BUILDING TODAY SHAPING TOMORROW

ANNUAL REPORT 2018

Summit 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

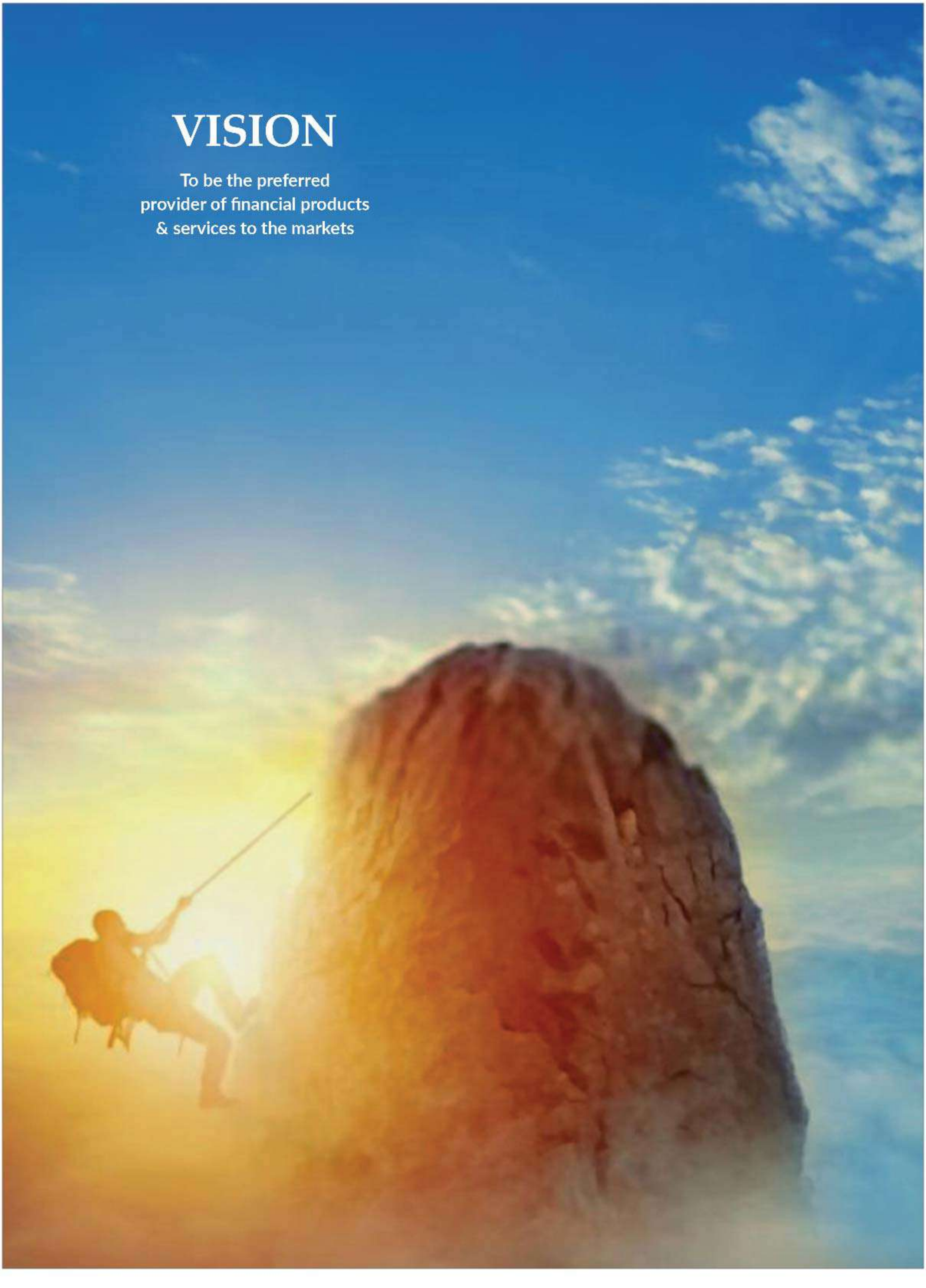
Registered Office

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

Email : info@summitbank.com.pk
companysecretary@summitbank.com.pk
Website : www.summitbank.com.pk

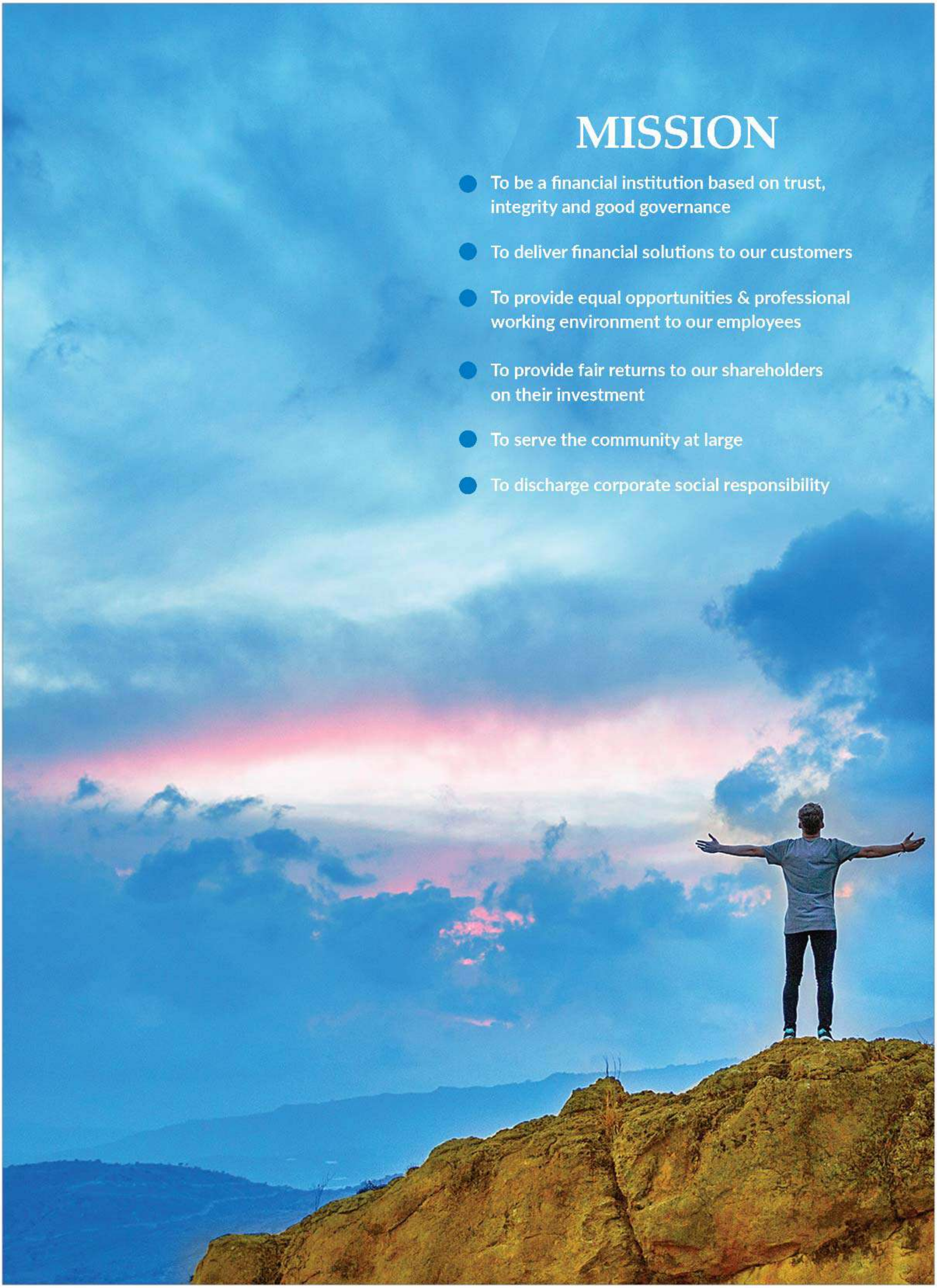
VISION

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



MISSION

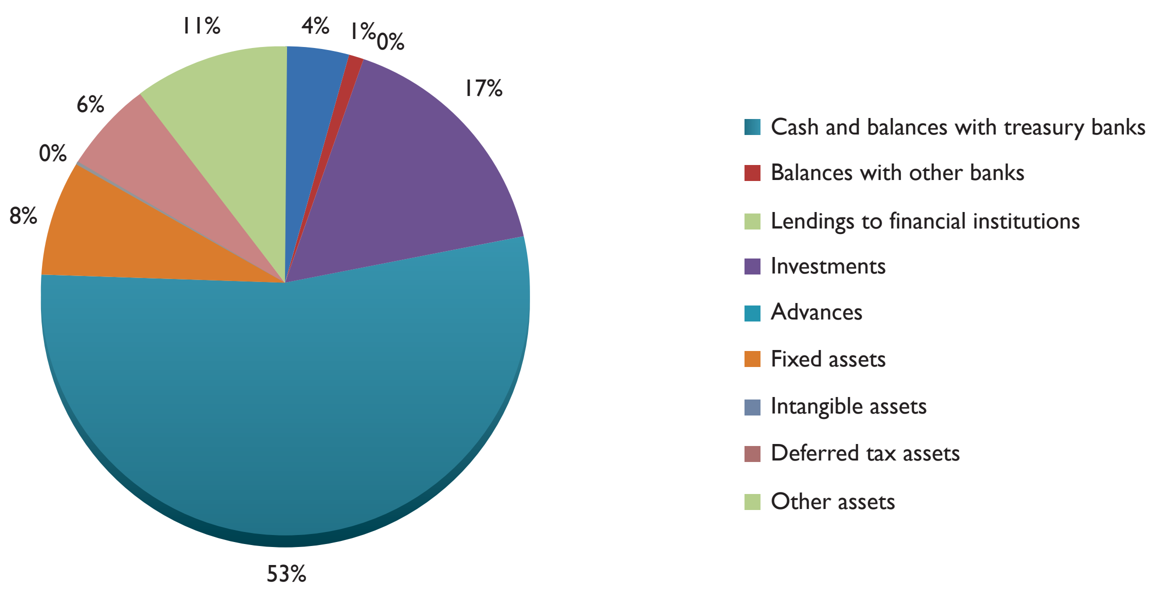
- To be a financial institution based on trust, integrity and good governance
- To deliver financial solutions to our customers
- To provide equal opportunities & professional working environment to our employees
- To provide fair returns to our shareholders on their investment
- To serve the community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



KEY OPERATING AND FINANCIAL DATA

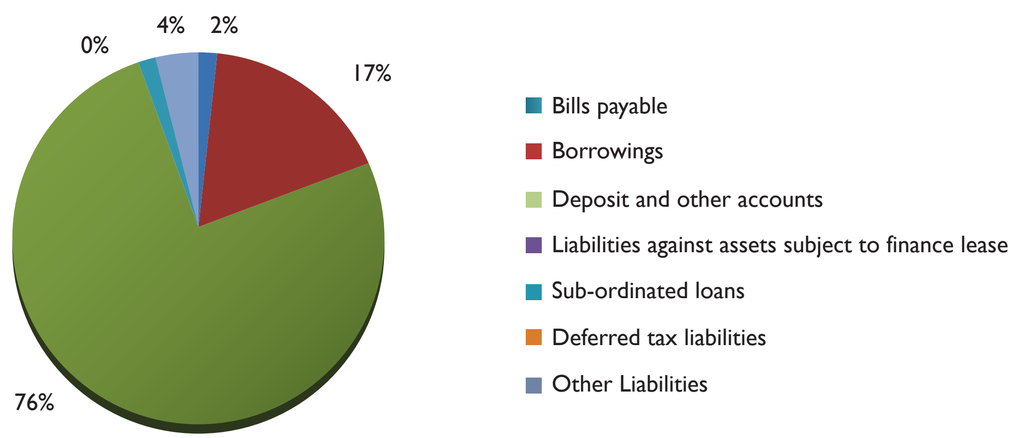
	2018	2017	2016	2015	2014	2013
		(Restated)				
	(Rupees in Million)					
ASSETS						
Cash and balances with treasury banks	5,043	13,557	12,787	10,540	9,384	9,204
Balances with other banks	997	2,440	2,583	2,919	4,377	2,302
Lendings to financial institutions	-	10,671	1,632	1,000	650	1,555
Investments	19,256	94,940	90,575	78,192	45,497	39,688
Advances	61,246	84,592	79,844	70,554	66,455	54,208
Fixed assets	8,709	12,416	12,028	9,322	7,284	5,884
Intangible assets	205	249	245	212	251	298
Deferred tax assets	7,215	5,804	5,201	5,609	5,645	5,800
Other assets *	11,957	8,864	11,552	11,186	10,048	7,316
Total assets	**114,628**	**233,533**	**216,447**	**189,534**	**149,591**	**126,255**

TOTAL ASSETS - 2018

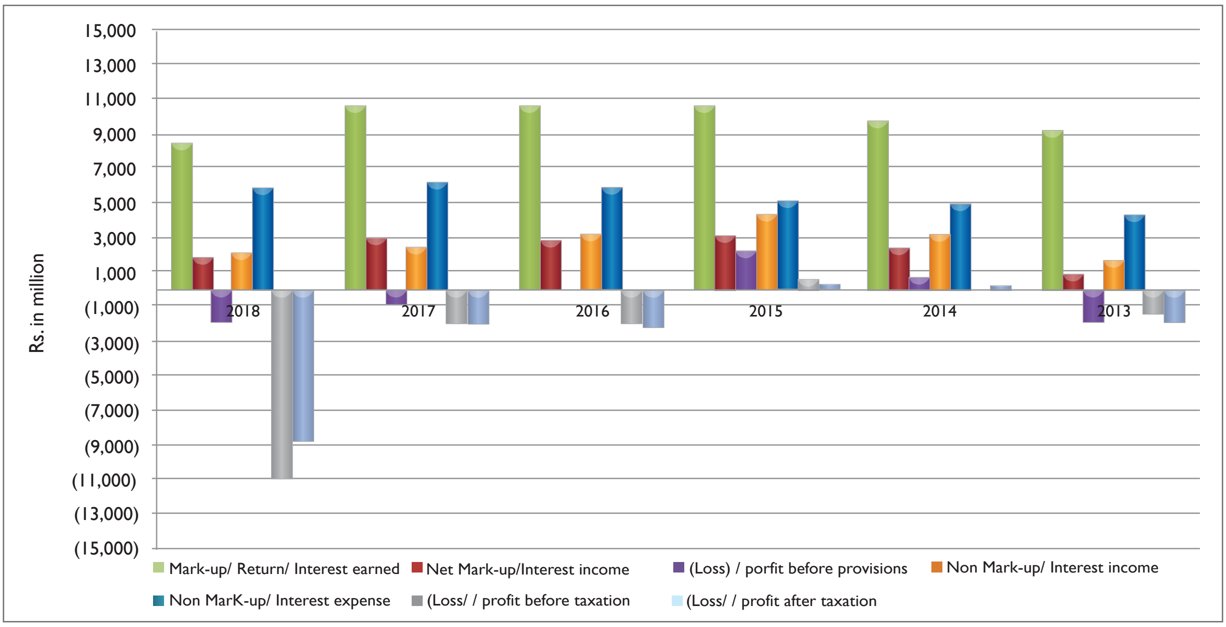


	2018	2017	2016	2015	2014	2013
		(Restated)				
	(Rupees in Million)					
LIABILITIES						
Bills payable	1,881	3,065	5,061	2,729	1,532	2,205
Borrowings	19,492	67,308	49,820	49,756	25,312	9,961
Deposits and other accounts	84,676	145,730	142,871	119,854	105,309	106,351
Liabilities against assets subject to finance lease	-	-	-	-	-	-
Sub-ordinated loans	1,496	1,496	1,497	1,497	1,498	1,499
Deferred tax liabilities	-	-	-	-	-	-
Other Liabilities *	4,330	5,693	4,526	3,740	3,578	2,850
Total liabilities	**111,875**	**223,292**	**203,775**	**177,576**	**137,229**	**122,866**
NET ASSETS	**2,753**	**10,241**	**12,672**	**11,958**	**12,362**	**3,389**
REPRESENTED BY						
Share capital - net **	20,500	20,500	16,489	9,483	9,483	9,483
Convertible preference shares	-	-	2,156	2,156	2,156	2,156
Advance against subscription of shares	-	-	1,855	7,007	7,507	-
Reserves	(425)	(425)	(425)	(425)	(468)	(514)
Surplus / (Deficit) on revaluation of assets	2,577	1,495	2,112	1,158	1,344	141
Accumulated losses	(19,899)	(11,329)	(9,515)	(7,421)	(7,660)	(7,877)
Total equity	**2,753**	**10,241**	**12,672**	**11,958**	**12,362**	**3,389**

TOTAL LIABILITIES - 2018



	2018	2017	2016	2015	2014	2013
		(Restated)				
	(Rupees in Million)					
RESULTS OF OPERATIONS						
Mark-up/ Return/ Interest earned	8,452	10,645	10,627	10,705	9,827	9,178
Mark-up/ Return/ Interest expensed	6,643	7,745	7,854	7,657	7,401	8,329
Net Mark-up/ Interest income	1,809	2,900	2,773	3,048	2,426	849
Non Mark-up/ Interest income	2,123	2,418	3,125	4,316	3,118	1,678
Total Income	3,933	5,318	5,898	7,364	5,544	2,527
Non Mark-up/ Interest expense	5,817	6,135	5,862	5,144	4,928	4,397
(Loss) / profit before provisions	(1,885)	(818)	36	2,220	616	(1,870)
Provisions and write offs - net	8,996	1,166	1,954	1,564	604	(463)
(Loss) / profit before taxation	(10,881)	(1,983)	(1,918)	656	12	(1,407)
Taxation	(2,130)	(44)	256	439	(217)	421
(Loss) / profit after taxation	(8,751)	(1,940)	(2,174)	217	229	(1,828)



	2018	2017	2016	2015	2014	2013
		(Restated)				
FINANCIAL RATIOS						
Return on equity (ROE)	-317.87%	-18.94%	-17.16%	1.81%	1.85%	-53.94%
Return on assets (ROA)	-7.63%	-0.83%	-1.00%	0.11%	0.15%	-1.45%
(Loss) / profit before tax to Interest earned	-128.74%	-18.63%	-18.05%	6.13%	0.12%	-15.33%
Gross spread ratio	21.40%	27.24%	26.09%	28.47%	24.69%	9.25%
Advances to deposits - Gross	97.78%	68.30%	65.97%	69.33%	73.88%	61.65%
Advances to deposits - Net	72.33%	58.05%	55.89%	58.87%	63.10%	50.97%
Cost to revenue	117.83%	106.25%	99.74%	85.22%	95.24%	117.23%
Total assets to Total equity (times)	41.64	22.80	17.08	15.85	12.10	37.25
NPL to Gross Advances	43.57%	17.15%	17.74%	20.68%	19.07%	27.16%
Capital adequacy ratio (CAR)	-8.02%	4.15%	10.10%	10.02%	12.05%	4.25%
SHARE INFORMATION						
(Loss) / Earning per share - Basic (Rs.)	(3.32)	(0.86)	(1.00)	0.15	0.16	(1.52)
Market capitalization (Rs. in mln)	2,163	7,308	7,826	4,236	4,797	2,318
OTHER INFORMATION						
Non performing loans (NPL) (Rs. in mln)	36,072	17,066	16,719	17,183	14,838	17,809
Staff Strength	1,885	2,398	3,022	2,852	2,702	2,507
Number of branches (including Islamic)	193	193	192	192	188	187

Note:

* Prior year comparative information has been classified and re-arranged, wherever necessary to facilitate comparison.

