

Samba Bank Limited

QUARTERLY REPORT

SEPTEMBER 30, 2018



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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, I am pleased to present the financial results of the Bank for the nine months ended September 30, 2018.

Financial Results and Overview

	Rupees (million)	
	Nine Months Ended September 30, 2018	Nine Months Ended September 30, 2017
Profit before taxation	890	606
Taxation	340	243
Profit after taxation	550	363
Earnings per share - (Rupee)	0.55	0.36

	Rupees (million)	
	September 30, 2018	December 31, 2017
Total assets	109,736	117,151
Lending to Financial Institutions	11,470	5,193
Investments - net	40,388	62,918
Advances - net	48,457	40,182
Deposits	62,719	54,901
Paid-up capital & reserves	13,031	12,481
(Deficit) / Surplus on revaluation of assets - net of tax	(205)	227

The economy remained under pressure during the quarter under review. After another successful transition of power, the new government took charge of the economy in August 2018. CPI inflation for September 2018 clocked in at 5.1% YoY while Core CPI, a better indicator of underlying inflationary pressures, clocked in at 8.0% YoY (highest since Nov-14). To counter this rising inflation, State Bank of Pakistan accumulatively increased policy rate by 200bps first in July and then in September 2018. On the fiscal side, overall tax collection in 1QFY19 clocked in at PKR 836bn (up 9%YoY) against assigned revised revenue target of PKR 851bn during first quarter, reflecting a shortfall of PKR 15bn. The government has announced its final decision about entering the International Monetary Fund (IMF) program in the October, while mulling over options other than the IMF for bridging the external account gap. Besides providing immediate relief to the dwindling FX reserves, entry into an IMF program is likely to enhance the credibility of Pakistan in the eyes of global financial community and pave the way for fetching flows from multilateral agencies such as the World Bank, Asian Development Bank, Islamic Development Bank and facilitate access to the international capital markets.

Keeping in view the prevalent macroeconomic indicators, the Bank focused on effective utilization of its resources and managed to post a healthy profit before tax of PKR 890mn against PKR 606mn for the same period of preceding year. With the increase in the monetary policy rate during the period, the Bank continued to reclassify its earning assets from low-yielding investments to high yield advances portfolio. Resultantly, the Investments decreased by a significant portion of 36% from December 2017 and closed at PKR 40.4bn. The deposits have depicted a healthy growth alongside and closed at PKR 62.7bn as compared to that of PKR 54.9bn from last year demonstrating an increase of 14%. Despite increase in discount rates by 275 bps since close of financial year 2017, the cost of deposits was higher by only 10 bps since year ended 2017 which is evidence of Bank's attention to mobilize low cost and small ticket deposits. During the period under review, the Bank also managed to lower its borrowings from financial institutions by 32% or PKR 14.7bn.

The Net interest income increased by 11% as compared to similar period last year attributable to the volumetric, as well as interest rate increases. In addition, the non-funded income also increased by 32%. The Bank managed to dispose-off its major investment securities earlier this year and earned a capital gain of PKR 217mn. The Bank continued to exercise effective control over operating cost. The overall administrative cost increased by 18% during this period over similar comparative from last year. This increase, however, was mainly due to significant expansion in its consumer, SME and commercial business segments which helped Bank to diversify its earning assets portfolio. During this period Bank launched its second consumer assets product "Auto Loans". The Bank will continue to invest in these potential growth segments in coming periods.

The Bank has also managed to recover approximately PKR 216mn from legacy and non-performing loans during the period under review, demonstrating consistent remedial management. In order to safeguard its assets against potential losses present in the portfolio, general provision of PKR 41.3mn was charged during the current period against its consumer advances portfolio. In addition, a provision of PKR 24.6mn 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

The newly elected federal government has started taking the much needed steps to address the political and economic challenges. The country faces issues like twin deficits, slowdown in LSM growth, rising inflation and decline in FX reserves. Policy makers initiated steps to address economic challenges with incumbent Government resetting fiscal targets through interim budget and SBP pursuing monetary tightening. Initially the policy measures recommended by IMF can lead to slower growth but if the measures are followed up with critical structural reforms such as broadening the tax base, eradicating financial misfeasance, improving governance, restructuring of Public Sector Entities, making local industries and exports competitive, then Pakistan will be on the path of higher economic growth and financial sustainability rather quickly.

