

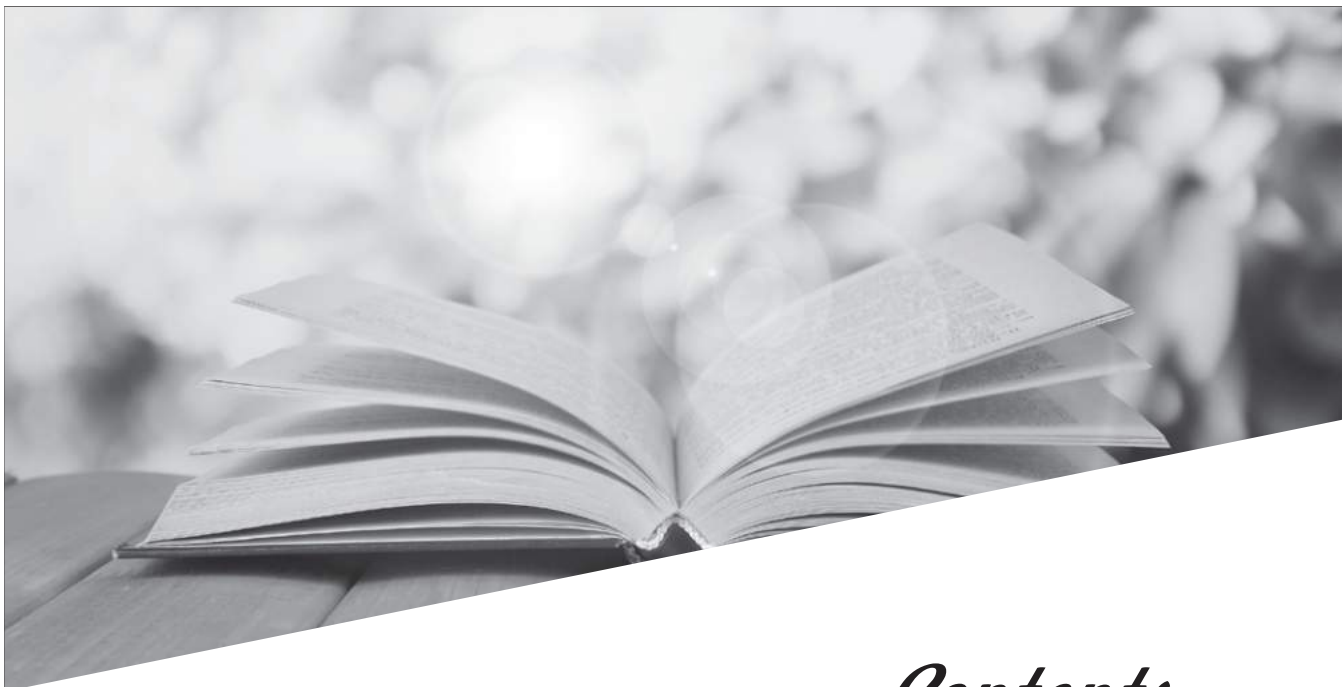
# HALF YEARLY REPORT

JUNE 30<sup>TH</sup>, 2018



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

samba bank  سامبا بينك



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*10*  
*Years and counting*



## *Our Branch Network*

### **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

### **Azad Jammu & Kashmir**

Bagh

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

# 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	Independent Director
Ms. Ranya Nashar	Non-Executive Director
Mr. Shahbaz Haider Agha	Independent Director

\* Names are in alphabetical order

## Board Audit Committee

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

6th Floor, Sidco Avenue Centre, M.D.M. Wafai 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

## Helpline

(+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)

# Directors' Report

On behalf of the Board of Directors, we are pleased to present the financial results of the Bank for the half year ended June 30, 2018.

## Financial Results and Overview

The financial highlights of the Bank for the half-year ended June 30, 2018 are summarized below:

	Rupees (million)	
	Half Year ended June 30, 2018	Half Year ended June 30, 2017
Profit before taxation	739	403
Taxation	299	171
Profit after taxation	440	232
Earnings per share - (Rupees)	0.44	0.23

	Rupees (million)	
	June 30, 2018	December 31, 2017
Total assets	115,543	117,151
Lending to Financial Institutions	1,994	5,193
Investments - net	53,060	62,918
Advances - net	49,467	40,182
Deposits	59,901	54,901
Paid-up capital & reserves	12,921	12,481
(Deficit) / Surplus on revaluation of assets - net of tax	(108)	227

Pakistan's economic performance remained strong during FY18 with highest GDP growth of 5.8% witnessed in recent times. The robust investment activity under CPEC enabled strong domestic consumption. Large capacity expansions led by the private sector also helped business activity and economic growth which remained the highest in last 13 years. CPI anchored low at 3.9% as compared to 4.1% in FY17. Exports increased from USD 22.0 bln in FY17 to USD 24.7 bln in FY18. However, imports also increased from USD 48.6 bln in FY17 to USD 55.8 bln in FY18. Workers remittances remained steady with a mere increase of 1.4% to USD 19.6 bln. Overall tax collections reflected an increase of 12.8% YoY for FY18 at PKR 3,800 bln compared to PKR 3,368 bln collected last year. The key challenge for the economy was to fund the Current Account Deficit which was USD 18.0 bln in FY18 as compared to USD 12.6 bln in FY17. Year to date, the currency devalued by around 18% and discount rate increased by 175 bps to control the aggregate demand and curb non-essential imports.

The Bank has effectively utilized its resources to deliver optimal performance in the challenging macro-economic environment. As a result, a profit of PKR 739mn before tax was recorded against PKR 403mn for the same period last year. The Bank continued to focus on reclassifying its earning assets from Investments to Loans & Advances which increased by 23% to PKR 49.5 bln as compared to PKR 40.2 bln at close of 2017. Resultantly Investments decreased by 16% and closed at PKR 53.06 bln. Deposits have depicted a healthy growth of 9% and closed at PKR 59.90 bln as compared to that of PKR 54.90 bln over last year. The major focus of the management remained to increase lower and no cost (CASA) deposits. Accordingly, savings and current deposits increased by 24% & 14% respectively during the period under review. On the other hand, fixed deposits decreased by 6% during same period. Despite increase in discount rates by 175 bps during this period, the bank has managed to decrease its cost of deposits by 10 bps. The bank also managed to lower its borrowings from financial institutions by 15% or PKR 7.0 bln during the period under review.

Net interest income increased by PKR 140 mn compared to similar period last year which is attributable to both volumetric and interest rate increases. Non funded income also increased by PKR 157mn. The bank managed to dispose-off its major investment securities earlier this year and earned a capital gain of PKR 269 mn. Fee & Commission income also witnessed a healthy increase of 30% over similar period last year. Overall, the Bank continued to exercise effective control over operating cost. Though the expenses increased by 20% during this period over similar period last year, but this increase was mainly due to significant expansion in its consumer, SME and commercial business segments which helped bank to diversify its earning assets. During this period bank launched its second product "Auto Loans" under consumer segment. The bank will continue to invest on these segments in coming periods too.

The Bank has also managed to recover PKR 214 mn from legacy and non-performing loans during the period under review, demonstrating consistent remedial management. While remaining conservative, a provision of PKR 33.68 mn against delinquent loans portfolio was made during period ended June 30, 2018. In order to safeguard its assets against credit risk, the Bank adopted prudent approach and charged general provision of PKR 16.23 mn during the current period against its consumer portfolio. In addition, a provision of PKR 24.77 mn was created against listed shares held in equity portfolio.