** Share Capital now includes the discount on issue of shares which was previously shown separately.

SIX YEARS VERTICAL ANALYSIS

	2018		2017		2016		2015		2014		2013	
	Rs in 'millions	%	Rs in 'millions	%	Rs in 'millions	%	Rs in 'millions	%	Rs in 'millions	%	Rs in 'millions	%
			(Restated)									
STATEMENT OF FINANCIAL POSITION												
ASSETS												
Cash and balances with treasury banks	5,043	4%	13,557	6%	12,787	6%	10,540	6%	9,384	6%	9,204	7%
Balances with other banks	997	1%	2,440	1%	2,583	1%	2,919	2%	4,377	3%	2,302	2%
Lendings to financial institutions	-	0%	10,671	5%	1,632	1%	1,000	1%	650	0%	1,555	1%
Investments	19,256	17%	94,940	41%	90,575	42%	78,192	41%	45,497	30%	39,688	31%
Advances	61,246	53%	84,592	36%	79,844	37%	70,554	37%	66,455	44%	54,208	43%
Fixed assets	8,709	8%	12,416	5%	12,028	6%	9,322	5%	7,284	5%	5,884	5%
Intangible assets	205	0%	249	0%	245	0%	212	0%	251	0%	298	0%
Deferred tax assets	7,215	6%	5,804	2%	5,201	2%	5,609	3%	5,645	4%	5,800	5%
Other assets	11,957	10%	8,864	4%	11,552	5%	11,186	6%	10,048	7%	7,316	6%
	114,628	100%	233,533	100%	216,447	100%	189,534	100%	149,591	100%	126,255	100%
LIABILITIES												
Bills payable	1,881	2%	3,065	1%	5,061	2%	2,729	1%	1,532	1%	2,205	2%
Borrowings	19,492	17%	67,308	29%	49,820	23%	49,756	26%	25,312	17%	9,961	8%
Deposits and other accounts	84,676	74%	145,730	62%	142,871	66%	119,854	63%	105,309	70%	106,351	84%
Liabilities against assets subject to finance lease	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%
Subordinated debt	1,496	1%	1,496	1%	1,497	1%	1,497	1%	1,498	1%	1,499	1%
Deferred tax liabilities	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%
Other liabilities	4,330	4%	5,693	2%	4,526	2%	3,740	2%	3,578	2%	2,850	2%
	111,875	98%	223,292	96%	203,775	94%	177,576	94%	137,229	92%	122,866	97%
NET ASSETS	2,753	2%	10,241	4%	12,672	6%	11,958	6%	12,362	8%	3,389	3%
REPRESENTED BY												
Share capital - net	20,500	18%	20,500	9%	16,489	8%	9,483	5%	9,483	6%	9,483	8%
Convertible preference shares	-	0%	-	0%	2,156	1%	2,156	1%	2,156	1%	2,156	2%
Advance against subscription of shares	-	0%	-	0%	1,855	1%	7,007	4%	7,507	5%	-	0%
Reserves	(425)	0%	(425)	0%	(425)	0%	(425)	0%	(468)	0%	(514)	0%
Surplus / (Deficit) on revaluation of assets	2,577	2%	1,495	1%	2,112	1%	1,158	1%	1,344	1%	141	0%
Accumulated losses	(19,899)	-17%	(11,329)	-5%	(9,515)	-4%	(7,421)	-4%	(7,660)	-5%	(7,877)	-6%
	2,753	2%	10,241	4%	12,672	6%	11,958	6%	12,362	8%	3,389	3%

PROFIT & LOSS ACCOUNT	2018		2017		2016		2015		2014		2013	
	Rs in 'millions	%	Rs in 'millions	%	Rs in 'millions	%	Rs in 'millions	%	Rs in 'millions	%	Rs in 'millions	%
			(Restated)									
Mark-up / return / interest earned	8,452	68%	10,645	67%	10,627	64%	10,705	59%	9,827	64%	9,178	78%
Mark-up / return / interest expensed	6,643	54%	7,745	49%	7,854	48%	7,657	42%	7,401	48%	8,329	71%
Net Mark-up / interest Income	1,809	15%	2,900	18%	2,773	17%	3,048	17%	2,426	16%	849	7%
Non Mark-Up/Interest Income	2,123	17%	2,418	15%	3,125	19%	4,316	24%	3,118	20%	1,678	14%
Total Income	3,932	32%	5,318	33%	5,898	36%	7,364	41%	5,544	36%	2,527	22%
Non-markup/interest expenses	5,817	47%	6,135	38%	5,862	35%	5,144	28%	4,928	32%	4,397	38%
Loss Before Provisions	(1,885)	-15%	(817)	-5%	36	0%	2,220	12%	616	4%	(1,870)	-16%
Provisions / (reversals) and write offs - net	8,996	73%	1,166	7%	1,954	12%	1,564	9%	604	4%	(463)	-4%
Extra ordinary / unusual items (to be specified)	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%
(LOSS) / PROFIT BEFORE TAXATION	(10,881)	-88%	(1,983)	-12%	(1,918)	-12%	656	4%	12	0%	(1,407)	-12%
Taxation	2,130	17%	44	0%	(256)	-2%	(439)	-2%	217	1%	(421)	-4%
(LOSS) / PROFIT AFTER TAXATION	(8,751)	-71%	(1,939)	-12%	(2,174)	-13%	217	1%	229	1%	(1,828)	-16%

SIX YEARS HORIZONTAL ANALYSIS

	2018 Rs in 'millions	%	2017 Rs in 'millions	%	2016 Rs in 'millions	%	2015 Rs in 'millions	%	2014 Rs in 'millions	%	2013 Rs in 'millions	%
			(Restated)									
STATEMENT OF FINANCIAL POSITION												
ASSETS												
Cash and balances with treasury banks	5,043	-63%	13,557	6%	12,787	21%	10,540	12%	9,384	2%	9,204	13%
Balances with other banks	997	-59%	2,440	-6%	2,583	-12%	2,919	-33%	4,377	90%	2,302	-36%
Lendings to financial institutions	-	-100%	10,671	554%	1,632	63%	1,000	54%	650	-58%	1,555	-24%
Investments	19,256	-80%	94,940	5%	90,575	16%	78,192	72%	45,497	15%	39,688	-21%
Advances	61,246	-28%	84,592	6%	79,844	13%	70,554	6%	66,455	23%	54,208	3%
Fixed assets	8,709	-30%	12,416	3%	12,028	29%	9,322	28%	7,284	24%	5,884	18%
Intangible assets	205	-18%	249	2%	245	16%	212	-16%	251	-16%	298	-22%
Deferred tax assets	7,215	24%	5,804	12%	5,201	-7%	5,609	-1%	5,645	-3%	5,800	-4%
Other assets *	11,957	35%	8,864	-23%	11,552	3%	11,186	11%	10,048	37%	7,316	-7%
	114,628	-51%	233,533	8%	216,447	14%	189,534	27%	149,591	18%	126,255	-7%
LIABILITIES												
Bills payable	1,881	-39%	3,065	-39%	5,061	85%	2,729	78%	1,532	-31%	2,205	33%
Borrowings	19,492	-71%	67,308	35%	49,820	0%	49,756	97%	25,312	154%	9,961	-66%
Deposits and other accounts	84,676	-42%	145,730	2%	142,871	19%	119,854	14%	105,309	-1%	106,351	10%
Liabilities against assets subject to finance lease	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%
Subordinated debt	1,496	0%	1,496	0%	1,497	0%	1,497	0%	1,498	0%	1,499	0%
Deferred tax liabilities	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%
Other liabilities *	4,330	-24%	5,693	26%	4,526	21%	3,740	5%	3,578	26%	2,850	-19%
	111,875	-50%	223,292	10%	203,775	15%	177,576	29%	137,229	12%	122,866	7%
NET ASSETS	2,753	-73%	10,241	-19%	12,672	6%	11,958	-3%	12,362	265%	3,389	11%
REPRESENTED BY												
Share capital - net **	20,500	0%	20,500	24%	16,489	74%	9,483	0%	9,483	0%	9,483	0%
Convertible preference shares	-	0%	-	-100%	2,156	0%	2,156	0%	2,156	0%	2,156	0%
Advance against subscription of shares	-	0%	-	-100%	1,855	-74%	7,007	-7%	7,507	0%	-	0%
Reserves	(425)	0%	(425)	0%	(425)	0%	(425)	-9%	(468)	-9%	(514)	0%
Surplus / (Deficit) on revaluation of assets	2,577	72%	1,495	-29%	2,112	82%	1,158	-14%	1,344	853%	141	-15%
Accumulated losses	(19,899)	76%	(11,329)	19%	(9,515)	28%	(7,421)	-3%	(7,660)	-3%	(7,877)	30%
	2,753	-73%	10,241	-19%	12,672	6%	11,958	-3%	12,362	265%	3,389	11%

PROFIT & LOSS ACCOUNT	2018 Rs in 'millions	%	2017 Rs in 'millions (Restated)	%	2016 Rs in 'millions	%	2015 Rs in 'millions	%	2014 Rs in 'millions	%	2013 Rs in 'millions	%
Mark-up / return / interest earned	8,452	-21%	10,645	0%	10,627	-1%	10,705	9%	9,827	7%	9,178	-11%
Mark-up / return / interest expensed	6,643	-14%	7,745	-1%	7,854	3%	7,657	3%	7,401	-11%	8,329	-18%
Net Mark-up / interest Income	1,809	-38%	2,900	5%	2,773	-9%	3,048	26%	2,426	186%	849	569%
Non Mark-Up/Interest Income	2,123	-12%	2,418	-23%	3,125	-28%	4,316	38%	3,118	86%	1,678	22%
Total Income	3,932	-26%	5,318	-10%	5,898	-20%	7,364	33%	5,544	119%	2,527	69%
Non-markup/interest expenses	5,817	-5%	6,135	5%	5,862	14%	5,144	4%	4,928	12%	4,397	11%
Loss Before Provisions	(1,885)	131%	(817)	-2369%	36	-98%	2,220	260%	616	-133%	(1,870)	-24%
Provisions / (reversals) and write offs - net	8,996	672%	1,166	-40%	1,954	25%	1,564	159%	604	-230%	(463)	-942%
Extra ordinary / unusual items (to be specified)	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%
(LOSS) / PROFIT BEFORE TAXATION	(10,881)	449%	(1,983)	3%	(1,918)	-392%	656	5367%	12	-101%	(1,407)	-44%
Taxation	2,130	4741%	44	-117%	(256)	-42%	(439)	-302%	217	-152%	(421)	101%
(LOSS) / PROFIT AFTER TAXATION	(8,751)	351%	(1,939)	-11%	(2,174)	-1102%	217	-5%	229	-113%	(1,828)	-33%

Summit Bank
Committed to you

CHAIRMAN'S REVIEW

Summit Bank initiated it journey in the year 2005 and is on course of completing its 15 years in 2020. This journey has been filled with both challenges and successes which aimed to provide seamless financial products and innovative technology based banking solutions for its growing customer base. With change at the helm of the organization, the Bank underwent an internal reorganization to optimize its management structure and operational platform.

The year 2018 proved to be a tough year for Summit Bank with challenges at the economic front coupled with the bank's operating environment. The bank recorded a loss after tax of Rs. 8.649 billion. Despite the current year loss, I am confident that management has the capacity to turnaround the results of the Bank. The management is exploring all possible avenues to revert to profitability going forward.

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.

It brings me immense pleasure to announce that the Bank has received a letter of intention dated March 27, 2020 from Mr. Naseer Abdulla Hussain Lootah for acquisition of controlling stake in the Bank via a fresh equity injection that will also enable the Bank to be compliant in respect of Minimum Capital Requirement and Capital Adequacy Ratio requirements of the State Bank of Pakistan.

For the purpose of Board evaluation, a comprehensive criterion has been developed as per regulator's guidelines and international best practices. The Board has carried out self-evaluation and overall performance of the Board measured on the basis of approved criteria was excellent. Sub-Committees have been duly constituted with a defined scope of work to ensure that they perform their prescribed functions precisely and efficiently as per their mandate and respective terms of reference.

I extend my sincere gratitude to our loyal customers for their trust, our valued shareholders for their support, the regulators for their mentorship and guidance, and our employees for their continued hard work, honesty and sincerity.

I would like to take this opportunity to convey our deep appreciation to the State Bank of Pakistan, Ministry of Finance and the Securities & Exchange Commission of Pakistan for their continuous commitment and support.

Waseem Mehdi Syed
Chairman

Summit Bank
Committed to you

DIRECTORS' REPORT TO THE SHAREHOLDERS

Dear shareholders,

On behalf of the Board of Directors, we are pleased to present the Directors' Report of the Bank along with the audited financial statements and Auditors' report for the year ended December 31, 2018.

ECONOMIC REVIEW

Despite significant economic challenges faced in the year 2018, Pakistan's economic outlook remained stable. During the year the country witnessed a successful democratic transition but macroeconomic imbalances continued to hamper over economic stability. GDP growth for FY18 was recorded at 5.8%, highest in a decade, but the economic activity slowed down in FY19 as the macroeconomic policy focus shifted towards stabilization.

The balance of payment remained under stress due to a higher current account deficit. The deficit for FY 18 was recorded at US$ 18.9 billion. The country's foreign exchange reserves had at one point in time exhausted to dangerously low levels as the deficit had to be financed via country's own resources as the external inflows were scarce. However, the new government successfully managed critical bilateral inflows and assistance from friendly countries. In FY 19, the deficit lowered to US$ 13.5 billion due to curtailment of non-essential imports.

The State Bank of Pakitan's policy rate hikes by a cumulative 425 basis points to 10% as at December 2018 end were driven by rising inflation expectations mainly on account of a 24% devaluation of the Pakistani Rupee since December 2017. This trend was followed in FY 19 and the policy rate was hiked to 13.25% while the Pakistani Rupee saw a further of 12.6%.

Rising domestic demand as well as soaring commodity prices further dented the external position in FY18, stretching country's trade deficit to US$37.5 billion. Capital inflows and worker remittances were insufficient to bridge the trade deficit, which resulted in depletion of Pakistan foreign exchange reserves, from US$20.2 billion at start of 2018 to US$13.8 billion by December 2018.

BANKING SECTOR REVIEW

In 2018, despite economic challenges and political noise of an election year, Pakistan's banking sector continued exhibiting positive momentum on multiple fronts. Barring external factors impacting profitability, the banking sector received positive traction with gradual increase in spreads following several rounds of monetary tightening and stable capital adequacy.

Domestic deposits growth remained on lower side, clocking in at 8% YoY, the slowest deposit growth seen in the last decade partially due to a conscious effort by banks to focus on mix of deposits, as banks solicited lower cost transactional deposits and did not aggressively pursue higher-cost fixed deposits. Further banking industry as a whole also faced multiple challenges in deposits post change of government due to accountability drive, slowdown in government payments and devaluation, all these resulted in liquidity erosion and depositors staying away from the banking system.

Gross advances of the sector witnessed another year of growth in 2018, increasing by 21% YoY, prompted by higher credit to private sector. This led to net Advance to Deposit Ratio (ADR) of the sector increasing to 56% in 2018, highest in last 6 years and marked a shift from investments to advances, capitalizing the rising capital demand in the economy. Correspondingly, Investment to Deposits Ratio (IDR) receded to 56.7% as of end 2018 vs. 69.0% at the same time last year.

Asset quality of the banking sector witnessed signs of strain, owing to economic challenges domestically, while devaluation of the currency inflated the stock of overseas NPL in Rupee terms. Combination of the two saw the stock of outstanding NPLs increase by Rs. 44 billion in first nine months of 2018. The vibrant loan growth, however meant that the gross NPL ratio at 8.0% in September 2018 was materially better than the reading of 9.2% at the same time last year. More importantly, banks ensured that the coverage of increased NPL stock inched up further to 86%.

On the investments front, government securities continued to remain the dominant component of the investment pie, with a visible shortening of maturities seen during the year. Expectation of monetary tightening accompanied by gradual maturity of PIBs shortened the duration of investments of the sector and skewed the concentration towards Treasury Bills.

On the profitability front, rising interest rates saw the sector record gradual increase in spreads. This helped offset the impact of maturity of higher yielding PIBs on net interest income. On the non-interest income front, the increased volatility in the forex market provided the banks an avenue of recording higher income from dealing in foreign currencies. While these emerged as positive contributors, the impact of the same on bottom line was countered by higher credit cost, as banks maintained the coverage ratios on the higher NPL stock mentioned above.

On the regulatory front, few notable developments were introduction of 1) Deposit Protection Fund (DPF) and 2) Domestic Systematically Important Banks (DSIBs). While under the first initiative, all banks were mandated to deposit a certain percentage of their deposits into an Insurance / Protection Fund created by the SBP, the second revolved around increased minimum Capital Adequacy Requirements for banks designated as DSIB.

