

# Summit S Bank

Ref: SMBL/CSD/2020/09-24

**FORM-5**

Date: 28.09.2020

The General Manager  
Pakistan Stock Exchange Limited  
Stock Exchange Building  
Stock Exchange Road  
Karachi

**Subject: Transmission of Half Yearly Report for the Period Ended June 30, 2018**

Dear Sir,


We have to inform you that the Half Yearly Report of Summit Bank Limited for the six months' period ended June 30, 2018 have been transmitted through PUCARS and is also available on Banks' website.

You may please inform the TRE Certificate Holders of the Exchange accordingly.

Thanking You,

Very truly yours,

For and on behalf of  
Summit Bank Limited

  
\_\_\_\_\_  
Syed Muhammad Talib Raza  
Company Secretary

**COMMITTED TO YOU**

Summit Bank Limited  
Company Secretary Division  
Summit Tower 1, Head Office

# BUILDING TODAY SHAPING TOMORROW

HALF YEARLY REPORT JUNE 2018



*Summit* **S** *Bank*  
Committed to you



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# CORPORATE INFORMATION

## Board of Directors

Mr. Waseem Mehdi Syed  
Chairman

Mr. Ahsan Raza Durrani  
President & CEO (Acting)

Mr. Wajahat Ahmed Baqai  
Director

Mr. Zafar Iqbal Siddiqi  
Director

Ms. Fauzia Hasnain  
Director

Mr. Aziz Morris  
Director

## Board Audit Committee

Ms. Fauzia Hasnain  
Chairperson

Mr. Wajahat Ahmed Baqai  
Member

Mr. Zafar Iqbal Siddiqi  
Member

## Board Risk Management Committee

Mr. Wajahat Ahmed Baqai  
Chairman

Ms. Fauzia Hasnain  
Member

Mr. Aziz Morris  
Member

Mr. Zafar Iqbal Siddiqi  
Member

## Board Human Resource & Remuneration Committee

Mr. Waseem Mehdi Syed  
Chairman

Ms. Fauzia Hasnain  
Member

Mr. Zafar Iqbal Siddiqi  
Member

Mr. Wajahat Ahmed Baqai  
Member

Mr. Ahsan Raza Durrani  
Member

## Board Information Technology Committee

Mr. Zafar Iqbal Siddiqi  
Chairman

Mr. Aziz Morris  
Member

Mr. Waseem Mehdi Syed  
Member

Board Compliance Committee

Mr. Wajahat Ahmed Baqai  
Chairman

Mr. Waseem Mehdi Syed  
Member

Mr. Aziz Morris  
Member

Mr. Zafar Iqbal Siddiqi  
Member

Chief Financial Officer

Mr. Muhammad Amin Bhoori

Company Secretary

Syed Muhammad Talib Raza

Auditors

Baker Tilly Mehmood Idrees Qamar  
Chartered Accountants

Legal Advisors

Hyat & Meerjees

Share Registrar

THK Associates (Private) Limited  
1st Floor, 40-C, Block-6,  
P.E.C.H.S, Karachi

Tel : 021-111-000-322

Ext : 107-111-115

Fax : 021-34168271

Email : secretariat@thk.com.pk

Website : www.thk.com.pk

Head Office

Summit Tower

Plot No. G-2, Block-2, Clifton, Karachi

UAN : (021) 1111-24365

Fax : (021) 32463553

Registered Office

Plot No. 9-C, F-6 Markaz, Supermarket,  
Islamabad, Pakistan

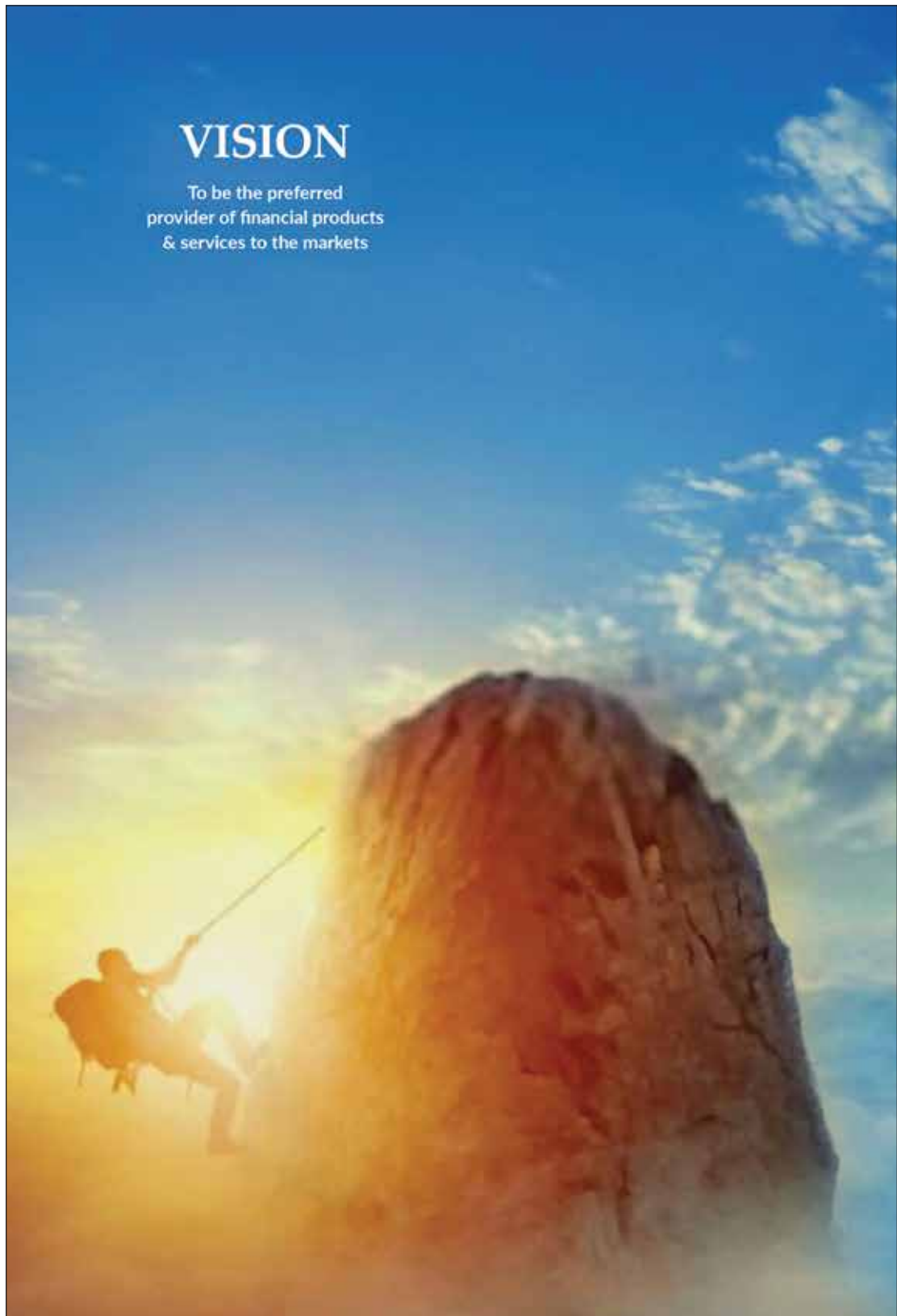
Email : info@summitbank.com.pk

companysecretary@summitbank.com.pk

Website : www.summitbank.com.pk

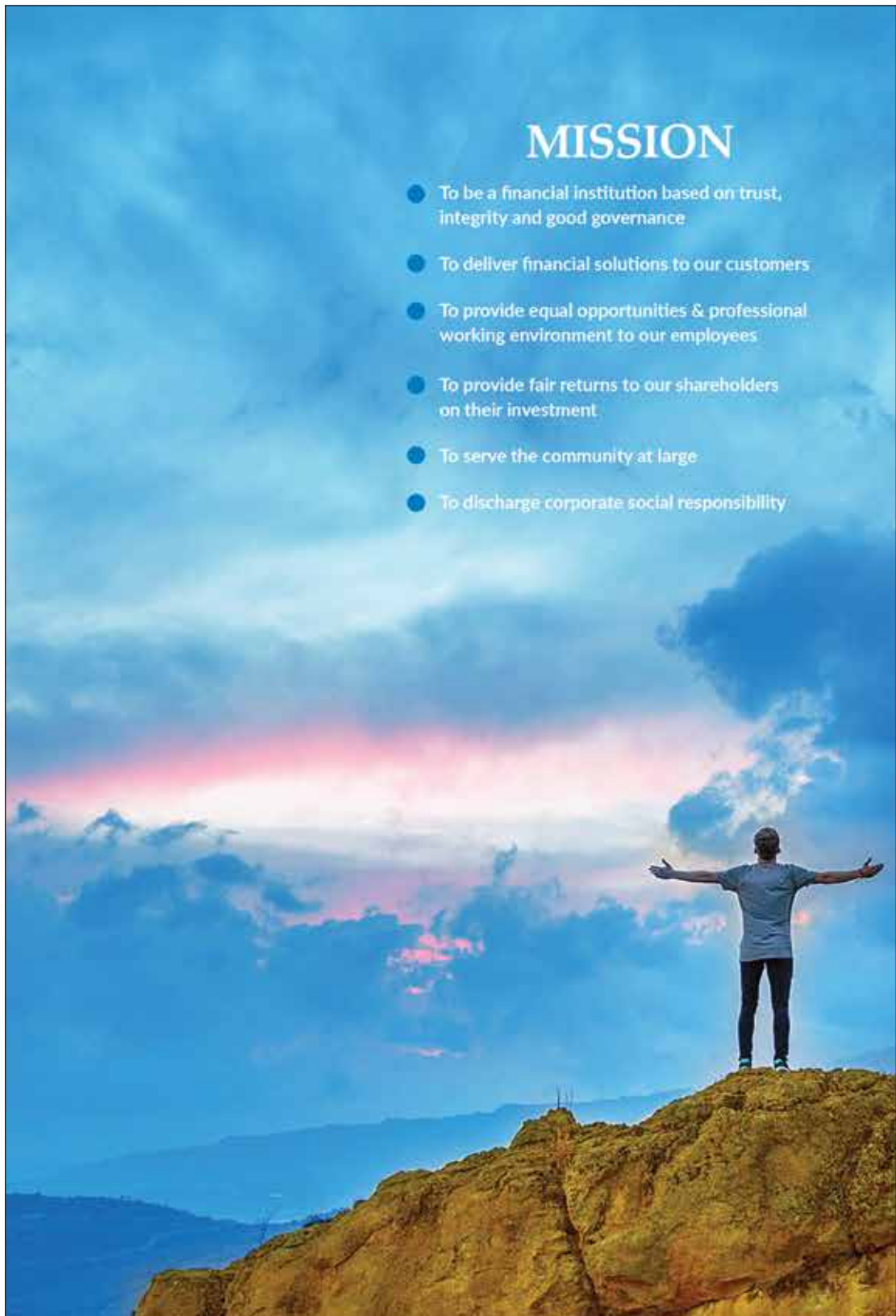
# VISION

To be the preferred  
provider of financial products  
& services to the markets



# MISSION

- To be a financial institution based on trust, integrity and good governance
- To deliver financial solutions to our customers
- To provide equal opportunities & professional working environment to our employees
- To provide fair returns to our shareholders on their investment
- To serve the community at large
- To discharge corporate social responsibility



**DIRECTORS' REVIEW**

On behalf of the Board of Directors' of Summit Bank Limited (the Bank), I hereby present the un-audited condensed interim financial statements of the Bank for the six months' period ended June 30, 2018 (HI-2018):

**PERFORMANCE REVIEW**

The summarized financial highlights of the Bank for the six months' period under review are as follows:

	For the six month period ended	
	June 30, 2018	June 30, 2017
	----- (Rupees in '000) -----	
Loss before provisions and direct write-offs	(93,481)	(245,903)
Provision against non-performing loans and advances-net	(1,457,406)	(55,581)
(Provision) / reversal of provision for diminution in the value of investments-net	(827,983)	104,038
Other (provisions) / (write-offs) / reversals	(1,160,654)	2
Bad debts written off directly	(3,635)	(3,891)
Loss before taxation	(3,543,159)	(201,335)
Tax expense	(264,978)	(90,837)
Loss after taxation	(3,808,137)	(292,172)
Basic loss per share - Rupees	(1.44)	(0.13)
Diluted loss per share - Rupees	(1.44)	(0.13)

During the six months' period under review, the Bank posted a loss after tax of Rs. 3,808.137 million as compared to loss after tax of Rs. 292.172 million recognized during the same period last year. This comparative increase in loss during HI-2018 is primarily attributable to a significant increase in the provision expense for non-performing loans (NPLs) along with recognition of net provision expense for investments as against the net reversal of provisions that was recognized during the corresponding period last year.

The Bank recognized net provision expense against non-performing advances in HI-2018 amounting to Rs. 1,457,406 million as compared to Rs. 55,581 recorded in HI-2017. Apart from the negative impact of provision arising due to fresh classifications of certain NPLs during HI-2018, additional provision was also recognized for existing NPLs to comply with regulatory requirements and downgrading of existing NPLs in line with applicable regulatory benchmarks. As of June 30, 2018, Bank's NPLs ratio (Gross NPLs to Gross Loans) stood at 18.78% as against 18.08% as of December 31, 2017, wherein gross NPLs of the Bank increased to Rs. 19,960.158 million from Rs. 17,065.584 million as of December 31, 2017. The management is making strenuous recovery efforts and is in constant negotiation with the defaulted borrowers to ensure reduction of NPLs and related provisions.

During the six months' period under review, the provision for diminution in value of investments amounted to Rs. 827,983 million as against the reversal of provision of Rs. 104,038 million that was recognized during the same period last year. The provision during HI-2018 mainly pertains to impairment on certain AFS shares prudently recognized based on the guidance given in the applicable accounting standards. This impairment primarily arose due to the challenging stock market conditions attributable mainly to the political uncertainty in the recent past. However, management feels that most of these impaired shares have potential of price recovery once the market conditions improve. In addition to that, provision was recognized on a non-performing debt investment held by the Bank due to reduction in the available benefit of the collateral held against that investment.

During H1-2018, net markup income of the Bank decreased to Rs. 1,591.839 million as against the income of Rs. 1,614.198 million earned during the same period last year, translating into a decline of 1.39%. This decline was mainly due to suspension of markup on fresh classification of certain non-performing loans.

Non-markup income during H1-2018 amounted to Rs. 1,153.561 million, increasing by 4.36% in comparison with the same period last year (H1-2017: Rs. 1,105.376 million). This primarily include income from dealing in foreign currencies which register sizable growth of 47.89% and stood at Rs. 412.605 million as against Rs. 278.991 million during H1-2017. The major reduction is on account of decrease in net gain on sale of securities which reduced to Rs. 21.141 million during H1-2018 as against Rs. 176.160 million during the same period last year.

Non-markup expenses during H1-2018 increased to Rs. 3,999.535 million as against expenses of Rs. 2,965.475 million during H1-2017 primarily due to prudently recording of provisions of Rs. 1,063.606 million against certain advance payments against capital work in progress.

The total assets of the Bank stood at Rs. 210,975.479 million as at June 30, 2018 as against Rs. 232,256.525 million as of December 31, 2017, reflecting a decline of 9.16% primarily due to reduction of short-term investments in Treasury Bills (T-Bills). Consequently, net investments of the Bank stood at Rs. 69,512.264 million as against Rs. 94,940.245 million as of December 31, 2017.

Net advances of the Bank stood at Rs. 89,889.472 million (December 31, 2017: Rs. 84,592.056 million) registering a growth of 6.26% during H1-2018. Furthermore, as at June 30, 2018, deposits of the Bank closed at a healthy figure of Rs. 150,061.517 million (December 31, 2017: Rs. 145,729.707 million).

At the end of second quarter, as also highlighted by the external auditors in their review report, the Bank has recognized deferred tax assets (net) of Rs. 5,519.788 million. This represents management's best estimate of tax benefits expected to be realized in future. We are hopeful that the Bank will be able to realize these benefits.

## STRATEGIC INITIATIVES

The Bank is making sincere efforts for achieving compliance with the applicable minimum capital requirements. As also highlighted by the external auditors in the review report, as of June 30, 2018, the Bank's paid-up capital (net of losses), Capital Adequacy Ratio and Leverage Ratio were below the levels prescribed by SBP. In this respect, the Bank has put in place a business plan, which aims to improve the Bank's capital base and risk absorption capacity and provide impetus to the growth initiative of the Bank.

The management has prepared a business plan, which has been approved by the Board. This plan aims to improve the Bank's capital base and risk absorption capacity and provide impetus to its future growth initiatives. The key assumptions considered in the business plan are as follows:

- Injection of capital from its sponsor / strategic investor;
- Reaping benefits from the expected growth of Islamic finance in Pakistan since the Bank will speed-up the implementation process of its earlier decision of conversion to a full-fledged Islamic bank;
- Recoveries from non-performing advances through strenuous and focused recovery efforts;
- Reduction in overall level of non-earning assets held by the Bank;
- Rationalization of the cost structure;
- Improvement in the risk management and technological infrastructure of the Bank to support the business plan; and
- Income generation through avenues for mark-up income and non-markup income.

The management and the Board of Directors is hopeful that if the growth factors and other key assumptions stipulated in the business plan materialize, the Bank will be able to achieve the projected improvement in business results and compliance with applicable capital requirements.

## ISLAMIC BANKING

In line with its strategy, the Bank continued to increase its Islamic Banking portfolio during the period under review. Total deposits of the Islamic Banking (IB) operations as of June 30, 2018 stood at Rs. 24,698.508 million as against Rs. 22,549.245 million as of December 31, 2017 reflecting an increase of 9.53% during H1-2018. Similarly, net Islamic financing and related assets have increased to Rs. 11,068.749 million at the period-end as against Rs. 10,779.551 million as of December 31, 2017, thereby registering a growth of 2.68% during the six months' period under review.

The Bank's Islamic Banking network constitutes 14 full-fledged Islamic Banking branches and 35 Islamic Banking windows. The Bank is offering a wide range of Shariah compliant products and services both on liability and on asset side to meet the requirements of its existing and potential customers. Moreover, the Bank remained persistent with its investment in the human resource development and equipped more staff with the required Islamic Banking skills set to enrich their Islamic Banking knowledge.

## GROUP PERFORMANCE

The annexed consolidated condensed interim financial statements of the Group comprise of consolidated results of the Bank and its wholly owned subsidiary Summit Capital (Pvt.) Limited for the half year ended June 30, 2018. On a consolidated basis, the Group posted a loss after tax of Rs. 3,833.785 million as compared to loss after tax of Rs. 276.760 million posted during the same period last year. Moreover, total assets of the Group as of June 30, 2018 stood at Rs. 210,941.629 million as against Rs. 232,233.380 million as of December 31, 2017.

## ECONOMIC REVIEW

Pakistan has achieved a thirteen-year high growth rate of 5.8 % in fiscal year (FY) 18 and the average consumer price index (CPI) inflation was well below the 6.0 % target. However, moving forward, the challenges to Pakistan's economy have further accentuated. First, the provisional SBP estimate for fiscal deficit in FY18 is 6.8 % as opposed to 5.5 % estimated in May 2018. The current account deficit has also increased to US dollar (USD) 16.0 billion during July-May FY 18 as opposed to USD 11.1 billion in the corresponding period last year. This means that aggregate demand has proved to be higher than previously thought. Second, June year-on-year (YoY) inflation clocked in at 5.2 %, and the average headline inflation for FY19 is expected to cross the 6.0 % annual target. Core inflation number and their one-year ahead projections at around 7.0 % also reflect demand pressures. Third, on the external front, though both exports and workers' remittances are performing better, the sheer size of imports continues to pressurize forex reserves.

The real economic activity repeated its strong FY17 performance. However, towards the end of FY18, some challenges cast shadows on the capacity of the real sector to continue treading this high growth path. In the agriculture sector, the most important concern is shortage of water, likely to constrain agriculture production below the target in FY19. The manufacturing sector is also poised to show a mixed picture owing to high base-effect, the on-going monetary tightening and some sector specific issues whereas construction allied industries are likely to perform at par. Taking stock of these developments and the spillover on the services sector, SBP projects FY19 Gross Domestic Product (GDP) growth to be around 5.5 % as compared to the annual target of 6.2 %.

Consumer Price Index (CPI) inflation has remained moderate during January - June FY-2018, averaging 3.9 %. However, this picture is changing rapidly as is visible from rising (YoY) headline and core inflation for June 2018 at 5.2 and 7.1 %, respectively.

The following factors are contributing to evolving economic challenges: (i) the multiplier – effect of a strong fiscal expansion during the second half of FY18 is likely to offset the contractionary impact of monetary tightening in the recent months on domestic demand; (ii) higher international oil prices have continued to inflate the import bill; (iii) rising inflation projections and the ensuring fall in real interest rates; and (iv) a notable reduction in PKR and US interest rate differential. In light of these factors and in order to curb aggregate demand and ensure near-term stability, the Monetary Policy Committee decided to increase the policy rate by 100 bps to 7.50 % effective from 16 July 2018.

Pakistan's equity performance registered slight improvement during the half year as the benchmark KSE-100 index increased by 3.56% and stood at 41,910.90 points as of June 30, 2018 as against 40,471.48 points as of December 31, 2017. We are expecting further improvement in the stock market performance due to clarity coming in the country's political environment after recent general elections.

## CREDIT RATINGS

In November 2018, VIS Credit Rating Company Limited assigned an entity rating of 'BBB-' (Triple B Minus) for the long term and 'A-3' (A-Three) for the short term to the Bank, with outlook assigned as 'Rating Watch- Negative' (June 2018: A- [A Minus] for long term and A-1 [A One] for short term with a 'Rating watch Developing' outlook). The unsecured subordinated debt (Term Finance Certificate) of the Bank was assigned an instrument rating 'D' (Default) (June 2018: 'BBB- (SO)' [Triple B Minus (Structured Obligation)] with a 'Rating Watch - Negative' outlook). Subsequently, due to non-availability of updated information, VIS has suspended the entity rating of the Bank.

## **MODIFICATIONS IN THE AUDITORS' REVIEW REPORT**

The Bank's paid-up capital (net of losses), Capital Adequacy Ratio (CAR) and Leverage Ratio (LR) do not meet the requirements provided by State Bank of Pakistan (SBP) as at June 30, 2018. These conditions indicate the existence of material uncertainty which may cast significant doubt about the Bank's ability to continue as a going concern. However, the Bank is making continued efforts for necessary injection of capital and implementation of the Bank's plan to comply with applicable capital and liquidity requirements.

The Bank has recognized deferred tax asset of Rs. 5,519.788 million which is considered realisable based on financial projections of taxable profits for five years, which have been approved by the Board of Directors.

The Bank is currently partially non-compliant with the provisions of the Banking Companies Ordinance, 1962 with respect to an investment in immovable property. The management has planned steps to achieve compliance with the same with selling off the part of the property that is in non-compliance with the applicable laws.

During the year, Law Enforcement Agencies (LEAs) initiated its investigation on certain bank accounts alleged for money laundering activities in various banks including Summit Bank Limited. The matter is currently under NAB investigations and only partial references have been filed in the NAB Courts. The Bank has been and is committed to extending its full cooperation to the Law Enforcement Agencies in their investigations to the best extent possible.

The review report is modified in respect of these matters but the opinion is not qualified.

## **FUTURE OUTLOOK**

The Bank is fully prepared to capitalize on the business opportunities available in the market and will continue to focus on its strategy for long-term sustainable growth. To achieve its objectives, the Bank has a well-managed infrastructure, technology platform and trained human resource.

Going forward, the Bank will continue to focus on all the key areas for improvement in results, some of which are as follows:

- Improvement in return on assets and overall quality of portfolio;
- Reduction in Cost of Deposits (CoD) and improvement in current account and saving account (CASA) ratio;
- Improvement in markup and non-markup income stream;
- Continuous improvement and strengthening of capital base;
- Recoveries from non-performing loans and advances;
- Rationalization and reduction of non-earning assets; and
- Identification of areas for cost savings and rationalization.

## **EVENTS AFTER THE BALANCE SHEET DATE**

The Bank has received a letter dated March 27, 2020 from H.E. Nasser Abdulla Hussain Lootah (Potential Investor) pursuant to which the Potential Investor has communicated his intention to acquire at least controlling stake in the Bank by subscribing to fresh equity in the Bank and investing such amounts as may be necessary (subject to satisfactory due-diligence) to ensure that the Bank meets its Minimum Capital Requirements (MCR) and Capital Adequacy Ratio (CAR) requirement as prescribed by State Bank of Pakistan (SBP). Moreover, in compliance with the requirements of Securities Act, 2015 and Listed Companies (Substantial Acquisition of Voting Shares and Takeovers) Regulations, 2017 applicable to such transactions, this was followed by a public announcement by the Potential Investor of the intention to acquire at least 51% of the issued and paid up capital of the Bank together with the management control. The execution of the proposed transaction is subject to due-diligence and all Regulatory and corporate approvals. Furthermore, the Bank has entered into an Exclusivity Agreement with the Potential Investor for the proposed transaction.

## **APPRECIATIONS AND ACKNOWLEDGMENTS**

The Board would like to express its appreciation on the efforts of the Management and all employees, while acknowledging the role of the State Bank of Pakistan, the Securities and Exchange Commission of Pakistan, other regulators and Federal and Provincial Governments in developing and strengthening the banking and financial services industry.



I would like to take this opportunity to also thank on behalf of the Board and Management of the Summit Bank Limited, the customers and the shareholders for entrusting their confidence, in us and assure them that we remain committed to maintaining high service standards and a strong culture of good corporate governance and compliance in all our endeavours.

