
6 months to 1 year	3	4,389,742	(24,075)	20,553	(3,522)
1 to 2 years	5	2,291,610	(253,697)	4,761	(248,936)
2 to 3 years	3	1,381,676	(173,514)	-	(173,514)
3 to 5 years	6	2,905,997	(449,818)	4,016	(445,802)
5 to 10 years	23	16,208,848	(1,819,918)	13	(1,819,905)
Above 10 years	-	-	-	-	-
	52	27,721,509	(2,631,269)	30,937	(2,600,332)

Notes to the Financial Statements

For the year ended 31 December 2019

21	MARK-UP / RETURN / INTEREST EARNED	Note	2019	2018
			(Rupees in '000)	
	On loans and advances to customers		21,989,687	12,107,878
	On loans and advances to financial institutions		33,952	54,098
	On investments in: i) Held for trading securities		82,259	127,468
	ii) Available for sale securities		27,200,264	17,941,330
	On deposits with financial institutions / State Bank of Pakistan		158,878	92,448
	On securities purchased under resale agreements		1,708,663	723,620
	On call money lendings / Placements		1,066,451	160,118
			<u>52,240,154</u>	<u>31,206,960</u>
	22 MARK-UP / RETURN / INTEREST EXPENSED			
	Deposits		20,678,635	10,675,762
	Securities sold under repurchase agreements		720,523	398,258
	Call borrowings		87,754	156,825
	Borrowings from State Bank of Pakistan under Export Refinance (ERF) scheme		348,738	305,528
	Cost of foreign currency swaps against foreign currency deposits / borrowings		1,997,696	840,098
	Finance cost against leases	22.1	220,267	-
			<u>24,053,613</u>	<u>12,376,471</u>
22.1	IFRS 16 'Leases', is effective for annual period beginning on or after 1 January 2019. Accordingly, finance cost has been booked and separately disclosed against lease liability recognised for operating leases, which met the recognition criteria prescribed within the standard. (Refer note 2.3 and 3.7)			
	23 FEE & COMMISSION INCOME		2019	2018
			(Rupees in '000)	
	Branch banking customer fees		357,598	260,592
	Deposit protection premium		(398,911)	(165,341)
	Consumer finance related fees		40,400	55,546
	Card related fees (debit and credit cards)		1,110,087	1,664,709
	Credit related fees		282,591	413,252
	Investment banking fees		36,934	181,205
	Commission on trade		923,353	768,994
	Commission on guarantees		511,930	335,965
	Commission on cash management		329,236	241,695
	Commission on remittances including home remittances		170,932	58,589
	Commission on bancassurance		46,397	140,684
	Custody fees		191,883	200,776
			<u>3,602,430</u>	<u>4,156,666</u>
	24 FOREIGN EXCHANGE INCOME			
	Gain / (loss) realised from dealing in:			
	Foreign currencies		4,480,085	3,479,010
	Derivative financial instruments		(282,682)	2,001,269
			<u>4,197,403</u>	<u>5,480,279</u>
	25 GAIN / (LOSS) ON SALE OF SECURITIES			
	Realised	25.1	1,501,454	1,226,617
	Unrealised - held for trading	7.1	297,850	52,025
			<u>1,799,304</u>	<u>1,278,642</u>
25.1	Realised gain on:			
	Federal Government Securities			
	Market Treasury Bills		1,057,683	837,908
	Pakistan Investment Bonds		443,771	389,719
	Ijarah Sukuks		-	(1,010)
			<u>1,501,454</u>	<u>1,226,617</u>

Notes to the Financial Statements

For the year ended 31 December 2019

26	OTHER INCOME	2019	2018
		(Rupees in '000)	
	Rent on property	24,318	22,411
	Gain on sale of fixed assets - net	9.5 51,502	13,788
	Sri Lanka branch operations recovery / (cost) & exchange translation	11.3 2,513	(381)
	Recoveries against assets at acquisition of Union Bank Limited	30,453	72,479
	Gain on lease termination	3,882	-
		112,668	108,297
27	OPERATING EXPENSES		
	Total compensation expense	27.1 6,071,340	5,952,532
	Property expense		
	Rent & taxes	302,588	830,587
	Insurance	13,028	20,100
	Utilities cost	263,568	285,336
	Security (including guards)	207,353	206,772
	Repairs & maintenance	211,808	209,080
	Civil works	167,030	141,980
	Facilities management costs	137,426	135,467
	Depreciation (Property related)	169,521	189,093
	Depreciation (Right of use assets)	27.2 561,465	-
	Cleaning and Janitorial	281,770	273,979
	Minor improvements and others	216,177	152,590
		2,531,734	2,444,984
	Information technology expenses		
	Software maintenance	161,432	159,197
	Hardware maintenance	275,410	231,337
	Depreciation (IT related)	189,907	195,825
	Amortisation	101	166
	Network charges	22,348	11,763
		649,198	598,288
	Other operating expenses		
	Directors' fees and allowances	6,650	6,425
	Fees and allowances to Shari'ah Board	11,044	6,018
	Legal & professional charges	148,534	117,409
	Outsourced services costs	27.3 120,310	153,072
	Travelling & conveyance	126,511	98,631
	Depreciation	86,825	61,930
	Training & development	11,347	10,338
	Postage & courier charges	167,145	112,142
	Communication	270,250	277,156
	Stationery & printing	313,915	84,010
	Marketing, advertisement & publicity	280,279	433,560
	Donations	27.5 11,981	9,480
	Auditors remuneration	27.6 23,240	28,074
	Cash transportation services	58,326	68,362
	Documentation and processing charges	149,025	127,351
	Insurance	18,801	24,239
	Others	72,208	272,744
		1,876,391	1,890,941
		11,128,663	10,886,745

Notes to the Financial Statements

For the year ended 31 December 2019

27.1 Total compensation expense

	2019	2018
	(Rupees in '000)	
Managerial Remuneration		
i) Fixed	3,037,640	3,109,825
ii) Variable of which;		
a) Cash Bonus / Awards etc.	1,114,616	1,039,546
b) Bonus & Awards in Shares etc.	72,007	(37,739)
Fees and Allowances etc	994,166	890,517
Charge for defined benefit plan	(1,584)	374
Contribution to defined contribution plan	370,880	375,049
Rent & house maintenance	24,000	21,535
Conveyance	319,780	310,997
Others		
a) Redundancy / severance	20,243	76,277
b) Staff entertainment	20,130	17,656
c) Temporary staff costs	120	62,876
d) Staff insurance	99,342	85,619
	6,071,340	5,952,532

27.2 IFRS 16 'Leases', is effective for annual period beginning on or after 1 January 2019. Accordingly, depreciation has been booked and separately disclosed against right of use assets recognised for operating leases which met the criteria prescribed within the standard. (Refer note 2.3 and 3.7).

27.3 Total cost for the year included in other operating expenses relating to outsourced activities is Rs. 120 million (2018: Rs. 153 million). The total amount pertains to payment to companies incorporated in Pakistan. The material outsourcing arrangements along with their nature of services are as follows:

Supplier name	Services	2019	2018
CMS Company	Cash sorting at cash houses and branches	27,417	35,291
DWP Techonologies (Pvt.) Ltd	Network management support services	9,217	8,900
DWP Techonologies (Pvt.) Ltd	Printing of statement of accounts	4,663	-
TCS (Pvt.) Ltd	Printing of statement of accounts	5,710	11,721
Infotel Pakistan (Pvt.) Ltd	Credit and debit card personalization	13,344	39,897
Apex Printry (Pvt.) Ltd	Secured printing including cheque books, pay orders etc.	30,174	27,586
Inbox Business Technologies Ltd	Desktop & end user support services	29,785	29,677
		120,310	153,072

27.4 Bank is awaiting approval from State Bank of Pakistan (SBP) for payment of group executive and general administration expenses for prior years. In concurrence with SCB UK, no expenses have been charged for the years ended 31 December 2018 and 31 December 2019.

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

	Note	2019	2018
		(Rupees in '000)	
Donee			
Right to Play International - Goal Programme		7,746	5,890
The Citizen's Foundation		-	1,795
Patient's Aid Foundation		1,335	957
Indus Hospital		1,500	838
Hunar Foundation		1,400	-

27.6 Auditors' remuneration

Statutory audit fee	15,751	15,292
IFRS reporting fee	3,208	6,940
Special certifications and sundry other reporting	2,962	4,532
Fee for audit of employee funds	319	310
Out-of-pocket expenses	1,000	1,000
	23,240	28,074

Notes to the Financial Statements

For the year ended 31 December 2019

	Note	2019	2018
		(Rupees in '000)	
28 OTHER CHARGES			
Net charge against fines and penalties imposed by SBP		32,560	33,774
		<u>32,560</u>	<u>33,774</u>
29 PROVISIONS AND WRITE OFFS - NET			
Recovery / (provision) against loans and advances	8.3	(2,203)	1,087,751
Recovery of amounts written off		302,743	320,556
Provision for diminution in the value of investments	7.1	(51,907)	(5,370)
Bad debts written off directly	8.5.1	(186,804)	(177,254)
Fixed assets write offs		(15,069)	(7,226)
Impairment against fixed assets	9.2	(29,950)	-
		<u>16,810</u>	<u>1,218,457</u>
30 TAXATION			
- Current		10,517,384	7,224,912
- Prior years	30.1	607,199	35,892
- Deferred		57,173	(53,591)
		<u>11,181,756</u>	<u>7,207,213</u>
		(Rupees in '000)	
30.1 Relationship between tax expense and accounting profit			
Profit before taxation		27,199,203	18,446,573
Tax at the applicable tax rate of 35% (2018: 35%)		9,519,721	6,456,301
Expenses that are not deductible in determining taxable income		21,879	11,821
Prior year provision - Super Tax for 2017		607,199	-
Super tax		1,080,376	739,091
Tax rebate on additional loans given to SME		(16,278)	-
Others		(31,141)	-
		<u>11,181,756</u>	<u>7,207,213</u>
30.2	The return for income year 2019 (Tax Year 2020) is due for filing by 30 September 2020.		
31 EARNINGS PER SHARE - BASIC AND DILUTED			
		(Rupees in '000)	
Profit for the year		16,017,447	11,239,360
		(Number of shares)	
Weighted average number of ordinary shares		3,871,585,021	3,871,585,021
		(Rupees)	
Earnings per share - basic and diluted		4.14	2.90

Notes to the Financial Statements

For the year ended 31 December 2019

32 STAFF STRENGTH

Permanent
Temporary / on contractual basis / direct contracts
Bank's own staff at the end of year

Outsourced

Total staff strength

	2019	2018
	(Number)	
	2,822	3,216
	1	4
	2,823	3,220
	-	-
	2,823	3,220

33 CASH AND CASH EQUIVALENTS

Cash and balances with treasury banks
Balances with other banks
Overdrawn nostros

	2019	2018
	(Rupees in '000)	
	61,290,428	50,293,497
	3,484,265	2,344,297
	(667,694)	(2,009,258)
	64,106,999	50,628,536

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

	2019									
	Liabilities					Equity			Total	
	Bills payable	Borrowings	Deposits and other accounts	Deferred tax liabilities	Other liabilities	Share capital	Reserves	Surplus on revaluation of assets		Unappropriated profit
	(Rupees in '000)									
Balance as at 1 January 2019	16,943,627	24,023,697	424,898,936	3,631,209	39,345,498	38,715,850	16,667,466	5,528,671	6,326,382	576,081,336
Changes from financing cash flows										
Dividend paid	-	-	-	-	(10,630,906)	-	-	-	-	(10,630,906)
Total changes from financing cash flows	-	-	-	-	(10,630,906)	-	-	-	-	(10,630,906)
Other changes	-	-	-	-	-	-	-	-	5,642,532	5,642,532
Liability-related										
Changes in bills payable	(4,568,356)	-	-	-	-	-	-	-	-	(4,568,356)
Changes in borrowings	-	(3,766,966)	-	-	-	-	-	-	-	(3,766,966)
Changes in deposits and other accounts	-	-	40,730,049	-	-	-	-	-	-	40,730,049
Changes in deferred tax liabilities	-	-	-	76,755	-	-	-	-	-	76,755
Changes in other liabilities	-	-	-	-	16,384,197	-	-	-	-	16,384,197
- Non-cash based - Actuarial loss on remeasurements of defined benefit plan	-	-	-	-	(13,658)	-	-	-	-	(13,658)
Transfer of profit to reserve	-	-	-	-	-	-	3,203,489	-	(3,203,489)	-
Realised on disposal during the year - net of deferred tax	-	-	-	-	-	-	-	-	181,432	181,432
Changes in surplus on revaluation of assets	-	-	-	-	-	-	-	(145,830)	-	(145,830)
	(4,568,356)	(3,766,966)	40,730,049	76,755	16,370,539	-	3,203,489	(145,830)	(3,022,057)	48,877,623
Balance as at 31 December 2019	12,375,271	20,256,731	465,628,985	3,707,964	45,085,131	38,715,850	19,870,955	5,382,841	8,946,857	619,970,585

Notes to the Financial Statements

For the year ended 31 December 2019

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

	2018									
	Liabilities					Equity				Total
	Bills payable	Borrowings	Deposits and other accounts	Deferred tax liabilities	Other liabilities	Share capital	Reserves	Surplus on revaluation of assets	Unappropriated profit	
	----- (Rupees in '000) -----									
Balance as at 1 January 2018	18,958,345	26,029,816	377,576,064	3,706,408	30,624,819	38,715,850	14,419,594	5,601,565	4,199,687	519,832,148
Changes from financing cash flows										
Dividend paid	-	-	-	-	(5,541,198)	-	-	-	-	(5,541,198)
Total changes from financing cash flows	-	-	-	-	(5,541,198)	-	-	-	-	(5,541,198)
Other changes	-	-	-	-	-	-	-	-	4,374,567	4,374,567
Liability-related										
Changes in bills payable	(2,014,718)	-	-	-	-	-	-	-	-	(2,014,718)
Changes in borrowings	-	(2,006,119)	-	-	-	-	-	-	-	(2,006,119)
Changes in deposits and other accounts	-	-	47,322,872	-	-	-	-	-	-	47,322,872
Changes in deferred tax liabilities	-	-	-	(75,199)	-	-	-	-	-	(75,199)
Changes in other liabilities	-	-	-	-	14,283,532	-	-	-	-	14,283,532
- Non-cash based - Actuarial loss on remeasurements of defined benefit plan	-	-	-	-	(21,655)	-	-	-	-	(21,655)
Transfer of profit to reserve	-	-	-	-	-	-	2,247,872	-	(2,247,872)	-
Changes in surplus on revaluation of assets	-	-	-	-	-	-	-	(72,894)	-	(72,894)
	(2,014,718)	(2,006,119)	47,322,872	(75,199)	14,261,877	-	2,247,872	(72,894)	(2,247,872)	57,415,819
Balance as at 31 December 2018	16,943,627	24,023,697	424,898,936	3,631,209	39,345,498	38,715,850	16,667,466	5,528,671	6,326,382	576,081,336

34 DEFINED BENEFIT PLANS

34.1 General description

Non Management Staff Pension Fund

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

Management Staff Pension Fund

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

34.2 Number of Employees under the scheme

	2019	2018
SCB Non Management Pension Fund	31	33
SCB Management Pension Fund	42	43

Notes to the Financial Statements

For the year ended 31 December 2019

34.3 Principal Actuarial Assumptions

The last actuarial valuation of the scheme was carried out on 31 December 2019 and the key assumptions used for actuarial valuation were as follows:

	2019	2018
Discount rate	12.70% p.a.	10.20% p.a.
Expected rate of increase in salary in future years	N/A	N/A
Expected rate of return on plan assets	12.70% p.a.	10.5% p.a.
Expected long term rate of increase in pension	3.5% p.a.	3.5% p.a.
Mortality rate	SLIC (2001-05) ultimate mortality table rated down one year Light	SLIC (2001-05) ultimate mortality table rated down one year Light
Withdrawal rate		

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

	SCB Non Management Pension Fund		SCB Management Pension Fund		Total	
	2019	2018	2019	2018	2019	2018
Present value of obligations	36,155	41,010	42,463	46,844	78,618	87,854
Fair value of plan assets	(55,263)	(52,912)	(54,897)	(51,242)	(110,160)	(104,154)
(Receivable from) / payable to defined benefit plan	(19,108)	(11,902)	(12,434)	(4,398)	(31,542)	(16,300)

34.5 Movement in defined benefit obligation

Obligation as at 1 January	41,010	54,396	46,844	57,730	87,854	112,126
Interest cost	3,909	3,987	4,489	4,243	8,398	8,230
Benefits paid	(4,538)	(5,492)	(6,071)	(5,760)	(10,609)	(11,252)
Re measurement : Actuarial (gain) / loss on obligation	(4,226)	(11,881)	(2,799)	(9,369)	(7,025)	(21,250)
Obligation as at 31 December	36,155	41,010	42,463	46,844	78,618	87,854

34.6 Movement in fair value of plan assets

Fair value as at 1 January	52,912	53,265	51,242	53,880	104,154	107,145
Interest income on plan assets	5,066	3,900	4,916	3,956	9,982	7,856
Benefits paid	(4,538)	(5,492)	(6,071)	(5,760)	(10,609)	(11,252)
Re measurement : Actuarial gain / (loss) on plan assets	1,823	1,239	4,810	(834)	6,633	405
Fair value as at 31 December	55,263	52,912	54,897	51,242	110,160	104,154

34.7 Movement in (receivable) / payable from / to defined benefit plan

Balance as at 1 January	(11,902)	1,131	(4,398)	3,850	(16,300)	4,981
Net benefit cost/(income) for the year ended	(1,157)	87	(427)	287	(1,584)	374
Total amount of remeasurements recognised in OCI during the year	(6,049)	(13,120)	(7,609)	(8,535)	(13,658)	(21,655)
Balance as at 31 December	(19,108)	(11,902)	(12,434)	(4,398)	(31,542)	(16,300)

34.8 Actual return on plan assets

Expected return on plan assets	5,066	3,900	4,916	3,956	9,982	7,856
Actuarial gain / (loss) on plan assets	1,823	1,239	4,810	(834)	6,633	405
	6,889	5,139	9,726	3,122	16,615	8,261

Amount recognized in total comprehensive income

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

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

Interest cost	3,909	3,987	4,489	4,243	8,398	8,230
Expected return on plan assets	(5,066)	(3,900)	(4,916)	(3,956)	(9,982)	(7,856)
	(1,157)	87	(427)	287	(1,584)	374

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

Re-measurement : Actuarial gain / loss on obligation

- (Gain) / Loss due to change in financial assumptions	(5,559)	(8,272)	(6,022)	(8,953)	(11,581)	(17,225)
- (Gain) / Loss due to change in experience adjustments	1,333	(3,609)	3,223	(416)	4,556	(4,025)
	(4,226)	(11,881)	(2,799)	(9,369)	(7,025)	(21,250)

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

Actual net return on plan assets	5,778	5,139	5,803	3,223	11,581	8,362
Interest income on plan assets	5,066	3,900	4,916	3,956	9,982	7,856
Opening difference	1,111	-	3,923	(101)	5,034	(101)
	(1,823)	(1,239)	(4,810)	834	(6,633)	(405)
Net re-measurement recognised in other comprehensive income	(6,049)	(13,120)	(7,609)	(8,535)	(13,658)	(21,655)

Notes to the Financial Statements

For the year ended 31 December 2019

34.8.1 Components of plan assets

Bonds	44,067	49,965	45,979	42,970	90,046	92,935
Cash and net current assets	11,196	2,947	8,918	8,273	20,114	11,220

34.8.2 Sensitivity Analysis on defined benefit obligations

	+1% Discount rate	-1% Discount rate	+1 % Pension increase	-1 % Pension increase
	(Rupees in '000)			
Non Management Pension Fund	34,317	38,197	38,367	34,144
Management Pension Fund	40,440	44,692	44,876	40,249

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

	2019	2018	2017	2016	2015
	(Rupees in '000)				
Present value of defined benefit obligation	78,618	87,854	112,126	108,829	114,823
Fair value of plan assets	110,160	104,154	107,145	114,464	132,848
Deficit / (Surplus)	(31,542)	(16,300)	4,981	(5,635)	(18,025)
Experience adjustments on plan liabilities - loss / (gain)	4,556	(4,025)	1,810	1,531	65,004
Experience adjustments on plan assets - loss / (gain)	(6,633)	(405)	875	(2,519)	1,145
34.8.4 Expected contributions to be paid to the funds in the next financial year	(3,773)				
34.8.5 Expected charge / (reversal) for the next financial year	(3,773)				

34.9 Funding Policy

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

Following are the significant risks associated with the defined benefit scheme

Asset Volatility

The Defined Benefit Pension Fund is almost entirely invested in Government Bonds with mostly fixed income bonds. For Management Pension Fund, 81.97% of the investments (Rs. 45.000 million) and 1.78% of the investments (Rs. 0.979 million) are invested in Special Saving Certificates and Pakistan Investment Bonds respectively.

Non-Management Pension Fund, 72.38% of the investments (Rs. 40.000 million) and 7.36% of the investments (Rs 4.067 million) are invested in Special Saving Certificates and PIB's respectively. This gives rise to significant reinvestment risk. The asset class is volatile with reference to the yield on this class. This risk should be viewed together with change in the bond yield risk. There is no equity or corporate bond exposure. Thus, no equity or settlement risk.

Changes in Bond Yields

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

Life expectancy / Withdrawal rate

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

35 DEFINED CONTRIBUTION PLAN

The Bank operates a contributory provident and gratuity fund scheme for permanent employees. For provident fund, the employer and employee both contribute 10% of the basic salaries to the funded scheme every month. For gratuity fund scheme, the employer contributes 8.33% of the basic salaries for employees under management staff gratuity fund and 16.66% of the basic salaries for employees under the

Notes to the Financial Statements

For the year ended 31 December 2019

non management staff gratuity fund to the funded scheme every month for management staff and non management staff respectively. The payment is made subject to completion of vesting period. Employer's contributions, for both the schemes during the year amounted to Rs. 370.880 million (2018: Rs. 375.049 million).

36 SHARE BASED PAYMENTS

The Bank's employees participate in the following share compensation plans operated globally by the ultimate holding company, Standard Chartered PLC (SCPLC). Under these equity settled plans, employees in Pakistan are issued shares of SCPLC upon meeting the vesting conditions. The market value of shares is denominated in pounds sterling at the time of grant. The total income / expense recognised in respect of above schemes on equity settled basis amounts to Rs. 72.007 million. The main features of each plan are as follows:

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

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

A) Long Term Incentive Plan (LTIP) awards

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

B) Deferred / Restricted shares

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

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

All Employee Sharesave Plans - (AESP) 2013 Sharesave Plan

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

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

	2019				2018			
	2011 Plan ¹		AESP 2013 Plan	Weighted average exercise price £ per share	2011 Plan ¹		AESP 2013 Plan	Weighted average exercise price £ per share
	LTIP	Deferred / Restricted shares	Sharesave		LTIP	Deferred / Restricted shares	Sharesave	
	------(Number in '000)-----							
At 1 January	94	71	32	5.56	92	61	38	6.32
Granted during the year	-	27	19	4.98	-	29	13	5.13
Exercised during the year	(26)	(21)	(7)	5.53	-	(19)	(3)	5.58
Lapsed during the year	(7)	-	(7)	5.69	-	-	(16)	6.95
Notional dividend	1	1	-	-	2	-	-	-
At 31 December	62	78	37	5.23	94	71	32	5.56

Scheme	2019					2018				
	Range of exercise price	Weighted average exercise price	No. of options ('000)	Expected years	Contractual years	Range of exercise price	Weighted average exercise price	No. of options ('000)	Expected years	Contractual years
LTIP ^{1&2}	-	-	62	3	6.2	-	-	94	3	7.2
Deferred / Restricted shares ^{1&3}	-	-	78	10	2.75/7.52	-	-	71	10	2.25 / 7.8
Sharesave ⁴	£4.98 / £6.20	5.23	37	3.33 / 5.33	1.35 / 7.52	£5.13 / £9.38	5.56	32	3.33 / 5.33	0.41 / 1.99

Notes to the Financial Statements

For the year ended 31 December 2019

- 1) Employees do not contribute towards the cost of these awards.
- 2) As of 31 December 2019 intrinsic value of vested Long Term Incentive Plan (LTIP) awards was Rs. NIL (2018: Rs. NIL) and total number of options exercisable were NIL.
- 3) As of 31 December 2019 intrinsic value of vested Deferred / Restricted Shares Plan awards was Rs. 22,581 thousand (2018: Rs. 27,115 thousand) and total number of options exercisable were 19,505.
- 4) As of 31 December 2019 intrinsic value of 2013 Sharesave Plan awards was Rs. 592 thousand (2018: Rs. 8,348 thousand) and total number of options exercisable were 511.

