

Quarterly Report
MARCH 31, 2019



Charting the Waves of Success

think samba

World class banking solutions
for the most important things in life

UAN 11 11 SAMBA (72622)
www.samba.com.pk

Samba Bank Limited - Subsidiary of Samba Financial Group, Saudi Arabia

samba bank سامبا بینک

Contents

- 02 Branch Network
- 03 Company Information
- 04 Directors' Report
- 08 Condensed Interim Statement of Financial Position
- 09 Condensed Interim Profit and Loss Account
- 10 Condensed Interim Statement of Comprehensive Income
- 11 Condensed Interim Cash Flow Statement
- 12 Condensed Interim Statement of Changes in Equity
- 13 Notes to and Forming Part of the Condensed Interim Financial Statements

All trademarks and logos referred to and used in this document are registered trademarks of and owned by Samba Financial Group.

Our Branch Network

Currently, SBL has a network of 37 branches located in 10 major cities across the country.

Karachi

Fountain, Saddar
Rashid Minhas
Hyderi
SMCHS
Bahria I
DHA Phase VI
Shahra-e-Faisal
Gulshan
Clifton
Bahadurabad
Ittehad
Saba Avenue
Tauheed Commercial

Lahore

Gulberg
Mall
Allama Iqbal Town
Johar Town
DHA Phase III
New Garden Town
Tufail Sarwar Road
Cavalry Ground
Faisal Town
DHA Phase V
Badami Bagh

Islamabad

Jinnah Avenue
F-11
F-7
DHA Phase II

Rawalpindi

Murree Road
Bahria Town
Wah Cantt.

Gujranwala

G.T. Road

Faisalabad

Liaquat Road

Multan

Nusrat Road

Sialkot

Paris Road

Peshawar

Islamia Road

AJK - BAGH

Bagh

Company Information

Board of Directors*

Dr. Shujaat Nadeem	Chairman / Non-Executive Director
Mr. Shahid Sattar	President & CEO / Executive Director
Mr. Antoine Mojabber**	Non-Executive Director
Mr. Arjumand Ahmed Minai	Independent Director
Mr. Beji Tak-Tak**	Non-Executive Director
Mr. Humayun Murad	Independent Director
Mr. Nadeem Babar***	Non-Executive Director
Ms. Ranya Nashar	Non-Executive Director
Mr. Shahbaz Haider Agha	Independent Director

Board Audit Committee****

Mr. Arjumand Ahmed Minai	Chairman
Mr. Humayun Murad	Member
Ms. Ranya Nashar	Member

Board Risk Committee

Mr. Beji Tak-Tak**	Chairman
Mr. Shahid Sattar	Member
Mr. Antoine Mojabber**	Member
Mr. Shahbaz Haider Agha	Member

Board Nomination & Remuneration Committee

Mr. Shahbaz Haider Agha	Chairman
Mr. Nadeem Babar***	Member
Mr. Humayun Murad	Member
Ms. Ranya Nashar	Member

Board IT Committee

Dr. Shujaat Nadeem	Chairman
Mr. Antoine Mojabber**	Member
Mr. Nadeem Babar***	Member

President & Chief Executive Officer

Mr. Shahid Sattar

Company Secretary

Syed Zia-ul-Husnain Shamsi

Chief Financial Officer

Mr. Rashid Jahangir

Auditors

A. F. Ferguson & Co. Chartered Accountants

Legal Advisors

Mohsin Tayebaly & Co. Advocates & Legal Consultants

Head Office

Arif Habib Centre Plot No. 23, Ground floor
M.T Khan Road Karachi - Pakistan

Registered Office

2nd Floor, Building # 13-T, F-7 Markaz, Near Post Mall,
Islamabad - Pakistan

Share Registrar

Famco Associates (Pvt.) Limited
8-F, Next to Hotel Faran, Nursery, Block-6 P.E.C.H.S.,
Karachi - Pakistan

Website

www.samba.com.pk

Help Line

(+92-21) 11 11 SAMBA (72622)

Credit Rating by JCR-VIS

Medium to Long Term	AA (Double A)
Short Term Rating	A-1 (A-One)

* Retired on March 27, 2019. Re-elected / newly elected directors' approval is awaited from SBP.

** Not elected in AGM held on March 27, 2019

*** Resigned w.e.f. April 23, 2019

**** Constituted w.e.f. April 16, 2019

Directors' Report

On behalf of the Board of Directors, we are pleased to present the financial results of the Bank for the quarter ended March 31, 2019.

Economic Highlights

The stabilization measures taken by the Government in the form of currency devaluation, hike in interest rates, increasing import duties and curtailment in public spending has started to show results. After experiencing large twin deficits and depleting foreign exchange reserves, the situation appears to be improving. Imports have started responding to demand compression policies, however exports have not picked up pace yet as the exporters have to ramp up their capacities and recapture their market share.

Financial Results and Overview

Despite these challenges, the bank has performed well during the first quarter of 2019 and is declaring the following results:

	Rupees (million)	
	Quarter Ended March 31, 2019	Quarter Ended March 31, 2018
Profit before taxation	352	601
Taxation	167	210
Profit after taxation	186	390
Earnings per share - (Rupees)	0.18	0.39

	Rupees (million)	
	March 31, 2019	December 31, 2018
Total assets	103,820	122,765
Lending to Financial Institutions	9,164	9,449
Investments - net	30,174	48,021
Advances - net	53,437	53,592
Deposits	65,116	65,225
Paid-up capital & reserves	10,082	10,082
Deficit on revaluation of assets - net of tax	304,347	380,015

The management is focused on strategically sizing the balance sheet with appropriate mix of earning assets and low cost borrowings and deposits. This strategy resulted in reduction in the assets base of the Bank from PKR 122.8bn as at December 31, 2018 to PKR 103.8bn at March 31, 2019. The decrease is primarily attributable to 37% reduction in investments in Federal Government Securities. On the liabilities side, the Bank managed to mobilize low cost and medium to small ticket deposits. Due to effective management of deposit mix and despite increase in policy rate by 4.25%, the cost of deposit only increased by 2.4%.

The Profit Before Tax (PBT) for current quarter was PKR 352mn (PBT) compared to PKR 601mn of first quarter of last year, showing a decrease of PKR 248mn. The decline in PBT is largely attributable to the reduction in capital gains amounting to PKR 289mn from sale of Federal Government securities due to maturities of high-yielding investments and recoveries against settlement with non-performing borrowers that were recorded last year. Nonetheless, compared to similar period last year, the net markup income

increased by 27%, whereas the overall administrative cost of the Bank decreased by 2%. Excluding the one off capital gains on sale of securities and reversal on recovery of non-performing loans; the PBT of current period under review is higher by 167% compared to similar period last year.

Credit Rating

VIS Credit Rating Company Limited, a premier credit rating agency, has reaffirmed SBL's medium to long-term credit rating at AA (Double A) and the short-term rating at A-1 (A-One). The outlook on the assigned ratings has also been regarded as 'Stable'. These long and short term ratings of the Bank denote high credit quality with adequate protection factor and strong capability for timely payments to all financial commitments owing to strong liquidity positions.

Future Outlook

The financial inflows from friendly countries have provided short term rescue but the urgency for structural reforms and measures should remain the policy priority to push economy back on the track of growth.

The Bank would continue to take effective measures for growth, keeping its core focus on steadily building up its earning assets; effectively managing the associated risks; and reduce its cost of funds through continued improvement in its deposit mix. This would be facilitated by delivery of world class banking services to the Bank's valued customers.

Acknowledgment

We wish to express sincere gratitude to our customers, business partners and shareholders for their patronage and trust. The Board of Directors and the management would like to thank the State Bank of Pakistan and other regulatory bodies for their guidance and support. We also sincerely appreciate the dedication, commitment, and team work of all employees of the Bank, who worked very hard to transform the Bank into a successful franchise.