On Behalf of the Board of Directors

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**Ahsan Raza Durrani**  
Acting President and Chief Executive Officer

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**Fauzia Hasnain**  
Director

Date: September 18, 2020  
Place: Karachi

### تاریخ فرد و معاملات کے بعد ہونے والے واقعات

27 مارچ 2020ء کو ایچ ای نضر عبد اللہ حسین لوط (مکملہ سرمایہ کار) کی جانب سے بینک کو ایک راسلہ موصول ہوا جس کی پیروی کرنے پر مکملہ سرمایہ کار نے بینک میں تازہ ایکویٹی سبسکرائب کرنے اور اس رقم کی جہاں ضروری ہو (قابل اطمینان ضروری مستعدی سے مشروط) سرمایہ کاری کرنے کے ذریعے بینک کے کنٹرولنگ اختیار حاصل کرنے کے ارادے کا اظہار کیا تاکہ بینک اسٹیٹ بینک کے مجوزہ کم سے کم سرمائے کے تقاضے (ایم سی آر) اور شرح کفایت سرمایہ (سی اے آر) کے تقاضوں پر پورا اتر سکے۔ مزید یہ کہ اس طرح کے لین دین کے لیے سیکیورٹیز ایکٹ، 2015ء اور فہرستی کمپنیز (دوونگ شیئرز اور ٹیک اوورز) کا کافی حصول) ریگولیشنز کے قابل اطلاق تقاضوں کی تعمیل کرتے ہوئے، مکملہ سرمایہ کار کی جانب سے انتظامی کنٹرول کے ساتھ بینک کے کم از کم 51 فیصد جاری کردہ اور ادا شدہ سرمائے کے بارے میں عوامی اعلان کیا گیا۔ مجوزہ لین دین پر عمل درآمد ضروری مستعدی اور تمام ضوابطی اور کارپوریٹ منظور یوں سے مشروط ہے۔ مزید برآں، بینک نے مجوزہ لین دین کے لیے مکملہ سرمایہ کار کے ساتھ ایک استثنائی معاہدہ کیا ہے۔

### تعریف و توثیق

بینکاری و مالی خدمات کی صنعت کو ترقی و تقویت دینے کے لیے بورڈ اسٹیٹ بینک آف پاکستان، سیکیورٹیز اینڈ ایکسچینج کمیشن پاکستان، دیگر ضابطہ کاروں اور صوبائی حکومتوں کے کردار کی توثیق کرتے ہوئے، انتظامیہ اور تمام ملازمین کی کاوشوں کو سراہتا ہے۔

میں بورڈ اور سٹ بینک کی انتظامیہ کی جانب سے ہمارے صارفین اور اسٹیک ہولڈرز کا شکریہ ادا کرنا چاہوں گا کہ انھوں نے ہم پر اعتماد کیا اور انہیں یقین دہانی کروانا چاہوں گا کہ ہم اپنے آئندہ تمام امور میں اپنی خدمت کے معیار اور کارپوریٹ نظم و نسق اور کپلائنس کے مستحکم رواج کو برقرار رکھیں گے۔

بورڈ آف ڈائریکٹرز کی جانب سے

فوزیہ حسین  
ڈائریکٹر

احسن رضا درانی  
قائم مقام صدر اور چیف ایگزیکٹو

بتاریخ: ستمبر 18، 2020

مقام: کراچی

ناسے کے ساتھ ٹی بی بی۔ (ایس او) (ٹریڈیبلٹی مینس (ساختی ذمہ داری) [تفویض کی۔ ازاں بعد، تازہ معلومات کی عدم دستیابی کی وجہ سے وی آئی ایس نے بینک کی کاروباری ادارے کی ریٹنگ منسوخ کر دی۔

### آڈیٹرز کی رپورٹ میں ردوبدل

بینک کا ادا شدہ سرمایہ (خالص خسارے) بشرح کفایت سرمایہ (سی اے آر) لیورا جیہ شرح (ایل آر) 30 جون 2018ء کو اسٹیٹ بینک کی جانب سے فراہم کردہ تقاضوں پر پورے نہیں اترتے ہیں۔ اس صورت حال سے یہ چلتا ہے کہ موجودہ مادی عدم یقینی بینک کی ایک جاری رہنے والے کاروبار کے طور پر اہلیت پر نمایاں تنگ ڈال کتی ہیں۔ تاہم، بینک سرمائے اور سیالیت کے قابل اطلاق تقاضوں سے ہم آہنگ رہنے کے لئے سرمائے کی ضروری ادخال اور بینک کے منصوبے کے نفاذ کے لئے مسلسل کوششیں کر رہا ہے۔

بینک نے 5,519,788 ملین روپے ڈیفائزڈ ٹیکس اثاثہ ریکارڈ کئے ہیں جس کو پانچ سال کے لئے قابل ٹیکس منافع کے مالی تخمینے کی بنیاد پر قابل حصول سمجھا جاتا ہے، جو کہ بورڈ آف ڈائریکٹرز نے منظور کر لیا ہے۔

غیر منقولہ جائیداد میں سرمایہ کاری کے حوالے سے بینک اس وقت بینکنگ کمپنیز آرڈیننس، 1962ء کے سیکشن 10 کی تعمیل نہیں کر رہا ہے۔ متابعیت کے حصول کے لیے انتظامیہ نے قابل اطلاق قوانین کی تعمیل پر پوری توجہ دینی اور اترنے والی جائداد کے اس حصے کو فروخت کرنے کے اقدامات طے کر لیے ہیں۔

دوران سال، قانون نافذ کرنے والے اداروں (ایل ای ایز) نے بعض بینک اکاؤنٹس پر منی لائٹنگ کی سرگرمیوں کے الزام میں سمٹ بینک لمیٹڈ سمیت مختلف بینکوں میں اپنی تحقیقات کا آغاز کیا۔ فی الحال معاملہ نیب کے زیر تفتیش ہے اور نیب عدالتوں میں صرف جزوی ریفرنسز دائر کیے گئے ہیں۔ بینک اپنی اگلاز یوں میں قانون نافذ کرنے والے اداروں کو ہر ممکن حد تک مکمل تعاون فراہم کرنے کا پابند ہے اور کرتا رہا ہے۔

ان امور کے حوالے سے ری وپورٹ میں تبدیلی کی گئی ہے تاہم رائے مستند نہیں ہے۔

### مستقبل کا منظر نامہ

بینک مارکیٹ میں موجود کاروباری مواقع سے استفادے کے لیے پوری طرح تیار ہے اور طویل مدتی پائیدار نمو کے لیے اپنی حکمت عملی پر توجہ مرکوز کیے رکھے گا۔ اپنے مقاصد کے حصول کے لیے بینک کے پاس بہترین انفراسٹرکچر، ٹیکنالوجی کا پلیٹ فارم اور تربیت یافتہ افرادی وسائل موجود ہیں۔

مستقبل میں، بینک نتائج میں بہتری کے لیے تمام کلیدی شعبوں پر توجہ مرکوز رکھے گا جن میں سے چند حسب ذیل ہیں:

- اثاثوں پر منافع اور مجموعی معیاری جزدان میں بہتری؛
- اثاثوں پر لاگت میں کمی اور جاری کھاتے اور چھت کھاتے (سی اے ایس اے) کی شرحوں میں بہتری؛
- سودی و غیر سودی آمدنی کے بہاؤ میں بہتری
- سرمائے کی اساس میں مسلسل بہتری و تقویت
- غیر فعال قرضوں اور بیجانوں کی بازیابی؛
- غیر نفع آور اثاثوں کی عقلی تنظیم اور ان میں کمی؛ اور
- لاگتی بچت اور عقلی تنظیم کے شعبوں کی نشاندہی

## اقتصادی جائزہ

پاکستان نے مالی سال (م س) 18ء میں 5.8 فیصد کی تیرہ برسوں کی بلند شرح نمو حاصل کی اور صارف اشاریہ قیمت (سی پی آئی) مہنگائی کے 6.0 کے اوسط ہدف سے خاصی پست رہی۔ تاہم، مستقبل میں، پاکستان کی معیشت کو پیش رفتی شرح مزید بڑھے ہیں۔ اول، مالی سال 18ء میں مالیاتی خسارے کے لیے اسٹیٹ بینک کا عارضی تخمینہ 6.8 فیصد ہے جبکہ مئی 2018ء میں اس کا تخمینہ 5.5 فیصد تھا۔ جاری کھاتے کا خسارہ بھی جولائی تا مئی مالی سال 18ء کے دوران بڑھ کر 16.0 ارب امریکی ڈالر (یو ایس ڈی) تک جا پہنچا ہے جبکہ گزشتہ برس کی اسی مدت میں یہ 11.1 ارب امریکی ڈالر تھا۔ اس کا مطلب یہ ہے کہ مجموعی طلب اس سے قبل سوچنی گئی طلب سے زیادہ ثابت ہوئی ہے۔ دوم، جون میں سال مہنگائی 5.2 فیصد پر آگئی، اور مالی سال 19ء کے لیے اوسط عمومی مہنگائی کے 6.0 فیصد سالانہ کے ہدف کو عبور کرنے کی توقع ہے۔ توتزی مہنگائی کا شمار اور اور ان کے اگلے ایک سال کا تقریباً 7.0 فیصد کا تخمینہ بھی طلب کے دباؤ کی عکاسی کرتے ہیں۔ سوم، بیرونی شعبے میں، اگرچہ برآمدات اور کارکنان کی ترسیلات زردونوں بہتر کارکردگی کا مظاہرہ کر رہی ہیں، تاہم درآمدات کا حجم زرمبادلہ کے ذخائر پر دباؤ ڈالتا ہے۔

حقیقی معاشی سرگرمی نے اپنی مالی سال 17ء کی مضبوط کارکردگی کو دہرایا۔ تاہم، مالی سال 18ء کے اختتام کی طرف، کچھ چیلنجوں نے اس بلند نمو کی راہ پر چلنے ہوئے حقیقی شعبے کی استعداد پر منفی اثر ڈالا۔ زراعت کے شعبے میں، سب سے اہم مسئلہ پانی کی قلت ہے، امکان ہے کہ مالی سال 19ء میں زرعی پیداوار ہدف سے کم رہے گی۔ ایشیا سائے کے شعبے میں بھی بلند اساسی اثر، جاری زری سختی اور بعض شعبوں سے متعلق مخصوص مسائل کی وجہ سے ایک مملو تصویر دکھائی دے جانے کا امکان ہے جبکہ تعمیرات سے منسلک صنعتوں کی توقع سے بہتر کارکردگی کا امکان ہے۔ ان پیش رفتوں اور خدمات کے شعبے پر ان کے اثرات کا جائزہ لینے ہوئے، اسٹیٹ بینک نے مالی سال 19ء کی خام ملکی پیداوار (جی ڈی پی) کی نمو کے 6.2 فیصد کے سالانہ ہدف کے مقابلے میں 5.5 فیصد کے لگ بھگ رہنے کا تخمینہ لگایا ہے۔

جنوری تا جون مالی سال 18ء کے دوران صارف اشاریہ قیمت (سی پی آئی) مہنگائی اوسط 3.9 فیصد کے ساتھ معتدل رہی۔ تاہم، اس صورت حال میں تیزی سے تبدیلی آ رہی ہے جو جون 2018ء میں بڑھتی ہوئی (سال بسال) عمومی اور توتزی مہنگائی کے بالترتیب 5.2 فیصد اور 7.1 فیصد سے واضح ہے۔

مندرجہ ذیل عوامل ابھرتی ہوئی معاشی دشواریوں میں حصہ لے رہے ہیں: (i) مالی سال 18ء کی دوسری ٹہائی میں مضبوط مالیاتی توسیع کے اثر سے حالیہ مہینوں میں ملکی طلب پر ہونے والی زری سختی کے تحقیقی اثر کے زائل ہونے کا امکان ہے۔ (ii) تیل کی بلند عالمی قیمتوں سے درآمدی بل میں ہونے والا مسلسل اضافہ۔ (iii) مہنگائی کے بڑھتے ہوئے تخمینے اور حقیقی شرح سود میں کمی کو یقینی بنانا۔ اور (iv) پاکستانی روپے اور امریکی شرح سود کے تفرق میں نمایاں کمی۔ ان عوامل کی روشنی میں اور مجموعی طلب کو دبانے اور قلیل مدتی استحکام کو یقینی بنانے کے لیے، زری پالیسی کمیٹی نے 16 جولائی 2018ء سے پالیسی ریٹ کو 100 بی پی ایس بڑھا کر 7.50 فیصد کرنے کا فیصلہ کیا ہے۔

ششماہی کے دوران پاکستان کی ایکویٹی کارکردگی میں معمولی بہتری ریکارڈ کی گئی کیونکہ کے ایس ای 100 انڈیکس کے نشانیے میں 3.56 فیصد کا اضافہ ہوا اور وہ 30 جون 2018ء کو 41,910.90 پوائنٹس ہو گیا جبکہ 31 دسمبر 2017ء کو یہ 40,471.48 پوائنٹس تھا۔ ہمیں توقع ہے کہ حالیہ عام انتخابات کے بعد ملک کا سیاسی ماحول واضح ہونے کی وجہ سے اسٹاک مارکیٹ کی کارکردگی میں مزید بہتری آئے گی۔

## کریڈٹ رہنما

نومبر 2018ء میں وی آئی ایس کریڈٹ رہنما کمیٹی لمیٹڈ نے بینک کوریٹنگ وائچ منٹنی کے منظر نامے کے ساتھ طویل مدتی لحاظ سے کاروباری ادارے کی "بی بی بی۔" (نرمل بی مائسن) اور قلیل مدتی لحاظ سے "اے۔3۔ ریٹنگ ڈی (جون 2018ء): ریٹنگ وائچ ڈیولپمنٹ منظر نامے کے ساتھ طویل مدتی لحاظ سے اے منٹنی اور قلیل مدتی لحاظ سے (اے ون)۔ بینک کے غیر محفوظ ماتحت قرضے (ٹرم فنانس سرٹیفکیٹ) کوڈی (ڈیفالٹ) کی انسٹرومنٹ ریٹنگ (جون 2018ء): ریٹنگ وائچ منٹنی کے منظر

انتظامیہ نے ایک کاروباری منصوبہ تیار کیا ہے جسے بورڈ کی جانب سے منظور کیا جا چکا ہے۔ اس منصوبے کا مقصد بینک کی سرمائے کی اساس اور انجذاب خطر کی استعداد کو بہتر بنانا اور بینک کی نمو کو فروغ دینے والے مستقبل کے اقدامات کو تحریک فراہم کرنا ہے۔ کاروباری منصوبے میں درج ذیل کلیدی مفروضوں پر غور کیا گیا ہے:

- سرمائے کا اس کے ضامن / اسٹریٹیجک سرمایہ کاری کی جانب سے ادخال؛
- پاکستان میں اسلامی مالکاری کی متوقع نمو سے حاصل ہونے والے فوائد اس کے مکمل طور پر ایک اسلامی بینک میں تبدیل ہونے کے ابتدائی فیصلے کے نفاذ کے عمل کو تیز کر دیں گے؛
- بازاریابی کی سرگرم اور مرکوز کوششوں کے ذریعے غیر فعال قرضوں کی بازاریابی؛
- بینک کی جانب سے غیر منفعت بخش اثاثوں کی مجموعی سطح میں کمی؛
- لاگت کے ڈھانچے کی عقلی تنظیم؛
- کاروباری منصوبے کی معاونت کے لیے بینک کے انتظام خطر اور ٹیکنالوجی کے انفراسٹرکچر میں بہتری؛ اور
- سودی آمدنی اور غیر سودی آمدنی کے ذرائع سے آمدنی کا حصول

انتظامیہ اور بورڈ آف ڈائریکٹرز پر امید ہیں کہ اگر کاروباری منصوبے میں طے شدہ نمو کے عوامل اور دیگر اہم مفروضے پورے ہو جاتے ہیں تو، بینک کا کاروباری نتائج میں متوقع بہتری اور سرمائے کے قابل اطلاق تقاضوں کی تعمیل کر سکے گا۔

### اسلامی بینکاری

اپنی حکمت عملی کے عین مطابق، بینک نے زیر جائزہ مدت کے دوران اپنے اسلامی بینکاری بیزنس میں اضافہ جاری رکھا۔ 30 جون، 2018ء کو اسلامی بینکاری (آئی بی) کے آپریشنز کے مجموعی ذخائر 24,698,508 ملین روپے تھے جبکہ 31 دسمبر 2017ء میں یہ 22,549,245 ملین روپے تھے جو 2018ء کی پہلی ششماہی میں 9.53 فیصد اضافے کی عکاسی کرتا ہے۔ اسی طرح، خالص اسلامی مالی مالکاری اور منسلک اثاثے مدت کے اختتام پر بڑھ کر 11,068,749 ملین روپے ہو گئے جبکہ 31 دسمبر 2017ء تک یہ 10,779,551 ملین روپے تھے، اس طرح زیر جائزہ ششماہی مدت کے دوران 2.68 فیصد کا اضافہ ریکارڈ کیا گیا۔

بینک کا اسلامی بینکاری نیٹ ورک 14 مکمل اسلامی بینکاری برانچوں اور 135 اسلامی بینکاری ونڈوز پر مشتمل ہے۔ بینک اپنے موجودہ اور ممکنہ صارفین کی ضروریات کو پورا کرنے کے لیے واجبات اور اثاثہ جات دونوں پر شریعت سے ہم آہنگ مصنوعات اور خدمات کی پیش کش کر رہا ہے۔ مزید برآں، بینک افرادی وسائل کی ترقی میں اپنی سرمایہ کاری پر قائم ہے اور مزید عرصے کو اسلامی بینکاری کی مطلوبہ مہارتوں سے آراستہ کیا گیا ہے تاکہ ان کے اسلامی بینکاری کے علم کو مزید تقویت دی جاسکے۔

### گروپ کی کارکردگی

گروپ کے منسلک جامع عبوری مالی بیانات 30 جون، 2018ء کو اختتام پذیر ہونے والی ششماہی کے لیے بینک اور مکمل طور پر اس کے زیر ملکیت ذیلی کمپنی سمٹ کیپٹل (پرائیویٹ) لمیٹڈ کے یکجا نتائج پر مشتمل ہیں۔ یکجا بنیاد پر، گروپ نے 3,833,785 ملین روپے کا خسارہ بعد از ٹیکس درج کیا جبکہ گزشتہ برس کی اسی مدت کے دوران 276,760 ملین روپے کا خسارہ بعد از ٹیکس درج کیا گیا تھا۔ مزید برآں، 30 جون، 2018ء تک اس گروپ کے کل اثاثوں کی مالیت 210,941,629 ملین روپے تھی جبکہ 31 دسمبر 2017ء میں یہ 232,233,380 ملین روپے تھی۔

زیر جائزہ ششماہی مدت کے دوران، سرمایہ کاروں کی مالیت میں تخفیف کے لیے تمویں 827.983 ملین روپے ہو گئی جبکہ گزشتہ برس کی اسی مدت کے دوران 104.038 ملین روپے کی تمویں کا استردا دیا گیا تھا۔ 2018ء کی پہلی ششماہی کے دوران تمویں بنیادی طور پر بعض اسے ایف ایس شینرز پر مصرت سے متعلق تھی جو قابل اطلاق اکاؤنٹنگ معیارات میں دی گئی ہدایات کی بنیاد پر محتاط طور پر تسلیم کی گئی تھی۔ یہ مصرت بنیادی طور پر بازار حصص کی دشوار صورت حال کی وجہ سے ابھری جس کی وجہ ماضی قریب میں غیر یقینی صورت حال کو قرار دیا جاسکتا ہے۔ تاہم، انتظامیہ سمجھتی ہے کہ منڈی کی صورت حال بہتر ہونے کے بعد ان مصرت حصص میں سے بیشتر قیمت کی بازیابی کا امکان رکھتے ہیں۔ اس کے علاوہ، سرمایہ کاری کے متبادل موجود ضمانت کے دستیاب فائدے میں کمی کے باعث بینک کے پاس موجود غیر فعال قرضے کی سرمایہ کاری پر تمویں تسلیم کی گئی تھی۔

2018ء کی پہلی ششماہی کے دوران بینک کی خالص سودی آمدنی 1.39 فیصد کمی کے ساتھ گھٹ کر 1,591.839 ملین روپے رہ گئی جبکہ گزشتہ برس کی اسی مدت میں 1,614.198 ملین روپے کی آمدنی ہوئی تھی۔ بعض غیر فعال قرضوں کی از سر نو درجہ بندی پر مارک اپ کی معطلی اس کی بنیادی وجہ تھی۔

2018ء کی پہلی ششماہی کے دوران غیر سودی آمدنی گزشتہ برس کی اسی مدت کے مقابلے میں 4.36 فیصد اضافے کے ساتھ 1,153.561 ملین روپے ہو گئی (پہلی ششماہی 2017ء: 1,105.376 ملین روپے)۔ یہ بنیادی طور پر فارن کرنسیوں میں لین دین سے ہونے والی آمدنی پر مشتمل ہوتی ہے جو 47.89 فیصد کی ضخیم نمو کے ساتھ 412.605 ملین روپے تھے جبکہ 2017ء کی پہلی ششماہی کے دوران یہ 278.991 ملین روپے تھے۔ اس میں بیشتر کمی فروخت پر خالص نفع میں کمی کی وجہ سے آئی جو 2018ء کی پہلی ششماہی میں گھٹ کر 21.141 ملین روپے رہ گئے جبکہ گزشتہ برس کی اسی مدت میں 176.160 ملین روپے تھے۔

2018ء کی پہلی ششماہی کے دوران غیر سودی اخراجات میں 3,999.535 ملین روپے کا اضافہ ہوا جبکہ 2017ء کی پہلی ششماہی میں 2,965.475 ملین روپے کا اضافہ ہوا تھا، جس کی بنیادی وجہ جاری سرمائے میں نمو کے مقابل بعض پیٹنگی ادا کی گئیوں پر 1,063.606 ملین روپے کی محتاطیہ تمویں تھی۔

30 جون 2018ء پر بینک کے مجموعی اثاثے 210,975.479 ملین روپے تھے جبکہ 31 دسمبر 2017ء میں یہ 232,256.525 ملین روپے تھے، جو 9.16 فیصد کمی کی عکاسی کرتے ہیں، جس کی بنیادی وجہ ٹریڈری بلز (بلز) میں قلیل مدتی سرمایہ کاریوں میں تخفیف تھی۔ نتیجتاً، بینک کی خالص سرمایہ کاریاں 69,512.264 ملین روپے ہو گئیں جبکہ 31 دسمبر 2017ء تک یہ 94,940.245 ملین روپے تھیں۔

2018ء کی پہلی ششماہی کے دوران خالص بیعانے 6.26 فیصد نمودرج کرتے ہوئے 89,889.472 ملین روپے (31 دسمبر 2017ء: 84,592.056 ملین روپے) ہو گئے۔ مزید برآں، 30 جون 2018ء کو بینک کی اثاثوں میں 150,061.517 ملین روپے (31 دسمبر 2017ء: 145,729.707 ملین روپے) کے صحت مند امداد و شمار پر بند ہوئے۔

دوسری سہ ماہی کے اختتام پر، جیسا کہ بیرونی آڈیٹرز نے اپنے جائزے کی رپورٹ میں بھی اجاگر کیا کہ بینک نے 5,519.788 ملین روپے کے مؤخر ٹیکس اثاثے تسلیم کیے ہیں۔ اس سے مستقبل میں وصول کیے جانے والے متوقع ٹیکس فوائد کے انتظامیہ کے بہترین تخمینے کی نمائندگی ہوتی ہے۔

### تذویراتی (اسٹریٹیجک) اقدامات

بینک کم از کم سرمائے کے قابل اطلاق تقاضوں سے ہم آہنگ ہونے کی مخلصانہ کوششیں کر رہا ہے۔ جیسا کہ بیرونی آڈیٹرز نے اپنی جائزہ رپورٹ میں بھی بتایا ہے کہ 30 جون 2018ء تک، بینک کا ادائہ سرمایہ (خالص خسارہ)، شرح کفایت سرمایہ اور لیوراجیہ تناسب اسٹیٹ بینک کی مقررہ سطح سے کم تھے۔ اس ضمن میں، بینک نے اپنے سرمائے کی اساس اور اخراجات خطرات کی استعداد کو بہتر بنانے اور بینک کی نمو کو فروغ دینے والے اقدام کو تحریک فراہم کرنے کے مقصد سے ایک کاروباری منصوبہ تیار کیا ہے۔

### ڈائریکٹر کا جائزہ

سٹ پیپک لمیٹڈ (پینک) کے بورڈ آف ڈائریکٹرز کی جانب سے، میں پینک کی 30 جون 2018ء کو اختتام پذیر ہونے والی ششماہی کے لیے غیر آڈٹ شدہ جامع عبوری مالی گوشوارے پیش کرتا ہوں:

### کارکردگی کا جائزہ

زیر جائزہ ششماہی مدت کے لیے پینک کی مختصر مالی جھلکیاں مندرجہ ذیل ہیں۔

اختتام پذیر ہونے والی ششماہی مدت		
30 جون 2018ء	30 جون 2017ء	
.....(روپے ہزاروں میں).....		
(245,903)	(93,481)	نقصان قبل از تموین اور براہ راست تنسیخ
(55,581)	(1,457,406)	غیر فعال قرضوں اور خالص قرضوں کے لیے تموین
104,038	(827,983)	خالص سرمایہ کاریوں کی مالیت میں تخفیف کے لیے تموین / تموین کا استز داد
2	(1,160,654)	دیگر (تموین) / (تنسیخ) / استز داد
(3,891)	(3,635)	براہ راست منسوخ کیا گیا براہ راست
(201,335)	(3,543,159)	خسارہ قبل از ٹیکس
(90,837)	(264,978)	ٹیکس آمدنی / (خراجات)
(292,172)	(3,808,137)	نقصان بعد از ٹیکس
(0.13)	(1.44)	بنیادی خسارہ فی حصہ - روپے
(0.13)	(1.44)	سیال خسارہ فی حصہ - روپے

زیر جائزہ ششماہی کے دوران، پینک نے 3,808,137 ملین روپے کا خسارہ بعد از ٹیکس درج کیا جبکہ گزشتہ برس کی اسی مدت کے دوران 292,172 ملین روپے کا خسارہ بعد از ٹیکس درج کیا گیا تھا۔ 2018ء کی پہلی ششماہی کے دوران خسارے میں اضافے کی بنیادی وجہ غیر فعال قرضوں (این ایل بی) کے لیے تموین کے اخراجات میں نمایاں اضافے کے ساتھ ساتھ تموین کے خالص استز داد کے خلاف سرمایہ کاریوں کے لیے خالص تموینی اخراجات کے طور پر تسلیم کیے جانے کو قرار دیا جاسکتا ہے، جو گزشتہ برس کی اسی مدت کے دوران تسلیم کیے گئے تھے۔

2018ء کی پہلی ششماہی کے دوران پینک نے 1,457,406 ملین روپے کے خالص تموینی اخراجات کو غیر فعال قرضوں کے مقابل تسلیم کیا جبکہ 2017ء کی پہلی ششماہی میں 55,581 ملین روپے درج کیے گئے تھے۔ 2018ء کی پہلی ششماہی کے دوران بعض غیر فعال قرضوں کی از سر نو درج بندی کی وجہ سے پیدا ہونے والے تموین کے منفی اثر کے علاوہ، ضوابطی تقاضوں کی تعمیل اور قابل اطلاق ضوابطی نشانیوں کے مطابق، موجودہ غیر فعال قرضوں میں بتدریج کمی کے لیے بھی اضافی تموین کو تسلیم کیا گیا تھا۔ 30 جون، 2018ء تک، پینک کا غیر فعال قرضوں کا تناسب (مجموعی غیر فعال قرضے تا مجموعی قرضے) 18.78 فیصد تھا جبکہ 31 دسمبر 2017ء میں یہ 18.08 فیصد تھا، جس میں پینک کے مجموعی غیر فعال قرضے بڑھ کر 19,960,158 ملین روپے ہو گئے جبکہ 31 دسمبر، 2017ء تک 17,065,584 ملین روپے تھے۔ انتظامیہ ان قرضوں کی بازیابی کے لیے کوششیں کر رہی ہے اور تا دہندہ قرض گروں سے مستقل مددگرات کر رہی ہے تاکہ غیر فعال قرضوں اور ان کی متعلقہ تموین میں کمی کو یقینی بنایا جاسکے۔

**INDEPENDENT AUDITORS' REVIEW REPORT TO THE MEMBERS OF SUMMIT BANK LIMITED  
REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS**

**Introduction**

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of Summit Bank Limited (the Bank) as at June 30, 2018 and the related unconsolidated condensed interim profit and loss account, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim cash flow statement and unconsolidated condensed interim statement of changes in equity and notes to the accounts for the six-months' 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 the accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial statements based on our review. The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the three months ended June 30, 2018 and June 30, 2017 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended June 30, 2018.

**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 as of and for the half year ended June 30, 2018 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

**Emphasis of Matter**

We draw attention to the following matters:

- note no. 1.2 to the condensed interim financial statements. As more fully described in that note, the Bank has incurred net loss of Rs. 3,808.137 million during the period ended June 30, 2018, resulting in accumulated losses of Rs. 15,080.350 million and net equity of Rs. 4,994.801 million as at June 30, 2018. The Bank's paid-up capital (net of losses), Capital Adequacy Ratio (CAR) and Leverage Ratio (LR) do not meet the requirements provided by State Bank of Pakistan (SBP) as at June 30, 2018. These conditions indicate the existence of material uncertainty which may cast significant doubt about the Bank's ability to continue as a going concern. However, the Bank is making continued efforts for necessary injection of capital and implementation of the Bank's Plan to comply with applicable capital and liquidity requirements.
- note no. 11 to the condensed interim financial statements, where management has disclosed that the Bank has recognized deferred tax asset of Rs. 5,519.788 million which was considered realizable based on financial projections of taxable profits in foreseeable future.
- note no. 10.1.1 to the condensed interim financial statements, which states that, the Bank holds immovable property which is partially in contravention with the provisions of Banking Companies Ordinance, 1962.
- note no. 14.10 to the condensed interim financial statements, which discloses that the National Accountability Bureau (NAB) is currently conducting an investigation against certain bank accounts alleged of involvement in illegal activities in various banks. The Bank management is of the view that such investigations will not affect the ongoing operations and functions of the Bank.