37 COMPENSATION OF CHIEF EXECUTIVE AND EXECUTIVES

	2019						
	Directors			Members Shariah Board	President / CEO	Key Management Personnel	Other Material Risk Takers / Controllers
	Chairman	Executives (other than CEO)	Non- Executives				
------(Rupees in '000)-----							
Fees and Allowances etc.	-	-	6,650	3,400	-	-	-
Managerial Remuneration							
i) Fixed	-	-	-	3,600	53,333	190,796	146,950
ii) Total Variable of which							
a) Cash Bonus / Awards	-	-	-	1,199	26,565	132,361	83,840
b) Bonus & Awards in Shares	-	-	-	-	47,905	12,666	4,487
Contribution to defined contribution plan	-	-	-	440	6,517	23,315	17,928
Rent and house allowance	-	-	-	-	24,000	-	-
Medical	-	-	-	24	-	340	453
Conveyance	-	-	-	663	-	27,618	23,716
Others	-	-	-	1,718	13,226	40,577	48,889
Total	-	-	6,650	11,044	171,546	427,673	326,263
Number of persons	1	0	5	4	1	15	19

	2018					
	Directors			Members Shariah Board	President / CEO	Key Management Personnel
	Chairman	Executives (other than CEO)	Non- Executives			
------(Rupees in '000)-----						
Fees and Allowances etc.	-	-	6,425	2,150	-	-
Managerial Remuneration						
i) Fixed	-	-	-	2,861	49,022	199,887
ii) Total Variable of which						
a) Cash Bonus / Awards	-	-	-	-	37,455	134,135
b) Bonus & Awards in Shares	-	-	-	-	51,866	4,108
Contribution to defined contribution plan	-	-	-	290	5,990	22,285
Rent and house allowance	-	-	-	-	21,535	-
Medical	-	-	-	-	-	-
Conveyance	-	-	-	465	-	26,064
Others	-	-	-	252	9,705	32,978
Total	-	-	6,425	6,018	175,573	419,457
Number of persons	1	0	6	4	1	16

Notes to the Financial Statements

For the year ended 31 December 2019

- 37.1** Chief Executive Officer (CEO) and the Key management personnel (KMP) are part of the Bank's MRT / MRC. In addition, certain staff meeting the criteria for MRT / MRC but not classified as KMP are separately disclosed as 'Other MRT / MRC'
- 37.2** Others include allowances in lieu of loans and relocations as per Bank policy and terms of employment for executives including the Chief Executive Officer.
- 37.3** The Chief Executive is also entitled for a Bank maintained car, reimbursements for cost of medical expense and other benefits like club subscription, utilities, etc as per the terms of employment.
- 37.4** The revised guidelines on remuneration practices advised vide SBP Circular BPRD/R&PD/2018/17332 were implemented with effect from 1 January 2019. Therefore, MRT / MRC for the year ended 31 December 2018 are not stated.

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

		2019				
		Meeting Fees and Allowances Paid				
Sr. No.	Name of Director	For Board Meetings	For Board Committees			Total Amount Paid
			Board Audit Committee	Board HR Committee	Board Risk Committee	
------(Rupees in '000)-----						
1	Waqar Ahmed Malik	1,250	1,250	1,000	-	3,500
2	Spenta Kandawalla	1,250	-	1,250	-	2,500
3	Towfiq Habib Chinoy	400	-	-	250	650
		2,900	1,250	2,250	250	6,650

		2018				
		Meeting Fees and Allowances Paid				
Sr. No.	Name of Director	For Board Meetings	For Board Committees			Total Amount Paid
			Board Audit Committee	Board HR Committee	Board Risk Committee	
------(Rupees in '000)-----						
1	Najam I. Chaudhri	1,025	850	-	-	1,875
2	Parvez Ghias	400	200	200	-	800
3	Spenta Kandawalla	1,200	-	1,250	-	2,450
4	Waqar Ahmed Malik	400	500	400	-	1,300
		3,025	1,550	1,850	-	6,425

37.6 Remuneration paid to Shariah Board Members

Items	2019			2018		
	Chairman	Resident Member	Non-Resident Member(s)	Chairman	Resident Member	Non-Resident Member(s)
------(Rupees in '000)-----						
Meeting Fees and Allowances	-	-	3,400	-	-	2,150
Salaries and allowances	-	7,644	-	-	3,868	-
Total	-	7,644	3,400	-	3,868	2,150
Number of persons	1	1	2	1	1	2

Notes to the Financial Statements

For the year ended 31 December 2019

38 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

On balance sheet financial instruments	2019										
	Carrying value						Fair value				
	Note	Held for trading	Available for sale	Loans and receivables	Other financial assets	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----											
Financial assets measured at fair value											
- Investments											
		21,842,843	226,823,398	-	-	-	248,666,241	-	248,666,241	-	248,666,241
		-	403,148	-	-	-	403,148	-	403,148	-	403,148
		-	94,641	-	-	-	94,641	94,641	-	-	94,641
- Other assets											
		3,755,586	-	-	-	-	3,755,586	-	3,755,586	-	3,755,586
		256,896	-	-	-	-	256,896	-	256,896	-	256,896
Financial assets not measured at fair value											
	38.2	-	-	-	61,290,428	-	61,290,428	-	-	-	-
	38.2	-	-	-	3,484,265	-	3,484,265	-	-	-	-
	38.2	-	-	-	17,012,089	-	17,012,089	-	-	-	-
	38.2	-	-	-	1,390,978	-	1,390,978	-	-	-	-
	38.2	-	-	218,087,193	-	-	218,087,193	-	-	-	-
	38.2	-	-	-	18,085,704	-	18,085,704	-	-	-	-
		25,855,325	227,321,187	218,087,193	101,263,464	-	572,527,169				
Financial liabilities measured at fair value											
- Other liabilities											
	38.2	6,147,974	-	-	-	-	6,147,974	-	6,147,974	-	6,147,974
	38.2	3,992,870	-	-	-	-	3,992,870	-	3,992,870	-	3,992,870
Financial liabilities not measured at fair value											
	38.2	-	-	-	-	12,375,271	12,375,271	-	-	-	-
	38.2	-	-	-	-	465,628,985	465,628,985	-	-	-	-
	38.2	-	-	-	-	20,256,731	20,256,731	-	-	-	-
	38.2	-	-	-	-	33,325,313	33,325,313	-	-	-	-
		10,140,844	-	-	-	531,586,300	541,727,144				
Off-balance sheet financial instruments											
		-	-	-	285,992,315	-	285,992,315	-	290,004,797	-	290,004,797
		-	-	-	191,725,182	-	191,725,182	-	201,866,026	-	201,866,026

Notes to the Financial Statements

For the year ended 31 December 2019

On balance sheet financial instruments

Note	2018										
	Carrying value					Fair value					
	Held for trading	Available for sale	Loans and receivables	Other financial assets	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total	
----- (Rupees in '000) -----											
Financial assets measured at fair value											
- Investments											
	Federal Government Securities (Tbills + PIBs + Sukuks)	12,179,635	266,175,903	-	-	-	278,355,538	-	278,355,538	-	278,355,538
	Sukuk Bonds (other than government)	-	605,211	-	-	-	605,211	-	605,211	-	605,211
	Equity securities traded (Shares)	-	105,155	-	-	-	105,155	105,155	-	-	105,155
- Other assets											
	- Unrealized gain on forward foreign exchange contracts	8,370,550	-	-	-	-	8,370,550	-	8,370,550	-	8,370,550
	- Unrealized gain on interest rate derivatives & currency options	30,937	-	-	-	-	30,937	-	30,937	-	30,937
Financial assets not measured at fair value											
	- Cash and bank balances with SBP and NBP	38.2	-	-	50,293,497	-	50,293,497	-	-	-	-
	- Balances with other banks	38.2	-	-	2,344,297	-	2,344,297	-	-	-	-
	- Lending to financial institutions	38.2	-	-	6,465,508	-	6,465,508	-	-	-	-
	- Bai Muajjal with GOP	38.2	-	-	1,390,978	-	1,390,978	-	-	-	-
	- Advances	38.2	-	169,543,762	-	-	169,543,762	-	-	-	-
	- Other assets	38.2	-	-	11,548,171	-	11,548,171	-	-	-	-
			<u>20,581,122</u>	<u>266,886,269</u>	<u>169,543,762</u>	<u>72,042,451</u>	<u>-</u>	<u>529,053,604</u>			
Financial liabilities measured at fair value											
- Other Liabilities											
	- Unrealized gain on forward foreign exchange contracts	3,640,401	-	-	-	-	3,640,401	-	3,640,401	-	3,640,401
	- Unrealized gain on interest rate derivatives & currency options	2,631,269	-	-	-	-	2,631,269	-	2,631,269	-	2,631,269
Financial liabilities not measured at fair value											
	- Bills Payable	-	-	-	-	16,943,627	16,943,627	-	-	-	-
	- Deposits and other accounts	38.2	-	-	-	424,898,936	424,898,936	-	-	-	-
	- Borrowings	38.2	-	-	-	24,023,697	24,023,697	-	-	-	-
	- Other liabilities (excluding Liabilities against assets subject to finance lease)	38.2	-	-	-	31,205,469	31,205,469	-	-	-	-
			<u>6,271,670</u>	<u>-</u>	<u>-</u>	<u>497,071,729</u>	<u>503,343,399</u>				
Off-balance sheet financial instruments											
Interest rate swaps / Foreign currency options / Forward purchase contracts											
		-	-	-	192,684,550	-	192,684,550	-	201,086,037	-	201,086,037
Interest rate swaps / Foreign currency options / Forward sale contracts											
		-	-	-	116,007,928	-	116,007,928	-	122,279,598	-	122,279,598

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

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

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

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

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

Notes to the Financial Statements

For the year ended 31 December 2019

39 SEGMENT INFORMATION

39.1 Segment Details with respect to Business Activities

	2019				
	Corporate and Institutional Banking	Commercial Banking	Retail Banking	Central and Other Items	Total
	(Rupees in '000)				
Profit and Loss					
Inter segment revenue - net	3,762,218	(4,566,533)	22,324,290	(21,499,621)	20,354
Net mark-up/return/profit	614,672	6,699,264	(7,359,421)	28,232,026	28,186,541
Non mark-up / return / interest income	7,249,860	1,391,058	2,455,077	(206,221)	10,889,774
Total Income	11,626,750	3,523,789	17,419,946	6,526,184	39,096,669
Segment direct expenses	2,080,479	1,195,157	7,425,570	1,192,716	11,893,922
Inter segment expense allocation	1,917	669	12,647	5,121	20,354
Total expenses	2,082,396	1,195,826	7,438,217	1,197,837	11,914,276
Provisions	-	(84,661)	(29,074)	96,925	(16,810)
Profit before taxation	9,544,354	2,412,624	10,010,803	5,231,422	27,199,203
Balance Sheet					
Cash and Bank balances	-	-	-	64,774,693	64,774,693
Investments	21,840,129	162,473	-	227,161,428	249,164,030
Net inter segment lending	12,110,519	-	271,707,944	(283,818,463)	-
Lendings to financial institutions	-	-	-	17,012,089	17,012,089
Advances - performing	112,223,943	61,861,996	26,263,311	-	200,349,250
- non performing	3,432,422	12,088,786	2,216,735	-	17,737,943
Others	17,795,562	9,572,889	14,917,897	28,646,232	70,932,580
Total assets	167,402,575	83,686,144	315,105,887	53,775,979	619,970,585
Borrowings	-	-	-	20,256,731	20,256,731
Deposits and other accounts	133,242,047	18,636,803	313,744,741	5,394	465,628,985
Net inter segment borrowing	-	56,521,300	-	(56,521,300)	-
Others	34,160,528	8,528,041	1,361,144	17,118,653	61,168,366
Total liabilities	167,402,575	83,686,144	315,105,885	(19,140,522)	547,054,082
Equity	-	-	-	72,916,503	72,916,503
Total equity and liabilities	167,402,575	83,686,144	315,105,885	53,775,981	619,970,585
Contingencies and commitments	125,669,029	27,503,902	352,411	459,982,292	613,507,634

Notes to the Financial Statements

For the year ended 31 December 2019

	2018				
Profit and Loss					
Inter segment revenue - net	3,846,125	(2,815,310)	13,455,560	(14,470,234)	16,141
Net mark-up / return / profit	(1,370,205)	4,422,769	(2,539,264)	18,317,189	18,830,489
Non mark-up / return / interest income	5,032,251	1,205,795	3,538,686	(89,040)	9,687,692
Total income	7,508,171	2,813,254	14,454,982	3,757,915	28,534,322
Segment direct expenses	2,028,995	1,296,686	7,244,323	720,061	11,290,065
Inter segment expense allocation	2,830	1,150	11,597	564	16,141
Total expenses	2,031,825	1,297,836	7,255,920	720,625	11,306,206
Provisions	(24,739)	(1,126,719)	(79,596)	12,597	(1,218,457)
Profit before taxation	<u>5,501,085</u>	<u>2,642,137</u>	<u>7,278,658</u>	<u>3,024,693</u>	<u>18,446,573</u>
Balance Sheet					
Cash and bank balances	-	-	-	52,637,794	52,637,794
Investments	12,843,663	110,526	-	266,111,715	279,065,904
Net inter segment lending	42,673,463	-	246,131,308	(288,804,771)	-
Lendings to financial institutions	-	-	-	6,465,508	6,465,508
Advances - performing	62,760,281	66,260,002	23,120,778	-	152,141,061
- non performing	3,368,220	11,647,293	2,387,188	-	17,402,701
Others	21,597,061	7,516,259	14,918,900	24,336,148	68,368,368
Total Assets	<u>143,242,688</u>	<u>85,534,080</u>	<u>286,558,174</u>	<u>60,746,394</u>	<u>576,081,336</u>
Borrowings	-	17,593,060	-	6,430,637	24,023,697
Deposits and other accounts	117,975,040	21,615,495	285,296,419	11,982	424,898,936
Net inter segment borrowing	-	34,971,387	-	(34,971,387)	-
Others	25,267,648	11,354,138	1,261,755	22,036,793	59,920,334
Total liabilities	<u>143,242,688</u>	<u>85,534,080</u>	<u>286,558,174</u>	<u>(6,491,975)</u>	<u>508,842,967</u>
Equity	-	-	-	67,238,369	67,238,369
Total equity and liabilities	<u>143,242,688</u>	<u>85,534,080</u>	<u>286,558,174</u>	<u>60,746,394</u>	<u>576,081,336</u>
Contingencies and commitments	<u>125,117,402</u>	<u>3,051,299</u>	<u>233,676</u>	<u>294,578,825</u>	<u>422,981,202</u>

Corporate and Institutional Banking

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

Commercial Banking

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

Retail Banking

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

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.

Central & Other Items

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

Notes to the Financial Statements

For the year ended 31 December 2019

40 RELATED PARTY TRANSACTIONS

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

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

	2019				2018			
	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	3,434,676	-	-	-	2,295,707	-	-	-
In deposit accounts	-	-	-	-	-	-	-	-
	<u>3,434,676</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,295,707</u>	<u>-</u>	<u>-</u>	<u>-</u>
Lendings to financial institutions								
Opening balance	6,465,508	-	-	-	5,396,987	-	-	-
Addition during the year	5,351,639,963	-	-	-	1,857,802,348	-	-	-
Repaid during the year	(5,347,179,173)	-	-	-	(1,856,733,827)	-	-	-
Closing balance	<u>10,926,298</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,465,508</u>	<u>-</u>	<u>-</u>	<u>-</u>
Advances								
Opening balance	-	5,269	198,459	-	-	424	178,127	-
Addition during the year	-	1,814	134,566	-	-	-	131,359	-
Repaid during the year	-	(6,954)	(93,362)	-	-	(2,601)	(82,836)	-
Transfer in / (out) - net	-	-	(29,292)	-	-	7,446	(28,191)	-
Closing balance	<u>-</u>	<u>129</u>	<u>210,371</u>	<u>-</u>	<u>-</u>	<u>5,269</u>	<u>198,459</u>	<u>-</u>
Provision held against advances	-	-	-	-	-	-	-	-
----- (Rupees in '000) -----								
Other Assets								
Interest / mark-up accrued	1,533	-	663	-	1,040	-	342	-
Receivable from staff retirement fund	-	-	-	31,542	-	-	-	16,300
Due from associated undertakings	295,367	-	-	-	787,578	-	-	-
Other receivable	-	-	1,354	-	-	-	1,354	-
Closing balance	<u>296,900</u>	<u>-</u>	<u>2,017</u>	<u>31,542</u>	<u>788,618</u>	<u>-</u>	<u>1,696</u>	<u>16,300</u>
Borrowings								
Opening balance	6,174,771	-	-	-	75,526	-	-	-
Borrowings during the year	70,102	-	-	-	6,148,004	-	-	-
Settled during the year	(5,578,261)	-	-	-	(48,760)	-	-	-
Closing balance	<u>666,612</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,174,770</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deposits and other accounts								
Opening balance	964,772	403,272	80,143	122,721	835,108	21,718	78,535	492,124
Received during the year	37,951	859,863	802,255	17,375,169	375,648	238,867	644,572	6,906,082
Withdrawn during the year	(404,987)	(1,072,945)	(787,535)	(17,321,433)	(245,984)	(268,910)	(611,784)	(6,357,945)
Transfer in / (out) - net	-	-	-	-	-	411,597	(31,180)	(917,540)
Closing balance	<u>597,736</u>	<u>190,190</u>	<u>94,863</u>	<u>176,457</u>	<u>964,772</u>	<u>403,272</u>	<u>80,143</u>	<u>122,721</u>

Notes to the Financial Statements

For the year ended 31 December 2019

	2019				2018			
	Parent	Directors	Key management personnel	Other related parties	Parent	Directors	Key management personnel	Other related parties
(Rupees in '000)								
Other Liabilities								
Interest / mark-up payable	-	-	-	-	8,968	-	-	-
Due to holding company	10,835,325	-	-	-	11,925,280	-	-	-
Other liabilities	-	-	-	-	-	-	-	-
Closing balance	10,835,325	-	-	-	11,934,248	-	-	-

Contingencies and Commitments

Transaction-related contingent liabilities - guarantees	55,067,647	-	-	-	41,591,083	-	-	-
Commitments in respect of forward foreign exchange contracts	3,286,846	-	-	-	8,393,906	-	-	-

Derivatives

Derivative instruments- Interest rate swaps - notional	6,070,617	-	-	-	8,787,692	-	-	-
Derivative instruments- FX options - notional	-	-	-	-	37,141	-	-	-
Derivative assets	18,413	-	-	-	35,424	-	-	-
Derivative liabilities	495,681	-	-	-	469,300	-	-	-

RELATED PARTY TRANSACTIONS

Income

Mark-up / return / interest earned	512,363	387	23,923	-	28,945	271	18,337	-
Fee and commission income	652,417	-	-	-	746,940	-	-	-
Income / (loss) from derivatives	(43,392)	-	-	-	(407,908)	-	-	-

Expense

Mark-up / return / interest paid	77,710	25,051	2,715	32,413	10,414	13,026	3,284	37,059
Fee and commission expense	42,056	-	-	-	64,080	-	-	-
Operating expenses	-	6,650	599,219	-	-	6,425	595,030	-
Rent expense	-	-	3,456	-	-	-	3,362	-

Other transactions

Dividend paid	10,538,900	-	-	-	6,706,594	-	-	-
Contribution to defined contribution plans	-	-	-	370,880	-	-	-	375,049
Net charge for defined contribution plans	-	-	-	370,880	-	-	-	375,049

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

41 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

Minimum Capital Requirement (MCR):

Paid-up capital (net of losses)

2019 2018
(Rupees in '000)

38,715,850 38,715,850

Capital Adequacy Ratio (CAR):

Eligible Common Equity Tier 1 (CET 1) Capital
Eligible Additional Tier 1 (ADT 1) Capital
Total Eligible Tier 1 Capital
Eligible Tier 2 Capital
Total Eligible Capital (Tier 1 + Tier 2)

49,172,949 43,225,327
- -
49,172,949 43,225,327
6,253,941 6,397,797
55,426,890 49,623,124

Risk Weighted Assets (RWAs):

Credit Risk
Market Risk
Operational Risk
Total

239,728,627 197,466,522
31,719,263 15,292,403
55,836,821 47,195,782
327,284,711 259,954,707

Common Equity Tier 1 Capital Adequacy ratio
Tier 1 Capital Adequacy Ratio
Total Capital Adequacy Ratio
Minimum CAR (including Capital Conservation Buffer)

15.02% 16.63%
15.02% 16.63%
16.94% 19.09%
12.50% 11.90%

Notes to the Financial Statements

For the year ended 31 December 2019

2019 **2018**
(Rupees in '000)

Leverage Ratio (LR):

Eligible Tier-1 Capital	49,172,949	43,225,327
Total Exposures	<u>784,627,968</u>	<u>709,934,051</u>
Leverage Ratio	<u>6.27%</u>	<u>6.09%</u>
Minimum SBP Requirement	<u>3.00%</u>	<u>3.00%</u>

Liquidity Coverage Ratio (LCR):

Total High Quality Liquid Assets	287,918,837	315,026,677
Total Net Cash Outflow	<u>70,433,462</u>	<u>79,224,875</u>
Liquidity Coverage Ratio	<u>408.78%</u>	<u>397.64%</u>
Minimum SBP Requirement	<u>100.00%</u>	<u>100.00%</u>

Net Stable Funding Ratio (NSFR):

Total Available Stable Funding	444,118,240	408,936,281
Total Required Stable Funding	<u>226,386,744</u>	<u>156,640,624</u>
Net Stable Funding Ratio	<u>196.18%</u>	<u>261.07%</u>
Minimum SBP Requirement	<u>100.00%</u>	<u>100.00%</u>

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

42. RISK MANAGEMENT

The Bank has put in place an Enterprise Risk Management Framework (ERMF), to implement the guidelines and regulations, related to Risk Management. The ERMF sets out the principles and standards for risk management across the Bank and covers principal risks types of Credit, Market, Capital / Liquidity, Operational, Country, Reputational, Compliance, Conduct, Information & Cyber Security and Financial Crime risk. These ten principle risks are managed through distinct Risk Type Frameworks (RTFs). A dynamic risk scanning process is also in place to periodically scan for emerging risks and uncertainties.