On behalf of the Board of Directors,

Shahid Sattar
President & Chief Executive Officer

April 23, 2019
Karachi

Arjumand Ahmed Minai
Director

موجودہ سہ ماہی کے دوران، منافع قبل از ٹیکس گزشتہ سال کی پہلی سہ ماہی میں حاصل شدہ 601 ملین روپے کی سطح کی نسبت 248 ملین کی کمی کے ساتھ 352 ملین روپے رہا۔ منافع کی کمی میں 289 ملین روپے کا بنیادی کردار زیادہ منافع کی حامل وفاقی حکومت کی تسکات کی بالیدگی (میچورٹیز) کے باعث ان کی فروخت سے حاصل کیپٹل گین کے سبب اور اس کے ساتھ ساتھ گزشتہ سال میں درج کیے گئے غیر فعال قرضوں کے تصفیے کی طے شدہ وصولیوں کا حصول رہا۔ تاہم گزشتہ تقابلی مدت کی نسبت خالص مارک اپ آمدنی کی سطح میں 27 فیصد کا اضافہ دیکھنے میں آیا جبکہ بینک کے مجموعی انتظامی اخراجات کا تعین 2 فیصد کی کمی کے ساتھ ہوا۔ ساتھ ہی یہ امر بھی قابل غور ہے کہ گزشتہ سال یکبارگی کے کیپٹل گین اور غیر فعال قرضہ جات کی مد میں وصولیائی کو برطرف کر کے موجودہ سہ ماہی کا منافع قبل از ٹیکس اپنی تقابلی مدت سے 167 فیصد زائد ہے۔

کریڈٹ ریٹنگ

وی آئی ایس کریڈٹ ریٹنگ کمپنی لمیٹڈ، جو کہ ایک معروف کریڈٹ ایجنسی ہے، نے بینک کی درمیانی سے طویل مدت تک کی درجہ بندی کو ڈبل اے (AA) کی سطح پر اور قلیل المدتی درجہ بندی کو اے ون (A-1) کی سطح پر برقرار رکھا ہے۔ ان درجہ بندیوں سے متعلقہ آئندہ امکانات میں بھی استحکام کی پیش بینی کی گئی ہے۔ یہ طویل اور قلیل المدتی درجہ بندیاں بینک کے اعلیٰ قرضہ جاتی معیار اور اس کے ساتھ اس کے مناسب محافظت کے عوامل اور مضبوط سیال پذیری (لیکوڈیٹی) کی بدولت اپنی تمام تر مالیاتی ذمہ داریوں کی بروقت ادائیگی کی ٹھوس صلاحیت کی مظہر ہیں۔

مستقبل کی پیش بینی (نقطہ نظر)

اگرچہ دوست ممالک سے ملنے والی مالی اعانت سے قلیل المدتی عارضی سہولت حاصل ہوئی ہے تاہم معیشت کو ترقی کی راہ پر واپس لانے کے لیے بنیادی اصلاحات اور دیگر اقدامات کا فوری نفاذ اولین ترجیح ہے۔ بینک ترقی کی نئی راہوں کے تعین کے ساتھ اثاثہ جات میں بتدریج اضافے کے لیے مؤثر اقدامات کا سلسلہ جاری رکھے گا جس کے ساتھ اپنے پیداواری اثاثہ جات کی مستعدی پر خصوصی ارتکاز، ان سے متعلقہ خدشات سے مناسب طور پر نمٹنے اور ڈیپازٹس کی ترکیب میں جاری بہتری کے ساتھ اپنی لاگت کم کرنے کے ذریعے، اپنی ترقی و نمو کے تمام ضروری اقدامات کو جاری رکھے گا۔ یہ عمل بینک کے معزز صارفین کو دنیا کی بہترین بینکاری کی خدمات مہیا کرنے سے زیادہ سہولت اختیار کرے گا۔

اظہار تشکر

ہم اپنے صارفین و کاروباری شراکت داران اور حصص یافتگان کے، ان کے اعتماد اور خلوص پر نہایت مشکور ہیں۔ بورڈ آف ڈائریکٹرز اور بینک کی انتظامیہ بینک دولت پاکستان اور دیگر ضوابطی اداروں کی، ان کی رہنمائی اور تعاون پر شکر گزار ہے۔ اس کے علاوہ ہم اپنے بینک کے تمام ملازمین کی تہہ دل سے حوصلہ افزائی کرتے ہیں جن کی لگن، عزم اور ٹیم ورک نے بینک کو ایک کامیاب ادارے میں تبدیل کر دیا ہے۔

بورڈ آف ڈائریکٹرز کی جانب سے

ارجمند احمد مینائی
ڈائریکٹر

شاہد ستار
پریذیڈنٹ اور چیف ایگزیکٹو آفیسر
23 اپریل 2019
کراچی

ڈائریکٹر کی رپورٹ

بورڈ آف ڈائریکٹر کی جانب سے ہم، 31 مارچ 2019 کو اختتام پذیر سہ ماہی کے مالیاتی نتائج پیش کرتے ہوئے نہایت مسرت محسوس کر رہے ہیں۔

معاشی جائزہ

حکومت کی جانب سے کرنسی کی تنزلی، انٹرسٹ ریٹ میں اضافہ، درآمدات کے محصول میں بڑھوتری اور سرکاری اخراجات میں کٹوتی کی شکل میں اٹھائے گئے استحکامی اقدامات کے نتائج نظر آنا شروع ہو گئے ہیں۔ وسیع دوہرے خسارے اور کم ہوتے ہوئے زرمبادلہ کے ذخائر سے نبرد آزما ہونے کے بعد درآمدات نے سکتی ہوئی طلب کی پالیسیوں کے مطابق موافقت کا اظہار شروع کر دیا ہے۔ تاہم برآمدات میں فی الحال تیزی نہیں دیکھی جا رہی کیونکہ برآمد کنندگان اپنی صلاحیتوں کی از سر نو تخیص کرتے ہوئے مارکیٹ میں اپنے کاروباری حصے پر دوبارہ تصرف کے حصول کے لیے کوشاں ہیں۔

مالیاتی نتائج اور جائزہ

ان خدشات کے باوجود سال 2019 کی پہلی سہ ماہی کے دوران بینک کی کارکردگی بہتر رہی اور مندرجہ ذیل نتائج حاصل ہوئے:

روپے (ملین میں)

سہ ماہی مختتمہ 31 مارچ 2018	سہ ماہی مختتمہ 31 مارچ 2019
601	352
210	167
390	186
0.39	0.18

منافع قبل از محصولات (ٹیکسیشن)
محصولات
منافع بعد از محصولات
فی شخص آمدنی (روپیہ)

روپے (ملین میں)

31 دسمبر 2018	31 مارچ 2019
122,765	103,820
9,449	9,164
48,021	30,174
53,592	53,437
65,225	65,116
10,082	10,082
380,015	304,347

کل اثاثہ جات
مالیاتی اداروں کو قرضہ جات
سرمایہ کاری - خالص
قرضہ جات - خالص
ڈیپازٹس
اداشدہ سرمایہ کاری کے ذخائر
اثاثہ جات کی ریویلویشن پر خسارہ - بعد از محصولات

انتظامیہ اپنے پیداواری اثاثہ جات کی موزوں ترکیب اور حاصل شدہ قرضوں اور ڈیپازٹس کی کم لاگت کے ساتھ اپنی بیلنس شیٹ (میزانیہ) کے حجم کے دانشمندانہ فروغ پر اپنی توجہ مرکوز کئے ہوئے ہے۔ اس حکمت عملی کی بدولت بینک کے بنیادی اثاثہ جات 31 دسمبر 2018 کو 122.8 بلین روپے کی سطح سے کمی کے بعد 31 مارچ 2019 تک 103.8 بلین روپے پر آ گئے۔ اس کمی کے اہم عوامل میں وفاقی حکومت کی تسکات کا کردار پیش پیش ہے جن میں 37 فیصد کمی دیکھنے میں آئی۔ واجبات کے حوالے سے بینک کم لاگت اور درمیانی سے قلیل المدتی ڈیپازٹس کے حصول کی راہ پر گامزن رہا ہے۔ ڈیپازٹس کی ترکیب کے بہترین انتظام اور اس کے برعکس پالیسی ریٹ میں 4.25 فیصد کے اضافے کے باوجود بینک کے ڈیپازٹس کی لاگت میں محض 2.4 فیصد کا اضافہ ہوا۔

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2019

		(Rupees in '000)	
		(Un-audited)	(Audited)
	Note	March 31, 2019	December 31, 2018
ASSETS			
Cash and balances with treasury banks	9	3,873,305	5,154,790
Balances with other banks	10	1,219,382	496,174
Lendings to financial institutions	11	9,164,074	9,449,244
Investments - net	12	30,174,340	48,021,370
Advances - net	13	53,437,309	53,592,255
Fixed assets	14	1,051,815	1,064,563
Intangible assets	15	120,226	120,648
Deferred tax assets - net	16	661,078	700,767
Other assets - net	17	4,118,720	4,164,776
		103,820,249	122,764,587
LIABILITIES			
Bills payable	18	552,025	877,017
Borrowings	19	21,120,147	39,780,603
Deposits and other accounts	20	65,116,103	65,225,052
Liabilities against assets subject to finance lease		-	-
Subordinated debt		-	-
Deferred tax liabilities		-	-
Other liabilities	21	3,986,914	4,098,160
		90,775,189	109,980,832
NET ASSETS		13,045,060	12,783,755
REPRESENTED BY:			
Share capital		10,082,387	10,082,387
Reserves		729,124	691,997
Deficit on revaluation of assets	22	(304,347)	(380,015)
Unappropriated profit		2,537,896	2,389,386
		13,045,060	12,783,755
CONTINGENCIES AND COMMITMENTS		23	

The annexed notes 1 to 41 form an integral part of these condensed interim financial statements.