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,

Shahid Sattar
President & Chief Executive Officer

October 28, 2018
Karachi

Humayun Murad
Director

اختتام پذیر ہوئے۔ ڈسکاؤنٹ ریٹ میں مالی سال 2017ء سے 275 بی پی ایس کے اضافہ کے باوجود ڈیپازٹس کی لاگت میں سال 2017 سے اب تک محض 10 بی پی ایس کا اضافہ ہوا ہے جو کہ بینک کے کم لاگت کے ڈیپازٹس کے حصول پر مسلسل توجہ کی کا ثبوت ہے۔ اس زیر تجزیہ عرصہ کے دوران بینک دیگر مالیاتی اداروں سے حاصل شدہ قرض میں بھی 32 فیصد یا 14.7 ملین روپے کی کمی لانے میں کامیاب رہا ہے۔

خالص مارک اپ آمدنی گزشتہ سال کی اسی مدت کے مقابلے میں 11 فیصد بڑھ گئی جس کی بڑی وجہ بینکاری کی سرگرمیوں کا حجم اور انٹرنسٹ ریٹ دونوں میں اضافہ ہے۔ مزید برآں غیر سرمائی آمدنی بھی 32 فیصد کا اضافہ ہوا۔ بینک اس سال کے آغاز میں ہی اپنی کئی اہم ترسمکات کی سرمایہ کاری کا تصفیہ اور اس کے نتیجے میں 217 ملین روپے کا کیپٹل گین حاصل کر چکا ہے۔ بینک نے اپنی کارکردگی کی مجموعی لاگت کو مناسب طور پر قابو میں رکھا ہے۔ گزشتہ سال کی اسی تقابلی مدت کی نسبت انتظامی اخراجات میں 18 فیصد کا اضافہ ہوا ہے۔ تاہم اس افزائش کی بنیادی وجہ صارف (کنزیومر)، ایس ایم ای (SME) اور کمرشل 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 "آٹولون" 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 عرصہ میں بینک اپنے پرانے اور غیر فعال قرضوں میں سے بھی تقریباً 216 ملین روپے وصول کرنے میں کامیاب رہا جو کہ بینک کی مسلسل تدارک دانہ انتظامی صلاحیت کا مظہر ہے۔ اپنے اثاثہ جات کو متوقع خدشات سے محفوظ کرنے کی خاطر، بینک نے رواں مدت کے دوران اپنے شعبہ صارفین (کنزیومر پورٹ فولیو) کے لئے 41.3 ملین روپے کے عام اخراجات (جنرل پروویژن) کا بھی تعین کیا ہے۔ علاوہ ازیں، سرمایہ کاری سے جڑے لٹریڈ سٹریٹجز (حصص) کی مد میں بھی 24.6 ملین روپے کے اخراجات (پروویژن) کا تعین کیا گیا ہے۔

کریڈٹ ریٹنگ

جی آر وی 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 اور قلیل المدت درجہ بندی کو 'A-1' (ایس وائی) کی سطح پر برقرار رکھا ہے۔ ان مقررہ درجہ بندیوں کی پیش بینی 'موازنہ' ہے۔ یہ طویل اور قلیل المدت درجہ بندیاں، موزوں حفاظتی عنصر کے ساتھ اعلیٰ قرضہ جاتی معیار اور مضبوط مسابقتی مقام کی وجہ سے تمام تر مالیاتی قرضوں کی بروقت ادائیگی کی عمدہ صلاحیت کی نشاندہی کرتی ہیں۔

مستقبل کی پیش بینی (نقطہ نظر)

نئی منتخب شدہ وفاقی حکومت نے درپیش سیاسی اور معاشی خدشات سے نپٹنے کیلئے ناگزیر اقدامات اٹھانے شروع کر دیے ہیں۔ ملک کو جو خطرات درپیش ہیں ان میں دہرہ خسارہ، بڑے پیمانے کی صنعتی شعبہ کی سست رفتار ترقی، بڑھتی ہوئی افراط زر اور گرتے ہوئے زرمبادلہ کے ذخائر ہیں۔ پالیسی سازوں نے عبوری بجٹ کے ذریعے مالیاتی اہداف کے از سر نو تعین کے ساتھ موجودہ حکومت کے ساتھ مل کر ان معاشی خدشات کے تدارک کے اقدامات اٹھانے شروع کر دیے ہیں جس کے ساتھ بینک دولت پاکستان بھی سخت مالیاتی اضطراب کو فروغ دے رہا ہے۔ ابتدائی طور پر آئی ایم ایف کے تجویز کردہ پالیسی اقدامات سے حاصل نمویں سستی آسکتی ہے تاہم اگر ان اقدامات میں استحکام اور تسلسل برقرار رکھا گیا اور اس کے ساتھ ساتھ ٹیکس میں وسعت، مالیاتی بے ضابطگیوں کا خاتمہ، گورننس میں بہتری، حکومتی کنٹرول میں موجود اداروں کی تعمیر نو، ملکی صنعت اور برآمدات کے فروغ جیسے معاملات میں اہم و بنیادی اصلاحات کی گئیں تو پاکستان تیز تر معاشی ترقی کی راہ پر گامزن ہو جائے گا اور نسبتاً جلد مالیاتی استحکام بھی حاصل کر سکے گا۔