#### Credit Rating

JCR-VIS, a premier rating agency of the country, has reaffirmed the medium to long term entity ratings of the Bank at 'AA' (Double A) and its short term rating at 'A-1' (A-One). Outlook on the assigned ratings is '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

FY19 will start with elections enthusiasm as the incoming government will have to address the economic challenges on priority. The caretaker government has hinted that the IMF program might be the requirement of the incoming government and the measures of austerity remains inevitable. However, the new government with a new mandate will improve the business confidence, encourage private sector investment and accelerate progress on CPEC related projects. For sustainable growth, private sector investment and export led policies are essential, where the ultimate target should be narrowing the savings-investment gap and avoiding fiscal slippages.

The Bank will continue to take appropriate 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,

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**Shahid Sattar**  
President & Chief Executive Officer

August 15, 2018  
Karachi

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**Arjumand Ahmed Minai**  
Director

کے اضافہ کے باوجود بینک نے اپنے ڈیپازٹس کی لاگت میں 10 بی پی ایس (BPS) کی کمی کی ہے۔ علاوہ ازیں، زیر جائزہ عرصے کے دوران بینک دیگر مالیاتی اداروں سے وصول کیے گئے قرضوں میں بھی 15 فیصد (یعنی 7 ارب روپے) سے کمی لانے میں کامیاب رہا ہے۔

خالص مارک اپ آمدنی گزشتہ سال کی اسی مدت کے مقابلے میں 140 ملین روپے بڑھ گئی جس کا عکاس، بینکاری سرگرمیوں کا حجم اور انٹرسٹ ریٹ دونوں میں اضافہ ہے۔ غیر سرکاری آمدنی میں بھی 157 ملین روپے کا اضافہ ہوا۔ بینک اس سال کے آغاز میں ہی اپنی اہم تر تسکات کی سرمایہ کاری کا نصف اور اس کے نتیجے میں 269 ملین روپے کا ٹیکسٹل گین حاصل کر چکا ہے۔ فیس اور کمیشن کی آمدنی میں بھی، گزشتہ سال کی اسی مدت کی نسبت، 30 فیصد کا اضافہ دیکھنے میں آیا۔ بینک نے اپنی کارکردگی کی مجموعی لاگت کو مناسب طور پر قابو میں رکھا، اگرچہ، گزشتہ سال کی اسی مدت کی نسبت اخراجات میں 20 فیصد کا اضافہ ہوا لیکن اس افزائش کی بنیادی وجہ صارف (کنزیومر)، ایس ایم ای (SME) اور کرکٹل بینکاری کے شعبوں میں نمایاں وسعت تھی جس کی بدولت بینک کو اپنے آمدنی بخش اثاثہ جات میں تنوع کا موقع میسر ہوا۔ اس مدت کے دوران بینک نے شعبہ صارفین کے لیے اپنی دوسری پراڈکٹ "آٹو لون" کا اجراء کیا۔ آنے والے عرصے میں بھی بینک ان شعبوں میں اپنی سرمایہ کاری کو جاری رکھنے کا ارادہ رکھتا ہے۔

اس زیر تجزیہ عرصے میں بینک اپنے پرانے اور غیر فعال قرضوں میں سے بھی 214 ملین روپے وصول کرنے میں کامیاب رہا جو کہ بینک کی مسلسل تدارک انداختہ صلاحیت کا مظہر ہے۔ تاہم احتیاط کو بروئے خاطر رکھتے ہوئے 30 جون 2018 کو اختتام پذیر اس مدت کے دوران، قرض نادہندگی کی مدتیں 33.68 ملین روپے کے پروویژن کا تعین کیا گیا ہے۔ اپنے اثاثہ جات کو خدشات سے محفوظ کرنے کی خاطر، بینک نے دانشمندانہ حکمت عملی کا مظاہرہ کرتے ہوئے، رواں مدت کے دوران اپنے شعبہ صارفین (کنزیومر پورٹ فولیو) کیلئے 16.23 ملین روپے کے جنرل پروویژن کا بھی تعین کیا ہے۔ علاوہ ازیں، سرمایہ کاری سے بڑے لطف شئیرز (حصص) کی مدتیں بھی 24.77 ملین روپے کے پروویژن کا تعین کیا گیا ہے۔

#### کریڈٹ ریٹنگ

جی سی آر۔ وی آئی ایس (JCR-VIS)، جو کہ ملک کی ایک ممتاز کریڈٹ ریٹنگ ایجنسی ہے، نے بینک کی درمیانی سے طویل المدت درجہ بندی (ریٹنگ) کو 'AA' (ڈبل اے) کی سطح پر اوقیل المدت درجہ بندی کو 'A-1' (اے ون) کی سطح پر برقرار رکھا ہے۔ ان مقررہ درجہ بندیوں کی پیش بینی 'متوازن' ہے۔ یہ طویل اور قلیل المدت درجہ بندیاں، موزوں حفاظتی عنصر کے ساتھ اعلیٰ قرضہ جاتی معیار اور مضبوط سابقہ مقام کی وجہ سے تمام تر مالیاتی قرضوں کی بروقت ادائیگی کی عمدہ صلاحیت کی نشاندہی کرتی ہیں۔

#### مستقبل کی پیش بینی (نقطہ نظر)

مالی سال 2019 کا آغاز انتہائی گہما گہما اور جوش و خروش سے ہوگا جس کے نتیجے میں آنے والی حکومت کو معاشی خدشات سے ترجیحی بنیاد پر نمٹنا پڑے گا۔ مگر ان حکومت نے اس بات کا عندیہ دیا ہے کہ آنے والی حکومت کو آئی ایم ایف (IMF) کے پروگرام کی ضرورت پڑ سکتی ہے اور کفایت شعاری کیلئے اقدامات ناگزیر ہیں۔ تاہم نئی حکومت اپنی نئی حکمت عملی کے ساتھ کاروباری اعتبار کو بہتر بناسکتی ہے۔ نئی شعبہ کی سرمایہ کاری کی حوصلہ افزائی اور سی پیک سے متعلق منصوبوں کی رفتار کو تیز کرنا ہوگا۔ معاشی نمو کو قائم رکھنے کیلئے نئی شعبہ کی سرمایہ کاری اور برآمدات افزاء پالیسیاں نہایت ضروری ہیں۔ جن کا بنیادی ہدف، بچت اور سرمایہ کاری کے درمیان فرق میں کمی اور مالی بے ضابطگیوں کی روک تھام ہوگا۔

بینک ترقی کی نئی راہوں کے تعین کے ساتھ اثاثوں میں بتدریج اضافے کے لئے موثر اقدامات کا سلسلہ جاری رکھے گا۔ وابستہ خطرات سے نمٹنے کی حکمت عملی اور ڈیپازٹس مگس میں بہتری کے تسلسل کے ذریعے فنڈز کی لاگت میں کمی کے اقدامات جاری رکھے گا۔ بینک اپنے قابل قدر صارفین کو بین الاقوامی معیار کی بینکاری خدمات کو یقینی بنانے کا عمل جاری رکھے گا۔

#### اظہار تشکر

میں اپنے صارفین و کاروباری شراکت داران اور حصص یافتگان کا ان کے اعتماد اور خلوص پر نہایت مشکور ہوں۔ بورڈ آف ڈائریکٹرز اور بینک کی انتظامیہ بینک دولت پاکستان اور دیگر ضوابطی اداروں کی رہنمائی اور تعاون پر ان کی شکرگزار ہے۔ اسکے علاوہ ہم اپنے بینک کے تمام ملازمین کی تہدول 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

