

Standard Chartered Bank (Pakistan) Limited

**Consolidated Financial
Statements**

For The Year Ended
31 December 2006



KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No.2
Beaumont Road
Karachi 75530 Pakistan

Telephone +92 (21) 568 5847
Fax +92 (21) 568 5095
Internet www.kpmg.com.pk

Auditors' Report to the Members

We have audited the annexed consolidated financial statements of Standard Chartered Bank (Pakistan) Limited and its subsidiaries (the "Group") comprising consolidated balance sheet as at 31 December 2006 and the related consolidated profit and loss account, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended. These financial statements include unaudited certified returns from the 65 branches of Union Bank Limited for the period from 1 January 2006 to 29 December 2006, except for nine branches audited by their auditors. The financial statements of Union Bank Limited, acquired during the year, for the period from 1 January 2006 to 29 December 2006 were audited by another firm of chartered accountants, whose report has been furnished to us and our opinion in so far as it relates to the amounts included for Union Bank Limited is based solely on the report of other auditors.

These financial statements are responsibility of the Bank's management. Our responsibility is to express our opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the consolidated financial statements present fairly the consolidated financial position of the Group as at 31 December 2006 and the consolidated results of its operations, its consolidated cash flows and consolidated changes in equity for the year then ended in accordance with the approved accounting standards as applicable in Pakistan.

Date: April 3, 2007

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants

Standard Chartered Bank (Pakistan) Limited

Consolidated Financial Statements

Balance Sheet

As at 31 December 2006

	Note	2006	2005
		(Rupees in '000)	
ASSETS			
Cash and balances with treasury banks	5	22,797,769	9,927,655
Balances with other banks	6	3,395,213	1,340,279
Lendings to financial institutions	7	4,003,224	14,943,291
Investments	8	34,700,979	25,273,388
Advances	9	133,016,441	52,184,826
Operating fixed assets	10	3,444,094	521,689
Intangible assets	11	28,560,396	10,975
Deferred tax assets	12	2,935,518	189,875
Other assets	13	16,942,399	9,166,137
		249,796,033	113,558,115
LIABILITIES			
Bills payable	14	4,259,834	2,063,950
Borrowings from financial institutions	15	22,984,618	7,411,031
Deposits and other accounts	16	156,568,436	83,588,904
Sub-ordinated loans	17	2,414,851	-
Liabilities against assets subject to finance lease	18	736	-
Deferred tax liabilities - net		-	-
Other liabilities	19	22,585,265	11,337,782
		208,813,740	104,401,667
NET ASSETS		40,982,293	9,156,448
REPRESENTED BY			
Share capital	20	38,715,850	-
Head office capital account	20	-	4,103,942
Reserves	21	1,186,639	73,033
Unappropriated profit		642,901	4,704,767
Total attributable to equity holders of the Bank		40,545,390	8,881,742
Minority interest		756,618	630,343
		41,302,008	9,512,085
Deficit on revaluation of assets - net of deferred tax	22	(319,715)	(355,637)
		40,982,293	9,156,448
CONTINGENCIES AND COMMITMENTS	23		

The annexed notes 1 to 42 form an integral part of these financial statements.



Badar Kazmi
Chief Executive

Dubai : April 03, 2007



Ebenezer Essoka
Director



Munnawar Hamid
Director



John Brian Small
Director

Standard Chartered Bank (Pakistan) Limited Consolidated Financial Statements

Profit and Loss Account

For the year ended 31 December 2006

	Note	1 January 2006 to 29 December 2006	30 December 2006 to 31 December 2006	2006	2005
(Rupees in '000)					
MARK - UP / INTEREST INCOME					
Mark-up / return / interest earned	24	14,724,940	126,465	14,851,405	7,210,048
Mark-up / return / interest expensed	25	(4,348,851)	(56,835)	(4,405,686)	(1,830,117)
Net mark-up / return / interest income		10,376,089	69,630	10,445,719	5,379,931
Provision against non-performing loans and advances	9.4 & 19.2	(1,680,717)	-	(1,680,717)	(24,616)
Recovery of amounts written off in previous years		119,621	-	119,621	92,683
Provision for diminution in the value of investment		98	-	98	-
Bad debts written-off directly		(206,099)	-	(206,099)	-
		(1,767,097)	-	(1,767,097)	68,067
Net mark-up / return / interest income after provisions		8,608,992	69,630	8,678,622	5,447,998
NON MARK-UP / INTEREST INCOME					
Fees, commission and brokerage income		2,483,690	20,325	2,504,015	1,778,855
Dividend income		54,143	-	54,143	2,382
Income from dealing in foreign currencies		699,354	-	699,354	655,045
Gain / (loss) on sale of securities	26	138,932	(115)	138,817	(189,193)
Unrealised gain on revaluation of investment classified as held for trading		5	-	5	19,447
Other income	27	275,883	-	275,883	178,647
Total non-markup / interest income		3,652,007	20,210	3,672,217	2,445,183
		12,260,999	89,840	12,350,839	7,893,181
NON MARK-UP / INTEREST EXPENSES					
Administrative expenses	28	(5,095,896)	(59,090)	(5,154,986)	(2,380,306)
Other provisions / assets written-off		(26,992)	-	(26,992)	-
Other charges	29	(510)	-	(510)	(13,096)
Total non-markup / interest expenses		(5,123,398)	(59,090)	(5,182,488)	(2,393,402)
Extra-ordinary / unusual items		-	-	-	-
PROFIT BEFORE TAXATION		7,137,601	30,750	7,168,351	5,499,779
Taxation - current	30	(2,126,066)	(10,762)	(2,136,828)	(1,404,841)
- prior years		197,319	-	197,319	16,682
- deferred		334,639	-	334,639	12,952
		(1,594,108)	(10,762)	(1,604,870)	(1,375,207)
PROFIT AFTER TAXATION		5,543,493	19,988	5,563,481	4,124,572
Attributable to:					
Equity holders of the Bank				5,575,766	4,064,819
Minority interest				(12,285)	59,753
PROFIT AFTER TAXATION				5,563,481	4,124,572
				(Rupees)	
				2.99	

Earnings per share - basic and diluted

31

The annexed notes 1 to 42 form an integral part of these financial statements.

Badar Kazmi
Chief Executive

Dubai : April 03, 2007

Ebenezer Essoka
Director

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Director

Standard Chartered Bank (Pakistan) Limited

Consolidated Financial Statements

Cash Flow Statement

For the year ended 31 December 2006

	2006	2005
	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	7,168,351	5,499,779
Dividend income	(54,143)	(2,382)
	7,114,208	5,497,397
Adjustments for:		
Depreciation	254,818	134,029
Amortization	342,837	4,392
Gain on disposal of fixed assets	(819)	(5,520)
Finance charges on leased assets	1,460	-
Other provisions / write offs	26,992	-
Provision for diminution in the value of investments	(98)	-
Provision against loans and advances - net	1,886,816	24,616
	2,512,006	157,517
	9,626,214	5,654,914
Decrease / (increase) in operating assets		
Lendings to financial institutions	16,248,795	(1,392,300)
Held-for-trading securities	2,003,263	(1,505,992)
Advances	(14,530,442)	1,962,560
Other assets	(4,378,662)	(5,265,502)
	(657,046)	(6,201,234)
(Decrease) / increase in operating liabilities		
Bills payable	66,681	394,454
Borrowings from financial institutions	(10,110,083)	249,457
Deposits and other accounts	(6,776,383)	6,465,079
Other liabilities	7,260,110	5,130,806
	(9,559,675)	12,239,796
Cash inflow before taxation	(590,507)	11,693,476
Income tax paid	(2,636,354)	(614,914)
Net cash (used in) / generated from operating activities	(3,226,861)	11,078,562
CASH FLOW FROM INVESTING ACTIVITIES		
Net investment	12,859,130	(10,941,239)
Dividend income received	54,143	2,382
Cash out flow on acquisition of Union Bank	(29,419,441)	-
Investment in operating fixed assets	(518,368)	(284,954)
Sale proceeds on disposal of fixed assets	20,166	7,967
Net cash used in investing activities	(17,004,370)	(11,215,844)

Standard Chartered Bank (Pakistan) Limited Consolidated Financial Statements

	Note	2006 (Rupees in '000)	2005
CASH FLOW FROM FINANCING ACTIVITIES			
Remittances made to head office		(4,026,973)	(2,485,141)
Redeemable capital		(102,763)	183,910
Amount received from SCB PLC (UK) for the purpose of financing acquisition		29,397,849	-
Dividend paid to minority share holders by the subsidiary		(30,471)	(56,819)
Payment of lease obligations		(1,812)	-
Net cash from / (used in) financing activities		25,235,830	(2,358,050)
Increase / (decrease) in cash and cash equivalents for the period		5,004,599	(2,495,332)
Cash and cash equivalents in Union Bank at the date of acquisition		9,920,449	-
Cash and cash equivalents at beginning of the year		11,267,934	13,763,266
Cash and cash equivalents at end of the year	32	<u>26,192,982</u>	<u>11,267,934</u>

The annexed notes 1 to 42 form an integral part of these financial statements.



Badar Kazmi
Chief Executive

Dubai : April 03, 2007



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Standard Chartered Bank (Pakistan) Limited

Consolidated Financial Statements

Statement of Changes in Equity

For the year ended 31 December 2006

	Share Capital	Head office capital account	Share premium	Exchange Translation reserve	Statutory reserve	Capital reserve	Unappropriated / Unremitted profit	Total	Minority interest	Total equity
----- (Rupees in '000) -----										
Balance as at 31 December 2004	-	4,103,942	-	-	67,858	24,474	3,109,483	7,305,757	630,465	7,936,222
Recognised income and expense for the year	-	-	-	-	-	-	4,061,126	4,061,126	59,753	4,120,879
Dividend paid	-	-	-	-	-	-	-	-	(59,875)	(59,875)
Transfer to statutory reserve	-	-	-	-	5,175	-	(5,175)	-	-	-
Transfer of capital reserve to unremitted profit	-	-	-	-	-	(24,474)	24,474	-	-	-
Profit of SCB branches for 2004 remitted to head office	-	-	-	-	-	-	(2,485,141)	(2,485,141)	-	(2,485,141)
Balance as at 31 December 2005	-	4,103,942	-	-	73,033	-	4,704,767	8,881,742	630,343	9,512,085
Shares issued for cash	29,397,850	-	-	-	-	-	-	29,397,850	-	29,397,850
Shares issued pursuant to amalgamation scheme	9,318,000	(4,103,942)	1,036,090	-	-	-	(4,821,600)	1,428,548	-	1,428,548
Minority interest arising on acquisition	-	-	-	-	-	-	-	-	169,409	169,409
Recognised income and expense for the year	-	-	-	-	-	-	5,581,918	5,581,918	(12,285)	5,569,633
Minority share of deficit on revaluation of available for sale securities	-	-	-	-	-	-	-	-	585	585
Dividend paid	-	-	-	-	-	-	-	-	(31,434)	(31,434)
Transfer to statutory reserve	-	-	-	-	97,139	-	(97,139)	-	-	-
Exchange difference on translation of net investment in foreign branches	-	-	-	(19,623)	-	-	-	(19,623)	-	(19,623)
Transfer to payable to holding company	-	-	-	-	-	-	(698,072)	(698,072)	-	(698,072)
Profit of SCB branches for 2005 remitted to head office	-	-	-	-	-	-	(4,026,973)	(4,026,973)	-	(4,026,973)
Balance as at 31 December 2006	<u>38,715,850</u>	<u>-</u>	<u>1,036,090</u>	<u>(19,623)</u>	<u>170,172</u>	<u>-</u>	<u>642,901</u>	<u>40,545,390</u>	<u>756,618</u>	<u>41,302,008</u>

Statement of recognised income and expenses	2006	2005
	(Rupees in '000)	
Actuarial gain / (loss) on retirement benefits scheme	9,465	(3,693)
Deferred tax on items recognised directly in equity	(3,313)	-
	<u>6,152</u>	<u>(3,693)</u>
Profit after taxation	<u>5,563,481</u>	<u>4,124,572</u>
Total recognised income and expense for the year	<u>5,569,633</u>	<u>4,120,879</u>

The annexed notes 1 to 42 form an integral part of these financial statements.


Badar Kazmi
 Chief Executive
 Dubai : April 03, 2007


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Standard Chartered Bank (Pakistan) Limited

Notes to the Consolidated Financial Statements

For the year ended 31 December 2006

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. Its 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 the England. The scheme of amalgamation was sanctioned by State Bank of Pakistan vide its order dated 4 December 2006.

The Bank is engaged in the banking business as defined in the Banking Companies Ordinance, 1962 and has a total number of 115 branches in Pakistan and 2 branches in Sri Lanka (2005: 43 branches in Pakistan) in operation at 31 December 2006.

Standard Chartered Bank (Pakistan) Limited has three subsidiaries. All of them are incorporated in Pakistan.

- Union Leasing Limited (66.23% owned)
- Standard Chartered Modaraba (20% owned)
- Standard Chartered Services of Pakistan (Private) Limited (100% owned)

The subsidiary company, Standard Chartered Services of Pakistan (Private) Limited, exercises control over Standard Chartered Modaraba as its management company and also has a direct economic interest in it. Therefore, the modaraba is considered as a subsidiary of the Standard Chartered Services of Pakistan (Private) Limited.

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 (SBP) has issued various circulars from time to time. One permissible form of trade related mode of financing comprises of purchase of goods by the Bank from its customers and immediate resale to them at appropriate mark-up 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 mark-up thereon.

2.2 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan, the requirements of the Banking Companies Ordinance, 1962 and the Companies Ordinance, 1984. Approved accounting standards comprise of such International Financial Reporting Standards ("IFRS") as notified under the provisions of the Companies Ordinance, 1984. Wherever the requirements of the Companies Ordinance, 1984, Banking Companies Ordinance, 1962 or directives issued by the Securities and Exchange Commission of Pakistan ("SECP") and the SBP differ with requirements of these standards the requirements of the Companies Ordinance, 1984, Banking Companies Ordinance, 1962 or the requirements of the said directives take precedence.

The SECP has approved and notified the adoption of International Accounting Standard 39, 'Financial Instruments: Recognition and Measurement' (IAS 39) and International Accounting Standard 40, 'Investment Property' (IAS 40). The requirements of these standards have not been followed in the preparation of these financial statements as the SBP has deferred the implementation of these standards for the banks in Pakistan till further instructions. However, investments have been classified and valued in accordance with the requirements of various circulars issued by SBP.

The SECP has notified the adoption of International Financial Reporting Standards 3 - Business combinations' on 6 December 2006. The Bank has adopted this standard for preparation of these financial statements.

Standard Chartered Bank (Pakistan) Limited

Notes to the Consolidated Financial Statements

For the year ended 31 December 2006

During 2005, the Securities and Exchange Commission of Pakistan notified the Islamic Financial Accounting Standard 1 issued by the Institute of Chartered Accountants of Pakistan relating to accounting for Murabaha transactions undertaken by a bank, effective for financial periods beginning on or after 1 January 2006. The standard has not been adopted by stand-alone Islamic branches of conventional banks pending resolution of certain issues, e.g., invoicing of goods, recording of inventories, concurrent application with other approved accounting standards in place for conventional banks, etc.. Pakistan Banks Association has taken up the matter with the State Bank of Pakistan. The adoption of this standard is not likely to have a material effect on these financial statements.

2.3 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 are measured at fair value.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that effect the application of accounting policies and reported amounts of assets, liabilities, 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 amount recognised in the financial statements are described in the following:

- Note 4 Fair value determination on acquisition
- Note 9.3 Provision for doubtful advances
- Note 30 Income taxes
- Note 34 Employees retirement benefit plans

2.5 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

3.1 Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Acquisitions from entities under common control

Business combinations arising from transfers of interests 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. 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 by applying the purchase method. The cost of acquisition is measured as 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 minority interest. The excess of cost of acquisition over the fair value of identifiable net assets acquired is recorded as goodwill.

Standard Chartered Bank (Pakistan) Limited

Notes to the Consolidated Financial Statements

For the year ended 31 December 2006

Transactions eliminated on consolidation

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.2 Cash and cash equivalents

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

3.3 Investments

The Group 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 taken to income.

b) Held to maturity

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

c) Available for sale

These are investments that do not fall under the held for trading or held to maturity categories and are carried at market value. The surplus / deficit arising as a result of revaluation at market value is kept in a separate account below equity.

3.4 Sale and repurchase agreements

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 interest/markup/return and accrued over the life of the agreements using the effective interest method.

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 SBP 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 they have not been 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.

3.6 Operating fixed assets - tangible

Owned

Operating fixed assets are stated at cost, less accumulated depreciation. Cost includes expenditure that is directly attributable to the acquisition of the items.

Standard Chartered Bank (Pakistan) Limited

Notes to the Consolidated Financial Statements

For the year ended 31 December 2006

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 are charged to profit and loss account during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using straight line method to allocate their cost to their residual values over their estimated useful lives.

The assets' residual values and useful lives 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.

Leased

Fixed assets held under finance lease are stated at lower of fair value of asset and present value of minimum lease payments at the inception of lease less accumulated depreciation. Financial charges are allocated over the period of lease term so as to provide a constant periodic rate of financial charge on the outstanding liability. Depreciation is charged on the basis similar to owned assets.

3.7 Intangible assets

Goodwill

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

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 on the basis of the expected useful lives.

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.

3.8 Impairment of non-financial assets

The carrying amounts of the Group'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. The recoverable amount of goodwill is estimated at each reporting date. 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 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.

3.9 Staff retirement benefits

Defined benefit plan

The Bank operates approved funded pension and gratuity schemes for all its non-management employees and pension scheme for its management employees. The employees can opt either for pension or gratuity at the time of retirement / termination. The bank also operates a funded gratuity scheme for all of Union Bank employees.

Standard Chartered Bank (Pakistan) Limited

Notes to the Consolidated Financial Statements

For the year ended 31 December 2006

For defined benefit plans, the liability recognised in the balance sheet is the present value of defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using "Projected Unit Credit Actuarial Cost Method".