Chief Financial Officer

President & Chief Executive Officer

Chairman

Director

Director

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)

FOR THE QUARTER ENDED MARCH 31, 2019

		(Rupees in '000)	
	Note	Quarter ended March 31, 2019	Quarter ended March 31, 2018 (Restated)
Mark-up / Return / Interest Earned	24	2,501,791	1,838,458
Mark-up / Return / Interest Expensed	25	1,693,349	1,202,802
Net Mark-up / Interest Income		808,442	635,656
Non mark-up / interest income			
Fee and Commission Income	26	78,195	68,756
Dividend Income		10,725	10,212
Foreign Exchange Income		82,958	24,768
Gain on securities	27	5,896	299,336
Other Income	28	232	207
Total non-markup / interest Income		178,006	403,279
Total Income		986,448	1,038,935
Non mark-up / interest expenses			
Operating expenses	29	621,197	635,368
Workers' Welfare Fund		-	12,271
Other charges	30	288	170
Total non-markup / interest expenses		621,485	647,809
Profit Before Provisions		364,963	391,126
(Provisions) / Reversal and write offs - net	31	(12,597)	209,395
Extra ordinary / unusual items		-	-
PROFIT BEFORE TAXATION		352,366	600,521
Taxation	32	(166,729)	(210,182)
PROFIT AFTER TAXATION		185,637	390,339
Rupees			
Basic Earnings per share	33	0.18	0.39
Diluted Earnings per share	34	0.18	0.39

The annexed notes 1 to 41 form an integral part of these condensed interim financial statements.

Chief Financial Officer

President & Chief Executive Officer

Chairman

Director

Director

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER ENDED MARCH 31, 2019

(Rupees in '000)

	Quarter ended March 31, 2019	Quarter ended March 31, 2018
Profit after taxation for the period	185,637	390,339
Other comprehensive income	-	-
Items that may be reclassified to profit and loss account in subsequent periods:		
Movement in surplus / (deficit) on revaluation of investments - net of tax	75,668	(281,885)
Total comprehensive income	261,305	108,454

The annexed notes 1 to 41 form an integral part of these condensed interim financial statements.

Chief Financial Officer

President & Chief Executive Officer

Chairman

Director

Director

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

FOR THE QUARTER ENDED MARCH 31, 2019

		(Rupees in '000)	
	Note	Quarter ended March 31, 2019	Quarter ended March 31, 2018 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		352,366	600,521
Less: Dividend income		(10,725)	(10,212)
		341,641	590,309
Adjustments:			
Depreciation		36,037	42,275
Amortization		7,894	9,258
Provision / (reversal) against loans and advances - net		12,490	(196,345)
Unrealized deficit on revaluation of investments held for trading		24	159
Gain on 'available for sale securities' - net		(4,777)	(300,747)
Bad debts written off directly		107	-
Operating Fixed Assets Written-off / Adjusted		-	1,965
Provision / (reversal) for diminution in the value of investments		-	(134)
Reversal of off balance sheet obligation		-	(14,130)
Gain on disposal of property and equipment - net		(209)	(166)
		51,566	(457,865)
		393,207	132,444
(Increase) / decrease in operating assets			
Lendings to financial institutions		285,170	(3,331,791)
Investments - held for trading securities		6,027,814	(2,021,739)
Advances		142,349	(2,280,983)
Others assets (excluding advance taxation)		(20,508)	388,021
		6,434,765	(7,246,492)
Increase / (decrease) in operating liabilities			
Bills Payable		(324,992)	196,220
Borrowings from financial institutions		(18,660,456)	(2,343,338)
Deposits		(108,949)	(3,878,461)
Other liabilities (excluding current taxation)		(163,812)	35,008
		(19,258,209)	(5,990,571)
Income tax paid		(40,344)	(947)
Net cash used in operating activities		(12,470,581)	(13,105,566)
CASH FLOWS FROM INVESTING ACTIVITIES			
Net proceeds from sale of securities		11,940,381	13,367,785
Dividends received		2,475	3,650
Investments in operating fixed assets		(30,937)	(57,259)
Proceeds from sale of fixed assets		385	4,324
Net cash generated from investing activities		11,912,304	13,318,500
CASH FLOW FROM FINANCING ACTIVITIES			
		-	-
(Decrease) / Increase in cash and cash equivalents			
		(558,277)	212,935
Cash and cash equivalents at beginning of the period		5,650,964	4,015,131
Cash and cash equivalents at end of the period	35	5,092,687	4,228,066

The annexed notes 1 to 41 form an integral part of these condensed interim financial statements.

Chief Financial Officer

President & Chief Executive Officer

Chairman

Director

Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE QUARTER ENDED MARCH 31, 2019

	(Rupees in '000)					
	Share capital	Capital reserve	Statutory reserve	Surplus/ (Deficit) on revaluation of assets	Unappropriated Profit	Total
Balance as at December 31, 2017	10,082,387	20,935	534,516	227,153	1,843,203	12,708,194
Profit after taxation for three months ended March 31, 2018	-	-	-	-	390,339	390,339
Transfer to statutory reserve	-	-	78,068	-	(78,068)	-
Movement in surplus on revaluation of investments - net of tax	-	-	-	(281,885)	-	(281,885)
Balance as at March 31, 2018 (Re-stated)	10,082,387	20,935	612,584	(54,732)	2,155,474	12,816,648
Profit after taxation for the nine months ended December 31, 2018	-	-	-	-	292,390	292,390
Transfer to statutory reserve	-	-	58,478	-	(58,478)	-
Movement in deficit on revaluation of investments - net of tax	-	-	-	(325,283)	-	(325,283)
Balance as at December 31, 2018	10,082,387	20,935	671,062	(380,015)	2,389,386	12,783,755
Profit after taxation for three months ended March 31, 2019	-	-	-	-	185,637	185,637
Transfer to statutory reserve	-	-	37,127	-	(37,127)	-
Movement in deficit on revaluation of investments - net of tax	-	-	-	75,668	-	75,668
Balance as at March 31, 2019	10,082,387	20,935	708,189	(304,347)	2,537,896	13,045,060

The annexed notes 1 to 41 form an integral part of these condensed interim financial statements.

Chief Financial Officer

President & Chief Executive Officer

Chairman

Director

Director

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE QUARTER ENDED MARCH 31, 2019

1 STATUS AND NATURE OF BUSINESS

- 1.1 Samba Bank Limited (the Bank) is a banking company incorporated in Pakistan and is engaged in commercial banking and related services. The Bank is listed on the Pakistan Stock Exchange Limited. Its principal office is located at Ground Floor, Arif Habib Centre, M.T Khan Road, Karachi, whereas, the registered office of the Bank is located at 2nd floor, Building No. 13-T, F-7 Markaz, near Post Mall, Islamabad. The Bank is a subsidiary of SAMBA Financial Group of Saudi Arabia, which holds 84.51% shares of the Bank as at March 31, 2019 (December 31, 2018: 84.51%). The Bank operates 37 branches (December 31, 2018: 37 branches) inside Pakistan.
- 1.2 JCR-VIS has determined the Bank's medium to long-term rating as 'AA' with stable outlook and the short-term rating as 'A-1'.

2 BASIS OF PRESENTATION

In accordance with the directives of the Federal Government regarding the shifting of the Banking system to Islamic modes, the State Bank of Pakistan has issued various circulars from time to time. Permissible forms of trade-related modes of financing include purchase of goods by banks from their 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 condensed interim financial statements as such but are restricted to the amount of facility actually utilised and the appropriate portion of mark-up thereon.

3 STATEMENT OF COMPLIANCE

- 3.1 These condensed interim financial statements of the Bank have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

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

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

The SBP vide BSD Circular letter No. 10, dated August 26, 2002 has deferred the applicability of International Accounting Standard (IAS) 39, Financial Instruments: Recognition and Measurement and International Accounting Standard 40, Investment Property for banking companies till further instructions. Moreover, according to the notification of the SECP issued vide SRO 411(I)/2008 dated April 28, 2008, International Financial Reporting Standard (IFRS) 7, Financial Instruments: Disclosures has not been made applicable for banks. Accordingly, the requirements of these standards have not been considered in the preparation of these condensed interim financial statements. However, investments have been classified and valued in accordance with the requirements of various circulars issued by the SBP.