شاہد ستار

پریذیڈنٹ اور چیف ایگزیکٹو آفیسر

15 اگست 2018

کراچی

ارجنہد احمد مینائی  
ڈائریکٹر

# ڈائریکٹرز کا جائزہ

ہم بورڈ آف ڈائریکٹرز کی جانب سے 30 جون 2018 کو اختتام پذیر شہابی کے مالیاتی نتائج کو پیش کرتے ہوئے نہایت مسرت محسوس کر رہے ہیں۔

## مالیاتی نتائج اور جائزہ

روپے (ملین میں)

ششماہی مختتمہ 30 جون 2017	ششماہی مختتمہ 30 جون 2018
403	739
171	299
232	440
0.23	0.44

منافع قبل از محصولات (یکسیشن)

محصولات

منافع بعد از محصولات

آمدنی فی حصص (روپیہ)

روپے (ملین میں)

31 دسمبر 2017	30 جون 2018
117,151	115,543
5,193	1,994
62,918	53,060
40,182	49,467
54,901	59,901
12,481	12,921
227	(108)

کل اثاثہ جات

مالیاتی اداروں کو قرضہ جات

سرمایہ کاری۔ خالص

قرضہ جات۔ خالص

ڈیپازٹس

اداشدہ سرمایہ کاری کے ذخائر

اثاثہ جات کی ریویلیویشن پریسپلس / (خسارہ)۔ بعد از محصولات

پاکستان کی معیشت نے مالی سال 2018 کے دوران اپنا استحکام برقرار رکھتے ہوئے جی ڈی پی (GDP) میں 5.8 فیصد کی شرح نمو حاصل کی، جو حالیہ عرصہ میں بلند ترین ہے۔ سی پیک کے تحت سرمایہ کاری کے عمل نے مضبوط داخلی کھپت کو فروغ دیا ہے۔ نجی شعبے کا اشتراک کاروباری سرگرمیوں میں وسعت اور معاشی نمو میں اضافہ کا سبب بنا، جو گزشتہ 13 سال کی بلند ترین سطح پر ہے۔ سی پی آئی (CPI) مالی سال 2017 کی 4.1 فیصد کی شرح سے کم ہوتے ہوئے 3.9 فیصد کی شرح پر ٹھہری۔ برآمدات کا حجم مالی سال 2017 کی 22 ارب امریکی ڈالر کی سطح سے مالی سال 2018 میں بڑھتے ہوئے 24.7 ارب امریکی ڈالر تک جا پہنچا۔ تاہم درآمدات بھی مالی سال 2017 کے 48.6 ارب امریکی ڈالر کی سطح سے بڑھ کر مالی سال 2018 میں 55.8 ارب امریکی ڈالر کی سطح پر درج کی گئیں۔ افرادی ترسیلات زر قدرے متعادل رہیں اور محض 1.4 فیصد کی اضافی شرح سے 19.6 ارب امریکی ڈالر کی سطح پر رہیں۔ محصولات کی مجموعی وصولی مالی سال 2018 کے دوران، پچھلے سال کے 3,368 ارب روپے کی نسبت 12.8 فیصد اضافہ کے ساتھ 3,800 ارب روپے رہی۔ معیشت کیلئے اپنے کرنٹ اکاؤنٹ کے خسارہ کو پُر کرنا ایک اہم چیلنج ہے جو مالی سال 2017 کے 12.6 ارب امریکی ڈالر کی نسبت بڑھتے ہوئے، مالی سال 2018 میں 18 ارب امریکی ڈالر کی سطح پر درج کیا گیا۔ سال کے آغاز سے اب تک روپے کی قدر میں تقریباً 18 فیصد کمی ہوئی اور ڈسکاؤنٹ (پالیسی) ریٹ میں 175 بی پی ایس (BPS) کا اضافہ کیا گیا، جس کی وجہ مجموعی طلب پر قابو پانا اور غیر ضروری درآمدات کا تدارک تھا۔

بینک نے اپنے وسائل کو بھرپور انداز میں بروئے کار لاتے ہوئے مشکل اقتصادی ماحول میں بہترین کارکردگی کا مظاہرہ کیا جس کے نتیجے میں بینک نے گزشتہ سال کی تقابلی مدت میں حاصل کئے 403 ملین روپے کے قبل از ٹیکس منافع کی نسبت 739 ملین روپے کا قبل از ٹیکس منافع حاصل کیا۔ اپنے آمدنی بخش اثاثہ جات کی ترکیب نو پر اپنی توجہ مرکوز کئے ہوئے ہے جن میں سرمایہ کاری کو قرضہ جات میں منتقل کرنا شامل ہے، جس کی بدولت یہ گزشتہ سال 2017 کے اختتام کے 40.2 ارب روپے کے حجم کی نسبت 23 فیصد اضافہ کے ساتھ 49.5 ارب روپے کی سطح پر جا پہنچے۔ جس کے سبب سرمایہ کاری 16 فیصد کمی کے ساتھ 53.06 ارب روپے پر یکارڈ کی گئی۔ ڈیپازٹس پچھلے سال کے 54.90 ارب روپے کے حجم کی نسبت 9 فیصد کے نمایاں اضافہ کے ساتھ 59.90 ارب روپے پر درج کئے گئے۔ اختتامی کی بھرپور توجہ کم یا بغیر لاگت کے ڈیپازٹس (کاسا) کے حصول کی طرف مرکوز ہے۔ لہذا سیویگ (بچت) اور کرنٹ ڈیپازٹس میں، اس زیر تجزیہ عرصہ کے دوران، بالترتیب 24 فیصد اور 14 فیصد کی نمو حاصل کی گئی۔ دوسری جانب مخصوص مدت کے ڈیپازٹس میں، اس عرصہ کے دوران، 6 فیصد کمی کی دیکھنے میں آئی۔ ڈسکاؤنٹ ریٹ میں 175 بی پی ایس (BPS)



## **INDEPENDENT AUDITORS' REVIEW REPORT**

### **TO THE MEMBERS OF SAMBA BANK LIMITED ON REVIEW OF INTERIM FINANCIAL STATEMENTS**

#### **Introduction**

We have reviewed the accompanying condensed interim statement of financial position of Samba Bank Limited ("the Bank") as at June 30, 2018 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim cash flow statement, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