Actuarial gains and losses that arise are recognised in shareholders' equity and are presented in the statement of recognised income and expenses in the period they arise. Past service costs are recognised immediately to the extent that benefits are vested and are otherwise recognised over average period until benefits are vested on a straight line basis. Current service costs and any past service costs together with the expected return on plan assets less the effect of the unwinding of the discount on plan liabilities are charged to operating expenses.

Defined contribution plan

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

3.10 Foreign currency transactions

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

The assets and liabilities of foreign operations are translated to Pakistan Rupees at exchange rates at the reporting date. The income and expenses of foreign operations, are translated to Pakistan Rupees at exchange rates at the dates of the transactions. Foreign currency differences are recognised in the foreign currency translation reserve.

3.11 Taxation

Income tax expense comprises 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, in which case it is recognised in equity.

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 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 not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by 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.

3.12 Revenue recognition

Mark-up / return on advances and investments is recognised on an accrual basis using the effective interest rate method, except income which warrants carry forward in compliance with the Prudential Regulations of the SBP and with credit policies manual of the Bank.

The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. The effective interest rate is established on initial recognition of the financial asset and liability and is not revised subsequently.

Standard Chartered Bank (Pakistan) Limited

Notes to the Consolidated Financial Statements

For the year ended 31 December 2006

Fees and commission income are generally recognised on an accrual basis when the service has been provided. 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. Usually this is the ex-dividend date for equity securities.

3.13 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.

3.14 Provisions

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

3.15 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. These assets and income arising thereon are excluded from these financial statements, as they are not assets of the Bank.

3.16 Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Bank's primary format for segment reporting is based on business segments.

3.17 Offsetting

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

3.18 Subordinated liabilities

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

3.19 New standards and interpretations not yet adopted

The following standards, amendments and interpretations of approved accounting standards, effective for accounting periods beginning on or after 1 January 2007 are either not relevant to Bank's operations or are not expected to have significant impact on the Bank's financial statements other than certain increased disclosures:

IAS 1 - Presentation of Financial Statements - amendments relating to Capital disclosures

IFRS 2 - Share-Based Payments

IFRS 5 - Non-current assets held for sale and discontinued operations

IFRS 6 - Exploration for and evaluation of mineral resources

IFRIC 8 - Scope of IFRS 2 Share-based Payments

IFRIC 9 - Reassessment of Embedded Derivatives

IFRIC 10 - Interim Financial Reporting and Impairment

IFRIC 11 - Group and Treasury Share Transactions

IFRIC 12 - Services Concession Arrangements

Standard Chartered Bank (Pakistan) Limited

Notes to the Consolidated Financial Statements

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4. BUSINESS COMBINATIONS

Pursuant to a scheme of amalgamation duly approved by State Bank of Pakistan, the entire undertaking of Union Bank Limited and the banking trade and other trade business carried on by Standard Chartered Bank, a bank incorporated by Royal Charter and existing under the laws of England ("SCB") as a going concern at or through its permanent establishment in form of branch offices in Pakistan ("SCB Branch Business") were merged with and into Standard Chartered Bank (Pakistan) Limited effective 30 December 2006.

Union Bank Limited

On 5 September 2006, the Bank acquired 95.37 per cent of the share capital of Union Bank Limited, a listed bank incorporated in Pakistan. The acquired business contributed operating income of Rs. 3,045 million and profit before tax of Rs. 758 million to the Bank for the period from 5 September 2006 to 31 December 2006.

If the acquisition had occurred on 1 January 2006, Union Bank Limited would have added approximately Rs. 8,399.079 million to Bank's operating income and Rs. 1,796.657 million to profit before tax for the period.

Details of net assets acquired and goodwill are as follows:

(Rupees in '000)

Purchase consideration:

- cash paid	29,397,747
- Shares issued	1,428,549
- direct costs relating to the acquisition	<u>21,694</u>
Total purchase consideration	30,847,990
Fair value of net assets acquired	<u>5,258,970</u>
Goodwill	<u><u>25,589,020</u></u>

The goodwill is attributable to the significant synergies expected to arise from the development of Union within the Standard Chartered Group and to those intangibles, such as the branch network, which are not recognised separately.

Standard Chartered Bank (Pakistan) Limited

Notes to the Consolidated Financial Statements

For the year ended 31 December 2006

The assets and liabilities arising from the acquisition are as follows:

	Fair value	Acquiree's carrying amount
	(Rupees in '000)	
Cash and balances with treasury banks*	9,033,233	9,033,233
Balances with other banks	887,216	887,216
Lendings to financial institutions	5,308,728	5,308,728
Investments	24,422,541	24,854,316
Advances	68,187,988	72,890,248
Operating fixed assets	2,705,480	1,674,388
Intangible assets other than goodwill	3,302,952	156,459
Deferred tax assets	2,437,613	82,782
Other assets	2,901,651	3,697,864
Total assets	<u>119,187,402</u>	<u>118,585,234</u>
Bills payable	2,129,203	2,129,203
Borrowings from financial institutions	25,683,670	25,683,670
Deposits and other accounts	79,755,915	79,110,904
Sub-ordinated loans	2,431,167	2,496,820
Liabilities against assets subject to finance lease	1,088	1,088
Other liabilities	3,757,980	3,687,082
Total liabilities	<u>113,759,023</u>	<u>113,108,767</u>
Minority interest	169,409	
Net assets acquired	<u>5,258,970</u>	
Purchase consideration and direct costs settled in cash	29,419,441	
Cash and cash equivalents in subsidiary acquired	9,920,449	
Cash outflow on acquisition	<u>19,498,992</u>	

* Cash and balances at central banks include amounts subject to regulatory restrictions. Due to the proximity of the acquisition to the year-end, the fair value amounts contain some provisional balances which will be finalised in the 2007 accounts.

The intangible assets acquired as part of the acquisition of Union Bank Limited can be analysed as follows:

	(Rupees in '000)
Brand names	389,400
Customer relationships	774,680
Core deposits	1,982,413
Capitalised software	156,459
Total	<u>3,302,952</u>

SCB Branch Business

The entire undertaking of SCB Branch Business was transferred by SCB to the Bank effective 30 December 2006 and in consideration 892,554,151 ordinary shares of the Bank were issued and allotted at par to SCB as fully paid up.

The assets and liabilities of the SCB Branch Business were transferred at their carrying values and acquisition has been accounted for as acquisitions from entities under common control (note 3.1).

Standard Chartered Bank (Pakistan) Limited

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For the year ended 31 December 2006

Amalgamation

The assets and liabilities balances of Union Bank Limited and SCB Pakistan branches of Standard Chartered Bank at 29 December 2006 transferred to the Standard Chartered Bank Pakistan Limited were as follows:

	SCB Pakistan Branches	Union Bank Limited	Total
 (Rupees in '000)		
ASSETS			
Cash and balances with treasury banks	13,939,270	7,818,523	21,757,793
Balances with other banks	1,684,948	3,252,488	4,937,436
Lendings to financial institutions	25,295,412	1,149,552	26,444,964
Investments	21,430,970	11,547,475	32,978,445
Advances	64,105,932	65,297,014	129,402,946
Operating fixed assets	868,457	2,552,559	3,421,016
Intangible assets other than goodwill	7,509	2,963,868	2,971,377
Deferred tax assets	508,800	2,425,971	2,934,771
Other assets	10,955,535	6,471,352	17,426,887
	138,796,833	103,478,802	242,275,635
LIABILITIES			
Bills payable	3,255,388	1,688,977	4,944,365
Borrowings from financial institutions	18,829,368	25,518,316	44,347,684
Deposits and other accounts	94,130,873	62,993,008	157,123,881
Sub-ordinated loans	-	2,414,851	2,414,851
Liabilities against assets subject to finance lease	-	9,724	9,724
Other liabilities	13,655,662	5,135,385	18,791,047
	129,871,291	97,760,261	227,631,552
NET ASSETS ACQUIRED	8,925,542	5,718,541	14,644,083

Standard Chartered Bank (Pakistan) Limited

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5. CASH AND BALANCES WITH TREASURY BANKS

	Note	2006 (Rupees in '000)	2005
In hand			
- Local currency	5.1	2,979,533	1,535,681
- Foreign currencies		1,035,981	655,073
With State Bank of Pakistan in:			
- Local currency current account		12,229,438	3,893,371
- Local currency current account - Islamic Banking		419,982	94,982
- Foreign currency deposit account		-	-
Cash reserve account (5% of FE 25)		1,458,525	927,218
Special cash reserve account (15% of FE 25)		4,363,136	2,763,740
Local US Dollar collection account		16,897	18,178
With Other Central Bank in:			
- Sri Lanka current account	5.2	27,249	-
With National Bank of Pakistan in:			
- Local currency current account		267,028	39,412
		<u>22,797,769</u>	<u>9,927,655</u>

5.1 This includes National Prize Bonds of Rs. 7.30 million (2005: Rs. 3.77 million).

5.2 These balances are held with the Central Bank of Sri Lanka in accordance with the local regulations of Sri Lanka,

6. BALANCES WITH OTHER BANKS

	Note	2006 (Rupees in '000)	2005
In Pakistan			
- In current accounts		107,138	1,000
Outside Pakistan			
- In deposit accounts	6.1	378,788	-
- In current accounts	6.2	2,909,287	1,339,279
		<u>3,395,213</u>	<u>1,340,279</u>

6.1 These includes placements in foreign currency in respect of deposits accepted under the New Foreign Currency Accounts Scheme of SBP. These are placed at rates ranging from 3.51% - 5.20% (2005: 2.35% - 4.68%) and are due to mature on various dates by April 2007.

6.2 The balances include Rs. 2,120.22 million (2005: Rs. 1,330.89 million) held with branches of Standard Chartered Bank outside Pakistan.

Standard Chartered Bank (Pakistan) Limited

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For the year ended 31 December 2006

7. LENDINGS TO FINANCIAL INSTITUTIONS

	Note	2006 (Rupees in '000)	2005
Call money lendings	7.1	362,269	400,000
Repurchase agreement lendings (Reverse Repo)	7.2 & 7.6	904,792	4,602,659
Certificates of Investment	7.3	578,000	1,700,000
Placements	7.4	2,107,523	8,240,503
Overdrawn vostros		50,640	129
		<u>4,003,224</u>	<u>14,943,291</u>

7.1 Call money lendings carry mark-up at a rate of 9.20 to 10.15 percent per annum (2005: 9.00 percent per annum) payable on monthly basis and are due to mature by March 2007.

7.2 These carry mark-up at rates ranging between 8.20 to 9.20 percent per annum (2005: 6.50 to 8.80 percent per annum) payable at maturity and are due to mature by February 2007. The arrangements are governed under Master Repurchase Agreements.

7.3 Certificate of investment carry mark-up at rate of 11.50 to 11.75 percent per annum (2005: ranging between 9.47 to 11.78 percent per annum) payable at maturity and are due to mature by February 2007.

7.4 This represents placements with the branches of Standard Chartered Bank at mark-up rates ranging between 3.60 and 5.06 percent per annum (2005: 2.30 to 4.55 percent per annum) and are due to mature in January 2007.

7.5 Particulars of lending

	2006 (Rupees in '000)	2005
In local currency	1,939,657	6,702,788
In foreign currency	<u>2,063,567</u>	<u>8,240,503</u>
	<u>4,003,224</u>	<u>14,943,291</u>

7.6 Securities held as collateral against lendings to financial institutions

	2006			2005		
	Held by bank	Further given as collateral (Rupees in '000)	Total	Held by bank	Further given as collateral (Rupees in '000)	Total
Market Treasury Bills	73,775	250,000	323,775	3,802,659	-	3,802,659
Pakistan Investment Bonds	581,017	-	581,017	800,000	-	800,000
	<u>654,792</u>	<u>250,000</u>	<u>904,792</u>	<u>4,602,659</u>	<u>-</u>	<u>4,602,659</u>

The market value of securities held as collateral against lendings to financial institutions amounted to Rs. 909 million (2005:Rs. 4,651 million).

Standard Chartered Bank (Pakistan) Limited

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8. INVESTMENTS

	2006			2005		
	Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total
8.1 Investments by type	(Rupees in '000)			(Rupees in '000)		
Held for trading						
Market Treasury Bills	-	-	-	1,969,641	-	1,969,641
Pakistan Investment Bonds	976	-	976	15,156	-	15,156
Available for sale						
Market Treasury Bills	8.6 18,230,006	5,163,376	23,393,382	9,950,533	5,987,755	15,938,288
Pakistan Investment Bonds	8.6 8,084,136	2,506,624	10,590,760	7,416,110	408,485	7,824,595
Ordinary shares of listed companies	8.7 160,873	-	160,873	-	-	-
Units / Certificates of mutual funds	8.8 231,551	-	231,551	1,364	-	1,364
Term Finance Certificates -listed	8.9 332,652	-	332,652	-	-	-
Term Finance Certificates -unlisted	8.10 133,698	-	133,698	-	-	-
Ordinary shares of unlisted companies	8.11 99,572	-	99,572	52,031	-	52,031
Held to maturity						
Pakistan Investment Bonds	218,291	-	218,291	-	-	-
Term Finance Certificates -listed	8.12 5,756	-	5,756	-	-	-
Term Finance Certificates -unlisted	8.13 23,777	-	23,777	-	-	-
	27,521,288	7,670,000	35,191,288	19,404,835	6,396,240	25,801,075
Provision for diminution in the value of investment	8.5 (2,401)	-	(2,401)	-	-	-
Investments (Net of Provisions)	27,518,887	7,670,000	35,188,887	19,404,835	6,396,240	25,801,075
Surplus on revaluation of held for trading securities	5	-	5	19,447	-	19,447
Deficit on revaluation of available for sale securities	(331,266)	(156,647)	(487,913)	(518,802)	(28,332)	(547,134)
Total Investments	27,187,626	7,513,353	34,700,979	18,905,480	6,367,908	25,273,388

Standard Chartered Bank (Pakistan) Limited

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8.2 Investments by segment

	2006	2005
	(Rupees in '000)	
Federal Government Securities:		
- Market Treasury Bills	23,393,382	17,907,929
- Pakistan Investment Bonds	10,810,027	7,839,751
<i>Fully paid up Ordinary Shares:</i>		
- Listed Companies	160,873	1,364
- Unlisted Companies	99,572	52,031
Bonds and Participation Term Certificates		
- Listed TFCs etc.	338,408	-
- Unlisted TFCs etc.	157,475	-
Investments in Mutual Funds	231,551	-
Total investment at Cost	<u>35,191,288</u>	<u>25,801,075</u>
Less: Provision for diminution in the value of investment	(2,401)	-
	35,188,887	25,801,075
Surplus on revaluation of held for trading securities	5	19,447
Deficit on revaluation of available for sale securities	(487,913)	(547,134)
Total Investments	<u><u>34,700,979</u></u>	<u><u>25,273,388</u></u>

8.3 Investments include securities having book value of Rs. 28.63 million (2005: Rs. 28.80 million) pledged with the SBP as security to facilitate T.T. discounting facility to Pakistan branches of the Bank, including an amount earmarked against the facilities allocated to branches now in Bangladesh.

8.4 Market Treasury Bills, Federal Investment Bonds and Pakistan Investment Bonds are eligible for discounting with the SBP.

Standard Chartered Bank (Pakistan) Limited

Notes to the Consolidated Financial Statements

For the year ended 31 December 2006

8.5 Particulars of Provision	2006	2005
	(Rupees in '000)	
Opening Balance	-	-
Acquisition	2,499	-
Charge for the year	45	-
Reversals	(143)	-
Closing Balance	<u>2,401</u>	<u>-</u>

8.5.1 Particulars of provision against investment in respect of Type and Segment

Fully paid-up Ordinary Shares - Listed	45	-
Term Finance Certificate	2,356	-
	<u>2,401</u>	<u>-</u>

8.6 Quality of Available for sale securities

	2006			2005		
	Rating	Cost (Rupees in '000)	Market value	Rating	Cost (Rupees in '000)	Market value
Federal government securities						
- Market Treasury Bills	Unrated	23,393,382	23,419,908	Unrated	15,938,288	15,959,988
- Pakistan Investment Bonds	Unrated	<u>10,590,760</u>	<u>10,085,355</u>	Unrated	<u>7,824,595</u>	<u>7,255,761</u>
		<u>33,984,142</u>	<u>33,505,263</u>		<u>23,762,883</u>	<u>23,215,749</u>

8.7 Particulars of shares held - listed - Available for sale

2006	2005						
(Number of shares)							
8,999	-	Askari Commercial Bank Limited	AA+/A1+	857	945	-	-
2,645	-	Bank Al-Falah Limited	AA/A1+	119	111	-	-
13,101	-	Bank Of Punjab Limited	AA/A1+	1,192	1,326	-	-
15,898	-	Fauji Fertilizer Bin Qasim Limited	Unrated	430	453	-	-
4,156	-	Fauji Cement Limited	Unrated	84	63	-	-
56,613	-	Fauji Fertilizer Company Limited	Unrated	6,674	5,976	-	-
19,135	-	Faysal Bank Limited	AA/A1+	1,248	1,158	-	-
41,171	-	Hub Power Company	Unrated	1,061	1,111	-	-
5,826	-	Lucky Cement	Unrated	593	349	-	-
8,921	-	MCB Bank Limited	AA+/A1+	2,255	2,195	-	-
6,830	-	National Bank of Pakistan Limited	AAA/A1+	1,757	1,531	-	-
4,270	-	PICIC Commercial Bank Limited	A+/A1	143	144	-	-
8,539	-	Oil & Gas Development Corporation Limited	AAA/A1+	1,134	980	-	-
17	-	Packages Limited	AA/A1+	3	4	-	-
5,137	-	Pak Oil Fields Limited	Unrated	1,690	1,797	-	-
2,539	-	Pakistan Petroleum Limited	Unrated	606	589	-	-
5,639	-	Prime Commercial Bank Limited	A+/A1	297	274	-	-
16,106	-	Pakistan State Oil Limited	AAA/A1+	5,125	4,735	-	-
290,349	-	Pakistan Telecommunication Company Limited	Unrated	19,273	12,863	-	-
13,373	-	Brothers Textile Mills Limited	Unrated	40	38	-	-
3,635	-	BOC Pakistan Limited	Unrated	506	513	-	-
147,402	-	Colony Mills Limited	Unrated	1,088	1,282	-	-
13,367	-	Escort Investment Bank Limited	A/A1	226	181	-	-
2,194	-	First Invest Modarba	Unrated	3	4	-	-
7,935	-	Kot Addu Power Company	Unrated	341	323	-	-
8,828	-	Kohinoor Industries Limited	Unrated	124	96	-	-
4,106	-	Muhammad Farooq Textile Mills Limited	Unrated	25	24	-	-
4,360	-	Mirza Sugar Mills Limited	Unrated	12	12	-	-
7,008	-	Pakistan PTA Limited	Unrated	40	34	-	-
2,259	-	Pakistan Synthetics Limited	Unrated	20	16	-	-
11,080	-	Southern Electric Power Company	Unrated	70	66	-	-
2,035	-	Saudi Pak Commercial Bank Limited	R/W	38	35	-	-
10,720	-	Sahrish Textile Mills Limited	Unrated	19	18	-	-
2,164	-	Yousaf Weaving Mills Limited	Unrated	11	12	-	-
9,400	-	Sakrand Sugar Mills Limited	Unrated	29	30	-	-
3,500	-	Bawany Sugar Mills Limited	Unrated	25	26	-	-
13,700	-	Dadabhoy Cement Industries Limited	Unrated	91	82	-	-
6,000	-	Khurshid Spinning Mills Limited	Unrated	10	10	-	-
4,400	-	Taj Textile Limited	Unrated	11	12	-	-
9,379,860	-	World Call Telecommunication Limited	A+/A1	110,380	100,830	-	-
87,530	-	Gulistan Textile Limited	Unrated	1,393	1,747	-	-
183,000	-	AMZ Ventures Limited	Unrated	<u>1,830</u>	<u>769</u>	-	-
				<u>160,873</u>	<u>142,764</u>	-	-