Our opinion is not qualified in respect of the matters stated above.

**Other Matter**

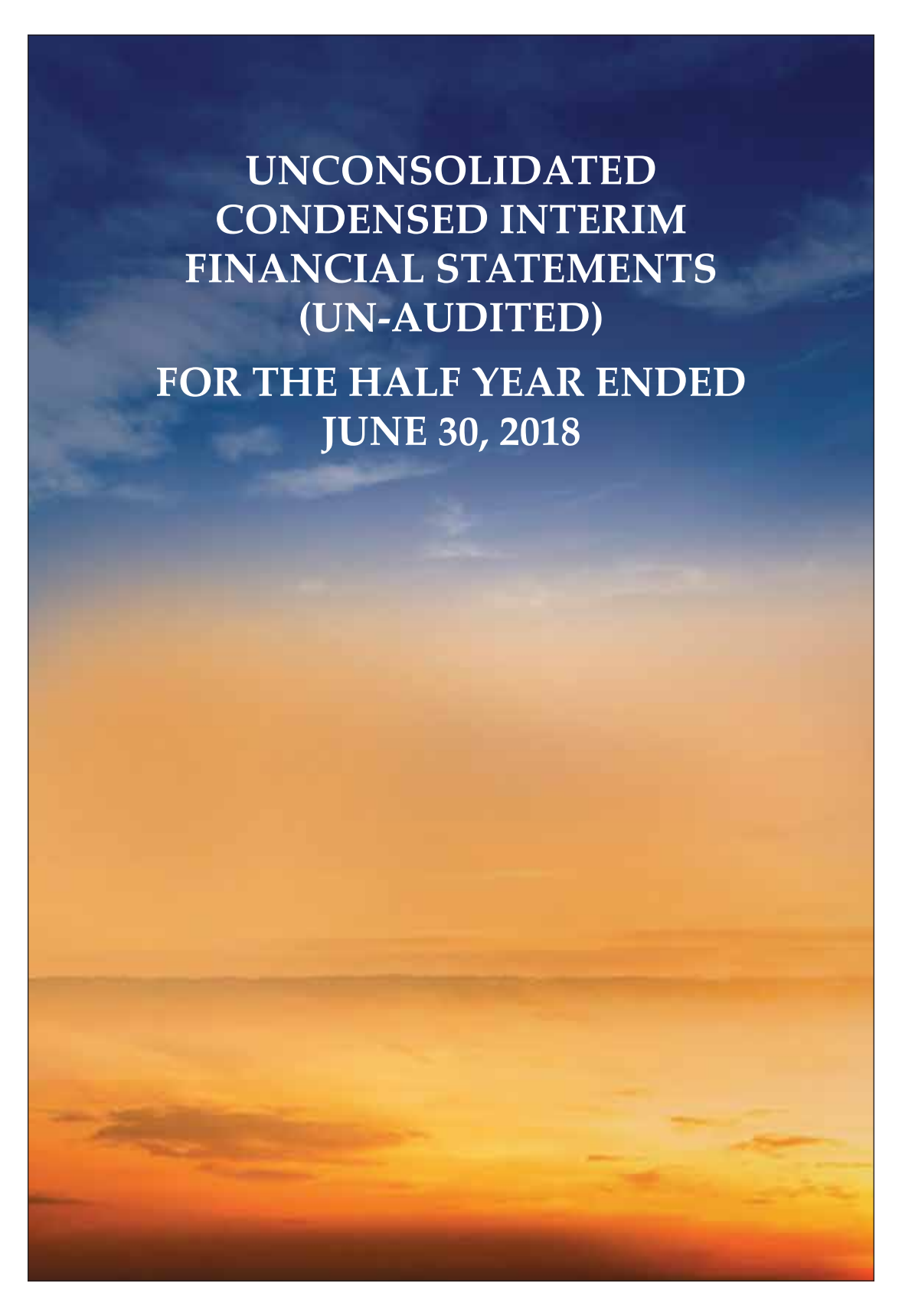
The financial statements of the Bank for the six months period ended June 30, 2017 and for the year ended December 31, 2017 were reviewed and audited by Deloitte Yousuf Adil, Chartered Accountants who have expressed unmodified conclusion and unmodified opinion vide their review report and audit report issued on August 24, 2017 and March 09, 2018 respectively.

The engagement partner on the audit resulting in this independent auditor's review report is **Mehmood A. Razzak**.

**BAKER TILLY MEHMOOD IDREES QAMAR**  
CHARTERED ACCOUNTANTS

Karachi

Date: September 18, 2020



**UNCONSOLIDATED  
CONDENSED INTERIM  
FINANCIAL STATEMENTS  
(UN-AUDITED)**

**FOR THE HALF YEAR ENDED  
JUNE 30, 2018**

**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION  
AS AT JUNE 30, 2018**

		(Un-audited) June 30, 2018	(Audited) December 31, 2017 (Restated)
	Note	----- (Rupees in '000) -----	
<b>ASSETS</b>			
Cash and balances with treasury banks		14,973,461	13,556,723
Balances with other banks		2,675,610	2,440,333
Lendings to financial institutions		9,493,875	10,671,003
Investments-net	8	69,512,264	94,940,245
Advances-net	9	89,889,472	84,592,056
Operating fixed assets	10	11,608,275	12,664,584
Deferred tax assets-net	11	5,519,788	5,804,191
Other assets	12	7,302,734	7,587,390
		<b>210,975,479</b>	<b>232,256,525</b>
<b>LIABILITIES</b>			
Bills payable		2,463,575	3,065,379
Borrowings		46,581,465	67,307,766
Deposits and other accounts	13	150,061,517	145,729,707
Sub-ordinated loans		1,495,515	1,495,860
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities		3,700,975	4,416,699
		<b>204,303,047</b>	<b>222,015,411</b>
<b>NET ASSETS</b>			
		<b>6,672,432</b>	<b>10,241,114</b>
<b>REPRESENTED BY</b>			
Share capital		26,381,510	26,381,510
Reserves		(6,306,359)	(6,306,359)
Accumulated losses		(15,080,350)	(11,328,979)
		4,994,801	8,746,172
Surplus on revaluation of assets		1,677,631	1,494,942
		<b>6,672,432</b>	<b>10,241,114</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	14		

The annexed notes from 1 to 25 form an integral part of these unconsolidated condensed interim financial statements.

Acting President &  
Chief Executive

Chief Financial Officer

Director

Director

Director

**UNCONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)  
FOR THE QUARTER AND HALF YEAR ENDED JUNE 30, 2018**

Note	Quarter ended		Half year ended		
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017	
	(Rupees in '000)				
Mark-up / return / interest earned	2,491,963	2,771,049	5,335,676	5,304,634	
Mark-up / return / interest expensed	(1,718,760)	(1,914,044)	(3,743,837)	(3,690,436)	
Net mark-up / interest income	773,203	857,005	1,591,839	1,614,198	
Provision against non-performing loans and advances-net	9.2.1	(1,125,501)	(90,487)	(1,457,406)	(55,581)
(Provision) / reversal of provision for diminution in the value of investments - net	8.1	(827,983)	(123,577)	(827,983)	104,038
Bad debts written off directly		(3,341)	(209)	(3,635)	(3,891)
		(1,956,825)	(214,273)	(2,289,024)	44,566
Net mark-up / interest (expense) / income after provisions		(1,183,622)	642,732	(697,185)	1,658,764
<b>NON MARK-UP / INTEREST INCOME</b>					
Fee, commission and brokerage income	300,249	309,779	533,780	566,807	
Dividend income	1,619	9,683	5,204	14,179	
Income from dealing in foreign currencies	241,088	121,265	412,605	278,991	
(Loss) / gain on sale of securities - net	(1,051)	5,361	21,141	176,160	
Gain on disposal of operating fixed assets - net	1,583	2,296	2,326	27,265	
Unrealised loss on revaluation of investments classified as held-for-trading - net	(11,404)	(1,706)	(19,446)	(13,693)	
Other income	151,556	25,128	197,951	55,667	
Total non mark-up / interest income	683,640	471,806	1,153,561	1,105,376	
	(499,982)	1,114,538	456,376	2,764,140	
<b>NON MARK-UP / INTEREST EXPENSES</b>					
Administrative expenses	(1,419,071)	(1,504,931)	(2,815,048)	(2,954,598)	
Other (provisions) / (write-offs) / reversals	(1,156,826)	109	(1,160,654)	2	
Other charges	(10,505)	(3,266)	(23,833)	(10,879)	
Total non mark-up / interest expenses	(2,586,402)	(1,508,088)	(3,999,535)	(2,965,475)	
	(3,086,384)	(393,550)	(3,543,159)	(201,335)	
Extra ordinary / unusual items	-	-	-	-	
<b>LOSS BEFORE TAXATION</b>	(3,086,384)	(393,550)	(3,543,159)	(201,335)	
<b>Taxation</b>					
Current	(38,120)	(47,641)	(78,946)	(77,333)	
Prior years	-	-	-	-	
Deferred	(355,367)	64,237	(186,032)	(13,504)	
	(393,487)	16,596	(264,978)	(90,837)	
<b>LOSS AFTER TAXATION</b>	(3,479,871)	(376,954)	(3,808,137)	(292,172)	
(Rupees)					
<b>Basic loss per share</b>	16.1	(1.32)	(0.17)	(1.44)	(0.13)
<b>Diluted loss per share</b>	16.2	(1.32)	(0.17)	(1.44)	(0.13)

The annexed notes from 1 to 25 form an integral part of these unconsolidated condensed interim financial statements.

Acting President &  
Chief Executive

Chief Financial Officer

Director

Director

Director

**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE QUARTER AND HALF YEAR ENDED JUNE 30, 2018**

	Quarter ended		Half year ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
	----- (Rupees in '000) -----			
<b>Loss after taxation for the period</b>	<b>(3,479,871)</b>	<b>(376,954)</b>	<b>(3,808,137)</b>	<b>(292,172)</b>
<b>Other comprehensive income</b>	-	-	-	-
<b>Comprehensive loss transferred to unconsolidated condensed interim statement of changes in equity</b>	<b>(3,479,871)</b>	<b>(376,954)</b>	<b>(3,808,137)</b>	<b>(292,172)</b>
<b>Components of comprehensive (loss) / income not reflected in equity</b>				
Surplus / (deficit) on revaluation of available for-sale securities - net of tax	181,831	(34,146)	271,179	(44,710)
<b>Total comprehensive loss for the period</b>	<b>(3,298,040)</b>	<b>(411,100)</b>	<b>(3,536,958)</b>	<b>(336,882)</b>

The annexed notes from 1 to 25 form an integral part of these unconsolidated condensed interim financial statements.

\_\_\_\_\_  
Acting President &  
Chief Executive

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

**UNCONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2018**

		Half year ended	
	Note	June 30, 2018	June 30, 2017
		----- (Rupees in '000) -----	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Loss before taxation</b>		<b>(3,543,159)</b>	<b>(201,335)</b>
Less: Dividend income		<b>(5,204)</b>	<b>(14,179)</b>
		<b>(3,548,363)</b>	<b>(215,514)</b>
<b>Adjustments:</b>			
Depreciation on operating fixed assets		<b>346,696</b>	<b>349,814</b>
Depreciation on non banking assets		<b>21,730</b>	<b>16,004</b>
Amortization		<b>30,410</b>	<b>30,954</b>
Provision against non-performing loans and advances-net		<b>1,457,406</b>	<b>55,581</b>
Bad debts written off directly		<b>3,635</b>	<b>3,891</b>
Other provisions / write offs / (reversals) made		<b>1,160,654</b>	<b>(2)</b>
Provision / (reversal of provision) for diminution in the value of investments - net		<b>827,983</b>	<b>(104,038)</b>
Unrealised loss on revaluation of investments classified as held-for-trading - net		<b>19,446</b>	<b>13,693</b>
Gain on sale of operating fixed assets - net		<b>(2,326)</b>	<b>(27,265)</b>
Gain on sale of non banking assets - net		<b>(144,848)</b>	<b>(350)</b>
		<b>3,720,786</b>	<b>338,282</b>
		<b>172,423</b>	<b>122,768</b>
<b>(Increase) / decrease in operating assets</b>			
Lendings to financial institutions		<b>1,177,128</b>	<b>(2,509,665)</b>
Held-for-trading securities		<b>(59,481)</b>	<b>257,875</b>
Advances - net		<b>(6,785,457)</b>	<b>(4,582,949)</b>
Other assets (excluding taxation) - net		<b>(614,920)</b>	<b>2,127,224</b>
		<b>(6,255,730)</b>	<b>(4,707,515)</b>
<b>(Decrease) / increase in operating liabilities</b>			
Bills payable		<b>(601,804)</b>	<b>(1,599,928)</b>
Borrowings		<b>(20,703,264)</b>	<b>7,864,623</b>
Deposits and other accounts		<b>4,331,810</b>	<b>5,370,952</b>
Other liabilities		<b>(715,724)</b>	<b>1,568,517</b>
		<b>(17,688,982)</b>	<b>13,204,164</b>
		<b>(23,772,289)</b>	<b>8,619,417</b>
Income tax paid		<b>(81,663)</b>	<b>(69,314)</b>
<b>Net cash (used in) / flow from operating activities</b>		<b>(23,853,952)</b>	<b>8,550,103</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Net investment in available-for-sale securities		<b>25,057,231</b>	<b>(6,824,905)</b>
Dividend received		<b>9,224</b>	<b>11,515</b>
Investment in operating fixed assets		<b>(389,910)</b>	<b>(551,106)</b>
Sale proceeds from disposal of operating fixed assets		<b>4,771</b>	<b>40,386</b>
Sale proceeds from disposal of non banking assets		<b>848,033</b>	<b>4,550</b>
<b>Net cash flow from / (used in) investing activities</b>		<b>25,529,349</b>	<b>(7,319,560)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Repayment of sub-ordinated loans		<b>(345)</b>	<b>(345)</b>
<b>Net cash used in financing activities</b>		<b>(345)</b>	<b>(345)</b>
<b>Increase in cash and cash equivalents</b>		<b>1,675,052</b>	<b>1,230,198</b>
Cash and cash equivalents at beginning of the period		<b>15,963,745</b>	<b>15,365,291</b>
<b>Cash and cash equivalents at end of the period</b>	<b>17</b>	<b>17,638,797</b>	<b>16,595,489</b>

The annexed notes from 1 to 25 form an integral part of these unconsolidated condensed interim financial statements.

Acting President & Chief Executive	Chief Financial Officer	Director	Director	Director
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**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF YEAR ENDED JUNE 30, 2018**

	Share Capital	Convertible preference shares	Advance against subscription of shares	Capital reserves		Reserve arising on amalgamation	Revenue reserve		Total Reserves	Total
				Share premium	Discount on issue of shares		Statutory reserve	Accumulated losses		
Note										
Balance as at January 01, 2017 (Audited)	17,786,663	2,155,959	1,854,870	1,000,000	(1,297,298)	154,162	(1,579,205)	(9,515,201)	(11,237,542)	10,559,950
Changes in equity for the half year ended June 30, 2017										
Total comprehensive loss for the period	-	-	-	-	-	-	-	(292,172)	(292,172)	(292,172)
Loss after taxation for the half year ended June 30, 2017	-	-	-	-	-	-	-	-	-	-
Other comprehensive income for the half year ended June 30, 2017	-	-	-	-	-	-	-	(292,172)	(292,172)	(292,172)
Transfer to statutory reserve	-	-	-	-	-	-	-	-	-	-
Transfer from surplus on revaluation fixed assets	-	-	-	-	-	-	-	56,623	56,623	56,623
Balance as at June 30, 2017 (Un-audited)	17,786,663	2,155,959	1,854,870	1,000,000	(1,297,298)	154,162	(1,579,205)	(9,750,750)	(11,473,091)	10,324,401
Changes in equity for the half year ended December 31, 2017										
Total comprehensive loss for the period	-	-	-	-	-	-	-	(1,647,678)	(1,647,678)	(1,647,678)
Loss after taxation for the half year ended December 31, 2017-Restated	-	-	-	-	-	-	-	12,683	12,683	12,683
Other comprehensive income for the half year ended December 31, 2017	-	-	-	-	-	-	-	(1,634,995)	(1,634,995)	(1,634,995)
Transfer to statutory reserve	-	-	-	-	-	-	-	-	-	-
Transfer from surplus on revaluation fixed assets	-	-	-	-	-	-	-	-	-	-
Transactions with owners recorded directly in equity										
Issue of shares upon conversion of preference shares	6,739,977	(2,155,959)	-	-	(4,584,018)	-	-	56,766	56,766	56,766
Shares issued during the half year ended December 31, 2017	1,854,870	-	(1,854,870)	-	-	-	-	-	(4,584,018)	-
Balance as at December 31, 2017 (Audited) - Restated	26,381,510	-	-	1,000,000	(5,881,316)	154,162	(1,579,205)	(11,328,979)	(17,635,338)	8,746,172
Changes in equity for the half year ended June 30, 2018										
Total comprehensive loss for the period	-	-	-	-	-	-	-	(3,808,137)	(3,808,137)	(3,808,137)
Loss after taxation for the half year ended June 30, 2018	-	-	-	-	-	-	-	-	-	-
Other comprehensive income for the half year ended June 30, 2018	-	-	-	-	-	-	-	(3,808,137)	(3,808,137)	(3,808,137)
Transfer to statutory reserve	-	-	-	-	-	-	-	-	-	-
Transfer from surplus on revaluation fixed assets	-	-	-	-	-	-	-	56,766	56,766	56,766
Balance as at June 30, 2018 (Un-audited)	26,381,510	-	-	1,000,000	(5,881,316)	154,162	(1,579,205)	(15,080,350)	(21,386,709)	4,994,801

The annexed notes from 1 to 25 form an integral part of these unconsolidated condensed interim financial statements.

Acting President &  
Chief Executive

Director

Director

Director

**NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2018**

**I. STATUS AND NATURE OF BUSINESS**

Summit Bank Limited (the Bank) is a banking company incorporated in Pakistan on December 09, 2005 as public company limited by shares under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The Bank's registered office is situated at Plot No. 9-C, F-6 Markaz, Supermarket, Islamabad, Pakistan. The Bank is a subsidiary of Suroor Investments Limited, a company incorporated in Mauritius, holding 66.77% of the issued, subscribed and paid up capital of the Bank as at June 30, 2018.

The Bank is engaged in banking services as described in the Banking Companies Ordinance, 1962 and is operating through its 179 Conventional Banking Branches and 14 Islamic Banking Branches (2017: 179 Conventional Banking Branches and 14 Islamic Banking Branches) in Pakistan as defined in the Banking Companies Ordinance, 1962.

- I.1 In June 2018, VIS Credit Rating Company Limited assigned the Bank an entity rating of 'A-' (Single A minus) for the long term and 'A-1' (A-one) for the short term with outlook assigned as 'Rating Watch-Developing' status and the Bank's TFC was assigned a rating of 'A- (SO)' (Single A minus (Structured Obligation)). Subsequently, in November 2018, the Bank was assigned a medium to long-term rating of 'BBB- (Triple B minus) and short term rating of 'A-3' (A-three). While the Bank's TFC was assigned rating of 'BBB- (SO)' (Triple B minus (Structured Obligation)). These ratings were placed on 'Rating Watch- Negative' status. Furthermore, in February 2019, VIS Credit Rating Company Limited suspended the entity ratings of the Bank due to non-availability of updated information while the Bank's TFC rating was assigned 'D' (Default) due to non-payment of its latest markup payment on account of lock-in-clause invoked by the bank under the applicable regulations of the State Bank of Pakistan (SBP). However, subsequently the TFC holders have approved extension in the maturity date of the TFC Issue along with payment of all the installments (mark-up and principal) till October 27, 2020, subject to applicable regulatory approvals and compliances. Moreover, VIS Credit Rating-Company Limited would reassess the ratings once required information along with latest financials is made available.
- I.2 During the period, the Bank has incurred net loss of Rs. 3,808.137 million resulting in accumulated losses of Rs. 15,080.350 million and net equity of Rs. 6,672.432 million. As per the applicable laws and regulations, the Bank is required to maintain Minimum Paid-up Capital (net of losses) (MCR) of Rs. 10 billion, Capital Adequacy Ratio (CAR) at 11.275% (inclusive of Capital Conservation Buffer of 1.275%) and Leverage Ratio (LR) at 3.00% as of June 30, 2018. However, the paid up capital of the Bank (net of losses), is below Rs. 10 billion and CAR and LR are negative as at June 30, 2018.

The Bank has been taking various steps to comply with the applicable capital requirements. In this respect, earlier in November 2016, the Board of Directors of the Bank had decided to evaluate the potential merger/amalgamation option with Sindh Bank Limited. After completion of the due diligence exercise and decision of the Board of Directors of the Bank on this matter, the requisite majority of the shareholders of the Bank in their Extraordinary General Meeting (EOGM) held on November 07, 2017 had given approval for proposed amalgamation of the Bank with and into Sindh Bank Limited, subject to regulatory approvals and compliances. However, the proposed merger transaction could not be completed within the anticipated timeline and therefore both the banks decided to carry out a fresh due diligence exercise based on their audited financial statements of December 31, 2017. After completion of the fresh due diligence exercise based on the audited financial statement of December 31, 2017 and a fresh decision of the Board of Directors on this matter, the shareholders of the Bank in their Extraordinary General Meeting (EOGM) held on August 31, 2018 accorded their fresh approval for the proposed merger of the Bank with and into Sindh Bank Limited, subject to necessary regulatory approval and compliances, including but not limited to the permission of the Honourable Supreme Court of Pakistan. However, the proposed merger transaction could not proceed further and finally has been called off during 1HY 2019.

In light of the above, the Bank is making best efforts to comply with applicable capital requirements through increase in capital / capital injection at the earliest. For this, the management has prepared a business plan, which has been approved by the Board.

This plan aims to improve the Bank's capital base and risk absorption capacity and provide impetus to its future growth initiatives. The key assumptions considered in the business plan are as follows:

- Injection of capital;
- Reaping benefits from the expected growth of Islamic finance in Pakistan since the Bank will speed-up the implementation process of its earlier decision of conversion to a full-fledged Islamic bank;
- Recoveries from non-performing advances through strenuous and focused recovery efforts;
- Reduction in overall level of non-earning assets held by the Bank;
- Identifying opportunities for rationalization of the cost structure;
- Improvement in the risk management and technological infrastructure of the Bank to support the business plan;
- Investments / exposures in safe avenues for achieving solid growth in the core business income; and
- Income generation through avenues for mark up income and non-mark up income.

In this respect, the Bank has received a letter dated March 27, 2020 from H.E. Nasser Abdulla Hussain Lootah (Potential Investor) pursuant to which the Potential Investor has communicated his intention to acquire at least controlling stake in the Bank by subscribing to fresh equity in the Bank and investing such amounts as may be necessary (subject to satisfactory due-diligence) to ensure that the Bank meets its Minimum Capital Requirements (MCR) and Capital Adequacy Ratio (CAR) requirement as prescribed by State Bank of Pakistan (SBP). Moreover, in compliance with the requirements of Securities Act, 2015 and Listed Companies (Substantial Acquisition of Voting Shares and Takeovers) Regulations, 2017 applicable to such transactions, this was followed by a public announcement by the Potential Investor of the intention to acquire at least 51% of the issued and paid up capital of the Bank together with the management control. The execution of the proposed transaction is subject to due-diligence and all Regulatory and corporate approvals. Furthermore, the Bank has entered into an Exclusivity Agreement with the Potential Investor for this proposed transaction.

The management and the Board of Directors are of the view that once this capital injection transaction is successfully completed and other key assumptions stipulated in the business plan materialize, the Bank will be able to achieve the projected improvement in business results and compliance with all the applicable regulatory requirements.

## **2. BASIS OF PRESENTATION**

**2.1** These unconsolidated condensed interim financial statements represent separate financial information of Summit Bank Limited in which investment in subsidiaries are accounted on the basis of direct equity interest rather than on the basis of reported results. Accordingly, the consolidated condensed interim financial statements have been presented separately.

**2.2** In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, the State Bank of Pakistan (SBP) has issued various circulars from time to time. Permissible forms of trade-related modes of financing comprise of purchase of goods by banks from their customers and resale to them at appropriate mark-up in price on deferred payment basis. The purchase and sale arising under these arrangements are not reflected in these unconsolidated condensed interim financial statements as such but are restricted to the amount of facility actually utilized and the appropriate portion of mark-up thereon. The Islamic Banking branches of the Bank have complied with the requirements set out under the Islamic Financial Accounting Standards issued by The Institute of Chartered Accountants of Pakistan (ICAP) and notified under the provisions of the Companies Act, 2017.

2.3 Key financial figures of the Islamic banking branches are disclosed in note 21 to the unconsolidated condensed interim financial statements.

### 3. STATEMENT OF COMPLIANCE

3.1 These unconsolidated condensed interim financial statements 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;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017;
- Provisions of and directives issued under the Banking Companies Ordinance, 1962 and Companies Act, 2017; and
- Directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP).

Wherever the requirement of provisions of Companies Act, 2017, Banking Companies Ordinance, 1962 and directives issued by the SBP and the SECP differ with the requirements of IAS-34 or IFAS, the requirement of the Companies Act, 2017, Banking Companies Ordinance, 1962 and the directives issued by SBP and SECP have been followed.

3.2 The disclosures made in these unconsolidated condensed interim financial statements have been limited based on the format prescribed by the State Bank of Pakistan through BSD Circular Letter No.2 dated May 12, 2004 and the requirements of the International Accounting Standard 34, 'Interim Financial Reporting'. They do not include all of the information required for the full annual financial statements and these unconsolidated condensed interim financial statements should be read in conjunction with the financial statements of the Bank for the year ended December 31, 2017.

### 4. BASIS OF MEASUREMENT

#### 4.1 Accounting Convention

These unconsolidated condensed interim financial statements have been prepared under the historical cost convention, except that certain operating fixed assets and certain non-banking assets have been stated at revalued amounts and certain investments and derivative financial instruments have been stated at fair value. Further, staff retirement benefits have been carried at present values as determined under the International Accounting Standards (IAS-19) (revised) 'Employees Benefits'.

#### 4.2 Functional and Presentation Currency

These unconsolidated condensed interim financial statements have been presented in Pakistani Rupee, which is the Bank's functional and presentation currency.

### 5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.1 The principal accounting policies and the methods of computation adopted in the preparation of these unconsolidated condensed interim financial statements are same as those applied in the preparation of the financial statements of the Bank for the year ended December 31, 2017 except for the following:

### **Surplus / Deficit on Revaluation of Operating Fixed Assets**

The Companies Ordinance, 1984 (the repealed Ordinance) was repealed through the enactment of the Companies Act, 2017 dated October 04, 2017, the financial reporting requirements of the Companies Act, 2017 were only made applicable for reporting periods starting from January 01, 2018.

The repealed Ordinance specified the accounting treatment for the surplus on revaluation of fixed assets, where in, a deficit arising on revaluation of a particular property was to be adjusted against the total balance in the surplus account or, if no surplus existed, was to be charged to the profit and loss accounts as an impairment of the asset. However, the Companies Act, 2017 removed the specific provision allowing the above treatment and hence, a deficit arising on revaluation of a particular property is now to be accounted for in accordance with IAS-16, which required that such deficit is to be taken to the profit and loss account as an impairment.