#### **Scope of Review**

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

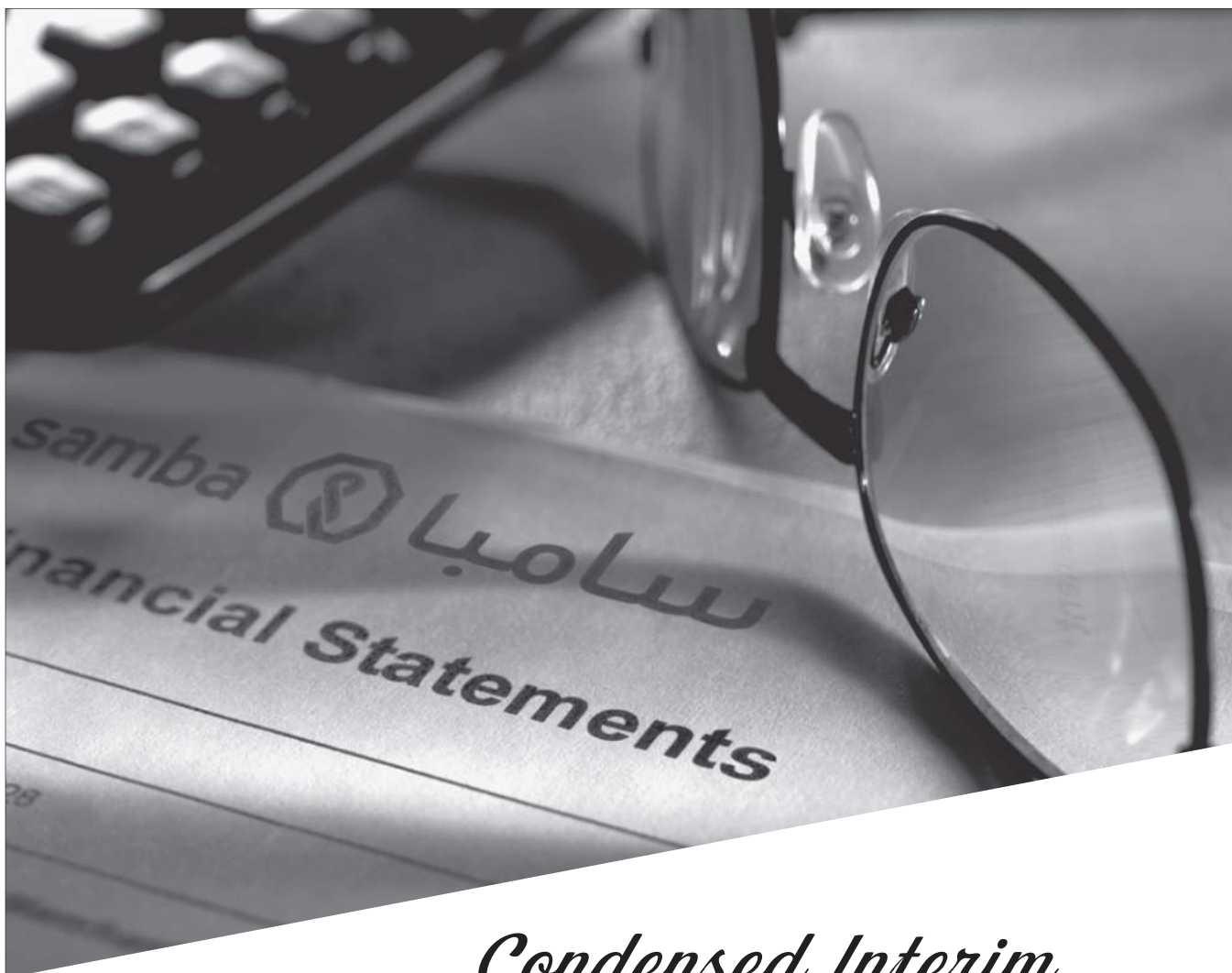
The figures for the quarters ended June 30, 2018 and June 30, 2017 in the condensed interim profit and loss account and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

The engagement partner on the review resulting in this independent auditor's review report is Shahbaz Akbar.

A.F. Ferguson & Co.  
Chartered Accountants

Dated: August 17, 2018

Karachi



# *Condensed Interim Financial Statements*

For the half year ended June 30, 2018

## CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2018

		(Rupees in '000)	
		(Un-audited)	(Audited)
Note		June 30, 2018	December 31, 2017
<b>ASSETS</b>			
		4,865,355	3,887,745
		1,777,536	127,386
	9	1,993,691	5,192,950
	10	53,059,798	62,918,102
	11	49,466,896	40,181,773
	12	1,218,685	1,246,618
		524,771	436,816
		2,636,697	3,159,657
		115,543,429	117,151,047
<b>LIABILITIES</b>			
		1,132,661	686,692
	13	39,192,315	46,201,468
	14	59,901,408	54,901,464
		-	-
		-	-
		-	-
		2,503,600	2,653,229
		102,729,984	104,442,853
<b>NET ASSETS</b>			
		12,813,445	12,708,194
<b>REPRESENTED BY:</b>			
		10,082,387	10,082,387
		643,531	555,451
		2,195,524	1,843,203
		12,921,442	12,481,041
		(107,997)	227,153
		12,813,445	12,708,194

### CONTINGENCIES AND COMMITMENTS

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The annexed notes 1 to 22 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 AND HALF YEAR ENDED JUNE 30, 2018

(Rupees in '000)

Note	Quarter ended		Half Year ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
Mark-up / return / interest earned	1,781,229	1,809,166	3,619,687	3,505,328
Mark-up / return / interest expensed	1,153,742	1,222,648	2,356,544	2,382,502
Net mark-up / return / interest income	627,487	586,518	1,263,143	1,122,826
(Provision) / Reversal against loans and advances - net	(32,285)	(95,857)	164,060	(121,063)
(Provision) / Reversal of provision for diminution in the value of investments - net	(24,774)	16,398	(24,640)	16,398
Recoveries against debts written-off	491	546	1,242	2,560
	(56,568)	(78,913)	140,662	(102,105)
Net mark-up / return / interest income after provisions	570,919	507,605	1,403,805	1,020,721
<b>Non mark-up / interest income</b>				
Fee, commission and brokerage income	62,790	51,075	131,546	101,293
Dividend income	11,934	11,385	22,146	18,160
Income from dealing in foreign currencies	46,839	23,879	71,607	48,790
Gain on sale of securities - net	(32,249)	36,011	267,246	167,847
Unrealised gain / (loss) on revaluation of investments classified as held for trading - net	139	158	(20)	(173)
Other income	60	177	267	177
Total non mark-up / interest income	89,513	122,685	492,792	336,094
	660,432	630,290	1,896,597	1,356,815
<b>Non mark-up / interest expenses</b>				
Administrative expenses	501,442	449,176	1,138,775	945,607
Other provisions / write offs - net	2,111	-	(12,019)	-
Workers' Welfare Fund	2,843	3,420	15,114	8,020
Other charges	15,493	-	15,663	6
Total non mark-up / interest expenses	521,889	452,596	1,157,533	953,633
	138,543	177,694	739,064	403,182
Extraordinary items / unusual items	-	-	-	-
<b>Profit before taxation</b>	138,543	177,694	739,064	403,182
Taxation - Current period	4029	(28,835)	(206,153)	(47,850)
- Prior years	-	(30,430)	-	(30,430)
- Deferred	(92,510)	(32,690)	(92,510)	(92,596)
	(88,481)	(91,955)	(298,663)	(170,876)
<b>Profit after taxation</b>	50,062	85,739	440,401	232,306
Unappropriated profit brought forward	2,155,474	1,369,375	1,843,203	1,252,121
Transfer to statutory reserve	(10,012)	(17,148)	(88,080)	(46,461)
<b>Unappropriated profits carried forward</b>	2,195,524	1,437,966	2,195,524	1,437,966
<b>Basic and diluted earnings per share (Rupee)</b>	0.05	0.09	0.44	0.23

The annexed notes 1 to 22 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 AND HALF YEAR ENDED JUNE 30, 2018

(Rupees in '000)

Note	Quarter ended		Half Year ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
Profit after taxation for the period	50,062	85,739	440,401	232,306
Other comprehensive income	-	-	-	-
Total comprehensive income for the period transferred to equity	50,062	85,739	440,401	232,306
Components of comprehensive income not reflected in equity				
Items that may be reclassified subsequently to profit and loss account				
(Deficit) / Surplus on revaluation of available for sale financial assets - net of deferred tax	(53,265)	(3,690)	(335,150)	37,448
Total comprehensive income / (loss) for the period	(3,203)	82,049	105,251	269,754

The annexed notes 1 to 22 form an integral part of these condensed interim financial statements.

## CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

FOR THE HALF YEAR ENDED JUNE 30, 2018

(Rupees in '000)

	Half Year ended	
	June 30, 2018	June 30, 2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	739,064	403,182
Less: Dividend income	(22,146)	(18,160)
	716,918	385,022
<b>Adjustments for non - cash charges and other items:</b>		
Depreciation	84,932	83,633
Amortisation of intangible assets	18,281	21,595
Reversal of provision against loans and advances - net	(164,060)	121,063
Unrealised loss / (gain) on revaluation of investments classified as held for trading - net	20	113
Operating fixed assets written off / adjusted	2,111	39,212
Reversal of provision against off balance sheet obligations	(14,130)	-
Reversal of provision for diminution in the value of investments	24,640	(16,398)
Gain on disposal of operating fixed assets	(184)	(177)
Gain on sale of securities - net	(266,157)	(167,847)
	(314,547)	81,194
	402,371	466,216
<b>Decrease / (increase) in operating assets</b>		
Lendings to financial institutions	3,199,259	5,277,254
Investments - held for trading securities - net	1,485,233	(8,423,925)
Advances - net	(9,121,062)	(4,337,441)
Other assets (excluding current and advance taxation)	317,615	(722,502)
	(4,118,955)	(8,206,614)
<b>(Decrease) / increase in operating liabilities</b>		
Bills payable	445,969	(228,934)
Borrowings from financial institution	(7,009,153)	18,272,554
Deposits and other accounts	4,999,944	1,166,043
Other liabilities	(135,499)	536,111
	(1,698,739)	19,745,774
	(5,415,323)	12,005,376
Income tax paid	(2,720)	(18,538)
<b>Net cash (used in) / generated from operating activities</b>	(5,418,043)	11,986,838
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investments in available for sale and held to maturity securities - net	8,098,952	(11,711,653)
Dividend income received	24,059	20,310
Investment in operating fixed assets	(81,550)	(70,515)
Sale proceeds from disposal of operating fixed assets	4,342	723
<b>Net cash (used in) / generated from investing activities</b>	8,045,803	(11,761,135)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	-	-
<b>Increase in cash and cash equivalents during the period</b>	2,627,760	225,703
Cash and cash equivalents at beginning of the period	4,015,131	5,540,085
<b>Cash and cash equivalents at end of the period</b>	6,642,891	5,765,788
<b>Cash and cash equivalents comprise of:</b>		
Cash and balances with treasury banks	4,865,355	3,964,004
Balances with other banks	1,777,536	1,801,784
	6,642,891	5,765,788

The annexed notes 1 to 22 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 HALF YEAR ENDED JUNE 30, 2018

(Rupees in '000)

	Share capital	Capital reserve	Statutory reserve	Unappropriated profit	Total
Balance as at January 01, 2017	10,082,387	20,935	386,745	1,252,121	11,742,188
Profit after taxation for the half year ended June 30, 2017	-	-	-	232,306	232,306
Transfer to statutory reserve	-	-	46,461	(46,461)	-
Balance as at June 30, 2017	10,082,387	20,935	433,206	1,437,966	11,974,494
Profit after taxation for the half year ended December 31, 2017	-	-	-	506,547	506,547
Transfer to statutory reserve	-	-	101,310	(101,310)	-
Balance as at December 31, 2017	10,082,387	20,935	534,516	1,843,203	12,481,041
Profit after taxation for the half year ended June 30, 2018	-	-	-	440,401	440,401
Transfer to statutory reserve	-	-	88,080	(88,080)	-
Balance as at June 30, 2018	10,082,387	20,935	622,596	2,195,524	12,921,442

The annexed notes 1 to 22 form an integral part of these condensed interim financial statements.

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

FOR THE HALF YEAR ENDED JUNE 30, 2018

## 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 6th Floor, Sidco Avenue Centre, Maulana Deen Muhammad Wafai 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 June 30, 2018 (December 31, 2017: 84.51%). The Bank operates 37 branches (December 31, 2017: 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.

- 3.2 The SBP vide BSD Circular letter No. 10, dated August 26, 2002 has deferred the applicability of International Accounting Standard 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 a format prescribed by the SBP vide BSD Circular Letter No. 2 dated May 12, 2004 and IAS 34, Interim Financial Reporting. They do not include all the disclosures required for annual financial statements, and these condensed interim financial statements should be read in conjunction with the financial statements of the Bank for the year ended December 31, 2017.
- 3.6 Standards, interpretations and amendments to approved accounting standards that are effective in the current year

There are certain new and amended standards, interpretations and amendments that are mandatory for the Bank's accounting periods beginning on or after January 1, 2018 but are considered not to be relevant or do not have any significant effect on the Bank's operations and therefore not detailed in these condensed interim financial statements.



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

The following revised standards, amendments and interpretations with respect to the approved accounting standards would be effective from the dates mentioned below against the respective standard or interpretation:

- **IFRS 9 'Financial Instruments' - effective date: July 1, 2018**

The Bank is currently awaiting instructions from the SBP as applicability of IAS 39 was deferred by the SBP till further instructions. However, the SBP has instructed banks to prepare potential qualitative and quantitative impact assessments as a result of adoption of IFRS 9 using the performa financial statements for the year ended December 31, 2017. The Bank is required to submit its impact assessment to the SBP in due course of time.

- **IFRS 15 'Revenue from contracts with customers' - effective date: July 1, 2018**

The IASB has issued a new standard for the recognition of revenue. This will replace 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 Bank is currently in the process of assessing the potential impacts of changes required in revenue recognition policies upon adoption of the standard.

- **IFRS 16 'Leases' - effective date: January 1, 2019**

IFRS 16 will affect primarily the accounting by lessees and will result in the recognition of almost all leases on statement of financial position. The standard removes the current distinction between operating and finance leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases. The accounting for lessors will not significantly change.

As at the reporting date, the Bank has non-cancellable operating lease commitments. However, the Bank is currently in the process of assessing the potential impacts of changes as a result of adoption of IFRS 16.

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, 2017.

## 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, 2017.

## 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, 2017.

## 9 LENDINGS TO FINANCIAL INSTITUTIONS

(Rupees in '000)

	Note	June 30, 2018 (Un-audited)	December 31, 2017 (Audited)
Call money lendings	9.2	-	4,500,000
Repurchase agreement lendings (reverse repo)	9.3	1,993,691	692,950
		<u>1,993,691</u>	<u>5,192,950</u>

9.1 All lendings to financial institutions are in local currency.

9.2 These represent lendings to commercial bank in the inter bank money market. These lendings carry mark-up at the rate of Nil (December 31, 2017: 6.00% to 6.10% per annum).

9.3 These represent lendings against securities. These lendings carry mark-up at rates ranging from 6.55% to 6.60% (December 31, 2017: 6.00%) per annum and will mature latest by July 20, 2018 (December 31, 2017: January 02, 2018).