- 3.3 SBP vide its BSD Circular No. 07 dated April 20, 2010 has clarified that for the purpose of preparation of financial statements in accordance with International Accounting Standard - 1 (Revised) 'Presentation of Financial Statements', two statement approach shall be adopted i.e. separate 'Profit and Loss Account' and 'Statement of Comprehensive Income' shall be presented, and Balance Sheet shall be renamed as 'Statement of Financial Position'. Furthermore, the surplus / (deficit) on revaluation of Available for Sale (AFS) Securities may be included in the 'Statement of Comprehensive Income'. Accordingly, the above requirements have been adopted in the preparation of these condensed interim financial statements.
- 3.4 The Companies Ordinance, 1984 was repealed after enactment of the Companies Act, 2017, on May 30, 2017. The SECP vide its Circular No. 23 of 2017, dated October 04, 2017 allowed all those companies whose financial year closed on or before December 31, 2017, to prepare financial statements in accordance with the provisions of repealed Companies Ordinance, 1984. Accordingly, these condensed interim financial statements have been prepared in accordance with Companies Act, 2017.
- 3.5 The disclosures made in these condensed interim financial statements have been limited based on the revised format prescribed by the State Bank of Pakistan vide BPRD Circular Letter No. 05 dated March 22, 2019 and International Accounting Standard 34, 'Interim Financial Reporting'. Changes made in the corresponding figures due to adoption of the revised format are disclosed in detail in Note 40.3. They do not include all of the information required for a full set of annual financial statements, and should be read in conjunction with the financial statements of the Bank for the year ended December 31, 2018.

3.6 Standards, interpretations and amendments to approved accounting standards that are effective in the current year

SECP vide SRO 434 (I)/2018 dated 9th April 2018, has directed the companies to follow IFRS 16 - Leases instead of IAS 17- Leases, for annual reporting periods beginning on or after January 01, 2019. On account of the hardships faced by the banks the SBP is considering to defer the application of IFRS 16 on banking companies for one quarter. SBP instructions over applicability of IFRS 16 are awaited. Accordingly, the requirements of this standard have not been considered in the preparation of these condensed interim financial statements. Had the requirements of IFRS 16 been applied, the profit after tax (PAT) for the quarter ended March 31, 2019 would have been lower by Rs. 13.431 million, total assets higher by Rs. 1,191.469 million, total liabilities higher by Rs. 1,204.9 million, Reserves and Unappropriated profit lower by Rs. 2.686 million and Rs. 10.745 million respectively as at March 31, 2019. The said impact of implementation of IFRS 16 has been arrived at using PKRV rates matching the maturity of the lease agreements; as the rate to discount cash flows originating from the respective lease terms.

SECP vide SRO 229(I)/2019 dated February 14, 2019 has modified the effective date for applicability of IFRS 9, Financial Instruments in place of IAS 39, for reporting periods on or after June 30, 2019. The Bank is also awaiting instructions from SBP regarding applicability of IFRS 9 as the applicability of IAS 39 was deferred by SBP till further instructions. Accordingly, the requirements of this standard have not been considered in the preparation of these condensed interim financial statements.

The International Accounting Standards Board (IASB) has issued IFRS 15 'Revenue from contract with customers' effective from annual periods beginning on or after July 01, 2018. This standard replaces IAS 18 'Revenue' which covers contracts for goods and services and IAS 11 'Construction Contracts' which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer - so the notion of control replaces the existing notion of risks and rewards. A new five-step process has been introduced which must be applied before revenue can be recognised. Entities will have a choice of full retrospective application, or prospective application with additional disclosures. The new revenue recognition requirements do not have any material impact on Bank's prevailing revenue recognition policy.

There are certain other new and amended standards, interpretations and amendments that are mandatory for the Bank's accounting periods beginning on or after January 1, 2020 but are considered not to be relevant or do not have any significant effect on the Bank's operations and are therefore not detailed in these condensed interim financial statements.

3.7 Standards, interpretations and amendments to approved accounting standards that are not yet effective

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

4 BASIS OF MEASUREMENT

These condensed interim financial statements have been prepared under the historical cost convention except that certain investments, foreign currency balances and commitments in respect of foreign exchange contracts and derivative financial instruments have been marked to market and are carried at fair value.

5 FUNCTIONAL AND PRESENTATIONAL CURRENCY

Items included in these condensed interim financial statements are measured using the currency of the primary economic environment in which the Bank operates. These condensed interim financial statements are presented in Pakistani Rupees, which is the Bank's functional and presentation currency.

6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation of balances adopted in the preparation of these condensed interim financial statements are same as those applied in the preparation of the annual financial statements of the Bank for the year ended December 31, 2018.

7 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The basis and methods used for critical accounting estimates and judgments adopted in these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Bank for the year ended December 31, 2018.

8 FINANCIAL RISK MANAGEMENT

The Bank's Financial Risk Management objectives and policies are consistent with those disclosed in the annual financial statements of the Bank for the year ended December 31, 2018.

9 CASH AND BALANCES WITH TREASURY BANKS

		(Rupees in '000)	
Note		March 31, 2019 Un-audited	December 31, 2018 Audited
	In hand		
	Local currency	421,368	446,171
	Foreign currencies	208,845	307,479
		630,213	753,650
	With State Bank of Pakistan in		
	Local currency current account	1,525,486	2,901,468
	Foreign currency current account (USD Settlement Account)	51,087	5,204
	Foreign currency current account (cash reserve account)	415,021	371,317
	Foreign currency deposit account (Special Cash Reserve Account)	1,244,782	1,113,950
		3,236,376	4,391,939
	With National Bank of Pakistan in		
	Local currency current account	6,497	8,957
	Prize bonds	219	244
		3,873,305	5,154,790
10	BALANCES WITH OTHER BANKS		
	In Pakistan		
	In current account	50,500	42,327
	In deposit account	15	15
		50,515	42,342
	Outside Pakistan		
	In current account	1,168,867	453,832
		1,219,382	496,174
10.1	The above amount includes balance with SAMBA Financial Group (a related party) amounting Rs. 32.450 million (2018: Rs. 17.434 million).		
11	LENDINGS TO FINANCIAL INSTITUTIONS		
	Call money lendings	300,000	-
	Repurchase agreement lendings (Reverse Repo)	8,864,074	9,449,244
		9,164,074	9,449,244
	Less: provision held against Lendings to Financial Institutions	-	-
	Lendings to Financial Institutions - net of provision	9,164,074	9,449,244

12 INVESTMENTS - NET

12.1 Investments by type:

(Rupees in '000)

	March 31, 2019 (Un-audited)				December 31, 2018 (Audited)			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
Held-for-trading securities								
Federal Government Securities	-	-	-	-	6,044,128	-	1,723	6,045,851
Shares	18,037	-	(24)	18,013	-	-	-	-
	18,037	-	(24)	18,013	6,044,128	-	1,723	6,045,851
Available-for-sale securities								
Federal Government Securities	22,597,800	-	(391,444)	22,206,356	34,518,518	-	(508,329)	34,010,189
Shares	1,088,843	(117,846)	(82,844)	888,153	1,075,942	(117,846)	(94,852)	863,244
Non Government Debt Securities	2,152,138	-	6,062	2,158,200	2,164,982	-	18,543	2,183,525
	25,838,781	(117,846)	(468,226)	25,252,709	37,759,442	(117,846)	(584,638)	37,056,958
Held-to-maturity securities								
Federal Government Securities	4,903,618	-	-	4,903,618	4,918,561	-	-	4,918,561
Total Investments	30,760,436	(117,846)	(468,250)	30,174,340	48,722,131	(117,846)	(582,915)	48,021,370

12.1.1 Investments given as collateral

(Rupees in '000)

	March 31, 2019 Un-audited	December 31, 2018 Audited
Market Treasury Bills	989,217	15,335,698
Pakistan Investment Bonds	10,405,471	8,562,578

12.2 Provision for diminution in value of investments

(Rupees in '000)

	March 31, 2019 Un-audited	December 31, 2018 Audited
Opening balance	117,846	17,920
Charge / reversals		
Charge for the period	-	100,060
Reversal on disposals during the period	-	(134)
	-	99,926
Closing Balance	117,846	117,846

12.3 The market value of securities classified as held-to-maturity as at March 31, 2019 amounted to Rs. 4,463 million (December 31, 2018: Rs. 4,447 million).

