

Samba Bank Limited

Subsidiary of Samba Financial Group, Saudi Arabia

Half Yearly Report

June 30, 2020

**AIMING
ABOVE
AND
BEYOND**



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World class banking solutions
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OUR BRANCH NETWORK

Currently, SBL has a network of 40 branches located in 12 major cities across the country.

Karachi

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

Lahore

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

Islamabad

Jinnah Avenue
F-11
F-7
DHA Phase II

Rawalpindi

Murree Road
Bahria Town
Wah Cantt.

Gujranwala

G.T. Road

Faisalabad

Liaquat Road

Multan

Nusrat Road

Sialkot

Paris Road

Peshawar

Islamia Road

Quetta

M. A. Jinnah Road

Gwadar

Airport Road

AJK - Bagh

Bagh



COMPANY INFORMATION

Board of Directors

Dr. Shujaat Nadeem	Chairman/Non-Executive Director
Mr. Shahid Sattar	President & CEO/Executive Director
Ms. Ranya Nashar	Non-Executive Director
Mr. Aiman Gusti	Non-Executive Director
Mr. Timour Pasha	Non-Executive Director
Mr. Humayun Murad	Non-Executive Director
Mr. Arjumand Ahmed Minai	Independent Director
Hafiz Mohammad Yousaf	Independent Director
Mr. Tariq Javed	Independent Director

Board Audit Committee

Mr. Arjumand Ahmed Minai	Chairman
Mr. Aiman Gusti	Member
Hafiz Mohammad Yousaf	Member

Board Risk Committee

Mr. Timour Pasha	Chairman
Mr. Humayun Murad	Member
Mr. Aiman Gusti	Member
Mr. Shahid Sattar	Member

Board Nomination & Remuneration Committee

Hafiz Mohammad Yousaf	Chairman
Ms. Ranya Nashar	Member
Mr. Humayun Murad	Member

Board IT Committee

Dr. Shujaat Nadeem	Chairman
Mr. Aiman Gusti	Member
Hafiz Mohammad Yousaf	Member
Mr. Tariq Javed	Member

President & Chief Executive Officer

Mr. Shahid Sattar

Company Secretary

Syed Zia-ul-Husnain Shamsi

Chief Financial Officer

Mr. Rashid Jahangir

Auditors

KPMG Taseer Hadi & Co. Chartered Accountants

Legal Advisors

Mohsin Tayebaly & Co. Advocates & Legal Consultants

Head Office

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

Registered Office

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

Share Registrar

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

Website

www.samba.com.pk

Helpline

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Credit Rating by VIS

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

DIRECTORS' REPORT

On behalf of the Board of Directors, we are pleased to present the financial results of the Bank for the half year ended June 30, 2020.

COVID-19 - A Global Resilience

Covid-19 has tested our resilience, agility and decisiveness in countering an invisible enemy that threatened our way of life as we know it. The governments which understood the threat posed and relied on science to determine policy interventions were successful in countering first wave of the virus. Thankfully, the policy decisions in Pakistan of maintaining the equilibrium between lives and livelihood have started showing results. Pakistan has overcome the first wave of the virus and the economy has started recovering, but we should not celebrate the victory yet. In order to ensure that the virus remains under control, it is now our collective responsibility to follow the health advisory and Standard Operating Procedures (SOPs) in every aspect.

The management and Board of Directors of the Bank applaud the whole hearted efforts of our healthcare professionals and frontline employees of our Bank and banking industry at large, who despite all the odds remained steadfast in performing their respective roles and duties. The Board also pays homage to the professionals who laid their lives to protect ours', and to the families who lost their loved ones.

Economic Highlights

To cushion the blow to economy from the Covid-19, an aggressive and well-coordinated fiscal and monetary response was launched by Government of Pakistan that encompasses a cumulative 6.25% reduction in the Policy Rate, relaxation in loan repayments for borrowers, and a PKR 1.2 trillion stimulus package. Pakistan has received an emergency loan of USD 1.39 billion from the IMF and an additional loan of USD 1.75 billion from the Asian Development Bank, World Bank and Asian Infrastructure Investment Bank.

As per SBP estimates, the GDP is projected to contract by 0.4% during FY2020, owing to the worldwide economic disruption caused by the Covid-19 pandemic. However, with reopening of the large parts of the economy, growth is expected to gradually pick-up in FY21 as a result of aggressive monetary easing and recovery in the agriculture and services sectors. Current Account Deficit (CAD) remained under control as sharp decline in exports was offset by contraction in imports and increased workers' remittances.

Financial Results and Overview

Highlights of the financial performance of the Bank are given below:

	(Rupees in millions)	
	Half Year Ended June 30, 2020 (Un-Audited)	Half Year Ended June 30, 2019 (Un-Audited)
Profit before taxation	1,175	654
Taxation	470	294
Profit after taxation	705	360
Earnings per share - (Rupees)	0.70	0.36

(Rupees in millions)	
June 30, 2020 (Un-audited)	December 31, 2019 (Audited)
Total assets	129,577
Investments - net	51,278
Advances - net	61,356
Deposits	71,882
Surplus on revaluation of assets - net of tax	329

Total assets
Investments - net
Advances - net
Deposits
Surplus on revaluation of assets - net of tax

Profit Before Tax (PBT) for six months was PKR 1,175 mln as compared to PKR 654 mln for similar period last year. The six month profit is, Alhamdulillah higher than full year's profit of Rs. 1,100 mln last year. This increase is primarily attributable to the growth in net mark-up income of PKR 359 mln and gain on sale of securities by PKR 383 mln. All of the above factors have resulted in the Profit After Tax (PAT) of PKR 705mln for the half year ended June 30, 2020 compared to PKR 360mln for similar period last year.

The management is focused on strategically sizing the balance sheet with appropriate mix of earning assets vis-à-vis credit risk, low cost borrowings and deposits. This has resulted in increase in the assets base of the Bank from PKR 129.58bln as at December 31, 2019 to PKR 156.34bln at June 30, 2020. The increase is primarily attributable to the growth in investments in Federal Government securities by 29% over year end position of 2019. During the period, Advances witnessed a slight decline of PKR 315mln. On the liabilities side, the Bank managed to mobilize low cost & medium to small ticket deposits with overall deposit cost of 7.93% and closed its deposits book at PKR 74.16bln with an increase of PKR 2.28bln over December 31, 2019 position.

Credit Rating

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

Future Outlook

Inflation as measured by the CPI clocked-in at 10.8% for FY2020, which is likely to drop to single digit in FY2021 due to weak demand, measured currency devaluation, and high base effect. After peaking at 13.25%, the SBP has slashed the Policy Rate to 7% driven by benign inflation outlook, weakening demand pressure, comfortable external account position, and more importantly to stimulate the economy.

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

Acknowledgment

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

On behalf of the Board of Directors,

Shahid Sattar
President & Chief Executive Officer

Arjumand Ahmed Minai
Director

August 26, 2020
Karachi

بینک ترقی کی نئی راہوں کے تعین کے ساتھ اثاثہ جات میں بتدریج اضافے کے لیے موثر اقدامات کا سلسلہ جاری رکھے گا جس کے ساتھ اپنے پیداواری اثاثہ جات کی مستعدی پر خصوصی ارتکاز، ان سے متعلقہ خدشات سے مناسب طور پر نمٹنے اور ڈپازٹس کی ترکیب میں جاری بہتری کے ساتھ اپنی لاگت کم کرنے کے ذریعے، اپنی ترقی و نمو کے تمام ضروری اقدامات کو جاری رکھے گا۔ یہ امر بینک کے معزز صارفین کو دنیا کی بہترین بینکاری کی خدمات مہیا کرنے سے ممکن ہو سکے گا۔

اظہار شکر

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

ارجمند احمد مینائی
ڈائریکٹر

شاہد ستار
پریذیڈنٹ اور چیف ایگزیکٹو آفیسر

26 اگست 2020ء

کراچی

ملین روپے	
31 دسمبر 2019ء (آڈٹ شدہ)	30 جون 2020ء (غیر آڈٹ شدہ)
129,577	156,336
51,278	64,538
61,356	61,041
71,882	74,164
329	907

کل اثاثہ جات
سرمایہ کاری۔ خالص
قرضہ جات۔ خالص
ڈپازٹس
اثاثہ جات کی ریویلویشن پر خسارہ۔ بعد از محصولات

گذشتہ برس کی مماثلٹی مدت کے دوران 654 ملین روپے کے قبل از ٹیکس منافع کی نسبت موجودہ ششماہی کے دوران منافع 1,175 ملین روپے رہا۔ الحمد للہ، یہ ششماہی منافع گذشتہ مکمل برس کے، 1,100 ملین روپے منافع سے بھی زائد رہا۔ اس اضافے کے بنیادی عوامل میں خالص مارک آپ آمدنی کی 359 ملین روپے کی افزائش کے ساتھ تسکات کی فروخت سے حاصل شدہ 383 ملین روپے کا منافع شامل رہا۔ مندرجہ بالا اسباب کی بدولت بینک کا منافع بعد از ٹیکس گزشتہ سال کی مماثلٹی مدت کی 360 ملین روپے کی سطح کے مقابلے میں 30 جون 2020ء کو اختتام پذیر ششماہی کے لیے 705 ملین روپے پر درج ہوا۔