THE BANK'S PERFORMANCE

The highlights of the financial results for 2018 are as follows:

	2018	2017 (Restated)
	......(Rupees in millions)......	
Financial Position		
Shareholders' Equity	2,753	10,241
Total Deposits	84,676	145,730
Total Assets	114,628	233,533
Advances – net	61,246	84,592
Investments – net	19,256	94,940
Financial Performance		
Net Interest Income and Non Markup Income	3,933	5,318
Non Markup Expenses	5,817	6,135
Provisions and write offs - net	8,996	1,166
Loss before tax	10,880	1,983
Loss after tax	8,751	1,940
Basic loss per share - Rupees	3.32	0.86
Diluted loss per share - Rupees	3.32	0.86

The Bank recorded a loss after tax amidst a challenging operating environment. The Bank's loss before taxation for the year stands at Rs. 10.880 billion as against Rs. 1.983 billion last year. The total loss after tax of the Bank stands at Rs. 8.751 billion as against Rs. 1.940 billion last year. This translates into an loss per share of Rs. 3.32 (2017 loss per share: Re. 0.86).

On the revenue front, net mark-up income and non mark-up income show combined decline of 26.05%. The pressure on net interest income (NII) was mainly due a reduction in investment book resulting in lower investment yields. Non-funded income stood at Rs. 2.123 billion, a decrease of 12.19% over the corresponding period last year, mainly due to loss on securities sold and a decline in fee and commission income earned.

Total non mark-up expenses were reported at Rs. 5.817 billion as against Rs. 6.135 billion last year, declining by 5.18%. This is after taking an impact of deposit protection premium along with inflationary adjustments and PKR devaluation at the latter part of the year.

Total Deposits were reported at Rs. 84.676 billion as against Rs. 145.730 billion reported last year. At the year end, our gross advances to deposits ratio stands at 97.78%.

The Bank's NPL ratio stood at 43.57% as against 17.15% last year while the coverage ratio declined to 59.61% as against 87.36% last year. The Bank is currently formulating a strategy to hold negotiations with the defaulted borrowers to ensure reduction of NPLs and related provisions.

As at December 31, 2018, the Bank has recognized deferred tax assets (net) of Rs. 7.215 billion, this represents the management's best estimate of tax benefits expected to be realized in future years. We are hopeful that Bank will be able to realize these benefits. Based on the updated tax positions, deferred tax income for the current year amounted to Rs. 2.258 billion as against an income of Rs. 0.201 billion last year.

As at December 31, 2018, the Bank is non-compliant with the minimum capital requirement of Rs. 10 billion prescribed by the SBP while the Capital Adequacy Ratio stands at -8.02% as against the minimum requirement of 11.90%.

Despite the current year loss, the Board is confident that management has the capacity to turnaround the results of the Bank. The management is exploring all possible avenues to revert to profitability going forward.

HOLDING AND SUBSIDIARY COMPANY

Suroor Investments Limited (SIL), a company incorporated in Mauritius, is the holding company of the Bank. As of December 31, 2018, SIL held 66.77% of the issued, subscribed and paid-up share capital of the Bank.

The Bank has 100% shareholding in Summit Capital (Private) Limited. The Consolidated Financial Statements of the Bank and its subsidiary along with the Auditors' report on these consolidated financial statements make part of the annual report.

CONSOLIDATED RESULTS

Summit Bank Limited posted consolidated loss after tax of Rs. 8.791 billion for the year ended December 31, 2018 (2017: Rs. 1.921 billion). Loss per share was measured at Rs. 3.33 in comparison to Re. 0.85 for the corresponding period last year.

Performance of Subsidiary:

Summit Capital earned operating revenue of Rs. 79.706 million as compared to Rs. 179.144 million for the corresponding period. The company posted before and after tax loss of Rs. 18.197 million and Rs. 22.372 million respectively as compared to before and after tax profit of Rs. 47.238 million and Rs. 29.236 million respectively for the corresponding period. The loss per share for the year stood at Re. 0.75 as compared to earnings per share of Re. 0.97 for the corresponding period. The main reason for decline in revenue and earnings were persistent low market volumes at local bourses and negative sentiment among the investors throughout the year. The focus of the Company will be on earnings growth through capturing the market share as the stock market rebounds in 2019.

CREDIT RATING

In November 2018, VIS Credit Rating Company Limited assigned the Bank 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 a rating of 'BBB - (SO)' (Triple B minus (Structured Obligation)). These ratings were placed on 'Rating Watch – Negative' status. Subsequently, in February 2019, VIS Credit Rating Company Limited suspended the entity ratings of the Bank due to non-availability of updated information. Moreover, 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. VIS Credit Rating Company Limited would reassess the ratings once required information along with latest financials is made available.

MODIFICATIONS IN THE AUDITORS 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 December 31, 2018. Further, the Bank's Liquidity Coverage and Net Stable Funding Ratios are below the prescribed limits. 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.

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 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.

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

CORPORATE GOVERNANCE

The Bank is in compliance with the significant requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2017. A prescribed statement by the management together with the Auditors' Review Report thereon is annexed as part of the Annual Report.

As a matter of best practice, the Directors are pleased to give the following Statements:

a) The financial statements, prepared by the management, present fairly the state of affairs of the Bank, the result of its operations, cash flows and changes in equity;
b) Proper books of accounts of the Bank have been maintained;
c) Appropriate accounting policies, as stated in the notes to the financial statements have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;

d) International Financial Reporting Standards, as applicable to banks in Pakistan, have been followed in preparation of financial statements;
e) The system of internal control is sound in design and has been effectively implemented and monitored;
f) There are no significant doubts about the Bank's ability to continue as a going concern;
g) There has been no material departure from the best practices of corporate governance;
h) Summarized key operating and financial data of last six years has been presented as part of the Annual Report;
i) The number of Board and Board Committee meetings held during the year 2018 and the attendance by each director was as follows:

Sr. No.	Name of Directors	Board of Directors	Board Audit Committee	Risk Management Committee	Board Human Resources & Compensation Committee	Board Compliance Committee	Information Technology Committee
	No. of Meetings held during the year	7	6	3	3	1	1
1.	H.E. Naseer Abdulla Hussain Lootah – Chairman	5	N/A	N/A	N/A	N/A	N/A
2.	Mr. Husain Lawai – Vice Chairman	4	5	2	2	-	N/A
3.	Mr. Shehryar Faruque	7	6	3	3	1	1
4.	Mr. Asadullah Khawaja	7	6	3	3	N/A	N/A
5.	Mr. Md. Ataur Rahman Prodhan	1	N/A	N/A	N/A	N/A	N/A
6.	Mr. Mohammad Faisal Shaikha	7	N/A	N/A	N/A	N/A	N/A
7.	Mr. Muhammad Zahir Esmail (Ex-President & CEO) retired on August 7, 2018	5	N/A	N/A	2	N/A	N/A
8.	Mr. Ahsan Raza Durrani (Acting President & CEO) appointed on August 8, 2018	2	N/A	N/A	1	1	1

j) As at December 31, 2018, the Bank is compliant in respect of the Director's training requirement provided in the Code of Corporate Governance;

k) The pattern of shareholding is attached as part of this annual report;

RISK MANAGEMENT

Risk management is an integral part of the Bank's strategic decision-making process, which ensures that the Bank's corporate objectives are consistent with the appropriate risk-return trade-off. The Bank's risk management philosophy is that all risks taken must be identified, measured, monitored and managed within a robust risk management framework.

The Board of Directors has oversight on all the risks assumed by the Bank. It sets the risk appetite of the Bank and approves the risk management strategy and policies and determines the type and level of business risks that the Bank undertakes in achieving its corporate objectives. The Board has delegated to various Committees the authority to facilitate focused oversight of various risks, formulate, and review policies on monitoring and managing risk exposures.

The major policy decisions and proposals on risk exposures approved by these Committees are subject to review by the Board Risk Management Committee (BRMC). The Board has appointed the BRMC to oversee senior management's activities in managing credit, market, liquidity, operational, IT, legal, fraud & forgery, compliance and other risks to ensure existence of a strong risk management framework in the Bank. In order to further strengthen the risk management process, the Bank continuously updates its risk management policies and risk limits.

Various divisions like Compliance, Legal, Credit, Risk Management, Internal Audit, Treasury Middle Office, IT Security, and Centralized Operations Units have been functioning independent of the business units to ensure proper management of risks relating to these areas. The Bank has also constituted various Committees comprising of senior executives of the Bank who meet regularly to deliberate on matters relating to risk exposures in the areas under their respective supervision.

Segregation of duties and various other controls have been instituted by the Bank to mitigate the operational risk. Moreover, the Bank has further strengthened its Credit, Operational and Information Security Risk Management functions by employing various risk management tools and techniques. Regular Business Continuity and Disaster Recovery tests are conducted to ensure business continuity in contingency situations.

TECHNOLOGY PLATFORM, PAYMENT SYSTEMS AND DIGITAL BANKING

During 2018, the bank focused on some major expansion of IT department by building a brand new state of the art datacenter on the 10th floor of its head office at Clifton, Karachi. This resulted in enhancement of infrastructure and networks such as new LAN devices were procured and deployed. Existing servers and storage devices were upgraded with additional memory and processors including M-5000 SUN SPARC, the Core-Banking Machine. RTGS infrastructure and equipment were upgraded to meet SBP requirements. Avanza (ADC) DB got upgraded from MS SQL Server 2008 to MS SQL Server 2014, similarly RTGS-STP DB got upgraded to MySQL Ent 5.7. Core Storage SAN (Hitachi) got upgraded with FMD (Flash Module Drive) to boost the application performance. A new Sun Server M7-8 was procured and deployed for the new core banking application (iMAL). Solaris based virtualization over the M7-8 Sun Server was implemented to meet the iMAL application environment requirements.

Several initiatives were taken on the digital side such as partnering with UnionPay International and MasterCard to initiate EMV debit card, also part partnered with Avanza Premier Payment Services for the local e-commerce payment services for Summit Bank Customers. The Bank's ATMs became compliant for Summit and Other Bank's EMV card acquiring. SBP EFT compliance was also completed in 2018. Digital Channels were enabled for Collection of FBR and Tax payments. For the internal applications, the bank developed and implemented an IT Requisition System to support its help desk solutions.

iMAL core banking application implementation, a major initiative of the Bank, was on hold during 2018 due to a possible merger of the Bank. However, in November 2018, the Board decided to resume the implementation. Therefore, after the logistics arrangement and vendor in lining, the project was resumed in March 2019. As of today, the iMAL is in build phase and the Bank is preparing to start the super users' training who will in turn be the trainers for the rest of their team members.

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FORWARD LOOKING STATEMENT

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. 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. Salient features of the plans are listed in note 1.3 of the unconsolidated financial statements.

UNCERTAINTIES THAT COULD AFFECT THE BANK'S RESOURCE, REVENUES AND OPERATIONS

All forward looking statements are, by nature, subject to risks and uncertainties, some beyond control. Factors that may potentially affect the Bank's resource, revenues and operations are:

- Capital injection;
- Decisions on Discount Rate / Monetary policy;
- Revisions to rate of returns on deposits;
- Geo-Political risks and uncertainties across the geography that we operate in;
- Law and Order situation;
- Local Government rules and regulations;
- Inflation, fuel and general commodity prices; and
- Corporate taxation measures.

STATEMENT ON INTERNAL CONTROLS

The Bank's internal controls system is designed to achieve operational efficiency, legal and statutory compliances and reliable and accurate financial reporting.

It is the responsibility of the Bank's management to establish and maintain an adequate and effective Internal Control System. In order to have an effective system of internal controls, the Bank has implemented the following strategy:

• An independent Internal Audit Division reporting directly to the Audit Committee of the Board of Directors is effectively functioning.

• Compliance Division is working to ensure adherence to Laws, Regulations and Code of ethics with a strong emphasis on Know Your Customer and Anti-Money Laundering.

• An Internal Control Department is established to oversee financial, compliance and operational controls, accounting system and reporting structures to ensure their adequacy and effectiveness.

• The Statement of Ethics and Business Practices has been signed and adopted by the Directors and the employees of the Bank.

• A portfolio of policies approved by the Board, are continuously updated based on the needs and requirements.

• Management responds promptly to the observations and recommendations made by the Bank's Auditors for improvements in the internal control system.

• A number of Board and Management Committees are functioning to ensure adequate communication and control.

The Bank has adopted internationally accepted COSO (Committee of Sponsoring Organizations of Treadway Commission) Internal Control-Integrated Framework and had initially hired a reputable advisory firm for providing services to the Bank on effective implementation of SBP guidelines on Internal Controls over Financial Reporting (ICFR).

In order to further strengthen the controls, enhance governance and monitoring, and continuous updation of internal control documentation as per SBP guidelines, the Bank established a separate Internal Control Department. To ensure consistency in the process of compliance with the SBP guidelines on Internal Controls, the Bank has followed a structured roadmap and guidelines on ICFR as issued by SBP. Accordingly, the Bank has completed a detailed documentation of bank-wide processes and controls, together with a comprehensive gap analysis of the control design and subsequent development of remediation plans for the identified gaps. Furthermore, the Bank has developed a comprehensive management testing and reporting framework for ensuring operating effectiveness of key controls and has significantly addressed the design improvement opportunities identified to complete the project related initiatives.

In accordance with SBP directives, the Bank has completed all the stages of ICFR and upon satisfactory completion of ICFR roadmap, SBP granted exemption to the Bank in February 2015 from the submission of Long Form Report (LFR) by external auditors. Accordingly, annual assessment report on ICFR for FY-2017 was duly approved by the Board Audit Committee (BAC) and submitted to SBP within the timeline as per SBP OSED Circular No. 01 of 2014 during the year.

The management is of the view that the internal control framework of the Bank is adequate to ensure compliance with laws and regulations and for timely and accurate financial reporting. The Board of Directors also hereby endorses this assessment.

CORPORATE SOCIAL RESPONSIBILITY

The Bank continued with its resolve to contribute towards society through all possible means. On the national front, for alleviation of poverty, the Bank continued to be a major partner bank with the Government of Pakistan in its Benazir Income Support Program (BISP). In the year 2018, the Bank enhanced partnership in collaboration with Easypaisa, NADRA e-sahulat, Jazzcash branchless banking agents for BISP payments through Biometric Verification System. We are also in process of introducing Digital Mobile Wallets for our G2P (Government to Person) payments including BISP. In this respect, during CY-2018, the Bank has disbursed an amount of Rs. 3.76 billion to more than 241,000 beneficiaries.

The Bank has fully supported the Government's initiative of youth loans (Prime Minister's Youth Loan Programme) and agricultural financing aimed for betterment of the society. These efforts have been appreciated by all the stakeholders.

The Bank had taken energy conservation initiative of using solar panels at various selected branches that is not only beneficial to the Bank but shall also contribute towards the national cause of energy conservation.

The management duly recognizes the need for investment in continuing training and development of the Bank employees at all levels and is committed to improve the work environment by rewarding good performance of the employees. This also helps in retaining high quality human resource and their personal grooming. Moreover, specific budget allocation is done for training and development to achieve this target.

EXTERNAL AUDIT

During the year, a casual vacancy occurred with the resignation of M/s. Deloitte Yousuf Adil, Chartered Accountants, which was filled by the appointment of M/s. Baker Tilly Mehmood Idrees Qamar & Co, Chartered Accountants. The retiring auditors, being eligible, offer themselves for re-appointment for the year 2019. The Audit Committee of the Board has recommended that M/s. Baker Tilly Mehmood Idrees Qamar & Co, Chartered Accountants, the retiring auditors, be re-appointed as the external auditors of the Bank for the year 2019.

The firm of auditors have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan, and that the firm and all their partners are compliant with the International Federation of Accountants' (IFAC) Guidelines on Code of Ethics, as adopted by the Institute of Chartered Accountants of Pakistan, and meet the requirements for appointment under all applicable laws.

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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.

ACKNOWLEDGEMENT

On behalf of the Board, we would once again like to thank the State Bank of Pakistan, the Securities and Exchange Commission of Pakistan, the Ministry of Finance and other regulatory authorities for their continuous guidance and support. At the same time, we would like to express our gratitude to our shareholders, our customers and the Bank's staff for their continued support.