13 ADVANCES - NET

(Rupees in '000)

Note	Performing		Non Performing		Total	
	March 31, 2019 (Un-audited)	December 31, 2018 (Audited)	March 31, 2019 (Un-audited)	December 31, 2018 (Audited)	March 31, 2019 (Un-audited)	December 31, 2018 (Audited)
Loans, cash credits, running finances, etc.	53,234,784	52,801,469	2,400,464	2,376,735	55,635,248	55,178,204
Bills discounted and purchased	98,364	698,082	15,494	15,494	113,858	713,576
Advances - gross	53,333,148	53,499,551	2,415,958	2,392,229	55,749,106	55,891,780
Provision against advances						
- Specific	-	-	(2,257,722)	(2,249,583)	(2,257,722)	(2,249,583)
- General	(54,075)	(49,942)	-	-	(54,075)	(49,942)
Advances - net of provision	53,279,073	53,449,609	158,236	142,646	53,437,309	53,592,255

13.1 Particulars of advances (Gross)

(Rupees in '000)

	March 31, 2019 Un-audited	December 31, 2018 Audited
In local currency	55,700,122	52,574,145
In foreign currencies	48,984	3,317,635
	55,749,106	55,891,780

13.2 Advances include Rs. 2,415,958 million (2018: Rs. 2,392,229 million) which have been placed under non-performing status as detailed below:-

(Rupees in '000)

Category of Classification	March 31, 2019 Un-audited		December 31, 2018 Audited	
	Non Performing Loans	Provision	Non Performing Loans	Provision
Domestic				
Substandard	239,286	113,569	219,399	108,541
Doubtful	-	-	-	-
Loss	2,176,672	2,144,153	2,172,830	2,141,042
	2,415,958	2,257,722	2,392,229	2,249,583

13.3 Particulars of provision against advances

(Rupees in '000)

	March 31, 2019 (Un-audited)			December 31, 2018 (Audited)		
	Specific	General	Total	Specific	General	Total
Opening balance	2,249,583	49,942	2,299,525	2,303,292	17,495	2,320,787
Charge for the period / year	9,937	4,133	14,070	238,972	32,447	271,419
Reversals	(1,580)	-	(1,580)	(288,827)	-	(288,827)
	8,357	4,133	12,490	(49,855)	32,447	(17,408)
Amounts written off	(218)	-	(218)	(3,854)	-	(3,854)
Closing balance	2,257,722	54,075	2,311,797	2,249,583	49,942	2,299,525

13.4 No benefit of forced sale value of the collaterals held by the Bank has been taken while determining the provision against non performing loans as allowed under BSD circular No. 01 dated October 21, 2011

13.5 General provision as at March 31, 2019 includes provision of Rs. 54,075 million (December 31, 2018: Rs. 49,942 million) held against consumer finance portfolio as required by the Prudential Regulations issued by the State Bank of Pakistan.

14 FIXED ASSETS

(Rupees in '000)

	Note	March 31, 2019 Un-audited	December 31, 2018 Audited
Capital work-in-progress	14.1	62,640	60,620
Property and equipment	14.2	989,175	1,003,943
		<u>1,051,815</u>	<u>1,064,563</u>
14.1 Capital work-in-progress			
Civil works		35,208	27,155
Equipment		-	2,609
Advances to suppliers		27,432	30,856
		<u>62,640</u>	<u>60,620</u>

14.2 Additions to fixed assets

(Rupees in '000)

	March 31, 2019 Un-audited	March 31, 2018 Un-audited
The following additions have been made to fixed assets during the period:		
Capital work-in-progress	2,021	5,254
Property and equipment		
Furniture and fixture	3,711	21,206
Electrical office and computer equipment	6,529	7,832
Vehicles	11,202	9,933
	<u>21,442</u>	<u>38,971</u>
Total	<u>23,463</u>	<u>44,225</u>
14.3 Disposal of fixed assets		
The net book value of fixed assets disposed off during the period is as follows:		
Furniture and fixture	54	2,002
Electrical office and computer equipment	122	8
Vehicles	-	4,113
Total	<u>176</u>	<u>6,123</u>

15 INTANGIBLE ASSETS

(Rupees in '000)

	March 31, 2019 Un-audited	December 31, 2018 Audited
Computer Software	103,907	107,305
Capital work-in-progress	16,319	13,343
	<u>120,226</u>	<u>120,648</u>

15.1 Additions to intangible assets

(Rupees in '000)

	March 31, 2019 Un-audited	March 31, 2018 Un-audited
The following additions have been made to intangible assets during the period:		
Capital work-in-progress	2,976	11,904
Directly purchased	4,498	1,130
Total	<u>7,474</u>	<u>13,034</u>

16 DEFERRED TAX ASSETS - NET

		(Rupees in '000)	
Note		March 31, 2019 Un-audited	December 31, 2018 Audited
	Deductible Temporary Differences on		
	- Deficit on revaluation of investments	163,879	204,623
	- Accelerated tax depreciation	29,434	27,601
	- Provision against advances, off balance sheet etc.	545,107	545,107
		738,420	777,331
	Taxable Temporary Differences on		
	- Net investment in finance lease	(77,342)	(76,564)
		661,078	700,767

17 OTHER ASSETS - NET

		1,552,558	1,523,068
	Income/ Mark-up accrued in local currency		
	Income/ Mark-up accrued in foreign currencies	208	72,969
	Advances, deposits, advance rent and other prepayments	248,930	213,865
	Advance taxation (payments less provisions)	-	74,874
	Mark to market gain on forward foreign exchange contracts	440,922	858,235
	Acceptances	1,813,122	1,384,384
21	Others	236,446	210,847
17.1		4,292,186	4,338,242
	Less: Provision held against other assets	(173,466)	(173,466)
	Other Assets (net of provision)	4,118,720	4,164,776

17.1 This includes:

- (a) an amount of Rs. 32,389 million (2018: Rs. 32,389 million) receivable from InterAsia Leasing Limited.
- (b) an amount of Rs. 1.065 million (2018: Rs. 1.065 million) receivable from Samba Financial Group - a related party.

18 BILLS PAYABLE

In Pakistan	552,025	877,017
-------------	---------	---------

19 BORROWINGS

Secured

Borrowings from State Bank of Pakistan		
- Under export refinance scheme	2,958,000	2,875,000
- Under long term financing facilities	1,184,871	1,111,696
	4,142,871	3,986,696
Bai muajjal borrowing	5,089,713	8,457,762
Repurchase agreement borrowings	8,906,426	20,325,109
Total secured	18,139,010	32,769,567

Unsecured

Call borrowings	-	4,000,000
Bai muajjal borrowing	2,958,801	2,988,700
Bankers Equity Limited (under liquidation)	22,336	22,336
Total unsecured	2,981,137	7,011,036
	21,120,147	39,780,603

20 DEPOSITS AND OTHER ACCOUNTS

(Rupees in '000)

Note	March 31, 2019 (Un-audited)			December 31, 2018 (Audited)		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
Customers						
Current deposits	8,747,562	3,601,124	12,348,686	12,770,433	3,511,613	16,282,046
Savings deposits	17,061,383	2,356,384	19,417,767	15,134,845	2,109,414	17,244,259
Term deposits	28,384,879	2,355,097	30,739,976	25,509,201	1,712,335	27,221,536
Others	439,959	1,631	441,590	282,499	-	282,499
	54,633,783	8,314,236	62,948,019	53,696,978	7,333,362	61,030,340
Financial Institutions						
Current deposits	87,305	-	87,305	293,869	-	293,869
Savings deposits	484,439	-	484,439	1,865,078	-	1,865,078
Term deposits	1,515,000	-	1,515,000	1,943,000	-	1,943,000
Others	81,340	-	81,340	92,765	-	92,765
	2,168,084	-	2,168,084	4,194,712	-	4,194,712
	56,801,867	8,314,236	65,116,103	57,891,690	7,333,362	65,225,052

20.1 This includes deposits amounting to Rs. 81.32 million (2018: Rs. 92.74 million) from Samba Financial Group - a related party.