The ERMF and RTFs define the formal definition of each risk type. The RTFs also define the risk management principles and approach for the management of these risks. In line with ERMF the bank has in place a governance structure for management of risk. The ultimate responsibility for the oversight of risk management function rests with the Bank's Board of Directors. Acting within the authority delegated by the Board, the Country Management Team (CMT) has appointed the Executive Risk Committee (ERC) and the Asset and Liability Committee (ALCO), for effective Risk Management. ERC is chaired by the Country Chief Risk Officer (CCRO), through authority delegated by the Board, via the Bank's CMT. There are various risk related committees and forums at the management as well as the board level. These include Board Risk Committee (BRC), ERC, ALCO, Approvals Committee, Country Non-Financial Risk Committee, Country Financial Crime Risk Committee, Credit Issue Committee etc.

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

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

42.1 Credit risk

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

- Credit concentration risk is the risk of material losses arising from sub-optimally diversified exposures. This may be due to the portfolio's sizeable single name exposure or high correlation across geographies and sectors. The risk arises that, due to a change in circumstances, having a concentration may give rise to potential losses.
- FX lending risk relates to the relationship between credit risk and market risk, where volatility in exchange rate movements may have adverse consequences on a borrower's debt servicing capacity should they lack natural or financial hedges. FX lending risk may also be present through currency concentration and where there is a collateral currency mismatch.
- Credit residual risk is the risk of partial performance or failure of credit risk mitigation techniques (e.g. collateral, derivative based hedging, insurance), owing to undervaluation or ineffective enforceability. Credit residual risk can occur due to the imperfect matching profile between credit exposures and collaterals / hedging instruments.
- Securitisation risk considers whether risk mitigation benefit may change through assets coming back on balance sheet or otherwise. Securitisation activities are undertaken by the Group for a variety of purposes including risk mitigation, funding and capital management (as originator) and may be categorised as either traditional or synthetic securitisations.
- Refinancing risk is the risk that a borrower cannot refinance by borrowing further to repay existing debt potentially leading to the borrower facing liquidity pressures.

Notes to the Financial Statements

For the year ended 31 December 2019

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

The overall credit portfolio is monitored against risk appetite and any breach is highlighted and discussed at the appropriate governance forum / authority levels and appropriate mitigation actions determined by the appropriate committees / delegated authorities.

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

Other monitoring processes include Excess and Past-due Management, Accounts subject To Additional Review (ASTAR), Early Alert (EA), and Group Special Assets Management (GSAM).

The effects of credit risk mitigation techniques, including collateral, guarantees, and legally enforceable netting agreement (if any).

Quantitative and qualitative information about its securitization activities and contractual obligations with respect to recourse arrangements and the expected losses under those arrangements.

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

42.1.1 Lendings to financial institutions

Credit risk by public / private sector

	Gross lendings		Non-performing lendings		Provision held	
	2019	2018	2019	2018	2019	2018
	(Rupees in '000)					
Public / Government	6,085,791	-	-	-	-	-
Private	10,926,298	6,465,508	-	-	-	-
	17,012,089	6,465,508	-	-	-	-

42.1.2 Investment in debt securities

Credit risk by industry sector

	Gross Investments		Non-performing Investments		Provision held	
	2019	2018	2019	2018	2019	2018
	(Rupees in '000)					
Textile	138,025	138,025	138,025	138,025	138,025	138,025
Chemical and Pharmaceuticals	547,000	747,000	147,000	147,000	147,000	147,000
	685,025	885,025	285,025	285,025	285,025	285,025

Credit risk by public / private sector

	Gross Investments		Non-performing Investments		Provision held	
	2019	2018	2019	2018	2019	2018
	(Rupees in '000)					
Public / Government	-	-	-	-	-	-
Private	685,025	885,025	285,025	285,025	285,025	285,025
	685,025	885,025	285,025	285,025	285,025	285,025

42.1.3 Advances

Credit risk by industry sector

	Gross Advances		Non-performing Advances		Provision held	
	2019	2018	2019	2018	2019	2018
	(Rupees in '000)					
Agriculture, Forestry, Hunting and Fishing	1,570,401	5,830,158	-	-	-	-
Mining and Quarrying	120,137	127,580	-	270,253	-	135,126
Food, tobacco and beverages	28,737,625	23,218,099	-	-	-	-
Metal and allied	1,334,135	6,094,198	-	-	-	-
Oil and gas	8,015,694	1,194,957	-	-	-	-
Textile	32,151,693	39,115,157	6,204,971	6,408,842	6,204,969	6,408,842
Chemical and Pharmaceuticals	16,183,574	16,703,673	2,445,703	1,628,568	1,797,420	1,596,070
Cement	4,409,988	2,876,669	-	-	-	-
Sugar	1,887,293	2,322,467	443,139	425,773	443,139	425,773
Footwear and Leather garments	1,075,159	1,414,376	-	-	-	-
Automobile and transportation equipment	25,672,736	6,882,890	166,567	182,397	166,567	182,397

Notes to the Financial Statements

For the year ended 31 December 2019

	Gross Advances		Non-performing Advances		Provision held	
	2019	2018	2019	2018	2019	2018
	----- (Rupees in '000) -----					
Electronics and electrical appliances	7,694,036	8,191,754	28,771	126,610	28,771	126,610
Construction	1,208,657	68,724	735,638	838,649	735,638	838,649
Power (electricity), Gas, Water, Sanitary	18,337,925	9,755,119	662,888	230,264	446,576	230,264
Wholesale and Retail Trade	6,384,460	12,950,098	146,239	148,740	146,239	148,740
Exports / Imports	78,911	2,111,539	-	-	-	-
Transport, Storage and Communication	38,239,888	10,304,391	2,729,995	2,729,995	2,729,995	2,729,995
Financial	972,711	1,007,962	-	-	-	-
Services	5,023,216	4,116,900	1,299,692	1,408,266	1,151,289	1,240,289
Individuals	29,535,782	26,734,369	2,216,734	2,387,188	1,953,772	2,256,681
Others	6,634,599	6,141,169	657,606	617,156	570,734	522,195
	235,268,620	187,162,249	17,737,943	17,402,701	16,375,109	16,841,631

Credit risk by public / private sector

	Gross Advances		Non-performing Advances		Provision held	
	2019	2018	2019	2018	2019	2018
	----- (Rupees in '000) -----					
Public/ Government	7,996,190	10,992,402	-	-	-	-
Private	227,272,430	176,169,847	17,737,943	17,402,701	16,375,109	16,841,631
	235,268,620	187,162,249	17,737,943	17,402,701	16,375,109	16,841,631

42.1.4 Contingencies and Commitments

Credit risk by industry sector

	2019	2018
		----- (Rupees in '000) -----
Mining and Quarrying	537,630	69,431
Food and Beverages	9,579,330	5,915,436
Engineering	1,154,506	1,160,476
Energy	-	15,842
Textile	3,444,831	3,084,122
Chemical and Pharmaceuticals	7,988,649	7,253,708
Cement	1,513,725	231,462
Sugar	2,400	102,372
Footwear and Leather garments	119,643	92,525
Automobile and transportation equipment	10,407,312	7,140,632
Electronics and electrical appliances	12,279,611	9,730,487
Power (electricity), Gas, Water, Sanitary	4,044,836	2,508,109
Wholesale and Retail Trade	9,315,259	9,639,533
Exports/Imports	49,756	344,587
Transport, Storage and Communication	12,908,617	10,521,216
Financial	74,954,304	64,797,566
Services	2,716,866	1,109,301
Others	2,508,067	4,685,570
	153,525,342	128,402,376

Credit risk by public / private sector

Public/ Government	6,195,953	5,554,576
Private	147,329,389	122,847,800
	153,525,342	128,402,376

42.1.5 Concentration of Advances

The bank top 10 exposures on the basis of total (funded and non-funded exposures) aggregated to Rs 106.757 billion (2018: 68.754 billion) are as following:

	2019	2018
		----- (Rupees in '000) -----
Funded	77,523,835	43,901,374
Non Funded	29,232,851	24,852,502
Total Exposure	106,756,686	68,753,876

The sanctioned limits against these top 10 exposures aggregated to Rs 153.722 billion (2018: 104.963 billion). None of the above are non-performing.

Notes to the Financial Statements

For the year ended 31 December 2019

42.1.6 Advances - Province/Region-wise Disbursement & Utilization

		2019					
		(Rupees in '000)					
Province/Region	Disbursements	Utilization					
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
Punjab	895,554,348	895,554,348	-	-	-	-	-
Sindh	1,338,857,009	-	1,338,857,009	-	-	-	-
KPK including FATA	57,729	-	-	57,729	-	-	-
Balochistan	12,091	-	-	-	12,091	-	-
Islamabad	174,301,504	-	-	-	-	174,301,504	-
AJK including Gilgit-Baltistan	3,335	-	-	-	-	-	3,335
Total	2,408,786,016	895,554,348	1,338,857,009	57,729	12,091	174,301,504	3,335

		2018					
		(Rupees in '000)					
Province/Region	Disbursements	Utilization					
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
Punjab	522,560,123	522,560,123	-	-	-	-	-
Sindh	631,807,739	-	631,807,739	-	-	-	-
KPK including FATA	31,725	-	-	31,725	-	-	-
Balochistan	7,660	-	-	-	7,660	-	-
Islamabad	162,008,561	-	-	-	-	162,008,561	-
AJK including Gilgit-Baltistan	-	-	-	-	-	-	-
Total	1,316,415,808	522,560,123	631,807,739	31,725	7,660	162,008,561	-

42.2 Market Risk

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

Traded Risk Management (TRM) performs market risk management activities for the bank. Market risk limits are proposed by TRM after discussion with relevant businesses and are reviewed twice a year. Under the framework, authority for setting market risk limits is delegated to the local risk committee i.e. ERC and Approvals committee and the CCRO. Overall risk appetite is set by the BOD in terms of Value at risk (VaR) as a percentage of CET1. Market risk exposures are reported to country ALCO on a monthly basis.

In addition to VaR and other market risk limits, independent stress testing of portfolios, factor sensitivity measures and derivatives are also employed as additional risk management tools to manage and hedge market risk exposures. VaR is the main limit that is being applied by the bank along with other supporting price risk limits. Interest Rate Risk is controlled via PV01 limits which are set on Net as well as Gross basis across various tenors and at currency level. Additionally curve tenor limits are applied to contain the interest rate risk exposure going beyond certain tenors. PV01 strip is then applied to the historical scenarios i.e. Risk factors over the last 260 days to derive the NPV distribution which is then used to determine VaR and Stress VaR.

All limits are hard limits and any excess results in escalation to senior management, with the level of escalation depending upon nature of excess. These limits are monitored on a daily basis as part of daily risk reporting.

42.2.1 Balance sheet split by trading and banking books

	2019			2018		
	Banking book	Trading book	Total	Banking book	Trading book	Total
	(Rupees in '000)					
Cash and balances with treasury banks	61,290,428	-	61,290,428	50,293,497	-	50,293,497
Balances with other banks	3,484,265	-	3,484,265	2,344,297	-	2,344,297
Lendings to financial institutions	17,012,089	-	17,012,089	6,465,508	-	6,465,508
Investments	227,321,187	21,842,843	249,164,030	266,886,269	12,179,635	279,065,904
Advances	218,087,193	-	218,087,193	169,543,762	-	169,543,762
Fixed assets	10,563,451	-	10,563,451	7,837,979	-	7,837,979
Intangible assets	26,095,375	-	26,095,375	26,095,476	-	26,095,476
Other assets	30,261,272	4,012,482	34,273,754	26,033,426	8,401,487	34,434,913
Total	594,115,260	25,855,325	619,970,585	555,500,214	20,581,122	576,081,336

Notes to the Financial Statements

For the year ended 31 December 2019

42.2.2 Foreign Exchange Risk

	2019				2018			
	Foreign Currency Assets	Foreign Currency Liabilities	Off-balance sheet items	Net foreign currency exposure	Foreign Currency Assets	Foreign Currency Liabilities	Off-balance sheet items	Net foreign currency exposure
	----- (Rupees in '000) -----							
United States Dollar	34,787,816	84,593,832	(11,973,935)	(61,779,951)	30,809,739	82,631,721	(21,382,095)	(73,204,077)
Great Britain Pound Sterling	6,407,575	6,407,619	(671,540)	(671,584)	3,990,093	6,112,932	1,990,665	(132,174)
Euro	3,423,829	3,353,601	(6,244,388)	(6,174,160)	2,997,714	4,049,199	(2,981,528)	(4,033,013)
Swiss Franc	33,452	44	(43,028)	(9,620)	29,377	39	(40,919)	(11,581)
Japanese Yen	100,211	44,523	(2,167,907)	(2,112,219)	836,001	814,513	(657,762)	(636,274)
Other currencies	671,579	663,895	(4,127,423)	(4,119,739)	540,725	492,307	(1,157,869)	(1,109,451)
	45,424,462	95,063,514	(25,228,221)	(74,867,273)	39,203,649	94,100,711	(24,229,508)	(79,126,570)

	2019		2018	
	Banking book	Trading book	Banking book	Trading book
	----- (Rupees in '000) -----			
	(+/-)	(+/-)	(+/-)	(+/-)
Impact of 1% change in foreign exchange rates on				
- Profit and loss account	N/A	3,225	N/A	1,177
- Other comprehensive income	N/A	N/A	N/A	N/A

42.2.3 Equity position Risk

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

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

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

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

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

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

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

- IRRBB is a risk sub type covered under the Capital & Liquidity Risk Type Framework. The framework and its policies require the interest rate risk exposures in the banking book are presented to the ALCO monthly.
- The increase (decline) in earnings for upward shocks according to Bank's method for measuring IRRBB, translated into Rupees is presented below:

	2019		2018	
	Banking book	Trading book	Banking book	Trading book
	----- (Rupees in '000) -----			
	(+/-)	(+/-)	(+/-)	(+/-)
Impact of 1% change in interest rates on				
- Profit and loss account	2,264,504	165,974	1,950,889	37,481
- Other comprehensive income	624,512	-	220,530	-

Notes to the Financial Statements

For the year ended 31 December 2019

42.2.5 Mismatch Of Interest Rate Sensitive Assets And Liabilities

		2019									
Effective yield / interest rate	Total	Exposed to yield / interest rate risk								Non interest bearing financial instruments	
		Upto one month	Over one month to three months	Over three months to six months	Over six months to one year	Over one year to two years	Over two years to three years	Over three years to five years	Over five years to ten years		Over ten years
(Rupees in '000)											
On-balance sheet financial instruments											
Assets											
Cash and balances with treasury banks	-	61,290,428	12,422,663	-	-	-	-	-	-	-	48,867,765
Balances with other banks	-	3,484,265	-	-	-	-	-	-	-	-	3,484,265
Lendings to financial institutions	8.51%	17,012,089	12,894,434	4,117,655	-	-	-	-	-	-	-
Investments	10.33%	249,164,030	150,856,846	62,235,130	22,860,002	550,406	11,176,027	1,390,978	-	-	94,641
Advances	11.35%	218,087,193	124,457,438	55,895,349	21,204,575	5,793,281	4,755,494	3,996,887	1,761,641	222,528	-
Other assets	-	22,098,186	-	-	-	-	-	-	-	-	22,098,186
		571,136,191	300,631,381	122,248,134	44,064,577	6,343,687	15,931,521	5,387,865	1,761,641	222,528	74,544,857
Liabilities											
Bills payable	-	12,375,271	-	-	-	-	-	-	-	-	12,375,271
Borrowings	5.23%	20,256,731	300,700	15,647,880	3,588,591	51,866	-	-	-	-	667,694
Deposits and other accounts	5.09%	465,628,985	229,824,849	6,228,391	16,551,942	5,260,305	790,543	1,456,800	-	-	205,516,155
Sub-ordinated loans	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	-	43,466,157	-	-	-	-	-	-	-	-	43,466,157
		541,727,144	230,125,549	21,876,271	20,140,533	5,312,171	790,543	1,456,800	-	-	262,025,277
On-balance sheet gap		29,409,047	70,505,832	100,371,863	23,924,044	1,031,516	15,140,978	3,931,065	1,761,641	222,528	(187,480,420)
Off-balance sheet financial instruments											
Forward Lending		23,380,637	-	459,897	-	815,489	1,061,222	1,147,531	7,264,604	12,631,894	-
Interest rate swap		-	-	-	-	-	-	-	-	-	-
Foreign currency option		-	-	-	-	-	-	-	-	-	-
Forward foreign exchange contracts		262,611,678	89,487,659	83,642,180	88,118,626	1,363,213	-	-	-	-	-
		285,992,315	89,487,659	84,102,077	88,118,626	2,178,702	1,061,222	1,147,531	7,264,604	12,631,894	-
Forward Borrowing		-	-	-	-	-	-	-	-	-	-
Interest rate swap		5,645,085	-	-	-	232,271	-	-	756,858	4,655,956	-
Foreign currency option		-	-	-	-	-	-	-	-	-	-
Forward foreign exchange contracts		186,080,096	71,410,581	61,166,995	51,880,014	1,622,506	-	-	-	-	-
		191,725,181	71,410,581	61,166,995	51,880,014	1,854,777	-	-	756,858	4,655,956	-
Off-balance sheet gap		94,267,134	18,077,078	22,935,082	36,238,612	323,925	1,061,222	1,147,531	6,507,746	7,975,938	-
Total yield / interest risk sensitivity gap		123,676,181	88,582,910	123,306,945	60,162,656	1,355,441	16,202,200	5,078,596	8,269,387	8,198,466	(187,480,420)
Cumulative yield / interest risk sensitivity gap				211,889,855	272,052,511	273,407,952	289,610,152	294,688,748	302,958,135	311,156,601	311,156,601

		2018									
Effective yield / interest rate	Total	Exposed to yield / interest rate risk								Non interest bearing financial instruments	
		Upto one month	Over one month to three months	Over three months to six months	Over six months to one year	Over one year to two years	Over two years to three years	Over three years to five years	Over five years to ten years		Over ten years
(Rupees in '000)											
On-balance sheet financial instruments											
Assets											
Cash and balances with treasury banks	-	50,293,497	11,555,317	-	-	-	-	-	-	-	38,738,180
Balances with other banks	-	2,344,297	-	-	-	-	-	-	-	-	2,344,297
Lendings to financial institutions	12.91%	6,465,508	6,465,508	-	-	-	-	-	-	-	-
Investments	6.55%	279,065,904	193,399,667	82,182,298	145,302	951,754	690,750	1,590,978	-	-	105,155
Advances	7.95%	169,543,762	73,306,887	54,988,828	25,774,852	4,029,405	4,611,676	5,032,159	1,685,735	114,220	-
Other assets	-	19,949,658	-	-	-	-	-	-	-	-	19,949,658
		527,662,626	284,727,379	137,171,126	25,920,154	4,981,159	5,302,426	6,623,137	1,685,735	114,220	61,137,290
Liabilities											
Bills payable	-	16,943,627	-	-	-	-	-	-	-	-	16,943,627
Borrowings	3.44%	24,023,697	4,380,857	13,437,260	4,038,800	42,412	115,110	-	-	-	2,009,258
Deposits and other accounts	4.36%	424,898,936	202,644,927	5,256,398	16,704,239	1,387,459	167,316	661,142	-	-	198,077,455
Sub-ordinated loans	0.00%	-	-	-	-	-	-	-	-	-	-
Other liabilities	-	40,858,047	-	-	-	-	-	-	-	-	-
		506,724,307	207,025,784	18,693,658	20,743,039	1,429,871	282,426	661,142	-	-	257,888,387
On-balance sheet gap		20,938,319	77,701,595	118,477,468	5,177,115	3,551,288	5,020,000	5,961,995	1,685,735	114,220	(196,751,097)
Off-balance sheet financial instruments											
Forward Lending		18,855,964	-	-	234,677	2,028,204	1,875,024	1,381,676	2,098,012	11,238,371	-
Interest rate swap		-	-	-	-	-	-	-	-	-	-
Foreign currency option		37,141	37,141	-	-	-	-	-	-	-	-
Forward foreign exchange contracts		173,791,445	55,731,139	80,772,731	37,287,575	-	-	-	-	-	-
		192,684,550	55,768,280	80,772,731	37,522,252	2,028,204	1,875,024	1,381,676	2,098,012	11,238,371	-
Forward Borrowing		-	-	-	-	-	-	-	-	-	-
Interest rate swap		8,791,264	-	-	234,677	2,361,538	416,586	-	807,986	4,970,477	-
Foreign currency option		37,141	37,141	-	-	-	-	-	-	-	-
Forward foreign exchange contracts		107,179,522	53,185,659	39,712,844	12,110,475	2,170,544	-	-	-	-	-
		116,007,927	53,222,800	39,712,844	12,345,152	4,532,082	416,586	-	807,986	4,970,477	-
Off-balance sheet gap		76,676,623	2,545,480	41,059,887	25,177,100	(2,503,878)	1,458,438	1,381,676	1,290,026	6,267,894	-
Total yield / interest risk sensitivity gap		97,614,942	80,247,075	159,537,355	30,354,215	1,047,410	6,478,438	7,343,671	2,975,761	6,382,114	(196,751,097)
Cumulative yield / interest risk sensitivity gap				239,784,430	270,138,645	271,186,055	277,664,493	285,008,164	287,983,925	294,366,039	294,366,039

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

Notes to the Financial Statements

For the year ended 31 December 2019

42.3 Operational Risk

Operational risk is the potential for loss resulting from inadequate or failed internal processes and systems, human error, or from impact of external events (including legal risks). Operational risk is inherent in the Bank's activities and as with the other risk types is managed through an overall framework with checks and balances that includes recognized ownership of the risk by the businesses, independent risk management oversight and an independent review by the Group Internal Audit.

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

The bank has a system in place, namely Enterprise Operational Risk Platform (EORP), that is utilized for the recording of operational losses, monitoring of controls, risks and associated mitigating actions, pertinent to operational risk.

The Executive Risk Committee (ERC) has oversight function over Operational risk and other non-financial risks in addition to Compliance risk, Financial Crime risk, Conduct risk, Information & Cyber Security risk, and Reputational risk. The committee has the authority to take a view on the significance of risks and to direct appropriate actions. The ERC is chaired by the CCRO, with CEO as the alternate Chairperson. Depending on the significance of risks, the issues are tabled at ERC. Disaster recovery procedures, business contingency planning and internal audits also form an integral part of the operational risk management process

42.3.1 Operational Risk-Disclosures Basel Specific

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

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

42.4 Liquidity Risk

Liquidity Risk is the potential for loss to an institution arising from either its inability to meet its obligations or to fund increase in assets as they fall due without incurring unacceptable cost or losses. Funding Risk is the potential for actual or opportunity loss because the bank does not have stable or diversified sources of funding in the medium and long term to enable it to meet its financial obligations in pursuit of its desired business strategy or growth objectives.

