

**STANDARD CHARTERED BANK (PAKISTAN) LIMITED**  
**31<sup>st</sup> MARCH 2025**  
**DIRECTORS' REPORT**

On behalf of the Board of Directors, we are pleased to present the Directors' Report of Standard Chartered Bank (Pakistan) Limited (SCBPL or the Bank) along with the un-audited interim financial statements for the period ended 31<sup>st</sup> March 2025.

**Economy**

Economy has witnessed nascent recovery with a GDP growth of 2.5% in FY24 attributed to strong agriculture performance, prudent policy management, decrease in inflation and a stable exchange rate. Positive developments continued in Q3-FY25, as most economic indicators have shown improvement laying the foundation for sustained growth and moderate inflation in the coming months of the fiscal year.

On the external front, current account posted a surplus of USD 1.9bn in 9M-FY25, against a deficit of USD 1.7bn in the corresponding period last year. The marked improvement was primarily attributed to a substantial increase in remittances and stronger exports which increased 33% and 8% respectively, managing to absorb the increase in imports of 11% during the period.

Pakistan reached staff level agreement with IMF on a 37-month Extended Fund Facility Arrangement (EFF) for USD 7bn out of which USD 1.1bn has been disbursed resulting in market confidence and exchange rate stability. Further, a new 28-month arrangement with IMF under the Resilience and Sustainability Facility (RSF) has been agreed for additional USD 1.3bn. Foreign direct investment increased by 14% year on year to USD 1.64bn during 9M-FY25, which together with IMF programme is providing support in unlocking near-term FX inflows from multilateral and bilateral sources paving way for improved macroeconomic environment.

SBP foreign exchange reserves improved from USD 9.4bn at start of the current fiscal year to USD 10.6bn as of 11th April 2025. CPI average inflation substantially declined to 5.3% in 9M-FY25 from 27.1% a year earlier supported by easing global prices, a stable exchange rate and targeted government policies. Amid easing inflationary pressures and improving macroeconomics, SBP reduced the policy rate by 850bps since the start of FY-2025 to 12%.

Based on 2024 annual results, Banks in Pakistan continue to be well capitalized and liquid with an industry wide CAR of 20.6% and advances to deposit ratio of 49.7% respectively. The banking industry remains profitable with a ROE (after tax) of 21.5%. Meanwhile, NPLs of the banking sector stood at 6.3% at close of CY24 compared to 7.6% at close of CY23.

**Purpose**

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

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

**Our strategic pillars**

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

**1) Network**

Our global network is the key to our ability to compete profitably and remains a differentiator for our clients. We continue to leverage this strength and systematically

increase network linked income through innovative solutions, product specialization and structured off-shore offerings. Our focus remains on facilitating our clients in the Belt and Road Initiative and other trade corridors as well as building momentum in Sovereign, Multinational and Local Corporates space.

## 2) **Affluent**

We continue to reinforce our strong credentials in the affluent segment by building loyalty and trust through offering our clients personalised wealth advice based on superior insight.

## 3) **Emerging Affluent**

We are investing in a range of proven digital capabilities that can substantially and economically scale up our emerging affluent retail presence. We are doing this with enhanced data analytics and a superior end-to-end digital experience, developing opportunities on our own and with partners. Our digital transaction mix, including “SC Mobile” application customers, continue to increase. We have upgraded core banking system to advanced platform and are also spending on state-of-the-art digital capabilities and solutions to drive enhanced client experience. We are strategically repositioning the Personal Banking segment to focus on growing emerging affluent clients, serving as a rich base for up-tiering to Affluent business.

## 4) **Sustainability**

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

These strategic priorities are supported by three key enablers:

## 1) **People & Culture**

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

## 2) **Ways of Working**

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

## 3) **Innovation & Technology**

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

## **Operating Results and Business Overview**

|                      | <b>31 March 2025<br/>(PKR millions)</b> | <b>31 December 2024<br/>(PKR millions)</b> |
|----------------------|---|--|
| <b>Balance Sheet</b> |   |  |
| Paid-up capital      | 38,716                                  | 38,716                                     |
| Total equity         | 103,441                                 | 117,722                                    |
| Deposits             | 725,616                                 | 835,695                                    |
| Advances – gross     | 244,535                                 | 190,374                                    |
| Advances – net       | 225,569                                 | 171,567                                    |
| Investments – net    | 562,943                                 | 654,340                                    |

|   | Period ended<br>31 March 2025<br>(PKR millions) | Period ended<br>31 March 2024<br>(PKR millions) |
|---|---|---|
| <b>Profit and Loss</b>                                  |   |   |
| Revenue   | 23,101  | 29,455  |
| Operating expenses                                      | 5,437   | 4,776   |
| Other non mark-up expenses                              | 322   | 421   |
| Operating profit (before credit loss allowance and tax) | 17,342  | 24,259  |
| Credit loss allowance and write offs - net              | 310   | (477)   |
| Profit before tax                                       | 17,032  | 24,736  |
| Profit after tax  | 7,985   | 11,237  |
| Earnings per Share (EPS) – Rupees                       | 2.06  | 2.90  |

Bank delivered a resilient financial performance with a Profit before tax of PKR 17.0bn compared to PKR 24.7bn in corresponding period last year. Revenue was lower by PKR 6.4bn primarily due to sharp reduction in interest rates. The impact of margin compression on revenue was partially offset by increase in non-funded income and decrease in cost of funds. Operating expenses increased 14% from comparative period reflecting inflation, investment in our people and infrastructure. Moreover, prudent risk approach coupled with strong recoveries of bad debts led to a benign charge of PKR 0.3bn during the period.

On the liabilities side, the Bank's total deposits stood at PKR 726 billion; down by 13% from start of the year. Bank's deposit mix improved with current accounts now constituting 54% of the deposit book, compared to 48% last year. On assets side, net advances were higher by PKR 54bn or 31% during Q1'25, reflecting pick-up in economic momentum. We continue to monitor the economic landscape and will position our portfolio accordingly. The Bank is well placed to cater for the needs of its clients and will continue its strategy to build a profitable, efficient and sustainable portfolio.

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

## Outlook

While the external environment remains challenging, pace of economic recovery will be dependent on improvement in external flows, domestic and geopolitical environment and global commodity prices.

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

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

## Credit Rating

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

### **Appreciation and Acknowledgment**

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

On behalf of the Board



Chief Executive Officer

Karachi: 25<sup>th</sup> April 2025



Director