21 OTHER LIABILITIES

(Rupees in '000)

Note	March 31, 2019		December 31, 2018	
	Un-audited		Audited	
Mark-up / Return / Interest payable in local currency	741,104		1,039,338	
Mark-up / Return / Interest payable in foreign currencies	15,712		9,496	
Accrued expenses	360,748		486,435	
Acceptances	1,813,122		1,384,384	
Taxation (payments less provisions)	52,566		-	
Unclaimed dividends	3,429		3,429	
Mark to market loss on forward foreign exchange contracts	611,021		763,999	
Provision against off-balance sheet obligations	172,746		172,746	
Security deposits against lease	34,997		34,997	
Others	181,468		203,336	
	3,986,914		4,098,160	
21.1 Provision against off-balance sheet obligations				
Opening balance	172,746		186,876	
Reversals	-		(14,130)	
Closing balance	172,746		172,746	
22 DEFICIT ON REVALUATION OF ASSETS				
Deficit on revaluation of				
- Available for sale securities	(468,226)		(584,638)	
Deferred tax on deficit on revaluation of:				
- Available for sale securities	163,879		204,623	
	(304,347)		(380,015)	
23 CONTINGENCIES AND COMMITMENTS				
-Guarantees	4,310,071		5,265,382	
-Commitments	80,796,040		54,645,121	
-Other contingent liabilities	1,168,543		1,168,543	
	86,274,654		61,079,046	

23.1 Guarantees:

		(Rupees in '000)	
	Note	March 31, 2019 Un-audited	December 31, 2018 Audited
Financial guarantees		16,124	17,772
Performance guarantees		3,739,604	4,116,102
Other guarantees		554,343	1,131,508
	23.1.1	4,310,071	5,265,382
23.1.1 Includes guarantees of Rs. 75.076 million (2018: Rs. 66.631 million) given on behalf of SAMBA Financial Group- a related party			
23.2 Commitments:			
Documentary credits and short-term trade-related transactions - letters of credit		4,185,906	5,553,494
Commitments in respect of:			
- forward foreign exchange contracts	23.2.1	74,046,083	40,336,037
- forward government and equity securities transactions	23.2.2	6,381	6,043,511
- operating leases	23.2.3	2,282,037	2,462,369
Commitments for acquisition of:			
- operating fixed assets		24,249	8,842
- intangible assets		37,711	27,195
Other commitments	23.2.4	213,673	213,673
		80,796,040	54,645,121
23.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		39,667,180	21,127,740
Sale		34,378,903	19,208,297
		74,046,083	40,336,037
23.2.2 Commitments in respect of forward government and equity securities transactions			
Sale		6,381	6,043,511
23.2.3 Commitments in respect of operating leases			
Not later than one year		282,970	270,693
Later than one year and not later than five years		1,079,993	1,134,776
Later than five years		919,074	1,056,900
		2,282,037	2,462,369
These comprise of commitments in respect of leased premises that are under Bank's use. The amount of commitment has been worked out based on standard rental arrangements between the Bank and the lessors taking into account these terms arrangements.			
23.2.4 Other commitments			
Claims against the Bank not acknowledged as debt		213,673	213,673
These represent various cases filed against the Bank for recovery of damages / settlement of deposit balances by various parties. Based on the legal advice, management believes that the possibility of any outcome against the Bank is remote and accordingly no provision has been made in these financial statements.			
23.3 Other contingent liabilities	23.3.1	1,168,543	1,168,543

23.3.1 Contingencies in respect of taxation

The Income tax department has raised a demand of Rs. 426.787 million (2018: Rs. 426.787 million) for the assessment years 1995-96, 1996-97, 1999-00, 2001-02, 2002-03 on account of non-deduction of tax on profit paid under portfolio management scheme, interest paid on foreign currency deposits and certificates of investment. The department has also raised further demand of Rs. 645.337 million (2018: Rs. 645.337 million) for assessment years 1999-00, 2000-01 to assessment year 2002-03 and tax year 2006 on account of taxability of investment banks as banking companies and taxation of dividend income as normal banking income, and on account of lease rentals received or receivable, lease key money and certain other items. The aforementioned relates to pending assessments of the Bank and amalgamated entities namely Crescent Investment Bank Limited, Trust Investment Bank Limited and Pakistan Industrial Leasing Corporation. Tax department has also raised demand of Rs. 29.052 million (2018: Rs. 29.052 million) for the assessment years 2009, 2010 & 2011 on account of Federal Excise Duty. Further, tax department has raised a demand of Rs. 16.480 million and Rs. 28.110 million on account of monitoring of withholding taxes for the tax years 2014 and 2015 respectively. Tax authorities have also issued order under Sindh Sales Tax on Services Act, 2011 for the year 2012 to 2017 thereby creating arbitrary aggregate demand of Rs. 22.777 million.

Presently, the bank is contesting these issues at various appellate forums. The disallowances in respect of a number of assessment years have been decided / set aside by various appellate authorities for re-assessment while the bank's appeal in respect of the remaining assessment years are currently pending. Based on the professional advice received from tax advisors, the management is confident that the eventual outcome of the aforementioned matters will be in favor of the bank. Accordingly, no provision has been made in these financial statements in respect of the above mentioned demands aggregating Rs. 1,168.543 (2018: Rs.1,168.543) million raised by the income tax authorities.

24 MARK-UP / RETURN / INTEREST EARNED

		(Rupees in '000)	
	Note	March 31, 2019 Un-audited	March 31, 2018 Un-audited
On:			
a) Loans and advances		1,452,625	765,464
b) Investments		789,540	1,005,438
c) Lendings to financial institutions		255,080	66,291
d) Balances with banks		4,546	1,265
		<u>2,501,791</u>	<u>1,838,458</u>
25 MARK-UP / RETURN / INTEREST EXPENSED			
Deposits		1,063,561	548,802
Borrowings		558,019	644,318
Cost of foreign currency swaps against foreign currency deposits		71,769	9,682
		<u>1,693,349</u>	<u>1,202,802</u>
26 FEE & COMMISSION INCOME			
Branch banking customer fees		10,171	6,594
Consumer finance related fees		4,067	3,021
Credit related fees		13,654	7,736
Investment banking fees		-	1,000
Commission on trade		18,329	14,701
Commission on guarantees		7,438	10,864
Commission on cash management		1,862	919
Commission on remittances including home remittances		9,798	7,903
Commission on bancassurance		11,851	13,517
Others		1,025	2,501
		<u>78,195</u>	<u>68,756</u>
27 GAIN ON SECURITIES			
Realised	27.1	5,920	299,495
Unrealised - held for trading		(24)	(159)
		<u>5,896</u>	<u>299,336</u>
27.1 Realised gain on:			
Federal Government Securities		(1,028)	287,779
Shares		4,359	11,557
Non Government Debt Securities		2,589	-
		<u>5,920</u>	<u>299,336</u>
28 OTHER INCOME			
Gain on sale of fixed assets-net		209	166
Others		23	41
		<u>232</u>	<u>207</u>

29 OPERATING EXPENSES

(Rupees in '000)

	March 31, 2019 Un-audited	March 31, 2018 Un-audited
Total compensation expense	319,502	305,971
Property expense		
Rent & taxes	71,671	55,447
Insurance	369	277
Utilities cost	13,527	9,859
Security (including guards)	11,134	10,050
Repair & maintenance (including janitorial charges)	11,413	5,373
Depreciation	1,903	1,866
	110,017	82,872
Information technology expenses		
Software maintenance	19,536	17,398
Hardware maintenance	10,679	8,182
Depreciation	9,241	16,795
Amortisation	7,894	9,258
Network charges	16,681	18,539
Insurance	238	113
	64,269	70,285
Other operating expenses		
Directors' fees and allowances	3,891	2,215
Legal & professional charges	1,792	2,219
Outsourced services costs	5,770	3,743
Travelling, conveyance and official entertainment	18,973	11,936
Charges paid to Central Depository Company & NIFT	3,847	1,566
Depreciation	24,893	23,614
Training & development	1,674	198
Postage & courier charges	2,032	1,894
Communication	3,174	3,301
Stationery & printing	7,431	7,299
Repair & maintenance	7,247	7,067
Insurance	8,232	2,522
Marketing, advertisement & publicity	8,729	2,985
Fee Commission & Brokerage Paid	7,373	11,988
Auditors Remuneration	1,830	1,532
Others	20,521	92,161
	127,409	176,240
	621,197	635,368
30 OTHER CHARGES		
Penalties imposed by State Bank of Pakistan	288	170

31 (PROVISIONS) / REVERSAL & WRITE OFFS - NET

(Rupees in '000)

	Note	March 31, 2019 Un-audited	March 31, 2018 Un-audited
Reversal for diminution in the value of investments	12.2	-	134
Reversal / (provision) against loans and advances - net	13.3	(12,490)	196,345
Fixed assets written-off		-	(1,965)
Reversal of off balance sheet obligation		-	14,130
Bad debts written off directly		(107)	-
Recoveries against debts written-off		-	751
		(12,597)	209,395
32 TAXATION			
Current		(138,395)	(210,182)
Prior years		(29,389)	-
Deferred		1,055	-
		(166,729)	(210,182)

33 BASIC EARNINGS PER SHARE

BASIC EARNINGS PER SHARE		(Rupees in '000)	
	Quarter ended March 31, 2019 Un-audited	Quarter ended March 31, 2018 Un-audited	
Profit for the period	185,637	390,339	
		(Number of Shares)	
Weighted average number of ordinary shares	1,008,238,648	1,008,238,648	
		(Rupees)	
Basic earnings per share	0.18	0.39	

34 DILUTED EARNINGS PER SHARE

		(Rupees in '000)	
		Quarter ended March 31, 2019 Un-audited	Quarter ended March 31, 2018 Un-audited
Profit for the year		185,637	390,339
		(Number of Shares)	
Weighted average number of ordinary shares (adjusted for the effects of all dilutive potential ordinary shares)		1,008,238,648	1,008,238,648
		(Rupees)	
Diluted earnings per share		0.18	0.39

35 CASH AND CASH EQUIVALENTS

CASH AND CASH EQUIVALENTS		(Rupees in '000)
	Quarter ended March 31, 2019 Un-audited	Quarter ended March 31, 2018 Un-audited
Cash and balance with treasury banks	3,873,305	3,822,817
Balance with other banks	1,219,382	405,249
	5,092,687	4,228,066

36 FAIR VALUE MEASUREMENTS

The fair value of quoted securities other than those classified as held to maturity, is based on quoted market price. Quoted securities classified as held to maturity are carried at amortised cost. The fair value of unquoted equity securities, is determined on the basis of the break-up value of these investments as per their latest available audited financial statements.