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

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8.8 Particulars of Units/ Certificates held in Mutual funds	2006			2005		
	Rating	Cost	Market value	Rating	Cost	Market value
(Number of units)	(Rupees in '000)			(Rupees in '000)		
25,171 - PICIC Growth Fund (ICP Bonus)	MFR 3-Star	789	709	-	-	-
13,685 - PICIC Investment Fund (ICP Bonus)	MFR 3-Star	208	199	-	-	-
12,911 - Pakistan Premier Fund (ICP Bonus)	5-Star	167	168	-	-	-
22,494 - UTP- Growth Fund (ICP Bonus)	Unrated	306	292	-	-	-
3,889,697 - UTP Large Capital Fund	Unrated	29,757	31,116	-	-	-
5,250 - Pakistan Capital Market Fund	5-Star	62	59	-	-	-
800,000 - AMZ Plus Income Fund	A(F)	73,001	85,015	-	-	-
1,000,000 - AMZ Plus Stock Fund	4-Star	97,840	97,150	-	-	-
219,235 - National Investment Trust	4-Star	2,172	9,834	-	1,364	1,364
580,750 - First Dawood Mutual Fund	4-Star	5,000	3,688	-	-	-
2,500,000 - Pakistan Strategic Allocation Fund	5-Star	22,249	21,250	-	-	-
Total Mutual Funds		<u>231,551</u>	<u>249,480</u>		<u>1,364</u>	<u>1,364</u>
8.9 Particulars of listed TFC						
Bank Al-Habib Limited - Sub-ordinated	AA/A1+	65,485	65,483	-	-	-
Bank Al-Falah Limited- TFC-I - Sub-ordinated	AA/A1+	28,638	24,741	-	-	-
Bank Al-Falah Limited- TFC-II - Sub-ordinated	AA/A1+	9,668	9,667	-	-	-
Askari Bank Ltd - Sub-ordinated	AA+/A1+	49,354	48,354	-	-	-
Azgard Nine	A/A1	95,227	95,217	-	-	-
Al-Zamin Leasing Modarba	A	7,044	7,032	-	-	-
Pakistan Services Limited	A	77,236	73,304	-	-	-
		<u>332,652</u>	<u>323,798</u>			

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		2006	2005
		(Rupees in '000)	
8.10 Particulars of unlisted TFCs - Available for sale			
	Rating		
Dewan Cement Limited Coupon @ 6 months Kibor +2.5% Semi Annually; Term: 7 years maturing on 15 July 2011. Chief Executive: Dewan Muhammad Yousuf Farooqui	TFC Series A A/A1	71,148	-
Dewan Hattar Cement Limited Coupon @ 6 months Kibor +2.5% Semi Annually; Term: 7 years maturing on 15 July 2011. Chief Executive: Dewan Muhammad Yousuf Farooqui	TFC Series A Unrated	62,550	-
		<u>133,698</u>	<u>-</u>
8.11 Particulars of shares held - Unlisted			
	2006	2005	
	(Number of Shares)		
	39,675	31,740	Investment Corporation of Pakistan Limited Ordinary Shares of Rs. 100 each Chief Executive; Tariq Iqbal Khan
	80	50	Khushali Bank Limited Ordinary Shares of Rs. 1,000,000 each Chief Executive; M. Ghalib Nishtar
	573,769	-	Pakistan Export Finance Guarantee Agency Limited Chief Executive; S.M. Zaeem
	8	-	Society for Worldwide Interbank Fund Transfer
	2	-	Sindh Provincial Cooperative Bank Ordinary Shares of Rs. 500 each
	500	-	Credit Information Bureau of Sri Lanka
			AA/A1+ 12,726 2,031
			A-/A-1 83,088 50,000
			Unrated 2,835 -
			Unrated 895 -
			Unrated - -
			Unrated 28 -
			<u>99,572</u> <u>52,031</u>
8.12 Particulars of listed TFCs - Held to maturity			
Al-Zamin Leasing Modarba Crescent Investment Bank	A- BBB	3,400 2,356	- -
		<u>5,756</u>	<u>-</u>
8.13 Particulars of unlisted TFCs - Held to Maturity			
Dewan Cement Limited Coupon @ 6 months Kibor +2.5% Semi Annually; Term: 7 years maturing on 15 July 2011. Chief Executive: Dewan Muhammad Yousuf Farooqui	TFC Series A A/A1	11,577	-
Dewan Cement Limited Term: 9 years maturing on 15 July 2013. Chief Executive: Dewan Muhammad Yousuf Farooqui	TFC Series B A/A1	3,552	-
Dewan Hattar Cement Limited Coupon @ 6 months Kibor +2.5% Semi Annually; Term: 7 years maturing on 15 July 2011. Chief Executive: Dewan Muhammad Yousuf Farooqui	TFC Series A Unrated	7,010	-
Dewan Hattar Cement Limited Term: 9 years maturing on July15, 2013. Chief Executive: Dewan Muhammad Yousuf Farooqui	TFC Series B Unrated	1,638	-
		<u>23,777</u>	<u>-</u>

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9 ADVANCES	Note	2006	2005
		(Rupees in '000)	
Loans, cash credits, running finances, etc.			
- In Pakistan		131,571,490	49,402,658
- Outside Pakistan		873,929	-
		132,445,419	49,402,658
Net Investment in Finance Lease			
- In Pakistan	9.2	4,537,074	2,266,116
Bills discounted and purchased (excluding treasury bills)			
- Payable in Pakistan		2,335,038	698,647
- Payable outside Pakistan		2,941,080	432,235
		5,276,118	1,130,882
Advances-gross		142,258,611	52,799,656
Provision for non-performing advances	9.4	(9,242,170)	(614,830)
Advances-net of provision		<u>133,016,441</u>	<u>52,184,826</u>
9.1 Particulars of advances			
9.1.1 In local currency		125,542,592	49,720,787
In foreign currencies		7,473,849	2,464,039
		<u>133,016,441</u>	<u>52,184,826</u>
9.1.2 Short term (for upto one year)		82,155,337	31,608,388
Long term (for over one year)		50,861,104	20,576,438
		<u>133,016,441</u>	<u>52,184,826</u>

9.2 Net Investment In Finance Lease

	31 December 2006				31 December 2005			
	Not later than one year	Later than one and less than five years	Over five years	Total	Not later than one year	Later than one and less than five years	Over five years	Total
 Rupees in '000 Rupees in '000			
Lease rentals receivable	2,009,312	2,151,606	474	4,161,392	994,584	1,124,610	-	2,119,194
Residual Value	459,238	753,834	2,571	1,215,643	64,380	303,480	-	367,860
Minimum Lease payments	2,468,550	2,905,440	3,045	5,377,035	1,058,964	1,428,090	-	2,487,054
Financial charges for future periods	454,226	385,634	101	839,961	72,775	148,163	-	220,938
Present value of minimum lease payments	<u>2,014,324</u>	<u>2,519,806</u>	<u>2,944</u>	<u>4,537,074</u>	<u>986,189</u>	<u>1,279,927</u>	<u>-</u>	<u>2,266,116</u>

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9.3 Advances include Rs. 7,972.774 million (2005: Rs. 400.70 million) which have been placed under non-performing status as detailed below:

Category of classification	2006								
	Classified advances			Provision required			Provision held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
	(Rupees in '000)								
OAEM	223,473	-	223,473	77,709	-	77,709	77,709	-	77,709
Substandard	2,093,690	-	2,093,690	589,534	-	589,534	589,534	-	589,534
Doubtful	1,104,486	3,212	1,107,698	620,975	3,212	624,187	620,975	3,212	624,187
Loss	4,464,379	83,534	4,547,913	4,217,928	43,397	4,261,325	4,217,928	43,397	4,261,325
	<u>7,886,028</u>	<u>86,746</u>	<u>7,972,774</u>	<u>5,506,146</u>	<u>46,609</u>	<u>5,552,755</u>	<u>5,506,146</u>	<u>46,609</u>	<u>5,552,755</u>
General Provision	-	-	-	-	-	-	3,668,379	1,036	3,689,415
	<u>7,886,028</u>	<u>86,746</u>	<u>7,972,774</u>	<u>5,506,146</u>	<u>46,609</u>	<u>5,552,755</u>	<u>9,194,525</u>	<u>47,645</u>	<u>9,242,170</u>

Category of classification	2005								
	Classified advances			Provision required			Provision held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
	(Rupees in '000)								
Substandard	37,695	-	37,695	13,102	-	13,102	13,102	-	13,102
Doubtful	7,000	-	7,000	6,530	-	6,530	6,530	-	6,530
Loss	356,000	-	356,000	312,468	-	312,468	312,468	-	312,468
	<u>400,695</u>	<u>-</u>	<u>400,695</u>	<u>332,100</u>	<u>-</u>	<u>332,100</u>	<u>332,100</u>	<u>-</u>	<u>332,100</u>
General Provision	-	-	-	-	-	-	282,730	-	282,730
	<u>400,695</u>	<u>-</u>	<u>400,695</u>	<u>332,100</u>	<u>-</u>	<u>332,100</u>	<u>614,830</u>	<u>-</u>	<u>614,830</u>

9.3.1 General provision as at December 31, 2006 represents a) balance arising out of fair value exercise of ex. Union Bank and b) balance determined in accordance with the Prudential Regulations issued by the SBP read with the SBP's letter dated 15 October 2004, addressed to the Bank, which requires maintenance of a general provision equivalent to 1% and 3% of the secured and unsecured consumer portfolio, respectively.

9.4 Particulars of provision against non-performing advances:

Note	2006			2005		
	Specific	General	Total	Specific	General	Total
	(Rupees in '000)					
Opening balance	332,100	282,730	614,830	951,429	54,575	1,006,004
Acquisition	4,191,284	3,396,588	7,587,872	-	-	-
Charge for the year	1,796,023	(27,351)	1,768,672	359,212	249,289	608,501
Reversals	(112,514)	-	(112,514)	(583,885)	-	(583,885)
	1,683,509	(27,351)	1,656,158	(224,673)	249,289	24,616
Amounts written off	9.6 (629,892)	-	(629,892)	(400,918)	-	(400,918)
Other movements	(24,246)	37,448	13,202	6,262	(21,134)	(14,872)
Closing balance	<u>5,552,755</u>	<u>3,689,415</u>	<u>9,242,170</u>	<u>332,100</u>	<u>282,730</u>	<u>614,830</u>

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9.5 Particulars of provision against non-performing advances:

	2006			2005		
	Specific	General	Total	Specific	General	Total
	(Rupees in '000)			(Rupees in '000)		
In Local Currency	5,506,146	3,688,379	9,194,525	332,100	282,730	614,830
In Foreign Currency	46,609	1,036	47,645	-	-	-
	<u>5,552,755</u>	<u>3,689,415</u>	<u>9,242,170</u>	<u>332,100</u>	<u>282,730</u>	<u>614,830</u>

9.6 Particulars of write offs:

	2006	2005
	(Rupees in '000)	
9.6.1 Against provisions	629,892	400,918
Directly charged to profit and loss account	206,099	-
	<u>835,991</u>	<u>400,918</u>
9.6.2 Write-offs of Rs. 500,000 and above	71,319	162,029
Write-offs of below Rs. 500,000	764,672	238,889
	<u>835,991</u>	<u>400,918</u>

9.7 Detail 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 period ended 31 December 2006 is given in Annexure 1.

9.8 Particulars of loans and advances to directors, associated companies, etc.

(i) Debts due by directors, executives or officers of the bank or any of them either severally or jointly with any other persons	2006	2005
	(Rupees in '000)	
Balance at beginning of the year	1,012,724	1,015,559
Acquisition	1,323,199	-
Loans granted during the year	784,748	399,201
Repayments	(700,499)	(402,036)
Balance at end of the year	<u>2,420,172</u>	<u>1,012,724</u>

Standard Chartered Bank (Pakistan) Limited

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	Note	2006	2005
(Rupees in '000)			
10. OPERATING FIXED ASSETS			
Capital work-in-progress	10.1	212,289	178,165
Property and equipment	10.2	3,221,235	343,524
Assets leased out	10.3	10,570	-
		<u>3,444,094</u>	<u>521,689</u>
10.1 Capital work-in-progress			
Civil works		44,745	45,659
Advance payment towards property and equipments		118,467	23,489
Consultants fee and other charges		49,077	109,017
		<u>212,289</u>	<u>178,165</u>

10.2 Property and equipment

	2006									
	COST					DEPRECIATION			Book value	
	As at 1 January 2006	Acquisition	Additions/ (deletions/ write off/ Adjustments	As at 31 December 2006	As at 1 January 2006	Acquisition	Charge/ (Deletions/ write off/ Adjustments	As at 31 December 2006	as at 31 December 2006	Rate of depreciation %
(Rupees in '000)										
Land and buildings on freehold land	87,174	2,454,708	8,208 (690) (116)	2,549,284	47,415	534,223	58,149 (690)	639,097	1,910,186	5%-6.67%
Land and buildings on leasehold land	261,751	-	233,740 (2,176)	493,315	171,966	-	38,232 (1,910)	208,288	285,027	6.67%-25%
Furniture, fixtures and office equipment	817,693	1,297,466	259,998 (6,061) (785)	2,368,311	623,404	777,410	134,849 (4,971) (469)	1,530,223	838,088	10% - 33.33%
Vehicles	6,481	235,384	20,602 (29,196) (2)	233,269	5,687	61,680	15,615 (11,146)	71,836	161,433	20%
Assets held under finance lease:										
Computer equipment	208,117	73,970	-	282,087	189,240	60,267	7,148	256,655	25,432	20%-33.33%
Vehicles	-	3,195	- - (141)	3,054	-	1,871	178 - (63)	1,986	1,068	20%
	<u>1,381,216</u>	<u>4,064,723</u>	<u>522,548</u> <u>(38,123)</u> <u>(1,044)</u>	<u>5,929,320</u>	<u>1,037,712</u>	<u>1,435,451</u>	<u>254,171</u> <u>(18,717)</u> <u>(532)</u>	<u>2,708,085</u>	<u>3,221,235</u>	

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	2005							
	COST			DEPRECIATION			Book value	Rate of depreciation %
	As at 1 January 2005	Additions/ (Deletions)/ Adjustments	As at 31 December 2005	As at 1 January 2005	Charge/ (Deletions)/ Adjustments	As at 31 December 2005	as at 31 December 2005	
(Rupees in '000)								
Land and buildings on freehold land	87,174	-	87,174	42,033	5,382	47,415	39,759	6.67%
Land and buildings on leasehold land	201,435	66,442 (6,126)	261,751	150,271	27,821 (6,126)	171,966	89,785	6.67%
Furniture, fixtures and office equipment	769,447	53,062 (4,816)	817,693	544,571	83,603 (4,790)	623,384	194,309	20-33.33%
Vehicles	9,108	2,834 (5,461)	6,481	8,228	499 (3,040)	5,687	794	20%
Assets held under finance lease:								
Computer equipment	208,117	-	208,117	172,517	16,723	189,240	18,877	33.33%
	1,275,281	122,338 (16,403)	1,381,216	917,620	134,028 (13,956)	1,037,692	343,524	

10.2.1 Depreciation rates for furniture, fixtures and office equipment are as follows:

Furniture and fixtures	10-20	percent
Printers	20	percent
Other office equipment	20	percent
Computer equipment	20-33.33	percent

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10.3 Details of disposal of assets whose original cost or the book value exceeds Rs. 1 million or Rs. 250,000, which ever is lesser and assets disposed off to the chief executive or to a director or to executives or to shareholder holding not less than 10% of the voting shares of the bank or to any related party, irrespective of value, are given below:

Particulars	Cost	Accumulated Depreciation Till Date of Disposal	Book Value at the Time of Disposal	Sale Proceeds	Gain / (Loss) on Sale	Mode of Disposal	Particulars of Purchaser
VEHICLES	1,042	226	816	886	70	Under Agreement	Mr. Mehmood Batla
VEHICLES	560	131	429	403	(26)	Under Agreement	Ms. Fauzia Sohail
VEHICLES	1,268	592	676	592	(84)	Under Agreement	Mr. Akbar Chughtai
VEHICLES	845	394	451	437	(14)	Under Agreement	Mr. Akbar Chughtai
VEHICLES	600	580	20	196	176	Under Agreement	Mr. Basir Mirza
VEHICLES	560	140	420	411	(9)	Under Agreement	Mr. Azim Ullah Khan
VEHICLES	560	131	429	411	(18)	Under Agreement	Mr. Ikhtlaq Ahmed
VEHICLES	876	321	555	608	53	Under Agreement	Mr. Asad Abbas
VEHICLES	1,293	474	819	769	(50)	Under Agreement	Mr. Masroor A. Qureshi
VEHICLES	1,268	697	571	592	21	Under Agreement	Mr. Shamsul Hasan
VEHICLES	885	221	664	649	(15)	Under Agreement	Mr. Zulfiqar Ali Khan
VEHICLES	886	177	709	709	-	Under Agreement	Mr. Brian Tellis
VEHICLES	1,288	558	730	790	60	Under Agreement	Mr. Shamsul Hasan
VEHICLES	936	94	842	645	(197)	Under Agreement	Mr. Rafi Mohammad Khan
VEHICLES	560	140	420	403	(17)	Under Agreement	Mr. Zikar Makani
VEHICLES	600	30	570	504	(66)	Under Agreement	Mr. Wasib Mohsin
VEHICLES	580	145	435	433	(2)	Under Agreement	Ms. Bushra Ahad
VEHICLES	555	37	518	500	(18)	Under Agreement	Mr. M. Omer Afzal
VEHICLES	1,010	1,010	-	331	331	Under Agreement	Mr. Irshad Nazir
VEHICLES	1,042	174	868	955	87	Under Agreement	Ms. Shafaq Rahid
VEHICLES	560	93	467	448	(19)	Under Agreement	Ms. Rabia Omar Hassan
VEHICLES	841	252	589	628	39	Under Agreement	Mr. Ahmed Qureshi
VEHICLES	615	41	574	504	(70)	Under Agreement	Mr. Sardar Hashim Ali
VEHICLES	560	28	532	495	(37)	Under Agreement	Mr. Mohammed Hanif
VEHICLES	399	399	-	180	180	Under Agreement	Mr. Zahid Aftab
VEHICLES	560	149	411	396	(15)	Under Agreement	Mr. Amin Lalani
VEHICLES	495	149	346	268	(78)	Under Agreement	Mr. Nooman Mahmood
VEHICLES	413	214	199	277	78	Under Agreement	Mr. Muzammil Hussain
VEHICLES	560	103	457	448	(9)	Under Agreement	Mr. Fawad Hamid
VEHICLES	936	140	796	649	(147)	Under Agreement	Mr. Aanif Ali Mehdi
VEHICLES	1,245	497	748	767	19	Under Agreement	Mr. Zahid Hanif
MACH & EQUIP (OFF)	18	1	17	17	-	Under Agreement	Mr. Shamsul Hasan
MACH & EQUIP (OFF)	49	3	46	41	(5)	Under Agreement	Mr. Shaukat Tarin
MACH & EQUIP (OFF)	28	14	14	23	9	Under Agreement	Mr. Shaukat Tarin
MACH & EQUIP (OFF)	28	10	18	23	5	Under Agreement	Mr. Shaukat Tarin
MACH & EQUIP (OFF)	49	3	46	41	(5)	Under Agreement	Mr. Shaukat Tarin
COMPUTER & PERIPH	110	15	95	95	-	Under Agreement	Mr. Shamsul Hasan
VEHICLES	660	139	521	444	(77)	Service Rule	Syed Hassan Mehdi (Ex Employee)
VEHICLES	629	101	528	466	(62)	Service Rule	Nouman Akhtar (Ex-Employee)
VEHICLES	1,470	854	616	614	(1)	Service Rule	Shahzad Enver Murad (Ex-Chief Executive)
MACH & EQUIP (OFF)	656	656	-	4	4	Negotiation	Mr. Majeed Akhtar
	28,095	10,133	17,962	18,052	91		
Furniture, fixtures, office equipment and computer equipments Items having bookvalue of less than Rs. 250,000 and cost of less than Rs. 1,000,000	9,916	8,530	1,386	2,114	728		
	38,011	18,663	19,348	20,166	819		
Furniture, fixtures, office equipment and computer equipments Minor writeoffs	112	54	58	-	(58)		
	38,123	18,717	19,406	20,166	761		

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10.4 Assets leased out

	2006									
	COST				DEPRECIATION				Book value	Rate of amortization %
	As at 1 January 2006	Acquisition	Additions	As at 31 December 2006	As at 1 January 2006	Acquisition	Charge	As at 31 December 2006	as at 31 December 2006	
	(Rupees in '000)									
Machinery	-	20,000	-	20,000	-	8,783	647	9,430	10,570	-

11 INTANGIBLE ASSETS

	2006											
	COST				AMORTIZATION					Book value	Rate of amortization %	
	As at 1 January 2006	Acquisition	Additions	(Deletions/write off) Adjustments	As at 31 December 2006	As at 1 January 2006	Acquisition	Charge	(Deletions/write off) Adjustments	As at 31 December 2006		as at 31 December 2006
	(Rupees in '000)											
Goodwill	-	25,589,020	-	-	25,589,020	-	-	-	-	-	25,589,020	
Core deposits intangible	-	1,982,413	-	-	1,982,413	-	-	203,351	-	203,351	1,779,062	
Customer relationships intangible	-	774,680	-	-	774,680	-	-	108,818	-	108,818	665,862	
Brand names	-	389,400	-	-	389,400	-	-	13,200	-	13,200	376,200	
Computer software	19,586	210,870	27,510	(34,546)	223,420	8,611	54,411	17,468	(7,322)	73,168	150,252	20
	<u>19,586</u>	<u>28,946,383</u>	<u>27,510</u>	<u>(34,546)</u>	<u>28,958,933</u>	<u>8,611</u>	<u>54,411</u>	<u>342,837</u>	<u>(7,322)</u>	<u>398,537</u>	<u>28,560,396</u>	

	2005											
	COST				AMORTIZATION					Book value	Rate of amortization %	
	As at 1 January 2005	Acquisition	Additions	(Deletions)	As at 31 December 2005	As at 1 January 2005	Acquisition	Charge	(Deletions)	As at 31 December 2005		as at 31 December 2005
	(Rupees in '000)											
Computer software	19,586	-	-	-	19,586	4,219	-	4,392	-	8,611	10,975	20
	<u>19,586</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,586</u>	<u>4,219</u>	<u>-</u>	<u>4,392</u>	<u>-</u>	<u>8,611</u>	<u>10,975</u>	

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12. DEFERRED TAX ASSET / (LIABILITY)

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

	2006				At 31 December 2006
	At 1 January 2006	Acquisition	(Charge)/ credit to profit and loss	Debit / (credit) to equity	
	(Rupees in '000)				
Available for sale investments	191,497	-	-	(23,299)	168,198
Investments - Union Bank Limited	-	152,794	-	-	152,794
Provisions for loans and advances	-	2,396,163	576,286	-	2,972,449
Other assets	-	(16,913)	-	-	(16,913)
Fixed assets	12,952	(256,910)	(37,849)	-	(281,807)
Deposits	-	225,754	(101,522)	-	124,232
Subordinated loans	-	(22,979)	-	-	(22,979)
Liabilities against assets subject to finance lease	-	(143)	(174)	-	(317)
Other liabilities	-	11,492	-	-	11,492
Goodwill	-	-	(153,745)	-	(153,745)
Actuarial gains on retirement benefits	(14,574)	-	-	(3,312)	(17,886)
	<u>189,875</u>	<u>2,489,258</u>	<u>282,996</u>	<u>(26,611)</u>	<u>2,935,518</u>
	2005				
	At 1 January 2005	(Charge)/ credit to profit and loss	Debit / (credit) to equity	At 31 December 2005	
	(Rupees in '000)				
Available for sale investments	121,047	-	70,450	191,497	
Fixed assets	-	12,952	-	12,952	
Actuarial gains on retirement benefits	(18,852)	-	4,278	(14,574)	
	<u>102,195</u>	<u>12,952</u>	<u>74,728</u>	<u>189,875</u>	

13. OTHER ASSETS

	Note	2006	2005
		(Rupees in '000)	
Income / mark-up accrued in local currency		2,914,618	890,445
Income / mark-up accrued in foreign currency		58,650	46,262
Advances, deposits, advance rent and other prepayments		1,124,629	176,941
Receivable from Defined Benefit Plans		214,563	176,548
Clearing Suspense account		154,462	193,360
Unrealized gain on forward foreign exchange contracts		101,646	228,957
Interest rate derivatives and currency option - positive fair value		4,534,440	4,704,233
Receivable from SBP / Government of Pakistan		289,534	947,942
Non-banking assets acquired in satisfaction of claims	13.1	108,787	-
Tax compensation under section 102 of the Income Tax Ordinance		160,653	-
Bank Acceptances	13.2	7,059,040	1,734,885
Syndication commission receivable		-	12,000
Others		342,032	90,059
		<u>17,063,054</u>	<u>9,201,632</u>
Less: Provision against other assets	13.3	(120,655)	(35,495)
		<u>16,942,399</u>	<u>9,166,137</u>

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- 13.1** The market value of non banking assets acquired in satisfaction of claims amounted to Rs. 108.8 million.
- 13.2** Other assets and other liabilities include Rs. 7.059 billion (31 December 2005: Rs. 1.735 billion) in respect of acceptances which were previously classified as off balance sheet items.

13.3 Provision Against Other Assets

	Note	2006	2005
		Rupees in '000	
Opening balance		35,495	-
Acquisition		72,737	-
Charge for the year		12,423	35,495
Closing balance		<u>120,655</u>	<u>35,495</u>

14. BILLS PAYABLE

In Pakistan	4,172,599	2,011,724
Outside Pakistan	87,235	52,226
	<u>4,259,834</u>	<u>2,063,950</u>

15. BORROWINGS FROM FINANCIAL INSTITUTIONS

In Pakistan	22,313,209	7,408,283
Outside Pakistan	671,409	2,748
	<u>22,984,618</u>	<u>7,411,031</u>

15.1 Particulars of borrowings with respect to currencies

In local currency	22,313,209	7,118,657
In foreign currency	671,409	292,374
	<u>22,984,618</u>	<u>7,411,031</u>

15.2 Details of borrowings secured / unsecured

Secured

Borrowings from State Bank of Pakistan under:

Export refinance scheme	15.2.1	4,945,568	367,800
LTF - Export oriented project	15.2.2	650,387	-
Repurchase agreement borrowings	15.2.3	8,842,164	6,373,558
Term finance facility	15.2.4	839,381	-
Morabaha Finance	15.2.5	100,000	200,000
		<u>15,377,500</u>	<u>6,941,358</u>

Unsecured

Call borrowings	15.2.6	7,359,665	289,625
Overdrawn nostro accounts	15.2.7	247,453	180,048
		<u>22,984,618</u>	<u>7,411,031</u>

Standard Chartered Bank (Pakistan) Limited

Notes to the Consolidated Financial Statements

For the year ended 31 December 2006

- 15.2.1** Mark-up on export refinance from the SBP is charged at rates ranging between 6.0 to 7.5 percent (2005: 8.00 to 9.00 percent) per annum. These loans are secured against demand promissory notes executed by the Bank in favour of the SBP.
- 15.2.2** Mark-up on long term finance for export oriented projects from the SBP is charged at rates ranging between 4.0 to 6.0 percent per annum . These loans are secured against demand promissory notes executed by the Bank in favour of the SBP.
- 15.2.3** Repos carry mark-up at rates ranging between 8.35 to 9.40 percent per annum (2005: 5.9 to 8.4 percent per annum) payable at maturity and are due to mature by March 2007.
- 15.2.4** These represents term finance facilities obtained from various financial institutions carrying mark-up at six months KIBOR + 1.55% per annum to six months KIBOR + 2.25% per annum and are repayable by June 2010. The loans are secured by hypothecation charge on specific lease assets and rentals receivable.
- 15.2.5** The estimated share of profit payable on the morabaha finance ranges between 10.83 to 10.86 percent per annum (2005: 9.39 to 9.41 percent per annum) and is due to mature by September 2007.
- 15.2.6** Call borrowings carry mark-up at rates ranging between 8.00 to 12.00 percent per annum (2005: 2.15 to 4.45 percent per annum) payable on monthly basis and are due to mature by January 2007.
- 15.2.7** This also includes overdrawn nostro accounts with branches of the Bank outside Pakistan amounting to Rs. 238.60 million (2005: Rs. 2.75 million).

16. DEPOSITS AND OTHER ACCOUNTS

	Note	2006	2005
(Rupees in '000)			
Customers			
- Fixed deposits		46,571,158	18,046,959
- Savings deposits		54,975,697	35,932,698
- Current accounts - Non-remunerative		53,347,573	28,960,122
- Margin accounts		555,627	349,272
- Special exporters' account		25,453	40,001
		<u>155,475,508</u>	<u>83,329,052</u>
Financial Institutions			
- Remunerative deposits		640,457	-
- Non-remunerative deposits	16.1	452,471	259,852
		<u>1,092,928</u>	<u>259,852</u>
		<u>156,568,436</u>	<u>83,588,904</u>

- 16.1** This includes Rs. 91.88 million (2005 : Rs. 43.81 million) for balances of other branches of Standard Chartered Bank outside Pakistan.

	2006	2005
(Rupees in '000)		
16.2 Particulars of deposits		
In local currency	127,865,277	64,709,605
In foreign currencies	28,703,159	18,879,299
	<u>156,568,436</u>	<u>83,588,904</u>

Standard Chartered Bank (Pakistan) Limited Notes to the Consolidated Financial Statements

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17. SUB-ORDINATED LOANS

	Note	2006	2005
		(Rupees in '000)	
Term Finance Certificates issued	17.1 & 17.2	2,414,851	-
17.1	The Bank has issued subordinated term finance certificates in three issues. First issue of Rs. 750 million was made in 2002, the second issue of Rs. 750 million was made in December 2003, and the third issue of Rs. 1,000 million was offered to private investors in December 2005 and the public offer was made in February 2006.		
17.2	The TFCs are unsecured and are subordinated to the depositors and other creditors of the bank and carry following terms:		
	First Issue	Second Issue	Third Issue
Year of issue	2002	2003	2005
Rating	A	A	A+
Rate	2.25% above the cut-off yield of last successful auction of five years PIB	0.75% above the cut-off yield of last successful auction of five years PIB	2.00% above the six month Karachi Inter-Bank Offered Rate ("KIBOR") prevailing one working day prior to the beginning of each semi annual period.
Floor	11%	5%	-
Ceiling	15.50%	10.75%	-
Repayment	5 years	7 years	7 years

18. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	2006				2005			
	Minimum lease payments	Financial charges for future periods	Security Deposit	Principal outstanding	Minimum lease payments	Financial charges for future periods	Security Deposit	Principal outstanding
	(Rupees in '000)				(Rupees in '000)			
Not later than one year	783	-	(47)	736	-	-	-	-
Later than one year								
but not later than five years	-	-	-	-	-	-	-	-
	<u>783</u>	<u>-</u>	<u>(47)</u>	<u>736</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The Bank has entered into Sale and Lease-Back Agreements with Union Leasing Limited for Vehicles, Computers and Office Equipment. Lease rentals are payable in monthly installments by June 2007. Financial charges, included in the lease rentals, are determined on the basis of discount factors applied at the rate of 15% per annum.

Standard Chartered Bank (Pakistan) Limited

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19. OTHER LIABILITIES

	Note	2006	2005
(Rupees in '000)			
Mark-up / return / interest payable in local currency		1,093,032	198,549
Mark-up / return / interest payable in foreign currencies		104,984	35,167
Musharika and profit thereon	19.1	370,563	425,195
Certificate of Musharika	19.2	351,030	382,845
Accrued expenses		1,288,590	537,454
Provision for taxation		892,603	1,243,271
Advance payments		241,463	189,669
Sundry creditors		1,156,152	73,980
Unrealised loss on forward foreign exchange contracts		68,149	281,836
Interest rate derivatives currency options - negative values		4,370,389	4,679,909
Payable to defined contribution plans		161,598	182,954
Due to holding company	19.3	744,492	8,360
Unclaimed balances		48,476	77,188
Clearing suspense account		422,815	599,603
Branch adjustment account - outside Pakistan branches		313,677	298,126
Provision against contingencies	19.4	72,932	4,963
Short sell - Treasury Bills / Pakistan Investment Bonds		344,512	157,389
Bank Acceptances		7,059,040	1,734,885
Unsettled trades		1,835,200	-
Security Deposit		183,016	171,767
Certificate of Investment		1,122,509	-
Others		340,043	54,672
		<u>22,585,265</u>	<u>11,337,782</u>

19.1 The estimated share of profit payable on participatory and unsecured Musharika facilities ranges from 6% to 16% per annum and are due to mature by December 2008.

19.2 The estimated share of profit payable on participatory and unsecured Certificates of Musharika ranges from 5.25% to 11.00% per annum and are due to mature by December 2001.

		2006	2005
(Rupees in '000)			
19.3 Due to Holding company			
Due to Holding Company on account of Eastern Bank		1,387	1,387
Due to Holding Company on account of SCB Pakistan Branches	19.1.1	698,072	-
Due to Chittagong branch of the Holding Company		6,177	6,177
Other		38,856	796
		<u>744,492</u>	<u>8,360</u>

19.3.1 This represents excess of the net assets of the SCB Pakistan branches over the number of shares issued on transfer of SCB branches business effective 29 December 2006. The amount is to be remitted to the holding company.

		2006	2005
(Rupees in '000)			
19.4 Provision against off-balance sheet obligations			
Opening balance		4,963	4,963
Acquisition		43,410	-
Charge for the year		24,559	-
Closing balance		<u>72,932</u>	<u>4,963</u>

Standard Chartered Bank (Pakistan) Limited

Notes to the Consolidated Financial Statements

For the year ended 31 December 2006

20. SHARE CAPITAL/ HEAD OFFICE CAPITAL ACCOUNT

20.1 Authorized Capital

2006	2005	Note	2006	2005
(Number of shares)			(Rupees in '000)	
<u>4,000,000,000</u>	-	Ordinary shares of Rs. 10 each	<u>4,000,000,000</u>	-

20.2 Issued, subscribed and paid up

		Ordinary shares of Rs. 10 each		
2,939,785,018	-	Fully paid in cash	29,397,850	-
931,800,003	-	Issued in terms of scheme of amalgamation	9,318,000	-
		20.3		
<u>3,871,585,021</u>	-		<u>38,715,850</u>	-

20.3 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.