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

اظہار تشکر

ہم اپنے صارفین و کاروباری شراکت داران اور حصص یافتگان کا ان کے اعتماد اور خلوص پر نہایت مشکور ہیں۔ بورڈ آف ڈائریکٹرز اور بینک کی انتظامیہ بینک دولت پاکستان اور دیگر ضوابطی اداروں کی رہنمائی اور تعاون پر ان کی شکر گزار ہے۔ اسکے علاوہ ہم اپنے بینک کے تمام ملازمین کی تہہ دل سے حوصلہ افزائی کرتے ہیں جن کی لگن، عزم اور ڈیٹم 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

28 اکتوبر 2018

کراچی

ہمایوں مراد

ڈائریکٹر

ڈائریکٹرز کا جائزہ

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

مالیاتی نتائج اور جائزہ

روپے (ملین میں)

نوماد مختتمہ 30 ستمبر 2017	نوماد مختتمہ 30 ستمبر 2018
606	890
243	340
363	550
0.36	0.55

منافع قبل از محصولات (ٹیکسیشن)

محصولات

منافع بعد از محصولات

آمدنی فی حصص (روپیہ)

روپے (ملین میں)

31 دسمبر 2017	30 ستمبر 2018
117,151	109,736
5,193	11,470
62,918	40,388
40,182	48,457
54,901	62,719
12,481	13,031
227	(205)

کل اثاثہ جات

مالیاتی اداروں کو قرضہ جات

سرمایہ کاری۔ خالص

قرضہ جات۔ خالص

ڈیپازٹس

اداشدہ سرمایہ کاری کے ذخائر

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

اس زیر تجزیہ مہماں میں معیشت پر دباؤ برقرار رہا۔ اقتدار کی ایک مزید کامیاب منتقلی کے بعد نئی حکومت نے اگست 2018 میں معیشت کا انتظام سنبھالا۔ سی پی آئی افراط زر ستمبر 2018 میں بڑھتے ہوئے 5.1 فیصد کی سالانہ بنیاد پر درج ہوئی۔ جبکہ خالص سی پی آئی، جو درحقیقت موجودہ افراطی دباؤ کی بہتر نشاندہی کر سکتی ہے، سالانہ بنیاد پر 8.0 فیصد کی شرح پر رہی جو کہ نومبر 2014 سے اب تک کی بلند ترین شرح ہے۔ اس بڑھتی ہوئی افراط زر کے تدارک کے لیے بینک دولت پاکستان نے پہلے جولائی اور پھر ستمبر 2018 میں پالیسی ریٹ میں مجموعی طور پر 200 بی پی ایس کا اضافہ کیا ہے۔ مالیاتی حوالے سے محصولات کی مجموعی وصولی سال 2019 کی پہلی سہ ماہی میں 9 فیصد سالانہ اضافے کی بنیاد پر، 836 بلین روپے درج کی گئی جو کہ زیر جائزہ سہ ماہی کے دوران 851 بلین روپے کے معینہ ہدف کے مقابلہ میں 15 بلین روپے کی کمی کا مظہر ہے۔ حکومت نے اپنے کرنٹ اکاؤنٹ کی تفاوت کو پورا کرنے کے لیے اکتوبر میں دیگر اداروں کی بجائے بین الاقوامی مالیاتی فنڈ (آئی ایم ایف) کے پروگرام سے رجوع کرنے کا حتمی فیصلہ کیا ہے۔ آئی ایم ایف کے اس پروگرام سے ناصرف تیزی سے گرتے ہوئے زرمبادلہ کے ذخائر کو فوری تقویت ملے گی بلکہ اس سے عالمی معاشی اداروں کا پاکستان کی مالی حیثیت کے حوالے سے اعتماد بھی بحال ہوگا اور دیگر مالیاتی ادارے جیسا کہ ورلڈ بینک، ایشین ڈیولپمنٹ بینک، اسلامک ڈیولپمنٹ بینک وغیرہ سے مالی تعاون کے حصول کی راہ بھی ہموار ہوگی۔ علاوہ ازیں یہ بین الاقوامی سرمائے کی مارکیٹ میں رسائی کے لیے بھی مددگار ثابت ہوگا۔

مروجہ کلاں معاشی اشاروں کے مدنظر بینک اپنے وسائل کے بہترین استعمال پر ارتکاز کرتے ہوئے، گزشتہ سال کی اسی مدت کے 606 بلین روپے کے قبل از ٹیکس منافع کی نسبت 890 بلین روپے کا قبل از ٹیکس منافع حاصل کرنے میں کامیاب رہا ہے۔ اس مدت کے دوران مالیاتی پالیسی ریٹ میں اضافے کے ساتھ بینک نے اپنے کم پیداواری اثاثوں کو زیادہ آمدنی کے حامل قرضہ جات میں تبدیل کرنے کے عمل کو جاری رکھا جس کے نتیجہ میں سرمایہ کاری دسمبر 2017ء کے مقابل 36 فیصد کی نمایاں کمی کے ساتھ 40.4 بلین روپے پر درج کی گئی۔ جبکہ اس کے ساتھ ڈیپازٹس گزشتہ سال کے 54.9 بلین روپے کے حجم سے 14 فیصد کی قابل قدر نمو کے ساتھ 62.7 بلین روپے پر