Consequently, the Bank has changed its policy for accounting for a deficit arising on revaluation of fixed assets and accordingly, any surplus/deficit arising on revaluation of owned property and non-banking assets acquired in satisfaction of claims is accounted for at individual level.

The effect of this change in accounting policy, which is applied with retrospective effect, has no impact on these unconsolidated condensed interim financial statements.

### **5.2 New / Revised Standards, Interpretations and Amendments**

There are certain new and amended standards and interpretations that are mandatory for accounting periods beginning on or after January 01, 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 unconsolidated condensed interim financial statements.

## **6. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

The basis and methods used for critical accounting estimates and judgements adopted in these unconsolidated 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. FINANCIAL RISK MANAGEMENT**

The Bank's Financial Risk Management objectives and policies are consistent with those disclosed in the annual financial statements for the year ended December 31, 2017.

**8. INVESTMENTS - NET**

June 30, 2018 (Un-audited)			December 31, 2017 (Audited) (Restated)		
Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total

**Investments by types:**

**Held-for-trading securities**

Ordinary shares - Listed	118,967	-	118,967	75,371	-	75,371
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**Available-for-sale securities**

Market Treasury Bills	14,004,779	33,307,845	47,312,624	22,230,144	49,608,440	71,838,584
Pakistan Investment Bonds	5,685,597	7,387,501	13,073,098	2,787,576	10,574,058	13,361,634
GoP Ijarah Sukuks	4,785,067	-	4,785,067	4,793,854	-	4,793,854
Ordinary shares - Listed	4,114,611	105,021	4,219,632	4,189,781	52,510	4,242,291
Ordinary shares - Unlisted	2,830	-	2,830	2,830	-	2,830
Units of open end mutual funds - Listed	87,861	-	87,861	87,861	-	87,861
Preference shares - Unlisted	46,035	-	46,035	37,056	-	37,056
Term finance certificates - Listed	17,266	-	17,266	17,266	-	17,266
Term finance certificates - Unlisted	1,594,732	-	1,594,732	1,594,732	-	1,594,732
Sukuks	1,685,675	-	1,685,675	1,905,943	-	1,905,943
	32,024,453	40,800,367	72,824,820	37,647,043	60,235,008	97,882,051

**Subsidiary**

Ordinary shares - Unlisted	396,942	-	396,942	396,942	-	396,942
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**Investments at cost**

	32,540,362	40,800,367	73,340,729	38,119,356	60,235,008	98,354,364
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Less: Provision held for diminution in the value of investments (note no. 8.1, 8.2 and 23)

	(3,005,948)	-	(3,005,948)	(2,177,965)	-	(2,177,965)
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**Investments - (net of provisions)**

	29,534,414	40,800,367	70,334,781	35,941,391	60,235,008	96,176,399
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Deficit on revaluation of held-for-trading securities-net

	(19,446)	-	(19,446)	(15,885)	-	(15,885)
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Deficit on revaluation of available-for-sale securities-net

	(589,942)	(213,129)	(803,071)	(1,071,134)	(149,135)	(1,220,269)
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**Total Investments at market value**

	28,925,026	40,587,238	69,512,264	34,854,372	60,085,873	94,940,245
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(Un-audited) June 30, 2018 (Audited) December 31, 2017 (Restated)

Note ----- (Rupees in '000) -----

**8.1 Particulars of provision held for diminution in the value of investment**

Opening balance	23	2,177,965	1,922,043
Add: Charge for the period / year		854,975	558,752
Less: Reversal during the period / year		(26,992)	(253,279)
		827,983	305,473
Amounts written off		-	(49,551)
Closing balance		3,005,948	2,177,965

	(Un-audited) June 30, 2018	(Audited) December 31, 2017 (Restated)
Note ----- (Rupees in '000) -----		
<b>8.2 Particulars of provision held for diminution in the value of investment in the respect of the type and segment</b>		
<b>Available-for-sale securities</b>		
Ordinary shares - Listed	1,681,504	1,025,818
Ordinary shares - Unlisted	1,000	1,000
Term finance certificates - Listed	17,266	17,266
Term finance certificates - Unlisted	991,235	791,946
Sukus	200,000	200,000
	<b>2,891,005</b>	<b>2,036,030</b>
<b>Subsidiary</b>	<b>114,943</b>	<b>141,935</b>
	<b><u>3,005,948</u></b>	<b><u>2,177,965</u></b>

## 9. ADVANCES - NET

Loans, cash credits, running finances, etc.- in Pakistan	<b>88,740,350</b>	84,228,224
Net investment in finance lease - in Pakistan	<b>1,556,404</b>	1,625,499
Islamic financing and related assets (Gross)	<b>9.1 &amp; 21.5 11,077,789</b>	10,786,098
 Bills discounted and purchased		
- Payable in Pakistan	<b>1,918,428</b>	181,146
- Payable outside Pakistan	<b>2,965,125</b>	2,710,353
	<b>4,883,553</b>	2,891,499
<b>Gross Advances</b>	<b>106,258,096</b>	99,531,320
 Provision against advances		
- Specific Provision	<b>9.2.1 &amp; 23 (16,333,480)</b>	(14,909,014)
- General Provision	<b>9.2.1 (35,144)</b>	(30,250)
	<b>(16,368,624)</b>	(14,939,264)
<b>Advances - Net of provision</b>	<b><u>89,889,472</u></b>	<b><u>84,592,056</u></b>

**9.1** These represent Islamic financing and related assets placed under shariah permissible modes and presented in note 21 of unconsolidated condensed interim financial statements.

**9.2** Advances include Rs. 19,960.158 million (December 31, 2017 Rs. 17,065.584 million) which have been placed under non-performing status as detailed below:

Category of classification	June 30, 2018 (Un-audited)			December 31, 2017 (Audited) (Restated)		
	Classified advances	Provision required	Provision held	Classified advances	Provision required	Provision held
----- (Rupees in '000) -----						
Other Assets Especially Mentioned (OAEM)	3,653	172	172	1,499	150	150
Substandard	270,296	1,948	1,948	38,112	2,519	2,519
Doubtful	2,338,110	378,513	378,513	960,566	265,840	265,840
Loss (Note 23)	<b>17,348,099</b>	<b>15,952,847</b>	<b>15,952,847</b>	16,065,407	14,640,505	14,640,505
	<b><u>19,960,158</u></b>	<b><u>16,333,480</u></b>	<b><u>16,333,480</u></b>	17,065,584	14,909,014	14,909,014

**9.2.1 Particulars of provision against non-performing loans and advances.**

	Half year ended June 30, 2018 (Un-audited)			Year ended December 31, 2017 (Audited) (Restated)		
	Specific	General	Total	Specific	General	Total
	----- (Rupees in '000) -----					
Opening balance	14,909,014	30,250	14,939,264	14,362,626	49,075	14,411,701
Charge for the period / year	1,620,815	4,894	1,625,709	1,840,713	-	1,840,713
Reversal during the period / year	(168,303)	-	(168,303)	(1,069,659)	(18,825)	(1,088,484)
	1,452,512	4,894	1,457,406	771,054	(18,825)	752,229
Amounts written off	(28,046)	-	(28,046)	(224,666)	-	(224,666)
Closing balance	<u>16,333,480</u>	<u>35,144</u>	<u>16,368,624</u>	<u>14,909,014</u>	<u>30,250</u>	<u>14,939,264</u>

**9.2.2** The Bank has availed the Forced Sale Value (FSV) benefit of pledged stocks, mortgaged properties, plant and machinery, shares and Cash Margin/TDRs held as collateral against non-performing advances as allowed under the applicable Prudential Regulations issued by the State Bank of Pakistan. Had the benefit not been taken by the Bank, the specific provision against non-performing advances would have been higher by Rs. 2,046.111 million (2017: Rs. 1,440.852 million). The positive impact on the profit and loss account arising from availing this benefit - net of tax amounts to Rs. 1,329.972 million (2017: Rs. 936.553 million). As per the applicable Prudential Regulations, the positive impact of FSV benefit is not available for distribution either as cash or stock dividend to shareholders and bonus to employees.

The SBP has granted relaxation in provisioning requirements in respect of exposure in Dewan Group. Had this relaxation not been available, provision against loans and advances would have been higher by Rs. 205.502 million (2017: Rs. 205.502 million).

**9.2.3** As per the revised 'Prudential Regulations for Small and Medium Enterprises' Financing' issued by SBP vide IH & SMEFD Circular No 9 dated December 22, 2017 the requirement to maintain general reserve at 1% of secured small enterprises (SE) performing portfolio has been abolished while requirement for unsecured SE performing portfolio has been reduced from 2% to 1%. Moreover, for consumer financing performing portfolio, general reserve at 1% of secured and 4% of unsecured has been maintained pursuant to the revised 'Prudential Regulations for Consumer Financing' issued by the State Bank of Pakistan vide BPRD Circular No. 10 dated August 03, 2016. Moreover, 10% specific provision has been held against the SE financing falling in ODEM category i.e., where the principal / mark-up is over due by 90 days.

**10. OPERATING FIXED ASSETS**

	Note	(Un-audited) June 30, 2018	(Audited) December 31, 2017
----- (Rupees in '000) -----			
Capital work-in-progress	10.1	4,198,558	4,933,281
Property and equipment	10.2	7,241,680	7,533,663
Intangible assets	10.3	168,037	197,640
		<u>11,608,275</u>	<u>12,664,584</u>
<b>10.1 Capital work-in-progress</b>			
Civil works and related payments / progress billings		4,142,097	4,891,357
Advances to suppliers and contractors		56,461	41,924
Advance against capital work in progress - considered doubtful		1,204,830	141,224
Less: Provision there against		(1,204,830)	(141,224)
		<u>4,198,558</u>	<u>4,933,281</u>

10.1.1 This includes costs incurred by the Bank on its self constructed multipurpose building. A portion of this building has been allocated to Bank's head office and branch premises, while the rest has been earmarked for onward disposal in due course. Accordingly, on December 31, 2018, after completion of the project, the portion of construction cost allocated to head office and branch premises will be transferred to the building and equipment categories as per applicable accounting standards, while rest of the construction costs allocated to saleable portion together with allocable carrying value of land has been transferred to 'Other Assets' category.

	(Un-audited) June 30, 2018	(Audited) December 31, 2017
<b>10.2 Property and equipment</b>	----- (Rupees in '000) -----	
Book value at beginning of the period / year	7,533,663	7,533,938
Surplus on revaluation of fixed assets	-	140,614
Cost of additions / transfers during the period / year	60,218	598,723
Book value of deletions / write off during the period / year	(5,505)	(30,829)
Depreciation charge for the period / year	(346,696)	(703,113)
Impairment for the period / year	-	(5,670)
<b>Book value at end of the period / year</b>	<u>7,241,680</u>	<u>7,533,663</u>

	(Un-audited) June 30, 2018	(Audited) December 31, 2017
<b>10.3 Intangible assets</b>	----- (Rupees in '000) -----	
Book value at beginning of the period / year	197,640	244,725
Cost of additions during the period / year	807	14,593
Amortization charge for the period / year	(30,410)	(61,678)
<b>Book value at end of the period / year</b>	<u>168,037</u>	<u>197,640</u>

	(Un-audited) June 30, 2018	(Audited) December 31, 2017 (Restated)
<b>11. DEFERRED TAX ASSETS - NET</b>	----- (Rupees in '000) -----	
<b>Note</b>		

**Deferred debits arising in respect of:**

Provision against non performing loans	1,600,740	1,309,930
Provision for compensated absences	37,232	36,558
Provision against other assets	149,657	149,656
Provision against capital work in progress	43,107	43,107
Unrealised loss on held-for-trading securities	6,806	5,560
Unused tax losses	3,333,714	4,103,554
Provision for diminution in the value of investments	1,052,082	762,288
Deficit on revaluation of available-for-sale securities - net	281,075	427,094
	<u>6,504,413</u>	<u>6,837,747</u>

**Deferred credits arising in respect of:**

Surplus on revaluation of fixed assets	(432,516)	(452,385)
Surplus on revaluation of non-banking assets	(124,193)	(151,972)
Unrealized gain on forward exchange contracts	(76,596)	(30,429)
Operating fixed assets	(351,320)	(398,770)
	<u>(984,625)</u>	<u>(1,033,556)</u>

**11.1 & 23** 5,519,788 5,804,191

11.1 The net deferred tax asset has been recognized in accordance with the Bank's accounting policy. The management, based on financial projections, estimates that sufficient taxable profits would be available in future against which the recognized deferred tax asset could be realized. The projections include certain key assumptions underlying managements' estimation of profits. Any significant change in such assumptions may have effect on the recoverability of deferred tax asset. Management believes that it is probable that the Bank would be able to achieve the profits and consequently, the recognized deferred tax asset will be fully realized in future.

## 12. OTHER ASSETS

Other assets includes non-banking assets acquired in satisfaction of claims (NBAs) amounting to Rs. 3,466.654 million as at June 30, 2018. These assets were acquired by the Bank from time to time for settlement of claims to safeguard the interest of the Bank for ensuring maximum recoveries from the defaulting borrowers. To achieve reduction in the overall exposure in NBAs, Bank's sincere efforts are underway.

## 13. DEPOSITS AND OTHER ACCOUNTS

	(Un-audited) June 30, 2018	(Audited) December 31, 2017
	----- (Rupees in '000) -----	
<b>Customers</b>		
Fixed deposits	32,075,287	32,124,431
Savings deposits	54,241,298	51,529,761
Current accounts - non-remunerative	47,562,262	43,977,485
Margin accounts	5,645,276	5,518,752
	<b>139,524,123</b>	<b>133,150,429</b>
<b>Financial institutions</b>		
Non-remunerative deposits	1,705,791	1,541,778
Remunerative deposits	8,831,603	11,037,500
	<b>10,537,394</b>	<b>12,579,278</b>
	<b>150,061,517</b>	<b>145,729,707</b>

## 14. CONTINGENCIES AND COMMITMENTS

### 14.1 Direct credit substitutes

Including guarantees and standby letters of credit serving as financial guarantees for loans and securities:

	(Un-audited) June 30, 2018	(Audited) December 31, 2017
	----- (Rupees in '000) -----	
Government	-	-
Financial Institution	-	-
Others	111,170	288,532
	<b>111,170</b>	<b>288,532</b>

### 14.2 Transaction-related contingent liabilities / commitments / guarantees issued

Contingent liability in respect of performance bonds, bid bonds, shipping guarantees and standby letters of credit favouring:

	(Un-audited) June 30, 2018	(Audited) December 31, 2017
	----- (Rupees in '000) -----	
Government	15,791,239	14,608,761
Banking companies and other financial institutions	1,308,896	1,605,724
Others	5,239,548	5,853,923
	<b>22,339,683</b>	<b>22,068,408</b>

	(Un-audited) June 30, 2018	(Audited) December 31, 2017
	----- (Rupees in '000) -----	
<b>14.3 Trade-related contingent liabilities</b>		
Letters of credit	17,734,933	14,839,940
Acceptances	1,656,889	1,276,921
	<u>19,391,822</u>	<u>16,116,861</u>
<b>14.4 Other contingencies - claims against Bank not acknowledged as debts</b>	<u>7,566,747</u>	<u>7,464,043</u>
<b>14.5 Contingent asset</b>		
There was no contingent asset as at June 30, 2018 (December 31, 2017: Nil).		
<b>14.6 Commitments in respect of forward lending</b>		
Forward documentary bills	4,067,559	3,639,137
Commitments to extend credit	13,857,143	17,792,426
	<u>17,924,702</u>	<u>21,431,563</u>
<b>14.7 Commitments in respect of forward exchange contracts</b>		
Purchase	15,579,227	5,484,447
Sale	15,713,103	4,303,310
	<u>31,292,330</u>	<u>9,787,757</u>
<b>14.8 Commitments for capital expenditure</b>		
Civil works and others	<u>299,750</u>	<u>455,583</u>
<b>14.9 Commitments in respect of repo transactions</b>		
Repurchase of securities	<u>24,298,311</u>	<u>40,198,208</u>
<b>14.10</b>	Subsequent to the period end, Law Enforcement Agencies (LEAs) initiated its investigation on certain bank accounts alleged for money laundering activities in various banks including Summit Bank Limited. The Honorable Supreme Court of Pakistan under Suo Moto Case HRC-39216-G, appointed a Joint Investigation Team (JIT) which was constituted to investigate the matter. On recommendation of JIT, the matter was referred by the Honourable Supreme Court to the National Accountability Bureau (NAB) for further investigation and filing of references in the National Accountability Courts. The matter is currently under NAB investigations and only partial references have been filed in the NAB Courts. The bank has been and is committed to extending its full cooperation to the Law Enforcement Agencies in their investigations to the best extent possible and the matter is currently subjudice. These proceedings in the opinion of the management will not have any effect on the operations and functioning of the Bank.	

## 15. TAXATION

The income tax returns of the Bank have been submitted up to and including the financial year ended December 31, 2016 i.e. tax year 2017.

In respect of assessments of Summit Bank Limited from tax year 2008 to tax year 2013, the tax authorities disputed Bank's treatment on certain issues and created additional tax demand (net of rectification) of Rs. 230.52 million through amended assessment orders and the same have been paid / adjusted against available refunds.

In respect of assessments of ex-My Bank Limited (now Summit Bank Limited) from tax year 2003 to tax year 2011, the tax authorities disputed Bank's treatment on certain issues and created additional tax demand of Rs. 456.62 million through amended assessment orders and the same have been paid / adjusted against available refunds.

In respect of assessments of ex-Atlas Bank Limited (now Summit Bank Limited) from tax year 2003 to tax year 2010, the tax authorities disputed Bank's treatment on certain issues and created additional tax demand of Rs. 89.74 million through amended assessment orders and the same have been paid / adjusted against available refunds.

Such issues mainly include disallowances of mark-up payable, taxation of mutual fund distribution at corporate tax rate, disallowance of provision against non-performing loans, disallowance of reversal of provisions, allocation of expenses against dividend income and capital gain, disallowances against non-banking assets etc. The Bank has filed appeals before the various appellate forums against these amended assessment orders which are either pending for hearing or order.

The management of the Bank is confident about the favourable outcome of the appeals hence, no provision / adjustment with respect to the above matters has been made in these unconsolidated condensed interim financial statements.

	Note	(Un-audited) June 30, 2018	(Un-audited) June 30, 2017
		----- (Rupees in '000) -----	
<b>16. BASIC AND DILUTED LOSS PER SHARE</b>			
Loss for the period		<u>(3,808,137)</u>	<u>(292,172)</u>
		----- (Number of shares) -----	
<b>16.1 Weighted average number of ordinary shares - basic</b>		<u>2,638,151,060</u>	<u>2,168,966,634</u>
		----- (Rupees) -----	
Basic loss per share		<u>(1.44)</u>	<u>(0.13)</u>
		----- (Number of shares) -----	
<b>16.2 Weighted average number of ordinary shares - diluted</b>	<b>16.2.1</b>	<u>2,638,151,060</u>	<u>2,608,466,976</u>
		----- (Rupees) -----	
Diluted loss per share		<u>(1.44)</u>	<u>(0.13)</u>
<b>16.2.1</b>	There are no potential ordinary shares outstanding as of June 30, 2018. Due to the anti dilutive effect of potential ordinary shares during last year, the diluted loss per share was reported same as basic loss per share.		

		(Un-audited) June 30, 2018	(Un-audited) June 30, 2017
		----- (Rupees in '000) -----	
<b>17. CASH AND CASH EQUIVALENTS</b>			
Cash and Balance with Treasury Banks		<u>14,973,461</u>	<u>14,205,297</u>
Balance with other banks		<u>2,675,610</u>	<u>2,413,878</u>
Overdrawn nostro accounts		<u>(10,274)</u>	<u>(23,686)</u>
		<u><u>17,638,797</u></u>	<u><u>16,595,489</u></u>

## 18. FAIRVALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Bank has access at that date. The fair value of a liability reflects its non-performance risk.

All assets and liabilities for which fair value is measured or disclosed in the unconsolidated condensed interim financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The basis for determination of fair values of various assets and liabilities and their hierarchies as disclosed in note 18.1 below are the same as those adopted in the annual audited unconsolidated financial statements of the Bank for the year ended December 31, 2017.

In the opinion of management, the fair value of the remaining financial assets and liabilities are either not significantly different from their carrying values and repriced periodically or cannot be calculated with sufficient reliability. Moreover, provision for impairment of loans and advances has been calculated in accordance with the Bank's accounting policy.

### 18.1 Fair value hierarchy

June 30, 2018 (Un-audited)			
Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----			

#### On balance sheet financial instruments

##### Financial assets - measured at fair value

##### Investments

Market Treasury Bills	-	47,293,792	-	47,293,792
Pakistan Investment Bonds	-	12,713,514	-	12,713,514
GOP Ijarah Sukuks	-	4,752,673	-	4,752,673
Ordinary shares - Listed	2,247,264	-	-	2,247,264
Ordinary shares - Unlisted	-	-	1,834	1,834
Units of open end mutual funds - Listed	69,120	-	-	69,120
Preference shares - Unlisted	-	46,035	-	46,035
Term Finance Certificates and Sukuks	-	2,106,037	-	2,106,037

##### Non-financial assets - measured at fair value

Operating fixed assets	-	-	6,539,095	6,539,095
Non banking assets acquired in satisfaction of claims	-	-	3,757,201	3,757,201

##### Off-balance sheet financial instruments- measured at fair value

Forward purchase of foreign exchange	-	16,104,878	-	16,104,878
Forward sale of foreign exchange	-	16,019,908	-	16,019,908

December 31, 2017 (Audited) (Restated)			
Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----			

**On balance sheet financial instruments**

**Financial assets - measured at fair value**

**Investments**

Market Treasury Bills	-	71,840,364	-	71,840,364
Pakistan Investment Bonds	-	13,218,246	-	13,218,246
GOP Ijarah Sukuks	-	4,810,812	-	4,810,812
Ordinary shares - Listed	2,171,093	-	-	2,171,093
Ordinary shares - Unlisted	-	-	1,834	1,834
Units of open end mutual funds - Listed	68,806	-	-	68,806
Preference shares - Unlisted	-	37,056	-	37,056
Term Finance Certificates and Sukuks	-	2,537,031	-	2,537,031

**Non-financial assets - measured at fair value**

Operating fixed assets	-	-	6,744,652	6,744,652
Non banking assets acquired in satisfaction of claims	-	-	4,521,487	4,521,487

**Off-balance sheet financial instruments-  
measured at fair value**

Forward purchase of foreign exchange	-	5,672,541	-	5,672,541
Forward sale of foreign exchange	-	4,404,467	-	4,404,467

**Valuation techniques used in determination of fair value**

Item	Valuation approach and input used
Federal Government Securities	The fair values of Federal Government securities are determined using the PKRV rates.
Units of mutual funds	The fair values of investments in units of mutual funds are determined based on their net asset values as published at the close of each business day.
Ordinary shares - Listed	The fair value of investment in listed equity securities are valued on the basis of closing quoted market price available at the Pakistan Stock Exchange.
Ordinary shares - Unlisted	This represents breakup value of investments as per latest available financial statements.
Non-Government Debt Securities	Investments in debt securities (comprising term finance certificates, bonds and any other security issued by a company or a body corporate for the purpose of raising funds in the form of redeemable capital) are valued on the basis of the rates announced by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the Securities and Exchange Commission of Pakistan.
Forward foreign exchange contracts	The valuation has been incorporated by interpolating the foreign exchange revaluation rates announced by the SBP.
Operating fixed assets (land and building) and Non Banking Assets acquired in satisfaction of claims	The valuation experts used a market based approach to arrive at the fair value of the Bank's properties. The market approach used prices and other relevant information generated by market transactions involving identical or comparable or similar properties.

## 19. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

	Corporate finance	Trading and sales	Retail banking	Commercial banking	Payment and settlement /others	Total
----- (Rupees in '000) -----						
<b>For the period ended</b>						
<b>June 30, 2018 (Un-audited)</b>						
Total income	3,444	2,188,774	334,399	3,959,696	2,924	6,489,237
Total expenses	1,373	3,496,424	2,973,882	3,543,079	17,638	10,032,396
Net income / (loss) before tax	2,071	(1,307,650)	(2,639,483)	416,617	(14,714)	(3,543,159)
Segment return on assets (ROA) (%)	16.01	-1.68	-11.04	0.39	-1.88	
Segment cost of funds (%)	180.18	10.65	6.87	2.82	0.67	
<b>For the period ended</b>						
<b>June 30, 2017 (Un-audited)</b>						
Total income	34,028	2,867,729	430,736	3,005,576	71,941	6,410,010
Total expenses	14,201	1,684,547	2,127,593	2,753,781	31,223	6,611,345
Net income / (loss) before tax	19,827	1,183,182	(1,696,857)	251,795	40,718	(201,335)
Segment return on assets (ROA) (%)	28.61	2.19	-14.38	0.53	19.79	
Segment cost of funds (%)	211.31	8.47	6.06	5.44	1.44	
<b>As at June 30, 2018 (Un-audited)</b>						
Segment assets (gross)	12,934	81,064,032	24,860,176	124,214,234	1,985,873	232,137,249
Segment non performing loans	-	-	961,590	18,998,568	-	19,960,158
Segment provision	-	3,005,948	944,302	16,006,690	1,204,830	21,161,770
Segment assets (net)	12,934	78,058,084	23,915,874	108,207,544	781,043	210,975,479
Segment liabilities	762	32,963,013	43,124,963	125,578,779	2,635,530	204,303,047
<b>As at December 31, 2017 (Audited) (Restated)</b>						
Segment assets (gross)	98,370	112,601,523	22,422,441	113,931,843	808,013	249,862,190
Segment non performing loans	-	-	1,025,761	16,039,823	-	17,065,584
Segment provision	-	2,177,965	837,818	14,589,882	-	17,605,665
Segment assets (net)	98,370	110,423,558	21,584,623	99,341,961	808,013	232,256,525
Segment liabilities	10,879	48,613,085	1,933,551	167,858,238	3,599,658	222,015,411

For the purpose of segmental reporting, unallocated items of income and expenses have been allocated to the above segments in proportion to segment revenue.

**20. RELATED PARTY TRANSACTIONS**

The Bank has related party transactions with its parent company, subsidiary company, entities having directors in common with the Bank, employee benefit plans and its directors and executive officers.