The fair value of unquoted debt and equity securities, fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to the absence of a current and active market for these assets and liabilities and reliable data regarding market rates for similar instruments.

36.1 Fair value of financial assets

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

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

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

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

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

(Rupees in '000)				
March 31, 2019 (Un-audited)				
	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments				
Financial assets - measured at fair value				
Investments	-	22,206,356	-	22,206,356
Federal Government Securities	888,153	-	-	888,153
Shares	-	2,158,200	-	2,158,200
Non-Government Debt Securities	-	-	-	-
Financial assets - disclosed but not measured at fair value				
Investments - Federal Government Securities	-	4,462,811	-	4,462,811
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	39,667,180	-	39,667,180
Forward sale of foreign exchange	-	34,378,903	-	34,378,903
Forward sale of securities	-	-	-	-
Government	-	-	-	-
Equity	-	6,445	-	6,445

(Rupees in '000)				
December 31, 2018 (Audited)				
	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments				
Financial assets - measured at fair value				
Investments	-	40,056,040	-	40,056,040
Federal Government Securities	853,244	-	-	853,244
Shares	-	2,183,525	-	2,183,525
Non-Government Debt Securities	-	-	-	-
Financial assets - disclosed but not measured at fair value				
Investments - Federal Government Securities	-	4,447,416	-	4,447,416
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	21,127,740	-	21,127,740
Forward sale of foreign exchange	-	19,208,297	-	19,208,297
Forward sale of government securities	-	6,043,511	-	6,043,511

The Bank's policy is to recognise transfers into and out of the different fair value hierarchy levels at the date the event or change in circumstances that caused the transfer occurred. There were no transfers between levels 1 and 2 during the year.

(a) Financial instruments in level 1

Financial instruments included in level 1 comprise of investments in listed ordinary shares.

(b) Financial instruments in level 2

Financial instruments included in level 2 comprises of Market Treasury Bills, Pakistan Investment Bonds, Term finance certificates and Sukuks.

(c) Financial instruments in level 3

Currently, no financial instrument are classified in level 3.

Valuation techniques used in determination of fair valuation of financial instruments within level 1 and level 2

Item	Valuation techniques and input used
Pakistan Investment Bonds / Market Treasury Bills	Fair values of Pakistan Investment Bonds and Market Treasury Bills are derived using the PKRV rates (Reuters page). These rates denote an average of quotes received from eight different pre-defined / approved dealers / brokers.
Fully Paid-up Listed ordinary shares, Term finance certificates and Sukuk	Fair value of investment in listed equity securities, term finance certificates and corporate sukuk are valued on the basis of available closing quoted market prices.
Forward foreign exchange contracts	The fair value has been determined by interpolating the mid rates announced by the State Bank of Pakistan.

37 SEGMENT INFORMATION

37.1 Segment Details with respect to Business Activities

(Rupees in '000)

Particulars	For the quarter ended March 31, 2019 (Un-audited)					
	Corporate Banking	Global Markets	Retail Banking	Commercial Banking	Senoff	Total
Profit & Loss						
Net mark-up / return / profit	735,777	462,687	(782,108)	380,136	11,950	808,442
Inter segment revenue - net	(560,546)	(465,427)	1,044,825	(277,660)	258,808	-
Non mark-up / return / interest income	28,276	109,086	30,441	32,016	(21,813)	178,006
Total Income	203,507	106,346	293,158	134,492	248,945	986,448
Segment direct expenses	(31,520)	(33,148)	(239,222)	(26,764)	(290,831)	(621,485)
Inter segment expense allocation	(58,721)	(24,615)	(149,296)	(58,199)	290,831	-
Total expenses	(90,241)	(57,763)	(388,518)	(84,963)	-	(621,485)
Provisions	(53,743)	-	(7,657)	(67,990)	116,793	(12,597)
Profit before tax	59,523	48,583	(103,017)	(18,461)	365,738	352,366

(Rupees in '000)

Particulars	As at March 31, 2019 (Un-audited)					
	Corporate Banking	Global Markets	Retail Banking	Commercial Banking	Senoff	Total
Balance Sheet						
Cash & bank balances	-	3,730,659	1,362,028	-	-	5,092,687
Investments - net	-	30,174,340	-	-	-	30,174,340
Net inter segment lending	-	-	54,216,559	-	10,888,466	65,105,025
Lendings to financial institutions	-	9,164,074	-	-	-	9,164,074
Advances - performing - net	33,539,297	1,056,828	1,803,719	16,192,241	686,988	53,279,073
Advances - non-performing - net	172,108	-	24,198	15,677	(53,747)	158,236
Others	828,605	832,343	2,554	396,485	3,891,852	5,951,839
Total Assets	34,540,010	44,958,244	57,409,058	16,604,403	15,413,559	168,925,274
Borrowings	3,498,371	16,954,940	-	644,500	22,336	21,120,147
Deposits & other accounts	5,060,911	129,416	56,326,375	3,599,401	-	65,116,103
Net inter segment borrowing	25,727,245	27,115,323	-	12,262,457	-	65,105,025
Others	253,483	758,565	1,082,683	98,044	234,6164	4,538,939
Total liabilities	34,540,010	44,958,244	57,409,058	16,604,402	2,368,500	155,880,214
Equity	-	-	-	-	1,304,5060	1,304,5060
Total Equity & liabilities	34,540,010	44,958,244	57,409,058	16,604,402	1,541,3560	16,892,274
Contingencies & Commitments	5,917,818	74,052,464	2,432,471	2,427,725	1,444,176	86,274,654

(Rupees in '000)

Particulars	For the quarter ended March 31, 2018 (Un-audited) (Restated)					
	Corporate Banking	Global Markets	Retail Banking	Commercial Banking	Senoff	Total
Profit & Loss						
Net mark-up / return / profit	459,949	421,720	(444,778)	193,221	5,544	635,656
Inter segment revenue - net	(307,295)	(333,041)	630,148	(133,459)	143,647	-
Non mark-up / return / interest income	28,229	342,618	31,919	21,177	(20,664)	403,279
Total Income	180,883	431,297	217,289	80,939	128,527	1,038,935
Segment direct expenses	(28,944)	(33,290)	(229,097)	(20,296)	(336,182)	(647,809)
Inter segment expense allocation	(81,652)	(34,658)	(173,567)	(46,305)	336,182	-
Total expenses	(110,596)	(67,948)	(402,664)	(66,601)	-	(647,809)
Provisions	199,649	119	(5,916)	-	15,543	209,395
Profit before tax	269,936	363,468	(191,291)	14,338	144,070	600,521

(Rupees in '000)

Particulars	As at December 31, 2018 (Audited)					
	Corporate Banking	Global Markets	Retail Banking	Commercial Banking	Senoff	Total
Balance Sheet						
Cash & bank balances	-	4,811,896	839,068	-	-	5,650,964
Investments - net	-	48,021,370	-	-	-	48,021,370
Net inter segment lending	-	-	47,663,897	-	10,711,292	58,375,189
Lendings to financial institutions	-	9,449,244	-	-	-	9,449,244
Advances - performing - net	33,707,299	1,163,180	1,805,858	16,052,297	720,975	53,449,609
Advances - non-performing - net	225,858	-	24,279	62,990	(170,481)	142,646
Others	1,752,180	1,425,989	2,632	327,826	2,542,127	6,050,754
Total Assets	35,685,337	64,871,679	50,335,734	16,443,113	13,803,913	181,139,776
 Borrowings	 3,425,195	 35,771,572	 -	 561,500	 22,336	 39,780,603
Deposits & other accounts	8,823,351	148,724	49,048,376	7,204,601	-	65,225,052
Net inter segment borrowing	22,226,786	27,560,864	-	8,587,539	-	58,375,189
Others	1,210,003	1,390,519	1,287,357	89,473	997,825	4,975,177
Total liabilities	35,685,335	64,871,679	50,335,733	16,443,113	1,020,161	168,356,021
Equity	-	-	-	-	12,783,755	12,783,755
Total Equity & liabilities	35,685,335	64,871,679	50,335,733	16,443,113	13,803,916	181,139,776
 Contingencies & Commitments	 7,500,030	 46,379,548	 3,240,030	 2,487,638	 1,471,800	 61,079,046

37.2 Segment details with respect to geographical locations

The Bank does not have any overseas operations, therefore its entire geographical dispersion arises inside Pakistan.