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2018

		(Rupees in '000)	
		(Un-audited)	(Audited)
Note		September 30, 2018	December 31, 2017
ASSETS			
		5,343,788	3,887,745
		188,134	127,386
	9	11,470,471	5,192,950
	10	40,388,238	62,918,102
	11	48,456,969	40,181,773
	12	1,194,855	1,246,618
		613,112	436,816
		2,080,859	3,159,657
		109,736,426	117,151,047
LIABILITIES			
		675,238	686,692
	13	31,456,214	46,201,468
	14	62,719,152	54,901,464
		-	-
		-	-
		-	-
		2,059,770	2,653,229
		96,910,374	104,442,853
NET ASSETS		12,826,052	12,708,194
REPRESENTED BY:			
		10,082,387	10,082,387
		665,396	555,451
		2,282,982	1,843,203
		13,030,765	12,481,041
		(204,713)	227,153
		12,826,052	12,708,194

CONTINGENCIES AND COMMITMENTS

15

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 NINE MONTHS ENDED SEPTEMBER 30, 2018

(Rupees in '000)

Note	Quarter ended		Nine Months ended	
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
Mark-up / return / interest earned	1,808,265	1,891,415	5,427,952	5,396,743
Mark-up / return / interest expensed	1,156,803	1,288,547	3,513,347	3,671,049
Net mark-up / return / interest income	651,462	602,868	1,914,605	1,725,694
(Provision) / reversal against loans and advances - net	(6,615)	(2,637)	157,445	(123,700)
(Provision) / reversal of provision for diminution in the value of investments - net	-	368	(24,640)	16,766
Recoveries against debts written-off	464	7,345	1,706	9,905
	(6,151)	5,076	134,511	(97,029)
Net mark-up / return / interest income after provisions	645,311	607,944	2,049,116	1,628,665
Non mark-up / interest income				
Fee, commission and brokerage income	67,604	60,261	199,150	161,554
Dividend income	4,951	7,385	27,097	25,545
Income from dealing in foreign currencies	98,101	59,817	169,708	108,607
Gain on sale of securities - net	(50,624)	2,685	216,622	170,532
Unrealized gain / (loss) on revaluation of investment classified as held for trading - net	45	166	25	(7)
Other income	38	39	305	216
Total non mark-up / interest income	120,115	130,353	612,907	466,447
	765,426	738,297	2,662,023	2,095,112
Non mark-up / interest expenses				
Administrative expenses	611,277	531,074	1,750,052	1,476,681
Other provisions / write offs - net	-	-	(12,019)	-
Workers' Welfare Fund	3,017	4,350	18,131	12,370
Other charges	-	53	15,663	59
Total non mark-up / interest expenses	614,294	535,477	1,771,827	1,489,110
	151,132	202,820	890,196	606,002
Extraordinary items / unusual items	-	-	-	-
Profit before taxation	151,132	202,820	890,196	606,002
Taxation - Current year	(78,072)	(25,276)	(284,225)	(73,126)
- Prior years	-	-	-	(30,430)
- Deferred	36,263	(46,379)	(56,247)	(138,975)
	(41,809)	(71,655)	(340,472)	(242,531)
Profit after taxation	109,323	131,165	549,724	363,471
Unappropriated profit brought forward	2,195,524	1,437,966	1,843,203	1,252,121
Transfer to statutory reserved	(21,865)	(26,233)	(109,945)	(72,694)
Unappropriated profits carried forward	2,282,982	1,542,898	2,282,982	1,542,898
Earnings per share - Basic & Diluted (Rupee)	0.11	0.13	0.55	0.36

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 NINE MONTHS ENDED SEPTEMBER 30, 2018

(Rupees in '000)

	Quarter ended		Nine Months ended	
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
Profit after taxation for the period	109,323	131,165	549,724	363,471
Other comprehensive income	-	-	-	-
Total comprehensive income for the period transferred to equity	109,323	131,165	549,724	363,471
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	(96,716)	(235,834)	(431,866)	(198,386)
Total comprehensive income / (loss) for the period	12,607	(104,669)	117,858	165,085

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 NINE MONTHS ENDED SEPTEMBER 30, 2018

(Rupees in '000)