بینک کی انتظامیہ کی توجہ پیداواری اثاثہ جات کی موزوں ترکیب کے ذریعے اپنے میزانیے کی قدر و قیمت کو دانشمندی سے برقرار رکھنے پر مرکوز ہے، جس میں کریڈٹ رسک، کم لاگت کے قرض اور ڈپازٹس شامل ہیں۔ اس کے نتیجے میں اثاثوں کی اساس 31 دسمبر 2019 کے 129.58 ملین روپے کے حجم کی نسبت 30 جون 2020 تک 156.34 ملین روپے تک بڑھ گئی۔ اس اضافے کے بنیادی عوامل میں وفاقی حکومت کے تسکات میں سرمایہ کاری کی بڑھوتی ہے جن میں دسمبر 2019 کی سطح سے 29 فیصد کا اضافہ ریکارڈ کیا گیا۔ قرضہ جات میں 315 ملین روپے کی معمولی کمی دیکھی گئی۔ واجبات کے حوالے سے بینک درمیانی اور قلیل مدت کے ڈپازٹس کے حصول میں کامیاب رہا جس سے ڈپازٹس کی مجموعی لاگت 7.93 فیصد رہی اور ڈپازٹس کا حجم 31 دسمبر 2019 کی سطح سے 2.28 ملین روپے کے اضافے کے ساتھ 74.16 ملین روپے پر درج کیا گیا۔

کریڈٹ ریٹنگ:

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

مستقبل کی پیش بینی:

مالی سال 2020ء میں سی پی آئی سے تین شدہ افراط زر کی شرح بڑھتے ہوئے 10.8 فیصد درج کی گئی، جبکہ طلب (ڈیمانڈ) میں کمزوری، کرنسی کی معیبت تھیل اور بین الاقوامی اثرات کے باعث مالی سال 2021ء میں اس کی شرح کمی کے ساتھ ایک ہندسے تک آنے کی توقع ہے۔ 13.25 فیصد کی بلند ترین شرح پر جانے کے بعد بینک دولت پاکستان نے افراط زر کی کمزور پیش بینی، طلب کے گرتے ہوئے دباؤ، بیرونی کھاتوں کی تسلی بخش صورتحال اور سب سے بڑھ کر معیشت کو متحرک رکھنے کے لیے پالیسی ریٹ کو ٹوٹی کے بعد 7 فیصد پر لاگو کیا۔

ڈائریکٹرز کی رپورٹ

بورڈ آف ڈائریکٹرز کی جانب سے ہم 30 جون 2020 کو اختتام پذیر ہونے والی ششماہی کے مالیاتی نتائج پیش کرتے ہوئے نہایت مسرت محسوس کر رہے ہیں۔

کووڈ - 19 کے خلاف عالمی مزاحمت

کووڈ - 19، ایک نادیدہ دشمن جس نے ہمارے معمولات زندگی کے مروجہ طریقہ کار کو خطرات سے درپیش کرتے ہوئے ہماری قوت مزاحمت، مستعدی اور فیصلہ سازی کی کڑی آزمائش کی ہے۔ جن حکومتوں نے لاحق خطرے کی بخوبی پیمائش کے ساتھ سائنسی خطوط پر انحصار کرتے ہوئے اپنی پالیسیوں میں افادہ دہنی تحفظات کو اختیار کیا، وہ اس وائرس کی پہلی رو سے کامیابی کے ساتھ نبرد آزما ہوئے۔ یہ امر باعث شکر ہے کہ پاکستان میں انسانی جان اور ذرائع معاش کے مابین توازن کے لیے اٹھائے گئے پالیسی اقدامات کے نتائج نظر آنا شروع ہو گئے ہیں۔ پاکستان نے وائرس کی پہلی رو پر کافی حد تک قابو پایا ہے اور معیشت میں بحالی شروع ہو چکی ہے، تاہم ابھی یہ وقت اپنی کامیابی کا جشن منانے کا نہیں، بلکہ یہ ہماری اجتماعی ذمہ داری ہے کہ احتیاط برقرار رکھتے ہوئے صحت سے متعلق ہدایات اور اسٹینڈرڈ آپریٹنگ پراسیجرز (ایس او پی) کی ہر شعبہ میں مکمل پاسداری کریں تاکہ وائرس پر کنٹرول برقرار رہے۔

بینک کی انتظامیہ اور بورڈ آف ڈائریکٹرز صحت عامہ کے شعبے سے تعلق رکھنے والے پیشہ ور افراد اور صرف اول میں خدمات سرانجام دینے والے اپنے بینک اور مجموعی طور پر بینکاری کی پوری صنعت کے ملازمین کے کردار کو سراہتے ہیں، جنہوں نے تمام نامساعد حالات کے باوجود اپنے کردار اور ذمہ داریوں کو نہایت احسن طریقے سے نبھایا۔ بورڈ ان تمام پیشہ ور افراد کو بھی خراج عقیدت پیش کرتا ہے جنہوں نے ہماری حفاظت کے لیے اپنی جانوں کی قربانیاں دیں اور جن خاندانوں نے اپنے پیاروں کو کھویا ہے۔

معاشی چھلکیاں:

معیشت پر کووڈ - 19 کے دھچکے کے تدارک کے جوابی ردعمل کے طور پر حکومت پاکستان کی جانب سے ایک جارح اور نہایت منظم مالیاتی اور انضباطی پالیسی کا آغاز کیا گیا جس کا محور پالیسی ریٹ میں مجموعی طور پر 6.25 فیصد کمی، قرض یا فنڈنگ کے لیے قرضوں کی ادائیگی میں سہولت اور حکومت کی جانب سے 1.2 ٹریلین روپے کی ایک خطیر رقم کا تکلیف تھا۔ پاکستان نے آئی ایم ایف سے 1.39 بلین امریکی ڈالر اور ایشین ڈیولپمنٹ بینک، ورلڈ بینک اور ایشین انفراسٹرکچر انویسٹمنٹ بینک سے مزید 1.75 بلین امریکی ڈالر کا ہنگامی قرض بھی حاصل کیا ہے۔

اسٹیٹ بینک آف پاکستان کے تخمینہ کے مطابق، مالی سال 2020ء کے دوران کووڈ - 19 کی عالمگیر وباء سے دنیا بھر کی معیشت کو درپیش رکاوٹوں کے باعث جی ڈی پی کی متوقع شرح میں 0.4 فیصد کمی متزلی واقع ہوئی ہے۔ تاہم، معیشت کے ایک بڑے حصے کی بحالی کے ساتھ مالی سال 2021ء میں پیش قدم مالیاتی آسانیوں اور زراعت و خدمات کے شعبوں کی بحالی کی بدولت معاشی ترقی میں بتدریج اضافہ متوقع ہے۔ برآمدات میں تیزی سے ہونے والی متزلی کے مقابلے میں درآمدات کی کمی اور انفرادی ترسیلات زر کے اضافے نے کرنٹ اکاؤنٹ خسارے کو منظم رکھا۔

مالیاتی نتائج اور جائزہ

بینک کی مالیاتی کارکردگی کی چھلکیاں مندرجہ ذیل ہیں:

بلین روپے	
ششماہی مختتمہ 30 جون 2019ء (غیر آڈٹ شدہ)	ششماہی مختتمہ 30 جون 2020ء (غیر آڈٹ شدہ)
654	1,175
294	470
360	705
0.36	0.70

منافع قبل از محصولات (ٹیکسیشن)

محصولات

منافع بعد از محصولات

آمدنی فی شخص (روپے)

Independent Auditor's Report

On Review of Interim Financial Statements

To the members of Samba Bank Limited

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Samba Bank Limited ("the Bank") as at 30 June 2020, and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flow and notes to the condensed interim financial statements for the six-month period then ended (here-in-after referred to as "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

Scope of review

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

Conclusion

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

Other matter

The figures for the quarters ended 30 June 2020 and 30 June 2019 in the condensed interim profit and loss account and condensed interim statement of comprehensive income have not been reviewed by us and we do not express a conclusion on them.

The financial statements of the Bank for the year ended 31 December 2019 and six months period ended 30 June 2019 were audited and reviewed respectively by another auditor whose reports, dated 02 March, 2020 and 29 August, 2019, expressed unqualified opinion / conclusion on those statements.

The engagement partner on the review resulting in this independent auditor's report is Kamran Iqbal Yousafi.

Lahore
Date: August 28, 2020

KPMG Taseer Hadi & Co.
Chartered Accountants

Condensed Interim Statement of Financial Position

AS AT JUNE 30, 2020

	Note	(Rupees in '000)	
		June 30, 2020 (Un-audited)	December 31, 2019 (Audited)
ASSETS			
Cash and balances with treasury banks	6	5,733,691	5,544,027
Balances with other banks	7	1,657,214	1,154,197
Lendings to financial institutions	8	15,639,832	2,274,405
Investments - net	9	64,537,500	51,278,029
Advances - net	10	61,041,039	61,356,143
Fixed assets	11	1,844,198	1,896,507
Intangible assets	12	128,122	133,464
Deferred tax assets - net	13	-	327,484
Other assets - net	14	5,754,787	5,613,151
		156,336,383	129,577,407
LIABILITIES			
Bills payable	16	690,057	783,478
Borrowings	17	60,306,923	36,114,488
Deposits and other accounts	18	74,164,324	71,881,880
Liabilities against assets subject to finance lease		-	-
Subordinated debt		-	-
Deferred tax liabilities - net	13	30,515	-
Other liabilities	19	5,682,656	6,618,074
		140,874,475	115,397,920
NET ASSETS			
		15,461,908	14,179,487
REPRESENTED BY:			
Share capital		10,082,387	10,082,387
Reserves		970,302	829,289
Surplus on revaluation of assets	20	906,616	329,259
Unappropriated profit		3,502,603	2,938,552
		15,461,908	14,179,487
CONTINGENCIES AND COMMITMENTS			
	21		

The annexed notes 1 to 38 form an integral part of these condensed interim financial statements.