20.4 At 31 December 2006, Standard Chartered Bank, United Kingdom held 99% of the shares of the Bank.

20.5 Head Office Capital Account

This represented amount invested by SCB branches in unencumbered approved securities as permitted by Banking Companies Ordinance, 1962, having a face value of Rs. 4.11 billion.

21. RESERVES

		2006	2005
		(Rupees in '000)	
Share premium	21.1	1,036,090	-
Statutory reserve	21.2	170,172	73,033
Exchange translation reserve		(19,623)	-
		<u>1,186,639</u>	<u>73,033</u>

21.1 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.

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

22. SURPLUS / (DEFICIT) ON REVALUATION OF SECURITIES - NET

	2006	2005
	(Rupees in '000)	
Market Treasury Bills	26,526	21,700
Pakistan Investment Bonds	(505,405)	(568,834)
Term Finance Certificate	(8,854)	-
Quoted Shares	(180)	-
	<u>(487,913)</u>	<u>(547,134)</u>
Deferred tax asset recognised	168,198	191,497
	<u>(319,715)</u>	<u>(355,637)</u>

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	Note	2006	2005
		(Rupees in '000)	
23	CONTINGENCIES AND COMMITMENTS		
23.1	Transaction-related contingent liabilities		
	Guarantees issued favouring:		
	- Government	16,003,491	5,495,878
	- Others	4,324,691	6,458,436
23.2	Trade-related contingent liabilities		
	Letters of credit	16,724,705	5,367,665
23.3	Other contingencies		
	Claims against the Bank not acknowledged as debt	1,477,559	1,056,792
	23.3.1		
23.3.1	This includes claims for penal interest and additional surcharge amounting to Rs. 81.18 million claimed by Customs authorities in respect of certain bank guarantees issued on behalf of a customer in favour of Collector of Customs, Government of Pakistan. The guarantees remaining outstanding against the said customer at 31 December 2006 amount to Rs. 80.83 million.		
	The bank has referred the claims to Alternate Dispute Resolution (ADR) Committee, where it has yet to come up for a hearing.		
	The bank considers that the above amounts are not payable and if it is required to settle the claims, it would be able to recover them from the customer.		
23.4	Commitments in respect of forward exchange contracts		
		2006	2005
		(Rupees in '000)	
	Purchase		
	State Bank of Pakistan	7,984,596	3,314,812
	Other banks	37,896,773	25,388,429
	Customers	7,208,756	3,734,431
	Sale		
	State Bank of Pakistan	3,671,030	8,962
	Other banks	22,891,934	25,238,753
	Customers	16,152,302	3,582,160
23.5	Commitments in respect of operating leases		
	Not later than one year	8,993	10,968
	Later than one year and not later than five years	16,897	25,996

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23.6 Derivative Instruments

23.6.1 Product Analysis

Counterparties	Interest Rate Swaps		FX Options	
	No. of Contracts	Notional Principal	No. of Contracts	Notional Principal *
------(Rupees in '000)-----				
With Banks for				
Hedging	-	-	-	-
Market Making	27	74,831,260	4	252,051
With FIs other than banks				
Hedging	-	-	-	-
Market Making	4	1,350,000	-	-
With other entities for				
Hedging	-	-	-	-
Market Making	84	113,246,790	4	252,051
Total				
Hedging	-	-	-	-
Market Making	115	189,428,050	8	504,102
2005 Total Market Making	21	101,941,691	82	11,394,136

* At the exchange rate prevailing at the end of the reporting period

Contracts with banks represent contracts entered with branches of Standard Chartered Bank, UK to obtain cover against the contracts with customers.

23.6.2 Maturity Analysis

Interest Rate Swaps

Remaining Maturity	No. of contracts	Notional principal	Mark to Market		
			Negative	positive	Net
------(Rupees in '000)-----					
Upto 1 month	11	11,994,413	(6,919)	7,053	134
1 to 3 months	12	1,071,778	(2,792)	2,757	(35)
3 to 6 months	21	9,984,834	(19,953)	20,716	763
6 month to 1 Year	3	1,005,371	-	14,237	14,237
1 to 2 Year	17	6,705,274	(22,083)	33,008	10,925
2 to 3 Years	19	124,382,658	(4,166,109)	4,177,902	11,793
3 to 5 Years	24	6,886,157	(61,562)	122,506	60,944
5 to 10 years	8	27,397,566	(45,555)	152,296	106,741
Above 10 Years	-	-	-	-	-

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	2006	2005
	(Rupees in '000)	
24. MARK-UP / RETURN / INTEREST EARNED		
On loans and advances to customers	10,569,145	4,966,267
On loans and advances to financial institutions	812,174	437,752
On held for trading securities	566,833	-
On available for sale securities	1,882,302	1,323,658
On deposits with financial institutions / the State Bank of Pakistan	188,278	62,697
On securities purchased under resale agreements	832,673	419,674
	<u>14,851,405</u>	<u>7,210,048</u>
25. MARK-UP / RETURN / INTEREST EXPENSED		
Deposits	2,817,732	1,250,641
Securities sold under repurchase agreements	775,142	397,293
Call borrowings	428,294	68,787
Borrowings from State Bank of Pakistan under export refinance scheme	116,384	25,969
Profit on redeemable capital and murabaha	108,382	87,427
Term finance certificates	88,169	-
Others	71,583	-
	<u>4,405,686</u>	<u>1,830,117</u>
26. GAIN / (LOSS) ON SALE OF SECURITIES		
Federal Government Securities		
Market treasury bills	93,060	19,483
Pakistan Investment Bonds	15,856	(208,676)
Shares	29,901	-
	<u>138,817</u>	<u>(189,193)</u>
27. OTHER INCOME		
Rent on property	2,179	1,661
Profit on sale of property and equipment	819	5,520
Liabilities no longer required written back	-	75,845
Income on interest rate derivatives	163,400	59,898
Others	109,485	35,723
	<u>275,883</u>	<u>178,647</u>

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Notes to the Consolidated Financial Statements

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	Note	2006	2005
(Rupees in '000)			
28. ADMINISTRATIVE EXPENSES			
Salaries, allowances, etc.		2,272,791	1,059,399
Contribution to defined contribution plan		96,822	63,019
Charge for defined benefit plans		15,271	350
Rent, taxes, insurance, electricity, etc.		475,289	244,513
Legal and professional charges		95,019	16,874
Communications		222,245	112,336
Travel		174,878	58,781
Repairs and maintenance		259,549	180,502
Rentals of operating leases		11,538	12,831
Stationery and printing		278,316	76,414
Finance charges on finance leases		1,460	-
Advertisement and publicity		231,550	148,529
Donations		3,992	21,825
Auditors' remuneration	28.3	11,360	5,948
Depreciation		254,818	134,029
Amortisation		371,185	4,392
Others		378,903	240,564
		<u>5,154,986</u>	<u>2,380,306</u>

28.1 Head office expenses in respect of SCB branches in Pakistan have not been incorporated in these financial statements.

28.2 Details of the donations given in excess of Rupees 100,000 are given as below:

	2006	2005
(Rupees in '000)		
The Kidney Centre	-	1,500
President Relief Fund Earth Quake Victims	3,000	20,000
Behbud Association	700	-
Murshid Hospital & Health Care Center	120	-

No donation was made to any donee in which any executive or director of the Bank had any interest at the time of donation.

	2006	2005
(Rupees in '000)		
28.3 Auditors' remuneration		
Audit fee	4,517	3,265
Fee for audit of pension, gratuity and provident funds	220	500
Special certifications and others	4,085	383
Taxation services	2,400	1,800
Out-of-pocket expenses	138	-
	<u>11,360</u>	<u>5,948</u>

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	Note	2006	2005
(Rupees in '000)			
29. OTHER CHARGES			
Penalties		510	13,096
These were imposed by the SBP mainly as a result of late submission of returns and shortfall in maintaining statutory liquidity reserve.			

		2006	2005
(Rupees in '000)			
30. TAXATION			
For the year			
- Current	30.1	2,136,828	1,404,841
- Deferred		(330,301)	(12,952)
		1,806,527	1,391,889
For prior years			
- Current		(197,319)	(16,682)
- Deferred		(4,338)	-
		1,604,870	1,375,207
30.1 Relationship between tax expense and accounting profit			
Profit before taxation		7,168,351	5,499,779
Tax at the applicable tax rate of 35 percent (2005: 38 percent)		2,508,923	2,089,916
Income exempt from tax		(18,801)	(7,569)
Dividend income at reduced rate		(15,760)	(298)
Expenses that are not deductible in determining taxable income		1,300	258,946
Income that are not taxable in determining taxable income		(235,688)	(365,072)
Head office expenses not booked in statutory financial statements		(532,700)	(538,460)
Others		99,253	(45,572)
		1,806,527	1,391,891

30.2 The income tax assessments of SCB Pakistan branches have been finalized upto and including the tax year 2004. Bank's / departmental appeals for the assessment / tax years 1976-77 to 2004 are pending before different appellate levels.

Despite management's expectation of favourable decision in the pending appeals, any tax liability in case of adverse decision has been fully provided.

30.3 Union Bank's tax assessments for the assessment years 1993-94 to 2001-02 and tax year 2005 are under various stages of appeal against certain disallowances. The assessment for 2005 was raised with additional demand of Rs. 753 million and company's appeal before CIT (A) was successful but the department has filed an appeal before the Income Tax Appellate Tribunal against the order of the Commissioner Income Tax (Appeals). However, the date of hearing of the appeal is yet to be decided. The management is confident of favourable outcome from appeals process.

30.4 EBI's (acquired by the Union Bank in 2002) assessments for the assessment years 1981-82 to 2001-02 are under various stages of appeal. The management is confident of favourable outcome from appeals process.

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- 30.5** One of the assets acquired as part of the acquisition of Emirates Bank Pakistan's operations (EBIL) by Union Bank included tax compensation receivable from CBR amounting to Rs 160.653 million on account of delayed refunds. The taxation officer had determined the amount of compensation of Rs 44.320 million through order dated 27 January 2006 as against the bank's claim of Rs 160.653 million. Appeal was filed before the Commissioner of Income tax (Appeals) who has allowed further compensation of Rs 72.476 million vide order no. 16 to 26 dated 31 May 2006. The bank and tax department have filed appeals before the Income Tax Appellate Tribunal which are pending for adjudication. The bank has also filed an application for resolution of this dispute by the Alternate Dispute Resolution Committee but the matter has not been heard as yet. As a matter of prudence, the bank has made a provision of Rs 43.857 million against the afore-mentioned tax compensation.

2006
(Rupees in '000)

31 BASIC EARNINGS PER SHARE

Profit attributable to equity holders of the Bank	5,575,766
	(Number of shares)
Weighted average number of ordinary shares	1,863,799,728
Basic earning per share	Rupees 2.99

2006 2005
(Rupees in '000)

32. CASH AND CASH EQUIVALENTS

Cash and balances with treasury bank	22,797,769	9,927,655
Balances with other banks	3,395,213	1,340,279
	<u>26,192,982</u>	<u>11,267,934</u>

33. STAFF STRENGTH

	Number	Number
Permanent	3,045	1,186
Temporary / on contractual basis	21	-
Daily wages	35	-
Bank's own staff at the end of the year	<u>3,101</u>	<u>1,186</u>
Outsourced	5,047	2,602
Total staff strength	<u>8,148</u>	<u>3,788</u>

34. DEFINED BENEFIT PLANS

34.1 General description

Non Management Staff Pension Fund

The plan provides a pension calculated as 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 years of service.

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Non Management Staff Gratuity Fund

For the employees of SCB, the plan provides a lump sum gratuity calculated as last drawn merged salary for each year of service (Maximum 31 months) after completing 5 years of service. For the employees of ANZ Grindlays Bank, the plan provides a lump sum calculated at 50% of last drawn merged salary for each year of service (Maximum 24 months) after completing 5 years of service. However, if the employee is not entitled for pension, the percentage is increased to 100%. The employees of SCB are entitled to either Pension or Gratuity, but not to both.

Management Staff Pension Fund

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

Union Bank Gratuity Fund

The scheme provides for gratuity benefits at graduated rates depending on the period of service to all employees of Union Bank.

34.2 Principal Actuarial Assumptions

The last actuarial valuation of the scheme was carried out on 31 December 2006 and the key assumptions used for actuarial valuation were as follows:

	2006	2005
Discount rate	10% p.a.	9% p.a.
Expected rate of increase in salary in future years	8% p.a.	9% p.a.
Expected rate of return on plan assets	10% p.a.	9% p.a.
Expected long term rate of increase in pension	4% p.a.	3% p.a.
Mortality rate	LIC (1975-79) ultimate mortality table "Light"	
Withdrawal rate		

	SCB Non Management Pension Fund		SCB Non Management Gratuity Fund		SCB Management Pension Fund		*Union Gratuity Fund		Total	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005

(Rupees in '000)

* Union includes Union bank and Union Leasing

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

Present value of defined benefit obligations	58,761	60,134	15,170	19,918	47,578	46,909	158,766	-	280,275	126,961
Fair value of plan assets	(61,209)	(59,361)	(19,738)	(16,146)	(226,513)	(228,002)	(187,378)	-	(494,838)	(303,509)
Asset recognised in Balance Sheet	<u>(2,448)</u>	<u>773</u>	<u>(4,568)</u>	<u>3,772</u>	<u>(178,935)</u>	<u>(181,093)</u>	<u>(28,612)</u>	-	<u>(214,563)</u>	<u>(176,548)</u>

34.4 Movement in defined benefit obligation;

- Obligation as at 1 January	60,134	50,727	19,918	16,019	46,909	43,415	140,458	-	267,419	110,161
- Current service cost	232	263	725	676	-	-	31,505	-	32,462	939
- Interest cost	5,139	4,001	1,623	1,282	3,945	3,471	13,687	-	24,394	8,754
- Benefits (paid) / received	(7,492)	(4,475)	(3,090)	(1,155)	(4,236)	6,286	(35,284)	-	(50,102)	656
- Actuarial (gain)/ loss on obligation	748	9,618	(4,006)	3,096	960	(6,263)	8,400	-	6,102	6,451
- Obligation as at 31 December	<u>58,761</u>	<u>60,134</u>	<u>15,170</u>	<u>19,918</u>	<u>47,578</u>	<u>46,909</u>	<u>158,766</u>	-	<u>280,275</u>	<u>126,961</u>

34.5 Movement in fair value of plan assets

- Fair value as at 1 January	59,361	58,117	16,146	16,019	228,002	367,492	181,447	-	484,956	441,628
- Expected return on plan assets	4,844	4,590	1,298	1,282	30,589	3,471	16,444	-	53,175	9,343
- Contribution by the bank	773	2,650	-	-	(34,000)	(149,247)	29,689	-	(3,538)	(146,597)
- Benefits paid	(7,492)	(4,475)	(3,090)	(1,155)	(4,236)	6,286	(32,031)	-	(46,849)	656
- Actuarial gain/ (loss) on plan assets	3,723	(1,521)	5,384	-	6,158	-	(8,171)	-	7,094	(1,521)
- Fair value as at 31 December	<u>61,209</u>	<u>59,361</u>	<u>19,738</u>	<u>16,146</u>	<u>226,513</u>	<u>228,002</u>	<u>187,378</u>	-	<u>494,838</u>	<u>303,509</u>

34.6 Movement in (receivable) / payable to defined benefit

Balance as at 1 January	773	(7,390)	3,772	-	(181,093)	(324,077)	(36,105)	-	(212,653)	(331,467)
Charge for the year	527	(326)	1,050	676	-	-	28,748	-	30,325	350
Compensation during the year	-	-	-	-	(26,644)	(25,753)	-	-	(26,644)	(25,753)
Contribution to the fund during the year	(773)	(2,650)	-	-	34,000	175,000	(29,354)	-	3,873	172,350
Actuarial Loss recognised in equity	(2,975)	11,139	(9,390)	3,096	(5,198)	(6,263)	8,099	-	(9,464)	7,972
Balance as at 31 December	<u>(2,448)</u>	<u>773</u>	<u>(4,568)</u>	<u>3,772</u>	<u>(178,935)</u>	<u>(181,093)</u>	<u>(28,612)</u>	-	<u>(214,563)</u>	<u>(176,548)</u>

34.7 Charge for defined benefit plan

Current service cost	232	263	725	676	-	-	31,505	-	32,462	939
Interest cost	5,139	4,001	1,623	1,282	3,945	3,471	13,687	-	24,394	8,754
Expected return on plan assets	(4,844)	(4,590)	(1,298)	(1,282)	(3,945)	(3,471)	(16,444)	-	(26,531)	(9,343)
	<u>527</u>	<u>(326)</u>	<u>1,050</u>	<u>676</u>	<u>-</u>	<u>-</u>	<u>28,748</u>	-	<u>30,325</u>	<u>350</u>

34.8 Actual return on plan assets

- Expected return on plan assets	4,844	4,590	1,298	1,282	30,589	29,224	16,444	-	53,175	35,096
- Actuarial gain/ (loss) on plan assets	3,723	(1,521)	5,384	(1,155)	6,158	10,775	(8,171)	-	7,094	8,099
	<u>8,567</u>	<u>3,069</u>	<u>6,682</u>	<u>127</u>	<u>36,747</u>	<u>39,999</u>	<u>8,273</u>	-	<u>60,269</u>	<u>43,195</u>

34.9 Cumulative amount of actuarial gains

/(losses) recognised in statement of recognised income and expense	<u>21,396</u>	<u>18,421</u>	<u>220</u>	<u>(9,170)</u>	<u>37,587</u>	<u>32,388</u>	<u>(8,099)</u>	-	<u>51,104</u>	<u>41,639</u>
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34.10 Expected contributions for next year

	-	-	-	-	-	-	-	-	-	-
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34.11 Components of plan assets as a percentage

of total plan assets										
Equities	0%	0%	0%	0%	0%	0%	18%	-	-	-
Bonds	101%	104%	133%	125%	99%	95%	57%	-	-	-
Cash & net current assets	-1%	-4%	26%	47%	1%	4%	25%	-	-	-
Others	0%	0%	-59%	-72%	0%	1%	0%	-	-	-

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34.12 Five year data on surplus / (deficit) of the plans & experience adjustments

	2006	2005	2004	2003	2002
	(Rupees in '000)				
- Present value of defined benefit obligation	280,275	263,831	224,108	185,659	176,023
- Fair value of plan assets	494,838	484,956	602,787	537,814	446,973
- Surplus / (Deficit)	214,563	221,125	378,679	352,155	270,950
- Experience adjustments on plan liabilities loss / (gain)	(6,675)	(10,023)	2,499	1,762	(7,555)
- Experience adjustments on plan assets / (gain)	7,094	14,574	515	41,071	10,120

35. COMPENSATION OF CHIEF EXECUTIVE AND EXECUTIVES

	Note	Chief Executive		Director		Executives	
		2006	2005	2006	2005	2006	2005
		(Rupees in '000)					
Directors' remuneration	35.1	-	-	968	-	-	-
Managerial remuneration		35,570	32,490	-	-	605,082	266,983
Contribution to defined contribution plan		2,534	2,011	-	-	45,979	25,357
Rent and house maintenance		5,529	4,388	-	-	95,520	60,693
Utilities		674	1,097	-	-	15,368	15,173
Medical		708	-	-	-	61,418	-
Others		3,310	265	-	-	28,810	9,975
		48,325	40,251	968	-	852,177	378,181
Number of persons		1	1	1	-	407	137

35.1 Directors' remuneration represents the amount paid to one independent non-executive director for carrying out extra work as assigned by the Board.