	Nine Months ended	
	September 30, 2018	September 30, 2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	890,196	606,002
Less: Dividend income	(27,097)	(25,545)
	863,099	580,457
Adjustments for non - cash charges and other items:		
Depreciation	125,839	126,045
Amortisation of intangible assets	25,958	31,161
Provision / (reversal) against loans and advances - net	(157,445)	123,700
Unrealised loss / (gain) on revaluation of investments classified as held for trading - net	(25)	53
Operating fixed assets written off / adjusted	2,111	39,487
Reversal of provision against off balance sheet obligations	(14,130)	-
Provision / (reversal) of provision for diminution in the value of investments - net	24,640	(16,766)
Gain on sale of operating fixed assets	(196)	(216)
Gain on sale of securities - net	(215,661)	(166,332)
	(208,909)	137,132
	654,190	717,589
(Increase) / decrease in operating assets		
Lendings to financial institutions	(6,277,521)	5,277,254
Investments - held for trading securities - net	1,491,497	(2,386,075)
Advances - net	(8,117,751)	(4,343,606)
Other assets (excluding advance & current taxation)	797,749	733,815
	(12,106,026)	(718,612)
Increase / (decrease) in operating liabilities		
Bills payable	(11,454)	(276,608)
Borrowings from financial institutions	(14,745,254)	19,184,527
Deposits and other accounts	7,817,688	(273,848)
Other liabilities	(579,329)	421,535
	(7,518,349)	19,055,606
	(18,970,185)	19,054,583
Income tax paid	(4,426)	(20,185)
Net cash (used in) / generated from operating activities	(18,974,611)	19,034,398
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments in available for sale and held to maturity securities - net	20,565,004	(20,011,011)
Dividend income received	28,347	28,370
Investment in operating fixed assets	(106,304)	(88,147)
Sale proceeds from disposal of operating fixed assets	4,355	758
Net cash (used in) / generated from investing activities	20,491,402	(20,070,030)
CASH FLOWS FROM FINANCING ACTIVITIES		
	-	-
Increase / (decrease) in cash and cash equivalents during the period	1,516,791	(1,035,632)
Cash and cash equivalents at beginning of the period	4,015,131	5,540,085
Cash and cash equivalents at end of the period	5,531,922	4,504,453
Cash and cash equivalents comprise of		
Cash and balances with treasury banks	5,343,788	3,971,940
Balances with other banks	188,134	532,513
	5,531,922	4,504,453

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 NINE MONTHS ENDED SEPTEMBER 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 period ended September 30, 2017	-	-	-	363,471	363,471
Transfer to statutory reserve	-	-	72,694	(72,694)	-
Balance as at September 30, 2017	10,082,387	20,935	459,439	1,542,898	12,105,659
Profit after taxation for three months ended December 31, 2017	-	-	-	375,382	375,382
Transfer to statutory reserve	-	-	75,077	(75,077)	-
Balance as at December 31, 2017	10,082,387	20,935	534,516	1,843,203	12,481,041
Profit after taxation for the period ended September 30, 2018	-	-	-	549,724	549,724
Transfer to statutory reserve	-	-	109,945	(109,945)	-
Balance as at September 30, 2018	10,082,387	20,935	644,461	2,282,982	13,030,765

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 NINE MONTHS ENDED SEPTEMBER 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 September 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	September 30, 2018 (Un-audited)	December 31, 2017 (Audited)
Call money lendings	9.2	5,000,000	4,500,000
Repurchase agreement lendings (reverse repo)	9.3	6,470,471	692,950
		<u>11,470,471</u>	<u>5,192,950</u>

9.1 All lendings to financial institutions are in local currency.

9.2 These represent lendings to commercial banks in the inter bank money market. These lendings carry mark-up at rate 7.90% per annum (December 31, 2017: 6.00% to 6.10%).

9.3 These represent short-term lendings to financial institutions against securities. These lendings carry mark-up at rates ranging from 7.50% to 7.75% per annum (December 31, 2017: 6.00%).

10 INVESTMENTS - NET

(Rupees in '000)