Ahsan Raza Durrani
Acting President and Chief Executive Officer

Fauzia Hasnain
Director

Summit Bank
September 18, 2020
Karachi

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اظہار تشکر

بورڈ کی جانب سے، ہم ایک بار پھر اسٹیٹ بینک آف پاکستان، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، منسٹری آف فنانس اور دیگر ریگولیٹری اتھارٹیز کا ان کی رہنمائی اور تعاون کے لیے شکریہ ادا کرتے ہیں۔ اس کے ساتھ، ہم اپنے شیئر ہولڈرز، صارفین اور بینک کے ملازمین کی ان کے مسلسل تعاون اور اعتماد کو سراہتے ہیں۔

احسن رضا درانی
ایکٹنگ پریزیڈنٹ اور چیف ایگزیکٹو آفیسر

فوزیہ حسنین
ڈائریکٹر

سمٹ بینک
ستمبر 18، 2020
کراچی

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انتظامیہ اپنے ملازمین کی ہر سطح پر مسلسل تربیت اور ترقی کے لیے سرمایہ کاری کی ضرورت کو تسلیم کرنے کے ساتھ ان کی بہتر کارکردگی پر ان کو اعزازت سے نواز کر کام کے ماحول کو مزید بہتر بنانے کے لیے کوشاں ہے۔ ان اقدامات سے ہیومن ریسورسز کے اعلیٰ معیار قائم ہوتے ہیں اور ان کی ذاتی ترقی میں مدد ملتی ہے۔ مزید براں، اس ہدف کے حصول اور تربیت و ترقی کو یقینی بنانے کے لیے مخصوص بجٹ مختص کیا گیا ہے۔

ایکسٹرنل آڈٹ

دوران سال، میسرز ڈیلائٹ یوسف عادل، چارٹرڈ اکاؤنٹنٹس کے مستعفی ہونے سے خالی ہونے والی اسامی کو پر کرنے کے لیے میسرز بیکر ٹلی محمود ادریس قمر اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کو منتخب کیا گیا۔ ریٹائر ہونے والے آڈیٹرز نے اہلیت کی بنیاد پر، خود کو سال 2019 کے لیے دوبارہ انتخاب کے لیے پیش کیا ہے۔ بورڈ کی آڈٹ کمیٹی نے میسرز بیکر ٹلی محمود ادریس قمر اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کو سال 2019 کے لیے بینک کے ایکسٹرنل آڈیٹرز کے طور پر دوبارہ منتخب کرنے کی تجویز دی ہے۔

آڈیٹرز کی فرم نے تصدیق کی ہے کہ انہیں انسٹیٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان کے کوالٹی کنٹرول ریویو پروگرام کے تحت تسلی بخش ریٹنگ سے نوازا گیا ہے، اور یہ کہ فرم اور اس کے تمام شراکت دار انٹرنیشنل فیڈریشن آف اکاؤنٹنٹس (IFAC) کی ضابطہ اخلاق کی ہدایات پر عمل پیرا ہیں جس کی انسٹیٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان بھی تعمیل کرتا ہے، اسی طرح تمام نافذ قوانین کے تحت انتخاب کی تمام ضروریات پوری ہوتی ہیں۔

بیلنس شیٹ کی تاریخ کے بعد کے واقعات

بینک کو 27 مارچ 2020 کو محترم جناب ناصر عبداللہ حسین لوتھا (ممکنہ سرمایہ کار) کی جانب سے ایک خط موصول ہوا ہے جس میں ممکنہ سرمایہ کار نے بینک میں کنٹرولنگ اسٹیک (بااختیار حصہ داری) لینے کے ارادے کا اظہار کیا ہے جس کے لیے بینک میں ایکوئٹی کی تازہ ترین سبسکرائبنگ عمل میں لائی جائے گی اور اسٹیٹ بینک کی جانب سے تجویز کردہ کم از کم کیپٹل ضروریات (MCR) اور کیپٹل ایڈیکویسی ریشو (CAR) کی ضروریات کو پورا کرنے کے لیے سرمایہ کاری کی ضرورت ہو سکتی ہے۔ مزید براں، سیکورٹیز ایکٹ 2015 کی تعمیل اور لسٹڈ کمپنیز (سبسٹنشل ایکوزیشن آف ووٹنگ شیئرز اینڈ ٹیک اوورز) ریگولیشنز 2017 بھی ایسی ٹرانزیکشنز پر لاگو ہوں گے، اس کے بعد اہم انویسٹر کی جانب سے اطلاع عام کے ذریعے بینک کے جاری کردہ اور پیڈ اپ کیپٹل کا کم از کم 51 فیصد حاصل کرنے اور انتظام سنبھالنے کی اطلاع دی جائے گی۔ اس مجوزہ ٹرانزیکشن پر عمل درآمد لازمی قوانین کی تکمیل اور تمام ریگولیٹری و کارپوریٹ منظوریوں سے مشروط ہوگی۔ علاوہ ازیں، بینک اس مجوزہ ٹرانزیکشن کے لیے اہم سرمایہ کار کے ساتھ خصوصی معاہدہ کر چکا ہے۔

بینک نے کنٹرولز کو مزید مضبوط بنانے، گورننس اور مانیٹرنگ بہتر کرنے اور اسٹیٹ بینک آف پاکستان کی ہدایات کی روشنی میں انٹرنل کنٹرول کی دستاویزات کو تسلسل کے ساتھ اپ ڈیٹ کرتے رہنے کے لیے ایک علیحدہ انٹرنل کنٹرول ڈپارٹمنٹ تشکیل دیا ہے۔ اسٹیٹ بینک آف پاکستان کی ہدایات کے مطابق انٹرنل کنٹرولز پر تعمیل کے تسلسل کو یقینی بنانے کے لیے بینک نے ایک مربوط روڈ میپ اور SBP کی ICFR سے متعلق ہدایات کی پیروی کر رکھی ہے۔ بینک نے پروسیسز اور کنٹرولز سے متعلق تفصیلی دستاویزات کو مکمل کرلیا ہے اور اس کے ساتھ کنٹرول ڈیزائن میں گیپ کا جامع تجزیہ کیا ہے اور ان کی درستگی کے لیے ایک پلان بنایا ہے۔ علاوہ ازیں، بینک کے کنٹرولز کو موثر بنانے کے لیے جانچ کا ایک جامع نظام اور رپورٹنگ فریم ورک تیار کیا گیا ہے اور خاص طور پر اس منصوبے سے متعلق اقدامات کو مکمل کرنے کے لیے ڈیزائن میں بہتری کے مواقعوں پر عمل درآمد کیا ہے۔

اسٹیٹ بینک آف پاکستان کی ہدایات کے تحت، بینک نے ICFR کے تمام مراحل کو مکمل کیا اور ICFR روڈ میپ کی تسلی بخش تکمیل پر، اسٹیٹ بینک نے فروری 2015 میں بینک کو ایکسٹرنل آڈیٹرز کی لانگ فارم رپورٹ (LFR) جمع کرانے سے مستثنیٰ قرار دیا تھا۔ اسی طرح بورڈ آڈٹ کمیٹی کی جانب سے ICFR کی سالانہ رپورٹ برائے 2017 اور 2018 کی سالانہ جائزہ رپورٹ منظور کی گئی اور اسٹیٹ بینک کے 2014 کے OSED سرکلر نمبر 1 کے تحت بروقت جمع کرائی گئی۔

انتظامیہ اس سوچ کی حامل ہے کہ بینک کا انٹرنل کنٹرول کا نظام قوانین اور ضوابط کے عین مطابق بروقت اور درست مالیاتی رپورٹنگ کی تعمیل کو یقینی بنانے کے لیے کافی ہے۔ اس جائزے کی بورڈ کے ڈائریکٹرز نے بھی توثیق کردی ہے۔

کارپوریٹ سماجی ذمہ داری

بینک نے معاشرے کی فلاح وبہبود کے لیے ہر ممکن کوشش کو جاری رکھا ہے۔ ملکی سطح پر، غربت کے خاتمے کے لیے بینک نے حکومت کے بینظیر انکم سپورٹ پروگرام (BISP) میں ایک اہم پارٹنر کی حیثیت سے تعاون جاری رکھا ہے۔ سال 2018 میں بینک نے بائیومیٹرک ویری فکیشن سسٹم کے ذریعے بینظیر انکم سپورٹ پروگرام کی ادائیگیوں کے لیے ایزی پیسہ، نادرا ای سہولت، جاز کیش برانچ لیس بینکنگ ایجنٹس کے ساتھ شراکت داری سے اپنے تعاون کو وسیع کیا۔ بینک BISP سمیت G2P (حکومت سے فرد) کی تمام ادائیگیوں کے لیے ڈیجیٹل موبائل والٹس متعارف کرانے کے لیے کوشاں ہے۔ اس ضمن میں، مالی سال 2018 کے دوران بینک نے بے نظیر انکم سپورٹ پروگرام کے تحت 241,000 سے زائد مستحقین میں 3.76 بلین روپے تقسیم کیے ہیں۔

بینک نے حکومت کی جانب سے نوجوانوں کو قرضہ جات کی فراہمی (وزیر اعظم یوتھ لون پروگرام) کے اقدام اور معاشرے کی بہبود کے پیش نظر زرعی قرضہ جات فراہم کرنے کی بھی مکمل حمایت کی ہے۔ ان کوششوں کو تمام اسٹیک ہولڈرز کی جانب سے سراہا گیا ہے۔

بینک نے بجلی کی بچت کے پیش نظر مخصوص برانچوں میں سولر پینل استعمال کیے ہیں، اس سے نہ صرف بینک کو فائدہ ہوگا بلکہ بجلی کی بچت کے قومی مقصد میں معاونت بھی ہوگی۔

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- ڈسکاؤنٹ ریٹ/ مانیٹری پالیسی سے متعلق فیصلے؛
- جیوپولیٹیکل خطرات اوران علاقوں میں غیر یقینی کی صورتحال جہاں ہم کاروبار کرتے ہیں؛
- امن وامان کی صورتحال؛
- مقامی حکومتوں کے قوانین اور ضابطے
- مہنگائی، پیٹرولیم مصنوعات اور عام اشیاء کی قیمتیں؛ اور
- کارپوریٹ ٹیکسیشن کے اقدامات

انٹرنل کنٹرولز پر بیان

بینک کے انٹرنل کنٹرولز کے نظام کو انتظامی کارکردگی، قانونی اور دستوری تعمیل اور بااعتماد اور درست مالیاتی رپورٹنگ حاصل کرنے کے لیے مرتب کیا گیا ہے۔

ایک موزون اور موثر انٹرنل کنٹرولز کا نظام قائم کرنا اور برقرار رکھنا بینک انتظامیہ کی ذمہ داری ہے۔ انٹرنل کنٹرولز کے موثر نظام کے لیے بینک نے درج ذیل حکمت عملی پر عمل درآمد کر رکھی ہے:

- بورڈ آف ڈائریکٹرز کی آڈٹ کمیٹی کو براہ راست رپورٹ کرنے والا ایک خودمختار انٹرنل آڈٹ ڈویژن موثر طریقہ سے کام کر رہا ہے۔
- کمپلائنس ڈویژن قوانین، ضابطوں اور ضابطہ اخلاق پر عمل درآمد کو یقینی بنانے کے لیے مصروف عمل ہے جبکہ اپنے کسٹمر کی پہچان اور منی لانڈرنگ کی روک تھام پر بھرپور توجہ مرکوز کی جاتی ہے۔
- مالی، کمپلائنس اور آپریشنل کنٹرولز، اکاؤنٹنگ سسٹم اور رپورٹنگ اسٹرکچر کی نگرانی کے لیے انٹرنل کنٹرول ڈپارٹمنٹ قائم ہے تاکہ موزونیت اور اثرانگیزی کو برقرار رکھا جائے۔
- اخلاقیات اور کاروباری طریقہ کار کے اسٹیٹمنٹ کو بینک کے ڈائریکٹرز اور ملازمین نے تسلیم کیا ہے اور اس پر دستخط کئے ہیں۔
- بورڈ کی جانب سے منظور شدہ پالیسیوں کے پورٹ فولیو کو تسلسل کے ساتھ ضرورت کی بنیاد پر اپ ڈیٹ کیا جاتا ہے۔
- انٹرنل کنٹرول کے نظام میں بہتری کے لیے بینک کے آڈیٹرز کی نشاندہی اور تجاویز پر انتظامیہ کی جانب سے فوری طور پر تعمیل کی جاتی ہے۔
- رابطے میں بہتری اور کنٹرول کو یقینی بنانے کے لیے بورڈ اور مینجمنٹ کمیٹیوں کی بڑی تعداد مصروف عمل ہے۔

بینک نے عالمی سطح پر مقبول کمیٹی آف اسپانسرنگ آرگنائزیشن آف ٹریڈوے کمیشن (COSO) انٹرنل کنٹرول کے مربوط فریم ورک کو اپنایا ہے۔ آغاز میں بینک نے اسٹیٹ بینک آف پاکستان کے انٹرنل کنٹرولز اوور فنانشل رپورٹنگ (ICFR) سے متعلق رہنما اصولوں کو موثر طور پر اپنانے کے لیے ایک معروف ایڈوائزری فرم کی خدمات حاصل کی تھیں۔

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ٹیکنالوجی پلیٹ فارم، ادائیگی کا نظام اور ڈیجیٹل بینکاری

2018 کے دوران، بینک نے اپنے آئی ٹی ڈپارٹمنٹ میں بڑے پیمانے پر توسیع پر توجہ مرکوز رکھی جس کے تحت کلفٹن، کراچی میں واقع بینک کے ہیڈ آفس کے دسویں فلور پر ایک جدید قسم کا ڈیٹا سینٹر قائم کیا گیا ہے۔ اس اقدام سے انفراسٹرکچر اور نیٹ ورکس کی صلاحیت میں واضح بہتری آئی، اسی کے تحت LAN ڈیوائس خرید کر نصب کیے گئے، موجودہ سرورز اور اسٹوریج ڈیوائسز کو اپ گریڈ کرتے ہوئے ان کی میموری بڑھائی گئی اور پروسیسرز بشمول M-5000 سن اسپارک، کور بینکنگ مشین وغیرہ بھی اپ گریڈ کیے گئے ہیں۔ اسٹیٹ بینک آف پاکستان کی ضروریات کو پورا کرنے کے لیے RTGS انفراسٹرکچر اور ایکوپمنٹ کو بھی اپ گریڈ کیا گیا ہے۔ اوانزا (ADC) ڈی بی کو MS SQL سرور 2008 سے MS SQL سرور 2014 اپ گریڈ کیا گیا، اسی طرح RTGS-STP DB کو MySQL Ent 5.7 کو راسٹوریج SAN (ہٹاچی) کو اپ گریڈ کرتے ہوئے FMD (فلیش ماڈیول ڈرائیو) میں تبدیل کیا گیا تا کہ اس کی صلاحیت کو بڑھا جا سکے۔ ایک نیا Sun سرور M7-8 بھی خرید کر نیو کور بینکنگ ایپلی کیشن (iMAL) کے لیے لگایا گیا ہے۔ سولارس کی بنیاد پر M7-8 سن سرور کی ورچولائزیشن پر عمل درآمد کی گئی تا کہ iMAL ایپلی کیشن انوائرنمنٹ کی ضروریات کو پورا کیا جائے۔

ڈیجیٹل کے میدان میں کئی اقدامات اٹھائے گئے ہیں جس میں یونین پے انٹرنیشنل اور ماسٹر کارڈ کے ساتھ EMV ڈیبٹ کارڈ شروع کرنے کے لیے شراکت داری کی گئی جبکہ سمٹ بینک کسٹمرز کو مقامی ای کامرس پے منٹ سروسز فراہم کرنے کے لیے اوانزا پریمیر پے منٹ سروسز کے ساتھ بھی شراکت داری عمل میں لائی گئی ہے۔ بینک کے اے ٹی ایم سمٹ اور دیگر بینکوں کے EMV کارڈ وصول کرنے کے مجاز ہو چکے ہیں۔ اسٹیٹ بینک آف پاکستان کی EFT کمپلائنس بھی 2018 میں مکمل کی جا چکی ہے۔ ڈیجیٹل چینلز ایف بی آر اور ٹیکس کی رقوم جمع کرنے کے اہل بنائے جا چکے ہیں۔ داخلی ایپلی کیشنز کے لیے، بینک نے اپنے ہیلپ ڈیسک سلوشن کی معاونت کے لیے آئی ٹی ریکوزیشن سسٹم تیار کیا ہے اور اس عمل درآمد کی جا رہی ہے۔

بینک کے ایک بہت بڑے اقدام، iMAL کور بینکنگ ایپلی کیشن پر عمل درآمد کو بینک کے ممکنہ انضمام کی بدولت 2018 میں روکا گیا تھا۔ تاہم نومبر 2018 میں بورڈ نے اس پر دوبارہ عمل درآمد کرنے کا فیصلہ کیا۔ اس لئے لاجسٹک انتظامات اور وینڈر کے حصول کے بعد مارچ 2019 میں اس پر دوبارہ کام شروع ہوا۔ اس وقت iMAL تعمیری مرحلے میں ہے اور بینک سپر یوزرز کی ٹریننگ شروع کرنے کی تیاری کر رہا ہے جو بعد از اں دیگر ٹیم ممبران کے لیے ٹرینر کے طور پر خدمات انجام دیں گے۔

مستقبل پر نظر کا بیان

بینک مارکیٹ میں موجود کاروباری مواقع سے فائدہ اٹھانے کے لیے مکمل طور پر تیار ہے اور طویل مدتی مستحکم ترقی کی اپنی منصوبہ بندی پر توجہ جاری رکھے ہوئے ہے۔ بینک جلد سے جلد کیپٹل/کیپٹل انجیکشن میں اضافے کے ذریعے سرمایہ کی لاگو ضروریات کی تکمیل کے لیے بھرپور کوششیں انجام دے رہا ہے۔ اس ضمن میں انتظامیہ نے ایک بزنس پلان تشکیل دیا ہے جو بورڈ کی جانب سے بھی منظور کیا جا چکا ہے۔ مذکورہ پلان کی اہم خصوصیات انفرادی مالیاتی گوشواروں کے نوٹ 1 میں درج کی گئی ہیں۔

بینک کے وسائل، آمدنی اور آپریشنز کو متاثر کرنے والے ممکنہ عوامل

مستقبل سے متعلق اسٹیٹمنٹ حالات کے مطابق یا قدرتی طور پر خطرات یا غیر یقینی کا شکار ہو سکتے ہیں کچھ تو آپ کے کنٹرول سے ہی باہر ہوتے ہیں۔ ایسے عوامل جو بینک کے وسائل، آمدنی اور آپریشنز کو واقعی متاثر کر سکتے ہیں وہ یہ ہیں:

- کیپٹل انجیکشن:

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جناب محمد فیصل شیخا
جناب محمد ظہیر اسماعیل (سابقہ پریزیڈنٹ اور سی ای او) 7 اگست 2018 کو ریٹائر ہوئے۔
جناب احسن رضا درانی (ایکٹنگ پریزیڈنٹ اور سی ای او) 8 اگست 2018 کو منتخب ہوئے۔

ص) 31 دسمبر 2018 کے مطابق، بینک کوڈ آف کارپوریٹ گورننس میں ڈائریکٹرز کی تربیت کے حوالے سے فراہم کردہ ضروریات پر عمل پیرا ہے؛

ض) شیئر ہولڈنگ کی ترتیب کا راس سالانہ رپورٹ کے ساتھ منسلک ہے؛

رسک مینجمنٹ

رسک مینجمنٹ بینک کی کاروباری فیصلہ سازی کے عمل کا اہم اور لازمی جزو ہے، جو اس بات کو یقینی بناتا ہے کہ بینک کے کاروباری مقاصد اور محتاط خطرات میں ایک تناسب قائم ہے۔ بینک کی رسک مینجمنٹ کا فلسفہ یہ ہے کہ تمام خطرات لازمی طور پر واضح اور معین ہوں اور ان کی ایک مضبوط رسک مینجمنٹ فریم ورک کے ذریعے نگرانی اور بندوبست کیا جائے۔