Details of transactions with the related parties, other than those which have been disclosed elsewhere in these unconsolidated condensed interim financial statements, are as follows:

	June 30, 2018 (Un-audited)				December 31, 2017 (Audited)					
	Key management personnel	Directors	Parent company	Subsidiary	Other related parties	Key management personnel	Directors	Parent company	Subsidiary	Other related parties
	(Rupees in '000)									
<b>Advances</b>										
Balance at beginning of the year	409,534	-	-	-	1,213,053	324,233	-	-	-	1,078,078
Disbursements / granted during the period / year	35,339	-	-	-	2,034,379	293,128	-	-	3,352,408	3,889,335
Payments received / adjustments during the period / year	(141,653)	-	-	-	(1,570,500)	(207,827)	-	-	(3,352,408)	(3,754,360)
Balance at end of the period / year	303,220	-	-	-	1,676,932	409,534	-	-	-	1,213,053
<b>Deposits</b>										
Balance at beginning of the year	67,791	32,259	-	128,456	860,510	20,770	45,147	-	144,472	501,960
Deposits during the period / year	302,676	19,864	-	3,162,784	14,559,306	595,492	82,026	-	9,367,739	7,583,660
Withdrawals / adjustments during the period / year	(347,990)	(20,330)	-	(3,192,442)	(14,784,141)	(546,971)	(94,914)	-	(9,383,755)	(7,225,130)
Balance at end of the period / year	21,977	31,793	-	98,798	635,675	67,291	32,259	-	128,456	860,510
<b>Other balances</b>										
Shares issued during the period / year	-	-	-	-	-	-	137,541	5,060,450	-	-
Investment in shares /IFCS	-	-	-	281,999	240,852	-	-	-	255,007	277,781
Other receivable	3,065	-	579	67,420	4,821	488	-	488	6,271	45,882
Other payable	-	-	-	6,223	-	-	-	-	7,956	1,369
Mark-up receivable	113	-	-	-	33,587	825	-	-	2,939	19,981
Mark-up payable	190	101	-	90	2,184	168	85	-	876	1,175
<b>Contingencies and Commitments</b>										
Guarantees, letters of credit and acceptances	-	-	-	-	818,899	-	-	-	-	869,683
Commitments to extend credit	1,040	-	-	400,000	214,960	548	-	-	400,000	547,957

	June 30, 2018 (Un-audited)				June 30, 2017 (Un-audited)					
	Key management personnel	Directors	Parent company	Subsidiary	Other related parties	Key management personnel	Directors	Parent company	Subsidiary	Other related parties
<b>Transactions, income and expenses</b>										
Purchase of investments	-	-	-	-	51,912	-	-	-	-	47,881
Disposal of investments	-	-	-	-	47,995	-	-	-	-	121,330
Brokerage expenses	-	-	-	1,945	-	-	-	-	5,936	798
Advertisement and Publicity	-	-	-	-	100	-	-	-	-	-
Subscription paid	1,361	-	-	-	750	-	-	-	-	4,753
Education and training	-	-	-	-	1,687	-	-	-	-	2,555
Capital (loss) / gain	-	-	-	-	(7,505)	-	-	-	-	1,355
Dividend income	-	-	-	-	612	-	-	-	-	968
Contribution to the provident fund	-	-	-	-	36,201	-	-	-	-	39,966
Contribution to the gratuity fund	-	-	-	-	30,645	-	-	-	-	29,715
Remuneration paid	92,178	-	-	-	-	-	-	-	-	-
Post employment benefits	2,855	-	-	-	-	114,431	-	-	-	-
Rental income	-	-	-	-	-	3,472	-	-	-	-
Mark-up earned	8,976	-	-	1,449	-	-	-	-	1,318	-
Mark-up expensed	408	446	-	235	53,020	5,977	-	-	5,694	28,683
Other income	-	-	-	-	8,410	251	451	-	81	13,568
Rental expense	-	-	-	-	17,301	-	-	-	8	-
(Reversal of provision)/provision for diminution in the value of investment	-	-	-	(26,992)	8,247	-	-	-	-	14,781
Fees paid	-	1,900	-	-	-	-	2,550	-	-	126,934
Professional charges	-	-	-	-	265	-	-	-	-	-

## 21. ISLAMIC BANKING OPERATIONS

- 21.1 The Bank commenced its Islamic Banking Operations in Pakistan on March 07, 2014 and is operating with 14 Islamic Banking Branches (IBBs) (December 31, 2017: 14 IBBs) and 35 Islamic Banking Windows (IBWs) (December 31, 2017: 35 IBWs) as at June 30, 2018.

BSD Circular letter No. 03 dated January 22, 2013 and BPRD circular letter no. 05 dated February 29, 2016 require all Islamic Banks / Other Banks with Islamic Banking Branches to present all financing and advances under Islamic modes of financing and any other related assets pertaining to Islamic mode of financing under the caption 'Islamic Financing and Related Assets' in the statement of financial position.

- 21.2 The condensed interim statement of financial position of Islamic Banking Operations as at June 30, 2018 is as follows:

	(Un-audited) June 30, 2018	(Audited) December 31, 2017
Note	----- (Rupees in '000) -----	
<b>ASSETS</b>		
Cash and balances with treasury banks	1,510,604	1,293,159
Balances with other banks	218,975	435,524
Due from financial institutions	8,500,000	5,936,023
Investments	5,637,844	5,860,690
Islamic financing and related assets	21.5 11,068,749	10,779,551
Operating fixed assets	139,246	150,740
Deferred tax assets - net	6,811	-
Other assets	270,643	520,975
<b>TOTAL ASSETS</b>	<b>27,352,872</b>	<b>24,976,662</b>
<b>LIABILITIES</b>		
Bills payable	183,158	212,856
Due to financial institutions	250,000	250,000
Deposits and other accounts		
- Current accounts	8,762,084	7,792,141
- Saving accounts	11,649,331	10,366,610
- Term deposits	2,098,618	2,132,391
- Others	314,472	633,563
- Deposits from financial institutions - remunerative	1,769,053	1,513,382
- Deposits from financial institutions - non - remunerative	104,950	111,158
Deferred tax liabilities - net	-	12,261
Other liabilities	584,806	387,758
	<b>25,716,472</b>	<b>23,412,120</b>
<b>NET ASSETS</b>	<b>1,636,400</b>	<b>1,564,542</b>
<b>REPRESENTED BY :</b>		
Islamic banking fund	1,000,000	1,000,000
Reserves	1,441	-
Unappropriated profit	647,610	541,772
	<b>1,649,051</b>	<b>1,541,772</b>
(Deficit) / surplus on revaluation of assets - net of tax	(12,651)	22,770
	<b>1,636,400</b>	<b>1,564,542</b>

	(Un-audited) June 30, 2018	(Un-audited) June 30, 2017
	----- (Rupees in '000) -----	
<b>21.3 Remuneration to Shariah Advisor (RSBM) / Board for the period</b>	<u>6,017</u>	<u>5,573</u>
	(Un-audited) June 30, 2018	(Audited) December 31, 2017
	----- (Rupees in '000) -----	
<b>21.4 Charitable fund</b>		
Opening balance	63	-
Addition during the period / year	522	121
Payment / utilization during the period / year	-	(58)
Closing balance	<u>585</u>	<u>63</u>
<b>21.5 Islamic financing and related assets</b>		
<b>Financings / investments / receivables</b>		
- Murabaha	1,138,352	697,323
- Ijarah	960,232	856,163
- Diminishing Musharakah	4,618,648	4,467,802
- Istisna	18,306	2,703
- Tijarah	1,999,380	2,613,090
- Running Musharakah	1,072,400	338,304
- Term Musharakah	455,000	520,000
- Other Islamic modes	16,621	-
	<u>10,278,939</u>	<u>9,495,385</u>
<b>Advances</b>		
- Advance against Murabaha	499,749	322,580
- Advance against Diminishing Musharakah	104,526	84,671
- Advance against Ijarah	56,478	74,074
	<u>660,753</u>	<u>481,325</u>
<b>Inventories</b>		
- Tijarah inventories	-	698,552
- Istisna inventories	138,097	110,836
	<u>138,097</u>	<u>809,388</u>
	<u>11,077,789</u>	<u>10,786,098</u>
Less: Provision against financing and advances - Specific	-	-
Less: Provision against financing and advances - General	(9,040)	(6,547)
	<u>11,068,749</u>	<u>10,779,551</u>

## 22. LIQUIDITY COVERAGE RATIO AND NET STABLE FUNDING RATIO

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.

	(Un-audited) June 30, 2018	(Un-audited) March 31, 2018	(Audited) December 31, 2017 (Restated)
----- Total Adjusted Value -----			
----- (Rupees in '000) -----			
<b>22.1 Liquidity Coverage Ratio</b>			
Total High quality liquid assets	45,186,518	46,901,642	45,312,100
Total Net cash outflows	38,476,022	41,227,447	40,041,207
Liquidity Coverage Ratio (%)	<u>117.44%</u>	<u>113.76%</u>	<u>113.16%</u>
Minimum Requirement (%)	<u>90.00%</u>	<u>90.00%</u>	<u>90.00%</u>
----- (Rupees in '000) -----			
<b>22.2 Net Stable Funding Ratio</b>			
Total Available stable funding	118,421,596	108,281,876	108,281,876
Total Required stable funding	91,471,218	87,257,481	87,257,481
Net Stable funding Ratio (%)	<u>129%</u>	<u>124%</u>	<u>124%</u>
Minimum Requirement (%)	<u>100%</u>	<u>100%</u>	<u>100%</u>

### 23. RESTATEMENT

During the half year ended, the Bank has identified an additional provision charge against a non-performing loan and an investment amounting to Rs. 929.814 million (net of tax Rs. 604.379 million) and Rs. 290.819 million (net of tax Rs. 189.032 million) respectively that needs to be incorporated in the annual results for the financial year ended December 31, 2017 for better presentation. Accordingly, in compliance with the requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors', this amount has been accounted for by restating the comparative financial statements as at December 31, 2017. Had this provision not been accounted for by the Bank, investments and advances as at December 31, 2017 would have been higher by Rs. 290.819 million and Rs. 929.814 million respectively, while accumulated losses and deferred tax assets as at December 31, 2017 would have been lower by Rs. 793.411 million and Rs. 427.222 million respectively.

### 24. GENERAL

- 24.1** The figures in the unconsolidated condensed interim financial statements have been rounded off to the nearest thousand.
- 24.2** Figures have been re-arranged and re-classified, wherever necessary, for the purpose of better presentation.

### 25. DATE OF AUTHORISATION FOR ISSUE

These unconsolidated condensed interim financial statements were authorised for issue on September 18, 2020 by the Board of Directors of the Bank.

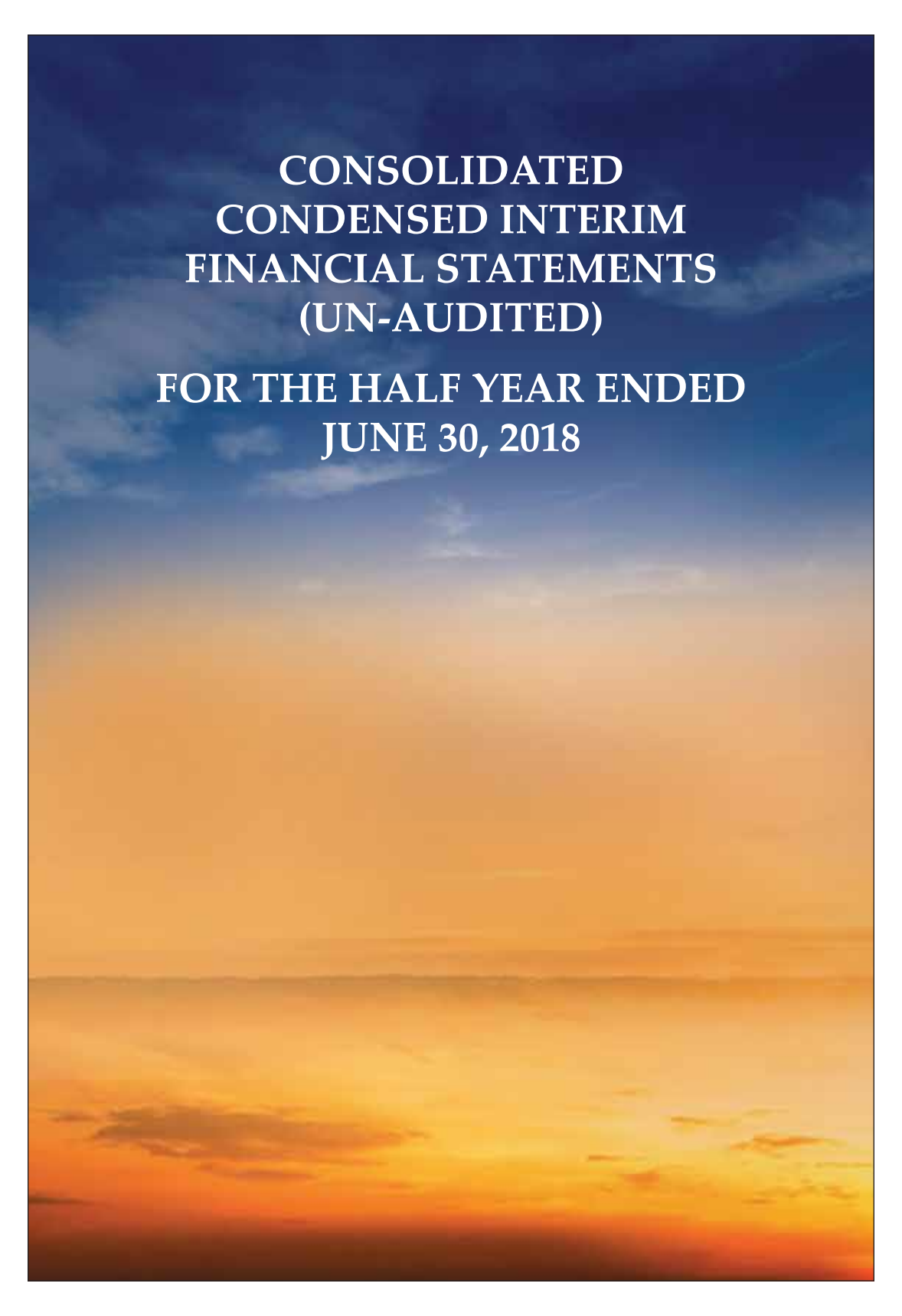
Acting President &  
Chief Executive

Chief Financial Officer

Director

Director

Director



**CONSOLIDATED  
CONDENSED INTERIM  
FINANCIAL STATEMENTS  
(UN-AUDITED)**

**FOR THE HALF YEAR ENDED  
JUNE 30, 2018**

**CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2018**

		(Un-audited) June 30, 2018	(Audited) December 31, 2017 (Restated)
	Note	----- (Rupees in '000) -----	
<b>ASSETS</b>			
Cash and balances with treasury banks		14,973,488	13,556,734
Balances with other banks		2,675,717	2,440,437
Lendings to financial institutions		9,493,875	10,671,003
Investments-net	8	69,276,074	94,732,789
Advances-net	9	89,890,662	84,592,830
Operating fixed assets	10	11,657,031	12,714,481
Deferred tax assets-net	11	5,484,924	5,759,878
Other assets	12	7,489,858	7,765,228
		<b>210,941,629</b>	<b>232,233,380</b>
<b>LIABILITIES</b>			
Bills payable		2,463,575	3,065,379
Borrowings		46,581,465	67,307,766
Deposits and other accounts	13	149,962,266	145,606,731
Sub-ordinated loans		1,495,515	1,495,860
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities		3,773,890	4,494,151
		<b>204,276,711</b>	<b>221,969,887</b>
<b>NET ASSETS</b>		<b>6,664,918</b>	<b>10,263,493</b>
<b>REPRESENTED BY</b>			
Share capital		26,381,510	26,381,510
Reserves		(6,306,359)	(6,306,359)
Accumulated losses		(15,114,857)	(11,337,838)
		<b>4,960,294</b>	<b>8,737,313</b>
Surplus on revaluation of assets - net of tax		1,704,624	1,526,180
		<b>6,664,918</b>	<b>10,263,493</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	14		

The annexed notes from I to 25 form an integral part of these consolidated condensed interim financial statements.

Acting President &  
Chief Executive

Chief Financial Officer

Director

Director

Director

**CONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)  
FOR THE QUARTER AND HALF YEAR ENDED JUNE 30, 2018**

	Note	Quarter ended		Half year ended	
		June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
(Rupees in '000)					
Mark-up / return / interest earned		2,495,741	2,766,300	5,337,042	5,298,208
Mark-up / return / interest expensed		(1,721,207)	(1,914,004)	(3,742,866)	(3,690,323)
Net mark-up / interest income		774,534	852,296	1,594,176	1,607,885
Provision against non-performing loans and advances - net	9.2.1	(1,125,501)	(90,487)	(1,457,406)	(55,581)
(Provision) / reversal of provision for diminution in the value of investments - net	8.1	(854,975)	(123,577)	(854,975)	104,038
Bad debts written off directly		(3,341)	(209)	(3,635)	(3,891)
Net mark-up / interest (expense) / income after provisions		(1,209,283)	638,023	(721,840)	1,652,451
<b>NON MARK-UP / INTEREST INCOME</b>					
Fee, commission and brokerage income		317,600	333,006	569,883	617,261
Dividend income		1,699	10,053	5,424	14,553
Income from dealing in foreign currencies		241,088	121,265	412,605	278,991
Gain on sale of securities - net		3,349	25,932	25,647	229,824
Gain on disposal of operating fixed assets - net		1,583	2,406	2,326	27,375
Unrealised loss on revaluation of investments classified as held-for-trading - net		(11,680)	(17,509)	(19,726)	(33,279)
Other income		151,175	24,703	197,584	54,927
Total non-mark-up / interest income		704,814	499,856	1,193,743	1,189,652
		(504,469)	1,137,879	471,903	2,842,103
<b>NON MARK-UP / INTEREST EXPENSES</b>					
Administrative expenses		(1,441,109)	(1,530,240)	(2,863,247)	(3,003,849)
(Other provisions) / (write-offs) / reversals		(1,156,826)	109	(1,160,654)	2
Other charges		(10,506)	(3,269)	(23,840)	(10,885)
Total non-mark-up / interest expenses		(2,608,441)	(1,533,400)	(4,047,741)	(3,014,732)
		(3,112,910)	(395,521)	(3,575,838)	(172,629)
Extra ordinary / unusual items		-	-	-	-
<b>LOSS BEFORE TAXATION</b>		(3,112,910)	(395,521)	(3,575,838)	(172,629)
<b>Taxation</b>					
Current	15	(37,747)	(51,490)	(81,362)	(90,627)
Prior years		-	-	-	-
Deferred		(345,920)	64,237	(176,585)	(13,504)
		(383,667)	12,747	(257,947)	(104,131)
<b>LOSS AFTER TAXATION</b>		(3,496,577)	(382,774)	(3,833,785)	(276,760)
(Rupees)					
<b>Basic loss per share</b>	16.1	(1.33)	(0.18)	(1.45)	(0.13)
<b>Diluted loss per share</b>	16.2	(1.33)	(0.18)	(1.45)	(0.13)

The annexed notes from I to 25 form an integral part of these consolidated condensed interim financial statements.

Acting President &  
Chief Executive

Chief Financial Officer

Director

Director

Director

**CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE QUARTER AND HALF YEAR ENDED JUNE 30, 2018**

	Quarter ended		Half year ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
	----- (Rupees in '000) -----			
Loss after taxation for the period	(3,496,577)	(382,774)	(3,833,785)	(276,760)
Other comprehensive income	-	-	-	-
Comprehensive loss transferred to consolidated condensed interim statement of changes in equity	<u>(3,496,577)</u>	<u>(382,774)</u>	<u>(3,833,785)</u>	<u>(276,760)</u>
<b>Components of comprehensive (loss) / income not reflected in equity</b>				
Surplus / (deficit) on revaluation of available for-sale securities - net of tax	171,956	(34,146)	266,933	(44,710)
<b>Total comprehensive loss for the period</b>	<u><b>(3,324,621)</b></u>	<u><b>(416,920)</b></u>	<u><b>(3,566,852)</b></u>	<u><b>(321,470)</b></u>

The annexed notes from 1 to 25 form an integral part of these consolidated condensed interim financial statements.

\_\_\_\_\_  
Acting President &  
Chief Executive

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Chief Financial Officer

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Director

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Director

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Director

**CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2018**

	Note	Half year ended	
		June 30, 2018	June 30, 2017
		----- (Rupees in '000) -----	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Loss before taxation		(3,575,838)	(172,629)
Less: Dividend income		(5,424)	(14,553)
		<b>(3,581,262)</b>	<b>(187,182)</b>
<b>Adjustments:</b>			
Depreciation on operating fixed assets		348,341	351,613
Depreciation on non banking assets		21,927	16,204
Amortization		30,436	30,991
Provision against non-performing loans and advances - net		1,457,406	55,581
Bad debts written off directly		3,635	3,891
Other provisions / write offs / (reversals) made		1,160,654	(2)
Provision / (reversal of provision) for diminution in the value of investments - net		854,975	(104,038)
Unrealised loss on revaluation of investments classified as held-for-trading - net		19,726	33,279
Gain on sale of operating fixed assets - net		(2,326)	(27,375)
Gain on sale of non banking assets - net		(144,848)	(350)
		<b>3,749,926</b>	<b>359,794</b>
		<b>168,664</b>	<b>172,612</b>
<b>Decrease / (increase) in operating assets</b>			
Lendings to financial institutions		1,177,128	(2,509,665)
Held-for-trading securities		(62,267)	34,910
Advances - net		(6,758,873)	(4,341,049)
Other assets (excluding taxation) - net		(561,190)	2,067,185
		<b>(6,205,202)</b>	<b>(4,748,619)</b>
<b>(Decrease) / increase in operating liabilities</b>			
Bills payable		(601,804)	(1,599,928)
Borrowings		(20,703,264)	7,864,623
Deposits and other accounts		4,355,535	5,381,665
Other liabilities		(720,261)	1,555,665
		<b>(17,669,794)</b>	<b>13,202,025</b>
		<b>(23,706,332)</b>	<b>8,626,018</b>
Income tax paid		(110,937)	(78,580)
<b>Net cash (outflow) / inflow from operating activities</b>		<b>(23,817,269)</b>	<b>8,547,438</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Net investment in available-for-sale securities		25,057,233	(6,817,906)
Dividend received		9,444	11,889
Investment in operating fixed assets		(426,796)	(554,467)
Sale proceeds from disposal of operating fixed assets		4,771	40,956
Sale proceeds from disposal of non banking assets		848,033	4,550
<b>Net cash inflow / (outflow) from investing activities</b>		<b>25,492,685</b>	<b>(7,314,978)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Repayment of sub-ordinated loans		(345)	(345)
<b>Net cash outflow from financing activities</b>		<b>(345)</b>	<b>(345)</b>
<b>Increase in cash and cash equivalents</b>			
		<b>1,675,071</b>	<b>1,232,115</b>
Cash and cash equivalents at beginning of the period		15,963,860	15,365,467
<b>Cash and cash equivalents at end of the period</b>	<b>17</b>	<b>17,638,931</b>	<b>16,597,582</b>

The annexed notes from 1 to 25 form an integral part of these consolidated condensed interim financial statements.

Acting President & Chief Executive	Chief Financial Officer	Director	Director	Director
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**CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF YEAR ENDED JUNE 30, 2018**

	Share Capital	Convertible preference shares	Advance against subscription of shares	Capital reserves			Revenue reserve		Total Reserves	Total
				Share premium	Discount on issue of shares	Statutory reserve	Reserve arising on amalgamation	Accumulated losses		
(Rupees in '000)										
<b>Note</b>										
<b>Balance as at January 01, 2017 (Audited)</b>	17,786,663	2,155,959	1,854,870	1,000,000	(1,297,298)	154,162	(1,579,205)	(9,541,930)	(11,264,271)	10,533,221
<b>Changes in equity for the half year ended June 30, 2017</b>										
Total comprehensive loss for the period	-	-	-	-	-	-	-	(276,760)	(276,760)	(276,760)
Loss after taxation for the half year ended June 30, 2017	-	-	-	-	-	-	-	(276,760)	(276,760)	(276,760)
Other comprehensive income for the half year ended June 30, 2017	-	-	-	-	-	-	-	-	-	-
Transfer to statutory reserve	-	-	-	-	-	-	-	56,623	56,623	56,623
Transfer from surplus on revaluation fixed assets	-	-	-	-	-	-	-	-	-	-
<b>Balance as at June 30, 2017 (Un-audited)</b>	17,786,663	2,155,959	1,854,870	1,000,000	(1,297,298)	154,162	(1,579,205)	(9,762,067)	(11,484,408)	10,313,084
<b>Changes in equity for the half year ended December 31, 2017</b>										
Total comprehensive income for the period	-	-	-	-	-	-	-	(1,644,006)	(1,644,006)	(1,644,006)
Loss after taxation for the half year ended December 31, 2017 (Restated)	-	-	-	-	-	-	-	11,469	11,469	11,469
Other comprehensive income for the half year ended December 31, 2017	-	-	-	-	-	-	-	(1,632,537)	(1,632,537)	(1,632,537)
Transfer to statutory reserve	-	-	-	-	-	-	-	56,766	56,766	56,766
Transfer from surplus on revaluation fixed assets	-	-	-	-	-	-	-	-	-	-
<b>Transactions with owners recorded directly in equity</b>										
Issue of shares upon conversion of preference shares	6,739,977	(2,155,959)	-	-	(4,584,018)	-	-	-	(4,584,018)	-
Shares issued during the half year ended December 31, 2017	1,854,870	(1,854,870)	-	-	-	-	-	-	-	-
<b>Balance as at December 31, 2017 (Audited) (Restated)</b>	26,381,510	-	-	1,000,000	(5,881,316)	154,162	(1,579,205)	(11,337,838)	(17,644,197)	8,737,313
<b>Changes in equity for the half year ended June 30, 2018</b>										
Total comprehensive loss for the period	-	-	-	-	-	-	-	(3,833,785)	(3,833,785)	(3,833,785)
Loss after taxation for the half year ended June 30, 2018	-	-	-	-	-	-	-	(3,833,785)	(3,833,785)	(3,833,785)
Other comprehensive income for the half year ended June 30, 2018	-	-	-	-	-	-	-	-	-	-
Transfer to statutory reserve	-	-	-	-	-	-	-	56,766	56,766	56,766
Transfer from surplus on revaluation fixed assets	-	-	-	-	-	-	-	-	-	-
<b>Balance as at June 30, 2018 (Un-audited)</b>	26,381,510	-	-	1,000,000	(5,881,316)	154,162	(1,579,205)	(15,114,857)	(21,421,216)	4,960,294

The annexed notes from 1 to 25 form an integral part of these consolidated, condensed interim financial statements.

Acting President &  
Chief Executive

Chief Financial Officer

Director

Director

Director

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2018**

**I. STATUS AND NATURE OF BUSINESS**

**I.1 The Group comprises of:**

**I.1.1 Holding Company: Summit Bank Limited**

Summit Bank Limited (the Bank) is a banking company incorporated in Pakistan on December 09, 2005 as public company limited by shares under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The Bank's registered office is situated at Plot No. 9-C, F-6 Markaz, Supermarket, Islamabad, Pakistan. The Bank is a subsidiary of Suroor Investments Limited, a company incorporated in Mauritius, holding 66.77% of the issued, subscribed and paid up capital of the Bank as at June 30, 2018.

The Bank is engaged in banking services as described in the Banking Companies Ordinance, 1962 and is operating through its 179 Conventional Banking Branches and 14 Islamic Banking Branches (2017: 179 Conventional Banking Branches and 14 Islamic Banking Branches) in Pakistan as defined in the Banking Companies Ordinance, 1962.

In June 2018, VIS Credit Rating Company Limited assigned the Group an entity rating of 'A-' (Single A minus) for the long term and 'A-1' (A-one) for the short term with outlook assigned as 'Rating Watch-Developing' status and the Group's TFC was assigned a rating of 'A- (SO)' (Single A minus (Structured Obligation)). Subsequently, in November 2018, the Bank was assigned a medium to long-term rating of 'BBB-' (Triple B minus) and short term rating of 'A-3' (A-three). While the Group's TFC was assigned rating of 'BBB- (SO)' (Triple B minus (Structured Obligation)). These ratings have been placed on 'Rating Watch- Negative' status. Furthermore, in February 2019, VIS Credit Rating Company Limited suspended the entity ratings of the Group due to non-availability of updated information while the Group's TFC rating was assigned 'D' (Default) due to non-payment of its latest mark up payment on account of lock-in-clause invoked by the Group under the applicable regulations of the State Bank of Pakistan (SBP). However, subsequently the TFC holders have approved extension in the maturity date of the TFC issue along with payment of all the instalments (mark-up and principal) till October 27, 2020, subject to applicable regulatory approvals and compliances. Moreover, VIS Credit Rating Company Limited would reassess the ratings once required information along with latest financials is made available.