38 RELATED PARTY TRANSACTIONS

The Bank has related party relationships with its holding company, employee contribution plan, its directors and key management personnel.

The Bank enters into transactions with related parties in the ordinary course of business and on substantially the same terms as for comparable transactions with person of similar standing. Contributions to and accruals in respect of staff retirement benefits and other benefit plans are made in accordance with the actuarial valuations / terms of the contribution plan. Remuneration to the executives / officers is determined in accordance with the terms of their appointment.

Contributions to the contributory provident fund scheme are made in accordance with the terms of the contribution plan. Remuneration to the Chief Executive Officer and directors are disclosed in note 35 to these financial statements and are determined in accordance with the terms of their appointment.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Bank. The Bank considers all members of its executive team, including the Chief Executive Officer to be key management personnel.

Details of transactions with related parties are given below:

(Rupees in '000)

March 31, 2019 (Un-audited)				December 31, 2018 (Audited)			
Parent	Directors	Key Management Personnel	Other related parties	Parent	Directors	Key Management Personnel	Other related parties

Balances with other banks

In current accounts	32,450	-	-	-	17,434	-	-	-
---------------------	--------	---	---	---	--------	---	---	---

Advances

Opening balance	-	-	146,410	-	-	-	151,147	-
Addition during the period / year	-	-	-	-	-	-	24,172	-
Repaid during the period / year	-	-	(4,831)	-	-	-	(28,909)	-
Closing balance	-	-	141,579	-	-	-	146,410	-

(Rupees in '000)

March 31, 2019 (Un-audited)				December 31, 2018 (Audited)			
Parent	Directors	Key Management Personnel	Other related parties	Parent	Directors	Key Management Personnel	Other related parties

Other Assets

Other receivable	1,065	-	-	-	1,065	-	-	-
------------------	-------	---	---	---	-------	---	---	---

Deposits and other accounts

Opening balance	-	31,118	17,648	61,965	-	15,434	22,440	50,455
Received during the period / year	-	45,584	72,188	45,616	-	78,847	404,885	310,296
Withdrawn during the period / year	-	(43,524)	(66,468)	(32,150)	-	(63,163)	(409,677)	(298,786)
Closing balance	-	33,178	23,368	75,431	-	31,118	17,648	61,965

Vostro Balances	81,317	-	-	-	92,742	-	-	-
-----------------	--------	---	---	---	--------	---	---	---

Contingencies and Commitments

Other contingencies	75,076	-	-	-	66,631	-	-	-
---------------------	--------	---	---	---	--------	---	---	---

(Rupees in '000)

March 31, 2019 (Un-audited)				March 31, 2018 (Un-audited) (Restated)			
Parent	Directors	Key Management Personnel	Other related parties	Parent	Directors	Key Management Personnel	Other related parties

Income

Mark-up / return / interest earned	-	-	1,768	-	-	-	1,852	-
------------------------------------	---	---	-------	---	---	---	-------	---

Expense

Mark-up / return / interest paid	-	463	103	1,072	-	6	62	343
Remuneration and benefits	-	-	150,430	-	-	-	43,940	-
Directors fee	-	3,477	-	-	-	3,644	-	-
Insurance premium paid	-	-	310	-	-	-	312	-
Insurance claims settled	-	-	721	-	-	-	262	-

Forex transactions during the period (January - March 2019) - Samba Financial Group (un-audited)

(Currency in '000)

2019				
Currency	READY / SPOT / TOM		Forward	
	Buy	Sell	Buy	Sell
EUR	2,605	2,980	300	-
GBP	890	9,635	10,150	2,500
JPY	270,783	43,840	-	-
SAR	16,877	-	-	-
USD	24,377	11,109	3,256	13,591
PKR	-	1,115,410	-	-

Forex deals outstanding as at the period end March 31, 2019 - Samba Financial Group (un-audited)

(Currency in '000)

2019				
Currency	READY / SPOT / TOM		Forward	
	Buy	Sell	Buy	Sell
EUR	-	-	300	-
GBP	-	-	3,950	-
JPY	-	-	-	-
USD	-	-	-	5,532

Forex transactions during the period (January - March 2018) - Samba Financial Group (un-audited)

(Currency in '000)

2018				
Currency	READY / SPOT / TOM		Forward	
	Buy	Sell	Buy	Sell
AED	3,673	-	-	-
EUR	5,015	5,000	-	1,880
GBP	3,577	6,350	4,237	1,240
JPY	124,890	16,299	103,665	103,913
SAR	11,250	-	-	-
USD	26,021	14,657	3,483	5,383
PKR	-	1,390,934	-	-

Forex deals outstanding as at the year end December 31, 2018 - Samba Financial Group (Audited)

(Currency in '000)

2018				
Currency	READY / SPOT / TOM		Forward	
	Buy	Sell	Buy	Sell
EUR	-	-	500	100
GBP	-	-	1,900	200
JPY	-	-	39,647	-
USD	-	-	367	3,410

39 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

(Rupees in '000)

	March 31, 2019 Un-audited	December 31, 2018 Audited
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	10,082,387	10,082,387
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	12,924,834	12,663,107
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	12,924,834	12,663,107
Eligible Tier 2 Capital	54,075	49,942
Total Eligible Capital (Tier 1 + Tier 2)	12,978,909	12,713,049
Risk Weighted Assets (RWAs):		
Credit Risk	59,412,181	57,494,392
Market Risk	3,378,986	3,784,082
Operational Risk	5,482,732	5,482,732
Total	68,273,899	66,761,206
Common Equity Tier 1 Capital Adequacy ratio	18.93%	18.97%
Tier 1 Capital Adequacy Ratio	18.93%	18.97%
Total Capital Adequacy Ratio	19.01%	19.04%
Leverage Ratio (LR):		
Eligible Tier-1 Capital	12,924,834	12,663,107
Total Exposures	117,234,705	119,449,382
Leverage Ratio	11.02%	10.60%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	24,737,495	20,748,795
Total Net Cash Outflow	10,754,585	6,730,607
Liquidity Coverage Ratio	230%	308%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	81,192,338	87,875,142
Total Required Stable Funding	44,120,530	44,518,447
Net Stable Funding Ratio	184%	197%

40 GENERAL

40.1 Figures have been rounded off to the nearest thousand rupees.

40.2 Figures as of and for the period ended March 31, 2019 and March 31, 2018, wherever used in these condensed interim financial statements are unaudited figures; however figures as of and for the period relating to December 31, 2018 used in this condensed interim financial information are audited figures.

40.3 Corresponding figures have been re-arranged and reclassified, wherever necessary, for better presentation. There have been no significant reclassifications during the period except for the following

Particulars	(Rupees in '000)		
	March 31, 2018 (Un-audited)		
	Before reclassification	Reclassification	After reclassification
Profit and loss account			
Gain on securities	299,495	(159)	299,336
Unrealised loss on revaluation of investments classified as held for trading - net	(159)	159	-
Provisions and write offs - net	-	209,395	209,395
Provision against loans and advances - net	(196,345)	196,345	-
Reversal of provision for diminution in the value of investments	(134)	134	-
Recoveries against debts written-off	(751)	751	-
Other provisions / write offs - net	(14,130)	14,130	-
Administrative expenses	637,333	(1,965)	635,368

41 DATE OF AUTHORIZATION

These condensed interim financial statements were authorised for issue on April 23, 2019 by the Board of Directors of the Bank.

Chief Financial Officer

President & Chief Executive Officer

Chairman

Director








Director










**Be aware, Be alert,
Be safe**

**Learn about investing at
www.jamapunji.pk**

Key features:

-  Licensed Entities Verification
-  Scam meter*
-  Jamapunji games*
-  Tax credit calculator*
-  Company Verification
-  Insurance & Investment Checklist
-  FAQs Answered

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



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

 jamapunji.pk

 [@jamapunji_pk](https://twitter.com/jamapunji_pk)

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



SambaPhone Banking (+92-21) 11 11 SAMBA (72622)
www.samba.com.pk