بورڈ آف ڈائریکٹرز بینک کو درپیش خطرات کا تعین اور نگرانی کرتا ہے۔ بورڈ بینک کے رسک کی حد کا تعین اور اس پر قابو پانے کی منصوبہ بندی اور پالیسی مرتب کرتا ہے اور بینک کی جانب سے کاروباری مقاصد کی تکمیل میں اٹھائے جانے والے اقدامات کو لاحق خطرات کی نوعیت اور حد کی وضاحت کرتا ہے۔ بورڈ نے مختلف خطرات، ان کے تعین اور پیش آنے والے خطرات کے انتظام اور نگرانی کے لیے کئی با اختیار کمیٹیاں تشکیل دے رکھی ہیں۔ ان کمیٹیوں کی جانب سے لاحق ہونے والے خطرات سے متعلق منظور شدہ تجاویز اور اہم فیصلہ سازی بورڈ رسک مینجمنٹ کمیٹی (BRMC) کے جائزہ سے مشروط ہوتی ہے۔ بورڈ نے مینجمنٹ کی کریڈٹ، مارکیٹ، لیکویڈٹی، آپریشنل، آئی ٹی، لیگل، فراڈ اور فروجری، کمپلائنس اور دیگر خطرات کو منظم کرنے اور قابو پانے کے لیے BRMC تشکیل دی ہے تاکہ بینک ایک فعال رسک مینجمنٹ فریم ورک کی موجودگی کو یقینی بنا سکے۔ بینک رسک مینجمنٹ کے عمل میں مزید تقویت کے لیے باقاعدگی کے ساتھ رسک مینجمنٹ پالیسیوں اور خطرات کے حدود کو اپ ڈیٹ کرتا رہتا ہے۔

کمپلائنس، لیگل، کریڈٹ، رسک مینجمنٹ، انٹرنل آڈٹ، ٹریژری مڈل آفس، آئی ٹی سیکورٹی اور سینٹرلائزڈ آپریشن یونٹس پر مشتمل ڈویژن خود مختار انداز میں اپنے شعبوں کے خطرات پر نظر رکھنے اور قابو پانے کے امور انجام دے رہے ہیں۔ بینک نے تجربہ کار ایگزیکٹیوز پر مشتمل کئی کمیٹیاں تشکیل دے رکھی ہیں، جس میں یہ حضرات اپنے ماتحت شعبوں میں پیش آنے والے خطرات کے مسائل پر غور کرنے کے لیے باقاعدگی سے ملتے رہتے ہیں۔

بینک نے انتظامی خطرات پر قابو پانے کے لیے ذمہ داریوں کی تقسیم اور دیگر کنٹرولز کے نظام کو قائم کر رکھا ہے۔ علاوہ ازیں بینک نے کریڈٹ، آپریشنل اور انفارمیشن سیکورٹی میں رسک مینجمنٹ کے امور کے لیے مختلف رسک مینجمنٹ ٹولز اور تکنیکس کو مزید مضبوط کیا ہے۔ نامناسب حالات میں کاروبار کے تسلسل اور آفت کے دوران کاروبار کی جلد بحالی کے لیے باقاعدگی کے ساتھ مشقیں انجام دی جاتی ہیں۔

بینک اس وقت بینکنگ کمپنیز آرڈیننس 1962 کے سیکشن 10 کے مطابق غیر متحرک پراپرٹی میں سرمایہ کاری کے قانون پر عدم تعمیل کا شکار ہے۔ انتظامیہ نے اس کے لیے اقدامات اٹھانے کی منصوبہ بندی کی ہے تاکہ پراپرٹی کے کچھ حصہ کو فروخت کیا جائے جو کہ لاگو قوانین کے تحت عدم تعمیل کے زمرے میں آتی ہے۔

کارپوریٹ گورننس

بینک لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2017 کی اہم ضروریات پر عمل پیرا ہے۔ انتظامیہ کی وضاحت پر مبنی بیان کے ساتھ آڈیٹرز کی جائزہ رپورٹ کو سالانہ رپورٹ کا حصہ بنایا گیا ہے۔

بہترین تجربات پر مبنی عمل درآمد کے حوالے سے، ڈائریکٹرز درج ذیل بیان پیش کرتے ہوئے مسرت محسوس کر رہے ہیں:

الف) انتظامیہ کی جانب سے تیار کردہ مالیاتی گوشوارے، بینک کے معاملات، اس کے آپریشنز کے نتائج، کیش فلوز اور ایکوئٹی میں تبدیلیوں کی درست حالت پیش کرتے ہیں؛

ب) بینک کے اکاؤنٹس کی بکس کو باقاعدہ طور پر برقرار رکھا گیا ہے؛

ت) مالیاتی گوشواروں کی تیاری میں درست اکاؤنٹنگ پالیسیوں پر باقاعدہ طور پر عمل درآمد کیا گیا ہے جیسا کہ مالیاتی گوشواروں کے نوٹس میں درج ہے اور اکاؤنٹنگ کے تخمینے مناسب اور محتاط اندازے پر مبنی ہیں؛

ج) مالیاتی گوشواروں کی تیاری میں پاکستان میں بینکس پر لاگو انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈز پر عمل درآمد کیا گیا ہے؛

د) انٹرنل کنٹرول کا نظام اپنی ساخت میں مستحکم ہے اور اس کا نفاذ اور نگرانی موثر انداز میں کی جاتی ہے؛

ر) بینک کے اپنے امور چلانے کی صلاحیت کسی شک وشبہ سے بالاتر ہے؛

ز) کارپوریٹ گورننس کے بہترین ضوابط کی تعمیل میں کسی قسم کی کوتاہی دیکھنے میں نہیں آئی؛

س) گزشتہ چھ سال پر مبنی اہم کاروباری اور مالیاتی کوائف کو سالانہ رپورٹ کے ایک حصے کے طور پیش کیا جا رہا ہے؛

ش) سال 2018 کے دوران منعقد ہونے والی بورڈ اور بورڈ کمیٹیوں کی میٹنگز کی تعداد اور ہر ڈائریکٹر کی حاضری کی تفصیل درج ذیل ہے:

نمبر شمار	ڈائریکٹرز کا نام	بورڈ آف ڈائریکٹرز	بورڈ آڈٹ کمیٹی	رسک مینجمنٹ کمیٹی	بورڈ ہیومن ریسورس اینڈ کمپنسیشن کمیٹی	بورڈ کمپلائنس کمیٹی	انفارمیشن ٹیکنالوجی کمیٹی
	دوران سال منعقد ہونے والی میٹنگز کی تعداد	7	6	3	3	1	1
1.	عزت مآب جناب ناصر عبداللہ حسین لوتھا، چیئرمین	5	N/A	N/A	N/A	N/A	N/A
2.	جناب حسین لوائی، وائس چیئرمین	4	5	2	2	-	N/A
3.	جناب شہریار فاروق	7	6	3	3	1	1
4.	جناب اسد اللہ خواجہ	7	6	3	3	N/A	N/A
5.	جناب ایم ڈی عطاء الرحمن پرودھان	1	N/A	N/A	N/A	N/A	N/A
6.	جناب محمد فیصل شیخا	7	N/A	N/A	N/A	N/A	N/A
7.	جناب محمد ظہیر اسماعیل (سابقہ پریذیڈنٹ اور سی ای او 7 اگست 2018 کو ریٹائر ہوئے۔	5	N/A	N/A	2	N/A	N/A
8.	جناب احسن رضا درانی (ایکٹنگ پریذیڈنٹ اور سی ای او 8 اگست 2018 کو منتخب ہوئے۔	2	N/A	N/A	1	1	1

مجموعی نتائج

سمٹ بینک لمیٹڈ نے 31 دسمبر 2018 کو ختم ہونے والے سال کے لیے بعد از ٹیکس **8.791** بلین روپے کا مجموعی نقصان کیا (2017: **1.921** بلین روپے)۔ اس طرح ہر ایک شیئر پر نقصان گزشتہ سال کی اسی مدت کے **0.85** روپے کے مقابلے میں **3.33** روپے بنتا ہے۔

ذیلی کمپنی کی کارکردگی

سمٹ کیپٹل نے گزشتہ سال کی متعلقہ مدت کے 179.144 ملین روپے کے مقابلے میں **79.706** ملین روپے کاروباری آمدن حاصل کی۔ کمپنی نے متعلقہ مدت کے لیے بالترتیب 47.238 ملین روپے اور 29.236 ملین روپے کے قبل از اور بعد از ٹیکس منافع کے مقابلے میں بالترتیب 18.197 ملین روپے اور 22.372 ملین روپے کا قبل از اور بعد از ٹیکس نقصان کیا۔ سال کے لیے ہر ایک شیئر پر نقصان 0.75 روپے بنتا ہے جبکہ گزشتہ مدت کے لیے ہر ایک شیئر منافع 0.97 روپے تھا۔ آمدنی اور منافع میں کمی کی اہم وجہ سال بھر مقامی حصص کے کاروباری حجم میں مسلسل گراوٹ کا ماحول اور سرمایہ کاروں میں منفی رجحان کا پایا جانا ہے۔ کمپنی کی ترجیح ہوگی کہ 2019 میں اسٹاک مارکیٹ کے کاروبار میں بہتری آتے ہی مارکیٹ شیئر کے حصول سے منافع میں اضافہ کیا جائے۔

کریڈٹ ریٹنگ

نومبر 2018 میں، VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ نے بینک کو درمیانہ سے طویل مدتی ریٹنگ کے لیے "BBB -" (ٹرپل بی مائنس) اور قلیل مدتی ریٹنگ کے لیے A-3 (اے۔تھری) سے نوازا ہے جبکہ بینک کے ٹی ایف سی کو (SO) - BBB" (ٹرپل بی مائنس (اسٹرکچرڈ اوبلیگیشن) دیا ہے۔ یہ ریٹنگز "ریٹنگ واچ۔منفی" درجہ میں ہیں۔ بعد ازاں، فروری 2019 میں، VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ نے تازہ ترین معلومات کی عدم موجودگی کے سبب بینک کی اینٹٹی ریٹنگ کو معطل کردیا۔ علاوہ ازیں، بینک کی ٹی ایف سی ریٹنگ کو "D" (ڈیفالٹ) قرار دیا گیا کیونکہ اسٹیٹ بینک آف پاکستان کے لاگو ریگولیشن کے تحت بینک کی جانب سے لاک ان کلاز مدد طلب کرنے سے متعلق تازہ ترین مارک اپ کی ادائیگی میں ناکامی رہی۔ تاہم، اس حوالے سے TFC ہولڈرز نے ٹی ایف سی کے اجراء کی میچورٹی کی تاریخ میں توسیع کو منظور کرنے کے ساتھ
27 اکتوبر 2020 تک تمام اقساط (مارک اپ اور پرنسپل) ادا کرنے کی بھی منظوری دیدی ہے جو کہ ریگولیٹری منظوریوں کے نفاذ اور عمل درآمد سے مشروط ہے۔ VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ مطلوبہ معلومات اور تازہ ترین مالیاتی گوشوارے فراہم کرنے کے بعد ریٹنگز کا دوبارہ جائزہ لے گی۔

آڈیٹرز رپورٹ میں ردوبدل

بینک کا اداشدہ سرمایہ (خالص خسارے)، شرح کفایت سرمایہ (سی اے آر) لیوراجیہ شرح (ایل آر) 31 دسمبر 2018ء کو اسٹیٹ بینک کی جانب سے فراہم کردہ تقاضوں پر پورے نہیں اترتے ہیں۔ مزید برآں، بینک کی سیالیت کی کوریج اور خام مستحکم فنڈنگ کی شرحیں بھی مجوزہ حدود سے کم ہیں۔ اس صورت حال سے پتہ چلتا ہے کہ موجودہ مادی عدم یقینی بینک کی ایک جاری رہنے والے کاروبار کے طور پر اہلیت پر نمایاں شک ڈال سکتی 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 کررہا ہے۔

دوران سال، قانون نافذ کرنے والے اداروں نے منی لانڈرنگ کی مبینہ سرگرمیوں میں ملوث سمٹ بینک لمیٹڈ سمیت کئی بینکوں کے مخصوص بینک اکاؤنٹس کی جانچ پڑتال کا آغاز کیا۔ اس وقت یہ معاملہ نیب کے زیر تفتیش ہے اور نیب کورٹس میں صرف جزوی ریفرنسز داخل کئے گئے ہیں۔ تاہم بینک قانون نافذ کرنے والے اداروں کے ساتھ ان کی تفتیش اور جانچ پڑتال میں ممکنہ حد تک مکمل تعاون کرتا رہا ہے اور اب بھی اس کے لیے پرعزم ہے۔

آمدنی کے اعتبار سے، نیٹ مارک اپ انکم اور نان مارک اپ انکم میں 26.05 فیصد مجموعی گراوٹ رہی۔ انویسٹمنٹ بک میں کمی کے سبب سرمایہ کاری سے کم آمدن حاصل ہوئی اور نیٹ انٹریسٹ آمدن پر دباؤ رہا۔ نان فنڈڈ آمدن 2.123 بلین روپے رہی، جو کہ گزشتہ سال کے مقابلے میں 12.19 فیصد کم ہے کیونکہ فروخت شدہ سیکورٹیز میں نقصان اور فیس اور کمیشن کی آمدنی میں بھی کمی ہوئی۔

ٹوٹل نان مارک اخراجات گزشتہ سال کے 6.135 بلین روپے کے مقابلے میں 5.817 بلین روپے رہے اور 5.18 فیصد کمی کی گئی۔ یہ ڈپازٹ پروٹیکشن پریمیم کے ساتھ مہنگائی پر قابو پانے کے اقدامات اور سال کے آخری حصہ میں روپے کی ناقدری کا اثر ہے۔

ٹوٹل ڈپازٹس گزشتہ سال میں رپورٹ شدہ 145.730 بلین روپے کے مقابلے میں 84.676 بلین روپے رپورٹ کیے گئے۔ سال کے اختتام پر، ہمارے ڈپازٹس پر مجموعی ایڈوانسز کا تناسب 97.78 فیصد بنتا ہے۔

بینک کا NPL تناسب گزشتہ سال کے 17.15 فیصد کے مقابلے میں 43.57 فیصد بنتا ہے جبکہ کوریج کا تناسب گزشتہ سال کے 87.36 فیصد کے مقابلے میں کم ہو کر 59.61 فیصد رہ گیا۔ بینک اب قرض نادہندگان کے ساتھ گفت وشنید کے لیے منصوبہ بندی کر رہا ہے تا کہ NPLs اور متعلقہ پروویژنز میں کمی کو یقینی بنایا جائے۔

31 دسمبر 2018 کے مطابق، بینک نے ڈیفرڈ ٹیکس اثاثہ جات (نیٹ) 7.215 بلین روپے ظاہر کیے ہیں، اس سے ٹیکس فوائد سے متعلق انتظامیہ کے بہترین تخمینہ کی نشاندہی ہوتی ہے جو آنے والے سالوں میں حاصل ہوں گے۔ ہم پر امید ہیں کہ بینک ان فوائد کو حاصل کرنے میں کامیاب ہوگا۔ تازہ ترین ٹیکس صورتحال کی بنیاد پر، ڈیفرڈ ٹیکس آمدن گزشتہ سال کی 0.201 بلین روپے آمدن کے مقابلے میں 2.258 بلین روپے بنتی ہے۔

31 دسمبر 2018 کے مطابق، بینک اسٹیٹ بینک آف پاکستان کی جانب سے مجوزہ 10 بلین روپے کے کم از کم سرمایے کی ضروریات کو پورا نہیں کر سکا جبکہ کیپٹل ایڈیکویسی کا تناسب 8.02 فیصد ہے جس کی کم از کم حد 11.90 فیصد ہے۔

موجودہ سال میں نقصان کے باوجود، بورڈ پر اعتماد ہے کہ انتظامیہ بینک کے نتائج میں بہتری لانے کی مکمل صلاحیت رکھتی ہے۔ انتظامیہ آنے والے دنوں میں نقصان کو منافع میں بدلنے کے لیے تمام تر ممکنہ اقدامات پر غور کر رہی ہے۔

ہولڈنگ اور ذیلی کمپنی

موریشس میں قائم سرور انویسٹمنٹ لمیٹڈ (SIL) بینک کی ہولڈنگ کمپنی ہے۔ 31 دسمبر 2018 کو بینک کے جاری کردہ، سبسکرائب شدہ اور ادا شدہ حصص سرمایہ کا 66.77 فیصد سرور انویسٹمنٹ لمیٹڈ کے پاس تھا۔

سمٹ کیپٹل (پرائیویٹ) لمیٹڈ میں بینک کی 100 فیصد شیئر ہولڈنگ ہے۔ بینک اور اس کی ذیلی کمپنی کے مجموعی مالیاتی گوشوارے اور ان مالی گوشواروں پر آڈیٹرز کی رپورٹ اس سالانہ رپورٹ کا حصہ ہیں۔

بینک کی کارکردگی

مالیاتی نتائج برائے 2018 کی اہم تفصیلات درج ذیل ہیں:

	2018	2017
		(ری اسٹیٹڈ)
	(روپے ملین میں)	
مالیاتی صورتحال		
شیئر ہولڈرز کی ایکوئٹی	**2,753**	10,241
ٹوٹل ڈپازٹس	**84,676**	145,730
ٹوٹل اثاثہ جات	**114,628**	233,533
ایڈوانسز: نیٹ	**61,246**	84,592
انویسٹمنٹس: نیٹ	**19,256**	94,940
مالیاتی صورتحال		
نیٹ انٹریسٹ انکم اور نان مارک اپ انکم	**3,933**	5,318
نان مارک اپ اخراجات	**5,817**	6,135
پروویژنز اور رائٹ آفس (نیٹ)	**8,996**	1,166
قبل از ٹیکس نقصان	**10,880**	1,983
بعد از ٹیکس نقصان	**8,751**	1,940
فی شیئر آمدن بیسک۔روپے	**3.32**	0.86
فی شیئر آمدن ڈائلیوٹڈ۔روپے	**3.32**	0.86

بینک کو مشکل آپریٹنگ حالات کے پیش نظر بعد از ٹیکس نقصان کا سامنا رہا۔ بینک کو سال کے لیے قبل از ٹیکس نقصان گزشتہ سال کے **1.983** بلین روپے کے مقابلے میں **10.880** بلین روپے نقصان رہا۔ جبکہ بعد از ٹیکس ٹوٹل نقصان گزشتہ سال کے **1.940** بلین روپے کے مقابلے میں **8.751** بلین روپے بنتا ہے۔ نتیجتاً ہر ایک شیئر پر آمدن **3.32** روپے فی شیئر بنتا ہے (2017: فی شیئر **0.86** روپے)۔