Chief Financial Officer

President & Chief Executive Officer

Director

Director

Chairman

Condensed Interim Profit and Loss Account (Un-Audited)

FOR THE QUARTER AND HALF YEAR ENDED JUNE 30, 2020

	Note	(Rupees in '000)			
		Quarter ended		Half Year ended	
		June 30, 2020	June 30, 2019 (Restated)	June 30, 2020	June 30, 2019
Mark-up / Return / Interest Earned	22	3,635,081	2,797,658	7,839,377	5,299,449
Mark-up / Return / Interest Expensed	23	2,647,615	1,928,284	5,830,565	3,649,855
Net Mark-up / Return / Interest Income		987,466	869,374	2,008,812	1,649,594
Non Mark-Up / Interest Income					
Fee and Commission Income	24	54,556	78,592	126,434	157,572
Dividend Income		12,970	19,725	26,615	30,450
Foreign Exchange Income		99,819	146,663	320,593	229,621
Income / (loss) from derivatives		-	-	-	-
Gain / (loss) on securities	25	353,631	111	389,372	6,007
Other Income	26	8	38	11	270
Total non-markup / interest income		520,984	245,129	863,025	423,920
Total Income		1,508,450	1,114,503	2,871,837	2,073,514
Non Mark-Up / Interest Expenses					
Operating Expenses	27	744,198	642,522	1,451,295	1,258,417
Workers' Welfare Fund		15,913	13,341	24,469	13,341
Other charges	28	10	-	10	288
Total non-markup / interest expenses		760,121	655,863	1,475,774	1,272,046
Profit Before Provisions		748,329	458,640	1,396,063	801,468
(Provisions) / reversals and write offs - net	29	15,790	(135,172)	(221,239)	(147,769)
Extra ordinary / unusual items		-	-	-	-
Profit Before Taxation		764,119	323,468	1,174,824	653,699
Taxation	30	(309,748)	(135,821)	(469,760)	(293,917)
Profit After Taxation		454,371	187,647	705,064	359,782
(Rupees)					
Earnings per share - basic and diluted	31	0.45	0.19	0.70	0.36

The annexed notes 1 to 38 form an integral part of these condensed interim financial statements.

Chief Financial Officer

President & Chief Executive Officer

Director

Director

Chairman

Condensed Interim Statement of Comprehensive Income (Un-Audited)

FOR THE QUARTER AND HALF YEAR ENDED JUNE 30, 2020

	(Rupees in '000)			
	Quarter ended		Half Year ended	
	June 30, 2020	June 30, 2019 (Restated)	June 30, 2020	June 30, 2019
Profit after taxation for the period	454,371	187,647	705,064	359,782
Other comprehensive income / (loss)				
Items that may be reclassified to profit and loss account in subsequent periods:				
Movement in (deficit) / surplus on revaluation of investments - net of tax	7,955	(41,713)	577,357	33,955
Total comprehensive income for the period	<u>462,326</u>	<u>145,934</u>	<u>1,282,421</u>	<u>393,737</u>

The annexed notes 1 to 38 form an integral part of these condensed interim financial statements.

Chief Financial Officer

President & Chief Executive Officer

Director

Director

Chairman

Condensed Interim Cash Flow Statement (Un-Audited)

FOR THE HALF YEAR ENDED JUNE 30, 2020

	(Rupees in '000)	
	Half year ended	
	June 30, 2020	June 30, 2019
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	1,174,824	653,699
Less: Dividend income	(26,615)	(30,450)
	1,148,209	623,249
Adjustments:		
Depreciation	166,434	165,533
Amortisation of intangible assets	20,617	17,186
Provision and write-offs	212,274	147,769
Gain on sale of fixed assets	-	(245)
Interest expensed on lease liability against right of use assets	54,920	56,444
Gain on sale of investments - net	(380,105)	(5,031)
Unrealized (gain) / loss on revaluation of investments classified as held for trading	(4,127)	334
Operating Fixed Assets Written-off / Adjusted	8,965	-
Recoveries against debts written-off	8	166
	78,986	382,156
	1,227,195	1,005,405
(Increase) / decrease in operating assets		
Lendings to financial institutions	(13,365,427)	7,051,269
Investments - held for trading securities	(4,150,037)	5,697,364
Advances	300,329	(2,293,809)
Others assets (excluding advance taxation)	(184,167)	(5,198,644)
	(17,399,302)	5,256,180
Increase / (decrease) in operating liabilities		
Bills Payable	(93,421)	607,818
Borrowings from financial institutions	24,192,435	(9,824,689)
Deposits and other accounts	2,282,444	3,359,695
Other liabilities (excluding current taxation)	(1,098,267)	3,930,449
	25,283,191	(1,926,727)
Income tax paid	9,111,084	4,334,858
Net cash flow generated from operating activities	(291,708)	(197,722)
	8,819,376	4,137,136
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in securities	(7,976,223)	(1,868,468)
Dividends received	23,928	26,500
Investments in fixed assets and intangible assets	(58,563)	(83,417)
Proceeds from sale of fixed assets	-	463
Net cash flow used in investing activities	(8,010,858)	(1,924,922)
CASH FLOW FROM FINANCING ACTIVITIES		
Payments of lease liabilities against Right of Use Assets	(115,837)	(102,780)
Increase / (Decrease) in cash and cash equivalents during the period	692,681	2,109,434
Cash and cash equivalents at beginning of the period	6,698,224	5,650,964
Cash and cash equivalents at end of the period	7,390,905	7,760,398

The annexed notes 1 to 38 form an integral part of these condensed interim financial statements.

Chief Financial Officer

President & Chief Executive Officer

Director

Director

Chairman

Condensed Interim Statement of Changes in Equity (Un-Audited)

FOR THE HALF YEAR ENDED JUNE 30, 2020

	(Rupees in '000)					
	Share Capital	Capital Reserve	Statutory Reserve	Surplus/ (Deficit) on Revaluation of Investments	Unappropriated profit	Total
Balance as at December 31, 2018	10,082,387	20,935	671,062	(380,015)	2,389,386	12,783,755
Comprehensive income for the period						
Profit after taxation for the half year ended June 30, 2019	-	-	-	-	359,782	359,782
Other comprehensive income						
Movement in surplus on revaluation of investments - net of tax	-	-	-	33,955	-	33,955
	-	-	-	33,955	359,782	393,737
Transfer to statutory reserve	-	-	71,956	-	(71,956)	-
Balance as at June 30, 2019	10,082,387	20,935	743,018	(346,060)	2,677,212	13,177,492
Comprehensive income for the period						
Profit after taxation for the half year ended December 31, 2019	-	-	-	-	326,676	326,676
Other comprehensive income						
Movement in surplus on revaluation of investments - net of tax	-	-	-	675,319	-	675,319
	-	-	-	675,319	326,676	1,001,995
Transfer to statutory reserve	-	-	65,336	-	(65,336)	-
Balance as at December 31, 2019	10,082,387	20,935	808,354	329,259	2,938,552	14,179,487
Comprehensive income for the period						
Profit after taxation for the half year ended June 30, 2020	-	-	-	-	705,064	705,064
Other comprehensive income						
Movement in surplus on revaluation of investments - net of tax	-	-	-	577,357	-	577,357
	-	-	-	577,357	705,064	1,282,421
Transfer to statutory reserve	-	-	141,013	-	(141,013)	-
Balance as at June 30, 2020	10,082,387	20,935	949,367	906,616	3,502,603	15,461,908

The annexed notes 1 to 38 form an integral part of these condensed interim financial statements.

Chief Financial Officer

President & Chief Executive Officer

Director

Director

Chairman

Notes to and Forming Part of the Condensed Interim Financial Statements (Un-Audited)

FOR THE HALF YEAR ENDED JUNE 30, 2020

1 STATUS AND NATURE OF BUSINESS

- 1.1** Samba Bank Limited (the Bank) is a banking company incorporated in Pakistan and is engaged in commercial banking and related services. The Bank is listed on the Pakistan Stock Exchange Limited. Its principal office is located at Ground Floor, Arif Habib Centre, M.T. Khan Road, Karachi, whereas, the registered office of the Bank is located at 2nd floor, Building No. 13-T, F-7 Markaz, near Post Mall, Islamabad. The Bank is a subsidiary of SAMBA Financial Group of Saudi Arabia, which holds 84.51% shares of the Bank as at June 30, 2020 (December 31, 2019: 84.51%). The Bank operates 40 branches (December 31, 2019: 40 branches) inside Pakistan.
- 1.2** VIS Credit Rating Company has determined the Bank's medium to long-term rating as 'AA' with stable outlook and the short-term rating as 'A-1'.

2 BASIS OF PRESENTATION

2.1 STATEMENT OF COMPLIANCE

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are 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 the Companies Act, 2017; and
- Directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP).

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

- 2.2** The disclosures made in these condensed interim financial statements have been limited based on the format prescribed by the SBP vide BPRD Circular Letter No. 5 dated March 22, 2019 and International Accounting Standard (IAS) 34, Interim Financial Reporting. These condensed interim financial statements do not include all the information and disclosures required for annual financial statements and should be read in conjunction with the annual financial statements for the year ended December 31, 2019.
- 2.3** The SBP vide BSD Circular letter No. 10, dated August 26, 2002 has deferred the applicability of International Accounting Standard 39, Financial Instruments: Recognition and Measurement and International Accounting Standard 40, Investment Property for banking companies till further instructions. Moreover, according to the notification of the SECP issued vide SRO 411(I)/2008 dated April 28, 2008, International Financial Reporting Standard (IFRS) 7, Financial Instruments: Disclosures has not been made applicable for banks. Accordingly, the requirements of these standards have not been considered in the preparation of these financial statements. However, investments have been classified and valued in accordance with the requirements of various circulars issued by the SBP.
- 2.4** These condensed interim financial statements have been prepared under the historical cost convention except certain investments, foreign currency balances, commitments in respect of foreign exchange contracts and derivative financial instruments which have been marked to market and are carried at fair value.