35.2 The Bank also provides free use of furnished accommodation to the Chief executive and Bank maintained cars to the Chief Executive and some of the Executives of the Bank. In addition the Chief Executive and some of the Executives are also reimbursed for cost of medical expenses and other benefits like club subscription and education etc.

36. FAIR VALUE OF FINANCIAL INSTRUMENTS

36.1 On-balance sheet financial instruments

Except for investment in unlisted companies, held to maturity investments fixed term advances of over one year, staff loans and fixed term deposits of over one year, the fair value of on balance sheet financial assets and liabilities are not significantly different from their book value as these assets and liabilities are either short term in nature or are frequently re-priced. The fair value of fixed term advances of over one year, staff loans, fixed term deposits of over one year and investment in subsidiaries cannot be calculated with sufficient reliability due to non-availability of relevant active market for similar assets and liabilities. The fair value of investment classified as held to maturity amounted to Rs. 229.263 million.

36.2 Off-balance sheet financial instruments

	2006		2005	
	Book value	Fair value	Book value	Fair value
	(Rupees in '000)			
Interest Rate swaps/Foreign currency options/ Forward purchase contracts	153,598,253	158,098,648	88,154,446	82,417,215
Interest Rate swaps/Foreign currency options/ Forward sale contracts	132,105,960	136,504,516	86,404,127	80,730,126

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37. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

The segment analysis with respect to business activity.

	2006			
	Global Markets	Corporate and Institutional Banking	Consumer Banking	Total
	------(Rupees in '000)-----			
Total income (net of interest expense)	2,214,612	2,918,199	8,985,125	14,117,936
Total expenses	(439,879)	(784,276)	(5,725,430)	(6,949,585)
Net income	1,774,733	2,133,923	3,259,695	7,168,351
Segment Assets (Gross)	94,520,126	91,979,966	63,295,941	249,796,033
Segment Non Performing Loans	-	4,625,264	3,347,510	7,972,774
Segment Provision Required	-	4,432,216	4,809,954	9,242,170
Segment Liabilities	27,673,613	50,429,736	130,710,291	208,813,740
Segment Return on Assets (ROA) (%)	* 1.66%	3.09%	6.75%	2.83%
Segment Cost of funds (%)	** 3.23%	3.85%	4.08%	3.80%

	2005			
	Global Markets	Corporate and Institutional Banking	Consumer Banking	Total
	------(Rupees in '000)-----			
Total income (net of interest expense)	1,424,804	1,879,769	4,520,541	7,825,114
Total expenses	(164,581)	(111,437)	(2,049,317)	(2,325,335)
Net income	1,260,223	1,768,332	2,471,224	5,499,779
Segment Assets (Gross)	54,633,685	34,296,157	24,592,777	113,522,620
Segment Non Performing Loans	-	273,539	127,155	400,694
Segment Provision Required	-	208,455	370,880	579,335
Segment Liabilities	13,426,428	28,584,368	62,390,871	104,401,667
Segment Return on Assets (ROA) (%)	* 2.31%	5.19%	10.20%	4.87%
Segment Cost of funds (%)	** 2.66%	1.96%	1.28%	2.04%

The business activities of the Bank are confined to three segments i.e. Consumer Banking, Global Markets and Corporate & Institutional Banking (Wholesale Banking). The products and services offered by these segments are as follows:

Global markets

Overall management of the treasury of the bank and offering various cash and interest risk management products to the customers. The products include FX forwards, FX options and interest rate swaps.

Consumer Banking

Wealth management, deposits, mortgages, auto finance, cards and loans.

Corporate and institutional banking

Trade and lending activities for the corporates and financial institutions.

* Segment ROA = Net income / (Segment Assets - Segment Provisions)

For 2006 Segment ROA have been computed based on the the full year net income of SCB branches and annualised net income of ex. Union bank branches.

** Segment cost of funds have been computed based on the average balances.

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38. RELATED PARTY TRANSACTIONS

Related parties comprise of Standard Chartered Plc., ultimate parent company, its subsidiaries, key management personnel, and employees' retirement benefit funds. The transactions with related parties are conducted at commercial 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:

	2006	2005
	(Rupees in '000)	
Group		
Nostro balances with other branches	2,120,220	1,330,887
Overdrawn nostro balances with other branches	238,604	2,748
Vostro balances of other branches	91,881	43,811
Overdrawn vostro balances of other branches	50,640	129
Placements with other branches	1,977,523	8,240,503
Mark-up / Interest / Income earned from other branches	373,166	281,833
Commission on derivative transactions with other branches	19,891	43,274
Payment to group company for direct sales services rendered	134,653	-
Others		
Deposits by staff retirement benefit funds	157,597	32,219
Deposits by customers with common directorship	538,724	-
Contribution to Staff retirement benefit funds	89,615	62,872
Mark-up/ interest paid by retirement benefit funds	2,968	-
Mark-up/ interest paid customers with common directorship	8,075	-
Remuneration paid to independent director	968	-
Key management personnel		
Mark-up / Interest / Income earned	4,318	1,026
Mark-up / Interest / Income expensed	461	142
Sale of Vehicle	87	-
Salaries and benefits	46,827	65,037
Post retirement benefits	11,927	5,889

	Balance as at 31 December 2005	Acquisition	Net disbursements/ deposits	Net repayments / withdrawals	Balance as at 31 December 2006
	----- (Rupees in '000) -----				
38.1 Loans and advances					
Key Management Personnel	56,047	55,215	48,422	(39,131)	120,553
38.2 Deposits					
Group companies	-	-	143,642	(130,545)	13,097
Key Management Personnel	16,454	15,758	262,160	(258,061)	36,311
Others	32,219	659,773	6,880,252	(6,875,923)	696,321

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39. CAPITAL ADEQUACY

2006
2005
(Rupees in '000)

The risk weighted assets to capital ratio, calculated in accordance with the State Bank's guidelines on capital adequacy was as follows:-

Regulatory Capital Base

Tier I Capital

Shareholders Capital / Head Office capital account	38,715,850	4,103,942
Reserves	1,186,639	-
Unappropriated/ Unremitted profit	642,901	4,448,020
Minority Interest	756,618	-
	41,302,008	8,551,962
Less: Adjustments	(28,880,111)	(355,637)
Total Tier I Capital	12,421,897	8,196,325

Tier II Capital

General provisions subject to 1.25% of Total Risk Weighted Assets	1,747,433	281,183
Subordinated Debt Upto 50% of total Equity	1,683,093	-
Total Tier II Capital	3,430,526	281,183

Eligible Tier III Capital

Total Regulatory Capital (a)	15,852,423	8,477,508
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Risk-Weighted Exposures

	2006		2005	
	Book Value	Risk Adjusted Value	Book Value	Risk Adjusted Value
	(Rupees in '000)		(Rupees in '000)	
Credit Risk				
Balance Sheet Items:-				
Cash and other liquid Assets	25,830,713	1,923,039	10,867,934	2,844,596
Money at call	362,269	72,454	400,000	80,000
Investments	38,704,203	968,664	40,216,679	85,364
Loans and Advances	133,016,441	103,278,539	52,184,826	30,939,054
Fixed Assets	32,004,490	3,444,094	532,664	528,337
Other Assets	19,877,917	9,324,749	9,356,012	7,382,432
	249,796,033	119,011,539	113,558,115	41,859,783
Off Balance Sheet items :-				
Loan Repayment Guarantees and acceptances	7,059,040	7,051,656	1,734,885	1,734,885
Performance Bonds etc	20,328,182	6,205,688	11,800,170	3,767,349
Interest Rate Swaps	189,428,050	4,929,891	101,941,691	2,083,634
Stand By Letters of Credit	16,724,705	7,497,393	5,367,665	2,683,833
Outstanding Foreign Exchange Contracts				
- Purchase	53,090,125	255,218	32,437,672	163,659
- Sale	42,715,266	255,218	28,829,875	163,659
FX Options	504,102	6,049	11,394,135	136,730
	329,849,470	26,201,113	193,506,093	10,733,749
Credit risk-weighted exposures		145,212,652		52,593,532

Market Risk

General market risk	192,256	53,765
Specific market Risk	14,053	19,185
Market risk-weighted exposures	206,309	72,950
Total Risk-Weighted exposures (b)	147,791,514	53,505,407
Capital Adequacy Ratio [(a) / (b) x 100]	10.73%	15.84%

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40. RISK MANAGEMENT

Through its risk management structure the Bank seeks to manage efficiently the core risks: credit, market, country, and liquidity risk. These arise directly through the Bank's commercial activities whilst compliance and regulatory risk, operational risk and reputational risks are normal consequences of any business undertaking.

The basic principles of risk management followed by the bank include:

Balancing risk and reward

Risk is taken in support of the requirements of the Bank's stakeholders. Risk should be taken in support of the Bank strategy and within its risk appetite.

Responsibility

Given the Bank is in the business of taking risk, it is everyone's responsibility to ensure that risk taking is both disciplined and focused. The Bank takes account of its social, environmental and ethical responsibilities in taking risk to produce a return.

Accountability

Risk is taken only within agreed authorities and where there is appropriate infrastructure and resource. All risk taking must be transparent, controlled and reported.

Anticipation

The Bank looks to anticipate future risks and to maximise awareness of all risk.

Risk management

The Bank aims to implement best practices and have a specialist risk function of international standards, with strength in depth, experience across risk types and economic scenarios.

Ultimate responsibility for the effective management of risk rests with the Company's Board. Acting within an authority delegated by the Board, the Executive Committee, reviews specific risk areas and monitors the activities of the Risk Committee ("RC") and the Asset and Liability Committee ("ALCO").

RC headed by Chief Risk Officer (CRO), through authority delegated by the Board, is responsible for credit risk, market risk, operational risk, compliance and regulatory risk, legal risk and reputational risk. ALCO, through authority delegated by the Board, is responsible for liquidity risk, for structural interest rate and foreign exchange exposures, and for capital ratios.

The day to day responsibility for managing risk rests with CRO who oversees and manages the risk through a team of managers; Senior Credit Officer responsible for credit risk in Wholesale Bank, Head of Consumer Credit responsible for credit risk in Consumer Bank (including SME), Head of Special Assets Management responsible for remedial risk management, Head of Credit Risk Controls responsible for collateral management, security documentation, credit MIS and controls, Head of Market Risk responsible for liquidity risk and risks associated with price movements, arising from interest and exchange rate movements.

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The Bank has established policies, procedures, processes, and controls and have provided the Risk team adequate support by way of risk systems and tools for measuring and reporting risk for monitoring, controlling, reviewing and managing risk.

40.1 Credit risk

Credit risk is the risk that a counter party will not settle its obligations in accordance with agreed terms. Credit exposures may arise from lending, trade finance, securities and derivative exposures. Credit exposures include both individual borrowers and groups of connected counterparties and portfolios in the banking and trading books.

The Board of Directors has delegated down the authority to CEO and the Bank's Executive Committee to establish credit risk appetite and make recommendations to the Board for approval of policies for managing credit risk. The CEO and the Executive Committee in turn rely on CRO and the Risk Committee to determine these and recommend for their support and Board approval. The CRO is also delegated down by the CEO responsibility to delegate credit authorities to independent Risk Officers.

Credit risk appetite is established through business strategy papers and underwriting standards by the business managers, which are approved by the Executive Committee once recommended and supported by the Risk Committee chaired by the CRO.

Specific procedures for managing credit risk within Wholesale and Consumer (including SME) are determined at the Senior Credit Officer and Head of Consumer Credit levels for their respective jurisdictions with specific policies and procedures being adapted to different risk environment and business goals. Credit analysis includes review of facility details, credit grade determination and financial spreading/ratio analysis. Portfolio review, Early Alerts and Stress Testing based on scenario analysis is a combined responsibility of Client Relationship and Risk function. Client relationship origination and credit approval roles are clearly segregated throughout Wholesale and Consumer Banks.

40.1.1 Wholesale Banking

Within the Wholesale Banking business, a numerical grading system is used for quantifying the risk associated with counterparty. The grading is based on a probability of default measure, with customers analysed against a range of quantitative and qualitative measures. Expected Loss is used for the further assessment of individual exposures and portfolio analysis. There is a clear segregation of duties with loan applications being prepared separately from the approval chain.

40.1.2 Consumer Banking

For Consumer Banking, standard credit application forms are generally used, which are processed in central units for different products and market segments. As with Wholesale Banking, origination and approval roles are segregated.

Standard Chartered Bank (Pakistan) Limited

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40.1.3 Segment by class of business

	2006					
	Advances		Deposits		Contingencies and Commitments	
	(Rupees in '000)	Percent %	(Rupees in '000)	Percent %	(Rupees in '000)	Percent %
Chemical and pharmaceuticals	8,734,282	6.14	1,982,750	1.27	1,935,553	5.22
Agri business	1,053,674	0.74	1,944,733	1.24	641,298	1.73
Textile	19,856,698	13.96	1,117,641	0.71	2,260,676	6.10
Construction	92,992	0.07	2,711,219	1.73	31,626	0.09
Consumer goods	1,889,061	1.33	2,599,763	1.66	-	-
Insurance	280,000	0.20	328,030	0.21	-	-
Telecommunications and information technology	2,039,851	1.43	2,123,999	1.36	49,314	0.13
Cement	4,238,105	2.98	107,545	0.07	989,255	2.67
Sugar	1,594,873	1.12	12,671	0.01	180,736	0.49
Automobile and transportation equipment	1,641,691	1.15	649,207	0.41	753,099	2.03
Financial	4,775,955	2.99	88,279	0.16	2,460,470	6.64
Electronics and electrical appliances	1,659,638	1.17	2,320,104	1.48	4,076,588	11.00
Production and transmission of energy	1,492,242	1.05	2,937,798	1.88	320,686	0.87
Communication	236,367	0.17	1,385,153	0.88	-	-
Shoes and leather garments	689,385	0.48	154,405	0.10	98,616	0.27
Individuals	58,569,399	41.17	104,694,638	66.87	53,342	0.14
Others	33,414,398	23.85	31,410,501	19.96	23,201,628	62.63
	<u>142,258,611</u>	<u>100.00</u>	<u>156,568,436</u>	<u>100.00</u>	<u>37,052,888</u>	<u>100.00</u>

Standard Chartered Bank (Pakistan) Limited

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40.1.3 Segment by class of business

	2005					
	Advances		Deposits		Contingencies and Commitments	
	(Rupees in '000)	Percent %	(Rupees in '000)	Percent %	(Rupees in '000)	Percent %
Chemical and pharmaceuticals	1,883,917	3.57	1,549,978	1.85	3,669,942	21.19
Agri business	-	-	199,685	0.24	-	-
Textile	6,508,523	12.33	176,882	0.21	1,036,466	5.98
Cement	2,878,487	5.45	16,145	0.02	96,760	0.56
Sugar	400,000	0.76	-	-	1,672	0.01
Automobile and transportation	-	-	-	-	-	-
equipment	275,622	0.52	417,442	0.50	392,845	2.27
Financial	2,844,550	5.39	180,277	0.22	11,405	0.07
Electronics and electrical	-	-	-	-	-	-
appliances	634,279	1.20	463,428	0.55	1,969,952	11.37
Production and transmission	-	-	-	-	-	-
of energy	304	-	2,008,924	2.40	415,804	2.40
Communication	2,104,434	3.99	1,155,200	1.38	488,001	2.82
Individuals	14,625,763	27.70	61,479,292	73.55	-	-
Others	20,643,777	39.10	15,941,651	19.07	9,239,132	53.34
	<u>52,799,656</u>	<u>100.00</u>	<u>83,588,904</u>	<u>100.00</u>	<u>17,321,979</u>	<u>100.00</u>

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40.1.4 Details of non-performing advances and specific provisions by class of business segment

	2006		2005	
	Classified Advances	Specific Provision held	Classified Advances	Specific Provision held
------(Rupees in '000)-----				
Chemical and pharmaceuticals	156,971	113,453	60,043	60,689
Agri business	318,145	229,944	-	-
Textile	2,095,145	2,273,990	87,195	87,185
Footwear and Leather garments	14,937	10,796	-	-
Automobile and transportation equipment	36,475	26,363	-	-
Financial	4,782	3,456	-	-
Production and transmission of energy	199,742	144,366	-	-
Individuals	2,593,153	1,639,724	127,154	89,696
Others	2,553,424	1,110,663	126,303	94,530
	<u>7,972,774</u>	<u>5,552,755</u>	<u>400,695</u>	<u>332,100</u>

40.1.5 Segment by sector

	2006					
	Advances		Deposits		Contingencies and Commitments	
	Rupees in '000	%	Rupees in '000	%	Rupees in '000	%
Public / Government	8,527,869	5.99	11,399,565	7.28	5,546,111	14.97
Private	133,730,742	94.01	145,168,871	92.72	31,506,777	85.03
	<u>142,258,611</u>	<u>100.00</u>	<u>156,568,436</u>	<u>100.00</u>	<u>37,052,888</u>	<u>100.00</u>
	2005					
	Advances		Deposits		Contingencies and Commitments	
	Rupees in '000	%	Rupees in '000	%	Rupees in '000	%
Public / Government	6,118,605	11.59	-	-	6,154,000	35.53
Private	46,681,051	88.41	83,588,904	100.00	11,167,979	64.47
	<u>52,799,656</u>	<u>100.00</u>	<u>83,588,904</u>	<u>100.00</u>	<u>17,321,979</u>	<u>100.00</u>

40.1.6 Details of non-performing advances and specific provisions by sector

	2006		2005	
	Classified Advances	Specific Provision held	Classified Advances	Specific Provision held
------(Rupees in '000)-----				
Public / Government	-	-	-	-
Private	7,972,774	5,552,755	400,695	332,100
	<u>7,972,774</u>	<u>5,552,755</u>	<u>400,695</u>	<u>332,100</u>

40.1.7 Geographical Segment Analysis

	2006			
	Profit before taxation	Total assets employed	Net Assets employed	Contingencies and Commitments
------(Rupees in '000)-----				
Pakistan	7,155,818	248,528,956	40,628,018	36,446,696
Sri Lanka	12,533	1,267,077	354,275	606,192
	<u>7,168,351</u>	<u>249,796,033</u>	<u>40,982,293</u>	<u>37,052,888</u>

In year 2005 all of the branches of the bank were located in Pakistan only.