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

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

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

42.4.1 Maturities Of Assets And Liabilities - based on contractual maturity of assets and liabilities of the bank

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

Notes to the Financial Statements

For the year ended 31 December 2019

	2019									
	Total	Upto one month	Over one month to three months	Over three months to six months	Over six months to one year	Over one year to two years	Over two years to three years	Over three years to five years	Over five years to ten years	Over ten years
(Rupees in '000)										
Assets										
Cash and balances with treasury banks	61,290,428	61,290,428	-	-	-	-	-	-	-	-
Balances with other banks	3,484,265	3,484,265	-	-	-	-	-	-	-	-
Lendings to financial institutions	17,012,089	12,894,434	4,117,655	-	-	-	-	-	-	-
Investments	249,164,030	150,856,846	62,235,130	22,860,002	550,406	11,176,027	1,390,978	-	94,641	-
Advances	218,087,193	93,989,303	45,480,789	17,983,955	5,718,193	5,687,012	4,444,587	34,032,062	6,574,289	4,177,003
Other assets	34,273,754	9,704,977	10,536,402	1,573,236	308,898	1,575,919	10,317,611	256,711	-	-
Fixed assets	10,563,451	80,460	93,991	141,919	283,144	869,810	836,354	1,733,046	4,401,299	2,123,428
Intangible assets	26,095,375	8	17	25	15	-	-	-	-	26,095,310
Deferred tax assets	-	-	-	-	-	-	-	-	-	-
	619,970,585	332,300,721	122,463,984	42,559,137	6,860,656	19,308,768	16,989,530	36,021,819	11,070,229	32,395,741
Liabilities										
Bills payable	12,375,271	12,375,271	-	-	-	-	-	-	-	-
Borrowings	20,256,731	968,394	15,647,880	3,588,591	51,866	-	-	-	-	-
Deposits and other accounts	465,628,985	450,844,666	6,228,391	1,048,280	5,260,305	790,543	1,456,800	-	-	-
Sub-ordinated loans	-	-	-	-	-	-	-	-	-	-
Other liabilities	45,085,131	11,120,679	7,791,433	4,443,654	14,640,153	297,488	636,737	966,758	4,430,289	757,940
Deferred tax liabilities	3,707,964	-	-	-	-	-	-	3,707,964	-	-
	547,054,082	475,309,010	29,667,704	9,080,525	19,952,324	1,088,031	2,093,537	4,674,722	4,430,289	757,940
	72,916,503	(143,008,289)	92,796,280	33,478,612	(13,091,668)	18,220,737	14,895,993	31,347,097	6,639,940	31,637,801
Net assets										
Share capital	38,715,850									
Reserves	19,870,955									
Unappropriated profit	8,946,857									
Surplus on revaluation of assets - net	5,382,841									
	72,916,503									

	2018									
	Total	Upto one month	Over one month to three months	Over three months to six months	Over six months to one year	Over one year to two years	Over two years to three years	Over three years to five years	Over five years to ten years	Over ten years
(Rupees in '000)										
Assets										
Cash and balances with treasury banks	50,293,497	50,293,497	-	-	-	-	-	-	-	-
Balances with other banks	2,344,297	2,344,297	-	-	-	-	-	-	-	-
Lendings to financial institutions	6,465,508	6,465,508	-	-	-	-	-	-	-	-
Investments	279,065,904	193,399,666	82,182,298	145,302	951,754	690,750	1,590,978	-	105,156	-
Advances	169,543,762	68,963,602	43,056,280	22,721,574	4,933,075	7,464,056	5,939,553	6,663,506	6,310,091	3,492,025
Other assets	34,434,913	8,864,910	9,729,702	1,585,583	353,087	1,591,370	12,306,232	4,016	13	-
Fixed assets	7,837,979	49,886	99,774	149,660	299,321	610,844	598,641	1,197,283	2,993,208	1,839,362
Intangible assets	26,095,476	21	41	62	42	-	-	-	-	26,095,310
Deferred tax assets	-	-	-	-	-	-	-	-	-	-
	576,081,336	330,381,387	135,068,095	24,602,181	6,537,279	10,357,020	20,435,404	7,864,805	9,408,468	31,426,697
Liabilities										
Bills payable	16,943,627	16,943,627	-	-	-	-	-	-	-	-
Borrowings	24,023,697	6,390,115	13,437,260	4,038,800	42,412	115,110	-	-	-	-
Deposits and other accounts	424,898,936	414,896,055	5,256,398	2,530,566	1,387,459	167,316	661,142	-	-	-
Other liabilities	39,345,498	3,831,183	7,197,921	5,483,726	20,159,211	253,697	173,514	449,818	1,796,428	-
Deferred tax liabilities	3,631,209	-	-	-	-	-	-	3,631,209	-	-
	508,842,967	442,060,980	25,891,579	12,053,092	21,589,082	536,123	834,656	4,081,027	1,796,428	-
	67,238,369	(111,679,593)	109,176,516	12,549,089	(15,051,803)	9,820,897	19,600,748	3,783,778	7,612,040	31,426,697
Net assets										
Share capital	38,715,850									
Reserves	16,667,466									
Unappropriated profit	6,326,382									
Surplus on revaluation of assets - net	5,528,671									
	67,238,369									

42.5 Derivative Risk

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

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

43. DATE OF AUTHORIZATION

These financial statements were authorized for issue in the Board of Directors meeting held on 27 February 2020.



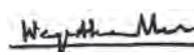
Ian Bryden
Chairman



Shazad Dada
Chief Executive Officer



Asad Ali Shariff
Chief Financial Officer



Waqar Malik
Director



Ferdinand Pieterse
Director

Notes to the Financial Statements

For the year ended 31 December 2019

Annexure - I

Statement in respect of written-off loans or any other financial relief of five hundred thousand rupees or above as required under sub-section (3) of section 33A of the Banking Companies Ordinance, 1962 during the year ended 31 December, 2019

Amount in PKR Rupees

Sr. No.	Name	Address	Name of Partners / Directors NIC / CNIC	Father / Husband Name	Outstanding Liabilities at Beginning of Year			Amount Written off / Concession		
					Principle	Interest/ Markup	Total	Principle	Interest/ Markup	Total Balance (Gross)
1	New Allied Electronics Industries (Pvt) Ltd	7th Floor Lakson Square Building No.1 Sarwar Hussain Shaheed Road Karachi	Abdul Rauf 42201-3539213-1 Mian Pervez Akhtar 42301-7176596-3	Abdul Ghafoor Ateeq Mian Mohammad Rafiq Anwer	89,308,084	48,997,559	138,305,643	89,308,085	48,997,559	138,305,644
2	Abbas Engineering Industries Ltd	123 Old Clifton, Karachi	Amin Lalljee 506-90-293802 Nazneen 42000-6018584-6	Abdul Latif Lalljee W.O Riaz Hussain	-	100,033,819	100,033,819	-	100,033,809	100,033,809
3	Asmar Textile Mills (Pvt) Ltd	21 KM Ferozepur Road Lahore	Arsalan Irshad Sheikh 35202-5228481-3 Neelam Irshad Sheikh 35201-1087986-0 Sheikh Irshad Mehmood Siddiqui 35201-8031264-5	Sheikh Irshad Mehmood Siddiqui Sheikh Irshad Mehmood Siddiqui Haji Muhammad Siddique	30,479,734	41,228,794	71,708,528	30,480,104	41,046,164	71,526,268
4	Mak Dyeing And Finishing Mills Ltd	Plot No.14/A Sector 30 Korangi Industrial Area Karachi	Mrs. Yumna Imtiaz Ali 517-08-227672 Ismat Irfan Khan 42301-6348979-2 Ashraf Mohammad Ali 42301-5133067-9 Asif Begum 42301-2500985-2 Miss Mazia Irfan Miss Anushah Irfan 518-62-486448 Hamid Raza Khan	W/O Imtiaz Muhammad Ali Sajid Ali Khan Muhammad Ali Khan (Late) Muhammad Ali Khan (Late) Irfan Usman Irfan Usman Ahmed Raza Khan	24,177,767	45,102,000	69,279,767	24,177,619	45,102,000	69,279,619
5	Saifi Build Associates	28-J 3 Johar Town Opposite Trade / Expo Centre Lahore	Chaudhry Muhammad Ahmed Latif Saifi 35202-2993323-5	Muhammad Latif Saifi	15,003,218	20,218,219	35,221,437	15,003,218	20,218,219	35,221,437
6	Midas Promotions And Sales (Pvt) Ltd.	56-E1 Gulberg 3 Lahore	Ayesha Inam 35201-1567015-6 Inam Akbar 35201-1707017-5	Inam Akbar Ghulam Akbar	18,329,358	5,589,842	23,919,201	18,329,358	5,589,842	23,919,200
7	Ghaffar Corporation	104 Khayyam Chambers Shahrah-e-Faisal Nursery Pechs Karachi	Mahmood Abdul Ghaffar 517-55-173401 Mehrun-Nisa 517-45-171142	Abdul Ghaffar Ahmed Abdul Ghaffar	17,877,793	517,000	18,394,793	17,878,000	517,000	18,395,000
8	Shams Petrochemicals (Pvt) Ltd	690-612 Clifton Centre Block 5 Clifton Karachi	Aftab Hassan Jafri 42201-9543351-5 Kokkab Jehan Jafri 42201-0771070-6	Shams Ul Hassan Jafri	14,985,741	3,052,557	18,038,297	14,985,741	3,039,647	18,025,388
9	Bismillah Building Material & Toori Press	Mian Aslam Colony Near Basti Shamlat & Near Shah Shams Colony Multan	Ahmed Nawaz Khan 36302-1909338-1 Muhammad Zahid Nawaz Khan 36302-0592572-1	Khizar Hayat Khan Khizar Hayat Khan	4,000,000	13,011,267	17,011,267	4,000,000	13,011,267	17,011,267
10	New Light Hosiery (Pvt) Ltd.	P-212 Street No.5 Afghan Abad No.2 Faisalabad	Muhammad Shahid 33100-0643188-9 Muhammad Azhar 33100-6188792-1 Tanveer Ahmed 33100-0512383-9 Aqeel Ahmed 33100-7981451-3	Muhammad Anwar Muhammad Anwar Shahabud Din Shahabud Din	20,506,675	26,641,635	47,148,310	15,000,000	-	15,000,000
11	Sarhad Marble Industry	Sarhad Marble Plot No-1-D-2 Manghopir Road Sector-6 Qasba Metroville Karachi	Shazia Niaz 13202-9563007-6	Niaz Ameen Siddiqui	5,997,789	5,588,829	11,586,618	5,997,789	5,588,829	11,586,618
12	Syed Petroleum	House No.95/P Eid Gah Road District Toba Tek Singh Azad Floor Mills, Gojra	Sayed Ahmed 33301-2117433-7 Masood Ahmed 33301-2117432-5 Junaid Ahmed 33301-2117541-3	M. Abdullah Sayed Ahmed Sayed Ahmed	399,361	9,840,348	10,239,709	399,361	9,840,348	10,239,709
13	Paksun Lead Ind	34-A S.I.E No.2 G.T.Road Gujranwala	Malik Iftikhar Ahmad Johar 34101-0990230-5	Hakeem Fazal Karim	2,966,936	7,204,533	10,171,469	2,968,328	7,204,533	10,172,861
14	Al Asif Goods Forwarding Agency	Flat No. I-405 Ruffi Lake Drive Block No 18 Gullistan-e-Johar Karachi	Mohammad Humayoon 42201-0532455-5	Mohammad Rafiq	8,396,421	701,538	9,097,959	8,396,421	701,538	9,097,959
15	Alahdin Enterprises	Khan Plaza 2nd Floor Office No.8 Near Mehar Siddique Market Railway Road Faisalabad	Naveed Nazir 33100-1567443-3 Raja Shahbaz Hussain 33100-5731010-1 Shahbaz Hussain 33100-0751921-1	Nazir Ahmad Naeem Riaz Hussain Talib Hussain	3,348,120	4,312,588	7,660,708	3,348,120	4,312,588	7,660,708
16	Raheel Shoukat	24-K Model Town Lahore	35202-2328807-5	Khawaja Shaukat Ali	13,439,624	3,676,530	17,116,153	3,339,624	3,706,879	7,046,503
17	Farjan Khan	House No. C-82 Block-11 Federal B Area Karachi	42101-2861071-5	Mohammad Aslam Khan	8,416,563	6,954,200	15,370,763	-	7,030,422	7,030,422
18	Pearls Multiple Services	B-30 Block 4-A Gulshan e Iqbal Karachi	Anjum Jamil 42101-6011002-9	Jamil Ur Rehman Siddiqui	4,347,550	1,141,185	5,488,735	4,347,550	1,141,185	5,488,735
19	Rana Asif Saeed	24 Inqlab House Shahdab Colony Temple Road Lahore	35202-6874850-1	Rana Muhammad Yousaf	9,501,225	744,289	10,245,514	3,801,225	800,179	4,601,404
20	Muhammad Younis	Stylo Industry Street Rehmat Ullah Bajwa Gondlanwala Road Gujranwala	34101-3184066-3	Din Muhammad	1,194,072	3,234,380	4,428,453	1,194,072	3,234,380	4,428,453
21	Hamza Telecom	Hamza Telecom Opposite Agha Khan Laboratories Jhang Road Chiniot Jhang	Zaheer Abbas 33201-1525053-5	Bashir Ahmed	2,999,990	951,743	3,951,733	2,999,990	951,743	3,951,733
22	Sh M Suleman	House No. 51/1 Khayaban-e-Rahat Phase-VI DHA Karachi	42301-0650481-3	Sheikh Fazal Ur Rehman	11,723,067	4,845,101	16,568,168	-	3,805,169	3,805,169

Notes to the Financial Statements

For the year ended 31 December 2019

Annexure - I

Amount in PKR Rupees

Sr. No.	Name	Address	Name of Partners / Directors NIC / CNIC	Father / Husband Name	Outstanding Liabilities at Beginning of Year			Amount Written off / Concession		
					Principle	Interest/ Markup	Total	Principle	Interest/ Markup	Total Balance (Gross)
23	Travel Consultants International (Pvt) Ltd	28 Empress Road Lahore	Muhammad Saleem 37301-4830447-3 Jamshed Begum 37301-4408894-4	Mohammad Ashraf Khan Mohammad Ashraf Khan	2,737,248	1,052,656	3,789,904	2,737,248	1,052,656	3,789,904
24	Nol Sports	Village Nol Wazirabad Road Sialkot	Amjad Rashid Sheikh 34603-2270609-7	Sheikh Muhammad Boota	1,689,259	1,894,313	3,583,572	1,689,259	1,894,313	3,583,572
25	Shoaib Alam Shamsi	803 Kashif Centre Shakra-e-Faisal Karachi	42201-7624776-1	Mohammad Yousaf Shamsi	1,813,299	3,564,872	5,378,171	-	3,564,871	3,564,871
26	Asia Furnishers	Asia Furnishers Ghumman Mension Railway Road Gujrat	Salman Khalid Ghumman 34201-0378230-3	Khalid Pervez	1,752,827	1,584,167	3,336,994	1,752,827	1,573,506	3,326,333
27	Babar Ali	Shahrah e Quaid E Azam Cantt Gujranwala	34101-1894454-3	Lal Din	5,801,242	519,326	6,320,567	2,601,242	535,571	3,136,812
28	Al-Madina Agro Farm Industries	Opposite Eid Gha Katchery Road Depalpur Okara	Muhammad Javed Mansha 35301-7535208-5	Haji Muhammad Mansha	1,615,903	1,351,851	2,967,754	1,615,903	1,351,851	2,967,754
29	Ismail & Company Private Limited	116 Kashmir Road Rawalpindi	Mohammad Aslam Siddiqui 37405-4755052-9 Mohammad Ahmad Siddiqui 37405-5864106-3 Khurrah Shahzad Siddique 37405-3989500-5	Fazal Karim Fazal Karim Muhammad Ahmad Siddique	1,667,870	1,174,744	2,842,614	1,667,870	1,174,744	2,842,614
30	Imtiaz Ahmad	Imtiaz Ahmad Commission Agent 37 Old Food & Vegetable Market Rehmania Road Faisalabad	33100-3299091-3	Abdul Majeed	1,498,912	1,310,246	2,809,158	1,498,912	1,310,246	2,809,158
31	The Professionals	31 1st Floor Rex City Satiana Road Faisalabad	Fayyaz Ahmed 33100-1016794-1	Ch Sardar Muhammad	1,998,748	796,177	2,794,925	1,998,748	796,177	2,794,925
32	Sheikh Sajjad Hussain	House No.3/17 Aurrangzeb Road Cantt Multan	36302-942769-9	Sheikh Hussain Baksh	3,889,242	1,760,371	5,649,612	939,242	1,760,371	2,699,612
33	Muhammad Shahid Memon	Flat D-304 Afshan Appt 327/3 Nazarat Road Garden East Karachi	42301-1114944-1	Moosa A Memon	18,400,863	1,585,880	19,986,744	590,496	1,646,985	2,237,481
34	Usama Amir Khan	Plot No.SC-12th Street Badar Commercial Area Phase-5 Ext D.H.A Karachi	42101-1595889-1	Khalid Hussain Khan	13,060,788	2,098,021	15,158,809	-	2,098,009	2,098,009
35	Rao Inam Ali Khan	Servup Pvt Ltd 30-Z Commercial Area PSO Pump,1st Floor DHA Phase 3 Lahore	35302-6156413-9	Rao Ikram Ali Khan	1,976,109	90,092	2,066,201	1,976,109	90,092	2,066,201
36	Awais Arshad Bajwa	Global Business Corporation 6-D Commercial Architects UCP Engineering Society Lahore	34603-9555863-7	Arshad Hussain Bajwa	1,940,594	112,291	2,052,885	1,940,594	112,291	2,052,885
37	Zeeshan Qaiser	House No.L-559 Sector 5-C-3 Moh North Zahid Sweet Shop Karachi	42101-4523125-3	Ghulam Qaiser	1,991,273	30,127	2,021,399	1,991,273	30,127	2,021,400
38	Mohammad Altaf Aziz	Room No 5 Chemi Centre 2nd Floor Mr 4/49 Achi Qabar Adamjee Dawood Road Karachi	42201-2177184-3	Abdul Majeed	4,812,556	2,005,970	6,818,526	-	2,005,970	2,005,970
39	Sultan Mehmood Tahir	House No. 57 Street No.20-A Chaklala Scheme 3 Rawalpindi	37405-2146658-7	Chaudhary Fazal Dad	684,117	1,226,351	1,910,468	684,117	1,226,351	1,910,468
40	Junaid Iqbal	House No R-986 Sector 16 Bufferzone Wa-Wa Garments North Nazimabad Karachi	42101-2327897-3	Muhammad Iqbal Ahmed	1,733,362	160,660	1,894,022	1,733,362	168,767	1,902,129
41	Hasan Shehbaz	House No G-15 Block No 16 Hassan Centre Gulshan e Iqbal Near Mashallah Restaurant Karachi	42201-9144371-5	Javed Allah Ditta	1,765,337	119,173	1,884,510	1,765,337	135,524	1,900,862
42	Punjab Dying	Sharif Pura Chohan Road Near Jinnah Town Lahore	Shahid Mehmood 34101-5009638-9	Abdul Sattar	1,898,539	-	1,898,539	1,898,539	-	1,898,539
43	Shama Asif	ECRM Software (Pvt) Ltd 161 Ataturk Block New Garden Town Lahore	35202-2549789-4	Asif Ashraf	9,259,082	1,853,399	11,112,481	-	1,852,800	1,852,800
44	Qamar Uz Zaman	House No 2-E Rehman Society Johar Town Lahore	35202-2698292-7	Muhammad Hanif	-	1,819,470	1,819,470	-	1,819,470	1,819,470
45	Muhammad Maroof	162,Al Barka House Hotel Days Inn Shakra e Faisal Karachi	42101-6828889-5	Muhammad Farooq	1,642,223	118,327	1,760,550	1,642,223	118,327	1,760,550
46	Madeeha Qayyum	House No.1235 Street No.175 Sector G-11/1 Islamabad	35200-1485759-8	Muhammad Qayyum	1,619,689	97,397	1,717,086	1,619,689	97,397	1,717,086
47	Muhammad Asif	Flat No.102 Mohalla Bihar Muslim Society Sharlabad Near Silani Welfare Karachi	42301-7894320-1	Muhammad Yousuf	1,618,608	47,767	1,666,375	1,618,608	2,667	1,621,275
48	Hamid Trading Co.	784-Raza Block Allama Iqbal Town Lahore	Sheikh Khalid Siddique 35202-2802709-7 Sheikh Shahid Iqbal 35202-5510747-5	Sheikh Muhammad Siddique Sheikh Muhammad Siddique	3,897,054	10,249,468	14,146,522	-	1,584,041	1,584,041
49	Mustaq Haider	House No.369 Umer Block Allama Iqbal Town Lahore	35202-2604990-5	Muhammad Amin	-	1,573,495	1,573,495	-	1,517,565	1,517,565
50	Zulfqar Ali	OMV Office ISE Tower 12 Floor 55-B U-Fone Tower Jinnah Avenue Islamabad	35402-6714527-9	Muhammad Ibrahim	1,444,645	69,047	1,513,692	1,444,645	69,047	1,513,692
51	Nadir Hayat Khan	Nadir Hayat Khan Flat No.1,Block No.13C Housing Foundation Flats Main Ibn-e-Sina Road G-11/3 Islamabad	37405-0584065-3	Ameer Atzal Khan	8,528,737	262,076	8,790,813	1,236,667	271,579	1,508,246
52	Muneeza Afsar	House No. F44 Street No.3 Block 7 Kehaksha Agha Khani Jamat Khana Clifton Karachi	42301-6956279-6	Agha Afsar Hussain	1,470,254	17,652	1,487,906	1,470,254	17,652	1,487,906
53	Ahmed Ali Khan	FAO Pak Road NARC Chak Shahzad Near Park Road Islamabad	42201-6095109-1	Rizwan Akhtar	1,331,429	128,918	1,460,347	1,331,429	128,918	1,460,347
54	Muhammad Naeem Ansari	House No.181 Street 08 Roots Millennium School G-15/2 (Khayaban E Kashmir) Islamabad	31104-7379707-3	Muhammad Jamil	19,643,429	197,668	19,841,097	-	1,454,721	1,454,721
55	Tariq Mahmood	Ministry Of Industries & Production Block-D Pak Ptv Secretariat Islamabad	54400-0495079-9	Mumtaz Ahmed Mirza	1,310,111	104,845	1,414,956	1,310,111	104,845	1,414,956
56	Agha Afsar Hussain	House No. F-44 Block No 7 Kahkashan Clifton Near Jamat Khana Karachi	42301-7038816-7	Agha Yousuf Hussain	1,344,738	15,774	1,360,513	1,344,738	15,775	1,360,513