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مقامی ڈپازٹس میں اضافہ سست روی کا شکار رہا اور ماقبل سے اس سال کے مقابلے میں 8 فیصد کم ریکارڈ کی گئی، جس کی وجہ بینکس کی جانب سے مکس آف ڈپازٹس کو ترجیح دیتے ہوئے، کم قیمت ٹرانزیکشنل ڈپازٹس کے لیے کوششیں کرنا اور زائد قیمت کے فکسڈ ڈپازٹس پر عدم توجہ دینا ہے، نتیجتاً گزشتہ دہائی میں ڈپازٹس میں اضافے کی سست ترین شرح حاصل ہوئی۔ اس کے علاوہ بینکاری کے شعبے کو مجموعی طور پر ڈپازٹس کے حوالے سے مختلف مسائل کا سامنا رہا جس میں حکومتی تبدیلی کے بعد احتساب کا عمل شروع ہونا، حکومتی ادائیگیوں میں سست روی اور روپے کی ناقدری نمایاں رہے، ان سب کے نتیجے میں لیکویڈیٹی کی شدید مندی سامنے آئی اور رقم جمع کرنے والے بینکاری نظام سے دور رہے۔

شعبے کے مجموعی ایڈوانسز نے 2018 میں بھی ترقی کی اور نجی شعبے کو زائد ایڈوانسز / قرضہ جات کے سبب سال بہ سال 21 فیصد اضافہ دیکھنے میں آیا۔ نتیجے میں شعبے کا خالص ایڈوانس ٹو ڈپازٹ ریشو (ADR) برائے سال 2018 بڑھ کر 56 فیصد ہو گیا جو گزشتہ 6 سال میں سب سے زیادہ ہے اور اس سے سرمایہ کاری سے ایڈوانسز کی طرف منتقل ہونے، معیشت میں سرمایہ کی بڑھتی ہوئی طلب کو بروئے کار لانے کا رجحان بھی دیکھا گیا۔ دوسری جانب انویسٹمنٹ ٹو ڈپازٹ ریشو (IDR) گزشتہ سال کی اسی مدت کے 69.0 فیصد کے مقابلے میں 2018 کے اختتام پر کم ہو کر 56.7 فیصد رہ گیا۔

ملکی معیشت کو درپیش مسائل کے سبب شعبہ بینکاری میں معیار اثاثہ جات دباؤ کا شکار رہے جبکہ کرنسی کی ناقدری نے پاکستانی روپے میں اوورسیز NPL کے اسٹاک کو مہنگا کر دیا۔ ان دونوں کرنسیوں کے مجموعے میں NPL کا اسٹاک 2018 کے پہلے 9 ماہ میں 44 بلین روپے بڑھ گیا۔ نتیجے میں قرضہ جات میں ہوشربا اضافہ ہو گیا، تاہم سمجھنا چاہئے کہ ستمبر 2018 میں NPL کی 8 فیصد مجموعی شرح گزشتہ سال کی اسی مدت کے 9.2 فیصد کے مقابلے میں بہتر تھی۔ اس سے زیادہ اہم یہ ہے کہ بینکوں نے اس بات کو یقینی بنایا کہ اضافی NPL اسٹاک کی کوریج کو مزید 86 فیصد تک بڑھا دیا۔

سرمایہ کاری کے محاذ پر، حکومتی سیکورٹیز کو سرمایہ کاری کے میدان میں دوران سال میچورٹیز کی واضح کمی کے ساتھ اکثریتی حصہ (بالادست کمپونٹ) کا درجہ حاصل رہا۔ معیشت پر گہری نظر سے جڑی توقعات کے ساتھ پاکستان انویسٹمنٹ بانڈز کی بتدریج میچورٹی نے شعبے میں سرمایہ کاری کے دورانیہ کو کم کر دیا اور پوری توجہ ٹریژری بلز کی طرف موڑ دی۔

منافع کے اعتبار سے، بڑھتی ہوئی شرح سود نے پورے شعبے کے منافع میں بتدریج اضافہ کر دیا۔ اس اضافے سے خالص سودی آمدنی پر مہنگے PIBs کی تکمیل کے اثرات کو کم کرنے میں مدد ملی۔ غیر سودی منافع کے لحاظ سے، فاریکس مارکیٹ میں تیزی کے سبب بینکس کو بہترین منافع حاصل کرنے کا موقع حاصل ہوا۔ اس طرح یہ عوامل مثبت شریک کار بن گئے، جبکہ اسی صورتحال سے نچلی سطح پر قرضہ جات کے منافع پر مثبت اثر پڑا، کیونکہ بینکوں نے زائد NPL اسٹاک پر بہتر شرح حاصل کی۔

ریگولیٹری کے حوالے سے، کچھ قابل ذکر اقدامات کو متعارف کرایا گیا 1) ڈپازٹ پروٹیکشن فنڈ (DPF) اور 2) ڈومیسٹک سسٹمیٹکلی امپارٹنٹ بینکس (DSIBs)۔ اسی طرح پہلے اقدام کے تحت تمام بینکوں کے لیے لازم کیا گیا کہ اسٹیٹ بینک آف پاکستان کی جانب سے قائم کردہ انشورنس / پروٹیکشن فنڈ میں اپنے ڈپازٹس کی مخصوص شرح ڈپازٹ کریں، اور دوسرا اقدام DSIB قرار دیئے گئے بینکوں کے لیے کم از کم کیپٹل ایڈیکویسی کی ضروری حد کو بڑھانے سے متعلق تھا۔

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ڈائریکٹرز رپورٹ برائے شیئر ہولڈرز

محترم شیئر ہولڈرز،

بورڈ آف ڈائریکٹرز کی جانب سے، ہم 31 دسمبر 2018 کو ختم شدہ سال کے لیے بینک کی ڈائریکٹرز رپورٹ بشمول آڈٹ شدہ مالیاتی گوشوارے اور آڈیٹرز کی رپورٹ پیش کرتے ہوئے خوشی محسوس کررہے ہیں۔

معاشی جائزہ

سال 2018 میں اہم معاشی مسائل کے باوجود، پاکستان کا معاشی جائزہ مستحکم رہا۔ دوران سال ملک میں جمہوریت کی منتقلی کا عمل کامیابی سے تکمیل کو پہنچا لیکن میکرو اکنامک عدم توازن سے معیشت کو خطرات لاحق رہے۔ مالیاتی سال 18 کے لیے جی ڈی پی میں نمو کی شرح 5.8 فیصد ریکارڈ کی گئی جو دہائی کی سب سے بڑی شرح تھی لیکن معیشت کے استحکام کی طرف توجہ مرکوز کرنے کی میکرو اکنامک پالیسی کے سبب مالیاتی سال 19 میں معاشی سست روی دیکھنے میں آئی۔

کرنٹ اکاؤنٹ خسارے کی بدولت ادائیگیوں کا توازن دباؤ کا شکار رہا۔ مالیاتی سال 18 کے لیے یہ خسارہ 18.9 بلین امریکی ڈالرز ریکارڈ کیا گیا۔ ملکی زرمبادلہ کے ذخائر ایک موقع پر خطرناک حد تک کم ہوگئے کہ خسارے کو پورا کرنے کے لیے ملک کے اپنے وسائل لگانے پڑے کیونکہ بیرونی ادائیگیاں قلیل ہوگئی تھیں۔ تاہم آنے والی نئی حکومت نے دوطرفہ تعلقات کے قیام اور دوست ممالک سے امداد کے ذریعے اس مسئلے کو کامیابی کے ساتھ حل کیا۔ مالیاتی سال 19 میں غیر ضروری درآمدات کی کٹوتی کی وجہ سے اس خسارے میں 13.5 بلین امریکی ڈالرز تک کمی ہوئی۔

اسٹیٹ بینک آف پاکستان کی طرف سے دسمبر 2018 تک مجموعی طور پر 425 بیسس پوائنٹس کے ساتھ 10 فیصد تک پالیسی ریٹ بڑھنے سے مہنگائی میں اضافہ ہوا جو کہ دسمبر 2017 سے روپے کی 24 فیصد ناقدری کے سبب متوقع مہنگائی کے اثرات کا نتیجہ تھا۔ یہ سلسلہ مالیاتی سال 19 میں بھی جاری رہا اور پالیسی ریٹ 13.25 فیصد تک بڑھائے گئے جبکہ پاکستانی روپے کو مزید 12.6 فیصد ناقدری کا سامنا رہا۔

مقامی طلب میں اضافے کے ساتھ گھریلو اشیاء کی قیمتوں میں ہوشربا اضافے نے مالیاتی سال 18 میں بھی ملک کی بیرونی ادائیگیوں کی صورتحال کو مزید بگاڑ کر رکھ دیا، جس سے ملک کا تجارتی خسارہ 37.5 بلین امریکی ڈالرز تک بڑھ گیا۔ بیرونی ترسیلات تجارتی خسارے کو پورا کرنے کے لیے ناکافی تھیں نتیجتاً پاکستان کے زرمبادلہ کے ذخائر 2018 کے آغاز میں 20.2 بلین امریکی ڈالرز سے کم ہوکر دسمبر 2018 میں 13.8 بلین ڈالرز رہ گئے۔

بینکنگ سیکٹر کا جائزہ

2018 میں، معیشت کو درپیش مسائل اور الیکشن سال کے سبب سیاسی گہما گہمی کے باوجود، پاکستان کا شعبہ بینکاری کئی محاذوں پر مثبت کارکردگی پیش کرتا رہا۔ بیرونی عوامل سے منافع پر منفی اثرات کے ماحول میں بینکاری کا شعبہ نگرانی میں سختی کے کئی پہلوؤں اور مستحکم کیپٹل ایڈیکویسی کے نتیجے میں بتدریج اضافے سے مثبت نتائج حاصل کرنے میں کامیاب رہا۔

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REPORT OF THE SHARI'AH BOARD

For the year ended December 31, 2018

بسم الله الرحمن الرحيم

الحمد لله رب العالمين ، والصلاة والسلام على رسوله الكريم،وعلى آله وصحبه اجمعين، وبعد

Alhamdulillah, by the grace of Allah SWT, this was the 5th year of Islamic banking operationsof Summit Bank Limited (Islamic Banking Division of Summit Bank Limited shall be referred as 'the Bank'). During the year, four SB's meetings were held in which SB discussed different matters regarding Islamic Banking products, Shari'ah Audit & Compliance Reports and issued rulings on miscellaneous relevant concepts on banking, transactional Process Flows and matters for conversion of portfolios. To maintain Shari'ah Compliance at all level in letter and spirit, SB also issued different guidelines and instructions in these meetings where deemed appropriate. To monitor overall Shar'iah Compliance environment of the bank, there are different controls enforced by the bank as per SBP and SB directives. To accomplish this important objective of the bank, besides the Shariah Compliance Department, Internal Shariah Audit, External Audit and SBP Audit were carried out for the functions and departments working in different domains within the bank which ultimately provided the Shariah Board a comfort regarding conformity of Bank's operations with Shariah rules and overall environment therein as desired. It is important to notice that there is no such Shariah related issue pending in the Bank which shows the commitment of the staff, management and the BOD towards Shariah Compliance.

The scope of this report is to cover the affairs of the bank from Shari'ah perspective as described under Shari'ah Governance Framework of SBP.

1. To form our opinion as expressed in this report, we are of the view that:

   1.1 The cases referred to Shari'ah Board by SCD and reservations & queries raised in Shari'ah Audit are discussed in detail in Shari'ah Board meetings. After the comprehensive deliberations, we came across information which attracted reversal of some income. Bank also imposed charity on customers due to late submission of dues.

   1.2 The Bank has a system in place which is sound enough to ensure that any earnings if realized from sources or by means prohibited by Shari'ah have been credited to charity account and are being properly utilized. During the year under review, an amount Rs 1.031 million credited to charity account.

   1.3 The Bank has satisfactorily complied with Shari'ah rules and principles and also with the specific fatawa, rulings, guidelines issued by SB and SBP from time to time.

   1.4 The Bank has a comprehensive mechanism in place to ensure Shari'ah compliance in its overall operations.

   1.5 Although the Personal Finance Product "Mu'awin" had been approved by the SB and SBP to convert the existing conventional Loan of Islamic staff into Islamic, however management had not proceeded for its execution any further.

   1.6 The Bank took necessary actions on instructions/guidelines given by Shari'ah Board to ensure smooth running of the Bank's operations in Shari'ah compliant manner.

   1.7 In our opinion, the progress made by the management this year to enhance the profit and loss distribution and pool management system was reasonable, and further improvement of the system will certainly improve the quality of overall Shariah compliance function of Islamic banking business of the bank.

1.8 The level of awareness and sensitization of the staff, management and the BOD for Shari'ah compliance remained satisfactory.

1.9 The Shari'ah Board had been provided adequate resources enabling it to discharge its duties.

May Allah bless us Taufeeq to accomplish his cherished tasks, make us successful in this world and in the Hereafter, and forgive our mistakes. Aameen

Mufti Irshad Ahmad Aijaz
Chairman Shari'ah Board
Summit Bank- Islamic Banking

Dr. Noor Ahmad Shahtaz
Shari'ah Board Member
Summit Bank- Islamic Banking

Mufti Bilal Ahmad Qazi
Shari'ah Board Member
Summit Bank- Islamic Banking

Mufti Muhammad Najeeb Khan
Shari'ah Board Member
Summit Bank- Islamic Banking

Syed Zubair Hussain
Resident Shari'ah Board Member
Summit Bank- Islamic Banking

Date: March 08, 2019
Place: Karachi

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1.5. باوجودیکہ شریعہ بورڈ اور اسٹیٹ بینک آف پاکستان شخصی تمویلی مصنوع (Personal Finance Product) "معاوِن" جو کہ موجودہ بینک کے ملازمین کو اسلامی مصنوعات میں تبدیل کرنے کے لیے ہے، کی منظوری دے چکے ہیں، لیکن اس مصنوع کو انتظامیہ نے ابھی تک استعمال نہیں کیا۔

1.6. بینک نے اپنی سرگرمیوں کو ہموار اور شریعہ کے مطابق چلانے کو یقینی بنانے کے لیے شریعہ بورڈ کی جانب سے دی گئی ہدایات اور رہنمائی پر ضروری اقدامات کئے ہیں۔

1.7. بینک کی طرف سے نفع و نقصان کی تقسیم اور پول مینجمنٹ سسٹم کو بہتر بنانے کے لیے قابل قدر پیشرفت ہوئی اور ہمارے خیال میں اس میں مزید بہتری اسلامی بینکاری کے شریعہ کمپلائنس کے معیار کو یقینی طور پر بڑھائے گی۔

1.8. شریعہ کی تعمیل کے لیے عملے، منتظمین اور بورڈ کے ڈائریکٹرز میں شعور، صلاحیت اور حساسیت کی سطح تسلی بخش رہی۔

1.9. شریعہ بورڈ کو اپنے فرائض سرانجام دینے کے لیے خاطر خواہ وسائل فراہم کیے گئے ہیں۔

اللہ تعالی ہمیں اپنے پسندیدہ اعمال کی توفیق عطا فرمائے ، ہمیں اس دنیا اور آخرت میں کامیاب فرمائے اور ہماری غلطیوں کو معاف فرمائے۔۔۔ آمین!

مفتی ارشاد احمد اعجاز
چیئرمین شریعہ بورڈ
سمٹ بینک۔ اسلامی بینکاری

ڈاکٹر نور احمد شاہتاز
رکن شریعہ بورڈ
سمٹ بینک۔ اسلامی بینکاری

مفتی بلال احمد قاضی
چیئرمین شریعہ بورڈ
سمٹ بینک۔ اسلامی بینکاری

مفتی محمد نجیب خان
رکن شریعہ بورڈ
سمٹ بینک۔ اسلامی بینکاری

سید زبیر حسین
ریزیڈنٹ رکن شریعہ بورڈ
سمٹ بینک۔ اسلامی بینکاری

تاریخ: 08 مارچ، 2019
مقام: کراچی

شریعہ بورڈ کی سالانہ رپورٹ (گزارشات مجلسِ شرعی)

بسم اللہ الرحمن الرحیم

الحمد للہ رب العالمین ، والصلاۃ والسلام علی رسولہ الکریم، وعلی آلہ وصحبہ اجمعین، وبعد

بفضلہ تعالیٰ، زیر جائزہ سال سمٹ بینک لمیٹڈ کی (اسلامی بینکنگ ڈویژن جس کا حوالہ بطور بینک دیا جائے گا) اسلامی بینکاری کے آپریشنز کا پانچواں سال تھا۔ دوران سال شریعہ بورڈ کی 4 میٹنگز (مجالس) منعقد ہوئیں جن میں شریعہ بورڈ نے مختلف معاملات کو ڈسکس کیا جو کہ اسلامی بینکاری مصنوعات، شریعہ آڈٹ رپورٹس، شریعہ کمپلائنس رپورٹس، مختلف معاملات کے بارے میں شرعی ہدایات، تجارتی لین دین سے متعلق وضع کردہ طریقہ کار اور روایتی فنانسنگ کے حجم کو اسلامی فنانسنگ کے حجم میں تبدیل کرنا سے متعلق تھے۔ بینک کے مکمل شریعہ کمپلائنس ماحول کی نگرانی کے لیے اسٹیٹ بینک آف پاکستان اور بینک کے شریعہ بورڈ کے احکامات کے مطابق مختلف کنٹرولز بنائے گئے ہیں اور اس اہم مقصد کو حاصل کرنے کے لیے شریعہ کملائنس ڈپارٹمنٹ کے علاوہ بینک میں انجام دیے جانے والی مختلف سرگرمیوں کے لئے اندرونی، بیرونی اور اسٹیٹ بینک کے شریعہ آڈٹس بروئے کار لائے گئے جس نے شریعہ بورڈ کو مزید اطمینان بخشا کہ بینک میں انجام دیے گئے معاملات شریعت کے مطابق انجام پزیر رہے۔ یہ بات بھی قابل ذکر ہے کہ بینک میں کوئی قابل ذکر مسئلہ زیر التواء نہیں ہے جو کہ بینک کے اسٹاف، انتظامیہ اور بورڈ آف ڈائریکٹرز کے شریعہ کمپلائنس کے لئے انکی سنجیدگی کو ظاہر کرتا ہے۔