Standard Chartered Bank (Pakistan) Limited

Notes to the Consolidated Financial Statements

For the year ended 31 December 2006

40.2 Market Risk

The Bank recognises market risk as the exposures created by potential changes in market prices and rates. 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.

Market risk is managed by the Head of Market Risk reporting directly to the CRO, who agrees policies and procedures and levels of risk appetite in terms of Value at Risk ("VaR"). Limits are then proposed by the business within the terms of agreed policy. These are agreed and delegated down by CRO under delegated authority from the CEO and are monitored by Head of Market Risk as part of an independent risk management function. Policies cover both the trading and non-trading books.

In addition to market risk policies as well as 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. Risk models are periodically back tested against actual results to ensure pre-determined levels of accuracy are maintained.

40.3 Foreign Exchange Risk

	2006			
	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
	------(Rupees in '000)-----			
Pakistan rupee	192,831,713	177,612,573	(9,570,466)	4,794,646
United States dollar	14,841,059	23,788,773	9,090,226	142,512
Great Britain pound	1,596,230	3,797,345	2,201,943	828
Euro	2,719,047	1,785,660	(924,096)	9,291
Swiss Franc	10,614	10,614	47	47
Japanese yen	230,627	13	(230,302)	312
Others	1,502,106	925,759	(567,352)	8,995
	<u>213,731,396</u>	<u>207,920,737</u>	<u>-</u>	<u>4,956,631</u>

	2005			
	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
	------(Rupees in '000)-----			
Pakistan rupee	90,912,793	80,619,344	(812,656)	9,480,793
United States dollar	17,407,349	17,537,681	363,011	232,679
Great Britain pound	1,845,779	2,737,477	895,514	3,816
Euro	127,457	212,677	85,364	144
Japanese yen	596,680	60,146	(536,302)	232
Others	33,601	35,932	5,069	2,738
	<u>110,923,659</u>	<u>101,203,257</u>	<u>-</u>	<u>9,720,402</u>

Currency risk is the risk that the value of a financial instrument will fluctuate due to change in foreign exchange rates. The Bank undertakes currency risk mostly to support its trade services and maintains overall foreign exchange risk position within ten percent of its capital as advised by the SBP and reduces its forward exposure by matching future maturities.

The management set limits on the level of exposure by currency in total for both overnight & intra day positions which are monitored daily.

Standard Chartered Bank (Pakistan) Limited

Notes to the Consolidated Financial Statements

For the year ended 31 December 2006

40.8 Operational Risk

Operational risk is the risk of a direct or indirect loss being incurred due to an event or action arising from the failure of technology, processes, infrastructure, personnel and other risks having operational risk impact.

The Country Operational Risk Group ("CORG") has been established to ensure that an appropriate risk management framework is in place at a grass root level and to report, monitor and manage operational, social, ethical and environmental risk. The CORG is chaired by the Chief Executive Officer and CRO is an active member of this forum.

All business units within the Bank monitor their operational risks using set standards and indicators. Significant issues and exceptions are reported to the CORG and are also picked up by independent Risk function for discussion at the Risk Committee chaired by CRO. Disaster recovery procedures, business contingency planning, self-compliance audits and internal audits also form an integral part of the operational risk management process.

41. ISLAMIC BANKING BUSINESS

The Bank is operating with 3 Islamic Banking branches at the end of current year as compared to 3 Islamic Banking branch last year.

	2006	2005
	(Rupees in '000)	
Assets		
Cash and balances with treasury banks	21,987	17,536
Balances with and due from Financial Institutions	419,982	94,982
Financing and receivables		
- Murabaha	805,966	565,564
- Diminishing Musharaka	2,482,581	1,021,526
Other Assets	37,248	318,276
	3,767,764	2,017,884
Liabilities		
Deposits and other accounts		
- Current accounts	772,859	768,830
- Saving accounts	88,334	-
- Term deposits	1,149,501	-
- Others	34,337	-
Due to Head Office	1,033,933	945,588
Other liabilities	129,918	55,096
	(3,208,882)	(1,769,514)
Net Assets	558,882	248,370
Represented By		
Islamic Banking Fund	200,000	150,000
Reserves	358,882	98,370
	558,882	248,370
Remuneration to Shariah Advisor / Board	-	-
Charity fund	-	-

42. DATE OF AUTHORIZATION

These financial statements were authorized for issue in the Board of Directors meeting held on April 3, 2007.



Badar Kazmi
Chief Executive

Dubai : April 03, 2007



Ebenezer Essoka
Director



Munnawar Hamid
Director



John Brian Small
Director

Standard Chartered Bank (Pakistan) Limited Consolidated Financial Statements Annexure - 1

Consolidated 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, 2006.

S. No.	Consolidated Name & Address of the borrowers	Name of Individuals/ Partners/Directors. (NIC No./Passport)	Father/Husband's Name	Outstanding Liabilities at beginning of the year			Amount Written off / Concession				
				Principal	Interest	Total	Principal	Interest	Other Charges	Total	
1	KAMRAN BAIG MIRZA 34 JINNAH COLONY OPP PIA OFFICER ABDUL ROAD MULTAN	KAMRAN BAIG MIRZA, 5610114480985	BASHIR AHMED MIRZA	1,082	22	-	1,104	1,083	152	-	1,235
2	SIRUS CONSTRUCTIONS SUIT NO 1-2, MEZZANINE FLOOR CITY VIEW UNIT NO 07, HYDERABAD	SIRIUS CONSTRUCTIONS		2,217	55	-	2,272	1,890	120	-	2,010
3	SHEIKH MOHAMMAD ILYAS H. NO 237 BLOCK 13 B 1 BARKAT CHOWK TOWNSHIP, LAHORE	SHEIKH MOHAMMAD ILYAS 3520299025573	SHEIKH MOHAMMAD SALEEM	834	17	-	851	786	110	-	896
4	M. SHAHID SANA LI CANTT VIEW SCHEME BADIAN ROAD LAHORE CANTT, LAHORE	M SHAHID SANA 30491248682	M SANA ULLAH	581	10	-	591	570	71	-	641
5	ATHAR ALI H. NO 5 ST NO 1 2ND BLOCK SHAHDBAGH	ATHAR ALI 3630270642759	ZAFAR ALI	901	-	-	901	901	-	-	901
6	MUNIR HUSSAIN, H. NO 281, 54 A WRITERS COLONY MULTAN	MUNIR HUSSAIN 3630234164335	MALIK WAHID BAKSH	467	14	-	481	467	40	-	507
7	IMTIAZ ALI, 174 B SHAH-RUKN-E-ALAM COLONY MULTAN	IMTIAZ ALI 3330120809317	HAKIM ALI	661	21	-	682	625	87	-	712
8	HAMMAD ANWAR GHAURY, HOUSE NO 3 ST NO 64 MOHALLAH TAJ PURA RD TANVIR ABAD MUGHAL PURA LAHORE	HAMMAD ANWAR GHAURY 3520125774697	M ANWAR GHAURI	514	16	-	530	505	70	-	575
9	ABDUL REHMAN, H. NO 20 D MUMTAZ ST ALLAMA IQBAL ROAD GARI SHAHU LAHORE	ABDUL REHMAN 3520248930489	M IRSHAD BHATTI	944	29	-	973	931	129	-	1,060
10	KASHIF JAVED GONDAL, H. NO 251 JHUMA BLOCK ALLAMA IQBAL TOWN, LAHORE	KASHIF JAVED GONDAL 3520259886283	SHAHID JAVIAD GONDAL	729	20	-	749	709	91	-	800
11	ASGHAR ALI, H 3 LAREX 4 LEVEL CROSSING MUGHAL PURA, LAHORE	ASGHAR ALI 3520193558853	UMER DIN	513	21	-	534	513	71	-	584
12	WASEEM MEHDI, 501/A J 3 JOHAR TOWN LAHORE	WASEEM MEHDI 3520116856455	FAZAL MEHDI	520	19	-	539	520	65	-	585
13	ZAHID ALI, H. NO 16 CHANAB BLOCK ALLAMA IQBAL TOWN, LAHORE	ZAHID ALI 3520238966587	FARZAND ALI	875	40	-	915	875	109	-	984
14	MEHAR MOHD QASIM, 501 A J 3 M A JOHER TOWN LAHORE	MEHAR MUHAMMAD QASIM 3610218738563	MEHAR SHER MUHAMMAD	866	43	-	909	866	115	-	981
15	HUMAYUN AKHTER ZIA, HOUSE NO 10-8 ST NO 69 KAOOSAR RD ISLAMPURA LAHORE	HUMAYUN AKHTAR ZIA 3520238533163	M YASIN ZIA	614	38	-	652	615	84	-	699
16	SHAHID YOUSAF, 05 ST 11 REHMAN GALI LAHORE	SHAHID YUSAF 3520224723947	M YOUSAF	522	33	-	555	522	77	-	599
17	AKHTAR AHMED, H. 59 ST 15 SALAMAT PURA KOTLAKHPAT NEAR AKHTER JEWELLER, LAHORE	AKHTAR AHMED 3520262405829	M BASHIR	576	36	-	612	576	41	-	617
18	JAVED ALI SHEIKH HOUSE NO C-200, BLOCK # 14 NEAR AL BAHRIA SCHOOL, GULSHAN-E-IQBAL, KARACHI	JAVED ALI SHEIKH 51896567896	MOHAMMAD ALI SHEIKH	491	41	-	532	493	149	-	642
19	MOHAMMAD NASIR KHAN KHAN'S 131 AFSHAN COLONY, RAWALPINDI	MOHAMMAD NASIR KHAN 21272286756	MOHAMMAD BANARAS KHAN	800	16	-	816	802	224	-	1,026
20	ASIF JAVAIID BHATTI 598 E UOHAR TOWN, LAHORE	ASIF JAVAIID BHATTI 26559210033	MUHAMMAD JAVAIID BHATTI	501	22	-	523	502	141	-	643
21	KHAWAJA SAIM KHALID H NO 917 NIZAM BLOCKALLAMA IQBAL TOWN NEAR MUSARAT PARACHA SCHOOL, LAHORE	KHAWAJA SAIM KHALID 27377411492	KHAWAJA MUHAMMAD KHALID	500	10	-	510	502	140	-	642
22	CHAUDHRY ANEES AHMED H # 178 LANE # 08ASKARI HOUSINGCOMPLEX GULBERG III, LAHORE	CH ANEES AHMED 24454713341	CH MUHAMMAD KHAN	444	8	-	452	446	123	-	569
23	HAJI ABDUS SATTAR BLOCK- 2FL-101 MEMON COTTAGES, GULISTAN E JAUHAR, KARACHI	HAJI ABDUS SATTAR 51145024842	HAJI QASIM	739	32	-	771	741	208	-	949

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S. No.	Consolidated Name & Address of the borrowers	Name of Individuals/ Partners/Directors. (NIC No./Passport)	Father/Husband's Name	Outstanding Liabilities at beginning of the year			Amount Written off / Concession				
				Principal Interest	Other Charges	Total	Principal	Interest	Other Charges	Total	
24	REHAN RASHID 70-2-C-2, TOWNSHIP, LAHORE	REHAN RASHID 27190257460	FARRUKH RASHID	400	32	-	432	402	111	-	513
25	FAYAZ ALI KHAN H.NO.16- AST.NO.43F-7/1, ISLAMABAD	FAYAZ ALI KHAN 13659145582	KARIM ULLAH KHAN	459	20	-	479	461	130	-	591
26	HUJAT ULLAH PLOT 196 SIDDIQUE COLONY, MAIN BAZAR TIMBER MKT, LAHORE	HUJAT ULLAH 2120349339795	AGHA JAN	494	41	-	535	496	149	-	645
27	FAISAL ROGATIA FLAT NO A-503, BLOCK 8 MEHRAN HEIGHTS, CLIFTON ROAD, KARACHI		ESSA A ROGATIA	401	30	-	431	403	116	-	519
28	MIRZA BABAR MEHMOOD FLAT NO 306/A, 3RD FLOOR, B/10 ORISON TOWER, KARACHI	MIRZA BABAR MEHMOOD 45147033039	MIRZA NISAR AHMED	420	42	-	462	422	116	-	538
29	MOSADDAQ SALEEM QURESHI 24/II 24TH STREET, KHAYABAN E TANZEEM, PHASE V DHA, KARACHI	MUSADDAQ SALEEM QURESHI 51653095950	MOHAMMAD SALEEM QURESHI	494	32	-	526	496	139	-	635
30	MOHAMMAD YAQOOB FLAT NO B-807,PLOT NO FT-3/23 CLIFTON VIEW APPT.TEEN TALWAR, KARACHI	MOHAMMAD YAQOOB 4230103907095	MOHAMMAD IBRAHIM	485	-	-	485	485	52	-	537
31	MOHAMMAD ARIF 11-A, SABZAZAR COLONY, WAHDAT ROAD, LAHORE.	Mohammad Arif 294-55-114509	Mohammad Munir	-	858	-	858	-	683	-	683
32	MIAN FAKHAR & CO. 85-PUNJAB CLOTH MARKET. CIRCULAR ROAD, LAHORE. SUB OFFICE : 145-A-E-1	Mian Fakhar-ul-Islam 276-51-150364	Prof. Waheed-ud-Din	3,812	10,042	-	13,854	2,872	10,656	-	13,528
33	CHOWDHRY SOHAIL SHAMSHAD, SOHAIL HOUSE, JALLO PARK ROAD, LAHORE	3520143394069	CH SHAMSHAD AHMED	495	111	-	606	495	111	-	606
34	MUHAMMAD UMAIR TARIQ, H. NO 318, GREEN VIEW COLONY, NEAR TAIBA MASJID, FAISALABAD	3310006938961	TARIQ JAVID	600	24	-	624	600	24	-	624
35	AFROZE KHAN, PLOT NO C-25, 3RD FLOOR, 4TH LANE, ZAMZAMA COMMERCIAL,PHASE 5, DHA, KARACHI	4240147139532	-	504	103	-	607	504	103	-	607
36	SHEIKH ABDUL REHMAN, 289, GULSHAN COLONY, FAISALABAD	24548234416	SH MUHAMMAD SIDDIQUE	464	122	-	586	464	122	-	586
37	ZAHID RAUF, AGRO SQUARE FLATS SHADMAN, 6/C COLONY LAHORE,	27473417583	-	513	146	-	659	514	146	-	660
38	AKHTER HUSSAIN, SUPER SHEIKH GOODS FORWARDING AGENCY, DARAH NO.15, DATA NAGAR RBRIDGE LINK RAVI ROAD, LAHORE.	12990668685	-	503	142	-	645	503	142	-	645
39	MUSHTAQ AHMED CHAUDHRY, HOUSE NO P3, JOHAR STEEL AZIZ ROAD, NEW SHAHEED COLONY, FAISALABAD	3540452929555	-	441	130	-	571	441	130	-	571
40	ABID ALI CHEEMA, HOUSE # 53, LARECHS COLONY # 2, NISTAR PARK, MUGHAL PURA ROAD, LAHORE	3520231495091	CH MUHAMMAD KHAN CHEEMA	442	123	-	565	442	123	-	565
41	NAEEM AHMAD, 425 RAVI BLOCK, ALLAMA IQBAL TOWN, LAHORE	3520239668709	ABDUL MAJEED	405	109	-	514	405	109	-	514
42	SHAHZADA ZEESHAN ZAIB, H NO 9/354, MOHALLA WASI SHAHEED, SIALKOT	3460322333997	AURANG ZAIB MIRZA	408	104	-	512	408	104	-	512
43	MUHAMMAD UMAIR MUSHTAQ, HOUSE # 1 ST #1 UMAIR BLOCK,NEW HASEEB SHAHEED COLONY, FAISALABAD	3540482570623	-	383	122	-	505	383	122	-	505
44	SAMIR ASHRAF, C-140, BLOCK A, NORTH NAZIMABAD, KARACHI	51779435968	-	426	92	-	518	426	92	-	518