## 10 INVESTMENTS - NET

(Rupees in '000)

	Note	June 30, 2018 (Un-audited)			December 31, 2017 (Audited)		
		Held by Bank	Given as collateral	Total	Held by Bank	Given as collateral	Total
Held for trading securities	10.1	9,429	-	9,429	1,494,662	-	1,494,662
Available for sale securities	10.2	14,700,148	33,611,441	48,311,589	17,724,410	38,392,228	56,116,638
Held to maturity securities	10.3	4,947,550	-	4,947,550	4,975,297	-	4,975,297
Investments at cost		<u>19,657,127</u>	<u>33,611,441</u>	<u>53,268,568</u>	<u>24,194,369</u>	<u>38,392,228</u>	<u>62,586,597</u>
Less: Provision for diminution in the value of investments		(42,560)	-	(42,560)	(17,920)	-	(17,920)
Investments - net of provision		<u>19,614,567</u>	<u>33,611,441</u>	<u>53,226,008</u>	<u>24,176,449</u>	<u>38,392,228</u>	<u>62,568,677</u>
Deficit on revaluation of held for trading securities - net		(62)	-	(62)	(42)	-	(42)
(Deficit) / surplus on revaluation of available for sale securities - net		(102,541)	(63,607)	(166,148)	(12,958)	362,425	349,467
Investments - net		<u>19,511,964</u>	<u>33,547,834</u>	<u>53,059,798</u>	<u>24,163,449</u>	<u>38,754,653</u>	<u>62,918,102</u>
<b>10.1 Held for trading securities</b>							
Market Treasury Bills		-	-	-	1,494,662	-	1,494,662
Ordinary shares - listed		9,429	-	9,429	-	-	-
		<u>9,429</u>	<u>-</u>	<u>9,429</u>	<u>1,494,662</u>	<u>-</u>	<u>1,494,662</u>
<b>10.2 Available for sale securities</b>							
Market Treasury Bills		7,432,699	25,016,435	32,449,134	8,515,143	5,647,000	14,162,143
Pakistan Investment Bonds		4,309,373	8,595,006	12,904,379	7,065,108	32,745,228	39,810,336
Term Finance Certificates:							
- Listed		744,240	-	744,240	148,857	-	148,857
- Un-listed		496,187	-	496,187	50,090	-	50,090
Corporate Sukuk Bonds		950,000	-	950,000	975,000	-	975,000
Ordinary shares - listed		747,149	-	747,149	949,712	-	949,712
Ordinary shares - unlisted		20,500	-	20,500	20,500	-	20,500
		<u>14,700,148</u>	<u>33,611,441</u>	<u>48,311,589</u>	<u>17,724,410</u>	<u>38,392,228</u>	<u>56,116,638</u>
<b>10.3 Held to maturity securities</b>							
Pakistan Investment Bonds		4,947,550	-	4,947,550	4,975,297	-	4,975,297

## 11 ADVANCES - NET

		(Rupees in '000)	
	Note	June 30, 2018 (Un-audited)	December 31, 2017 (Audited)
Loans, cash credits, running finances, etc.			
- In Pakistan		50,796,179	41,211,363
Net investment in finance lease			
- In Pakistan		305,679	314,014
Bills discounted and purchased (excluding treasury bills)			
- Payable in Pakistan		421,690	968,334
- Payable outside Pakistan		96,719	8,849
Advances - gross		51,620,267	42,502,560
Less: Provision against advances			
- Specific provision	11.1	(2,119,646)	(2,303,292)
- General provision	11.2	(33,725)	(17,495)
		(2,153,371)	(2,320,787)
Advances - net of provision		49,466,896	40,181,773

- 11.1 Advances include Rs. 2,227.788 million (December 31, 2017: Rs. 2,335.748 million) which have been placed under non-performing status as detailed below:

		(Rupees in '000)			
		June 30, 2018 (Un-audited)			
Category of classification	Classified Advances		Total	Provision required	Provision held
	Domestic	Overseas			
Substandard	108,668	-	108,668	32,371	32,371
Doubtful	-	-	-	-	-
Loss	2,119,120	-	2,119,120	2,087,275	2,087,275
	2,227,788	-	2,227,788	2,119,646	2,119,646

		(Rupees in '000)			
		December 31, 2017 (Audited)			
Category of classification	Classified Advances		Total	Provision required	Provision held
	Domestic	Overseas			
Substandard	604	-	604	151	151
Doubtful	-	-	-	-	-
Loss	2,335,144	-	2,335,144	2,303,141	2,303,141
	2,335,748	-	2,335,748	2,303,292	2,303,292

- 11.2 General provision includes provision of Rs. 33.725 million (December 31, 2017: Rs. 17.495 million) held against consumer finance portfolio as required by the Prudential Regulations issued by the State Bank of Pakistan.

## 12 OPERATING FIXED ASSETS

		(Rupees in '000)	
		June 30, 2018 (Un-audited)	June 30, 2017 (Un-audited)
Additions during the period (at cost)		81,550	70,515
Disposals / write-offs / adjustments during the period (at cost)		27,114	90,833

### 13 BORROWINGS

(Rupees in '000)

	Note	June 30, 2018 (Un-audited)	December 31, 2017 (Audited)
<b>Secured</b>			
Borrowings from the SBP under export refinance scheme		2,192,000	2,625,000
Borrowings from the SBP under long term financing facilities		1,020,264	473,055
Repurchase agreement borrowings		26,999,953	28,045,894
Bai Muajjal borrowings		8,457,762	10,055,213
		38,669,979	41,199,162
<b>Unsecured</b>			
Call money borrowings		500,000	4,979,970
Bankers Equity Limited (Under liquidation)		22,336	22,336
		522,336	5,002,306
		39,192,315	46,201,468
<b>14 DEPOSITS AND OTHER ACCOUNTS</b>			
<b>Customers</b>			
Fixed deposits		20,888,927	21,627,844
Savings deposits		21,338,555	17,550,355
Current accounts - non-remunerative		13,957,768	12,251,222
Others - non-remunerative		140,876	205,140
		56,326,126	51,634,561
<b>Financial Institutions</b>			
Remunerative deposits		2,995,999	2,836,300
Non-remunerative deposits		579,283	430,603
		3,575,282	3,266,903
		59,901,408	54,901,464
<b>15 CONTINGENCIES AND COMMITMENTS</b>			
<b>15.1 Direct credit substitutes</b>			
Favouring others		1,971,158	1,072,461
<b>15.2 Transaction-related contingent liabilities / commitments</b>			
Guarantees in favour of			
- Government		870,070	1,575,025
- Favouring banks and other financial institutions		-	339,353
- Others	15.2.1	4,324,160	1,991,324
		5,194,230	3,905,702
15.2.1 This includes guarantees of Rs. 142.543 million (December 31, 2017: Rs. 123.664 million) given on behalf of Samba Financial Group - a related party.			
<b>15.3 Trade-related contingent liabilities</b>			
Favouring others		3,806,123	4,681,621
<b>15.4 Other contingencies</b>			
Claims against the Bank not acknowledged as debts	15.4.1	125,456	125,456

15.4.1 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 condensed interim financial statements.

## 15.5 Contingencies in respect of taxation

The Income tax department has raised a demand of Rs. 426.787 million (December 31, 2017: Rs 426.787 million) for the tax years 1995-96, 1996-97, 1999-2000, 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 (December 31, 2017: Rs 645.337 million) for assessment years 1999-2000, 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, 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 (December 31, 2017: 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.