اس رپورٹ کی وسعت ودائرہ کار بینک دولت پاکستان کے شریعہ گورننس فریم ورک کے تحت مجوز شرعی نقطہ نظر سے بینک کے امور کا احاطہ کرنا ہے۔

1. شریعہ بورڈ اپنی رائے سازی کے لیے جو اس رپورٹ میں دی گئی اپنی بہترین معلومات کی بنیاد پر مندرجہ ذیل رائے کا اظہار کرتا ہے:

1.1. شعبہ شریعہ کمپلائنس کی جانب سے شریعہ بورڈ کو بھیجے گئے مقدمات اور شریعہ آڈٹ رپورٹس میں اٹھائے گئے تحفظات اور استفسارات، شریعہ بورڈ کے اجلاس میں تفصیل سے بحث کئے گئے اور جامع غور وفکر کے بعد ہم پر بعض ایسی معلومات ظاہر ہوئیں جس کے سبب بعض آمدنی لوٹائی جائے۔ بینک نے مختلف گاہکوں پر دیر سے واجبات ادا کرنے کے سبب چیرٹی بھی عائد کی۔

1.2. بینک کے پاس ایک بہترین وضع کردہ نظام موجود ہے جو اس بات کو یقینی بنانے کے لیے کارآمد ہے کہ اگر کوئی آمدنی شریعہ کی روح سے منافی ذرائع سے حاصل کی گئی تو وہ صدقہ اکاؤنٹ میں جمع کرادی جائے اور مناسب طریقہ سے صدقہ کردی جائے۔ زیرِ جائزہ سال میں صدقہ اکاؤنٹ میں 1.031 ملین روپے کی رقم جمع ہوئی۔

1.3. بینک نے شریعت کے قوانین اور اصولوں کے ساتھ ان مخصوص فتاویٰ، احکام اور رہنما اصولوں کی بھی جو وقتاً فوقتاً اسٹیٹ بینک آف پاکستان اور شریعہ بورڈ کی جانب سے جاری کیے گئے، تسلی بخش تعمیل کی ہے۔

1.4. بینک کے پاس ایک جامع طریقہ کار موجود ہے جو اس کی تمام سرگرمیوں میں شریعہ کی تعمیل کے اصولوں کو حتی الامکان یقینی بناتا ہے۔

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (THE CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017

The Bank has complied with the requirements of the Regulations in the following manner:

1. The total number of Directors are seven (07) as per the following:

   - Male 07
   - Female None

2. The composition of Board is as follows:

Category	Names
Independent Directors	Mr. Shehryar Faruque Mr. Asadullah Khawaja
Executive Directors	Mr. Ahsan Raza Durrani, Acting President & CEO * Mr. Mohammad Faisal Shaikha
Other Non-Executive Directors	Mr. Nasser Abdullah Hussain Lootah Mr. Husain Lawai Mr. Md. Ataur Rahman Prodhan

*Mr. Ahsan Raza Durrani was appointed as Acting President & CEO / Executive Director with effect from August 08, 2018 in place of Mr. Muhammad Zahir Esmail who retired as President & CEO / Executive Director on August 07, 2018 on reaching the superannuation age of 70 years.

3. The directors, except for two (02) non-executive directors, have confirmed that none of them is serving as a director on more than five (05) listed companies, including the Bank. (Excluding the subsidiaries of listed holding companies, where applicable)

4. The bank has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Bank along with its supporting policies and procedures.

5. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the Bank. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board as empowered by the relevant provisions of the Act and these Regulations.

7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose, the board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating the minutes of meeting of board.

8. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.

9. The Bank is compliant with the requirements of the Directors' Training Program under the Code of Corporate Governance Regulations as on 31st December, 2018.

10. The Board has approved the appointment of President and Chief Executive Officer (Acting) during the year including the remuneration and terms and conditions of his employment which complied with the requirement of the Regulations. However, there have been no new appointments during the year for the positions of Chief Financial Officer, Company Secretary and the Head of Internal Audit.

11. The CFO and CEO (acting) duly endorsed the financial statements before approval of the board.

12. The board has formed committees comprising of members given below

S. No	Board Audit Committee	Position
1	Mr. Shehryar Faruque	Chairman
2	Mr. Asadullah Khawaja	Member
3	Mr. Husain Lawai	Member

S. No	Board Human Resources & Compensation Committee	Position
1	Mr. Asadullah Khawaja	Chairman
2	Mr. Shehryar Faruque	Member
3	Mr. Husain Lawai	Member

S. No	Risk Management Committee	Position
1	Mr. Husain Lawai	Chairman
2	Mr. Shehryar Faruque	Member
3	Mr. Asadullah Khawaja	Member

S. No	Information Technology Committee	Position
1	Mr. Shehryar Faruque	Chairman
2	Mr. Ahsan Raza Durrani (until August 7, 2018 was held by Mr. Muhammad Zahir Esmail, ex-President & CEO)	Member
3	Mr. Mohammad Faisal Shaikha	Member

S. No	Board Compliance Committee	Position
1	Mr. Husain Lawai	Chairman
2	Mr. Shehryar Faruque	Member
3	Mr. Ahsan Raza Durrani	Member

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committees for compliance.

14. The frequency of meetings of the Board committees were as per following:

• Board Audit Committee	Six	(except for third quarter)
• Board Human Resources & Compensation Committee	Three	
• Risk Management Committee	Three	
• Information Technology Committee	One	
• Board Compliance Committee	One	

15. The board has set up an effective internal audit function that is manned by suitably qualified and experienced personnel who are conversant with the policies and procedures of the Bank.

16. The statutory auditors of the Bank have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP) and registered with Audit Oversight Board of Pakistan, that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by ICAP.

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that all other requirements of the Regulations have been complied with except for the Non compliances mentioned in Para (3), and (14) of the Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2017.

Ahsan Raza Durrani
Acting President and Chief Executive Officer
Summit Bank Limited

Place: Karachi
Date: September 18, 2020

REVIEW REPORT ON STATEMENT OF COMPLIANCE CONTAINED IN THE LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017

To the Board Members of Summit Bank Limited

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of Summit Bank Limited (the Bank) for the year ended December 31, 2018 in accordance with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Bank. Our responsibility is to review, whether the statement of compliance reflects the status of the Bank's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Bank's personnel and review of various documents prepared by the Bank to comply with the Regulations.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Bank's corporate governance procedures and risks.

The Regulations requires the Bank to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions and also ensure compliance with the requirements of Section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to assess and determine the Bank's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Bank's compliance, in all material respects, with the best practices contained in the Regulations as applicable to the Bank for the year ended December 31, 2018.

Further, we have highlighted instances of non-compliance in note no. 18 to the annexed Statement of compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017.

ENGAGEMENT PARTNER: MEHMOOD A. RAZZAK

Karachi
Date: September 18, 2020

SERVICE QUALITY AND CUSTOMER COMPLAINTS HANDLING

At Summit Bank, 2018 has been an intensive customer experience journey, across the board.

To upturn the visibility of complaint registration process, several initiatives have been taken by Service Quality Department, such as: declaring channels for complaint lodgment on corporate website and placement of complaint leaflets in all our branches and in ATM booths.

We introduced complaints escalation matrix to ensure that customer complaints are being catered, timely and effectively.

Against each complaint, the Bank gives acknowledgement to the customer within 48 workings hours.

The customers lodge their complaints through various channels such as call centre, e-mails, letters, website, President Office/management or to Banking Mohtasib Pakistan.

Complaint Resolution & Management Unit also responds to customer once the query has been resolved. In case, the complaint cannot be resolved with 15 working days (where there is need for detailed scrutiny), an interim reply is sent within 10 working days. In case of unsatisfactory reply by the Bank or in case the complaint remains unattended beyond 30 working days, customer has an option to complain with Banking Mohtasib Pakistan.

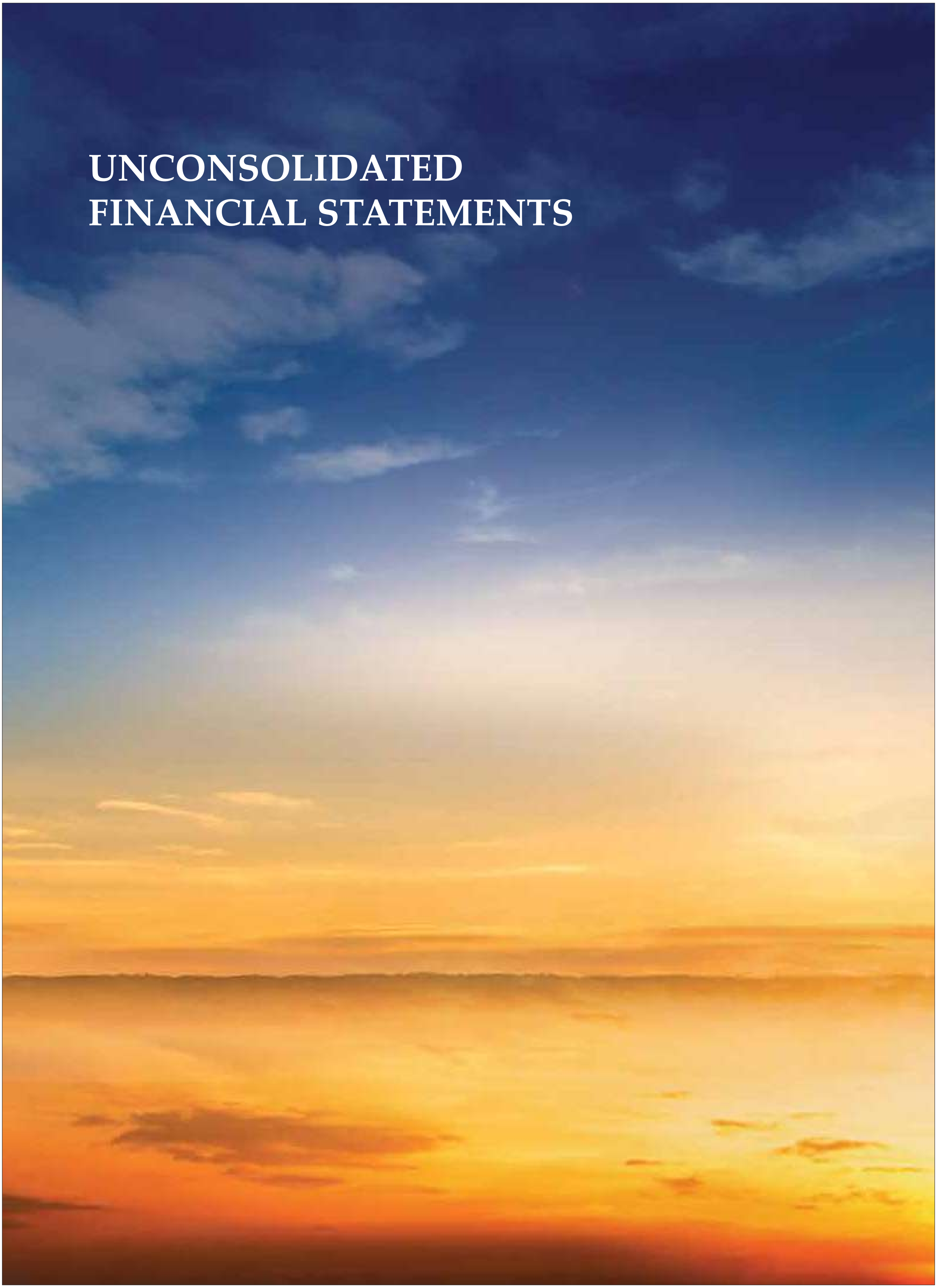
Below are the key complaint statistics of Summit Bank for the year 2018:

Total Complaints Received: 17,258

Total Complaints Resolved: 17,059

Average Complaints' Resolution TAT: 7 Working Days

UNCONSOLIDATED FINANCIAL STATEMENTS



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SUMMIT BANK LIMITED

REPORT ON THE AUDIT OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the annexed unconsolidated financial statements of **Summit Bank Limited** (the Bank), which comprise the unconsolidated statement of financial position as at **December 31, 2018**, and the unconsolidated profit and loss account, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated cash flow statement for the year then ended, along with unaudited certified returns received from the branches except for 16 branches which have been audited by us and notes to the unconsolidated financial statements, including a summary of significant accounting policies and other explanatory information and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, the unconsolidated profit and loss account, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated cash flow statement together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan, and, give the information required by the Banking Companies Ordinance, 1962 and the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Bank's affairs as at December 31, 2018 and of the loss and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Unconsolidated Financial Statements section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to note 1.3 to the unconsolidated financial statements. As more fully described in that note, the Bank has incurred net loss of Rs. 8,751.073 million during the year ended December 31, 2018, resulting in accumulated losses of Rs. 19,899.372 million and net equity of Rs. 2,752.603 million as at December 31, 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 December 31, 2018. Furthermore, the Bank's liquidity coverage and net stable funding ratios are below the prescribed limits. 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. Our report is not qualified in respect of this matter.

Emphasis of Matter

We draw attention to the following matters:

- As described in note 22.4 to the unconsolidated financial statements, 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.

- As described in note 13.4 to the unconsolidated financial statements, the Bank holds immovable property which is partially in contravention with the provisions of Banking Companies Ordinance, 1962. The same has been held in "Other Assets" for sale at the earliest possible timeline.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the unconsolidated financial statements of the current period. These matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the Material Uncertainty Related to Going Concern section, we have determined the following to be the key audit matters to be communicated in our report:

S.No.	Key Audit Matters	How the matter was addressed in our audit
1.	Provision against advances	
	The Bank's credit portfolios include loans and advances, and non-funded credit facilities. The credit portfolio is spread across various domestic branches operations. As per the Bank's accounting policy (refer note 4.5 to the unconsolidated financial statements), the Bank periodically assesses the adequacy of its provisions against non-performing credit exposures in accordance with the requirements of Prudential Regulations of State Bank of Pakistan. Such regulations require specific provisioning against loan losses on the basis of an age-based criteria which should be supplemented by a subjective evaluation of Bank's credit portfolio. The determination of loan loss provision against certain vulnerable corporate loans, therefore, involve use of management judgment, on a case to case basis, taking into account factors such as the economic and business conditions, borrowers repayment behaviors and realizability of collateral held by the Bank.	We applied a range of audit procedures on selected samples including the following: • We reviewed the Bank's process for identification and classification of non- performing loans including the quality of underlying data and systems. As part of such review we performed an analysis of the changes within different categories of classified non- performing accounts from last year to the current reporting date. This analysis was used to gather audit evidence regarding downgrading of impaired loans and declassification of accounts from non-performing to regular, as the case may be; • We performed independent checks for the computations of provisions in line with the requirements of the applicable Prudential Regulations;

S.No.	Key Audit Matters	How the matter was addressed in our audit
	In view of the significance of this area in terms of its impact on the unconsolidated financial statements and the level of involvement of management's judgment, we identified adequacy and completeness of loan loss provision as a significant area of audit judgment and a key audit matter.	• In addition, we selected a representative sample of borrowers from the credit portfolios across various branches including individually significant corporate loans and performed tests and procedures such as review of credit documentation, repayment history and past due status, financial condition as depicted by the borrowers' financial statements, nature of collateral held by the bank and status of litigation, if any, with the borrower; • Based on the said credit reviews, we identified and discussed with the management the loan accounts where the credit risk appear to have increased. We reviewed the adequacy of provisions against such accounts on the basis of our independent objective evaluation of the risk mitigating factors that exist in such cases; • Review of minutes of credit control committee meetings; and • We also assessed adequacy of disclosures in the unconsolidated financial statements regarding the non-performing loans and provisions made for the same in accordance with the requirements of the applicable financial reporting framework.
2.	Deferred tax assets	
	The recognition of a deferred tax asset in respect of tax losses is permitted only to the extent that it is probable that future taxable profits will be available to utilize the tax losses carried forward. When considering the availability of future taxable profits, judgement is required when assessing projections of future taxable income which are based on approved business plans/forecasts.	We obtained an understanding and evaluated the design and tested the effectiveness of controls in this area relevant to our audit. We performed substantive audit procedures on the recognition of deferred tax balances based on local tax regulations, and on the analysis of the recoverability of the deferred tax assets in the light of relevant accounting standard. We have evaluated the bank's assumptions and estimates in relation to the likelihood of generating sufficient future taxable income based on plans, prepared by the management. We have also assessed previous forecast and compared with the actual outcome for evidence of bias. Finally, we reviewed the adequacy of the disclosures made by the bank in this area and recognition / non-recognition of deferred tax asset / liability.

S.No.	Key Audit Matters	How the matter was addressed in our audit
3.	Valuation of investments	
	Significant decrease in the value of investment as compared to last years' audited unconsolidated financial statements makes it significant to the unconsolidated financial statements. Therefore, we have considered this as a key audit matter. As at December 31, 2018, the Bank has investments classified as "Available-for-sale", "Held for trading" and "Held to maturity", amounting to Rs. 19,256.375 million (2017: Rs. 94,940.245 million). Investments are carried at cost or fair value in accordance with the Bank's accounting policy relating to their recognition. Provision against investments is based on impairment policy of the Bank which includes both objective and subjective factors. We identified the valuation of investments including determination of impairment allowance on investments classified as "Available-for-sale" and "Held to maturity" as a key audit matter because of their significance in relation to the total assets of the Bank and judgment/estimates involved in assessing impairment allowance.	Our procedures in respect of valuation of investments included the following: • Assessing the design and testing the operating effectiveness of the relevant controls in place relating to valuation of investments; • Examining the reasons of significant decline in the carrying value of investments. • Checking, on a sample basis, the valuation of investments to supporting documents, observable market and break-up values; and • Evaluating the management's assessment of available for sale and held to maturity investments for any additional impairment in accordance with the Bank's accounting policies and performed an independent assessment of the assumptions.
4.	Capitalization and asset lives	
	There are a number of areas where management judgement impacts the carrying value of property and equipment, intangible assets and their respective depreciation/amortization profiles. These include: • the decision to capitalize or expense costs; • the annual asset life review; • the timeliness of the transfer from assets in the course of construction; and • making capital expenditures in accordance with applicable banking regulations and IFRS.	We tested controls in place over the fixed asset cycle, evaluated the appropriateness of capitalization policies, performed tests of details on costs capitalized and assessed the timeliness of the transfer of assets in the course of construction. Our detailed testing on the application of the asset life review identified no issues. In performing these procedures, we challenged the judgements made by management including: • the nature of underlying costs capitalized; • the appropriateness of asset lives applied in the calculation of depreciation; and • compliance with relevant banking regulations and IFRS.