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S. No.	Consolidated Name & Address of the borrowers	Name of Individuals/ Partners/Directors. (NIC No./Passport)	Father/Husband's Name	Outstanding Liabilities at beginning of the year			Amount Written off / Concession				
				Principal	Interest	Other Charges	Principal	Interest	Other Charges	Total	
45	MUHAMMAD ALI KHAN, 48/2 ST NO 8-B ST NO 29, SABA AVENUE, EXT. PHASE 5, D.H.A, KARACHI	51291205771		538	127	-	665	538	127	-	665
46	MUHAMMAD ALI KHAN, 48/2 ST NO 8-B ST NO 29, SABA AVENUE, EXT. PHASE 5, D.H.A, KARACHI	51291205771		460	107	-	567	460	107	-	567
47	AHMAD SHABIR 702 KASHIF CENTRE, SHAHR E FAISAL	51486135987	FAZAL HUSSAIN MALIK	757	334	-	1,091	757	334	-	1,091
48	RAHEEL SHAUKAT 24/K MODEL TOWN, LAHORE	27088008985	RAJA SHOUKAT ALI	428	314	-	742	428	314	-	742
49	AFTAB UR RAHMAN PLOT NO 928-C, C-AREA,BLOCK 2, PECHS, KARACHI	47555013990	MUHAMMAD NAZIR	502	86	-	588	502	86	-	588
50	SHAHID MEHMOOD CH. SHAHID VALLIS,11-3A STREET # 1YASROP COLONY,190 MULTAN ROAD, LAHORE	3520292796955	MUHAMMAD SADIQ	965	105	-	1,070	965	105	-	1,070
51	CHAUDHRY TALIB HUSSAIN EMANABADI GATE G.T. ROAD, GUJRANWALA	3410167382145	CHAUDHRY ABADIAN	490	66	-	556	490	66	-	556
52	MUHAMMAD SADIQ SUITE NO 408, FORTUNE CENTRE BLOCK 6, P.E.C.H.S., MAIN SHAHRAH-E-FAISAL, KARACHI	4220109999133	CH SHABBIR MUHAMMAD	441	122	-	563	441	122	-	563
53	USMAN KHALID 824 RAVI BLOCK A. I.TOWN, LAHORE	3520280482789	KHALID AZIZ	518	31	-	549	518	31	-	549
54	MEHERUNISA SAMIA MAZARI BASMENT 138, EDEN AVENUE, DEFENCE ROAD, LAHORE CANTT, LAHORE	3520169147074	SARDAR SALEEM MAZARI	381	244	-	625	381	244	-	625
55	MUHAMMAD SARWAR ROOM NO 32, 2ND FLOOR,CENTER POINT PLAZA, MAIN BOULEVARD, GULBERG, LAHORE	3520204186505	-	557	113	-	670	557	113	-	670
56	TANVEER ALAM KHAN 156, FEROCIE PUR ROAD, OPP LATIF, CENTRAL LAHORE	26792287736	M. ALAM KHAN	616	70	-	686	616	70	-	686
57	MUHAMMAD HAFEEZ BHATTI 177/A,1ST FLOOR, NEAR ST # 4 PEER COLONY, OPP PAK RAILWAY ACADEMY, WALTON ROAD, CANTT, LAHORE	3520185775325	MUHAMMAD HANEEF	703	43	-	746	703	43	-	746
58	SHERAZ PARACHA H. NO.74-A PCSIR HOUSING SOCIETY,PHASE 1, LAHORE	3520258393897	SAEED UR REHMAN PARACHA	500	49	-	549	500	49	-	549
59	IMTIAZ MUHAMMAD KHAN 177-A DEFENCE HOUSING COLONY,OPP SERVICES CLUB, CANTT, MULTAN	3620245678651	MALIK JALAL MUHAMMAD KHAN	468	79	-	547	468	79	-	547
60	MUHAMMAD ASLAM JAVID BUTT H NO 644-G BLOCK, GULSHAN RAVI SCHEME, MULTAN ROAD, LAHORE	3520211656081	MUHAMMAD ASHIQ BUTT	658	75	-	733	658	75	-	733
61	USMAN AFZAL DULCHKEY UGOKI , WAZEER ABAD, SIALKOT	30091364978	-	136	470	-	606	136	470	-	606
62	MUHAMMAD SHOAIB HOUSE NO. 172-A STREET NO.42, KARIM PARK CHAHU MIRAN, LAHORE	3520282364775	-	446	128	-	574	446	128	-	574
63	MIAN SHEIKH MUHAMMAD AMJAD H NO 119 DEFECNE OFFICERS COLONY SHER SHAH ROAD, CANTT MULTAN	3630203658005	MIAN SHEIKH MUHAMMAD ARSHAD	420	119	-	539	420	119	-	539
64	AMIRA TEXTILES (PVT) LTD, OFF MANGA, RAIWIND ROAD	MUHAMMAD AKRAM KHAN, 271-40-541461	ABDUL RAHIM	1,883	338	1,387	3,608	445	338	1,676	2,459
65	SHAIKAT A FANCY COMMUNICATIONS,2/A,PLOT G22 BL-9,KHY-E-JAMI,CLIFTON SCHEME NO 5,KARACHI KARACHI	SHAIKAT A FANCY 51440007497		529	-	-	529	559	-	-	564
66	AMJAD Z MALIK H.NO 14, 1ST FLOOR, BLOCK 7/8, K.M.C.H.S. KARACHI 4528312 KAR	AMJAD Z MALIK 28558430301		786	-	-	786	786	33	-	819

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S. No.	Consolidated Name & Address of the borrowers	Name of Individuals/ Partners/Directors. (NIC No./Passport)	Father/Husband's Name	Outstanding Liabilities at beginning of the year				Amount Written off / Concession			
				Principal	Interest	Other Charges	Total	Principal	Interest	Other Charges	Total
67	CH I ALI HIGH CLASS TRAVEL SERVICES 66 -G, WAPDA HOUSE THE MALL, LAHORE	CH I ALI 27350004671		508	-	-	508	551	13	-	564
68	ADEEL RIAZ VYLE COMMUNICATION 8GROUND FLR,EDEN CENTER 43/A - JAIL RD, LAHORE	ADEEL RIAZ 27172120451		416	-	-	416	605	29	-	634
69	MEHRUNISA S MAZARI 138 EDEN AVENUE DEFENCE ROAD LAHORE, CANTT, LAHORE	MEHRUNISA S MAZARI 27056544802		542	-	-	542	566	13	-	579
70	IRFAN AFTAB HOUSE NO 122 SHAHDIN SCHEME ICHRA FERROZEPUR ROAD, LAHORE	IRFAN AFTAB 27173187040	AFTAB AHMAD CH	510	-	-	510	510	14	-	524
71	RANA M IQBAL H NO 704 ST NO 100 A I-10/4 ISLAMABAD	RANA M IQBAL 3440149650545	MUHAMMAD YASEEN	501	-	-	501	501	42	-	543
72	ISHTIAQ MUHAMMAD 107 CC PH 4 DHA LAHORE CANTT LAHORE	ISHTIAQ MUHAMMAD 3520125363741	M RASHEED	593	-	-	593	593	58	-	651
73	IRFAN ABDUL KHALIQ. HOUSE # R-304, BLOCK 16-A, GULISTAN-E-JAUHAR, KARACHI	IRFAN ABDUL KHALIQ 522-80-121306	ABDUL KHALIQ.	585	-	-	585	585	-	-	585
74	K.K. AHMED 55/1, KHYABAN-E-BOKHARI PHASE-6, D.H.A KARACHI	K.K. AHMED 101-51-621596	KHAWAJA ALI MUHAMMAD	522	-	-	522	522	-	-	522
75	ASSAD ALI KHAN B-4/20 HOUSE NO. WALLI ROAD SOLIDER BAZAR NO.1, KARACHI	ASSAD ALI KHAN 42201-3963782-3	SHABIR MOHAMMAD KHAN	691	-	-	691	718	-	-	718
76	GHULAM HUSSAIN ST # 5, MOLLAH HABIB PURA, SIALKOT	GHULAM HUSSAIN 300-92-247728	ANYAT HUSSAIN	541	-	-	541	541	-	-	541
77	MOHAMMAD AMEEN VEERA H # 604, BARKATI MAHAL FATIMA JINNAH COLONY, JAMSHAD ROAD, KARACHI	MOHAMMAD AMEEN VEERA 42201-5099079-7	IBRAHIM ISMAIL VEERA	773	-	-	773	1,108	-	-	1,108
78	SAJJAD AHMED CHOHAN H # 90-B , BLOCK # B RAHMATA-ABAD, CHAKLALA, RAWALPINDI	SAJJAD AHMED CHOHAN 37405-7514555-7	MUHAMMAD AZIZ	509	-	-	509	509	-	-	509
79	SAJJAD AHMED CHOHAN H # 90-B , BLOCK # B RAHMATA-ABAD, CHAKLALA, RAWALPINDI	SAJJAD AHMED CHOHAN 37405-7514555-7	MUHAMMAD AZIZ	509	-	-	509	547	-	-	547
80	SOHAIL ARSHAD HOUSE NO. 227, SHADMAN II, LAHORE	SOHAIL ARSHAD 3520262668767	M. SHAFFIQ ARSHAD	662	-	-	662	653	-	-	653
81	CH. MURTAZA AKRAM 75/Q, MODEL TOWN, LAHORE	CH. MURTAZA AKRAM 275-74-405891	CH. MOHAMMAD AKRAM	597	-	-	597	597	-	-	597
82	MALIK PERVAIZ AKHTAR HOUSE NO. 6-B, STREET 12 F-8/3 ISLAMABAD	MALIK PERVAIZ AKHTAR 61101-4828790-3	MALIK MUHAMMAD KHAN	582	-	-	582	582	-	-	582
83	MUHAMMAD NOMAN SIDDIQUI 22 A 11 4TH GOLF COURSE ROAD DHA PHASE IV, KARACHI	MUHAMMAD NOMAN SIDDIQUI 42301-0230659-1	IFTIKHAR A SIDDIQUI	566	-	-	566	566	-	-	566
84	MOHAMMAD AHMED CHIUDHRY H # 89-A ST # 59 SECTOR F-10/3, ISLAMABAD	MOHAMMAD AHMED CHIUDHRY 61101-1365919-9	MOHAMMAD YOUNUS ZAHID	770	-	-	770	736	-	-	736
85	RIZWAN ELAHI H # 324, ST # 14, CHAKLALA SCHEME III RAWALPINDI	RIZWAN ELAHI 37405-3572600-3	EHSAN ELAHI	946	-	-	946	946	-	-	946
86	RIZWAN ELAHI H # 324, ST # 14, CHAKLALA SCHEME III RAWALPINDI	RIZWAN ELAHI 37405-3572600-3	EHSAN ELAHI	946	-	-	946	1,036	-	-	1,036
87	ALI AKBER KHAN H # 298-A, ST # 35 F-11/3, ISLAMABAD	ALI AKBER KHAN 61101-0644519-1	NOROZE KHAN	944	-	-	944	941	-	-	941

Standard Chartered Bank (Pakistan) Limited

Consolidated Financial Statements

Annexure - 1

S. No.	Consolidated Name & Address of the borrowers	Name of Individuals/ Partners/Directors. (NIC No./Passport)	Father/Husband's Name	Outstanding Liabilities at beginning of the year			Amount Written off / Concession				
				Principal	Interest	Other Charges	Principal	Interest	Other Charges	Total	
88	MOHAMMAD RAFI NAI ABBADI KHAN MAHAL ROAD HOUSE NO 4532/4 MUHALLAH AHMED PURA, SIALKOT	MOHAMMAD RAFI 34603-4025006-1	GHULLAM SARWAR	626	-	-	626	669	-	-	669
89	NAEEM IMRAN MAEEM SHAHEED CHOWK, DUBARJI ARIAN, P.O. SAILKOT, TEH & DIS TT SIALKOT	NAEEM IMRAN 34603-2188601-3	GHULAM RASOOL	664	-	-	664	661	-	-	661
90	SAFDAR NAZ SARKI E- 97 NOMAN AVENUE RASHID MINHAS RD BLOCK- 20 GULISTAN -E-JOHAR, KARACHI	SAFDAR NAZ SARKI 43102-8128218-1	SIKANDAR NAZ SARKI	688	-	-	688	752	-	-	752
91	INAM ELLAHI SHEIKH 2315, ST# 3, AZAM TOWN, 100FT ROAD	INAM ELLAHI SHEIKH 42301-4483399-5	S. M. YAQOOB	670	-	-	670	670	-	-	670
92	ALI NAWAZ FLAT NO C-105, SHOPPER PLAZA, ISPHANI ROAD	ALI NAWAZ 42201-7431354-7	WAHID BAKSH	710	-	-	710	710	-	-	710
93	SHAHJAHAN 1332 STREET# 21, AZAM BASTI, KARACHI	SHAHJAHAN 42301-2250061-7	NOORA JAAN	922	-	-	922	920	-	-	920
94	ARSHAD ALI FLAT NO. M-3, ALI HEIGHTS SC-5 NORTH NAZIMABAD, BLK-C KARACHI	ARSHAD ALI 42101-7508811-3	ABDUL RASHEED ARAINA	665	-	-	665	665	-	-	665
95	MAHMOOD IQBAL A-38, FARAZ VIEW, BLK 13 GULISTAN-E-JOHAR, KARACHI	MAHMOOD IQBAL 42101-8365692-5	GHULAM MOHAMMAD	943	-	-	943	943	-	-	943
96	MUHAMMAD ASLAM H # 3, STREET # 29, F.B. AREA, QAYOOMBAD, KORANGI ROAD, KARACHI	MUHAMMAD ASLAM 42301-7039797-7	GHULAM QADIR	677	-	-	677	736	-	-	736
97	AHMED ZIA 173-B GULISTAN COLONY NEAR MILLAT CHOWK, FAISALABAD	AHMED ZIA 33100-1510169-5	FARZAND ALI	1,024	-	-	1,024	1,101	-	-	1,101
98	ABDUL SALAM MAIN BAZAR P-363 G M ABAD NO. 1, FAISALABAD	ABDUL SALAM 33100-6805327-9	MUHAMMAD IQBAL	879	-	-	879	864	-	-	864
99	ABDUL HAFEEZ HOUSE NO . CC-1 DEFENCE VIEW PHASE 1, KARACHI	ABDUL HAFEEZ 42301-0998821-7	HAJI MOHAMMAD EDRESS	748	-	-	748	748	-	-	748
100	CHAUDHRY MOHAMMAD NAUMAN H # 2/460, MOHALLA WATER WORKS SIALKOT	CHAUDHRY MOHAMMAD NAUMAN 34603-2201682-1	CHAUDHRY MOHAMMAD IQBAL	686	-	-	686	678	-	-	678
101	KHALID MAJID H # 26/13, RACE COURSE ROAD NEAR CIRCUIT HOUSE, LAHORE	KHALID MAJID 35200-0731612-1	ABDUL MAJID KHAN	633	-	-	633	621	-	-	621
102	AYAZ BAIG H # 444 -11A1 MAJOR RASHEED STREET MOHALLA TENEL BATTI RAWALPINDI	AYAZ BAIG 37405-8450706-5	MOHD YOUSUF BAIG	688	-	-	688	688	-	-	688
103	MUHAMMAD IMRAN 120 NISHTAR BLOCK ALLAMA IQBAL TOWN, LAHORE	MUHAMMAD IMRAN 35404-1637310-3	MUHAMMAD ASLAM	491	-	-	491	511	-	-	511
104	ABDUL MANNAN AWAN H.NO. 983, ST.NO. 55, G-11/2, ISLAMABAD	ABDUL MANNAN AWAN 61101-1872309-5	MOHD. YOUSAF	709	-	-	709	705	-	-	705
105	MOHAMMAD ADNAN YOUSAF AWAN H.NO. 529, ST.NO. 3, G-9/3, ISLAMABAD	MOHAMMAD ADNAN YOUSAF AWAN 61101-1777006-9	MOHAMMAD YOUSAF AWAN	592	-	-	592	597	-	-	597
106	MUHAMMAD IRFAN AWAN H # 983,STREET # 55 SECTOR G-11/2, ISLAMABAD	MUHAMMAD IRFAN AWAN 61101-1770885-3	MUHAMMAD YOUSAF	659	-	-	659	696	-	-	696
107	SHEIKH ANEES UDDIN FL NO. 207 QASIM CENTRE, TIRAT DAS ROAD, URDU BAZAR, NEAR SOBHRAJ HOSPITAL, KARACHI	SHEIKH ANEES UDDIN 42201-0541006-3	SHEIKH RAEES UDDIN	468	-	-	468	509	-	-	509
108	MOHAMMAD SHAKEEL FLAT# 3 2ND FLOOR PLOT# 15 LANE# 9 NISHAT COMMERCIAL AREA DHA PH# 4 EXT. KARACHI	MOHAMMAD SHAKEEL 42101-4415460-9	MOHAMMAD HANIF	495	-	-	495	541	-	-	541
109	RAHIL AHMED QURESHI APPT# A-6 3RD FLOOR PLOT# 3-C ST# 1 1 BADAR COMMERCIAL PHASE V EXT. DHA, KARACHI	RAHIL AHMED QURESHI 42301-8245845-5	ZAHEER AHMED QURESHI	496	-	-	496	516	-	-	516

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Annexure - 1

S. No.	Consolidated Name & Address of the borrowers	Name of Individuals/ Partners/Directors. (NIC No./Passport)	Father/Husband's Name	Outstanding Liabilities at beginning of the year				Amount Written off / Concession			
				Principal	Interest	Other Charges	Total	Principal	Interest	Other Charges	Total
110	YAAR MUHAMMAD KHAN H.NO.1434, STR.33, G-11/2, ISLAMABAD	YAAR MUHAMMAD KHAN 61101-0484747-9	SHIRAJ UDDIN KHAN	479	-	-	479	506	-	-	506
111	M. BASIL AL BASHAR KHAN GF 01/13 PHA G-11/4, ISLAMABAD	M. BASIL AL BASHAR KHAN 13101-9557517-9	GHULAM KHAIR UL BASHAR	943	-	-	943	538	-	-	538
112	GHULAM ABBAS 375/5-X BLOCK DHA, LAHORE	GHULAM ABBAS 35201-5691649-9	ASAD QURESHI	475	-	-	475	516	-	-	516
113	M. HAFEEZ BHATTI H.NO.E-13/A, MOHALLAH NADRABAD BAIDIAN ROAD, LAHORE	M. HAFEEZ BHATTI 35201-8577532-5	M. HANEEF	462	-	-	462	509	-	-	509
				<u>73,327</u>	<u>16,008</u>	<u>1,387</u>	<u>90,722</u>	<u>71,319</u>	<u>19,124</u>	<u>1,676</u>	<u>92,119</u>