

## Company Information

### BOARD OF DIRECTORS

Mr. Shayne Nelson	Chairman
Mr. Badar Kazmi	Chief Executive Officer
Mr. John Brian Small	
Mr. Najmul Islam Chaudhri	
Mr. Ebenezer Essoka	
Mr. Nadeem Abdullah	
Mr. Shahid Zaki	

### COMPANY SECRETARY

Mr. Rahim Panjwani

### AUDIT COMMITTEE OF THE BOARD

Mr. Najmul Islam Chaudhri	Chairman
Mr. Nadeem Abdullah	Member
Mr. John Brian Small	Member

### AUDITORS

M/S KPMG Taseer Hadi & Co  
Chartered Accountants

### LEGAL ADVISORS

Haidermota & Co  
Barristers at Law & Corporate Counsellors

### REGISTERED OFFICE

Standard Chartered Bank (Pakistan) Limited  
P.O. Box No. 5556, I.I. Chundrigar Road  
Karachi 74000 Pakistan  
Tel: (021) 2450000  
Fax: (021) 2414914

### MAIN OFFICE

Standard Chartered Bank (Pakistan) Limited  
P.O. Box No. 5556, I.I. Chundrigar Road  
Karachi 74000 Pakistan  
Tel: (021) 2450000  
Fax: (021) 2414914

### WEBSITE

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

### REGISTRAR AND SHARE TRANSFER OFFICE

M/S T H K Associates (Pvt.) Limited  
Ground Floor, State Life Building No.3  
Dr. Ziauddin Ahmad Road, Karachi  
Tel : (021) 111-000-322  
Fax : (021) 5655595

## Standard Chartered Bank (Pakistan) Limited Directors' Report

On behalf of The Board of Directors of Standard Chartered Bank (Pakistan) Limited (the Bank) it gives me great pleasure to present the interim un-audited financial statements of the bank for the quarter ended March 31, 2008.

### Economy

The global economic environment has significantly deteriorated and in this fiscal year Pakistan has faced both external and internal shocks. As a result of macroeconomic imbalances caused by these shocks, the economy has already begun to adjust through a slowdown in growth and rising inflation.

Both fiscal and current account balances have significantly widened. While FDI has continued to flow in, net portfolio investment has been barely positive. To meet the current account deficit, about \$3.6 billion of foreign exchange reserves have depleted since Oct 07 and the reserve cover has declined to 2.9 months of imports by April 16, 2008.

Going forward the political uncertainty, is expected to ease down with the formation of the newly elected government. The new government is a broad based coalition of all the mainstream parties. The coalition has adopted a pragmatic approach in continuing with the pro growth economic policies.

### Operating Results and Business overview:

#### Financial Highlights:

	(PKR Million)	
	March 31, 2008	December 31, 2007
<b>Balance Sheet</b>		
Paid up Capital	38,716	38,716
Equity	43,653	43,066
Deposits	177,799	177,162
Advances	124,345	119,537
Investments	38,904	40,696
	Quarter ended March 31, 2008	Quarter ended March 31, 2007
<b>Profit &amp; Loss</b>		
Revenue	5,787	5,348
Non-markup Expenses	3,152	2,479
Operating Profit ( before provisions and tax)	2,636	2,868
Provisions	1,386	685
Profit before tax	1,250	2,183
Profit after tax	818	1,435

## Standard Chartered Bank (Pakistan) Limited Directors' Report

Revenue grew by 8% to PKR 5.79 billion for the quarter ended March 31, 2008 as against PKR 5.35 billion in the previous corresponding quarter. Profit before tax of PKR 1.25 billion for the current quarter represents a decrease of Rs. 0.93 billion over the corresponding quarter of last year mainly due to increase in impairment losses on loans and advances by PKR 0.70 billion and increase in non-mark up expenses by PKR 0.67 billion.

As also mentioned in our previous directors' reports the notable rising trend in provision for doubtful debts is mainly from the unsecured segment of consumer finance. Both rising interest rates and introduction of positive credit bureau have limited the availability of additional financing to high leveraged borrowers. This in turn has resulted in serious impairment of repayment capacity of individual borrowers in the market. Application of SCB Group policies for general provision against consumer loans has also resulted in significantly higher provision balance as at March 31, 2008 then that specified under the prudential regulations.

We foresee continuation of pressure on margins and increased risk of delinquencies. We are, however, confident that with our robust risk management systems and practices we are well positioned to overcome these challenges.

Non-markup expenses for the quarter have increased mainly due to significant investment in branch network, staff strength, technology platforms, infrastructure improvement and capacity enhancements including health and safety, etc. We are investing significantly today in our Brand and in increasing our footprint. The full benefits of these investments will accrue to the Bank in subsequent periods. In January 2007 the bank had 115 branches in 22 cities. Today we have 174 branches in 39 cities.

The financial statements reflect PKR 0.21 basic/ diluted earning per share for the current quarter which translates into an annualized EPS of PKR 0.84.

Total assets as at March 31, 2007 stood at PKR 269.88 billion as against PKR 255.55 billion as at December 31, 2007. Although Deposits grew marginally by PKR 0.64 billion compared to December 31, 2007, it is pertinent to mention here that the Bank has pro-actively changed its funding mix from high cost institutional deposits to low cost customer liabilities. Net Advances increased by PKR 4.8 billion representing an increase of 4.0% as compared to December 31, 2007.

### Credit Rating

Pakistan Credit Rating Agency (PACRA) has assigned long-term rating of "AAA" (Triple A) and a short-term rating of "A1+" (A One Plus) to the Bank in June 2007. The bank's three listed, subordinated TFCs are also assigned "AAA" rating. These ratings denote the lowest expectation of credit risk emanating from an exceptionally strong capacity for timely payment of financial commitments. These ratings are the highest ratings assigned by PACRA to any other Commercial Bank in the private sector.

### Performance of the Group

In compliance of section 236(5) of the Companies Ordinance, 1984 attached with this report are the consolidated financial statements of SCBPL and its subsidiaries (the Group) namely – Standard Chartered Leasing Limited, Standard Chartered Services of Pakistan (Private) Limited and Standard Chartered Modaraba for the quarter ended March 31, 2008.

**Standard Chartered Bank (Pakistan) Limited  
Directors' Report**

**Appreciation and Acknowledgment**

We take this opportunity to express our gratitude to our customers and business partners for their continued support and trust. We appreciate the co-operation and guidance extended by the State Bank of Pakistan. Finally, we are also thankful to our associates, staff and colleagues for their hard work and unstinted commitment to the Bank.

On behalf of the Board



**Badar Kazmi**  
Chief Executive

Karachi: April 29, 2008