Notes to the Financial Statements

For the year ended 31 December 2019

Annexure - I

Amount in PKR Rupees

Sr. No.	Name	Address	Name of Partners / Directors NIC / CNIC	Father / Husband Name	Outstanding Liabilities at Beginning of Year			Amount Written off / Concession		
					Principle	Interest/ Markup	Total	Principle	Interest/ Markup	Total Balance (Gross)
57	Agha Babar Hussain	National Tiles 1 Servicess Mess Opposite Metro Pole Hotel Saddar Karachi	42301-8412272-7	Agha Yousuf Hussain	1,319,408	32,184	1,351,592	1,319,408	32,184	1,351,592
58	Azhar Wali Mohammad	House No. 507 Street No.128,Service Road East G-9/3 Islamabad	42301-2788584-9	Choudhry Wali Mohammad	1,187,033	121,934	1,308,967	1,187,033	161,724	1,348,757
59	Hamid Rashid	House No.7, Street No. 8 Opposite Zong Tower Prince Road Bahara Kahu Islamabad	38201-1158781-9	Rashid Ahmed	1,202,715	125,383	1,328,098	1,202,715	125,383	1,328,098
60	Syed Dyeing	Chak No.224 Raja Ghulam Rasool Nagar	Karmat Ali 33100-4757612-1 Ifthikhar Ali 33100-2987411-3 Murtab Ali Shah 33100-1210378-5 Riasat Ali Shah 33100-3103179-5	Syed Mukhtar Ali Shah Syed Mukhtar Ali Shah Syed Mukhtar Ali Shah Sattar Ali Shah	199,579	1,108,816	1,308,395	199,579	1,108,816	1,308,395
61	Mohammad Wazir Uddin Ansari	House No R-1227 2nd Floor Block No 8 F B Area Behind MCB Bank Karachi	42101-6320656-9	Mohammad Naeem Uddin Ansari	1,187,933	116,206	1,304,140	1,187,933	116,206	1,304,140
62	Imran Ali	EFG Hermes Office No 904 9th Floor Emerald Tower Plot No G-19 Blk 5 Clifton Khi Near Ocean Tower Karachi	42000-0412479-5	Zahid Ali	1,235,382	62,972	1,298,353	1,235,382	66,696	1,302,078
63	Ahmad Khan Zaman	House No.141 Street No 36 G-8 Markaz G-8/2 Islamabad	61101-1912142-7	Khan Zaman	1,220,002	81,165	1,301,168	1,220,002	81,165	1,301,168
64	Muhammad Bilal Baig	Global Business Corporation 6-D Commercial Architects UCP Engineering Society Lahore	35202-4287386-3	Muhammad Gulzar	1,214,512	83,030	1,297,542	1,214,512	83,030	1,297,542
65	Najma Khaliq Khan	Australian High Commission Ispahai Road Diplomatic SCB G-5 Diplomatic Enclave Sector G-5 Islamabad	82303-6366006-2	Muhammad Khaliq Khan	1,210,590	83,405	1,293,995	1,210,590	83,406	1,293,995
66	Masood Shafi	House 60-E Block Punjab Co Operative Housing Society Defence Road Near AA-Block D.H.A Lahore	35201-1205234-5	Muhammad Shafi Ahmad	949,157	304,255	1,253,412	949,157	336,419	1,285,576
67	Taaliha Tabassum	Al Noor Park House No.14 E-3 Street No. B-1 Moh Asif Sarfaza Model School Cantt Colony Shalamar Baghban Pura Lahore	35201-1291139-6	Muhammad Sahfi	1,183,210	94,321	1,277,531	1,183,210	94,322	1,277,531
68	Mohammad Asif Yaqub	House No. 152 Nespak Phase 2 Canal Road Canal Bank Road Lahore	35202-4207615-5	Mohammad Yaqoob	1,250,499	25,145	1,275,644	1,250,499	25,145	1,275,644
69	Khyzer Hayat	651 W-Block Phase-3 DHA Lahore	35201-0857632-3	Abdul Rehman	6,599,440	675,647	7,275,088	599,440	675,647	1,275,088
70	Bushra Batool	House No F44 Block 7 Kehksha Aga Khan Jamat Khana Clifton Karachi	42301-7619864-8	Agha Babar Hussain	1,242,914	28,231	1,271,145	1,242,914	28,231	1,271,145
71	Kamran Sharif	Travel Port Pvt Ltd Off 47 Lower Ground Floor Century Daewoo Bus Stop Tower Kalma Chowk Gulberg 3 Lahore	35202-9042038-1	Muhammad Sharif	1,166,825	96,467	1,263,292	1,166,825	96,467	1,263,292
72	Abdul Sattar	Banglow No.F-192/1 Park Lane Block No.5 Kehkashan Clifton Near Emerald Tower Karachi	42101-7292867-9	Haji Ismail	1,231,827	13,152	1,244,978	1,231,827	13,152	1,244,978
73	Bakar Industries	Malkey Kalan Head Marala Road Sialkot	Shahnaz Sheikh 37405-3249950-1 Muhammad Shahzad Sheikh 34603-8540287-3 Muhammad Riaz Sheikh 300-63-379695 Muhammad Gulraiz Sheikh 34603-0613117-1 Muhammad Asad Sheikh 300-64-353845	Muhammad Bakar Muhammad Bakar Muhammad Bakar Muhammad Bakar	10,738,836	15,056,963	25,795,799	1,240,571	-	1,240,571
74	Muhammad Haneef	Chohan Brothers Duniya Pur Road Basti Malooke Distt Multan	36201-0581300-5	Muhammad Sultan	4,324,097	513,103	4,837,200	724,097	513,103	1,237,200
75	Asad Fayyaz Sheikh	Kohinoor Mills Ltd Weaving Division 8-Km Manga Road Raiwind Road Lahore	35201-5994314-7	Muhammad Fyyaz Sheikh	1,158,850	71,373	1,230,223	1,158,850	71,373	1,230,223
76	Muhammad Babar Khan	House No.99-C Mohalla Model Town Lahore	61101-2337863-3	Nisar Ali Khan	1,180,164	49,668	1,229,832	1,180,164	49,668	1,229,832
77	Nazif Jahanzeb	House No. 1990 Street No. 62 Phase 3 Commercial Market Bahria Town Islamabad	35202-5950580-1	Shehzada Jahanzeb Gohar	1,205,377	18,084	1,223,461	1,205,377	18,084	1,223,461
78	Nasir Mahmood	House No.20 Street No.22 Near Chubcha Dharam Pura Bazar Lahore	35201-5213237-1	Hafazat ur Rehman	1,113,909	105,971	1,219,880	1,113,909	105,971	1,219,880
79	Anas Nasir Malik	SCBPL 27 Ali Block 1st Floor New Garden Town Branch Near KFC Lahore	91509-0119882-1	Nasiruddin Mahmood Malik	1,090,647	95,160	1,185,807	1,090,647	105,759	1,196,406
80	Ghulam Muhammad	Al-Taj Traders Kehror Pacca Road Lodhran	36203-4422669-1	Allah Wasaya	1,974,309	713,543	2,687,852	474,309	713,543	1,187,852
81	Jamil Ahmed Kiyani	Bashandwet Post Office Khas Kahutta Dist Near Moor Masjid Rawalpindi	37406-3256782-1	Muhammad Younis Kiyani	1,127,144	54,955	1,182,099	1,127,144	59,757	1,186,901
82	Raheel Ghouri	Adinifity 86-H Gulberg 3 Firdous Market Lahore	35202-4580621-3	Riffat Mahmood Ghouri	1,118,784	63,340	1,182,125	1,118,784	67,757	1,186,541
83	Irfan Shoukat	Al Karam Park House No 1 Moh Dhobi Ghat Sunny Road Baghbanpura Cantt Lahore	35201-5608777-9	Muhammad Shoukat Ali	939,981	216,368	1,156,349	939,981	237,509	1,177,490
84	Mazhar Iqbal Kiyani	House No. B-1-1501 Muslim Town Rawalpindi	37405-8477049-1	Gulzar Khan	1,413,402	1,174,693	2,588,095	-	1,174,693	1,174,693
85	Waseem Wamiq	Room No. 401 Bank & Business Centre A/6 Sultan Ahmed Shah Road 4th Floor Karachi	42201-0696775-7	Naimat Wamiq	1,173,698	-	1,173,698	1,173,698	-	1,173,698
86	Ehtesham Ud Din	House No 119 B Askari 10 Airport Cantt Lahore	35201-3211588-5	Ch Islam Ud Din	969,270	175,333	1,144,603	969,270	200,747	1,170,017
87	Ashfaq Ahmed	Modern Scale Industry 102-Sabir Manzil Marston Road Karachi	42201-7844643-5	Umer Din	984,037	161,944	1,145,981	986,015	183,819	1,169,833
88	Aurangzeb S Burki	240-Z Street-34 Defence Housing,Authority Lahore	35201-7389428-7	Abdul Shaafi Burki	930,998	219,259	1,150,257	930,998	237,076	1,168,074
89	Waqar Ali Khan	Trans Communications Optix 16 Babar Block 36302-1345965-3 Fine Pizza New Garden Town Lahore	36302-1345965-3	Said Ali Wattoo	1,102,469	58,064	1,160,533	1,102,469	62,761	1,165,230

Notes to the Financial Statements

For the year ended 31 December 2019

Annexure - I

Amount in PKR Rupees

Sr. No.	Name	Address	Name of Partners / Directors NIC / CNIC	Father / Husband Name	Outstanding Liabilities at Beginning of Year			Amount Written off / Concession		
					Principle	Interest/ Markup	Total	Principle	Interest/ Markup	Total Balance (Gross)
90	Sheikh Adnan Badar	House No.R-713 Sector 9 North Karachi Near Disco Mor Karachi	42401-2024840-1	Sheikh Badar Uddin	1,080,140	63,928	1,144,068	1,080,140	71,658	1,151,798
91	Usman Haider	Ali Sadiq Rice Pvt Ltd 231 Ahmad Block View Garden Town Near Bilal Masjid	91509-0100713-7	Chaudhry Ghulam Hussain	979,208	155,855	1,135,063	979,208	170,144	1,149,352
92	Hasan Shehbaz	143-F Flat No 12 Lalazar Apartments PECHS Block No 2 Near KMC Sports Complex Karachi	42201-9144371-5	Javed Allah Ditta	929,925	188,098	1,118,023	929,925	214,773	1,144,698
93	Muhammad Taufiq	ARY Digital Network D-120 Site Area Karachi Near Hino Pak Karachi	42301-4368295-3	Muhammad Hanif	1,036,544	79,148	1,115,692	1,036,544	79,148	1,115,692
94	Muhammad Bux Shaikh	Flat No C-1 1st Floor Zafar Arcade Plot No SC-40 Chandni Chowk Stadium Road Karachi Near Opps Ptv Karachi	42201-5081343-9	Ghulam Nabi Shaikh	1,030,705	67,941	1,098,646	1,030,705	67,941	1,098,646
95	Syed Muhammad Farhan Ali Rizvi	House C-10 Noman Avenue Gulshan e Iqbal Rashid Minhas Road Toyota Showroom P.O Gulshan e Iqbal Teh & Zila Karachi	42201-7129488-1	Syed Ahsaan Ali Rizvi	1,035,904	55,326	1,091,230	1,035,904	55,326	1,091,230
96	Asad Mughal	Al-Mughnee Industries Pvt Ltd 36/2 Googa Chanewala A-Block Model Town Lahore	37106-5083249-5	Mian Ghulam Sarwar	981,351	103,915	1,085,267	981,351	103,915	1,085,267
97	Kamran Rafiq	House No.36-D Extention Peoples Colony Near Old Passport Office Faisalabad	33100-4229466-5	Muhammad Rafiq Chouhan	1,807,597	1,082,275	2,889,872	-	1,082,272	1,082,272
98	Ali Rizwan	Hunbul Tech Pvt Ltd Sky Led,Office #93 Dd (Cca),Commercial Area Phase Iv Dha,Lahore	33201-1398306-7	Malik Ghulam Shabbir	963,399	113,192	1,076,591	963,399	113,192	1,076,591
99	Farrukh Khan Pitafi	55-B Qasim Road Cantt Multan	32302-0226358-5	Naseem Ahmed Khan Pitafi	790,373	265,321	1,055,694	790,373	285,329	1,075,702
100	Sikander Zulqarnain	Sabzi Mandi Kamoki Distt Gujranwala	34102-1682307-3	Mian Mohammad Ali	190,698	882,655	1,073,353	190,698	882,655	1,073,353
101	Muhammad Zeeshan	House No. 253D 16th Street Phase B Creek Vistas Apartment DHA Karachi	35201-4302367-5	Tariq Saeed	1,010,595	60,866	1,071,461	1,010,595	60,866	1,071,461
102	Rizwan Munir Bhutta	Safety And Qa North PIA BBIAP Islamabad Near Rawal Lounge Rawalpindi	61101-2461933-7	Siraj Munir Bhutta	1,010,705	49,152	1,059,858	1,010,705	55,874	1,066,579
103	Manzoor UI Haq	House No.319 Block 4 Metro Well Caltex Petrol Pump Site Area Karachi	42401-2085942-1	Sher Zaman	1,026,647	38,303	1,064,950	1,026,647	38,303	1,064,950
104	Ahmad Junaid Nasir	House No. D-104 Saima Avenue Area Shadman Oxford High School Town Sector 14-B Karachi	32203-2040490-9	Maqbool Alahi	970,323	92,463	1,062,786	970,323	92,463	1,062,786
105	Arshad Ali Abro	Zorlu Enerji Pakistan C-117 Opp Ziauddin Hospital Clifton Block 2 Karachi	41409-8728146-3	Ghulam Ali Abro	988,950	71,750	1,060,699	988,950	71,750	1,060,699
106	Muhammad Zahoor UI Islam	House No.95 Nazimabad 7th Road New Mall Pur Norani Norani Masjid Masjid Walig Ali Rawalpindi	37201-0841165-5	Muhammad Ismail	986,866	56,040	1,042,906	986,866	65,463	1,052,329
107	Shahbaz Tahir Khan	KIDCL Bahria Complex-4 6th Floor Ext Block Choudhry Punjab Chowrangi Khaleeq Uz Zaman Road Gizri Karachi	42301-6619908-3	Muhammad Tahir Khan	807,038	213,355	1,020,393	807,038	238,930	1,045,967
108	Sajida Rehman	Global Business Corporation 6-D Commercial Architects Engineerng Housing Society Near UCP Lahore	44206-1290110-2	Muhammad Abdul Rehman	945,974	78,975	1,024,949	945,974	82,919	1,028,893
109	Zameer Hussain	Flat-B-3 Block-B Aftab Sultan Resident Complex Zia Uddin Hospital Block-2 Clifton Karachi	43203-9231041-7	Meer Muhammad Kalhoro	946,986	64,045	1,011,031	946,986	71,685	1,018,671
110	Mussab Umair	House No. 1274 Block 15 Dastagir Society FB Area Karachi	42101-1760436-1	Tayyab Ahmed	915,175	87,169	1,002,344	915,175	87,169	1,002,344
111	Khawar Abbas	Global Business Corporations 6-D Commercial Architects UCP Engineering Housing Society Lahore	33201-6448894-1	Ijaz Ahmed	926,389	58,686	985,075	926,389	62,373	988,762
112	Omar Quraishi	RIMPA Sunbeam Apartment Flat No.7/6 5 Gizri Road Near Shell Head Office Karachi	42301-2131576-9	Anver Hussain	833,671	125,675	959,346	833,671	146,231	979,902
113	Junaid Idrees	House 65-B Alpha Society Near Tech Society New Campus Lahore	35200-1514089-3	Muhammad Idress	5,848,472	966,919	6,815,391	-	973,151	973,151
114	Asghar Nazir	House No.30 Al Mumtaz Safe Home Satiana Road Faisalabad	33104-2218845-9	Nazir Ahmed	3,788,972	457,824	4,246,796	438,972	532,737	971,710
115	Malik Shehzad Hussain Awan	Global Business Corporation 6-D Commercial Architects UCP Engineering Society Lahore	37201-3685605-3	Malik Imdad Hussain	906,596	63,009	969,605	906,596	63,009	969,605
116	Farhad Ahmed	F-74/A SITE Area Near Philips Chowrangi Karachi	41308-3593397-5	Manzoor Ahmed Bhatti	883,092	76,173	959,265	883,092	84,526	967,617
117	Zulfiqar Javeed	Nine Alpha Global 439-Q Blk Dha Phase 1 Near Bhatta Chowk Lahore	35200-1531109-1	Muhammad Sadiq	954,887	4,668	959,555	954,887	12,060	966,947
118	Syed Raza Hasan Rizvi	A4 Alhameed Corner Plot #196 Saiba Akhtar Road Block 13 D 2 Gulshan E Iqbal Karachi	42101-1471488-7	Syed Riaz Hasan Rizvi	853,894	108,082	961,976	853,893	108,082	961,976
119	Sajjad Mahmood Khan	House No 133-B Block No E Model Town Lahore Near E Block Market Lahore	33100-8160512-3	Sultan Mahmood Khan	934,699	25,903	960,602	934,699	25,903	960,602
120	Ghazanfar Hanif	Saad Textile Mills Manga Raiwind Road 6km Bajjan Near Kohe Noor Textile Mill Chowk Lahore	34101-3602558-9	Muhammad Hanif Javed	889,171	61,261	950,432	889,171	69,500	958,670
121	Sebastian Shoaib	Samba Bank Ltd 7th Floor SIDCO Centre Press Club Karachi	42201-2535880-3	Samuel	900,856	42,351	943,207	900,856	46,722	947,578
122	Aftab Ahmed	House No.R-32 Street Fl-2 Mohalla Tariq Bin Ziad Society Malir Halt NLM SOS School Karachi	42201-7371376-5	Ahmed Bux Memon	931,389	11,866	943,255	931,389	11,866	943,255
123	Malik Moazzam Imam	Plot id-28 Sector No 30 Korangi Industrial Area Karachi Brooks Chowrangi Karachi	42201-8534201-5	Malik Mazhar Imam	895,995	33,276	929,271	895,995	40,264	936,259
124	Muhammad Aamir	1 Mary Road Bath Island Teen Talwar Connaught House Lahore	42301-3591100-3	Muhammad Iqbal Chaudhry	874,758	54,544	929,302	874,758	54,544	929,302

Notes to the Financial Statements

For the year ended 31 December 2019

Annexure - I

Amount in PKR Rupees

Sr. No.	Name	Address	Name of Partners / Directors NIC / CNIC	Father / Husband Name	Outstanding Liabilities at Beginning of Year			Amount Written off / Concession		
					Principle	Interest/ Markup	Total	Principle	Interest/ Markup	Total Balance (Gross)
125	Muhammad Ali Razi	Gul E Akra Plaza Bank Of Punjab Main Branch Murree Road Near Lasania Resturant Rawalpindi	31301-1448449-9	Sajjad Iqbal Razi	844,696	81,907	926,603	844,696	81,907	926,603
126	Sajid Yousaf	38-A Allama Iqbal Road Ghari Shahu Lahore	35202-1993170-3	Muhammad Yousaf	775,044	124,452	899,496	775,044	149,125	924,168
127	Saqib Zaidi	House No.301 FF Area Defence Housing Authority Phase No 4 Near Jamiya Masjid,Lahore	35200-4169884-1	Aslam Akhtar Zaidi	898,885	23,242	922,127	898,885	23,242	922,127
128	Muhammad Shahid Farooq	I2C Pakistan 4 Old Fcc Ferozpure Road Near Qazafi Stadium Lahore	36501-6579394-3	Sher Muhammad	894,708	15,555	910,263	894,708	22,270	916,978
129	Muhammad Athar Ali Khan	146/2 Khayaban-e-Muhafiz Phase 6 Street No 32 DHA Near Arif Medical Center Karachi	42101-4144256-3	Muhammad Tausuif Ali Khan	854,687	58,049	912,736	854,687	60,886	915,573
130	Asad Ali	House No 361 Street No 5 Phase 3 Gulriaz Housing Market Society Rawalpindi	37405-3101738-9	Amjad Ali	922,169	19,600	941,769	915,269	-	915,269
131	Sabir Amarti Store	Lohianwala By Pass Road M A Jinnah Road Gujranwala	Ghulzar Ahmed 34101-0135528-9	Abdul Ghani	1,099,742	3,629,789	4,729,530	-	911,131	911,131
132	Taj Muhammad	OGDCL House 5th Floor Tower A Main Jinnah Avenue Near UBL Tower Islamabad	37105-0244642-9	Zakir Muhammad	890,132	18,024	908,156	890,132	18,024	908,156
133	Danish Javaid	House No. 727 B 1 Moh Sattlite Town Hameed Marige Hall Rawalpindi Saidpur Road Rawalpindi	37405-0596871-5	Javaid Ahmed	817,709	82,568	900,276	817,709	86,762	904,470
134	Muhammad Arsalan Jamal	House No R14 1st Floor Poinner Cottage Gulzare-E-Hijri Sechme 33 the Kings School And Soneri Bank Main University Road Mosimiyat Karachi	42201-0893158-1	Muhammad Jamal Ahmed	824,149	79,165	903,314	824,149	79,165	903,314
135	Shoab Ramzan	House No. 38 Moh Main Market Patah Sher Colony Near Market Sahiwal	36502-6853888-9	Muhammad Ramzan	850,802	51,723	902,526	850,802	51,723	902,526
136	Mehwish Siddiqui	Punjab Information Technology Board Office No.11 9th Floor Arfa Ittefaq Hospital Karim Tower Software Technology Lahore	36302-3742883-4	Muhammad Azam Khan	879,747	11,883	891,631	879,747	11,883	891,631
137	Mawahid Tahir	Kit & Kaboodle 102-B-II Gulberg 3 Village Hotel MM Road Lahore	35202-7105263-7	Tahir Anjum	819,461	63,021	882,482	819,461	63,021	882,482
138	Sadaqat Ahmad	United Bank Ltd Aftab Centre 2nd Floor 30-Devis Al Malak Plaza Road Lahore	42201-6244426-9	Mubarak Ahmad Bhatti	814,371	57,827	872,198	814,371	65,557	879,928
139	Shaukat Khan	Office No.5 3rd Floor Mahmood Plaza Fazal- E-Haq Road Blue Area Islamabad	37405-8012409-9	Muhammad Hanif Khan	3,142,434	862,997	4,005,431	-	876,689	876,689
140	Junaid Iqbal	House No. R-986 Sector 16 Bufferzone Wa- Wa Garments North Nazimabad Karachi	42101-2327897-3	Muhammad Iqbal Ahmed	753,287	106,174	859,461	753,287	119,516	872,803
141	Syed Ashraf Raza Fatmi	House No.A-14 Block A NCHS Block 10 A Jama Masjid & Bank Al Habib Gulshan-e-Iqbal Karachi	42201-9200447-7	Syed Zafeer Uddin Ahmed Fatmi	838,638	31,165	869,803	838,638	31,165	869,803
142	Muhammad Hanif	House No 420 Street No 6 Asif School Road Green Town Shah Faisal Town Karachi	42201-5161752-9	Muhammad Sharif	770,193	92,094	862,287	770,193	97,304	867,497
143	Farhaj Shafi	House No.4 Street No.3 Moh Badar Colony Kokhar Road Badami Bagh Faysal Bank Lahore	35202-2918500-9	Muhammad Shafi	840,542	25,346	865,888	840,542	25,346	865,888
144	Majid Khan	Flat No. 301 Plot No. 38C 3rd Floor 24th Commercial Street DHA Phase 2 Extension Karachi	42401-1575467-5	Abdul Rasheed	763,310	75,939	839,249	763,310	79,838	843,149
145	Syed Ahmer Hasnain Abidi	MCB Building 2nd Floor 11 Sutlaj Block Moon Market Allama Iqbal Town Lahore Near UBL Lahore	42101-9449644-9	Syed Azhar Hasnain Abidi	769,635	51,421	821,056	769,635	55,225	824,860
146	Muhammad Arshad	Z Systems 2nd Floor 117 Block No.D MM Alam Mobilink Head Office Road Gulberg 2 Lahore	35202-8491221-1	Sher Muhammad	773,358	44,605	817,963	773,358	48,194	821,552
147	Zohaib Amjad	Management System International Serena Business Complex 5th Floor Sector G- 5/1 Islamabad	61101-5173570-5	Amjad Ali Shakoori	795,551	30,471	826,023	795,551	25,533	821,084
148	Sohail Anjum	Shah Al-Farooq Construction Company Auto Centre LMQ Road Multan	36302-0931352-7	Mohammad Ramzan	1,654,674	666,257	2,320,931	154,674	666,257	820,931
149	Asif Maqbool	City School 22-B-4 Wapda Wapda Town Round Town Lahore	35504-0370744-7	Maqbool Ahmad	766,129	51,281	817,409	766,129	54,372	820,501
150	Farhan Ahmad Khan	R-4 Sector 15-A-2 Buffer Zone North Nazimabad Near Madini Pakwan Karachi	42101-2706158-1	Abdul Raheem Khan	678,230	120,560	798,790	678,230	138,956	817,186
151	Muhammad Abuzar	50 Main Boulevard Cavalry Ground MCB Bank Cantt Lahore	34101-9106679-5	Muhammad Saleem Sabir	773,680	34,105	807,785	773,680	34,363	808,042
152	Junaid Ahmad	DGS Pvt Ltd 13 Aitcheson Street Fatima Masjid 1 Km from Raiwind Road Lahore	36302-8338251-5	Ishfaq Ahmad Khan	741,087	59,911	800,998	741,087	62,918	804,005
153	Kamal Din Khan	14/1-E Block Model Town DPS School Teh City Lahore	35202-3322457-1	Mustafa Khan	784,707	17,175	801,882	784,707	17,175	801,882
154	Atif Masood Khan	House No.293 Moh N Block Model Town Near NESPAK Building Lahore	35202-6751421-7	Hamid Masood Khan	780,149	24,843	804,992	780,149	20,531	800,681
155	Muhammad Abdullah	HQ CWO Opposite Eme College Peshawar Road Eme College Rawalpindi	35404-7178264-5	Muhammad Rasheed	779,094	18,549	797,643	779,094	18,549	797,643
156	Muhammad Tipu Pervaiz	18th Floor the Harbour Front Building Clifton Karachi Near Hyper Star,Karachi	42501-9364706-3	Abdul Jaill Pervaiz	732,941	64,419	797,359	732,941	64,419	797,359
157	Nazish Nazir	Shoukat Khanum Memorial 7-A Block R-3 KFC Johar Town Lahore	13101-7830790-2	Nazir Hussain Shah	733,979	56,086	790,066	733,979	62,186	796,165
158	Syed Muhammad Tariq Shah	Bahria Complex 2 4th Floor Bahria Complex PNCS Building MT Khan Road Karachi	42201-7808945-5	Syed Riaz Hussain	696,112	75,530	771,642	696,112	89,438	785,551
159	Muhammad Iqtidar Khan	House No. E 152/5-A Street No. 11 Iqbal Park Cantt Lahore	35201-6618811-5	Muhammad Zulfiqar Khan	712,880	72,227	785,107	712,880	72,227	785,107