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 condensed interim financial statements in respect of the above mentioned demands aggregating Rs 1,145.766 million (December 31, 2017: Rs 1,145.766 million) raised by the income tax authorities.

## 15.6 Commitments to extend credit

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

## 15.7 Commitments in respect of forward foreign exchange contracts

(Rupees in '000)

		June 30, 2018 (Un-audited)	December 31, 2017 (Audited)
Purchase		33,572,435	34,785,125
Sale		30,851,324	33,033,350
<b>15.8 Commitments in respect of forward Government securities transactions</b>			
Purchase	15.8.1	11,641	301,978
Sale	15.8.2	2,198,319	-

15.8.1 These represent forward purchase of Pakistan Investment Bonds having face value of Rs. 11.65 million (December 31, 2017: Rs. 300 million) to be settled on July 3, 2018 (December 31, 2017: January 2, 2018).

15.8.2 These represent forward sale of Pakistan Investment Bonds having face value of Rs. 2,200 million (December 31, 2017: Nil) to be settled on July 3, 2018 (December 31, 2017: Nil).

## 15.9 Capital Commitments

Commitments for capital expenditure as at June 30, 2018 amounted to Rs. 36.371 million (December 31, 2017: Rs. 45.36 million).

## 16 EARNINGS PER SHARE

	(Rupees in '000) (Un-audited)			
	Quarter ended		Half year ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
Profit after taxation attributable to ordinary shareholders	50,062	85,739	440,401	232,306
Weighted average number of shares outstanding during the period	1,008,238,648	1,008,238,648	1,008,238,648	1,008,238,648
Basic and diluted earnings per share	0.05	0.09	0.44	0.23

## 17 RELATED PARTY TRANSACTIONS

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

Banking transactions with the related parties are executed substantially on the same terms, including mark-up rates and collateral, as those prevailing at the time for comparable transactions with unrelated parties and do not involve more than a normal risk. Transactions with the executives are undertaken at terms in accordance with employment agreements and services rules.

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 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 executive team, including the Chief Executive Officer to be key management personnel.

Details of transactions / balances with related parties are given below:

	(Rupees in '000)							
	June 30, 2018 (Un-audited)				December 31, 2017 (Audited)			
	Directors	Key management personnel	Parent Company	Others	Directors	Key management personnel	Parent Company	Others
<b>BALANCE OUTSTANDING - GROSS</b>								
<b>Advances</b>								
At January 1	-	151,147	-	-	-	143,964	-	-
Disbursement during the period / year	-	12,700	-	-	-	28,847	-	-
Repaid during the period / year	-	(14,553)	-	-	-	(21,664)	-	-
At June 30 / December 31	-	149,294	-	-	-	151,147	-	-
<b>Deposits</b>								
At January 1	15,434	22,440	-	18,928	28,987	27,556	-	6,665
Received during the period / year	2,519	234,385	-	47,480	123,858	358,100	-	141,809
Withdrawn during the period / year	208	(220,837)	-	(50,037)	(137,411)	(363,216)	-	(129,546)
At June 30 / December 31	18,161	35,988	-	16,371	15,434	22,440	-	18,928
<b>Others</b>								
Guarantees	-	-	161,981	-	-	-	123,664	-
Balances in nostro accounts	-	-	159,531	-	-	-	12,964	-
Sundry receivable / (payable)	-	-	3,048	-	-	-	3,177	-
Balances in vostro accounts	-	-	107,976	-	-	-	234,884	-

(Rupees in '000)

	Half year ended June 30, 2018 (Un-audited)				Half year ended June 30, 2017 (Un-audited)			
	Directors	Key management personnel	Parent Company	Others	Directors	Key management personnel	Parent Company	Others
Transactions during the period								
Remuneration and benefits	-	186,890	-	-	-	165,970	-	-
Directors' fee	6,246	-	-	-	5,243	-	-	-
Mark-up / return / interest expensed	13	261	-	625	108	330	-	440
Mark-up / return / interest income	-	3,634	-	-	-	3,414	-	-

Forex transactions during the period - Samba Financial Group

(Currency in '000)

For the period ended June 30, 2018 (Un-audited)				
Currency	READY / SPOT / TOM		Forward	
	Buy	Sell	Buy	Sell
AED	3,673	-	-	-
EUR	10,235	9,650	200	4,480
GBP	3,577	13,400	10,287	1,240
JPY	356,097	16,299	103,665	103,913
SAR	90,755	-	-	-
USD	52,777	44,205	6,604	13,894
PKR	-	2,749,776	-	-

Forex deals outstanding as at the period end - Samba Financial Group

(Currency in '000)

As at June 30, 2018 (Un-audited)				
Currency	READY / SPOT / TOM		Forward	
	Buy	Sell	Buy	Sell
EUR	-	-	-	800
GBP	-	-	2,000	-
USD	-	-	947	2,683

Forex transactions during the period - Samba Financial Group

(Currency in '000)

For the period ended June 30, 2017 (Un-audited)				
Currency	READY / SPOT / TOM		Forward	
	Buy	Sell	Buy	Sell
AED	-	-	-	-
AUD	-	-	-	-
CAD	-	-	-	-
CHF	-	-	10	-
EUR	1,400	6,900	3,850	1,200
GBP	4,944	6,825	5,500	800
HKD	-	-	-	-
JPY	26,000	-	57,000	-
SAR	-	16,127	-	-
SEK	-	-	-	-
SGD	-	-	-	-
USD	45,684	7,872	2,324	11,591
PKR	-	2,663,864	-	-

Forex deals outstanding as at the year end - Samba Financial Group

(Currency in '000)

As at December 31, 2017 (Audited)				
Currency	READY / SPOT / TOM		Forward	
	Buy	Sell	Buy	Sell
EUR	-	-	300	-
GBP	-	-	1,150	300
USD	-	-	402	1,893



## 18 BUSINESS SEGMENTS

The segment analysis with respect to business activity is as follows:

(Rupees in '000)						
For the half year ended June 30, 2018 (Un-audited)						
Particulars	Corporate Banking	Global Markets	Retail Banking	Commercial Banking	Senoff	Total
Total income (net of interest expense and provisions)	542,379	472,389	456,637	150,416	274,776	1,896,597
Total operating expenses	(187,611)	(117,551)	(738,861)	(113,510)	-	(1,157,533)
Net (loss) / profit (before tax)	354,768	354,838	(282,224)	36,906	274,776	739,064
Depreciation of Fixed Assets	8,977	3,979	66,787	5,189	-	84,932
Amortisation of Intangible Assets	3,289	2,003	11,262	1,727	-	18,281

(Rupees in '000)						
For the half year ended June 30, 2017 (Un-audited)						
Particulars	Corporate Banking	Global Markets	Retail Banking	Commercial Banking	Senoff	Total
Total income (net of interest expense and provisions)	(141,915)	558,284	345,194	81,786	513,466	1,356,815
Total operating expenses	(159,316)	(91,185)	(629,847)	(73,285)	-	(953,633)
Net (loss) / profit (before tax)	(301,231)	467,099	(284,653)	8,501	513,466	403,182
Depreciation of Fixed Assets	638	458	46,432	118	35,988	83,634
Amortisation of Intangible Assets	286	746	4,709	55	15,800	21,596