3 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these condensed interim financial statements are consistent with those followed in the preparation of the annual financial statements for the year ended December 31, 2019.

3.1 Standards, amendments and interpretations to approved accounting standards that are effective in the current period

There are certain other new standards and interpretations of and amendments to existing accounting standards that have become applicable to the Bank for accounting periods beginning on or after January 1, 2020. These are considered as either not relevant or do not have any significant impact on the Bank's condensed interim financial statements.

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

The following new standards and amendments to existing accounting standards will be effective from the dates mentioned below against the respective standard or amendment:

Effective date (annual periods beginning on or after)

- Amendments to IFRS-16	June 01, 2020
- IAS 16 Property, Plant and Equipment (Amendments)	January 01, 2022
- IAS 37 Provisions, Contingent Liabilities and Contingent Assets (Amendments)	January 01, 2022
- IFRS 9, Financial Instruments (3.2.1)	January 01, 2021

3.2.1 The SBP vide its BPRD Circular No. 04 dated October 23, 2019 has notified the effective date of IFRS 9, 'Financial Instruments' as January 1, 2021. IFRS 9, 'Financial Instruments' has replaced IAS 39, 'Financial Instruments: Recognition and Measurement'. The standard addresses recognition, classification, measurement and derecognition of financial assets and financial liabilities. The standard has also introduced a new impairment model for financial assets which requires recognition of impairment charge based on 'Expected Credit Losses' (ECL) approach rather than 'incurred credit losses' approach. The ECL has impact on all the assets of the Bank which are exposed to credit risk.

3.2.2 There are certain other new and amended standards, interpretations and amendments that are mandatory for the Bank's accounting periods beginning on or after January 1, 2021 but are considered not to be relevant or will not have any significant effect on the Bank's operations and are therefore not detailed in these financial statements.

3.3 Effect of restatement in the quarter ended 30 June 2019

SECP vide SRO 434 (I)/2018 dated 9th April 2018, had directed the companies to follow IFRS 16 - Leases instead of IAS 17 - Leases, for annual reporting periods beginning on or after January 01, 2019. For half year ended June 30, 2019, the Bank adopted IFRS 16 effective from January 1, 2019, and did not restate comparatives for the reporting period of 2018, as permitted under the specific transitional provisions in the standard.

Since the Bank adopted the IFRS-16 effective from January 1, 2019, and the impact of the standard was considered to be material, the Bank restated the condensed interim profit and loss account of the prior period presented in the condensed interim financial statements for the quarter ended March 31, 2020 and disclosed the impact in Note 3.1.1 of those condensed interim financial statements. The said restatement has also resulted in changes in the condensed interim profit and loss account of the prior period presented in these condensed interim financial statements i.e. Quarter ended June 30, 2019 to the below effect;

Particulars	(Rupees in '000)		
	Before restatement for the Quarter ended June 30, 2019	Restatement-Impact of IFRS 16	After restatement for the Quarter ended June 30, 2019
Condensed Interim Profit and loss account - Un-audited			
Profit Before Provisions	436,505	22,135	458,640
Profit Before Taxation	301,333	22,135	323,468
Taxation	127,188	8,633	135,821
Profit After Taxation	174,145	13,502	187,647
Earnings per share - basic and diluted - Rupees	0.18	0.01	0.19
Condensed Interim Statement of Comprehensive Income - Un-audited			
Profit after taxation for the quarter	174,145	13,502	187,647
Total comprehensive income	132,432	13,502	145,934

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The basis for accounting estimates adopted in the preparation of these condensed interim financial statements is the same as that applied in the preparation of the annual financial statements for the year ended December 31, 2019.

5 FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Bank are consistent with those disclosed in the audited annual financial statements for the year ended December 31, 2019, except as mentioned below:

The COVID-19 pandemic has impacted all economies and emerged as a contagion risk around the globe. Various preventive strategies adopted by the governments including the general lockdown resulted in the halt of the operations of various industries, which has translated into negative GDP growth rates. These measures have also impacted the Pakistan economy in no different way and disrupted the supply chain and operations of almost all industries resulting into liquidity crisis.

The State Bank of Pakistan responded in a timely manner and undertook various initiatives like:

- Reduction of the policy rate from 13.25% to 7% since the start of the pandemic
- Reduction in the capital conservation buffer by 100 basis points to 1.5%
- Increasing the regulatory limit on extension of credit to SMEs to Rs 180 million
- Relaxing the debt burden ratio for consumer loans from 50% to 60%
- Allowing banks to defer borrowers principal loan payments by one year and or restructure/reschedule loans to borrowers who require relief of principal repayment exceeding one year and / or mark up with no reflection on credit history; and
- Introduction of refinancing scheme for payment of wages and salaries.

COVID-19 will impact banks in Pakistan on a number of fronts including increase in overall credit risk pertaining to loans and advances portfolio, reduced fee income due to free of cost service offerings and overall slowdown in economic activities, continuity of business operations and managing cyber security threats.

5.1 Credit Risk Management

The Risk Management function of the Bank is regularly conducting the assessment of the credit portfolio to identify obligors most likely to get affected due to changes in the business and economic environment resulting from the COVID-19 outbreak. The Bank is continuously strengthening its credit review procedures. Since some of the obligors have also availed the SBP enabled deferment, restructuring and rescheduling relief, the full potential effect of the economic stress is difficult to predict.

In order to dampen the adverse impact of COVID-19 on the economy and to enable the banks continuity to fulfil their role in funding the real economy, the SBP vide BPRD Circular Letter No. 13 of 2020, BPRD Circular Letter No. 14 of 2020 and IH&SMEFD Circular Letter No. 3 of 2020 all issued on March 26, 2020 have introduced regulatory relief in the form of relaxation of various requirements of Prudential Regulations for Corporate & Commercial Banking, Consumer Banking and Small & Medium Enterprises Banking, respectively. This regulatory relief includes permitting the banks to Rescheduling / Restructuring of due principal and markup against financing facilities and relaxation of objective classification criteria from 90 days to 180 days (December 31, 2019: 90 days), on selective basis. Consequently, the Bank has received / and is in process of receipt of requests from its borrowers for rescheduling / restructuring of their financing facilities. Accordingly while preparation of these condensed interim financial statements, the regulatory relief granted through the above said circulars have been considered for various facilities of certain borrowers whose principal due amounting to Rs. 12,649 million was deferred for a period of one year, whereas principal and markup due amounting to Rs. 1,075 million was restructured, as at June 30, 2020.

5.2 Liquidity Risk Management

SBP initiatives such as deferral of principal and rescheduling / restructuring of loans may have an adverse effect on liquidity and maturity profile of the Bank, however the Bank holds sufficient liquidity buffer to absorb any unforeseen shocks during the prevailing situation. Moreover, the Asset and Liability Committee (ALCO) of the Bank continues to monitor the liquidity position of the Bank in view of emerging risks.

5.3 Equity Risk Management

The negative impact of COVID-19 pandemic was observed in equity markets during the first half of the current year resulting in significant decline in the valuation of various equity investments on reporting date. Cognizant to this fact, the State Bank of Pakistan (SBP) through its BPRD Circular Letter No. 13 of 2020 granted relaxation in recognizing the impairment in listed equity instruments held as Available for Sale (AFS) portfolio, in phased manner. However, the Bank after carefully reviewing the portfolio, recorded the required impairment of Rs 236.966 million in the financial statements of the current period, and has not deferred any impairment to the subsequent periods as allowed by the SBP.

5.4 Operational Risk

The Bank, like all financial institutions, is exposed to operational risk and the risk of Business Continuity in current pandemic situation. The Management of the Bank is closely monitoring the situation and taking prompt decisions to ensure the uninterrupted services to the customers.

Business Continuity Plans (BCP) for all critical processes is already in place and are being tested on regular basis. However, during the pandemic, the Bank has significantly enhanced monitoring of risk related to business continuity and disruption. The Bank recognizes that pandemic can cause varying degrees of disruption to normal business processes and that it has the responsibility to its customers to continue critical operations during this event. The Bank's goal is to meet this obligation with no or minimal interruption, given the circumstances and scope of disruptive event.

Employees of the Bank were mandated to work from home and their respective BCP sites where required as part of the de-crowding plan. Therefore, the Bank developed a secured and comprehensive strategy including enhanced monitoring to deal with Cybersecurity risks during these times. Related risk and control measures including regulatory protocols were assessed so as to ensure that the Bank's systems are protected from emerging cyber threats. Various COVID-19 related awareness campaigns took place as part of the strategy. The Bank is communicating with its customers through various channels to ensure their safety and health, all measures were, therefore taken for the security of these channels and to ensure that complaints are resolved and turnaround times are monitored to meet the expectations of the customers.

5.5 Capital Adequacy Ratio (CAR)

The SBP has relaxed CAR requirements for all Tiers by reducing the Capital Conversion Buffer (CCB) from 2.5% to 1.5%. The initiative will encourage banks to extend lending despite probable reduction in profits and increased credit risk. The Bank's CAR as at June 30, 2020 stands at a sound level of 18.62%, providing ample cushion to absorb any unexpected shocks.