**I.1.2 Subsidiary**

**Summit Capital Private Limited - 100 % Shareholding**

SCPL, the subsidiary company was incorporated in Pakistan on March 08, 2006 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The subsidiary company is a corporate member / TREC holder of Pakistan Stock Exchange Limited and Pakistan Mercantile Exchange Limited. The principal activities of the subsidiary company are equity and money market brokerage, interbank foreign exchange brokerage, commodity brokerage and research. The registered office of the Subsidiary is situated at 701-702, 7th Floor, Business and Finance Centre, opposite State Bank of Pakistan, I.I. Chundrigar Road, Karachi. The Group acquired interest in SCPL by virtue of amalgamation of Atlas Bank Limited.

- I.2** During the period, the Group has incurred net loss of Rs. 3,833.785 million resulting in accumulated loss of Rs. 15,114.857 million and net equity of Rs. 6,664.918 million. As per the applicable laws and regulations, the Bank is required to maintain Minimum Paid-up Capital (net of losses) (MCR) of Rs. 10 billion, Capital Adequacy Ratio (CAR) at 11.275% (inclusive of Capital Conservation Buffer of 1.275%) and Leverage Ratio (LR) at 3.00% as of June 30, 2018. However, the paid up capital of the Holding Company (net of losses), is below 10 billion and CAR and LR are negative as at June 30, 2018.

The Group has been taking various steps to comply with the applicable capital requirements. In this respect, earlier in November 2016, the Board of Directors of the Group had decided to evaluate the potential merger/amalgamation option with Sindh Bank Limited. After completion of the due diligence exercise and decision of the Board of Directors of the Group on this matter, the requisite majority of the shareholders of the Group in their extraordinary general meeting held on November 07, 2017 had given approval for proposed amalgamation of the Group with and into Sindh Bank Limited, subject to regulatory approvals and compliances. However, proposed merger transaction could not be completed within the anticipated timeline and therefore both the banks decided to carry out a fresh due diligence exercise based on their audited financial statements of December 31, 2017. After completion of the fresh due diligence exercise based on the audited financial statement of December 31, 2017 and a fresh decision of the board of directors on this matter, the shareholders of the Bank in their extraordinary general meeting held on August 31, 2018 accorded their fresh approval for the proposed merger of the Bank with and into Sindh Bank Limited, subject to necessary regulatory approval and compliances, including but not limited to the permission of the Honourable Supreme Court of Pakistan. However, the proposed merger transaction could not proceed further and finally has been called-off during 1HY 2019.

In light of the above, the Group is making best efforts to comply with applicable capital requirements through increase in capital / capital injection at the earliest. For this, the management has prepared a business plan, which has been approved by the Board.

This plan aims to improve the Group's capital base and risk absorption capacity and provide impetus to its future growth initiatives. The key assumptions considered in the business plan are as follows:

- Injection of capital;
- Reaping benefits from the expected growth of Islamic finance in Pakistan since the Holding Company will speed-up the implementation process of its earlier decision of conversion to a full-fledged Islamic bank;
- Recoveries from non-performing advances through strenuous and focused recovery efforts;
- Reduction in overall level of non-earning assets held by the Group;
- Identifying opportunities for rationalization of the cost structure;
- Improvement in the risk management and technological infrastructure of the Group to support the business plan;
- Investments / exposures in safe avenues for achieving solid growth in the core business income;
- Income generation through avenues for mark-up income and non-mark-up income.

In this respect, the Group has received a letter dated March 27, 2020 from H.E. Nasser Abdulla Hussain Lootah (Potential Investor) pursuant to which Potential Investor has communicated his intention to acquire at least a controlling stake in the Group by subscribing to fresh equity in the Group and investing amounts as may be necessary (subject to satisfactory due-diligence) to ensure that the Group meets its Minimum Capital Requirements and Capital Adequacy Ratio requirement as prescribed by SBP. Moreover, in compliance with the requirements of Securities Act, 2015 and Listed Companies (Substantial Acquisition of Voting Shares and Takeovers) Regulations, 2017 applicable to such transaction, this was followed by a public announcement of potential investor of the intention to acquire at least 51% of the issued and paid up capital of the Group together with the management control. The execution of proposed transaction is subject to due diligence and all regulatory and corporate approvals. Furthermore, the Group has entered into an Exclusivity Agreement with the potential investor for the proposed transaction.

The management and the Board of Directors are of the view that once this capital injection transaction is successfully completed and other key assumptions stipulated in the business plan materialize, the Group will be able to achieve the projected improvement in business results and compliance with all the applicable capital requirements.

## 2. BASIS OF PRESENTATION

- 2.1 These consolidated condensed interim financial statements represent financial statements of the Holding Company - Summit Bank Limited and its subsidiary. The assets and liabilities of the subsidiary have been consolidated on a line-by-line basis and the investment held by the holding company is eliminated against the corresponding share capital of the subsidiary in these consolidated condensed interim financial statements.
- 2.2 In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, the State Bank of Pakistan (SBP) has issued various circulars from time to time. Permissible forms of trade-related modes of financing comprise of purchase of goods by banks from their customers and resale to them at appropriate mark-up in price on deferred payment basis. The purchase and sale arising under these arrangements are not reflected in these consolidated condensed interim financial statements as such but are restricted to the amount of facility actually utilized and the appropriate portion of mark-up thereon. The Islamic Banking branches of the Holding Company have complied with the requirements set out under the Islamic Financial Accounting Standards issued by The Institute of Chartered Accountants of Pakistan (ICAP) and notified under the provisions of the Companies Act, 2017.
- 2.3 Key financial figures of the Islamic banking branches are disclosed in note 21 to the consolidated condensed interim financial statements.
- 2.4 **Basis of Consolidation**

Subsidiaries are entities controlled by the Group. Control exists when the Group is exposed or has rights, to variable returns from its investment with investee and has the ability to offer those returns through its power over the investee.

These consolidated condensed interim financial statements incorporate the financial statement of the subsidiary from the date that control commences until the date that control ceases.

Non-controlling interests are that part of the net results of operations and of net assets of subsidiary attributable to the interest which are not owned by the Holding company. Material intra-group balances and transactions are eliminated.

## 3. STATEMENT OF COMPLIANCE

- 3.1 These consolidated condensed interim financial statements have been prepared in accordance with the accounting and reporting standard 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 Companies Act, 2017;
  - Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017;
  - Provisions of and directives issued under the Banking Companies Ordinance, 1962 and Companies Act, 2017; and
  - Directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP).

Wherever the requirement of provisions of Companies Act, 2017, Banking Companies Ordinance, 1962 or directives issued by the SBP and the SECP differ with the requirements of IFRS or IFAS, the requirement of the Companies Act, 2017, Banking Companies Ordinance, 1962 and the directives issued by SBP and SECP have been followed.

- 3.2 The disclosures made in these consolidated condensed interim financial statements have been limited based on the format prescribed by the State Bank of Pakistan through BSD Circular letter no.2 dated May 12, 2004 and the requirements of the International Accounting Standard 34, 'Interim Financial Reporting'. They do not include all of the information required for the full annual financial statements and these consolidated condensed interim financial statements should be read in conjunction with the financial statements of the Bank for the year ended December 31, 2017.

#### **4. BASIS OF MEASUREMENT**

##### **4.1 Accounting Convention**

These consolidated condensed interim financial statements have been prepared under the historical cost convention, except that certain operating fixed assets and certain non-banking assets have been stated at revalued amounts and certain investments and derivative financial instruments have been stated at fair value. Further, staff retirement benefits have been carried at present values as determined under the International Accounting Standards (IAS-19) (revised) 'Employees Benefits'.

##### **4.2 Functional and Presentation Currency**

These consolidated condensed interim financial statements have been presented in Pakistani Rupee, which is the Group's functional and presentation currency.

#### **5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

- 5.1** The principal accounting policies and the methods of computation adopted in the preparation of these consolidated condensed interim financial statements are same as those applied in the preparation of the financial statements of the Group for the year ended December 31, 2017 except for the following:

##### **Surplus / Deficit on Revaluation of Operating Fixed Assets**

The Companies Ordinance, 1984 (the repealed Ordinance) was repealed through the enactment of the Companies Act 2017 dated October 04, 2017, the financial reporting requirements of the Companies Act, 2017 were only made applicable for reporting periods starting from January 01, 2018.

The repealed Ordinance specified the accounting treatment for the surplus on revaluation of fixed assets, where in, a deficit arising on revaluation of a particular property was to be adjusted against the total balance in the surplus account or, if no surplus existed, was to be charged to the profit and loss accounts as an impairment of the asset. However, the Companies Act, 2017 removed the specific provision allowing the above treatment and hence, a deficit arising on revaluation of a particular property is now to be accounted for in accordance with IAS-16, which required that such deficit is to be taken to the profit and loss account as an impairment.

Consequently, the Bank has changed its policy for accounting for a deficit arising on revaluation of fixed assets and accordingly, any surplus/deficit arising on revaluation of owned property and non-banking assets acquired in satisfaction of claims is accounted for at individual level,

The effect of this change in accounting policy, which is applied with retrospective effect, has no impact on these consolidated condensed interim financial statements.

##### **5.2 New / Revised Standards, Interpretations and Amendments**

There are certain new and amended standards and interpretations that are mandatory for accounting periods beginning on or after January 01, 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 consolidated condensed interim financial statements.

#### **6. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

The basis and methods used for critical accounting estimates and judgements adopted in these consolidated condensed interim financial statements are same as those applied in the preparation of the consolidated annual financial statements of the Group for the year ended December 31, 2017.

#### **7. FINANCIAL RISK MANAGEMENT**

The Group's Financial Risk Management objectives and policies are consistent with those disclosed in the consolidated annual financial statements for the year ended December 31, 2017.

**8. INVESTMENTS - NET**

June 30, 2018 (Un-audited)			December 31, 2017 (Audited) (Restated)		
Held by Group	Given as collateral	Total	Held by Group	Given as collateral	Total
----- (Rupees in '000) -----					

**Investments by types:**

**Held-for-trading securities**

Ordinary shares - Listed	121,753	-	121,753	75,371	-	75,371
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**Available-for-sale securities**

Market Treasury Bills	14,004,779	33,307,845	47,312,624	22,230,144	49,608,440	71,838,584
Pakistan Investment Bonds	5,685,597	7,387,501	13,073,098	2,787,576	10,574,058	13,361,634
GoP Ijarah Sukuks	4,785,067	-	4,785,067	4,793,854	-	4,793,854
Ordinary shares - Listed	4,119,277	105,021	4,224,298	4,194,449	52,510	4,246,959
Ordinary shares - Unlisted	14,475	-	14,475	14,475	-	14,475
Units of open end mutual funds - Listed	87,861	-	87,861	87,861	-	87,861
Preference shares - Unlisted	46,035	-	46,035	37,056	-	37,056
Term finance certificates - Listed	17,266	-	17,266	17,266	-	17,266
Term finance certificates - Unlisted	1,594,732	-	1,594,732	1,594,732	-	1,594,732
Sukuks	1,685,675	-	1,685,675	1,905,943	-	1,905,943
	<b>32,040,764</b>	<b>40,800,367</b>	<b>72,841,131</b>	<b>37,663,356</b>	<b>60,235,008</b>	<b>97,898,364</b>

**Investments at cost**

Provision held for diminution in the value of investments (note no. 8.1, 8.2 and 23)	(2,891,005)	-	(2,891,005)	(2,036,030)	-	(2,036,030)
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**Investments - (net of provisions)**

Deficit on revaluation of held-for-trading securities-net	(19,726)	-	(19,726)	(15,885)	-	(15,885)
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Deficit on revaluation of available-for-sale securities-net	(562,950)	(213,129)	(776,079)	(1,039,896)	(149,135)	(1,189,031)
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<b>Total Investments at market value</b>	<b>28,688,836</b>	<b>40,587,238</b>	<b>69,276,074</b>	<b>34,646,916</b>	<b>60,085,873</b>	<b>94,732,789</b>
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		(Un-audited) June 30, 2018	(Audited) December 31, 2017 (Restated)
<b>8.1 Particulars of provision for diminution in the value of investments - net</b>	<b>Note</b>	----- (Rupees in '000) -----	
Opening balance	23	2,036,030	1,764,488
Add: Charge for the period / year		881,967	558,752
Less: Reversal during the period / year		(26,992)	(237,659)
		854,975	321,093
Amounts written off		-	(49,551)
Closing balance		<u>2,891,005</u>	<u>2,036,030</u>

	(Un-audited) June 30, 2018	(Audited) December 31, 2017 (Restated)
<b>8.2 Particulars of provision held for diminution in the value of investment in respect of the type and segment</b>	Note	----- (Rupees in '000) -----

**Available-for-sale securities**

Ordinary shares - Listed	1,681,504	1,025,818
Ordinary shares - Unlisted	1,000	1,000
Term finance certificates - Listed	17,266	17,266
Term finance certificates - Unlisted	991,235	791,946
Sukuks	200,000	200,000
	<u>2,891,005</u>	<u>2,036,030</u>

**9. ADVANCES-NET**

Loans, cash credits, running finances, etc.- in Pakistan	88,741,529	84,228,998
Net investment in finance lease - in Pakistan	1,556,404	1,625,499
Islamic financing and related assets (Gross)	9.1 & 21.5 11,077,800	10,786,098
Bills discounted and purchased		
- Payable in Pakistan	1,918,428	181,146
- Payable outside Pakistan	2,965,125	2,710,353
	4,883,553	2,891,499
<b>Gross Advances</b>	<u>106,259,286</u>	<u>99,532,094</u>
Provision against advances		
-Specific Provision	9.2.1 & 23 (16,333,480)	(14,909,014)
-General Provision	9.2.1 (35,144)	(30,250)
	<u>(16,368,624)</u>	<u>(14,939,264)</u>
<b>Advances - net of provision</b>	<u>89,890,662</u>	<u>84,592,830</u>

**9.1** These represent Islamic financing and related assets placed under shariah permissible modes and presented in note 21 of these consolidated condensed interim financial statements.

**9.2** Advances include Rs.19,960.158 million (December 31, 2017: Rs.17,065.584 million) which have been placed under non-performing status as detailed below:

Category of classification	June 30, 2018 (Un-audited)			December 31, 2017 (Audited) (Restated)		
	Classified advances	Provision required	Provision held	Classified advances	Provision required	Provision held
	----- (Rupees in '000) -----					
Other Assets Especially Mentioned (OAEM)	3,653	172	172	1,499	150	150
Substandard	270,296	1,948	1,948	38,112	2,519	2,519
Doubtful	2,338,110	378,513	378,513	960,566	265,840	265,840
Loss (Note 23)	17,348,099	15,952,847	15,952,847	16,065,407	14,640,505	14,640,505
	<u>19,960,158</u>	<u>16,333,480</u>	<u>16,333,480</u>	<u>17,065,584</u>	<u>14,909,014</u>	<u>14,909,014</u>

**9.2.1 Particulars of provision against non-performing loans and advances.**

	Half year ended June 30, 2018 (Un-audited)			Year ended December 31, 2017 (Audited) (Restated)		
	Specific	General	Total	Specific	General	Total
----- (Rupees in '000) -----						
Opening balance	14,909,014	30,250	14,939,264	14,362,626	49,075	14,411,701
Charge for the period / year	1,620,815	4,894	1,625,709	1,840,713	-	1,840,713
Reversal during the period / year	(168,303)	-	(168,303)	(1,069,659)	(18,825)	(1,088,484)
	1,452,512	4,894	1,457,406	771,054	(18,825)	752,229
Amounts written off	(28,046)	-	(28,046)	(224,666)	-	(224,666)
Closing balance	<b>16,333,480</b>	<b>35,144</b>	<b>16,368,624</b>	14,909,014	30,250	14,939,264

**9.2.2** The Group has availed the Forced Sale Value (FSV) benefit of pledged stocks, mortgaged properties, plant and machinery, shares and Cash Margin/TDRs held as collateral against non-performing advances as allowed under the applicable Prudential Regulations issued by the State Bank of Pakistan. Had the benefit not been taken by the Group, the specific provision against non-performing advances would have been higher by Rs. 2,046.111 million (2017: Rs. 1,440.852 million). The positive impact on the profit and loss account arising from availing this benefit - net of tax amounts to Rs. 1,329.972 million (2017: Rs. 936.553 million). As per the applicable Prudential Regulations, the positive impact of FSV benefit is not available for distribution either as cash or stock dividend to shareholders and bonus to employees.

The SBP has granted relaxation in provisioning requirements in respect of exposure in Dewan Group. Had this relaxation not been available, provision against loans and advances would have been higher by Rs. 205.502 million (2017: Rs. 205.502 million).

**9.2.3** As per the revised 'Prudential Regulations for Small and Medium Enterprises' Financing' issued by SBP vide IH & SMEFD Circular No 9 dated December 22, 2017 the requirement to maintain general reserve at 1% of secured small enterprises (SE) performing portfolio has been abolished while requirement for unsecured SE performing portfolio has been reduced from 2% to 1%. Moreover, for consumer financing performing portfolio, general reserve at 1% of secured and 4% of unsecured has been maintained pursuant to the revised 'Prudential Regulations for Consumer Financing' issued by the State Bank of Pakistan vide BPRD Circular No. 10 dated August 03, 2016. Moreover, 10% specific provision has been held against the SE financing falling in OAEM category i.e., where the principal / mark-up is over due by 90 days.

	Note	(Un-audited) June 30, 2018	(Audited) December 31, 2017
----- (Rupees in '000) -----			
<b>10. OPERATING FIXED ASSETS</b>			
Capital work-in-progress	10.1	4,201,058	4,937,534
Property and equipment	10.2	7,283,405	7,574,750
Intangible assets	10.3	172,568	202,197
		<b>11,657,031</b>	<b>12,714,481</b>

**10.1 Capital work-in-progress**

Civil works and related payments / progress billings	4,144,597	4,893,857
Advances to suppliers and contractors	56,461	43,677
Advances against capital work in progress - considered doubtful	1,204,830	141,224
Less: Provision there against	(1,204,830)	(141,224)
	<b>4,201,058</b>	<b>4,937,534</b>

**10.1.1** This includes costs incurred by the Group on its self constructed multipurpose building. A portion of this building has been allocated to the Bank's head office and branch premises, while the rest has been earmarked for onward disposal in due course. Accordingly, on December 31, 2018, after completion of the project of construction cost allocated to head office and branch premises will be transferred to the building and equipment categories as per applicable accounting standards, while rest of the construction costs allocated to saleable portion together with allocable carrying value of land has been transferred to 'Other Assets' category.

	(Un-audited) June 30, 2018	(Audited) December 31, 2017
	----- (Rupees in '000) -----	
<b>10.2 Property and equipment</b>		
Book value at beginning of the period / year	7,574,750	7,575,163
Surplus on revaluation of fixed assets	-	140,614
Cost of additions / transfers during the period / year	62,501	604,109
Book value of deletions / write off during the period / year	(5,505)	(32,643)
Depreciation charge for the period / year	(348,341)	(706,823)
Impairment for the period / year	-	(5,670)
<b>Book value at end of the period / year</b>	<u>7,283,405</u>	<u>7,574,750</u>

**10.3 Intangible assets**

Book value at beginning of the period / year	202,197	252,711
Cost of additions during the period / year	807	14,593
Book value of deletions / write off during the period / year	-	(3,355)
Amortization charge for the period / year	(30,436)	(61,752)
<b>Book value at end of the period / year</b>	<u>172,568</u>	<u>202,197</u>

**11. DEFERRED TAX ASSETS - NET**

	(Un-audited) June 30, 2018	(Audited) December 31, 2017 (Restated)
	----- (Rupees in '000) -----	

**Deferred debits arising in respect of:**

Provision against non performing loans	1,600,740	1,309,930
Provision for compensated absences	37,232	36,592
Provision against other assets	149,657	149,656
Provision against capital work in progress	43,107	43,107
Unrealised loss on held-for-trading securities	6,806	5,560
Minimum tax	827	827
Alternative Corporate tax	4,539	4,512
Unused tax losses	3,333,714	4,103,555
Provision for diminution in the value of investments	1,011,852	712,611
Deficit on revaluation of available-for-sale securities - net	281,075	427,093
	<u>6,469,549</u>	<u>6,793,443</u>

**Deferred credits arising in respect of:**

Surplus on revaluation of fixed assets	(432,516)	(452,385)
Surplus on revaluation of non-banking assets	(124,193)	(151,972)
Unrealized gain on forward exchange contracts	(76,596)	(30,429)
Operating fixed assets	(351,320)	(398,779)
	<u>(984,625)</u>	<u>(1,033,565)</u>

**11.1 & 23** 5,484,924 5,759,878

11.1 The net deferred tax asset has been recognized in accordance with the Group's accounting policy. The management, based on financial projections, estimates that sufficient taxable profits would be available in future against which the recognized deferred tax asset could be realized. The projections include certain key assumptions underlying managements' estimation of profits. Any significant change in such assumptions may have effect on the recoverability of deferred tax asset. Management believes that it is probable that the Group would be able to achieve the profits and consequently, the recognized deferred tax asset will be fully realized in future.

## 12. OTHER ASSETS

The aggregate carrying value of non-banking assets acquired in satisfaction of claims (NBAs) amounts to Rs. 3,486.117 million as at June 30, 2018. These assets were acquired by the Group from time to time for settlement of claim to safeguard the interest of the Group for ensuring maximum recoveries from the defaulting borrowers. To achieve reduction in the overall exposure in NBAs, Group's sincere efforts are underway.

## 13. DEPOSITS AND OTHER ACCOUNTS

### Customers

Fixed deposits  
Savings deposits  
Current accounts - non-remunerative  
Margin accounts

(Un-audited) (Audited)  
June 30, December 31,  
2018 2017  
----- (Rupees in '000) -----

32,075,287	32,124,431
54,202,983	51,529,761
47,501,326	43,977,485
5,645,276	5,518,752
<b>139,424,872</b>	<b>133,150,429</b>

### Financial institutions

Non-remunerative deposits  
Remunerative deposits

1,705,791	1,476,093
8,831,603	10,980,209
<b>10,537,394</b>	<b>12,456,302</b>

**149,962,266**      **145,606,731**

## 14. CONTINGENCIES AND COMMITMENTS

### 14.1 Direct credit substitutes

Including guarantees and standby letters of credit serving as financial guarantees for loans and securities

	(Un-audited) June 30, 2018	(Audited) December 31, 2017
	----- (Rupees in '000) -----	
Government	-	-
Financial institutions	-	-
Others	111,170	288,532
	<b>111,170</b>	<b>288,532</b>

### 14.2 Transaction-related contingent liabilities / commitments / guarantees issued

Contingent liability in respect of performance bonds, bid bonds, shipping guarantees and standby letters of credit favouring:

	(Un-audited) June 30, 2018	(Audited) December 31, 2017
	----- (Rupees in '000) -----	
Government	15,791,239	14,608,761
Banking companies and other financial institutions	1,308,896	1,605,724
Others	5,239,548	5,853,923
	<b>22,339,683</b>	<b>22,068,408</b>

	(Un-audited) June 30, 2018	(Audited) December 31, 2017
	----- (Rupees in '000) -----	
<b>14.3 Trade-related contingent liabilities</b>		
Letters of credit	17,734,933	14,839,940
Acceptances	1,656,889	1,276,921
	<u>19,391,822</u>	<u>16,116,861</u>
<b>14.4 Other contingencies - claims against Group not acknowledged as debts</b>	<u>7,566,747</u>	<u>7,464,043</u>
<b>14.5 Contingent asset</b>		
There was no contingent asset as at June 30, 2018 (December 31, 2017: Nil).		
<b>14.6 Commitments in respect of forward lending</b>		
Forward documentary bills	4,067,559	3,639,137
Commitments to extend credit	13,457,143	17,392,426
	<u>17,524,702</u>	<u>21,031,563</u>
<b>14.7 Commitments in respect of forward exchange contracts</b>		
Purchase	15,579,227	5,484,447
Sale	15,713,103	4,303,310
	<u>31,292,330</u>	<u>9,787,757</u>
<b>14.8 Commitments for capital expenditure</b>		
Civil works and others	<u>303,450</u>	<u>455,583</u>
<b>14.9 Commitments in respect of repo transactions</b>		
Repurchase of securities	<u>24,298,311</u>	<u>40,243,259</u>
<b>14.10</b>	Subsequent to the period end, Law Enforcement Agencies (LEAs) initiated its investigation on certain bank accounts alleged for money laundering activities in various banks including Summit Bank Limited. The Honourable Supreme Court of Pakistan under Suo Moto Case HRC-39216-G, appoint a Joint Investigation Team (JIT) which was constituted to investigate the matter. On recommendation of JIT, the matter was referred by the Honourable Supreme Court to the National Accountability Bureau (NAB) for further investigation and filing of references in the National Accountability Courts. The matter is currently under NAB investigations and only partial references have been filed in the NAB Courts. The Group has been and is committed to extending its full cooperation to the Law Enforcement Agencies in their investigations to the best extent possible and the matter is currently subjudice. These proceedings in the opinion of the management will not have any effect on the operations and functioning of the Group.	

## 15 TAXATION

The income tax returns of the Group have been submitted up to and including the financial year ended December 31, 2016 i.e. tax year 2017.

In respect of assessments of Summit Bank Limited from tax year 2008 to tax year 2013, the tax authorities disputed Holding Company's treatment on certain issues and created additional tax demand (net of rectification) of Rs.230.52 million through amended assessment orders and the same have been paid / adjusted against available refunds.

In respect of assessments of ex-My Bank Limited (now Summit Bank Limited) from tax year 2003 to tax year 2011, the tax authorities disputed Holding Company's treatment on certain issues and created additional tax demand of Rs. 456.62 million through amended assessment orders and the same have been paid / adjusted against available refunds.

In respect of assessments of ex-Atlas Bank Limited (now Summit Bank Limited) from tax year 2003 to tax year 2010, the tax authorities disputed Holding Company's treatment on certain issues and created additional tax demand of Rs. 89.74 million through amended assessment orders and the same have been paid / adjusted against available refunds.

Such issues mainly include disallowances of mark-up payable, taxation of mutual fund distribution at corporate tax rate, disallowance of provision against non-performing loans, disallowance of reversal of provisions, allocation of expenses against dividend income and capital gain, disallowances against non-banking assets etc. The Bank has filed appeals before the various appellate forums against these amended assessment orders which are either pending for hearing or order.

The management of the Holding Company is confident about the favourable outcome of the appeals hence, no provision / adjustment with respect to the above matters has been made in these consolidated financial statements.

		(Un-audited) June 30, 2018	(Un-audited) June 30, 2017
<b>16. BASIC AND DILUTED LOSS PER SHARE</b>	<b>Note</b>	----- (Rupees in '000) -----	
Loss for the period		<u>(3,833,785)</u>	<u>(276,760)</u>
		----- (Number of shares) -----	
<b>16.1 Weighted average number of ordinary shares - basic</b>		<u>2,638,151,060</u>	<u>2,168,966,634</u>
		----- (Rupees) -----	
Basic loss per share		<u>(1.45)</u>	<u>(0.13)</u>
		----- (Number of shares) -----	
<b>16.2 Weighted average number of ordinary shares - diluted</b>	<b>16.2.1</b>	<u>2,638,151,060</u>	<u>2,608,466,976</u>
		----- (Rupees) -----	
Diluted loss per share		<u>(1.45)</u>	<u>(0.13)</u>
<b>16.2.1</b>	There are no potential ordinary shares outstanding as of June 30, 2018. Due to the anti dilutive effect of potential ordinary shares converted during last year, the diluted loss per share was reported same as basic loss per share.		
		(Un-audited) June 30, 2018	(Un-audited) June 30, 2017
		----- (Rupees in '000) -----	
<b>17. CASH AND CASH EQUIVALENTS</b>			
Cash and balances with treasury banks		<b>14,973,488</b>	14,205,316
Balance with other banks		<b>2,675,717</b>	2,415,952
Overdrawn nostro accounts		<b>(10,274)</b>	(23,686)
		<u><b>17,638,931</b></u>	<u>16,597,582</u>

## 18. FAIRVALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

All assets and liabilities for which fair value is measured or disclosed in the consolidated condensed interim financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The basis for determination of fair values of various assets and liabilities and their hierarchies as disclosed in note 13.1 below are the same as those adopted in the annual audited consolidated financial statements of the Group for the year ended December 31, 2017.