(Rupees in '000)						
As at June 30, 2018 (Un-audited)						
Particulars	Corporate Banking	Global Markets	Retail Banking	Commercial Banking	Senoff	Total
Segment assets - Gross	35,863,604	61,866,754	3,384,250	14,140,773	2,657,444	117,912,825
Segment non-performing loans	1,706,420	-	416,442	104,926	-	2,227,788
Segment provision held	(1,700,047)	(42,559)	(426,394)	(31,437)	(168,959)	(2,369,396)
Segment liabilities	10,680,325	37,513,356	51,731,445	2,251,499	553,359	102,729,984

(Rupees in '000)						
As at December 31, 2017 (Audited)						
Particulars	Corporate Banking	Global Markets	Retail Banking	Commercial Banking	Senoff	Total
Segment assets	31,371,796	73,113,545	2,741,984	9,681,513	2,754,382	119,663,220
Segment non-performing loans	1,920,287	-	415,461	-	-	2,335,748
Segment provision held	(1,914,088)	(17,920)	(415,656)	-	(164,509)	(2,512,173)
Segment liabilities	10,783,634	44,762,221	46,292,558	1,970,076	634,364	104,442,853

## 19 FAIR VALUE OF FINANCIAL INSTRUMENTS AND DERIVATIVE INSTRUMENTS

### 19.1 On-balance sheet financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

The fair value of traded investments is based on quoted market prices, except for tradeable securities classified as 'held to maturity'. Held to maturity securities are carried at amortised cost in order to comply with the requirements of BSD Circular No. 14 dated September 24, 2004. The fair value of held to maturity investments amounts to Rs. 4,998.933 million (December 31, 2017: Rs. Rs. 5,183.574 million).

The fair value of unquoted equity investments is determined as lower of carrying value and break up value of these investments as per the latest available audited financial statements.

Fair value of fixed term loans, other assets, other liabilities and fixed term deposits cannot be calculated with sufficient reliability due to absence of current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments.

In the opinion of the management, the fair value of the remaining financial assets and liabilities are not significantly different from their carrying values, since these assets and liabilities are either short-term in nature or, in the case of customer loans and deposits, are frequently repriced.

The table below analyses the traded investments, except for tradeable securities classified as held to maturity by their respective valuation methods. Valuation of investments is carried out as per guidelines specified by the State Bank of Pakistan.

The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and
- Inputs for the assets or liabilities that are not based on observable market data (that is unobservable inputs e.g. estimated future cash flows) (level 3).

#### RECURRING FAIR VALUE MEASUREMENT

##### FINANCIAL INSTRUMENTS - ON BALANCE SHEET INVESTMENTS - NET

##### Held for Trading Securities

Pakistan Investment Bonds  
Market Treasury Bills  
Ordinary shares - listed

##### Available for sale securities

Pakistan Investment Bonds  
Market Treasury Bills  
Corporate Sukuk Bonds  
Term Finance Certificates  
Ordinary shares - listed

##### Total

##### FINANCIAL INSTRUMENTS - OFF BALANCE SHEET

Forward purchase of foreign exchange contracts  
Forward sale of foreign exchange contracts  
Forward purchase of government & other quoted securities  
Forward Sale of government & other quoted securities  
Future Sale of listed shares

(Rupees in '000)

As at June 30, 2018 (Un-audited)			
Level 1	Level 2	Level 3	Total
-	-	-	-
-	-	-	-
9,367	-	-	9,367
-	12,794,360	-	12,794,360
-	32,447,703	-	32,447,703
-	950,883	-	950,883
-	1,238,079	-	1,238,079
693,916	-	-	693,916
703,283	47,431,025	-	48,134,308
-	33,572,435	-	33,572,435
-	30,851,324	-	30,851,324
-	11,641	-	11,641
-	2,198,319	-	2,198,319
-	9,405	-	9,405

**RECURRING FAIR VALUE MEASUREMENT****FINANCIAL INSTRUMENTS - ON BALANCE SHEET**  
**INVESTMENTS - NET****Held for Trading Securities**

Pakistan Investment Bonds  
Market Treasury Bills  
Ordinary shares - listed

**Available for sale securities**

Pakistan Investment Bonds  
Market Treasury Bills  
Corporate Sukuk Bonds  
Term Finance Certificates  
Ordinary shares - listed

**Total****FINANCIAL INSTRUMENTS - OFF BALANCE SHEET**

Forward purchase of foreign exchange contracts  
Forward sale of foreign exchange contracts  
Forward purchase of government & other quoted securities

As at December 31, 2017 (Audited)			
Level 1	Level 2	Level 3	Total
<b>FINANCIAL INSTRUMENTS - ON BALANCE SHEET</b>			
<b>INVESTMENTS - NET</b>			
<b>Held for Trading Securities</b>			
-	-	-	-
-	1,494,620	-	1,494,620
-	-	-	-
<b>Available for sale securities</b>			
-	40,243,849	-	40,243,849
-	14,161,936	-	14,161,936
-	981,038	-	981,038
-	198,683	-	198,683
852,679	-	-	852,679
852,679	57,080,126	-	57,932,805
<b>FINANCIAL INSTRUMENTS - OFF BALANCE SHEET</b>			
-	35,488,350	-	35,488,350
-	33,734,468	-	33,734,468
-	301,458	-	301,458

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 occurs. There were no transfers between levels 1 and 2 during the period.

**(a) Financial instruments in level 1**

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

**(b) Financial instruments in level 2**

Financial instruments included in level 2 comprise of Treasury Bills and Pakistan Investment Bonds.

**(c) Financial instruments in level 3**

Currently, no Financial Instruments are included in level 3.

**Valuation techniques and inputs used in determination of fair values within level 1 and 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 (MUFAP 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 corporate sukuk bonds	Fair value of investment in listed equity securities, term finance certificates and corporate sukuk bonds 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 State Bank of Pakistan.

## 20 LIQUIDITY RISK

The SBP has introduced two liquidity standards through its guidelines on Basel III: Liquidity Standards. These are the Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR). The objective of LCR is to ensure that Banks have an adequate stock of unencumbered high quality liquid assets (HQLA) to survive a significant stress scenario. The objective of NSFR is to reduce funding risk over a longer time horizon by requiring Banks to fund their activities with sufficiently stable sources of funding on an ongoing basis.

### 20.1 Liquidity Coverage Ratio

	----- Total Adjusted Value ----- (Rupees in '000)		
	(Un-audited) June 30, 2018	(Un-audited) March 31, 2018	(Audited) December 31, 2017
Total HQLA	18,660,852	17,911,629	27,963,934
Total Net Cash Outflows	5,570,574	5,004,189	10,617,941
Liquidity Coverage Ratio (%)	334.99%	357.93%	263.36%
Minimum Requirement (%)	90.00%	90.00%	90.00%

### 20.2 Net Stable Funding Ratio

	----- Total Weighted Value ----- (Rupees in '000)	
	(Un-audited) June 30, 2018	(Audited) December 31, 2017
Total Available Stable Funding (ASF)	84,679,332	44,206,819
Total Required Stable Funding (RSF)	40,855,621	9,683,347
Net Stable Funding Ratio (%)	207.26%	456.52%
Minimum Requirement (%)	100.00%	100.00%

## 21 GENERAL

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

21.2 Figures as of and for the period ended June 30, 2018 and June 30, 2017, wherever used in these condensed interim financial statements are unaudited figures; however figures as of and for the period relating to December 31, 2017 used in these condensed interim financial statements are audited figures.

## 22 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on August 15, 2018 by the Board of Directors of the Bank.

Chief Financial Officer

President & Chief Executive Officer

Chairman

Director








Director










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