	Note	September 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	3,165	-	3,165	1,494,662	-	1,494,662
Available for sale securities	10.2	7,232,593	28,576,809	35,809,402	17,724,410	38,392,228	56,116,638
Held to maturity securities	10.3	4,933,190	-	4,933,190	4,975,297	-	4,975,297
		<u>12,168,948</u>	<u>28,576,809</u>	<u>40,745,757</u>	<u>24,194,369</u>	<u>38,392,228</u>	<u>62,586,597</u>
Provision for diminution in the value of investments		(42,559)	-	(42,559)	(17,920)	-	(17,920)
Surplus on revaluation of held for trading securities - net		(18)	-	(18)	(42)	-	(42)
Surplus on revaluation of available for sale securities - net		(81,650)	(233,292)	(314,942)	(12,958)	362,425	349,467
Investments - net		<u>12,044,721</u>	<u>28,343,517</u>	<u>40,388,238</u>	<u>24,163,449</u>	<u>38,754,653</u>	<u>62,918,102</u>
10.1 Held for trading securities							
Market Treasury Bills		2,470	-	2,470	1,494,662	-	1,494,662
Ordinary Shares - Listed		695	-	695	-	-	-
		<u>3,165</u>	<u>-</u>	<u>3,165</u>	<u>1,494,662</u>	<u>-</u>	<u>1,494,662</u>
10.2 Available for sale securities							
Market Treasury Bills		3,673,710	15,167,872	18,841,582	8,515,143	5,647,000	14,162,143
Pakistan Investment Bonds		486,263	13,408,937	13,895,200	7,065,108	32,745,228	39,810,336
Term Finance Certificates							
Listed		744,047	-	744,047	148,857	-	148,857
Un-listed		496,033	-	496,033	50,090	-	50,090
Sukuk Bonds		937,500	-	937,500	975,000	-	975,000
Ordinary shares - listed		874,540	-	874,540	949,712	-	949,712
Ordinary shares - unlisted		20,500	-	20,500	20,500	-	20,500
		<u>7,232,593</u>	<u>28,576,809</u>	<u>35,809,402</u>	<u>17,724,410</u>	<u>38,392,228</u>	<u>56,116,638</u>
10.3 Held to maturity securities							
Pakistan Investment Bonds		4,933,190	-	4,933,190	4,975,297	-	4,975,297

11 ADVANCES - NET

		(Rupees in '000)	
	Note	September 30, 2018 (Un-audited)	December 31, 2017 (Audited)
Loans, cash credits, running finances, etc.			
- In Pakistan		50,192,051	41,211,363
Net Investment in finance lease			
- In Pakistan		305,580	314,014
Bills discounted and purchased (excluding government treasury bills)			
- Payable in Pakistan		15,494	968,334
- Payable outside Pakistan		103,507	8,849
Advances - gross		50,616,632	42,502,560
Less: Provision for loans and advances			
- Specific provision		(2,118,368)	(2,303,292)
- General provision	11.2	(41,295)	(17,495)
		(2,159,663)	(2,320,787)
		48,456,969	40,181,773

11.1 Advances include Rs. 2,246.888 million (December 31, 2017: Rs. 2,335.748 million) which have been placed under non-performing status as detailed below:

(Rupees in '000)					
Category of classification	September 30, 2018 (Un-audited)				
	Classified Advances		Total	Provision required	Provision held
	Domestic	Overseas			
Substandard	128,826	-	128,826	32,148	32,148
Doubtful	-	-	-	-	-
Loss	2,118,062	-	2,118,062	2,086,220	2,086,220
	2,246,888	-	2,246,888	2,118,368	2,118,368

(Rupees in '000)					
Category of classification	December 31, 2017 (Audited)				
	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. 41.295 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)	
		Nine Months ended	
		September 30, 2018 (Un-audited)	September 30, 2017 (Un-audited)
Additions during the period (at cost)		106,304	88,147
Disposals / write-offs / adjustments during the period (at cost)		27,146	103,458

13 BORROWINGS FROM FINANCIAL INSTITUTIONS

(Rupees in '000)

Note	September 30, 2018 (Un-audited)	December 31, 2017 (Audited)
Secured		
Borrowings from SBP under export refinance scheme	1,941,500	2,625,000
Borrowings from the SBP under long term financing facilities	1,094,994	473,055
Repurchase agreement borrowings	19,939,622	28,045,894
Bai Muajjal borrowing	8,457,762	10,055,213
	31,433,878	41,199,162
Unsecured		
Call money borrowings	-	4,979,970
Bankers Equity Limited (under liquidation)	22,336	22,336
	22,336	5,002,306
	31,456,214	46,201,468

14 DEPOSITS AND OTHER ACCOUNTS

Customers		
Fixed deposits	21,499,001	21,627,844
Savings deposits	21,280,552	17,550,355
Current accounts - non-remunerative	13,098,873	12,251,222
Others - non-remunerative	100,554	205,140
	55,978,980	51,634,561
Financial Institutions		
Remunerative deposits	6,306,955	2,836,300
Non-remunerative deposits	433,217	430,603
	6,740,172	3,266,903
	62,719,152	54,901,464

14.1 These accounts include deposits of SAMBA Financial Group amounting to Rs. 126.035 million (December 31, 2017: Rs. 234.884 million).