Notes to the Financial Statements

For the year ended 31 December 2019

Annexure - I

Amount in PKR Rupees

Sr. No.	Name	Address	Name of Partners / Directors NIC / CNIC	Father / Husband Name	Outstanding Liabilities at Beginning of Year			Amount Written off / Concession		
					Principle	Interest/ Markup	Total	Principle	Interest/ Markup	Total Balance (Gross)
160	Fazl E Raziq	Izhar Group Of Companies 37/55 Sec 28 Korangi Darululoum, Industrial Area 75160 Karachi	42301-8028953-7	Fazl E Wahid	774,514	3,789	778,303	774,514	9,789	784,303
161	Damian Johnathan	House No.850 Street No.10-A Mehmoodabad Near Ideal Bakery Karachi	42301-0660262-1	Francis Albert	728,943	54,820	783,763	728,943	54,820	783,763
162	Sheraz Ali Qamar	Darbar Sharifjonaidia Po Khas Kolli Mughlan Dist Gujran Wala Near Post Office Gujranwala	34101-9759647-1	Wajihul Qamar	726,963	49,189	776,152	726,963	49,189	776,152
163	Faheem Ahmed	2nd Floor Block 104-E Chanab Centre Jinnah Opposite Ufone Tower Avenue Blue Area Islamabad	37405-1654677-3	Nisar Ahmed Baig	693,671	80,457	774,128	693,671	80,457	774,128
164	Malik Fahad Hassan	Plot No 360 St No 5 Sector I 9/3 W.Wilson Pharma Islamabad	37105-0258866-3	Malik Rais Ahmed	717,887	55,623	773,510	717,887	55,623	773,510
165	Shahzad Ali Khokhar	Emenac 10-Commercial Market Tech Society Al Falah Bank Lahore	35202-1343413-9	Shaukat Ali Khokhar	745,291	18,558	763,850	745,291	18,558	763,850
166	Murtaza Usman	House No 417-A Street No 7 Gulraiz Phase 4 Rawalpindi	37405-9661087-1	Usman Saddique	681,444	73,788	755,232	681,444	82,141	763,584
167	Syed Alamdar Hussain Jafferi	Lake City Holding 13 Km, Service Center, Raiwind Road, Lahore	54400-5666539-9	Syed Iftikhar Hussain Jafferi	748,787	12,699	761,485	748,787	12,699	761,486
168	Muhammad Kashif Shahzad	Ahata Rahim Buksh House No.7 Street No.24 Mohalla Burni Road Shezan Bakery Garhi Shahu Lahore	35202-2481281-5	Abdul Qayyum	702,957	48,059	751,016	702,957	48,059	751,016
169	Azeem Younis	Shaukat Khanum Memorial 7-A Block No R-335201-1368070-3 Johar Town Near UCP Lahore	35202-1368070-3	Younis Masih	725,806	19,705	745,512	725,806	19,705	745,512
170	Muhammad Usman	56-E Block Punjab Small Industry Corporative Lums, Housing Society Cantt Lahore	36302-2965193-9	Muhammad Ramzan Ansari	695,574	41,283	736,858	695,574	45,810	741,384
171	Muhammad Iqbal Chaudhri	Flat No D-4 Safari Comferts (Ground Floor) Block 12 Gulistan-e-Johar Karachi	42201-8970933-5	Chaudhary Mohd Din	623,116	103,467	726,583	623,116	116,783	739,898
172	Irfan Ali Malik	Shamco Pharmaceuticals 174-A Bop Garden Town Ahmad Block Lahore	35201-1364221-7	Mubashar Saleem	710,369	29,091	739,460	710,369	29,091	739,460
173	Sarfraz Gulzar	Sector No SW-House No.103 Street No 7 Ext 1 Block B NFC Near Valancia Mosque Lahore	35202-5797235-3	Muhammad Gulzar	688,048	41,628	729,677	688,048	41,628	729,677
174	Umair Sattar	House No.623-B PCSIR 2 Near Shaukat Khanum Chowk Lahore	36302-9367184-1	Altaf Ahmed	698,473	30,815	729,288	698,473	30,815	729,288
175	Mustafa Ali Khan	Plot No.Sc-7 Street No.1 Sector 19 Korangi Bikia Industries Industrial Area Karachi	42101-8812585-9	Faheem Khan	644,892	81,947	726,840	644,892	81,948	726,840
176	Rashid Sami	House No.112/1 Street No.8 Khayaban-e-Rahat Phase-6 DHA Karachi	42000-0286871-9	Sami Ahmed Jafri	17,698,777	2,025,087	19,723,865	-	723,865	723,865
177	Shehla Hashim	Allied Bank Ltd Shahrah e Qaideen Allahwalasheermal Branch Karachi	42201-5137631-2	Hashim Usman	674,105	46,038	720,144	674,105	49,613	723,718
178	Muhammad Ashraf Siyal	Mannan Shahid Forgings Ltd Mominpura Road Daroghawala Near Anwar Chane Wala Lahore	45201-7035807-1	Muhammad Nawaz Siyal	662,089	53,607	715,696	662,089	60,028	722,117
179	Wajid Ali Khan	House No. 24 Street No 05 Moh Prem Nagar Rajgarh Nr Chuburji Lahore	35202-9048520-1	Mirza Allah Baksh Khan	673,121	47,422	720,542	673,121	47,422	720,542
180	Zulfiqar Ali Butt	ZTBL Hadri Chowk Saidpur Road Rwp Near Haideri Chowk Rawalpindi	36304-6159089-9	Muhammad Ishaq Butt	704,912	21,979	726,890	704,912	12,746	717,658
181	Syed Mouzam Ali Jafri	Behind Canal Colony House No 1-A Furqan Book Center Anwarabad Bahawalpur	31202-5110766-9	Syed Sajid Ali Jafri	666,668	50,730	717,398	666,668	50,730	717,398
182	Tasneem Akhtar	House No 722 Block 5 Sector D-1 Near Mudrasa Tahirul Qadri Mudrasa Tahir Ul Qadri Hamdard Chowk Lahore	34601-6078760-4	Jamshad Gill	670,104	33,830	703,935	670,104	39,949	710,053
183	Ehtesham Opel	House No. 245 Block A DHA, EME Sec Lahore Near Canal Road Lahore	36302-5933990-1	Zafar Iqbal Opel	608,081	94,192	702,273	608,082	99,013	707,094
184	Muhammad Asad Nawaz	Cine Pax 4th Floor PAAF Building 7-D Kashmir Edgerton Road HBL Lahore	34101-7009009-9	Muhammad Nawaz	698,742	5,737	704,479	698,742	8,084	706,826
185	Atif Touqeer Sheikh	Plot No.10 Commercial Market Tech Society Near Bank Alfalah Lahore	34201-1829141-7	Sheikh Touqeer	692,333	14,135	706,468	692,333	14,135	706,468
186	Manzoor Ahmad	Ptv Home Sector H-9 HBL Islamabad	37405-0359793-1	Muhammad Shafi	574,995	95,013	670,008	574,994	131,053	706,048
187	Imran Khan	The City School 105-A Muslim Town Campus Unique School Lahore	34101-6602921-9	Muhammad Khurshheed	676,260	27,224	703,484	676,260	27,224	703,484
188	Azhar Wali Mohammad	House No.507 Street No.128 Service Road East G-9/3 Islamabad	42301-2788584-9	Choudhry Wali Mohammad	590,766	99,111	689,876	590,766	112,221	702,987
189	Abdul Rehman Siddique	1002 Eden Heights 6 Jail Road Lahore	35201-0698494-7	Muhammad Siddique	569,324	112,498	681,822	569,324	132,748	702,072
190	Muhammad Shamim Khan	House No.R-1229 Block 15 Dastagir F.B Area Near Malik Sweet Karachi	42101-9963423-3	Abdul Jabbar Khan	652,033	45,864	697,898	652,033	49,803	701,837
191	Zaheer Babar	Gammon House No 400/2 Peshawar Road 2nd Floor Manager Room Near Bank Alfalah Chowk Rawalpindi	35202-3924833-3	Muhammad Nazir	666,990	31,608	698,598	666,990	31,608	698,598
192	Muhammad Ammar Khalid	Crunch Pres E/23 Usman Block New Garden Town Near Opp Options Mall Lahore	38101-7485524-3	Khalid Latif	650,897	44,036	694,933	650,897	44,036	694,933
193	Khurshid-Uz-Zaman	House No.166 Block-A Sheeraz Villas No.3 Sheeraz Villas Road Cavlery Road Lahore	35201-2864089-7	Qamar Uz Zaman	2,147,848	382,799	2,530,647	309,000	385,456	694,456
194	Asim Ahmed Alvi	904 9th Floor, Emerald Tower 2 Talwar Clifton Karachi	42301-1935983-1	Imtiaz Ahmed Alvi	660,078	33,856	693,935	660,078	33,856	693,935
195	Abdul Majeed Sajid	Kohinoor Energy Ltd Near Tabiligi Ijtima Ijtima Ground Raiwind Bypass Lahore	35301-0726977-3	Mumtaz Ahmad	635,025	58,211	693,236	635,025	58,211	693,236
196	Chaudhry Tahir Iqbal	Izmeer Society House No 39-Q Moh thokar Jinnah Mall Niaz Baig Multan Road Lahore	35202-3340899-1	Barkat Ali	657,847	38,342	696,189	657,847	34,281	692,128

Notes to the Financial Statements

For the year ended 31 December 2019

Annexure - I

Amount in PKR Rupees

Sr. No.	Name	Address	Name of Partners / Directors NIC / CNIC	Father / Husband Name	Outstanding Liabilities at Beginning of Year			Amount Written off / Concession		
					Principle	Interest/ Markup	Total	Principle	Interest/ Markup	Total Balance (Gross)
197	Muhammad Sohail	Asian International Skin Care Centre Bahadurabad Branch Empire Square Near Opp Ufone Office Mazzanine Floor Shaheed e Millat Road Karachi	42101-4210233-1	Muhammad Saeed	667,959	22,115	690,074	667,959	22,115	690,074
198	Noman Idrees	House No R-8 Bagh E Jinnah Malir Hault Near Airport Karachi	42201-4631496-7	Idrees Mirza	642,151	47,229	689,380	642,151	47,229	689,380
199	Rana Muhammad Saleem Akhtar	Naya Sawara Shop No.11 Green Market Vehari	36603-1187093-7	Haji Rana Muhammad Ali Khan	386,390	302,522	688,913	386,390	302,522	688,913
200	Syed Hussain Raza Naqvi	House No. B-31/A Block 3 Gulistan-e-Jauhar Karachi	42201-3175611-9	Syed Nehal Hussain Naqvi	522,947	142,318	665,265	522,946	160,776	683,723
201	Muhammad Shoab	Sentient 8th Floor RB-5 Awami Complex Mugal Fort, Garden Town Lahore	42301-2699339-7	Muhammad Ashraf	628,585	51,969	680,554	628,585	51,969	680,554
202	Anis Arif Lari	Afroze Garments Ltd LA-1/A-1 Block-22 F.B Area Karachi	42101-4341070-9	Salahuddin Lari	631,911	47,941	679,852	631,910	47,942	679,852
203	Muhammad Ajmal	Travel Port Pvt Ltd Office No.47 Lower Ground Floor Century Daewoo Stop Tower Kalma Chowk Gulberg 3 Lahore	35202-0895037-7	Wali Muhammad	596,922	82,368	679,290	596,922	82,368	679,290
204	Ejaz Hussain Malik	C-48/49 Pakistan Homes Block-B Gulistan-E-Johar Block-8 Magsi Chowk Karachi	42201-1645494-3	Manzoor Hussain	655,722	12,323	668,045	655,722	14,379	670,102
205	Afsar Hussain Shaikh	House No.1352 Street 06 Sector 1 Gulshanabad Adyala Near Adyala Road Rawalpindi	37405-6371595-1	Hakeem Mubasher Hussain Sheikh	568,629	98,434	667,063	568,628	98,434	667,063
206	Muhammad Kamran Khan	Flat No. 301 3rd Floor Tabarak Residency Plot No.10 Sub Plot 2/3 Yaseenabad Near A-1 Cortages Block 9 FB Area Karachi	42101-1889900-1	Shabbir Ahmed	625,951	31,725	657,676	625,951	31,725	657,676
207	Yaser Islam	Pak Gems And Jewellery Suit 115-118 1st Floor Dawood Centre Progressive Plaza Karachi	42000-0360945-1	Muhammad Islam	605,888	47,795	653,682	605,888	50,564	656,452
208	Ghulam Murtaza Subhani	House # 318 Block - C Canal Road Jubilee Town Lahore	35202-7724861-9	Ghulam Mustafa	666,874	7,836	674,710	656,126	-	656,126
209	Obaid Ansari	Plot No.H/3A Landhi Industrial Area Yarn Dyeing Near Dawood Mill Karachi	42301-0951991-3	Muhammad Qasim Ansari	649,444	6,335	655,779	649,444	6,335	655,779
210	Muhammad Jameel Ud Din Qudsi	House No.3 Street No.1 Moh Al Farooqui Teacher Society Rahim Yar PSO Pump Khan Kot Samaba Rahim Yar Khan	42000-3395971-9	Ghulam Qudsi Farooqui	577,445	70,631	648,075	577,445	73,787	651,232
211	Muhammad Shariq	House No.A-819 Sector 11-B North Near HBL Karachi	42101-8224541-5	Asdar Imam	647,684	5,015	652,699	647,684	-	647,684
212	Ali Ahmed Channa	Director Bureau of Statistics Block 8 Clifton Near Mobilink Head Office Karachi	41306-9781751-3	Muhammad Siddiq Channa	625,014	22,366	647,381	625,014	22,366	647,381
213	Rana Hassan Ali Khan	IOM House No 09 Street No 06 Sec F-6/3 Kohsar Market Islamabad	37405-7691939-3	Rana Abdul Shakoore Khan	629,906	13,254	643,160	629,906	13,254	643,160
214	Umair Shahid Qureshi	Department Of Physics Beacon House H-8 Near Margala Road Margala Road Islamabad	35200-1488411-5	Shahid Munir Qureshi	608,357	31,584	639,942	608,357	31,584	639,942
215	Sehar Amir Tarar	M.R Consultant Pvt Ltd 1st & 2nd Floor 18-Z SCB Commercial Area Phase 3 DHA Lahore	34302-9662000-6	Amir Zafar Khan	572,209	59,733	631,942	572,209	66,508	638,717
216	Aniel Victor	ABL Asset Management Plot No.14 Sector-MB DHA Head Office Phase 6 Commercial Lahore	42201-1562549-9	Naseem Victor	606,597	30,608	637,205	606,597	30,608	637,205
217	Mubashir Ahmed	1st Floor OGDCL Tower Sec Blue Area Islamabad	33202-1385794-1	Manzoor Ahmed	500,000	118,345	618,345	500,000	136,299	636,299
218	Faiz Imdad	House No 11 Street No 19 Moh Chowk Ram Nagar Mao College Raigarh Road City ZILA Lahore	35202-5272462-1	Imdad Ali	600,000	41,285	641,285	600,000	34,502	634,502
219	Sadia Jamshaid	Adinfinity 86-H Gulberg Firdous Market 3 Lahore	35201-7513315-0	Jamshaid Niaz	499,788	116,723	616,511	499,788	134,483	634,271
220	Rana Waheed Ahmed	House No. 37/1 Street No. 20 Model Colony 9C Bus Stop Karachi	42201-7205173-7	Rana Nazeer Ahmed Khan	616,828	17,260	634,088	616,828	17,260	634,088
221	Afzal Ahmed	Tri Pack G1-G4 North Western Industrial Indus Motors Zone Port Qasim Authority Karachi	42501-8218776-5	Israr Hussain	589,405	42,431	631,836	589,405	44,374	633,779
222	Malik Tahir Khan	No.24 Street 8 F-7/3 Islamabad	61101-7995152-5	Malik Muhammad Ayub	504,502	109,270	613,772	504,502	128,721	633,222
223	Aamir Ali Khan	House No.E-7 Street No.1 Iqbal Park Defence Distt Near Iqbal Park Lahore	35201-0764611-9	Anwar Ali Khan	505,325	111,823	617,148	505,326	126,507	631,833
224	New Nasir Metal Works	New Nasir Metal Works Bajwa Road G.T Road Gujranwala	Mohammad Arshad 34101-9996456-5 Ghulam Sarwar 34101-1009449-3 Mohammad Anwar 34101-5182467-7 Nasir Khursheed 34101-9855921-3	Khursheed Alam	11,998,426	1,695,356	13,693,781	-	631,648	631,648
225	Shakil Ahmad	Shaqriri And Sons 104-E Chand Centre 2nd Floor Standard Chartered Bank Blue Area Islamabad	61101-1635068-3	Bashir Ahmed	582,254	49,083	631,337	582,254	49,083	631,337
226	Muhammad Jameel Ud Din Qudsi	Nai Baat Media Network 4NA Gulberg 2 Near Pepsi Office Lahore	42000-3395971-9	Ghulam Qudsi Farooqui	489,468	123,297	612,765	489,468	141,250	630,718
227	Waqas Ahmed	House No. 359 Street No.14 Sector F-10/2 Islamabad	61101-3466320-3	Mushtaq Ahmed	479,054	131,714	610,768	479,054	149,322	628,376
228	Kashif Munir	House No B-203 Block No C North Nazimabad Near Dolman Mall Haiderly Karachi	31202-7478419-5	Hafiz Munir Ahmed	563,820	64,014	627,834	563,820	64,014	627,834