6 CASH AND BALANCES WITH TREASURY BANKS

In hand

Local currency
Foreign currency

With State Bank of Pakistan in

Local currency current account
Foreign currency current account (cash reserve account)
Foreign currency current account (USD Settlement Account)
Foreign currency deposit account (Special Cash Reserve Account)

With National Bank of Pakistan in

Local currency current account

National Prize Bonds

7 BALANCES WITH OTHER BANKS

In Pakistan

In current account
In deposit account

Outside Pakistan

In current account

8 LENDINGS TO FINANCIAL INSTITUTIONS

Call lending
Repurchase agreement lendings (Reverse Repo)
Less: Provision held against Lending to Financial Institutions
Lending to Financial Institutions - net of provision

9. Investments - Net

9.1 Investments by type:

Held for trading securities

Federal Government Securities
Shares

Available for sale securities

Federal Government Securities
Shares
Non Government Debt Securities

Held to maturity securities

Federal Government Securities

Total Investments

		(Rupees in '000)	
		June 30, 2020	December 31, 2019
		(Un-audited)	(Audited)
		804,419	647,811
		508,659	311,164
		1,313,078	958,975
		2,777,680	2,752,943
		532,384	430,941
		33,543	88,008
		1,064,601	1,292,668
		4,408,208	4,564,560
		8,373	12,251
		4,032	8,241
		5,733,691	5,544,027
		45,688	95,973
		17	17
		45,705	95,990
		1,611,509	1,058,207
		1,657,214	1,154,197
		2,000,000	-
		13,639,832	2,274,405
		-	-
		15,639,832	2,274,405

		June 30, 2020 (Un-audited)				December 31, 2019 (Audited)			
		Cost/ Amortised cost	Provision for diminution	Surplus/ (Deficit)	Carrying Value	Cost/ Amortised cost	Provision for diminution	Surplus/ (Deficit)	Carrying Value
		4,164,628	-	4,127	4,168,755	-	-	-	-
		44,244	-	-	44,244	59,349	-	(514)	58,835
		4,208,872	-	4,127	4,212,999	59,349	-	(514)	58,835
		52,240,540	-	1,507,542	53,748,082	42,507,453	-	436,464	42,943,917
		1,619,500	(429,358)	22,162	1,212,304	1,622,291	(231,851)	138,822	1,529,262
		2,279,999	-	(43,449)	2,236,550	2,426,596	-	(35,517)	2,391,079
		56,140,039	(429,358)	1,486,255	57,196,936	46,556,340	(231,851)	539,769	46,864,258
		3,127,565	-	-	3,127,565	4,354,936	-	-	4,354,936
		63,476,476	(429,358)	1,490,382	64,537,500	50,970,625	(231,851)	539,255	51,278,029

	(Rupees in '000)	
	June 30, 2020	December 31, 2019
	(Un-audited)	(Audited)
9.1.1 Investments given as collateral		
Market Treasury Bills	994,398	-
Pakistan Investment Bonds	41,947,886	25,419,304
9.2 Provision for diminution in value of investments		
Opening balance	231,851	117,846
Charge / reversals		
Charge for the period / year	236,966	162,115
Reversal for the period / year	(39,459)	(48,110)
	197,507	114,005
Closing Balance	429,358	231,851

9.2.1 No provision was booked against investment in debt securities as at June 30, 2020 (December 31, 2019: Nil).

9.2.2 The market value of securities classified as held to maturity as at June 30, 2020 amounted to Rs. 3,250 million (December 31, 2019: Rs. 4,132 million).

10. ADVANCES - NET

	(Rupees in '000)					
	Performing		Non-Performing		Total	
	June 30, 2020 (Un-audited)	December 31, 2019 (Audited)	June 30, 2020 (Un-audited)	December 31, 2019 (Audited)	June 30, 2020 (Un-audited)	December 31, 2019 (Audited)
Loans, cash credits, running finances, etc.	61,017,625	61,189,254	2,664,044	2,657,246	63,681,669	63,846,500
Bills discounted and purchased	45,497	181,363	15,494	15,494	60,991	196,857
Advances - gross	61,063,122	61,370,617	2,679,538	2,672,740	63,742,660	64,043,357
Provision against advances						
- Specific	-	-	(2,637,647)	(2,623,696)	(2,637,647)	(2,623,696)
- General	(63,974)	(63,518)	-	-	(63,974)	(63,518)
	(63,974)	(63,518)	(2,637,647)	(2,623,696)	(2,701,621)	(2,687,214)
Advances - net of provision	60,999,148	61,307,099	41,891	49,044	61,041,039	61,356,143

	(Rupees in '000)	
	June 30, 2020	December 31, 2019
	(Un-audited)	(Audited)
10.1 Particulars of advances (Gross)		
In local currency	63,361,809	62,800,119
In foreign currencies	380,851	1,243,238
	63,742,660	64,043,357

10.2 Advances include Rs. 2,679.538 million (December 31, 2019 Rs. 2,672.740 million) which have been placed under non-performing status are detailed as follows:

Category of Classification	(Rupees in '000)			
	June 30, 2020 (Un-audited)		December 31, 2019 (Audited)	
	Non Performing Loans	Provision	Non Performing Loans	Provision
Domestic				
Substandard	13,723	3,431	23,087	5,772
Loss	2,665,815	2,634,216	2,649,653	2,617,924
	2,679,538	2,637,647	2,672,740	2,623,696

10.3 Particulars of provision against advances

	(Rupees in '000)					
	June 30, 2020 (Un-audited)			December 31, 2019 (Audited)		
	Specific	General	Total	Specific	General	Total
Opening balance	2,623,696	63,518	2,687,214	2,249,583	49,942	2,299,525
Charge for the period	33,617	3,862	37,479	420,197	13,576	433,773
Reversals	(19,666)	(3,406)	(23,072)	(45,509)	-	(45,509)
	13,951	456	14,407	374,688	13,576	388,264
Amounts written off	-	-	-	(575)	-	(575)
Closing balance	2,637,647	63,974	2,701,621	2,623,696	63,518	2,687,214

10.4 General provision represents provision held against consumer finance portfolio as required by the Prudential Regulations issued by the State Bank of Pakistan.

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

11 FIXED ASSETS

	Note	(Rupees in '000)	
		June 30, 2020 (Un-audited)	December 31, 2019 (Audited)
Capital work-in-progress	11.1	43,608	92,794
Property and equipment	11.2 & 11.3	984,640	979,860
Right of use assets		815,950	823,853
		1,844,198	1,896,507
11.1 Capital work-in-progress			
Civil works		43,608	80,206
Equipment		-	9,414
Advances to suppliers		-	3,174
		43,608	92,794

11.2 Additions to fixed assets

The following additions have been made to fixed assets during the period:

	Six months ended (Rupees in '000)	
	June 30, 2020 (Un-audited)	June 30, 2019 (Un-audited)
Capital work-in-progress	27,698	33,398
Property and equipment		
Furniture and fixture	6,779	17,511
Electrical office and computer equipment	8,806	16,811
Vehicles	-	478
Others	-	-
	15,585	34,800
Total	43,283	68,198

14.2 Provision held against other assets

Fee, commission and other receivables
Fraud losses

(Rupees in '000)	
June 30, 2020 (Un-audited)	December 31, 2019 (Audited)
80,535	80,535
79,931	80,331
160,466	160,866

15 CONTINGENT ASSETS

There were no contingent assets of the Bank as at June 30, 2020 (December 31, 2019: Nil).

16 BILLS PAYABLE

In Pakistan

(Rupees in '000)	
June 30, 2020 (Un-audited)	December 31, 2019 (Audited)
690,057	783,478

17. BORROWINGS

Secured

Borrowings from State Bank of Pakistan
- Under export refinance scheme
- Under long term financing facilities

Repurchase agreement borrowings
Bai muajjal borrowing

Total secured

Unsecured

Call borrowings
Bai muajjal borrowing
Bankers Equity Limited (under liquidation)

Total unsecured

3,919,800	3,158,889
3,152,216	1,909,307
7,072,016	5,068,196
36,686,372	20,156,809
5,510,024	5,089,713
49,268,412	30,314,718
-	-
11,016,175	5,777,434
22,336	22,336
11,038,511	5,799,770
60,306,923	36,114,488

18 DEPOSITS AND OTHER ACCOUNTS

(Rupees in '000)						
Note	June 30, 2020 (Un-audited)			December 31, 2019 (Audited)		
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
Customers						
Current deposits	11,491,355	4,960,970	16,452,325	12,819,709	3,945,668	16,765,377
Savings deposits	14,177,660	2,637,422	16,815,082	11,911,406	2,354,139	14,265,545
Term deposits	34,167,064	3,362,115	37,529,179	35,106,848	2,411,502	37,518,350
Others	980,155	-	980,155	507,046	-	507,046
	60,816,234	10,960,507	71,776,741	60,345,009	8,711,309	69,056,318
Financial Institutions						
Current deposits	57,497	-	57,497	63,306	-	63,306
Savings deposits	1,440,532	-	1,440,532	1,774,422	-	1,774,422
Term deposits	744,000	-	744,000	870,000	-	870,000
Others	145,554	-	145,554	117,834	-	117,834
	2,387,583	-	2,387,583	2,825,562	-	2,825,562
	63,203,817	10,960,507	74,164,324	63,170,571	8,711,309	71,881,880

- 18.1 This includes deposits amounting to Rs. 145.554 million (December 31, 2019: Rs. 117.834 million) from Samba Financial Group - a related party.