15 CONTINGENCIES AND COMMITMENTS

15.1 Direct credit substitutes		
Favouring others	1,060,175	1,072,461
15.2 Transaction-related contingent liabilities / commitments		
Contingent liabilities in respect of performance bonds, bid bonds, warranties, etc. given favouring		
- Government	578,801	1,575,025
- Banks and other financial institutions	-	339,353
- Others	3,265,397	1,991,324
	3,844,198	3,905,702
15.2.1 This includes guarantees of Rs. 119.280 million (December 31, 2017: Rs. 123.664 million) given on behalf of SAMBA Financial Group - a related party.		
15.3 Trade-related contingent liabilities		
Favouring others	3,534,987	4,681,621
15.4 Other contingencies		
Claims against the Bank not acknowledged as debt	174,259	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 this 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 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 (2017: 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 (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. 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 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)

	September 30, 2018 (Un-audited)	December 31, 2017 (Audited)
Purchase	31,046,111	34,785,125
Sale	27,019,521	33,033,350

15.8 Capital Commitments

Commitments for capital expenditure as at September 30, 2018 amounted to Rs. 57.730 million (December 31, 2017: Rs. 46.36 million).

16 EARNINGS PER SHARE

(Rupees in '000)
(Un-audited)

	Quarter ended		Nine Months ended	
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
Profit after taxation attributable to ordinary shareholders	109,323	131,165	549,724	363,471
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
Earnings per share - Basic & diluted	0.11	0.13	0.55	0.36

17 RELATED PARTY TRANSACTIONS

The Bank has related party relationship with its holding company, associates, 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 and includes disbursement of advances on terms softer than those offered to the customers of the Bank.

Contributions to the contributory provident fund scheme are made in accordance with the terms of the contribution plan. Remuneration to the executives are determined in accordance with the term of their employment.

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

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

(Rupees in '000)

	September 30, 2018 (Un-audited)				December 31, 2017 (Audited)			
	Directors	Key Management Personnel	Parent Company	Others	Directors	Key Management Personnel	Parent Company	Others
BALANCE OUTSTANDING - GROSS								
Advances								
At January 01	-	151,147	-	-	-	143,964	-	-
Disbursed during the period / year	-	17,200	-	-	-	28,847	-	-
Repaid during the period / year	-	(21,175)	-	-	-	(21,664)	-	-
At September 30 / December 31	-	147,172	-	-	-	151,147	-	-
Deposits								
At January 01	15,434	22,440	-	18,928	28,987	27,556	-	6,665
Received during the period / year	24,292	306,283	-	122,321	123,858	358,100	-	141,809
Withdrawn during the period / year	(18,602)	(297,755)	-	(116,646)	(137,411)	(363,216)	-	(129,546)
At September 30 / December 31	21,124	30,968	-	24,603	15,434	22,440	-	18,928
Others								
Guarantees	-	-	119,280	-	-	-	123,664	-
Balances in nostro accounts	-	-	22,437	-	-	-	12,964	-
Sundry receivable / (payable)	-	-	3,207	-	-	-	3,177	-
Balances in vostro accounts	-	-	126,035	-	-	-	234,884	-

(Rupees in '000)

	Nine months ended September 30, 2018 (Un-audited)				Nine months ended September 30, 2017 (Un-audited)			
	Directors	Key Management Personnel	Parent Company	Others	Directors	Key Management Personnel	Parent Company	Others
Transactions for the period								
Remuneration and benefits	-	234,070	-	-	-	209,700	-	-
Directors fee	8,103	-	-	-	6,824	-	-	-
Mark-up / return / interest expensed	15	438	-	855	108	434	-	636
Mark-up / return / interest income	-	5,539	-	-	-	5,145	-	-
Sale of government securities	-	-	-	56,997	-	-	-	-

Forex transactions during the period - Samba Financial Group

(Currency in '000)

For the period ended September 30, 2018 (Un-audited)				
Currency	READY / SPOT / TOM		Forward	
	Buy	Sell	Buy	Sell
AED	4,407	2,755	-	-
EUR	15,235	13,700	1,100	7,880
GBP	8,127	28,850	19,387	5,590
JPY	367,220	16,299	103,665	103,913
SAR	291,204	675	-	-
USD	89,414	109,638	16,180	26,774
PKR	-	4,109,905	-	-

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

(Currency in '000)

As at September 30, 2018 (Un-audited)				
Currency	READY / SPOT / TOM		Forward	
	Buy	Sell	Buy	Sell
GBP	-	-	3,200	1,200
USD	-	-	1,576	4,109

Forex transactions during the period - Samba Financial Group

(Currency in '000)

For the period ended September 30, 2017 (Un-audited)

Currency	READY / SPOT / TOM		Forward	
	Buy	Sell	Buy	Sell
EUR	7,810	14,750	7,000	3,600
CHF	30	-	10	-
GBP	7,344	12,475	8,300	1,950
JPY	230,928	30,806	57,000	-
SAR	155,439	18,940	-	-
USD	76,459	61,958	6,655	18,990
PKR	-	3,865,749	-	-
AED	-	6,000	-	-