Notes to the Financial Statements

For the year ended 31 December 2019

Annexure - I

Amount in PKR Rupees

Sr. No.	Name	Address	Name of Partners / Directors NIC / CNIC	Father / Husband Name	Outstanding Liabilities at Beginning of Year			Amount Written off / Concession		
					Principle	Interest/ Markup	Total	Principle	Interest/ Markup	Total Balance (Gross)
229	Mohammad Khan Sial	Sial Villa House 01 Block-II Row-C Sindhi Jamit Housing Society Main National Highway Bin Qasim Town Karachi	42301-0766175-9	Late Mohammad Buksh Sial	528,556	86,345	614,900	528,556	98,509	627,064
230	Muhammad Suleman Anwar	615B PCSIR Phase 2 Lahore Wapda Town Lahore	37405-9123556-9	Muhammad Anwar	498,349	110,049	608,398	498,350	127,763	626,113
231	Shahid Iqbal	STZ & Co 237-B Johar Town Allah Hoo CNG Lahore	35402-2131813-9	Falak Sher	564,431	57,859	622,290	564,431	60,747	625,178
232	Syed Muhammad Zeghum Abbas	House No.R 55 Central Information Society Sector 36 Scheme 33 Safoora Chowrangi Saadi Town Road Karachi	42101-9284698-9	Syed Fazal Hussain Shah	619,063	5,683	624,746	619,063	5,683	624,746
233	Muhammad Arif Khan	House No. Su-474 Street No.6 Askari View Malir Cantt Near Cantt Bazar Karachi	42101-3051820-1	Badshah Gul	520,893	91,369	612,262	520,892	100,690	621,583
234	Muhammad Khurram Maqbool	House No. 640 L-Block Johar Town Lahore	35201-5247318-9	Maqbool Ahmad	486,740	115,353	602,093	486,739	134,376	621,115
235	Syed Amjad Hussain	Iqra University Defence View Shaheed e Millat Jamia Masjid Road Karachi	37405-6525140-5	Syed Muhammad Sabir Hussain	558,842	61,591	620,433	558,842	61,591	620,433
236	Taimoor Chaudhary	Mohalla High School Post Office Khas Post Office Mureed Teh Dist ,Chakwal	37201-5261756-9	Noor Khan	567,997	56,626	624,624	567,997	49,999	617,996
237	Inyat Ullah	76-J Johar Town Near Mughal Eye Hospital Lahore	11201-0338728-5	Abdul Jalil Khan	606,904	10,591	617,495	606,904	10,591	617,495
238	Saima Kanwal	Global Business Corporation 6-D Commercial Architects UCP.Engineering Housing Society Lahore	35201-2835708-8	Muhammad Bilal	575,907	38,976	614,883	575,907	41,345	617,252
239	Moeen Ahmad Qureshy	Kasb Bank 76 B E1 Main Blue Ward Gulberg 3 Lahore	35202-2477746-7	Farooq Hussain Qureshy	499,391	100,992	600,383	499,390	117,509	616,899
240	Sammiya Tur Rauf Malik	Apartment No. 304 Margallah View Heights Sector E-1/4 Near E-11 Markaz Islamabad	37202-1996286-2	Rizwan Ul Haq Malik	480,009	119,673	599,682	480,010	136,799	616,809
241	Aster Tasneem	PEADS Emergency Service Hospital Jail Road Near PSO Pump Lahore	35202-2502531-2	Jonathan John	601,436	13,957	615,393	601,436	13,957	615,393
242	Misbah Sadaqat	56-A3-A Lawrence Road Behind Lawrence View Hotel Behind Examination Hall China Chowk Lahore	35202-2365083-4	Sadaqat Ahmad	576,242	35,885	612,127	576,242	35,885	612,127
243	Aamir Rafat Siddiqui	House No B-92 Block 10 Gulshan E Iqbal Karachi	42201-0801468-7	Rafat Saeed Siddiqui	483,238	111,883	595,121	483,239	128,352	611,592
244	Syed Asfand Yar Ali Shah	House No.R-824 Pak Kosar Town Malir Khokarapar No.2 Near Al Mustafa Hotel Karachi	17301-8176304-1	Sardar Muhammad Ishaque Ali Shah	584,956	25,876	610,833	584,956	25,876	610,833
245	Humeira Nazeer	Global Business Corporation 6D Commercial Architects UCP Engineering Housing Society Lahore	35202-8293392-6	Nazeer Ahmed	568,144	37,106	605,249	568,144	42,041	610,185
246	Tahir Mehmood	Plot No.L-25/1 Block 21 FB Industrial Area Near Sajjad Kanta Street Karachi	37105-0208491-9	Ghulam Jillani Butt	553,240	53,519	606,759	553,240	53,515	606,756
247	Khurshid Khan	House No. PD-273-A Mohalla Nazimabad Near Pindora Noorani Masjid Rawalpindi	21407-1968626-5	Malang Khan Sheikh	575,047	31,081	606,128	575,047	31,081	606,128
248	Muhammad Usman Waseem	Servier Research & Pharmaceuticals Pak SCB 65 Main Boulevard Gulberg Lahore	35202-4187054-3	Muhammad Waseem	551,941	52,841	604,782	551,941	52,841	604,782
249	Abdul Rasheed Sh	64 Chenab Market Susan Road Madina Town Faisalabad	33100-7951577-3	Abdul Hameed Sheikh	497,079	98,809	595,888	497,078	107,244	604,323
250	Muhammad Shahid	Khaadi 2A/1 Hub River Road Sher Shah SITE Area Karachi	42401-7010004-3	Abdul Khaliq	549,894	53,405	603,299	549,894	53,405	603,299
251	Sheharam Shahzad	ARY Digital Network House No.8 Street No.62 F-7/4 Near Jinnah Super Islamabad	37405-8188207-9	Muhammad Nawaz	444,406	142,330	586,736	444,406	158,006	602,412
252	Muhammad Tariq	Lari Ada Ward No.18 Street No.2 Moh Lari Ada Koray Wala Lodhran	36203-5223250-5	Mushtaq Ahmad	592,872	7,814	600,686	592,872	7,814	600,686
253	Muhammad Sabih Siddiqui	House No.B-34 Sector 11-A North Karachi Near Lalqila Grammar School Karachi	42101-1859354-1	Abrar Ahmed	479,419	103,110	582,529	479,419	120,172	599,591
254	Syed Irfan Ali	House No.167 Street No 70 MPCHS E-11/3 Islamabad	61101-3202712-9	Syed Suleman	474,227	106,875	581,102	474,227	124,323	598,550
255	Muhammad Shakeel Raza	House 2-C B/52 Alfalah Society Shah-faisal Colony Karachi	42201-2379261-7	Syed Ali Naqi	501,951	82,165	584,116	501,951	95,746	597,697
256	Hamid Rashid	House No.1936 Street Moh-3 Alam Panah Mosque Near Mosque Khoshab	38201-1158781-9	Rashid Ahmed	494,965	89,360	584,325	494,965	101,890	596,855
257	Burhan Khanani	C-41 Dawood Colony Near TV Station Bahadurabad Liaquat National Hospital Karachi	42201-9813396-5	Abdul Majeed	445,371	134,011	579,382	445,371	150,458	595,829
258	Hassan Khan	Extreme Engineering Solution 65-E Pak Pavilion Near Savour Foods Rawalpindi	16101-9093965-9	Saleem	541,499	54,048	595,547	541,499	54,048	595,547
259	Shahan Ali Khan	Hosue No 4-G-8/9 Mohalla Nazimabad 4 Abbasi Shaheed Hospital Karachi	42101-8002279-9	Saqib Ali Khan	586,487	8,555	595,042	586,487	8,555	595,042
260	Naveed Hameed	C-200 Block-6 Gulshan-e-Iqbal Near Darul Sehat Hospital Karachi	42201-6151584-9	Abdul Hameed	484,823	89,040	573,863	484,823	106,794	591,617
261	Atif Asgher Ali	House No.82 Street No.2 Rehman Villas Defence Road Lahore	35201-1637587-1	Asghar Ali	499,847	81,489	581,336	499,847	91,760	591,606
262	Junaid Habib	House No 174 DOHS 1 Malir Cantt Karachi	42501-9719313-7	Habib Ahmed	469,494	105,965	575,459	469,494	121,552	591,046
263	Aamir Rafat Siddiqui	House No B-92 Block 10 Gulshan e Iqbal Karachi	42201-0801468-7	Rafat Saeed Siddiqui	477,804	113,187	590,991	477,803	113,187	590,991
264	Bushra Ishaq	House No.193 Street 35 Khayaban e Ittehad DHA Phase 6 Karachi	42301-6956802-4	Kamran Sadiq	497,721	80,343	578,065	497,721	91,798	589,519
265	Muhammad Ozair Ul Haq	Almazhar House Opposite Muhamadan Law College Moh Lal Masjid Nabipura Sultan Colony Sarg Sheikhpura	35404-9628808-5	Muhammad Anwaar Ul Haq	532,777	56,637	589,413	532,777	56,637	589,413

Notes to the Financial Statements

For the year ended 31 December 2019

Annexure - I

Amount in PKR Rupees

Sr. No.	Name	Address	Name of Partners / Directors NIC / CNIC	Father / Husband Name	Outstanding Liabilities at Beginning of Year			Amount Written off / Concession		
					Principle	Interest/ Markup	Total	Principle	Interest/ Markup	Total Balance (Gross)
266	Syed Ahmad Abbas Jafri	Apartment 2-B Building 11, Sector B Askari 11 Bedian Road Lahore	61101-2525371-3	Syed Nasim Haider Jafri	493,841	84,508	578,349	493,841	94,412	588,253
267	Aneel Arshad	CA-17 Ground Floor Defence View Defence Phase 2 Near Iqra University Karachi	42201-8731399-1	Arshad Ali	546,727	39,317	586,044	546,727	41,012	587,739
268	Abdul Wajid Ali Qadri	House No L-163 Sector 5E KDA Flats Surjani Town Karachi	42401-1808321-7	Aleem Uddin	540,556	47,082	587,638	540,556	47,082	587,638
269	Najeeb Asghar	Scientific Reseach Star 4-Abkari Road Anarkali Near Police Station Lahore	35202-0353054-5	Mohammad Asghar	492,500	80,086	572,586	492,500	93,444	585,944
270	Muhammad Imran	64/3 Sheet 19 Prince Bakery/Awami Hotel Model Colony Karachi	42201-9732537-7	Muhammad Rafiq	491,062	81,874	572,936	491,062	94,284	585,346
271	Muhammad Imran Alam	Flat No.23 B14 Karachi Appartment Gulshan e Iqbal Near AGPR Pakistan Karachi	42201-1179615-9	Ahm Noor Ul Alam	531,582	51,542	583,124	531,582	51,542	583,124
272	Inam Ul Haq Qureshi	House No.3/A Street No. 4 Sharif Park Baghbanpura Lahore	35201-1365305-7	Aziz Ul Haq	1,031,642	391,551	1,423,193	186,642	394,450	581,092
273	Abdul Faheem	LTC 5th Floor I.E.P Building Liberty Roundabout Silk Bank Gulberg 3 Lahore	35202-0282447-3	Abdul Hakeem	544,802	30,789	575,591	544,802	34,364	579,166
274	Saeed Anwar Imran	House No A-1/1 Street Block 7-8 Hill Park Appartment Karachi	42201-0440475-1	Muhammad Hamza Imran	437,117	132,516	569,633	437,118	137,862	574,979
275	Asma Shahzad	SBC 5th Floor, Undss Near Serena Hotel Islamabad	17301-3321268-2	Shahzad Munir	517,577	56,737	574,314	517,577	56,737	574,314
276	Burhan Khanani	C-41 Dawood Colony Near TV Station Bahadurabad Liaquat National Hospital Karachi	42201-9813396-5	Abdul Majeed	462,053	96,417	558,470	462,053	112,239	574,293
277	Tahir Malik	4th Floor 109-W Sardar Begum Plaza Jinnah Avenue Opp ISE Tower Blue Area, Islamabad	13302-0398157-7	Anwar Khan	545,943	24,314	570,257	545,943	27,271	573,214
278	Asher Irfan	Asst Warden Kennedy Hall F College Near PCSIR Office Lahore	35202-0376473-9	Yousaf Ghulam Seroya	498,584	62,576	561,160	498,584	73,938	572,523
279	Muhammad Abdul Rehman	Global Business Corporation 6-D Commercial Architects UCP Housing Society Lahore	37201-5910353-1	Raja Ghulam Muhammad	526,256	46,060	572,316	526,256	46,060	572,316
280	Karim Khan	Adenwala Heights Paint House Flat 701 7th Floor Garden East Karachi	42201-0242774-3	Jaffer Ali Karim	228,016	339,072	567,089	225,148	341,940	567,089
281	Shazia Naeem Kiyani	House No. 688 Street 4 Chaklala Scheme-3 Near Commercial Area	37405-4859511-0	Naeem Aslam Kiyani	443,314	104,258	547,572	443,314	120,208	563,523
282	Arshad Shoaib	Saima Trade Tower 13th Floor I.I Chundrigar Road Opposite Jung Press 110-113 Vector Capital Karachi	42101-1885098-9	Muhammad Shoaib Siddiqui	535,177	23,577	558,753	535,177	24,728	559,905
283	Farhan Ahmed Khan	R-4 Sector 15-A-2 Buffer Zoen North Nazimabad Near Madini Pakwan Karachi	42101-2706158-1	Abdul Raheem Khan	457,243	89,320	546,563	457,244	101,077	558,321
284	Syed Maqsood Haider Jafri	Flat No.3 Plot No 21-C Street 4 Ayubia Commercial Shackles Enterprises Khayaban-e-Azeem DHA Phase 7 Ext Karachi	42301-1357411-7	Syed Muhammad Masood Haider Jafri	504,293	48,196	552,489	504,293	53,539	557,832
285	Muhammad Usman	House No.109 Block J-1 Moh Wapda Town Near Wapda Town Goal Chakar Lahore	35202-6824917-9	Gulzar Ali	548,965	5,931	554,897	548,965	6,901	555,866
286	Ayesha Anwar Tiwana	House No.440 Street No.28 E-11 Markaz E-11/4 Islamabad	35201-1066221-6	Muhammad Anwar Tiwana	513,835	39,341	553,176	513,835	41,735	555,570
287	Shoaib Alam	Siemens Pakistan Engineering Co. Ltd HR Dept B-72 Estate Siemens Chowrang Avenue Site Karachi	42201-0502614-3	Muhammad Saghir Alam	511,218	44,065	555,283	511,218	44,065	555,283
288	Ms Najia Baig	291-1 Feroze Pur Road Lahore	35202-9520381-8	Mirza Daud Baig	464,577	68,599	533,176	464,577	86,727	551,305
289	Muhammad Shoaib	North Circular Rail Way Avenue Phase 1 A PSO Pump House No.23/B Karachi	42401-8876402-9	Syed Karim Khan	518,056	32,345	550,401	518,056	32,345	550,401
290	Sheikh Naeem Umer	House No.739 Street No.74, Sector G10/4 Islamabad	61101-6436864-9	Sheikh Mohammad Umar	464,325	75,100	539,425	464,325	85,404	549,729
291	Syed Nouman Ahmad	House No 103/7 2nd Floor Block A Satellite Town Near MTBC Rawalpindi	41304-3081956-7	Syed Shafiq Ahmad	521,366	47,422	568,787	521,366	26,862	548,227
292	Haider Ashraf	DIG Operations Lahore Near District Courts Opposite Civil Lines College Lahore	33100-0603857-5	Muhammad Ashraf Mehmood	417,330	115,000	532,330	417,330	130,215	547,545
293	Noreen Khalid	Crunch Press Pvt Ltd 5/23 Usman Block Mughal Azam New Garden Town Lahore	35201-6966778-2	Adeel Ahmad	503,650	43,117	546,767	503,650	43,117	546,767
294	Khushi Muhammad	House No. 91-V Block J-1 Johar Town Near Educators Complex	35202-3410859-1	Chaudhry Shahrah	430,437	105,391	535,828	430,437	115,527	545,965
295	Naveed Naveed	T.V Network 531 Recorder House Gurumandir Bussiness Recorder Road Karachi	42201-4317483-9	Barkat Ullah	489,047	66,135	555,182	489,047	56,552	545,599
296	Muhammad Aaqib Ejaz	House No.89 Al Rehman Rd Ghouri Town Phase 1 Near Ghouri Carier School Islamabad	35202-3058929-9	Ejaz Anwar	516,809	26,564	543,373	516,809	28,304	545,113
297	Tariq Javaid	Sitara Colony No 2 Mohallah Niazi Chowk Lahore Near Niazi Chowk, Lahore	35102-0670709-1	Khushi Muhammad	478,214	59,531	537,745	478,214	66,797	545,011
298	Sheikh Usman Ahmed	House # 29 Street# 38 F-8/1 Islamabad	61101-1949743-9	Sheikh Mukhtar Ahmed	471,739	65,109	536,848	471,739	70,538	542,276
299	Muhammad Shafiq	84-M Phase-I D.H.A Near National Hospital Karachi	35202-0961964-9	Abdul Rasheed	453,571	70,640	524,211	453,572	87,403	540,975
300	Humayun Raza	73-A/2/1 34 Street Khayabane-e-Sehar Phase 5 DHA Karachi	42201-7327124-5	Muhammad Raza Khuahar	452,633	75,476	528,109	452,633	85,521	538,154
301	Erum Jahan	House No. 28-H Block-F Pak Sadat PSO Pump Colony Karachi	35200-5313710-6	Shaikh Mahmood Alam	494,699	42,969	537,668	494,699	42,969	537,668
302	Sami Ullah Durrani	House No 14 Street 87 G-6/3 Embassy Road Islamabad	17101-5786980-9	Wasi Ullah Durrani	399,477	120,611	520,088	399,476	136,743	536,220

Notes to the Financial Statements

For the year ended 31 December 2019

Annexure - I

Amount in PKR Rupees

Sr. No.	Name	Address	Name of Partners / Directors NIC / CNIC	Father / Husband Name	Outstanding Liabilities at Beginning of Year			Amount Written off / Concession		
					Principle	Interest/ Markup	Total	Principle	Interest/ Markup	Total Balance (Gross)
303	Hashmi Mahmood	Room No.M-12 Lahore Store Exchange Building Lahore	35201-1363592-1	Akram Sultan Mahmood	451,242	73,699	524,941	451,242	84,826	536,068
304	Altaqaf Ur Rehman	7-Aitchison Street 1-Km Raiwind Road thokar Niaz Baig Lahore Near University of Lahore	34601-0134084-9	Muhammad Nawaz	516,848	12,191	529,040	516,848	17,764	534,613
305	Ikram Ullah Khan	House No.606 Emperial Garden Homes Barki Road Green Vally Society Gate Barki Road Lahore	17301-0385683-5	Dilawar Khan	513,412	19,850	533,262	513,412	21,012	534,424
306	Viqar Ali Wahidi	D-43 Block H North Nazimabad Near SCB Branch Karachi	42101-5766580-1	Hashmat Ali Wahidi	490,147	43,867	534,014	490,147	43,867	534,014
307	Hassan Ul Haq Usmani	Flat No. B - 07 Zubaidda Comferts North Nazimabad Block L Near PSO Pump Karachi	42101-0951070-1	Rizwan Ul Haq Usmani	350,802	172,605	523,407	350,802	181,824	532,626
308	Shahid Jamal	House No. 515 Street 63 Sector G-9/4 Islamabad	61101-4878032-1	Jamal Ud Din	491,195	40,217	531,411	491,195	40,217	531,411
309	Abdul Qadir Pathan	Plot No 402 Block A Abdullah Gabool Goth UC Sooghal Ghaddap Town Karachi	43301-4901422-7	Abdul Ghaffar Pathan	507,118	21,810	528,928	507,118	21,810	528,928
310	Asma Habib	House No.68 Street No.35 Sector F-6/1 F-6 Markaz Islamabad	17301-3267544-0	Habib Ullah	494,272	29,842	524,115	494,272	33,060	527,332
311	Aniel Victor	House No. 26/893 Moh Drig Road Cant Bazar Shakra-e-Faisal Near Cantoment Hospital Karachi	42201-1562549-9	Naseem Victor	483,496	43,713	527,209	483,496	43,713	527,209
312	Syed Aamir Ali	O/18 Ruknuddin Square FB Area Block No.1 Gulshan-e-Abbass Sharifabad Karachi	42101-1770847-5	Iqar Ahmed	502,754	20,000	522,754	502,754	22,283	525,037
313	Sardar Muhammad Ishaq Nawaz Lash	House No 01 Mezzanine Floor Prism Arcade 02 Midway Commercial Umer Masjid Phase 07 Bahria Town Islamabad	37405-5748252-7	Sardar Ahmed	412,287	100,745	513,032	412,286	112,620	524,906
314	Aamir Rafat Siddiqui	House No.148-B/2 Main Khayabane-e-Badar DHA Phase 7 Near Sultan Masjid Karachi	42201-0801468-7	Rafat Saeed Siddiqui	472,761	50,246	523,007	472,761	50,246	523,007
315	Khawaja Farrukh Javaid	House No.425/49-A Yasir Lounge Faisal Street Tench Bhatta Sultan Market Rawalpindi	37405-4592648-7	Khawaja Javaid Akhtar	536,877	9,323	546,201	521,701	-	521,701
316	Hazrat Ullah Khan	House No. 2A Street No.49 F-6 Markaz F-6/4 Islamabad	21505-9109646-3	Hidayat Ullah Khan	480,259	38,986	519,245	480,259	40,897	521,157
317	Hamza Abdul Razzaq	CCBPL 5-E-2 Gulberg 3 Liberty Market Lahore	35202-4486887-9	Abdul Razzaq	394,033	110,541	504,574	394,032	126,333	520,366
318	Zain Ul Abidin	Flat No.5 Ghani Plaza Kakar Town Samungli Road Post Office Quetta	54400-4907874-3	Ghulam Haider	393,287	122,960	516,247	393,286	125,215	518,501
319	Sajan	Rado Hill View Commercial Line 7th Floor Flat No 706 Behind Hill Top Block No 16 Gulistan E Johar Karachi	45501-6906613-1	Abdul Latif	484,303	28,756	513,059	484,303	34,169	518,473
320	Syed Zafar Masood Zaidi	Dubai Islamic Bank Ltd Plot 7/A, Satellite Town Murree Road Near Rehmanabad Metro Station Rawalpindi	37406-1649893-9	Syed Gulzar Ahmed Zaidi	472,137	39,428	511,565	472,137	44,675	516,812
321	Muhammad Bilal Bashir	DG Hostels, Main Rcg Road, Dg Cement, Hub Bauchistan, Hub	35501-0282809-1	Muhammad Saeed	474,042	40,033	514,075	474,042	40,033	514,075
322	Tariq Mehmood	Galli Hakeem Barkat Wali Muhalla Gujnak Gujranwala	34101-1112851-7	Allah Ditta	433,699	72,358	506,057	431,721	82,339	514,060
323	Muhammad Yaqoob Moghal	House No.31 Street No.01 Phase 7 Extension Near Suffah University DHA Karachi	42201-2407308-5	Muhammad Ishaq Moghal	425,760	76,202	501,962	425,760	87,750	513,510
324	Rehman Afzal	House No 02 Street No 32 Main Market Gulberg 2 Lahore	32202-9402785-5	Muhammad Afzal	399,976	98,845	498,821	399,976	112,419	512,396
325	Humera Amir Nanabawa	House No A-422 Block 3 Gulshan-e-Iqbal Karachi	42000-3901360-6	Amir Ayub Nanabawa	396,397	95,356	491,753	396,397	110,181	506,578
326	Ambreen Rasheed	Dakhana Khas Chak No., 107 Sb Teh & Post Office Zila Sargodha	38403-1544935-8	Muhammad Rasheed	462,905	39,991	502,896	462,905	39,991	502,896
327	Ahsan Saleem	Tourove SMC Pvt Limited 38-Mz-1 Al Hafeez Shopping Mall Hafeez Center Gulberg Near SCB 029 Lahore	35202-8634556-9	Shahzad Saleem	373,993	114,261	488,254	373,993	127,989	501,982
328	Abid Rizwan Shaukat	House No.34 Hill Road Sector F-6/3 Islamabad	61101-0289026-7	Chaudhry Shaukat Ali	421,731	69,447	491,178	421,731	78,806	500,536
329	Fawwad Ali	Apartment 501 Clifton Star Apartments Block 4 Clifton Near Bilawal House Karachi	41303-1854889-3	Mufeed Alam	397,194	89,554	486,748	397,195	103,001	500,196
					685,575,341	442,331,952	1,127,907,293	489,215,560	388,482,398	877,697,958

Notes to the Financial Statements

For the year ended 31 December 2019

Annexure - II

ISLAMIC BANKING BUSINESS

The bank is operating 4 (Dec 2018: 8) Islamic banking branches and 57 (Dec 2018: 69) Islamic banking windows at the end of the year.

	Note	2019	2018
(Rupees in '000)			
ASSETS			
Cash and balances with treasury banks		8,028,214	2,858,428
Due from financial institutions	1	6,944,460	4,873,442
Investments	2	3,640,376	6,487,739
Islamic financing and related assets - net	3	41,985,594	49,010,356
Fixed assets		185,135	32,987
Other assets		1,566,815	1,775,916
Total Assets		62,350,594	65,038,868
LIABILITIES			
Bills payable		139,575	94,221
Due to financial institutions		4,050,000	3,289,000
Deposits and other accounts	4	48,471,603	43,334,139
Due to Head Office	5	674,733	10,040,967
Other liabilities		879,377	1,825,266
		54,215,288	58,583,593
NET ASSETS		8,135,306	6,455,275
REPRESENTED BY			
Islamic Banking Fund		200,000	200,000
Surplus/ (Deficit) on revaluation of assets		23,638	(3,239)
Unappropriated/ Unremitted profit	7	7,911,668	6,258,514
		8,135,306	6,455,275
CONTINGENCIES AND COMMITMENTS	8		

The profit and loss account of the Bank's Islamic banking branches for the year ended 31 December 2019 is as follows:

	Note	2019	2018
(Rupees in '000)			
Profit / return earned	9	6,561,117	4,065,937
Profit / return expensed	10	(1,462,677)	(668,788)
Net profit / return		5,098,440	3,397,149
Other income			
Fee and commission income		412,345	526,156
Foreign exchange income		668,423	371,789
Gain / (loss) on securities		-	(1,010)
Other income		158	15
Total other income		1,080,926	896,950
Total income		6,179,366	4,294,099
Other expenses			
Operating expenses		(1,843,832)	(1,646,235)
Total other expenses		(1,843,832)	(1,646,235)
Profit / (loss) before provisions		4,335,534	2,647,864
Provisions and write offs - net		(182,380)	23,953
Profit / (loss) before taxation		4,153,154	2,671,817

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. 1.62 billion (2018:Rs. 1.04 billion).