		(Rupees in '000)	
		June 30, 2020	December 31, 2019
		(Un-audited)	(Audited)
19	OTHER LIABILITIES		
	Mark-up / return / interest payable in local currency	1,404,051	2,439,975
	Mark-up / return / interest payable in foreign currencies	17,181	14,754
	Accrued expenses	609,341	634,660
	Acceptances	1,023,020	848,248
	Taxation (payments less provisions)	143,963	-
	Unclaimed dividends	3,351	3,351
	Mark to market loss on forward foreign exchange contracts	1,160,741	1,399,312
	Provision against off-balance sheet obligations	172,746	172,746
	Security deposits against lease	34,852	34,979
	Lease liability against right of use assets	853,150	834,264
	Others	260,260	235,785
		<u>5,682,656</u>	<u>6,618,074</u>
19.1	Provision against off-balance sheet obligations		
	Opening balance	172,746	172,746
	Reversals	-	-
	Closing balance	<u>172,746</u>	<u>172,746</u>

- 19.2 The interest accrued on outstanding lease liability against right of use assets is disclosed in "Lease liability against right of use assets".

		(Rupees in '000)	
		June 30, 2020	December 31, 2019
		(Un-audited)	(Audited)
20	SURPLUS / (DEFICIT) ON REVALUATION OF ASSETS		
	Surplus / (deficit) on revaluation of		
	- Available for sale securities	1,486,255	539,769
	Deferred tax on surplus / (deficit) on revaluation of:		
	- Available for sale securities	(579,639)	(210,510)
		<u>906,616</u>	<u>329,259</u>
21	CONTINGENCIES AND COMMITMENTS		
	- Guarantees	6,232,072	6,107,393
	- Commitments	75,478,302	117,432,292
	- Other contingent liabilities	1,179,325	1,293,213
		<u>82,889,699</u>	<u>124,832,898</u>
21.1	Guarantees:		
	Financial guarantees	1,679,657	1,648,952
	Performance guarantees	4,038,163	4,064,765
	Other guarantees	514,252	393,676
		<u>6,232,072</u>	<u>6,107,393</u>

		(Rupees in '000)	
		June 30, 2020	December 31, 2019
		(Un-audited)	(Audited)
21.2 Commitments:			
Documentary credits and short-term trade-related transactions			
- letters of credit		3,288,049	5,709,594
Commitments in respect of:			
- forward foreign exchange contracts	21.2.1	71,538,980	107,057,142
- forward government securities sale / purchase transactions	21.2.2	-	4,134,130
- operating leases	21.2.3	-	8,717
Commitments for acquisition of:			
- operating fixed assets		31,309	46,105
- intangible assets		35,085	32,898
Other commitments	21.2.4	584,879	443,706
		75,478,302	117,432,292
21.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		39,191,024	55,680,589
Sale		32,347,956	51,376,553
		71,538,980	107,057,142
21.2.2 Commitments in respect of forward government securities transactions			
Purchase		-	2,183,422
Sale		-	1,950,708
		-	4,134,130
21.2.3 Commitments in respect of operating leases			
Not later than one year		-	8,717
Later than one year and not later than five years		-	-
Later than five years		-	-
		-	8,717

These comprise of commitments in respect of leased premises that are under Bank's use. The amount of commitment has been worked out based on standard rental arrangements between the Bank and the lessors taking into account terms of these arrangements.

		(Rupees in '000)	
		June 30, 2020	December 31, 2019
		(Un-audited)	(Audited)
21.2.4 Other commitments			
Claims against the Bank not acknowledged as debt		584,879	443,706

These represent various cases filed against the Bank for recovery of damages / settlement of deposit balances by various parties. Based on the legal advice, management believes that the possibility of any outcome against the Bank is remote and accordingly no provision has been made in these condensed interim financial statements.

		(Rupees in '000)	
Note	June 30, 2020	December 31, 2019	
	(Un-audited)	(Audited)	
21.3 Other contingent liabilities	21.3.1	1,179,325	1,293,213

21.3.1 Contingencies in respect of taxation

The Income tax department has raised a demand of Rs. 426.787 million (2019: Rs. 426.787 million) for the assessment years 1995-96, 1996-97, 1999-00, 2001-02, 2002-03 on account of non-deduction of tax on profit paid under portfolio management scheme, interest paid on foreign currency deposits and certificates of investment. The department has also raised further demand of Rs. 645.337 million (2019: Rs. 645.337 million) for assessment years 1999-00, 2000-01 to assessment year 2002-03 and tax year 2006 on account of taxability of investment banks as banking companies and taxation of dividend income as normal banking income, and on account of lease rentals received or receivable, lease key money and certain other items. The aforementioned relates to pending assessments of the Bank and amalgamated entities namely Crescent Investment Bank Limited, Trust Investment Bank Limited and Pakistan Industrial Leasing Corporation. Tax department has also raised demand of Rs. 29.052 million (2019: Rs. 29.052 million) for the assessment years 2009, 2010 & 2011 on account of Federal Excise Duty. Further, tax department has raised a demand of Rs. 28.110 million (2019: Rs. 28.110 million) on account of monitoring of withholding taxes for the tax year 2015. Tax authorities have also issued orders under Sindh Sales Tax on Services Act, 2011 and Punjab Sales Tax on Services Act, 2012 thereby creating arbitrary aggregate demand amounting to Rs 35.391 million (2019: Rs. 35.391 million) for the years 2012 to 2017 and Rs. 14.647 million (2019: Rs. 128.536 million) for the year 2016 respectively.

Presently, the Bank is contesting these issues at various appellate forums. The disallowances in respect of a number of assessment years have been decided / set aside by various appellate authorities for re-assessment while the Bank's appeal in respect of the remaining assessment years are currently pending. Based on the professional advice received from tax advisors, the management is confident that the eventual outcome of the aforementioned matters will be in favor of the Bank. Accordingly, no provision has been made in these financial statements in respect of the above mentioned demands aggregating Rs. 1,179.325 million (2019: Rs. 1,293.213 million) raised by the income tax authorities.

		Six months ended	
		(Rupees in '000)	
22 MARK-UP / RETURN / INTEREST EARNED		June 30, 2020	June 30, 2019
		(Un-audited)	(Un-audited)
On:			
a) Loans and advances		3,795,575	3,087,652
b) Investments		3,875,552	1,790,072
c) Lendings to financial institutions		165,884	411,056
d) Balances with banks		2,366	10,669
		<u>7,839,377</u>	<u>5,299,449</u>
23 MARK-UP / RETURN / INTEREST EXPENSED			
On:			
a) Deposits		2,818,233	2,260,658
b) Borrowings		2,683,271	1,116,321
c) Finance cost on lease liability against right-of-use assets		54,920	56,444
d) Cost of foreign currency swaps against foreign currency deposits		274,141	216,432
		<u>5,830,565</u>	<u>3,649,855</u>

24 FEE & COMMISSION INCOME

	Six months ended	
	(Rupees in '000)	
	June 30, 2020	June 30, 2019
	(Un-audited)	(Un-audited)
Branch banking customer fees	17,132	21,390
Consumer finance related fees	8,592	9,091
Debit card related fees	2,638	3,246
Credit related fees	12,854	20,376
Commission on trade	35,346	40,120
Commission on guarantees	12,879	17,014
Commission on cash management	5,302	3,909
Commission on remittances including home remittances	23,432	22,980
Commission on bancassurance	6,203	17,196
Others	2,056	2,250
	126,434	157,572

25 GAIN / (LOSS) ON SECURITIES

		Six months ended	
		(Rupees in '000)	
		June 30, 2020	June 30, 2019
		(Un-audited)	(Un-audited)
Realised	25.1	385,245	6,341
Unrealised - held for trading	9.1	4,127	(334)
		389,372	6,007

Note

25.1 Realised gain / (loss) on:

Federal Government Securities	353,466	3,534
Shares	32,189	2,807
Non Government Debt Securities	(410)	-
	385,245	6,341

26. OTHER INCOME

Gain on sale of fixed assets-net	-	245
Others	11	25
	11	270

27. OPERATING EXPENSES

	Six months ended	
	(Rupees in '000)	
	June 30, 2020 (Un-audited)	June 30, 2019 (Un-audited)
Total compensation expense	775,856	667,057
Property expense		
Rent & taxes	41,037	42,030
Insurance	978	751
Utilities cost	28,131	29,889
Security (including guards)	25,565	22,258
Repair & maintenance (including janitorial charges)	25,845	23,869
Depreciation on owned fixed assets	3,806	3,806
Depreciation on right of use assets	87,705	89,579
	213,067	212,182
Information technology expenses		
Software maintenance	64,511	42,706
Hardware maintenance	25,965	24,086
Depreciation	21,799	18,439
Amortisation	20,617	17,186
Network charges	49,380	41,702
Insurance	368	476
	182,640	144,595
Other operating expenses		
Directors' fees and allowances	19,612	8,234
Legal & professional charges	6,558	5,439
Outsourced services costs	2,479	9,524
Travelling, conveyance and official entertainment	30,782	39,248
Charges paid to Central Depository Company & NIFT	10,205	9,126
Depreciation	53,124	53,709
Training & development	384	3,527
Postage & courier charges	5,876	5,196
Communication	3,096	3,754
Stationery & printing	17,127	17,101
Repair & maintenance	16,528	16,321
Insurance	22,972	17,775
Marketing, advertisement & publicity	42,529	17,320
Fee Commission & Brokerage Paid	27,143	13,784
Donations	7,000	1,150
Auditors Remuneration	4,098	3,660
Others	10,219	9,715
	279,732	234,583
	1,451,295	1,258,417

		Six months ended	
		(Rupees in '000)	
Note		June 30, 2020	June 30, 2019
		(Un-audited)	(Un-audited)
28	OTHER CHARGES		
	Penalties imposed by State Bank of Pakistan	10	288
29	(PROVISIONS) / REVERSALS & WRITE OFFS - NET		
	Provision for diminution in the value of investments	9.2 (197,507)	(104,824)
	Provision against loans and advances - net	10.3 (14,407)	(42,960)
	Fixed assets written-off	(8,965)	-
	Provision / (reversal) of off balance sheet obligation	-	-
	Bad debts written off directly	(368)	(151)
	Recoveries against debts written-off	8	166
		(221,239)	(147,769)
30	TAXATION		
	Current	(480,890)	(273,933)
	Prior years	-	(29,389)
	Deferred	11,130	9,405
		(469,760)	(293,917)

31 BASIC AND DILUTED EARNINGS PER SHARE

Profit for the period	705,064	359,782
	(Number of shares)	
Weighted average number of ordinary shares	1,008,238,648	1,008,238,648
	(Rupees)	
Basic and diluted earnings per share	0.70	0.36

31.1 Diluted earnings per share has not been presented separately as the Bank does not have any convertible instruments in issue.