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 nine months ended September 30, 2018 (Un-audited)						
Particulars	Corporate Banking	Global Markets	Retail Banking	Commercial Banking	Senoff	Total
Total income (net of interest expense and provisions)	703,904	558,459	720,862	282,768	396,030	2,662,023
Total operating expenses	(288,985)	(173,260)	(1,130,918)	(178,665)	-	(1,771,827)
Net (loss) / income (before tax)	414,919	385,199	(410,056)	104,103	396,030	890,196
Depreciation of Fixed Assets	13,156	5,833	99,226	7,624	-	125,839
Amortisation of Intangible Assets	4,569	2,849	16,156	2,384	-	25,958

(Rupees in '000) (Restated)						
For nine months ended September 30, 2017 (Un-audited)						
Particulars	Corporate Banking	Global Markets	Retail Banking	Commercial Banking	Senoff	Total
Total income (net of interest expense and provisions)	(48,982)	802,519	543,229	162,589	635,756	2,095,112
Total operating expenses	(247,526)	(139,142)	(986,879)	(115,563)	-	(1,489,110)
Net (loss) / income (before tax)	(296,508)	663,377	(443,650)	47,027	635,756	606,002
Depreciation of Fixed Assets	14,108	5,715	99,332	6,890	-	126,045
Amortisation of Intangible Assets	5,986	3,188	19,150	2,838	-	31,161

(Rupees in '000)						
As at September 30, 2018 (Un-audited)						
Particulars	Corporate Banking	Global Markets	Retail Banking	Commercial Banking	Senoff	Total
Segment assets - Gross	35,336,814	56,376,488	3,785,496	13,903,787	2,709,529	112,112,114
Segment non-performing loans	1,705,877	-	415,031	125,980	-	2,246,888
Segment provision held	(1,699,807)	(42,559)	(432,927)	(31,437)	(168,958)	(2,375,688)
Segment liabilities	11,165,574	29,468,121	53,728,147	1,887,666	660,866	96,910,374

(Rupees in '000)						
As at December 31, 2017 (Audited)						
Particulars	Corporate Banking	Global Markets	Retail Banking	Commercial Banking	Senoff	Total
Segment assets - Gross	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 arms length transaction.

The fair value of traded investments is based on quoted market prices, except for tradable securities classified as 'held to maturity'. Held to maturity securities are being carried at amortised cost in order to comply with the requirements of BSD Circular No. 14 dated September 24, 2004. The fair value of these investments amounts to Rs. 4,849.988 million (December 31, 2017: Rs. 5,183.574 million).

The 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 assets and liabilities are either short-term in nature or, in the case of customer loans, 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 investment is carried out as per guidelines specified by the State Bank of Pakistan.

19.2 Off-balance sheet financial instruments

	(Rupees in '000)			
	(Un-audited)		(Audited)	
	As at September 30, 2018		As at December 31, 2017	
	Book value	Fair value	Book value	Fair value
Forward purchase of foreign exchange contracts	31,046,111	31,205,190	34,785,125	35,488,350
Forward sale of foreign exchange contracts	27,019,521	27,120,701	33,033,350	33,734,468
Forward purchase of government & other quoted securities	-	-	301,978	301,458

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 (i.e. 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

(Rupees in '000)			
As at September 30, 2018 (Un-audited)			
Level 1	Level 2	Level 3	Total
-	-	-	-
-	2,470	-	2,470
678	-	-	678
-	13,654,874	-	13,654,874
-	18,841,415	-	18,841,415
-	937,500	-	937,500
-	1,237,292	-	1,237,292
770,819	-	-	770,819
771,497	34,673,551	-	35,445,048
-	31,205,190	-	31,205,190
-	27,120,701	-	27,120,701
-	-	-	-

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
-	-	-	-
-	1,494,620	-	1,494,620
-	-	-	-
-	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
-	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 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 comprise of Market Treasury Bills, Pakistan Investment Bonds, Term Finance Certificates and corporate Sukuk Bonds.

(c) Financial instruments in level 3

Currently, no financial instruments are classified 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) September 30, 2018	(Un-audited) June 30, 2018	(Un-audited) March 31, 2018	(Audited) December 31, 2017
Total HQLA	17,844,759	18,660,852	17,911,629	27,963,934
Total Net Cash Outflows	4,952,815	5,570,574	5,004,189	10,617,941
Liquidity Coverage Ratio (%)	360.30%	334.99%	357.93%	263.36%
Minimum Requirement (%)	90.00%	90.00%	90.00%	90.00%

20.2 Net Stable Funding Ratio

	----- Total Weighted Value ----- (Rupees in '000)	
	(Un-audited)	(Audited)
	September 30, 2018	December 31, 2017
Total Available Stable Funding (ASF)	83,198,541	44,206,819
Total Required Stable Funding (RSF)	41,424,948	9,683,347
Net Stable Funding Ratio (%)	200.84%	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 September 30, 2018 and September 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 October 28, 2018 by the Board of Directors of the Bank.

Chief Financial Officer

President & Chief Executive Officer

Chairman

Director








Director










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