Notes to the Financial Statements

For the year ended 31 December 2019

Annexure - II

	2019			2018		
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
1 Due from Financial Institutions						
Unsecured	-	2,826,805	2,826,805	-	4,873,442	4,873,442
Bai Muajjal Receivable from State Bank of Pakistan	4,117,655	-	4,117,655	-	-	-
	4,117,655	2,826,805	6,944,460	-	4,873,442	4,873,442

	2019				2018			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Market Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Market Value
2 Investments by segments:								
Federal Government Securities:								
- Ijarah Sukuks	1,825,760	-	20,490	1,846,250	4,500,000	-	(8,450)	4,491,550
- Bai Muajjal with GOP	1,390,978	-	-	1,390,978	1,390,978	-	-	1,390,978
	3,216,738	-	20,490	3,237,228	5,890,978	-	(8,450)	5,882,528
Non Government Debt Securities								
- Listed	400,000	-	3,148	403,148	600,000	-	5,211	605,211
- Unlisted	-	-	-	-	-	-	-	-
	400,000	-	3,148	403,148	600,000	-	5,211	605,211
Total Investments	3,616,738	-	23,638	3,640,376	6,490,978	-	(3,239)	6,487,739

	Note	2019	2018
		(Rupees in '000)	
3 Islamic financing and related assets			
Murabaha	3.1	1,726,466	3,401,261
Musharaka		18,182,094	17,060,987
Diminishing Musharaka		20,134,278	23,152,627
Musawammah		588,791	846,677
Ujrah (Saadiq Credit Cards)		444,345	438,149
Advances against Islamic assets - Murabaha		68,261	3,195,553
Advances against Islamic assets - Diminishing Musharakah		25,531	27,384
Inventory related to Islamic financing - Murabaha		1,548,143	1,441,583
Gross Islamic financing and related assets		42,717,909	49,564,221
Less: provision against Islamic financings			
- Specific		(626,693)	(462,179)
- General		(105,622)	(91,686)
		(732,315)	(553,865)
Islamic financing and related assets - net of provision		41,985,594	49,010,356
3.1 Murabaha			
Murabaha financing	3.1.1	1,726,466	3,401,261
Inventory for Murabaha		1,548,143	1,441,583
Advances for Murabaha		68,261	3,195,553
		3,342,870	8,038,397
3.1.1 Murabaha receivable - gross	3.1.2	1,796,053	3,531,925
Less: Deferred murabaha income	3.1.4	(35,596)	(71,388)
Profit receivable shown in other assets		(33,991)	(59,276)
Murabaha financings		1,726,466	3,401,261
3.1.2 The movement in Murabaha financing during the year is as follows:			
Opening balance		3,531,925	924,932
Sales during the year		5,523,963	6,088,586
Adjusted during the year		(7,259,835)	(3,481,593)
Closing balance		1,796,053	3,531,925

Notes to the Financial Statements

For the year ended 31 December 2019

Annexure - II

	2019	2018
	(Rupees in '000)	
3.1.3 Murabaha sale price	1,796,053	3,531,925
Murabaha purchase price	(1,726,466)	(3,401,261)
	<u>69,587</u>	<u>130,664</u>
3.1.4 Deferred murabaha income		
Opening balance	71,388	9,324
Arising during the year	348,996	218,918
Less: Recognised during the year	(384,788)	(156,854)
Closing balance	<u>35,596</u>	<u>71,388</u>

4	Deposits	2019			2018		
		In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
(Rupees in '000)							
	Customers						
	Current deposits	21,274,869	6,745,544	28,020,413	22,013,831	6,112,787	28,126,618
	Savings deposits	19,619,004	-	19,619,004	14,173,673	-	14,173,673
	Term deposits	710,367	-	710,367	1,025,293	-	1,025,293
	Margin accounts	120,468	-	120,468	5,509	-	5,509
		<u>41,724,708</u>	<u>6,745,544</u>	<u>48,470,252</u>	<u>37,218,306</u>	<u>6,112,787</u>	<u>43,331,093</u>
	Financial Institutions						
	Savings deposits	1,351	-	1,351	3,046	-	3,046
		<u>1,351</u>	<u>-</u>	<u>1,351</u>	<u>3,046</u>	<u>-</u>	<u>3,046</u>
		<u>41,726,059</u>	<u>6,745,544</u>	<u>48,471,603</u>	<u>37,221,352</u>	<u>6,112,787</u>	<u>43,334,139</u>

	2019	2018
	(Rupees in '000)	
4.1 Composition of deposits		
- Individuals	37,749,910	35,157,084
- Government (Federal and Provincial)	147	13,199
- Banking Companies	1,351	3,046
- Non-Banking Financial Institutions	318,665	163,382
- Private Sector	9,211,956	7,005,232
- Non residents (Corporate & Individual)	1,156,043	951,464
- Trusts	33,531	40,732
	<u>48,471,603</u>	<u>43,334,139</u>

4.2 This includes deposits eligible to be covered under insurance arrangements amounting to Rs. 35,435 million (2018: Rs. 33,477 million)

	2019	2018
	(Rupees in '000)	
5 Due to Head Office	<u>674,733</u>	<u>10,040,967</u>
6 Charity Fund		
Opening balance	7,932	4,700
Additions during the period		
Received from customers on account of delayed payment	6,295	7,685
Other Non-Shariah compliant income	6,690	247
	<u>12,985</u>	<u>7,932</u>
Payments / utilization during the period		
Education	(6,002)	(887)
Health	(1,930)	(3,813)
	<u>(7,932)</u>	<u>(4,700)</u>
Closing balance	<u>12,985</u>	<u>7,932</u>

Notes to the Financial Statements

For the year ended 31 December 2019

Annexure - II

	2019	2018
	(Rupees in '000)	
Details of charity payments		
The Lahore University of Management Science	2,000	-
The Indus Hospital	1,000	1,500
Jinnah Foundation	1,000	-
Patient's Aid Foundation	930	1,426
Professional Education Foundation	500	-
The SOS Children's Villages of Pakistan	2,000	-
The Hunar Foundation	502	887
Childlife Foundation	-	887
	7,932	4,700
7 Islamic Banking Business Unappropriated Profit		
Opening Balance	6,258,514	5,086,697
Add: Islamic Banking profit for the period	4,153,154	2,671,817
Less: Transferred / Remitted to Head Office	(2,500,000)	(1,500,000)
Closing Balance	7,911,668	6,258,514
8 Contingencies And Commitments		
Guarantees	380,254	428,800
Commitments	17,726,029	10,690,449
Other contingent liabilities	2,329,305	1,701,153
	20,435,588	12,820,402
9 Profit/Return Earned of Financing, Investments and Placement		
Profit earned on:	5,804,277	3,645,871
Financing	668,994	356,265
Investments	87,846	63,801
Placements	6,561,117	4,065,937
10 Profit on Deposits and other Dues Expensed		
Deposits and other accounts	(1,385,425)	(612,833)
Due to Financial Institutions	(66,230)	(55,955)
Finance cost of lease liability	(11,022)	-
	(1,462,677)	(668,788)

11 Profit & Loss distribution and Pool Management

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

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

a) Islamic Export Refinance Scheme (IERS) Musharakah Pool

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

The relevant details are mentioned hereunder:

Type of Pool	Profit rate and weightage announcement period	Average return on Pool Assets	Bank Profit	SBP Profit	Bank Profit (%)	SBP Profit (%)
IERS Pool	Monthly	7.63%	359,223	51,057	87.56%	12.44%

Notes to the Financial Statements

For the year ended 31 December 2019

Annexure - II

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

i) Key features and risk & reward characteristics

Saadiq Savings accounts & Term Deposit Accounts (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-Maal (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 and 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 Sukuks, Bai Muajjal (backed by Government of Pakistan), Sugar, Textile, Fertilizer, Cement, Power, Packaging, Fast-moving consumer goods (FMCG), Edible Oil, Steel, Logistics etc.

iv) Other information

	Type of Pool		
	General	Special	High Yield
Profit rate and weightage announcement period	Monthly	Monthly	Monthly
Mudarib Profit share	454,529	98,999	43,599
Mudarib share	43.4%	17.1%	12.1%
Mudarib Share transferred through Hiba (Amount in '000)	68,975	102,839	23,385
Mudarib Share transferred through Hiba (%)	13.2%	51.0%	34.9%
Average return on pool assets	11.3%	11.6%	12.9%
Average return on deposits	6.3%	9.7%	11.5%

PATTERN OF SHAREHOLDING

As at 31 December 2019

No. of Shareholders	Shareholdings' Slab			Total Shares Held
1191	1	to	100	44,135
1754	101	to	500	538,686
972	501	to	1000	747,163
2183	1001	to	5000	5,511,826
730	5001	to	10000	4,501,959
90	10001	to	15000	1,122,703
67	15001	to	20000	1,166,528
34	20001	to	25000	782,727
26	25001	to	30000	729,103
18	30001	to	35000	585,188
11	35001	to	40000	409,359
3	40001	to	45000	127,784
9	45001	to	50000	443,053
4	50001	to	55000	209,764
5	55001	to	60000	284,810
4	60001	to	65000	248,696
4	65001	to	70000	275,927
2	70001	to	75000	147,500
3	75001	to	80000	233,933
1	85001	to	90000	86,500
1	90001	to	95000	91,500
6	95001	to	100000	597,500
3	100001	to	105000	308,239
1	105001	to	110000	110,000
1	115001	to	120000	118,900
2	125001	to	130000	255,400
1	135001	to	140000	137,000
1	140001	to	145000	141,500
1	155001	to	160000	157,000
4	195001	to	200000	800,000
1	210001	to	215000	211,000
1	220001	to	225000	220,200
1	235001	to	240000	238,900
2	245001	to	250000	497,232
1	260001	to	265000	262,000
2	265001	to	270000	540,000
1	295001	to	300000	300,000
1	360001	to	365000	365,000
3	420001	to	425000	1,266,500
1	440001	to	445000	440,179
1	485001	to	490000	490,000
2	495001	to	500000	1,000,000
1	645001	to	650000	650,000
1	710001	to	715000	712,500
1	910001	to	915000	914,570
1	1065001	to	1070000	1,069,500
2	1075001	to	1080000	2,153,895
1	1995001	to	2000000	2,000,000
1	4995001	to	5000000	5,000,000
1	3832335001	to	3832340000	3,832,339,162
7158				3,871,585,021

CATEGORY WISE LIST OF SHAREHOLDERS

As at 31 December 2019

Categories of Shareholders	Shareholders	Shares Held	Percentage	
Directors and their spouse(s) and minor children				
Mrs. Spenta Kandawalla	1	1	0.00	
Mr. Shazad Dada	1	1	0.00	
Mr. Ian Anderson Bryden	1	1	0.00	
Mr. Ferdinand Pieterse	1	1	0.00	
Mr. Mohamed Abdelbary	1	1	0.00	
Mr. Waqar Ahmed Malik	1	1	0.00	
Mr. Towfiq Habib Chinoy	1	1	0.00	
Associated Companies, undertakings and related parties				
Standard Chartered Bank (UK)	1	3,832,339,162	98.99	
Public Sector Companies and Corporations				
	6	2,087,951	0.05	
Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds				
	9	18,373	0.00	
Mutual Funds				
CDC - Trustee AKD Index Tracker Fund	1	45,848	0.00	
General Public				
a. Local	7,048	28,519,506	0.74	
b. Foreign	5	11,472	0.00	
Foreign Companies				
	12	812,579	0.02	
Others				
	69	7,750,123	0.20	
Totals		7,158	3,871,585,021	100.00

Share holders holding 5% or more	Shares Held	Percentage
Standard Chartered Bank (UK)	3,832,339,162	98.99

FORM OF PROXY
14TH ANNUAL GENERAL MEETING
STANDARD CHARTERED BANK (PAKISTAN) LIMITED

نمانندگی کا فارم (پراکسی فارم)
چودھواں سالانہ اجلاس
اسٹینڈرڈ چارٹرڈ بینک (پاکستان) لمیٹڈ

I/We of being member(s) of Standard Chartered Bank (Pakistan) Limited holding Ordinary shares hereby appoint of or failing him/her of who is/are also member(s) of Standard Chartered Bank (Pakistan) Limited as my/our Proxy in my/our absence to attend and vote for me/us and on my/our behalf at the Annual General Meeting of the Bank to be held on 26 March 2020 and/or any adjournment thereof.

میں/ہم کا/کی بحیثیت رکن اسٹینڈرڈ چارٹرڈ بینک (پاکستان) لمیٹڈ اور حامل عام حصص، کے/کی کا یا ان کی غیر موجودگی میں کے/کی جو اسٹینڈرڈ چارٹرڈ بینک (پاکستان) لمیٹڈ کے رکن ہیں، کو اپنی غیر حاضری میں بینک کے سالانہ اجلاس عام جو 26 مارچ 2020 کو منعقد ہونا ہے یا اس کے التواء کی صورت میں حاضری اور حق رائے دہی کے استعمال کے لئے اپنا نمائندہ (پراکسی) تقرر کرنا/کرتی ہوں۔
آج بروز بتاریخ 2020 کو
دستخط کیے گئے۔

Signed this _____ day of _____
2020.

Folio/ CDC No.

فولیو/سی ڈی سی

Signature

دستخط

Rs. 5/-
Revenue
Stamp

WITNESSES:

گواہ :

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

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

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

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

Note:

نوٹ:

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

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

Fold here

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

Fold here

Fold here

Fold here

Fold here

Fold here

Fold here

Disclosures on Governance and Remuneration

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

A. CORPORATE GOVERNANCE DISCLOSURE

Corporate Governance culture and values

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

Composition of the Board and its Committees

The Board has constituted three Committees i.e. Board Audit Committee ('BAC'), Board Human Resource and Remuneration Committee ('RemCo') and Board Risk Committee ('BRC'). The composition of the Board is disclosed under the para one and two of the Statement of Compliance whereas composition of the Board's Sub-Committees is available under para 12 of the Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019.

Terms of references of the Board's Committees

The terms of reference of Board's Committees have been formed, documented and advised to the Committees for compliance. A brief on terms of reference for each Sub-Committee is provided as below:

- BAC is primarily responsible for reviewing the financial statements and related controls, monitoring the effectiveness of the internal audit function, reviewing independence and objectivity of audit process, recommending appointment/ removal of external auditors and their remuneration, governing external auditors' engagement on non-audit services, and monitoring the effectiveness of compliance controls for conduct, regulatory reporting and financial crime compliance.
- RemCo acknowledges that the Bank is part of Group and follows Group company's remuneration framework and policies, subject to applicable laws and regulations in Pakistan. RemCo also maintains high levels of good governance on all remuneration related matters, in line with prevailing international best practice, as well as any specific regulatory directives in Pakistan.
- BRC is broadly responsible for monitoring Bank's risk profile and its consistency with risk appetite, identifying and monitoring existing or new risks relating to the Bank, reviewing the appropriateness and effectiveness of risk management systems and controls, overseeing implementation of risk management framework, and reviewing stress testing.

Board and Committee's oversight on Islamic Banking Branches

There is a mechanism in place for Board's oversight on Shariah compliance function and Shariah Board through half yearly meeting between Shariah Board members and the Board of Directors. Furthermore, external Shariah Audit report is presented to Board of Directors and Board Audit Committee.

Directors Appointment Process

The Bank has a formal process for the appointment of Directors which has been approved by the Board. A succession plan for the Board is in place and same is reviewed from time to time to ensure that the required skills, knowledge, diversity and experience continue to be maintained on the Board. With respect to independent directors, a list of prospective candidates with relevant skills and experience is maintained by the Board. When a casual vacancy arises the list is reviewed to identify the best available candidates who meet the selection criteria. Candidates are interviewed by the Chairman on behalf of the Board before seeking endorsement from the Group as the majority shareholder. In case of appointment of non-executive directors, the Group in consultation with the Chairman nominates a senior executive from the Group with responsibility for businesses/functions that bear relevance to the activities of the Bank. Upon completion of due diligence and screening checks, the Board finally approves director appointments subject to necessary regulatory approvals. Appointment of executive director(s) is governed under the human resource policies of the Bank.

Profile of Directors

The profiles of all seven directors are available at the Bank's website under About-us page. URL is <https://www.sc.com/pk/about-us/>.

Disclosures on Governance and Remuneration

B – DISCLOSURE RELATING TO SHARIAH BOARD

Shariah Board Appointment Process

The Bank has a formal framework for the appointment of Shariah Board Members which has been approved by the Board of Directors (“BoD”). The Shariah Board Members are appointed by BoD for a term of three (3) years as per the Fit and Proper Criteria notified under the Shariah Governance Framework. Appointments of Shariah Board members shall be subject to prior written clearance of SBP.

Composition of the Shariah Board

Shariah Board of Standard Chartered Bank of Pakistan comprises of following four Shariah Scholars including an international scholar.

- **Sheikh Nizam Yaquby (Chairman)**
- **Mufti Muhammad Abdul Mubeen (Member Shariah Board)**
- **Mufti Irshad Ahmad Aijaz (Member Shariah Board)**
- **Mufti Khawaja Noor ul Hassan (Resident Shariah Board Member)**

Profile of Shariah Board Members

The profiles of all Shariah Board Members are available at the Bank’s website under URL <https://www.sc.com/pk/saadiq/shariah-consultants.html>

Terms of References

The terms of reference of Shariah Board have been formed and documented as per Shariah Governance Framework and advised to the Shariah Board for compliance. Key points of Shariah Board Term of reference are as follows.

- The SB shall be empowered to consider, decide and supervise all Shariah related matters of the Bank. All decisions, rulings, fatawa of the SB shall be binding on the Bank whereas SB shall be responsible and accountable for all its Shariah related decisions.
- The SB shall review and approve all the procedure manuals, product programs/structures, process flows, related agreements, marketing advertisements, sales illustrations and brochures so that they are in conformity with the rules and principles of Shariah.
- All decisions and rulings of the SB of the Bank shall be in conformity with the directives, regulations, instructions and guidelines issued by State Bank of Pakistan (SBP) in accordance with the rulings of Shariah Advisory Committee of SBP.

Shariah Board Meetings

The details of the meetings held during the year, 2019 are as follows:

S.No.	Period	Meeting Held (Yes / No)	Meeting No.	Date of Meeting	Meeting Attended (Yes / No) *			
					Chairman	Member	Member	RSBM
1	Q1’19	yes	15th	12-Feb-19	yes	yes	yes	yes
2	Q2’19	yes	16th	18-Jun-19	yes	yes	yes	yes
3	Q3’19	yes	17th	10-Oct-19	yes	yes	yes	yes
4	Q4’19	yes	18th	09-Dec-19	No	yes	yes	yes

C - DISCLOSURE RELATING TO REMUNERATING POLICY

In order to align the remuneration practices in Pakistan with the international standards and best practices, the SBP issued Guidelines on Remuneration Practices through its BPRD circular no. 02 dated March 03, 2016, which were subsequently revised through BPRD Circular No. 01 dated January 25, 2017.

In accordance with these guidelines, the Bank has developed a comprehensive Remuneration Framework. The aim of this framework is to promote an effective risk management culture, and to ensure that the remuneration practice at the Bank is in line with the Bank’s objectives taking into consideration all risks that the Bank may face. As a result, a fair, objective, transparent and sound remuneration policy, aligned with risks and responsibilities of Financial Intermediation has been put in place. The framework was reviewed and recommended by the Board’s Human Resource & Remuneration Committee (REMCO) and approved by the Board of Directors (BoD).

Disclosures on Governance and Remuneration

Under the policy, all employees across the Bank who are materially responsible for risk taking - Material Risk Takers (MRTs), or risk controlling activities - Material Risk Controllers (MRCs) are identified. The remuneration of these MRTs and MRCs is dependent upon the achievement of performance measured through risk-adjusted balance scorecards which include financial and non-financial/ qualitative performance indicators including compliance with internal policies/ procedures/ controls, customer experience, as well as certain risk-adjusting factors (negative earners) such as regulatory compliance, frauds, disciplinary matters etc. All other individuals who do not fall within the criteria of MRTs and MRCs continue to be governed through the Bank's existing HR policy.

A certain portion of the variable compensation of the MRTs and MRCs in excess of threshold as per the policy; shall now be made subject to mandatory deferrals for a defined period, thus creating alignment between the employees' and stakeholders' interests and reinforcing that compensation is appropriately linked to longer-term sustainable performance. Deferred remuneration, especially with risk adjustments, improves risk-taking incentives because the amount ultimately received by employees can be made to depend on risk outcomes, and shall vest proportionately over the deferral period following the year of variable remuneration award, subject to any malus trigger adjustments.

The payouts for variable compensation for the performance year 2019 for MRTs and MRCs shall be based on the revised mechanism. The accounting for shares and deferred cash is in line with the relevant accounting standards. The disclosures required under the SBP's Guidelines on Remuneration Practices are included as part of these financial statements.

Disclosure on Complaint Handling 2019

Ensuring fair outcomes for clients is fundamental to living Standard Chartered's core values and brand promise – Here for good. Delivering fair outcomes to clients is an important part of our commitment to reinforce the highest global standards of compliance and conduct.

In 2019, the Bank has evolved, on the back of many developments, to make banking easy and secure for our clients. The Bank has continued to take steps to ensure clients are aware of their rights, and know of all communication channels available to address any issues or concerns. Client touch points have been widely communicated through several channels to ensure awareness and ease of accessibility.

Keeping client needs on the forefront and ensuring that solutions are offered to address client needs, the Bank has also concentrated on training its staff so they are equipped to offer information which can help clients make the right choices. This is a very important tenet of our core values to 'Treat Clients Fairly.'

The bank continues to drive the digital agenda. The online banking facility and SC Mobile continues to be strengthened, resulting in reduced dependency on walk-ins, reduced turnaround times, hence enhancing client experience and operational efficiency.

In the year 2019, total complaints (including client feedback and inquires) logged were 53,698. Majority of these logged complaints were resolved within the regulatory timeline.

Client touch points for complaints are as follows:

- Standard Chartered Bank
 - o SC Client Centre: 24/7 assistance on 111-002-002
 - o SC Email: Ask.Us@sc.com and Complaints.Pakistan@sc.com
 - o SC Website: www.sc.com/pk
 - o SC Postal Address: Client Care Unit, Standard Chartered Bank (Pakistan) Limited, 1st Floor Jubilee Insurance Building, II Chundrigar Road, Saddar, Karachi
 - o SC Social Media: www.facebook.com/standardcharteredpk
- State Bank of Pakistan
- Banking Mohtasib Pakistan
- Insurance Ombudsmen
- Federal Ombudsmen
- Securities and Exchange Commission of Pakistan

www.jamapunji.pk



Be aware, Be alert, Be safe

Learn about investing at
www.jamapunji.pk

Key features:

- 📄 Licensed Entities Verification
- 🔍 Scam meter*
- 🎮 Jamapunji games*
- 📊 Tax credit calculator*
- 🏢 Company Verification
- 📋 Insurance & Investment Checklist
- ?? FAQs Answered

- 📈 Stock trading simulator
(based on live feed from KSE)
- 📖 Knowledge center
- 📊 Risk profiler*
- 📊 Financial calculator
- 📱 Subscription to Alerts (event notifications, corporate and regulatory actions)
- 📱 Jamapunji application for mobile device
- 📖 Online Quizzes



Jama Punji is an Investor Education Initiative of Securities and Exchange Commission of Pakistan

jamapunji.pk

@jamapunji_pk

*Mobile apps are also available for download for android and ios devices



Experience a smarter way of Business Banking with Straight2Bank.

Business Banking is now made easier with Standard Chartered's Business Banking Current Account. This account offers you accessible and convenient transactional capabilities that are designed to help develop your business. It also allows you to perform all your transactions through 'Straight2Bank' online portal anywhere, anytime.

With your Business Banking Current Account, you can enjoy the following benefits:



Free cheque book



Free SMS alerts



Free duplicate statements and stop payments



Free PO/DD through S2B



Unlimited withdrawals and deposits

Minimum balance: PKR 500k

Business Banking Current Account is also available at Standard Chartered Saadiq.

Terms and conditions apply.

For details, visit sc.com/pk or "SMS 'BCA' to 7220".

Standard Chartered
Saadiq



Bank with Peace.

Offering Shariah compliant Current and Savings Accounts.

Standard Chartered Saadiq offers Shariah compliant Current and Savings Accounts for your transactional and savings needs.

- Competitive returns on your savings
- Available for personal and business banking needs
- Banking transactions on your fingertips via Online Banking and SC Mobile application
- Facilitating your Business payments and collections via proprietary Straight2Bank digital platform
- Platinum debit card available with lifestyle discounts and benefits

Apply now by visiting our website, sc.com/pk/saadiq or nearest Standard Chartered Bank branch.

sc.com/pk

Here for good