32 FAIR VALUE MEASUREMENTS

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

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

32.1 Fair value of financial assets

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

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

- Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

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

(Rupees in '000)			
June 30, 2020 (Un-audited)			
Level 1	Level 2	Level 3	Total
On balance sheet financial instruments			
Financial assets - measured at fair value			
Investments			
Federal Government Securities	- 57,916,837		- 57,916,837
Shares	1,256,548	-	- 1,256,548
Non-Government Debt Securities	-	2,236,550	- 2,236,550
Financial assets - disclosed but not measured at fair value			
Investments - Federal Government Securities	-	3,249,914	- 3,249,914
Off-balance sheet financial instruments - measured at fair value			
Forward purchase of foreign exchange	-	39,191,024	- 39,191,024
Forward sale of foreign exchange	-	32,347,956	- 32,347,956
Forward purchase of government securities	-	-	-
Forward sale of government securities	-	-	-

(Rupees in '000)			
December 31, 2019 (Audited)			
Level 1	Level 2	Level 3	Total
On balance sheet financial instruments			
Financial assets - measured at fair value			
Investments			
Federal Government Securities	-	42,943,917	- 42,943,917
Shares	1,588,097	-	- 1,588,097
Non-Government Debt Securities	-	2,391,079	- 2,391,079
Financial assets - disclosed but not measured at fair value			
Investments - Federal Government Securities	-	4,132,376	- 4,132,376
Off-balance sheet financial instruments - measured at fair value			
Forward purchase of foreign exchange	-	55,680,589	- 55,680,589
Forward sale of foreign exchange	-	51,376,553	- 51,376,553
Forward purchase of government securities	-	2,183,422	- 2,183,422
Forward sale of government securities	-	1,950,708	- 1,950,708

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

Valuation techniques used in determination of fair valuation of financial instruments within level 2 and level 3

Item	Valuation techniques and input used
Federal Government securities	The fair values of Pakistan Investment Bonds and Market Treasury Bills are derived using the PKRV rates (Reuters page). These rates denote an average of quotes received from eight different pre-defined / approved dealers / brokers.
Non Government Debt Securities	The fair values of investment in term finance certificates and corporate sukus are valued on the basis of available closing market prices.
Forward foreign exchange contracts	The fair value has been determined by interpolating the mid rates announced by the State Bank of Pakistan.
Forward contracts of Federal Government Securities	The fair values of forward contracts relating to purchase and sale of Pakistan Investment Bonds and Market Treasury Bills that will be settled on a future date are derived using the PKRV rates (Reuters page) on the reporting date. These rates denote an average of quotes received from eight different pre-defined / approved dealers / brokers.

33. SEGMENT INFORMATION

33.1 Segment Details with respect to Business Activities

	(Rupees in '000)					
	Half year ended June 30, 2020 (Un-audited)					
	Corporate Banking	Global Markets	Retail Banking	Commercial Banking	Senoff	Total
Profit & Loss						
Net mark-up / return / profit	1,874,195	1,129,802	(2,042,116)	1,088,046	(41,115)	2,008,812
Inter segment revenue - net	(1,467,449)	(1,145,352)	2,718,432	(839,963)	734,332	-
Non mark-up / return / interest income	60,071	759,747	79,645	57,932	(94,370)	863,025
Total Income	466,817	744,197	755,961	306,015	598,847	2,871,837
Segment direct expenses	(73,775)	(85,812)	(545,437)	(66,185)	(704,565)	(1,475,774)
Inter segment expense allocation	(163,082)	(64,705)	(348,439)	(128,339)	704,565	-
Total expenses	(236,857)	(150,517)	(893,876)	(194,524)	-	(1,475,774)
Provisions	-	(197,507)	(25,139)	8,500	(7,093)	(221,239)
Profit / (loss) before tax	229,960	396,173	(163,054)	119,991	591,754	1,174,824
	(Rupees in '000)					
	As at June 30, 2020 (Un-audited)					
	Corporate Banking	Global Markets	Retail Banking	Commercial Banking	Senoff	Total
Balance Sheet						
Cash & Bank balances	-	5,188,870	2,202,035	-	-	7,390,905
Investments	-	64,537,500	-	-	-	64,537,500
Net inter segment lending	-	-	58,823,101	-	14,109,440	72,932,541
Lendings to financial institutions	-	15,639,832	-	-	-	15,639,832
Advances - performing - net	35,414,854	1,016,548	2,400,977	21,397,801	768,968	60,999,148
Advances - non-performing - net	-	-	34,862	-	7,029	41,891
Others	1,026,643	2,949,973	338,246	545,786	2,866,459	7,727,107
Total Assets	36,441,497	89,332,723	63,799,221	21,943,587	17,751,896	229,268,924
Borrowings	5,054,491	53,212,571	-	2,017,525	22,336	60,306,923
Deposits & other accounts	7,063,919	191,357	62,318,156	4,590,892	-	74,164,324
Net inter segment borrowing	23,999,143	33,729,355	-	15,204,043	-	72,932,541
Others	323,944	2,199,440	1,481,065	131,127	2,267,652	6,403,228
Total liabilities	36,441,497	89,332,723	63,799,221	21,943,587	2,289,988	213,807,016
Equity	-	-	-	-	15,461,908	15,461,908
Total Equity & liabilities	36,441,497	89,332,723	63,799,221	21,943,587	17,751,896	229,268,924
Contingencies & Commitments	6,852,317	71,938,980	7,220	2,207,037	1,884,145	82,889,699

	(Rupees in '000)					
	Half year ended June 30, 2019 (Un-audited)					
	Corporate Banking	Global Markets	Retail Banking	Commercial Banking	Senoff	Total
Profit & Loss						
Net mark-up / return / profit	1,505,481	940,261	(1,670,234)	910,438	(36,352)	1,649,594
Inter segment revenue - net	(1,126,566)	(948,885)	2,238,073	(694,461)	531,839	-
Non mark-up / return / interest income	73,692	294,535	71,533	67,227	(83,067)	423,920
Total Income	452,607	285,911	639,372	283,204	412,420	2,073,514
Segment direct expenses	(65,154)	(67,350)	(493,487)	(55,845)	(590,210)	(1,272,046)
Inter segment expense allocation	(119,169)	(49,952)	(302,979)	(118,110)	590,210	-
Total expenses	(184,323)	(117,302)	(796,466)	(173,955)	-	(1,272,046)
Provisions	(107,485)	(104,824)	(15,079)	(73,667)	153,286	(147,769)
Profit / (loss) before tax	160,799	63,785	(172,173)	35,582	565,706	653,699

	(Rupees in '000)					
	As at December 31, 2019 (Audited)					
	Corporate Banking	Global Markets	Retail Banking	Commercial Banking	Senoff	Total
Balance Sheet						
Cash & Bank balances	-	4,902,002	1,796,222	-	-	6,698,224
Investments	-	51,278,029	-	-	-	51,278,029
Net inter segment lending	-	-	54,761,680	-	12,817,069	67,578,749
Lendings to financial institutions	-	2,274,405	-	-	-	2,274,405
Advances - performing - net	37,056,202	1,308,996	2,263,369	19,914,776	763,756	61,307,099
Advances - non-performing - net	-	-	49,044	-	-	49,044
Others	1,156,749	2,661,105	305,205	571,923	3,275,624	7,970,606
Total Assets	38,212,951	62,424,537	59,175,520	20,486,699	16,856,449	197,156,156
Borrowings	4,299,439	31,023,956	-	768,757	22,336	36,114,488
Deposits & other accounts	10,702,669	149,886	56,963,539	4,065,786	-	71,881,880
Net inter segment borrowing	23,024,348	28,984,365	-	15,570,036	-	67,578,749
Others	379,086	2,266,330	2,185,377	82,120	2,488,639	7,401,552
Total liabilities	38,405,542	62,424,537	59,148,916	20,486,699	2,510,975	182,976,669
Equity	-	-	-	-	14,179,487	14,179,487
Total Equity & liabilities	38,405,542	62,424,537	59,148,916	20,486,699	16,690,462	197,156,156
Contingencies & Commitments	7,805,842	111,658,472	22,509	3,467,889	1,878,186	124,832,898

33.2 Segment details with respect to geographical locations

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

34 RELATED PARTY TRANSACTIONS

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

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

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

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

Details of transactions with related parties are given below:

(Rupees in '000)								
June 30, 2020 (Un-audited)				December 31, 2019 (Audited)				
Parent	Directors	Key management personnel	Others	Parent	Directors	Key management personnel	Others	
Balances with other banks								
In current accounts	136,593	-	-	78,897	-	-	-	
Advances								
Opening balance	-	-	151,262	-	-	146,410	-	
Addition during the period / year	-	-	32,701	-	-	37,334	-	
Repaid during the period / year	-	-	(27,479)	-	-	(32,482)	-	
Closing balance	-	-	156,484	-	-	151,262	-	
Other Assets								
Other receivable	1,494	-	-	1,489	-	-	-	
Deposits and other accounts								
Opening balance	-	29,411	18,918	73,692	-	31,118	17,648	61,965
Received during the period / year	-	61,327	277,409	278,570	-	150,263	334,351	615,714
Withdrawn during the period / year	-	(61,421)	(245,271)	(273,894)	-	(151,970)	(333,081)	(603,987)
Closing balance	-	29,317	51,056	78,368	-	29,411	18,918	73,692
Vostro Balances of Saudi Financial Group	145,554	-	-	-	117,834	-	-	-

(Rupees in '000)								
For the yalf year ended June 30, 2020 (Un-audited)				For the yalf year ended June 30, 2019 (Un-audited)				
Parent	Directors	Key management personnel	Others	Parent	Directors	Key management personnel	Others	
Income								
Mark-up / return / interest earned	-	-	4,015	-	-	3,516	-	
Expense								
Mark-up / return / interest paid	-	184	927	3,090	-	580	311	2,148
Remuneration and benefits	-	-	232,760	-	-	-	199,870	-
Directors fee	-	10,881	-	-	6,309	-	-	-
Insurance premium paid	-	-	555	-	-	-	619	-
Insurance claims settled	-	-	210	-	-	-	794	-

35. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

Minimum Capital Requirement (MCR):

Paid-up capital (net of losses)

10,082,387 10,082,387

Capital Adequacy Ratio (CAR):

Eligible Common Equity Tier 1 (CET 1) Capital

14,427,170 13,716,764

Eligible Additional Tier 1 (ADT 1) Capital

- -

Total Eligible Tier 1 Capital

14,427,170 13,716,764

Eligible Tier 2 Capital

970,589 392,777

Total Eligible Capital (Tier 1 + Tier 2)

15,397,759 14,109,541

Risk Weighted Assets (RWAs):

Credit Risk

66,332,974 63,970,920

Market Risk

9,715,221 7,877,291

Operational Risk

6,632,555 6,632,555

Total

82,680,750 78,480,766

Common Equity Tier 1 Capital Adequacy ratio

17.45% 17.48%

Tier 1 Capital Adequacy Ratio

17.45% 17.48%

Total Capital Adequacy Ratio

18.62% 17.98%

Leverage Ratio (LR):

Eligible Tier-1 Capital

14,427,170 13,716,764

Total Exposures

161,855,861 146,449,901

Leverage Ratio

8.91% 9.37%

Liquidity Coverage Ratio (LCR):

Total High Quality Liquid Assets

39,202,634 26,409,894

Total Net Cash Outflow

23,010,149 13,537,516

Liquidity Coverage Ratio

170% 195%

Net Stable Funding Ratio (NSFR):

Total Available Stable Funding

106,910,374 91,752,356

Total Required Stable Funding

52,197,972 51,016,793

Net Stable Funding Ratio

205% 180%

	(Rupees in '000)	
	June 30, 2020	December 31, 2019
	(Un-audited)	(Audited)
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	10,082,387	10,082,387
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	14,427,170	13,716,764
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	14,427,170	13,716,764
Eligible Tier 2 Capital	970,589	392,777
Total Eligible Capital (Tier 1 + Tier 2)	15,397,759	14,109,541
Risk Weighted Assets (RWAs):		
Credit Risk	66,332,974	63,970,920
Market Risk	9,715,221	7,877,291
Operational Risk	6,632,555	6,632,555
Total	82,680,750	78,480,766
Common Equity Tier 1 Capital Adequacy ratio	17.45%	17.48%
Tier 1 Capital Adequacy Ratio	17.45%	17.48%
Total Capital Adequacy Ratio	18.62%	17.98%
Leverage Ratio (LR):		
Eligible Tier-1 Capital	14,427,170	13,716,764
Total Exposures	161,855,861	146,449,901
Leverage Ratio	8.91%	9.37%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	39,202,634	26,409,894
Total Net Cash Outflow	23,010,149	13,537,516
Liquidity Coverage Ratio	170%	195%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	106,910,374	91,752,356
Total Required Stable Funding	52,197,972	51,016,793
Net Stable Funding Ratio	205%	180%

36 GENERAL

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

	(Rupees in '000)		
	For the half year ended June 30, 2019		
	Before reclassification	Reclassification	After reclassification
PROFIT AND LOSS ACCOUNT			
Mark-up / Return / Interest expensed			
Finance cost on lease liability against right-of-use assets	79,672	(23,228)	56,444
Operating expenses			
Rent taxes	2,998	39,032	42,030
Depreciation on right of use assets	105,383	(15,804)	89,579

36.2 Figures have been rounded off to the nearest thousand Pakistani rupees.

36.3 Figures as of and for the period ended June 30, 2020 and June 30, 2019, wherever used in these condensed interim financial statements are unaudited however, figures as of and for the period relating to December 31, 2019 used in these condensed interim financial statements are audited.

37 NON-ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

There have been no events after the balance sheet date that would have a material impact or require adjustment or disclosure in these condensed interim financial statements.

38 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on August 26, 2020 by the Board of Directors of the bank.

Chief Financial Officer

President & Chief Executive Officer

Director

Director








Chairman










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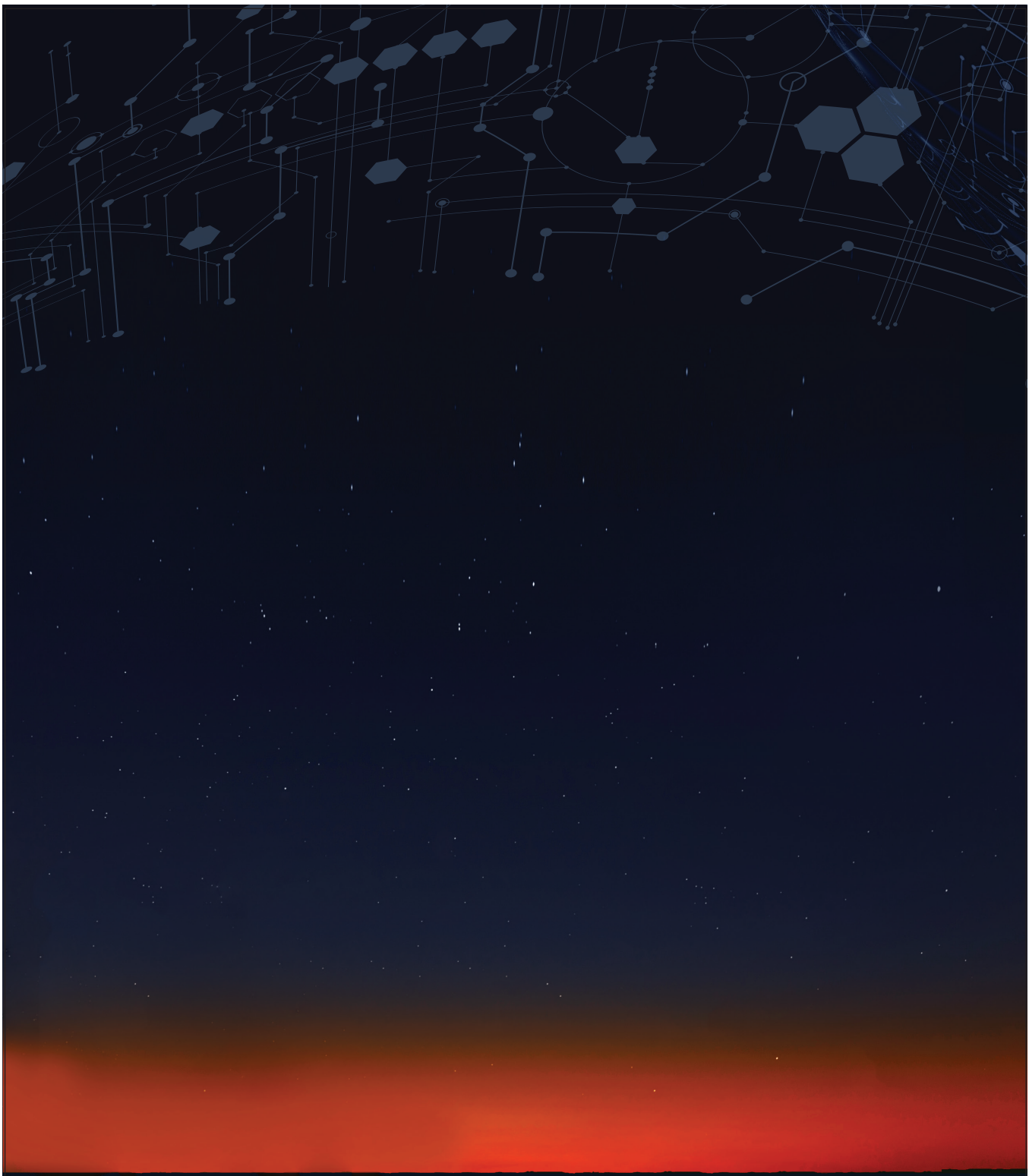


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