In the opinion of management, the fair value of the remaining financial assets and liabilities are either not significantly different from their carrying values and repriced periodically or cannot be calculated with sufficient reliability. Moreover, provision for impairment of loans and advances has been calculated in accordance with the Group's accounting policy.

### 18.1 Fair value hierarchy

June 30, 2018 (Un-audited)			
Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----			

#### On balance sheet financial instruments

##### Financial assets - measured at fair value

##### Investments

Market Treasury Bills	- 47,293,792	- 47,293,792
Pakistan Investment Bonds	- 12,713,514	- 12,713,514
GOP Ijarah Sukuks	- 4,752,673	- 4,752,673
Ordinary shares - Listed	2,297,694	- 2,297,694
Ordinary shares - Unlisted	-	62,917
Units of open end mutual funds - Listed	69,120	-
Preference shares - Unlisted	-	46,035
Term Finance Certificates and Sukuks	- 2,088,771	- 2,088,771

##### Non-financial assets - measured at fair value

Operating fixed assets	-	- 6,539,095
Other assets	-	- 3,776,664

##### Off-balance sheet financial instruments - measured at fair value

Forward purchase of foreign exchange	- 16,104,878	- 16,104,878
Forward sale of foreign exchange	- 16,019,908	- 16,019,908

December 31, 2017 (Audited) (Restated)			
Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----			

**On balance sheet financial instruments**

**Financial assets - measured at fair value**

**Investments**

Market Treasury Bills	-	71,840,364	-	71,840,364
Pakistan Investment Bonds	-	13,218,246	-	13,218,246
GOP Ijarah Sukuks	-	4,810,812	-	4,810,812
Ordinary shares - Listed	2,206,999	-	-	2,206,999
Ordinary shares - Unlisted	-	-	55,152	55,152
Units of open end mutual funds - Listed	68,806	-	-	68,806
Preference shares - Unlisted	-	37,056	-	37,056
Term Finance Certificates and Sukuks	-	2,537,031	-	2,537,031

**Non-financial assets - measured at fair value**

Operating fixed assets	-	-	6,769,281	6,769,281
Other assets	-	-	4,541,147	4,541,147

**Off-balance sheet financial instruments-  
measured at fair value**

Forward purchase of foreign exchange	-	5,672,541	-	5,672,541
Forward sale of foreign exchange	-	4,404,467	-	4,404,467

**Valuation techniques used in determination of fair value**

Item	Valuation approach and input used
Federal Government Securities	The fair values of Federal Government securities are determined using the PKRV rates.
Units of mutual funds	The fair values of investments in units of mutual funds are determined based on their net asset values as published at the close of each business day.
Ordinary shares - Listed	The fair value of investment in listed equity securities are valued on the basis of closing quoted market price available at the Pakistan Stock Exchange.
Ordinary shares - Unlisted	This represents breakup value of investments as per latest available financial statements.
Non-Government Debt Securities	Investments in debt securities (comprising term finance certificates, bonds and any other security issued by a company or a body corporate for the purpose of raising funds in the form of redeemable capital) are valued on the basis of the rates announced by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the Securities and Exchange Commission of Pakistan.
Forward foreign exchange contracts	The valuation has been incorporated by interpolating the foreign exchange revaluation rates announced by the SBP.
Operating fixed assets (land and building) and Non Banking Assets acquired in satisfaction of claims	The valuation experts used a market based approach to arrive at the fair value of the Group's properties. The market approach used prices and other relevant information generated by market transactions involving identical or comparable or similar properties.

## 19. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

	Corporate finance	Trading and sales	Retail banking	Commercial banking	Payment and settlement /others	Total
----- (Rupees in '000) -----						
<b>For the period ended</b>						
<b>June 30, 2018 (Un-audited)</b>						
Total income	3,444	2,188,774	334,399	4,001,244	2,924	6,530,785
Total expenses	1,373	3,496,424	2,973,882	3,543,081	91,863	10,106,623
Net income / (loss) before tax	<u>2,071</u>	<u>(1,307,650)</u>	<u>(2,639,483)</u>	<u>458,163</u>	<u>(88,939)</u>	<u>(3,575,838)</u>
Segment return on assets (ROA) (%)	<u>32.05</u>	<u>-3.35</u>	<u>-22.07</u>	<u>0.85</u>	<u>-22.77</u>	
Segment cost of funds (%)	<u>180.07</u>	<u>21.69</u>	<u>460.57</u>	<u>4.22</u>	<u>6.75</u>	
<b>For the period ended</b>						
<b>June 30, 2017 (Un-audited)</b>						
Total income	34,028	2,867,729	430,736	3,083,426	71,941	6,487,860
Total expenses	14,201	1,684,547	2,127,593	2,802,925	31,223	6,660,489
Net income / (loss) before tax	<u>19,827</u>	<u>1,183,182</u>	<u>(1,696,857)</u>	<u>280,501</u>	<u>40,718</u>	<u>(172,629)</u>
Segment return on assets (ROA) (%)	<u>28.61</u>	<u>2.19</u>	<u>-14.38</u>	<u>0.59</u>	<u>19.79</u>	
Segment cost of funds (%)	<u>211.31</u>	<u>8.47</u>	<u>6.06</u>	<u>5.54</u>	<u>1.44</u>	
<b>As at June 30, 2018 (Un-audited)</b>						
Segment assets (gross)	<u>12,925</u>	<u>80,949,089</u>	<u>24,860,176</u>	<u>124,244,507</u>	<u>1,985,872</u>	<u>232,052,569</u>
Segment non performing loans	<u>-</u>	<u>-</u>	<u>961,590</u>	<u>18,998,568</u>	<u>-</u>	<u>19,960,158</u>
Segment provision	<u>-</u>	<u>2,891,005</u>	<u>944,302</u>	<u>16,070,804</u>	<u>1,204,829</u>	<u>21,110,940</u>
Segment assets (net)	<u>12,925</u>	<u>78,058,084</u>	<u>23,915,874</u>	<u>108,173,703</u>	<u>781,043</u>	<u>210,941,629</u>
Segment liabilities	<u>1,525</u>	<u>32,242,169</u>	<u>1,291,386</u>	<u>168,020,358</u>	<u>2,721,273</u>	<u>204,276,711</u>
<b>As at December 31, 2017 (Audited) (Restated)</b>						
Segment assets (gross)	<u>98,370</u>	<u>112,436,443</u>	<u>22,422,441</u>	<u>113,931,843</u>	<u>808,013</u>	<u>249,697,110</u>
Segment non performing loans	<u>-</u>	<u>-</u>	<u>1,025,761</u>	<u>16,039,823</u>	<u>-</u>	<u>17,065,584</u>
Segment provision	<u>-</u>	<u>2,036,030</u>	<u>837,818</u>	<u>14,589,882</u>	<u>-</u>	<u>17,463,730</u>
Segment assets (net)	<u>98,370</u>	<u>110,400,413</u>	<u>21,584,623</u>	<u>99,341,961</u>	<u>808,013</u>	<u>232,233,380</u>
Segment liabilities	<u>10,879</u>	<u>48,567,561</u>	<u>1,933,551</u>	<u>167,858,238</u>	<u>3,599,658</u>	<u>221,969,887</u>

For the purpose of segmental reporting, unallocated items of income and expenses have been allocated to the above segments in proportion to segment revenue.

**20. RELATED PARTY TRANSACTIONS**

The Group has related party transactions with its parent company, entities having directors in common with the Group, employee benefit plans and its directors and executive officers.

Details of transactions with the related parties, other than those which have been disclosed elsewhere in these consolidated condensed interim financial statements, are as follows:

	June 30, 2018 (Un-audited)				December 31, 2017 (Audited)			
	Key management personnel	Directors	Parent company	Other related parties	Key management personnel	Directors	Parent company	Other related parties
	(Rupees in '000)							
<b>Advances</b>								
Balance at beginning of the year	409,534	-	-	1,213,053	324,233	-	-	1,078,078
Disbursements / granted during the period / year	35,339	-	-	2,034,378	293,128	-	-	3,889,335
Payments received / adjustments during the period / year	(141,653)	-	-	(1,570,500)	(207,827)	-	-	(3,754,360)
Balance at end of the period / year	<b>303,220</b>	-	-	<b>1,676,931</b>	<b>409,534</b>	-	-	<b>1,213,053</b>
<b>Deposits</b>								
Balance at beginning of the year	67,291	32,259	-	860,510	20,770	45,147	-	501,960
Deposits during the period / year	302,676	19,864	-	14,559,306	595,492	82,026	-	7,583,680
Withdrawals / adjustments during the period / year	(347,990)	(20,330)	-	(14,784,141)	(548,971)	(94,914)	-	(7,225,130)
Balance at end of the period / year	<b>21,977</b>	<b>31,793</b>	-	<b>635,675</b>	<b>67,291</b>	<b>32,259</b>	-	<b>860,510</b>
<b>Other balances</b>								
Shares issued during the period / year	-	-	-	-	-	137,541	5,060,450	-
Investment in shares / TFC's	-	-	-	240,852	-	-	-	277,781
Other receivable	3,065	-	579	67,420	4,821	-	488	45,882
Other payable	-	-	-	-	-	-	-	1,369
Mark-up receivable	113	-	-	33,587	825	-	-	19,981
Mark-up payable	190	101	-	2,184	168	85	-	1,175
<b>Contingencies and Commitments</b>								
Guarantees, letters of credit and acceptances	-	-	-	818,899	-	-	-	869,683
Commitments to extend credit	1,040	-	-	2,14,960	548	-	-	547,957



## 21. ISLAMIC BANKING OPERATIONS

- 21.1 The Group commenced its Islamic Banking Operations in Pakistan on March 07, 2014 and is operating with 14 Islamic Banking Branches (IBBs) (December 31, 2017: 14 IBBs) and 35 Islamic Banking Windows (IBWVs) (December 31, 2017: 35 IBWVs) as at June 30, 2018.

BSD Circular letter No. 03 dated January 22, 2013 and BPRD circular letter no.05 dated February 29, 2016 require all Islamic Banks / Other Banks with Islamic Banking Branches to present all financing and advances under Islamic modes of financing and any other related assets pertaining to Islamic mode of financing under the caption 'Islamic Financing and Related Assets' in the statement of financial position.

- 21.2 The condensed interim statement of financial position of Islamic Banking Operations as at June 30, 2018 is as follows:

	(Un-audited) June 30, 2018	(Audited) December 31, 2017
Note	----- (Rupees in '000) -----	
<b>ASSETS</b>		
Cash and balances with treasury banks	1,510,604	1,293,159
Balances with other banks	218,975	435,524
Due from financial institutions	8,500,000	5,936,023
Investments	5,637,844	5,860,690
Islamic financing and related assets	21.5 11,068,749	10,779,551
Operating fixed assets	139,246	150,740
Deferred tax assets - net	6,811	-
Other assets	270,643	520,975
<b>TOTAL ASSETS</b>	<b>27,352,872</b>	<b>24,976,662</b>
<b>LIABILITIES</b>		
Bills payable	183,158	212,856
Due to financial institutions	250,000	250,000
Deposits and other accounts		
- Current accounts	8,762,084	7,792,141
- Saving accounts	11,649,331	10,366,610
- Term deposits	2,098,618	2,132,391
- Others	314,472	633,563
- Deposits from financial institutions - remunerative	1,769,053	1,513,382
- Deposits from financial institutions - non - remunerative	104,950	111,158
Deferred tax liabilities - net	-	12,261
Other liabilities	584,806	387,758
	<b>25,716,472</b>	<b>23,412,120</b>
<b>NET ASSETS</b>	<b>1,636,400</b>	<b>1,564,542</b>
<b>REPRESENTED BY :</b>		
Islamic banking fund	1,000,000	1,000,000
Reserves	1,441	-
Unappropriated profit	647,610	541,772
	<b>1,649,051</b>	<b>1,541,772</b>
(Deficit) / surplus on revaluation of assets - net of tax	<b>(12,651)</b>	<b>22,770</b>
	<b>1,636,400</b>	<b>1,564,542</b>

	(Un-audited) June 30, 2018	(Un-audited) June 30, 2017
	----- (Rupees in '000) -----	
<b>21.3 Remuneration to Shariah Advisor (RSBM) / Board for the period</b>	<u>6,017</u>	<u>5,573</u>
	(Un-audited) June 30, 2018	(Audited) December 31, 2017
	----- (Rupees in '000) -----	
<b>21.4 Charitable fund</b>		
Opening balance	63	-
Addition during the period / year	522	121
Payment / utilization during the period / year	-	(58)
Closing balance	<u>585</u>	<u>63</u>
<b>21.5 Islamic financing and related assets</b>		
<b>Financings / investments / receivables</b>		
- Murabaha	1,138,352	697,323
- Ijarah	960,232	856,163
- Diminishing Musharakah	4,618,648	4,467,802
- Istisna	18,306	2,703
- Tijarah	1,999,380	2,613,090
- Running Musharakah	1,072,400	338,304
- Term Musharakah	455,000	520,000
- Other Islamic modes	16,621	-
	<u>10,278,939</u>	<u>9,495,385</u>
<b>Advances</b>		
- Advance against Murabaha	499,749	322,580
- Advance against Diminishing Musharakah	104,526	84,671
- Advance against Ijarah	56,478	74,074
	<u>660,753</u>	<u>481,325</u>
<b>Inventories</b>		
- Tijarah inventories	-	698,552
- Istisna inventories	138,097	110,836
	<u>138,097</u>	<u>809,388</u>
	<u>11,077,789</u>	<u>10,786,098</u>
Less: Provision against financing and advances - Specific	-	-
Less: Provision against financing and advances - General	(9,040)	(6,547)
	<u>11,068,749</u>	<u>10,779,551</u>

## 22. LIQUIDITY COVERAGE RATIO AND NET STABLE FUNDING RATIO

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.

	(Un-audited) June 30, 2018	(Un-audited) March 31, 2018	(Audited) December 31, 2017 (Restated)
	----- Total Adjusted Value -----		
	----- (Rupees in '000) -----		
<b>22.1 Liquidity Coverage Ratio</b>			
Total High quality liquid assets	45,186,518	46,901,642	45,312,100
Total Net cash outflows	38,476,022	41,227,447	40,041,207
Liquidity Coverage Ratio (%)	<u>117.44%</u>	113.76%	<u>113.16%</u>
Minimum Requirement %	<u>90.00%</u>	90.00%	<u>90.00%</u>
<b>22.2 Net Stable Funding Ratio</b>		(Un-audited) June 30, 2018	(Audited) December 31, 2017 (Restated)
		----- (Rupees in '000) -----	
Total Available stable funding		118,421,596	108,281,876
Total Required stable funding		91,471,218	87,257,481
Net Stable funding Ratio (%)		<u>129%</u>	<u>124%</u>
Minimum Requirement %		<u>100%</u>	<u>100%</u>

## 23. RESTATEMENT

**23.1** During the half year ended June 30, 2018, the Group has identified an additional provision charge against a non-performing loan and an investment amounting to Rs. 929.814 million (net of tax Rs. 604.379 million) and Rs. 290.819 million (net of tax Rs.189.032 million) respectively that needs to be incorporated in the annual results for the financial year ended December 31, 2017 for better presentation. Accordingly, in compliance with the requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors', this amount has been accounted for by restating the comparative consolidated financial statements as at December 31, 2017. Had this provision not been accounted for by the Holding Company, investments and advances as at December 31, 2017 would have been higher by Rs. 290.819 million and Rs. 929.814 million respectively while accumulated losses and deferred tax assets as at December 31, 2017 would have been lower by Rs. 793.411 million and Rs. 427.222 million respectively.

**24. GENERAL**

**24.1** The figures in the consolidated condensed interim financial statements have been rounded off to the nearest thousand.

**24.2** Figures have been re-arranged and re-classified, wherever necessary, for the purpose of better presentation.

**25. DATE OF AUTHORISATION FOR ISSUE**

These consolidated condensed interim financial statements were authorised for issue on September 18, 2020 by the Board of Directors of the Group.

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**Acting President &  
Chief Executive**

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**Chief Financial Officer**

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**Director**

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**Director**

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**Director**

**BRANCH NETWORK**

CONVENTIONAL BANKING BRANCHES

**KARACHI**

**Abdullah Haroon Road Branch**

282/3, Abdullah Haroon Road, Area, Saddar, Karachi  
Tel: 021-35685269, 35685393, 35685940  
Fax: 021-35683991

**Adamjee Nagar Branch**

115-A/Z, Block 7/8, Tipu Sultan Road, Karachi  
Tel: 021- 34312984-9  
Fax: 021-34312980

**Atrium Mall Branch**

Shop No. 6 and 21 Ground floor, Plot No. 249, Atrium  
Mall, Staff Lines, Zaibunnisa Street, Saddar, Karachi  
Tel: 021-35641001-7  
Fax: 021-35641008

**Badar Commercial Branch**

Plot No. 41-C, Badar Commercial, Street No. 10,  
Phase-V Extension, DHA Karachi  
Tel: 021-35348501-3  
Fax: 021-35348504

**Bahadur Shah Center Branch**

Bahadur Shah Center, Urdu Bazar,  
Off: M.A. Jinnah Road, Karachi  
Tel: 021-32768547, 32768559  
Fax: 021-32765083

**Bahadurabad Branch**

Plot # C-23, Shop # 1&2 Block-3, BMC Commercial Area  
Bahadurabad, Karachi  
Tel: 021-34913447 & 49  
Fax: 021-34913453

**Barkat-e- Hyderi Branch**

Almas Square, Block-G, North Nazimabad, Karachi  
Tel: 021-36628931, 36706896-7  
Fax: 021-36723165

**Burns Road Branch**

Plot No. 55-A, Survey Sheet A.M., Artillery Maidan  
Quarters (Burns Road), Karachi.  
Tel: 021-32215174, 75 & 76  
Fax: 021-32215289

**Clifton Branch**

Pearl Heaven Apartments, Khayaban-e-Roomi, Block No-5,  
Clifton, Karachi  
Tel: 021-35823469, 35824171, 35823619  
Fax: 021-35821463

**Cloth Market Branch**

41, Saleh Muhammad Street, Cloth Market, Karachi  
Tel: 021-32461601-03 & 32461605  
Fax: 021-32461608

**Defence Branch**

55-C, Phase-II, D.H.A, Opp Toyota Motors,  
Main Korangi Road, Karachi.  
Tel: 021-35387809-35396263 - 35312592  
Fax: 021-35387810

**DHA Phase I Branch**

101-C, Commercial Area 'B', Phase-I DHA, Karachi  
Tel: 021- 35314061, 35314063-67, 35314105  
Fax: 021-35314070

**DHA Phase IV Branch**

Plot # 129, 9th Commercial Street, Phase IV,  
DHA, Karachi  
Tel: 021-35313068-70  
Fax: 021-35313071

**Dhoraji Colony Branch**

Plot No. 133, Block No. 7 & 8 Dhoraji Colony, C.P & Berar  
Co-operative Housing Society, Karachi  
Tel: 021-34860773-75  
Fax: 021-34860772

**Dolmen City Branch**

Ground Floor Harbor Front, Triangular Towers, Dolmen  
City Marine Drive Phase IV, Clifton, Karachi  
Tel: 021-35297611-15  
Fax: 021-35297610

**Electronic Market (Abdullah Haroon Road) Branch**

Shop No 1 & 2, Plot # 19, Ghafoor Chambers, Preedy  
Quarters, Saddar, Karachi  
Tel: 021-32711614-8  
Fax: 021-32716113

**Fish Harbour Branch**

K - 3, Export Zone, Adjacent Main  
Auction Hall, Fish Harbour, Karachi  
PABX: 021-32315383 - 85  
Fax: 021-32315386

**Garden East Branch**

Shop No. 1,2,3,4,5 & 6, Jumani Centre Plot No. 177-B, Garden  
East, Karachi  
Tel: 021-32243311-13  
Fax: 021-32243314

**Gulistan-e-Jauhar - Branch 1**

Plot # 118/A-B, Shop # 02, 03, 04 Ground Floor Ruffi  
Paradise Block-18 Gulistan-e-Jauhar, Karachi  
Tel: 021-34621281-4  
Fax: 021-34621285

**Gulistan-e-Jauhar - Branch 2**

Shop No. 5, 6, 7 & Office No. D-2, Farhan Centre Block No. 1.  
Gulistan-e-Jauhar, Karachi  
Tel: 021-34022259, 34613674, 34016488-9  
Fax: 021-34022639

**Gulshan-e-Iqbal - Branch 1**

Ground Floor, Hasan Center, Block-16, Main University Road, Karachi  
Tel: 021-34829024-27  
Fax: 021-34829023

**Gulshan-e-Iqbal - Branch 2**

B-44, Block 13/A, Main University Road, Gulshan-e-Iqbal, Karachi  
Tel: 021-34987688, 34987739-40  
Fax: 021-34987689

**Hyderi Branch**

D-10 Block-F, North Nazimabad, Hyderi, Karachi.  
Tel: 021-36724991-4  
Fax: 021-36724972

**Unitower I. I. Chundrigar Road Branch I**

Uni Towers, I.I. Chundrigar Road, Karachi.  
Tel: 021-32466410-13  
Fax: 021-32466500

**Jami Commercial, DHA Branch**

64 C, Jami Commercial Phase VII, 7th Street, DHA, Karachi  
Tel: 021-35316200-07  
Fax: 021-35316199

**Jamshed Quarters Branch**

Showroom no. 3 & 4, AB Arcade Plot # 714-6-I Block A, New M.A. Jinnah Road, Karachi  
Tel: 021-34860422-23, 34860425  
Fax: 021-34860424

**Jodia Bazar - Branch I**

A/25/28 Daryalal Street, Jodia Bazar, Karachi  
Tel: 021-32500121-5  
Fax: 021-32500128

**Karachi Stock Exchange Branch**

Office No. 52, 52-A, 52-B, (1st Floor) KSE Building, Karachi  
Tel: 021-32462850, 32462844-9  
Fax: 021-32462843

**Karimabad Branch**

Plot No BS-16, Block 1, FB Area, Karimabad, Karachi  
Tel: 021-36826646-48  
Fax: 021-36826649

**Khayaban-e-Shahbaz Branch**

Plot No. 21-C Khayaban-e-Shahbaz, Phase VI, DHA, Karachi  
Tel: 021-35344952, 353444957 & 35344963  
Fax: 021-35344942

**Khayaban-e-Tanzeem Branch**

C 4-C, Tauheed Commercial, Khayaban-e-Tanzeem, Phase-5, DHA, Karachi  
Tel: 021-35869147-35810977 & 35871640  
Fax: 021-35869342

**Korangi Industrial Area Branch**

33/I, Sector-15, Korangi Industrial Area, Karachi  
Tel: 021-35114290, 35121294, 35122231-32  
Fax: 021-35114282

**M.A. Jinnah Road Branch**

Mezzanine & Ground Floor, Plot Survey # 19, Street # R.B.6. Shop # 3, 4, Ram Bagh Quarters 166 M.A. Jinnah Road, Karachi  
Tel: 021-32218395, 32218409, 32218428  
Fax: 021-32218376

**Muhammad Ali Society Branch**

Plot # 4-C Commercial Area, Muhammad Ali Co-Operative Housing Society, Karachi  
Tel: 021-34168036-37  
Fax: 021-34186045

**Nazimabad (Gol Market) Branch**

Plot # 7, Sub Block 'E', in Block # III (III-E-7), Nazimabad (Gole Market), Karachi  
Tel: 021-36620261-63 & 36620267  
Fax: 021-36620264

**New Challi Branch**

Plot No. 27, Survey No. 27, (New Challi), Altaf Hussain Road, Karachi.  
Tel: 021 - 32423999 - 32423737  
Fax: 021 - 32422051

**North Karachi Industrial Area Branch**

Plot No. R-14, Gabol Town, North Karachi Industrial Area, Karachi  
Tel: 021-32015919, 36995925 & 36963445  
Fax: 021-36975919

**Sea View, Clifton Branch, Karachi**

Plot No. G - 2, Block 2, (Ground Floor), Clifton, Karachi.  
Tel: 021 - 3572020 -22  
Fax: 021 - 3572023

**PAF-Base Faisal Branch**

Camp-2, Faisal Arcade, PF-I, Market PAF-Base Faisal, Karachi  
PABX: 021-34601360-62  
Fax: 021-34601363

**Paper Market Branch**

AI-Abbas Centre, Paper Market, Shahrah-e-Liaquat, Karachi  
Tel: 021-32639671-2 & 32634135  
Fax: 021-32639670

**Plaza Quarters Branch**

AI-Shafi Building Noman Street, Off: M.A. Jinnah Road, Karachi  
Tel: 021-32771515-16-18  
Fax: 021-32771517

**Ranchore Line Branch**

R.C. 11, Old Survey # E-7/143, Ranchore Line, New Lakhpati Hotel, Karachi  
Tel: 021-32767234-36  
Fax: 021-32767460

**Rizvia Society Branch**

B-12, Rizvia Cooperative Society, Nazimabad, Karachi  
Tel: 021-36600956-57  
Fax: 021-36600958

**S.I.T.E. Branch**

B/9-B/3, Near Metro Chowrangi, S.I.T.E., Area, Karachi  
Tel: 021-32586801-4, 32587166-8  
Fax: 021-32586806

**Saeedabad Branch**

Plot # 1004/1 & 1004-A/1 (5G/102-A & 5G/012-A/2), Saeedabad, Baldia, Mahajir Camp, Karachi  
Tel: 021-32815092-94  
Fax: 021-32815095

**Shahrah-e-Faisal - Branch II**

Business Avenue Block-6, P.E.C.H.S., Karachi  
Tel: 021-34386417-18 & 34374476  
Fax: 021-34531819

**Shershah Branch**

Plot # D-175, Industrial Trading Estate Area, Trans Lyari Qtrrs, Shershah, Karachi  
Tel: 021-32588191-93  
Fax: 021-32588195

**Soldier Bazar Branch**

Shop # 4, 5 & 6, Plot No 14, Survey # 13-B-2, Soldier Bazar Quarters, Karachi  
Tel: 021-32231559-60  
Fax: 021-32231556

**Steel Market Branch**

Ground Floor, Shop # G-13, 14, 32, 33 Steel Market, Ranchore lines Quarters, Karachi  
Tel: 021-32763001-07  
Fax: 021-32763009

**Tariq Road Branch**

C-51, Central Commercial Area, Near Pizza Max Tariq Road, P.E.C.H.S., Karachi  
Tel: 021-34556486, 34556682  
Fax: 021-34555478

**Timber Market Branch**

Siddique Wahab Road, Karachi  
Tel: 021-32732729, 32766995  
Fax: 021-32733214

**Malir Cantt Branch**

Army Shopping Complex, Adjacent Tooba Army Store Malir Cantonment, Karachi  
Tel: 021-34196142-44  
Fax: 021-34196145

**Water Pump Branch**

Lateef Square, Block-16, Federal 'B' Area, Main Water Pump Market, Karachi  
Tel: 021-36321387, 36314817  
Fax: 021-36314848

**Com-3, Clifton Branch, Karachi**

Show Room No. 12, "Com-3", (Opp: Bar B. Q. Tonight), Block 6, Clifton, Karachi.  
Tel: 021 - 35148311 - 13  
Fax: 021 - 35148314

**LAHORE**

**DHA Phase-VI Branch**

Property No 16-MB, Block MB, Phase VI DHA Lahore  
Tel: 042-37189650-52  
Fax: 042-37189653

**Allama Iqbal Town Branch**

56/12, Karim Block, Allama Iqbal Town, Lahore  
Tel: 042-35434160-61, 35434163  
Fax: 042-35434164

**Azam Cloth Market Branch**

285-286, Punjab Block, Azam Cloth Market, Lahore  
Tel: 042-37661686, 37660341 & 37660298  
Fax: 042-37661863

**Badami Bagh Branch**

25 - Peco Road Badami Bagh Lahore  
Tel: 042-37724583, 37720382, 37705036  
Fax: 042-37730867

**Bahria Town Branch**

Plot No. 31 - B, Sector 'C', Bahria Town, Lahore  
Tel: 042 - 37862380 - 82  
Fax: 042-37862379

**Bedian Road Branch**

Plot No. 2512/1, Phase-VI, Bedian Road, Talal Medical Center, Lahore  
Tel: 042-37165300-03  
Fax: 042-37165304

**Circular Road Branch**

Babar Centre, 51, Circular Road, Lahore  
Tel: 042-37379371 - 75  
Fax: 042-37379370

**Darogawala Branch**

Near Shalimar garden G.T.Road Darogawala Lahore  
Tel: 042-36520681-83  
Fax: 042-36520684

**DHA G Block Branch**

Plot # 13 G, Commercial Zone DHA, Phase-I, Lahore Cantt.  
Tel: 042-35691173-78  
Fax: 042-35691171

**DHAY Block Branch**

163, Block Y, Phase III, DHA Lahore Cantt  
Tel: 042-35692531-36  
Fax: 042-35692690

**Egerton Road Branch**

27-Ajmal House, Egerton Road, Lahore  
Tel: 042-36364522, 36364532  
Fax: 042-36364542

**Faisal Town Branch**

853/D, Akbar Chowk, Faisal Town, Lahore  
Tel: 042-35204101-3  
Fax: 042-35204104

**Ferozpur Road Branch**

Siza Farmer Factory, Sufiabad, Lahore  
Tel: 042- 35401751-3, 35401754  
Fax: 042-35800094

**Gulberg Branch**

132-E/1 Main Boulevard, Gulberg-III, Lahore  
Tel: 042-35870832-3, 35870975-6  
Fax: 042-35870834

**Ichra More Branch**

House # 146, Muhallah Ferozpur Road, Ichra More, Lahore  
Tel: 042-37572090-93 - 042-37426301  
Fax: 042-37572089

**Johar Town Branch**

Plot # 85, Block G/I, M.A Johar Town-Lahore  
Tel: 042-35291172-74  
Fax: 042-35171047

**Kashmir Block, Allama Iqbal Town Branch**

Plot # 1, Kashmir Block, Allama Iqbal Town  
Scheme, Lahore  
Tel: 042-37809021-24  
Fax: 042-37809026

**Lahore- Cantt Branch**

Day building 1482/A, Abdul Rehman Road, Lahore Cantt  
Tel: 042- 36603061-63  
Fax: 042-36603065

**Lahore Stock Exchange Branch**

Office No. 1, Lower Ground floor # 1, Lahore Stock  
Exchange Plaza, Plot No. 19, Khasra No. 1047, 19,  
Khayaban e Aiwan e Iqbal, Lahore  
Tel: 042-36280853 - 56  
Fax: 042-36280851

**Liberty Market Branch**

Shop No.02 & 03, Ground floor, Diamond Tower,  
28 Commercial Zone, Liberty Market, Gulberg III,  
Lahore  
Tel: 042- 35717273, 35763308  
Fax: 042-35763310

**Mall Road Branch**

56, Ground Floor, Sh-e-Quaid-e-Azam (The Mall), Lahore  
Tel: 042-36284801-3  
Fax: 042-36284805

**Model Town Branch**

14-15, Central Commercial Market, Model Town, Lahore  
Tel: 042-35915540-42 & 35915548  
Fax: 042-35915549

**New Garden Town Branch**

19-A, Ali Block, New Garden Town, Lahore  
Tel: 042-35911361-4  
Fax: 042-35911365

**Empress Road Branch**

Plot #. 29, Empress Road, Lahore  
Tel: 042-36300670-3  
Fax: 042-36310362

**Shah Alam Gate Branch**

12-A, Shah Alam Gate, Lahore  
Tel: 042-37666854 - 57  
Fax: 042-37663488

**Urdu Bazar Branch**

S - 38-R, Urdu Bazar Chowk - 205, Circular Road, Lahore  
Tel: 042-37116001-3  
Fax: 042-37116004

**Wahdat Road Branch**

Mauza Ichra, Wahdat Road, Lahore  
Tel: 042-37503001-3  
Fax: 042-37503004

**Z Block DHA Branch**

323-Z, DHA, Phase-3, Lahore  
Tel: 042-35693112-5  
Fax: 042-35693117

**ISLAMABAD**

**Bahria Town Branch**

Plot # 3-4, Express VWay, Sufiyan Plaza,  
Phase VII, Bahria Town, Islamabad  
Tel: 051- 5707360 – 63-65  
Fax: 051-5707358

**Barah Koh Branch**

Murree Road, Tehsil / District,  
Islamabad  
Tel: 051- 2321712- 13  
Fax: 051-2321714

**Blue Area Branch**

20 - AI- Asghar Plaza, Blue Area,  
Islamabad  
Tel: 051-2823204, 2872913  
Fax: 051-2274276

**F-10 Markaz Branch**

Plot No. 08, Maroof Hospital, F-10  
Markaz, Islamabad  
Tel: 051-2222860-62  
Fax: 051-2222863

**F-11 Markaz Branch**

Plot # 29, Select Center, F-11  
Markaz, Islamabad  
Tel: 051-2228027-28  
Fax: 051-2228365

**G-11 Markaz Branch**

Shop #. 25-34, Plot # 23, Sajid Sharif  
plaza, G-11 Markaz, Islamabad  
Tel: 051-2220973-6  
Fax: 051-2220977

**I-9 Markaz Branch**

Plot # 3/L, Shops Nos. 6, 7, 13, & 14, I-9,  
Markaz, Islamabad  
Tel: 051-4449832-35  
Fax: 051-4449836

**Stock Exchange Branch**

Plot # 109, East F-7/G-7, Jinnah Avenue,  
Blue Area, Islamabad  
Tel: 051-2806281-83  
Fax: 051-2806284

**Super Market Branch**

Shop No. 9, Block - C, F-6 Markaz, Islamabad.  
Tel: 051-2279168-170 & 051-2824533-34  
Fax: 051-2279166

**RAWALPINDI**

**The Mall Road Branch, Rawalpindi**

Shop No. 31-A/4, The Mall Road,  
Opp: State Life Bldg., Saddar,  
Rawalpindi Cantt.  
Tel: 051-5564123, 051-5120777-80  
Fax: 051-5528148

**Raja Bazar Branch**

Raja Bazar, Rawalpindi  
Tel: 051-5553504, 5557244 & 5777707 - 5534173-5557244  
Fax: 051-5559544

**Shamsabad Muree Road Branch**

DD/29, Shamsabad Murree Road, Ojri Kalan, Rawalpindi  
Tel: 051-4854400, 4854401-03  
Fax: 051-4854404

**FAISALABAD**

**Satiana Road Branch**

679-DGM, Batala Colony, Satiana Road, Faisalabad  
Tel: 041 - 8500569 - 71  
Fax: 041 - 8500568

**Jail Road Branch**

House No. P-62, opposite Punjab Medical College,  
Jail Road, Faisalabad  
Tel: 041-8813541-43  
Fax: 041-8813544

**Kotwali Road Branch**

P-12, Kotwali Road, Faisalabad  
Tel: 041-2412151-53  
Fax: 041-2412154

**Liaquat Road Branch**

Liaquat Road, Chak # 212, Faisalabad  
Tel: 041-2541257-59  
Fax: 041-2541255

**Susan Road Branch**

Chak No. 213/RB Susan Road, Faisalabad  
Tel: 041-8502367-69  
Fax: 041-8502371

**MULTAN**

**Vehari Road Branch**

Plot # 2227-A, Chowk Shah Abbas, Vehari Road, Multan  
Tel: 061-6241015-17  
Fax: 061-6241014

**Abdali Road Branch**

Plot No. 66-A & 66-B/9, Abdali  
Road, Multan  
Tel: 061-4588171, 4588172 & 4588175-78  
Fax: 061-4516762

**Hussain Agahi Road Branch**

2576, Hussain Agahi Road, Multan  
Tel: 061-4548083, 4583268, 4583168 & 4584815  
Fax: 061-4543794

**Qadafi Chowk Branch**

Plot # 43, Block T, New Multan Road, Qadafi Chowk-Multan  
Tel: 061-6770882-84  
Fax: 061-6770889

**SUKKUR**

**Marich Bazar Branch**

B - 885, Marich Bazar, Sukkur  
Tel: 071-5627781-2  
Fax: 071-5627755

**Shikarpur Road Branch**

Shop # D-195, Ward D, Near A Section Police Station  
Shikarpur Road, Sukkur  
Tel: 071-5617142-44  
Fax: 071-5617145

**Workshop Road Branch**

City Survey # 3403/2/1 and C.S # 3403/2M/6,  
Ward-B Tooba Tower Workshop Road, Sukkur  
Tel: 071-5616663, 5616664, 5616582  
Fax: 071-5616584

**GUJRANWALA**

**GT Road Branch**

B/1 I-57/103, G.T. Road, Gujranwala  
Tel: 055-3842751-3842729  
Fax: 055-3842890

**Gujranwala Branch**

G.T. Rd., Opp. General Bus Stand, Gujranwala  
Tel: 055-3820401-3  
Fax: 055-3820404

**Wapda Town Branch**

Plot # B - III, MM - 53, Hamza Centre,  
Wapda Town, Gujranwala  
Tel: 055-4800204-06  
Fax: 055-4800203

**GUJRAT**

**GT Road Branch**

Small Estate, G.T. Road , Gujrat  
Tel: 053-3534208, 3533949 & 3534208  
Fax: 053-3533934

**Gujrat Branch**

Main GT Road Tehsil & Distt., Gujrat  
Tel: 053-3517051-54  
Fax: 053-3516756

**Katchery Chowk Branch**

Shop #. 1263 & 1270 B-II, Katchery Chowk,  
Opp. Zahoor Elahi  
Satadium, Near New Narala Bakers, Gujrat  
Tel: 053-3601021-24  
Fax: 053-3601025

**PESHAWAR**

Deans Trade Center Branch  
Deans Trade Centre, Islamia Road, Peshawar  
Tel: 091-5253081 -3 & 5  
Fax: 091-5253080

**Fruit Market Branch**

Near Fruit Market, G.T. Road, Peshawar  
Tel: 091-2260373-4  
Fax: 091-2260375

**Hayatabad Branch**

Shop# I, Hayatabad Mall, Baghee-Naran Road,  
Phase II, Sector J-I Hayatabad Peshawar.  
Tel: 091-5822923-25  
Fax: 091-5822926

**Main University Road Branch**

Tehkal Payan, Main University Road-Peshawar  
Tel: 091-5850540-41 & 5850548-9  
Fax: 091-5850546

**Milad Chowk Branch**

Milad Chowk, New Gate, Peshawar City  
Tel: 091-2550477, 2550466, 2217131  
Fax: 091-2550488

**QUETTA**

**Fatima Jinnah Road Branch**

Plot No. Khasra No.134 & 138, Ward No. 19,  
Urban # I, Fatima Jinnah Road, Quetta  
Tel: 081-2301094-95  
Fax: 081-2301096

**Liaquat Bazar Branch**

Ainuddin Street, Quetta  
Tel: 081-2837300-1  
Fax: 081-2837302

**M.A. Jinnah Road Branch**

Ground Floor, Malik Plaza, Near Adara-e-Saqafat,  
M.A. Jinnah Road, Quetta.  
Tel: 081-2865590-95  
Fax: 081-2865587

**Regal Chowk Branch**

Regal Chowk, Jinnah Road, Quetta  
Tel: 081-2837028-29  
Fax: 081-2825065

**ABBOTTABAD**

Abbottabad Branch  
Sitara Market, Mansehra Road, Abbottabad  
Tel: 0992- 385931 -34  
Fax: 0992-385935

**ATTOCK**

**Hassan Abdal Branch**

Survey No. 1269/1624, Khasra No. 1935, G.T. Road,  
Hassan Abdal, District Attock  
Tel: 057-2520328-331 & 2520320-321

**Fateh Jang Branch**

Main Rawalpindi Road, Fateh  
Jang Distt Attock  
Tel: 057-2210321-23  
Fax: 057-2210324

**AZAD KASHMIR**

**Dadyal Branch**

Choudhary Centre, Ara Jattan, Dadyal, Azad Kashmir  
Tel: 05827-463475  
Fax: 05827-465316

**Mirpur Azad Kashmir - Branch I**

NS Tower I 19 F/I, Kotli Road  
Mirpur, Azad Kashmir  
Tel: 05827- 437193-97  
Fax: 05827-437192

**Mirpur Azad Kashmir Branch (2)**

Ghazi Archade, 6-B/3, Part II, Allama Iqbal Road,  
Mirpur, Azad Kashmir  
Tel: 05827-446405, 446407-9  
Fax: 05827-446406

**Muzafarabad Branch**

Sangam Hotel, Muzafarabad - Azad Jammu Kashmir (AJK)  
Tel: 05822-924203-5  
Fax: 05822-924206

**Shaheed Chowk Branch**

Deen Plaza, Shaheed Chowk, Kotli, Azad Kashmir  
Tel: 05826-448453-54  
Fax: 05826-448455

**CHAK GHANIAN**

**Chak Ghanian Branch**

Plot No. 547-548, Iqbal Mandi, G.T. Road, Sarai Alamgir.  
Tel: 0544-654402-03, 655155  
Fax: 0544-654401

**CHAKWAL**

**Chakwal Branch**

Al- Noor Plaza Sabzi Mandi, Talagang Road, Chakwal  
Tel: 0543-554796, 540650-51  
Fax: 0543-554797

**Dalwal Branch**

Village & Post Office Dalwal, Tehsil  
Choha, Saidan Shah, Distt Chakwal  
Tel: 0543-582834  
Fax: 0543-582842

**CHAMMAN - Rural**

**Chamman Branch**

Khashra No. 1323 & 2324 Abdali Bazar, Dola Ram Road,  
Tehsil Chaman, District Qila Abdullah, Baluchistan  
Tel: 0826- 618137-39  
Fax: 0826-618143

**DADU**

**Dadu Branch**

CS No. 1036/2, Ward 'B', Station Road,  
Dadu, Sindh  
Tel: 0254-711471-3  
Fax: 0254-711474

**DINA**

**Dina Branch**

Mian G.T. Road Dina  
Tel: 0544-634471 -3  
Fax: 0544-636675

**GAWADAR**

**Gawadar Branch**

Plot Askani Hotel, Mullah Faazul Chowk, Gawadar  
Tel: 0864-212144- 212146  
Fax: 0864-212147

**GHOTKI**

**Ghotki Branch**

CS # 395 & 407, Muhallah Machhi Bazar,  
Opp: Sarkari Bagh, Ghotki, Sindh  
Tel: 0723-681571 - 73  
Fax: 0723-681574

**GILGIT - Rural**

**Gilgit Branch**

Khasra# 1103, 1112, 1113,  
Haji Ghulam Hussain Building  
Raja Bazar Gilgit  
Tel: 05811-457366-68  
Fax: 05811-457369

**GUJAR KHAN**

**Gujar Khan Branch**

Plot # 58-D, 59-C, Sector/Block Area  
Development, Scheme # 1, Akbar Kayani  
Plaza, G.T. Road, Gujjar Khan  
Tel: 051-3516431-4 & 3516436  
Fax: 051-3516435

## HARIPUR

### Haripur Branch

Ground Floor, Akbar Arcade, Main G.T. Road, Haripur  
Tel: 0995- 610832 - 34  
Fax: 0995-610829

## HAZRO

### Hazro Branch

Plot # B -386, 386-A, Dawood Centre, Bank Square,  
Ziaul Haq Road, Hazro  
Tel: 057-2313283 - 85  
Fax: 057-2313286

## HYDERABAD

### Bohri Bazar Hyderabad Branch

41/364, Saddar, Bohri Bazar-Hyderabad  
Tel: 022-2730911-14  
Fax: 022-2730910

### Latifabad No. 7 Branch

Latifabad # 7, 5/D Unit # 7, Hyderabad  
Tel: 022-3810524 & 3810525  
Fax: 022-3810515

### Market Chowk Branch

Shop CS # A/2772/2, Ward -A,  
Market Road, Hyderabad  
Tel: 022-2638451-54  
Fax: 022-2638450

### Qasimabad Branch

Shop No. 23, 24 & 25, Rani Arcade,  
Qasimabad, Hyderabad  
Tel: 022-2650742-43 & 2652204-5  
Fax: 022-2650745

## JACOBABAD

### Jacobabad Branch

C.S. No. 480, Ward # 5, Town, Jacobabad - Sindh  
Tel: 0722-650071 - 73  
Fax: 0722-650074

## JEHLUM

### Jhelum Branch

Plot # 89, Mehfooz Plaza, Kazim Kamal Road, Jhelum Cantt.  
Tel: 0544-720216 - 18  
Fax: 0544-720219

## KAMBAR

### Shahdad Kot Branch

C.S. No. 1048, 1051, 1052, 1054, Ward 'B',  
Taluqa Shahdad Kot, District Kambar, Sindh  
Tel: 074-4014461-63  
Fax: 074-4014464

## KAMOKE

### Kamoke - GT Road Branch

Madni Trade Centre, G.T Road, Kamoke  
Tel: 055- 6815175-76  
Fax: 055-6815184

## KANDH KOT

### Kandh Kot Branch

Registry # 505 & 520, Mukhi Muhallah,  
Adjacent: Press Club, Kandh Kot, Sindh  
Tel: 0722-572604 - 6 & 0722-675607  
Fax: 0722-572607

## KASUR

### Gawadar Branch

Plot Askani Hotel, Mullah Faazul Chowk, Gawadar  
Tel: 0864-212144- 212146  
Fax: 0864-212147

## GHOTKI

### Kasur Branch

Near Pul Qatal Gahri, Kutchery Road, Kasur.  
Tel: 049-2721993  
Fax: 049-2721994

## KHAIRPUR - Rural

### Pacca Chang Branch

CS No. 418/1-08, Deh. Pacca Chang,  
Taluqa Faiz Ganj, District Khairpur, Sindh  
Tel: 0243-557403-5  
Fax: 0243-557406

## KOT ADDU

### Kot Addu Branch

Property # 43, R.H, 48/A-49-50, Ward B-III,  
Kot Addu District, Muzaffar Garh  
Tel: 066-2240206-07  
Fax: 066-2240208

### LALAMUSA

#### Lalamusa Branch

G.T. Road, Lalamusa

Tel: 0537-515694, 515699, 515697, 519977

Fax: 0537-515685

### LARKANA

#### Larkana Branch

C.S. No. 1808, Pakistan Chowk, Larkana, Sindh

Tel: 074-4053608-10

Fax: 074-4053611

### MANDI BAHAUDDIN

#### Mandi Bahauddin Branch

Khasra # 143/112, Chak #51, Bank Road,

Off Railway Road, Ghalla Mandi, Mandi

Bahauddin

Tel: 0546-600901, 600903-4-5

Fax: 0546-600902

### MANSEHRA

#### Mansehra Branch

Al- Hadeed Corporation Market Shahrah

Resham, Mansehra

Tel: 0997-303186, 303180

Fax: 0997-303135

### MARDAN

#### The Mall Branch

Plot No. 337, 337-A, The Mall, Mardan.

Tel: 0937-865344-45

Fax: 0937-865342

### MIRPURKHAS

#### Khipro Bus Stand Branch

Plot No. 92-93, Samanabad, Khipro District,

Ghumanabad Chowk, Khipro Bus Stand - Mirpurkhas

Tel: 0233-876384 & 874518

Fax: 0233-875925

#### Umer Kot Road Branch

Plot No : 988 to 991 Umerkot Gharibabad,

Mirpur Khas

Tel: 0233- 875113-7

Fax: 0233-875118

### MURIDKE

#### Muridke Branch

774, G.T. Road Muridke

Tel: 042-37950456, 37994711-12

Fax: 042-37994713

### NAROWAL

#### Katchery Road Branch

Katchery Road, Narowal

Tel: 0542-414105-7

Fax: 0542-414089

### NAWABSHAH

#### Nawabshah Branch

Survey No. 77, Masjid Road,

Nawabshah, Sindh

Tel: 0244 - 372042 - 44

Fax: 0244-372045

### GAWADAR

#### Gawadar Branch

Plot Askani Hotel, Mullah Faazul Chowk, Gawadar

Tel: 0864-212144- 212146

Fax: 0864-212147

### JAMSHORO

#### Nooriabad Branch

Ground Floor, SITE Office Building Nooriabad,

Dist Jamshoro, Sindh

Tel: 025-4670433-8

Fax: 025-4670434

### GILGIT - Rural

#### Gilgit Branch

Khasra# 1103, 1112, 1113,

Haji Ghulam Hussain Building

Raja Bazar Gilgit

Tel: 05811-457366-68

Fax: 05811-457369

### OKARA

#### Ravi Road Branch

23/A, Ravi Road, Okara.

Tel: 044-2528755, 2525355

Fax: 044-2525356

## **RABWAH**

### **Rabwah Branch**

Plot No-9-10, Block-14, Darul Sadar, Gol Bazar,  
(Chenab Nagar) Rabwah  
Tel: 047-6213795-97 & 6213792  
Fax: 047-621 3797

## **RAHIMYAR KHAN**

### **Rahim Yar Khan Branch**

31/34 Shahi Road, Rahimyar Khan  
Tel: 068-5877821-5883876  
Fax: 068-5876776

## **SADIQABAD**

### **Sadiqabad Branch**

Mozzah Khuda Bux Dehar, Macchi Goth,  
KLP Road, Sadiqabad  
Tel: 068- 5951303 & 5951301-2  
Fax: 068-5951300

## **SAHIWAL**

### **High Street Branch**

558/8-1, Navid, Plaza, High Street Sahiwal.  
Tel: 040-4229247, 4221615, 4229247  
Fax: 040-4460960

## **SARGODHA**

### **Sargodha Branch**

Prince Cinema Market Railway Road, Sargodha  
Tel: 048-3768113-5  
Fax: 048-3768116

### **Satellite Town Branch**

Satellite Town, Ground Floor, Afzal Towers,  
Plot # 302-A, Main Satellite Town, Sargodha.  
Tel: 048-3221025-28  
Fax: 048-3221029

## **SHIKARPUR**

### **Shikarpur Branch**

C.S.No.52/33/1, Ward 'B', Lakhi Gate, Shikarpur, Sindh  
Tel: 0726-522057-59  
Fax: 0726-522060

## **SIALKOT**

### **Kashmir Road Branch**

Address: Block 'A', ZHC, Kashmir Road, Sialkot  
Tel: 052-3573304-7  
Fax: 052-3573310

## **Paris Road Branch**

B1, 16S, 71/A/1, Paris Road, Sialkot  
Tel: 052-4602712-17  
Fax: 052-4598849

## **Small Industrial Area Branch**

Plot No. 32 / A, S.I.E - I, Small Industrial Estate,  
UGOKE Road, Sialkot  
Tel: 052-3242690 - 92  
Fax: 052-3242695

## **SWABI**

### **Swabi Branch**

Property bearing No. 336 I, Main Mardan Road, Swabi  
Tel: 0938-222968 - 69  
Fax: 0938-221572

## **TANDO ALLAH YAR**

### **Tando Allah Yar Branch**

C-1, Survey # 274, Main Road, Tando Allah Yar - Sindh  
Tel: 022-2763181-83  
Fax: 022-2763184

## **TURBAT**

### **Main Bazar Branch**

Main Bazar, Turbat  
Tel: 0852-413874 & 411606  
Fax: 0852-414048

## **WAH CANTT**

### **Wah Cantt Branch**

Plot No. 17/37, Civic Center, Aslam Market, Wah Cantt  
Tel: 051 - 4902238-39 & 4902241  
Fax: 051-4902240

## ISLAMIC BANKING BRANCHES

### KARACHI

#### I. I. Chundrigar Road Branch 2 (Islamic Banking)

5-Business & Finance Centre, Opposite State Bank of Pakistan, Karachi.

Tel: 021-32438212, 32472176, 32471796

Fax: 021-32438218

#### Super Highway Branch

Shop No. 29 & 30, Plot # I-B/3, Sub Sector I-A, Scheme No. 33, main Super Highway, Karachi.

Tel: 021 - 36830161-3

Fax: 021-36830162

#### Fish Harbour Branch

Plot No. L - 2, Block "L"

Fish Harbour, Dockyard Road,

West Wharf, Karachi

PABX: 021-32312166-68

Fax: 021-32312165

#### Zamzama Branch

Shop No. 3, 4, 5, 6 & 7, Plot No. 16-C, 2nd

Zamzama Commercial Lane DHA - Karachi

Tel: 021 - 35373135-7

Fax: 021 - 35373138"

#### IBL Building Centre, Shahrah-e-Faisal, Branch

Ground Floor IBL Building Center at Plot No. 1,

Block 7 & 8, D.M.C.H.S, Shahrah-e-Faisal, Karachi

Tel: 021-32368002-4

Fax #. 021 - 32368005

### LAHORE

#### PIA Society Islamic Banking Branch

Plot # 40, Block-D, Main Boulevard PIA Society,

Opp Wapda Town Roundabout, Lahore

Tel: 042-35189957 - 59

Fax: 042-35210895

### HUB, BALUCHISTAN - RURAL

#### Hub Branch

Shop No. 12 - 14, Khasra No. 106/4, Int. Shopping Mall Hotel,

Mouza Berot, Tehsil Hub, Lasbella, Baluchistan

Tel: 0853 - 363056 - 058

Fax: 0853 - 363050

### CHILAS - RURAL

#### Chilas Branch

Khasra No. 02, Bazar Area, Chillas, District Baltistan

Tel: 05812 - 450702-3

Fax: 05812-450704

### SKARDU - RURAL

#### Skardu Branch

Khasra No. 1265/39, Yadgar Chowk,

Tehsil Skardu, District Baltistan

Tel: 05815 - 456693-94

Fax: 05815-456696

### ISLAMABAD

#### Naval Anchorage Branch

Plot # 19, Commercial No. 2, Naval Officers'

Housing Scheme Anchorage, Islamabad

Tel: 051 - 5159126 - 28

Fax: 051 - 5159129

#### DHA Phase-2 Branch

Plot No. 7, Street SSSBS Al Nahayaan, Sector-A,

DHA Phase-2, Near Al Ghurair, Main Boulevard, Islamabad

Tel: 051-4918314 - 16

Fax: 051-4918317

### CHITRAL - RURAL

#### Chitral Branch

Attalique Bazar, Bank Square,

Opp: NBP Building, Chitral

Tel: 0943 - 412536-37

Fax: 0943 - 414352

### HYDERBAD

#### DHA Plaza Branch

Shop No. 1 & 2, Block "C",

Defence Plaza, Thandi Sarak, Hyderabad

Tel: 022- 2108474, 2108478

Fax # 022-210847

### RAWALPINDI

#### Bahria Town Branch Phase-IV

Plot # 1, Bahria Town, Civic Centre, Phase IV, Rawalpindi

Tel: 051-5733945-46

Fax: 051-5733967

The logo for Summit S Bank, featuring the word "Summit" in red, a stylized "S" in blue, and the word "Bank" in blue.

Committed to you

Plot No. G-2, Block 2, Clifton, Karachi.  
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