S.No.	Key Audit Matters	How the matter was addressed in our audit
5.	Litigations and regulatory requirements	
	There are a number of threatened and actual legal, regulatory and tax cases against the Bank. There is a high level of judgement involved in estimating the level of provisioning required.	Our procedures included the following: • testing key controls surrounding litigation, regulatory and tax procedures; • where relevant, reviewing external legal opinions obtained by management; • discussing open matters with the Bank's general counsel, litigation, regulatory and tax teams; • assessing and challenging management's conclusions through understanding precedents set in similar cases; and • circularizing confirmations where appropriate, to relevant third-party legal representatives.
6.	Preparation of Financial Statements under BPRD Circular No.02 OF 2018	
	As referred to in note 4.1.1 to the unconsolidated financial statements, State bank of Pakistan (SBP) vide its BPRD circular no. 02 of 2018, (the circular) revised the statutory forms of the annual financial statements of banks effective from the year ended 31 December 2018. The revised statutory financial reporting framework as applicable to the Bank, prescribes the presentation format, nature and content of disclosures in relation to various elements of the financial statements. The above changes and enhancements in the financial statements are considered important and a key audit matter because of the volume and significance of the changes in the financial statements resulting from the transition to the new reporting requirements.	We assessed the procedures applied by the management for identification of changes required in the financial statements due to application of revised forms for the preparation of such financial statements. We also evaluated the sources of information used by the management for preparation of the financial statements disclosures and internal consistency of the disclosures with other elements thereof. We considered the adequacy and appropriateness of the additional disclosures and changes in the presentation of the financial statements based on the requirements of the statutory forms.

Information Other than the Unconsolidated and Consolidated Financial Statements and Auditors' Reports Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the unconsolidated and consolidated financial statements and our auditors' reports thereon.

Our opinion on the unconsolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the unconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the unconsolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Board of Directors for the Unconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of the unconsolidated financial statements in accordance with accounting and reporting standards as applicable in Pakistan, the requirements of Banking Companies Ordinance, 1962 and the Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

The Board of directors is responsible for overseeing the Bank's financial reporting process.

Auditors' Responsibilities for the Audit of the Unconsolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the unconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these unconsolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide to the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the unconsolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

a) proper books of account have been kept by the Bank as required by the Companies Act, 2017 (XIX of 2017) and the returns referred above from the branches have been found adequate for the purpose of our audit;

b) the unconsolidated statement of financial position, the unconsolidated profit and loss account, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated cash flow statement together with the notes thereon have been drawn up in conformity with the Banking Companies Ordinance, 1962 and the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were in accordance with the objects and powers of the Bank and the transactions of the Bank which have come to our notice have been within the powers of the Bank; and

d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Bank and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

We confirm that for the purpose of our audit we have covered more than sixty per cent of the total loans and advances of the Bank.

Other Matter

- The annual unconsolidated financial statements of the Bank for the year ended December 31, 2017 were audited by Deloitte Yousuf Adil, Chartered Accountants whose audit report dated March 09, 2018 expressed an unmodified opinion with an emphasis of matter paragraph.

- We were appointed as auditors of Summit Bank Limited after the year end. Therefore, we were unable to perform physical verification of cash and other assets as at December 31, 2018. However, we performed alternate audit procedures to satisfy ourselves regarding the balances as at December 31, 2018.

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

BAKER TILLY MEHMOOD IDREES QAMAR
CHARTERED ACCOUNTANTS

Karachi
Date: September 18, 2020

UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2018

	Note	2018	2017 (Restated)	2016 (Restated)
		(Rupees in '000)		
ASSETS				
Cash and balances with treasury banks	5	**5,043,089**	13,556,723	12,786,616
Balances with other banks	6	**996,982**	2,440,333	2,582,531
Lendings to financial institutions	7	**-**	10,671,003	1,631,583
Investments	8	**19,256,375**	94,940,245	90,575,032
Advances	9	**61,245,877**	84,592,056	79,843,732
Fixed assets	10	**8,708,878**	12,415,601	12,028,159
Intangible assets	11	**204,912**	248,983	244,725
Deferred tax assets	12	**7,214,989**	5,804,191	5,200,972
Other assets	13	**11,956,890**	8,864,311	11,552,276
		114,627,992	233,533,446	216,445,626
LIABILITIES				
Bills payable	15	**1,881,107**	3,065,379	5,061,470
Borrowings	16	**19,491,854**	67,307,766	49,819,840
Deposits and other accounts	17	**84,676,090**	145,729,707	142,871,229
Liabilities against assets subject to finance lease		**-**	-	-
Subordinated debt	18	**1,495,515**	1,495,860	1,496,550
Deferred tax liabilities		**-**	-	-
Other liabilities	19	**4,330,823**	5,693,620	4,524,585
		111,875,389	223,292,332	203,773,674
NET ASSETS		**2,752,603**	10,241,114	12,671,952
REPRESENTED BY				
Share capital - net	20	**20,500,194**	20,500,194	16,489,365
Convertible preference shares		**-**	-	2,155,959
Advance against subscription of shares		**-**	-	1,854,870
Reserves		**(425,043)**	(425,043)	(425,043)
Surplus / (deficit) on revaluation of assets	21	**2,576,824**	1,494,942	2,112,002
Accumulated losses		**(19,899,372)**	(11,328,979)	(9,515,201)
		2,752,603	10,241,114	12,671,952
CONTINGENCIES AND COMMITMENTS	22			

The annexed notes 1 to 46 and annexures I and II form an integral part of these unconsolidated financial statements.

Acting President/Chief Executive	Chief Financial Officer	Director	Director	Director

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UNCONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED DECEMBER 31, 2018

	Note	2018	2017 (Restated)
		(Rupees in '000)	
Mark-up / return / interest earned	23	8,452,448	10,644,945
Mark-up / return / interest expensed	24	6,643,025	7,745,052
Net Mark-up / interest Income		1,809,423	2,899,893
NON MARK-UP / INTEREST INCOME			
Fee and commission income	25	948,860	1,255,811
Dividend income		58,112	100,460
Foreign exchange income		801,340	620,640
Income / (loss) from derivatives		-	-
(Loss) / gain on securities	26	(39,370)	292,194
Other income	27	354,200	148,649
Total non-markup / interest income		2,123,142	2,417,754
Total Income		3,932,565	5,317,647
NON MARK-UP / INTEREST EXPENSES			
Operating expenses	28	5,657,069	6,069,011
Workers welfare fund		-	-
Other charges	29	160,316	66,328
Total non-markup / interest expenses		5,817,385	6,135,339
Loss before provisions		(1,884,920)	(817,692)
Provisions and write offs - net	30	8,996,035	1,165,709
Extra ordinary / unusual items		-	-
LOSS BEFORE TAXATION		(10,880,855)	(1,983,401)
Taxation	31	(2,129,782)	(43,551)
LOSS AFTER TAXATION		(8,751,073)	(1,939,850)
		(Rupees)	
Basic loss per share	32	(3.32)	(0.86)
Diluted loss per share	32	(3.32)	(0.86)

The annexed notes 1 to 46 and annexures I and II form an integral part of these unconsolidated financial statements.

Acting President/Chief Executive	Chief Financial Officer	Director	Director	Director

UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2018

	2018	2017 (Restated)
	(Rupees in '000)	
Loss after taxation for the year	**(8,751,073)**	(1,939,850)
Other comprehensive income / (loss)		
Items that may be reclassified to profit and loss account in subsequent periods:		
Movement in deficit on revaluation of investments - net of tax	**(296,353)**	(687,494)
Items that will not be reclassified to profit and loss account in subsequent periods:		
Remeasurement gain on defined benefit obligations	**29,470**	12,683
Movement in surplus on revaluation of fixed assets - net of tax	**756,980**	176,560
Movement in surplus on revaluation of non-banking assets - net of tax	**17,955**	7,263
Movement in surplus on revaluation of held for sale property - net of tax	**754,510**	-
	1,558,915	196,506
Total comprehensive loss	**(7,488,511)**	(2,430,838)

The annexed notes 1 to 46 and annexures I and II form an integral part of these unconsolidated financial statements.

Acting President/Chief Executive	Chief Financial Officer	Director	Director	Director

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UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2018

	Share capital	Convertible Preference shares	Advance against subscription of shares	Capital reserves				Surplus / (deficit) on revaluation of			Revenue reserve	Total
				Share premium	Discount on issue of shares	Statutory reserve	Reserve arising on amalgamation	Investments	Fixed / Non Banking Assets	Property Held for sale	Accumulated losses	
	(Rupees in '000)											
Balance as at December 31, 2016	17,786,663	2,155,959	1,854,870	1,000,000	(1,297,298)	154,162	(1,579,205)	-	-	-	(9,515,201)	10,559,950
Effect of changes in accounting policy and restatement												
Reclassification of surplus to equity (Note 4.1)	-	-	-	-	-	-	-	(105,681)	2,217,683	-	-	2,112,002
Reclassfication of discount on issue of shares (Note 20.2.1)	(1,297,298)	-	-	-	1,297,298	-	-	-	-	-	-	-
Balance as at January 01, 2017 - (Restated)	16,489,365	2,155,959	1,854,870	1,000,000	-	154,162	(1,579,205)	(105,681)	2,217,683	-	(9,515,201)	12,671,952
Loss after taxation for the year ended December 31, 2017 - Restated	-	-	-	-	-	-	-	-	-	-	(1,939,850)	(1,939,850)
Other comprehensive income / (loss) - net of tax	-	-	-	-	-	-	-	(687,494)	183,823	-	12,683	(490,988)
Transfer to statutory reserve	-	-	-	-	-	-	-	-	-	-	-	-
Transfer in respect of incremental depreciation from surplus on revaluation of fixed assets to accumulated losses	-	-	-	-	-	-	-	-	(113,389)	-	113,389	-
Transaction with owners recorded directly in equity												
Shares issued during the year	1,854,870	-	(1,854,870)	-	-	-	-	-	-	-	-	-
Issue of shares upon conversion of preference shares - net of discount on issue of shares	2,155,959	(2,155,959)	-	-	-	-	-	-	-	-	-	-
Balance as at January 01, 2018 - (Restated)	**20,500,194**	**-**	**-**	**1,000,000**	**-**	**154,162**	**(1,579,205)**	**(793,175)**	**2,288,117**	**-**	**(11,328,979)**	**10,241,114**
Loss after taxation for the year ended December 31, 2018	-	-	-	-	-	-	-	-	-	-	**(8,751,073)**	**(8,751,073)**
Other comprehensive income / (loss) - net of tax	-	-	-	-	-	-	-	**(296,353)**	**774,935**	**754,510**	**29,470**	**1,262,562**
Transfer to statutory reserve	-	-	-	-	-	-	-	-	-	-	-	-
Transfer in respect of incremental depreciation from surplus on revaluation of fixed assets to accumulated losses	-	-	-	-	-	-	-	-	**(113,532)**	-	**113,532**	-
Surplus realized on disposal of non-banking assets	-	-	-	-	-	-	-	-	**(37,678)**	-	**37,678**	-
Balance as at December 31, 2018	**20,500,194**	**-**	**-**	**1,000,000**	**-**	**154,162**	**(1,579,205)**	**(1,089,528)**	**2,911,842**	**754,510**	**(19,899,372)**	**2,752,603**

The annexed notes 1 to 46 and annexures I and II form an integral part of these unconsolidated financial statements.

Acting President/Chief Executive | Chief Financial Officer | Director | Director | Director

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UNCONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2018

	Note	2018	2017 (Restated)
		......(Rupees in '000)......	
CASH FLOW FROM OPERATING ACTIVITIES			
Loss before taxation		**(10,880,855)**	(1,983,401)
Less: Dividend income		**(58,112)**	(100,460)
		(10,938,967)	(2,083,861)
Adjustments:			
Depreciation on operating fixed assets	10.2	**687,197**	703,113
Depreciation on non-banking assets	13.1.1	**44,559**	29,210
Amortisation	11.2	**61,188**	61,678
Provision and write-offs excluding recoveries		**8,997,096**	1,167,952
Loss / (gain) on sale of fixed assets	27	**12,651**	(35,127)
Gain on disposal of non-banking assets - net	27	**(271,464)**	(350)
Unrealised loss on revaluation of investments classified as held-for-trading securities - net	8.1	**-**	15,885
		9,531,227	1,942,361
		(1,407,740)	(141,500)
Decrease / (increase) in operating assets			
Lendings to financial institutions		**10,671,003**	(9,039,420)
Held-for-trading securities		**59,486**	310,421
Advances		**16,700,657**	(5,517,414)
Others assets (excluding advance taxation)		**433,434**	2,317,536
		27,864,580	(11,928,877)
(Decrease) / increase in operating liabilities			
Bills Payable		**(1,184,272)**	(1,996,091)
Borrowings from financial institutions		**(47,788,951)**	17,458,471
Deposits		**(61,053,617)**	2,858,478
Other liabilities (excluding current taxation)		**(1,333,327)**	1,328,075
		(111,360,167)	19,648,933
Income tax paid		**(151,289)**	(161,773)
Net cash (used in) / flow from operating activities		**(85,054,616)**	7,416,783
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments in available-for-sale securities		**74,074,782**	(6,054,675)
Dividends received		**63,180**	97,939
Investments in operating fixed assets		**(603,090)**	(922,598)
Investments in intangible assets		**(17,117)**	-
Proceeds from sale of fixed assets		**17,994**	57,145
Proceeds from sale of non-banking assets		**1,589,188**	4,550
Net cash flow from / (used in) investing activities		**75,124,937**	(6,817,639)
CASH FLOW FROM FINANCING ACTIVITIES			
Payments of Subordinated debt		**(345)**	(690)
Net cash used in financing activities		**(345)**	(690)
Effect of exchange rate changes on cash and cash equivalent		**1,148,842**	254,162
(Decrease) / increase in cash and cash equivalents		**(8,781,182)**	852,616
Cash and cash equivalents at beginning of the year		**14,814,903**	15,111,129
Cash and cash equivalents at end of the year	33	**6,033,721**	15,963,745

The annexed notes 1 to 46 and annexures I and II form an integral part of these unconsolidated financial statements.

Acting President/Chief Executive	Chief Financial Officer	Director	Director	Director

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2018

1. STATUS AND NATURE OF BUSINESS

1.1 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 December 31, 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.

1.2 In November 2018, VIS Credit Rating Company Limited assigned the Bank 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 a rating of 'BBB - (SO)' (Triple B minus (Structured Obligation)).

These ratings were placed on 'Rating Watch – Negative' status. Subsequently, In February 2019, VIS Credit Rating Company Limited suspended the entity ratings of the Bank due to non-availability of updated information. Moreover, 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. VIS Credit Rating Company Limited would reassess the ratings once required information along with latest financials is made available.

1.3 During the year, the Bank has incurred net loss of Rs. 8,751.073 million resulting in accumulated losses of Rs. 19,899.372 million and net equity of Rs. 2,752.603 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 11.90% (inclusive of Capital Conservation Buffer of 1.90%), Leverage Ratio (LR) at 3.00%, Liquidity Coverage Ratio (LCR) at 100% and Net Stable Funding Ratio (NSFR) at 100% as of December 31, 2018. However, the paid up capital of the Bank (net of losses), is below Rs. 10 billion, CAR and LR are negative, while LCR and NSFR are below prescribed levels as at December 31, 2018. Subsequently, the Bank achieved compliance with the applicable NSFR and LCR requirements on December 31, 2019 and June 30, 2020 respectively.

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 STATEMENT OF COMPLIANCE

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

- International Financial Reporting Standards (IFRS) 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).

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.

The SBP, vide its BSD Circular Letter no. 10 dated August 26, 2002 has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and International Accounting Standard (IAS) 40, 'Investment Property' for banking companies till further instructions. Moreover, the SBP vide BPRD Circular No. 4 of 2015, dated February 25, 2015 has deferred the applicability of Islamic Financial Accounting Standards (IFAS) 3, Profit and Loss Sharing on Deposits. Further, the SECP has deferred the applicability of International Financial Reporting Standard (IFRS) 7 'Financial Instruments: Disclosures' for banks through its notification S.R.O. 411(I)/2008 dated April 28, 2008. Accordingly, the requirements of these standards have not been considered in the preparation of these unconsolidated financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars.

These unconsolidated financial statements represent separate financial statements of Summit Bank Limited in which investment in subsidiary are accounted for on the basis of direct equity interest rather on the basis of reported results. Accordingly, the consolidated financial statements have been presented separately.

Key financial figures of the Islamic banking branches are disclosed in Annexure II to these unconsolidated financial statements.

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

There are certain new and amended standards, interpretation and amendments that are mandatory for the Bank's 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 financial statements.

2.3 Standards, interpretations of and amendments to existing accounting standards that are not yet effective

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

Standard, Interpretation and Amendment	Effective date (annual periods beginning on or after)
IFRS 15 - Revenue from contracts with customers	July 01, 2018
IFRS 11 - Joint Venture- (Amendments)	January 01, 2019
IFRS 16 - Leases	January 01, 2019
IAS 19 - Employee Benefits - (Amendments)	January 01, 2019
IAS 28 - Investments in Associates and Joint Ventures - (Amendments)	January 01, 2019
IFRIC 23 - Uncertainty over Income Tax Treatments	January 01, 2019
IFRS 3 - Business Combinations - (Amendments)	January 01, 2020

Standard, Interpretation and Amendment	Effective date (annual periods ending on or after)
IFRS 9 - Financial Instruments: Classification and Measurement	June 30, 2019

IFRS 16 replaces existing guidance on accounting for leases, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases- Incentive and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessors' accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases.

On adoption of IFRS 16, the Bank shall recognise a right-of-use asset with a corresponding liability for lease payments. The Bank is in the process of assessing the full impact of this standard.

IFRS 9: 'Financial Instruments' 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 an 'expected credit losses' (ECL) approach rather than the 'incurred credit losses' approach as currently followed. The ECL has impact on all assets of the Bank which are exposed to credit risk.

The Bank is in the process of assessing the full impact of this standard.

The Bank expects that adoption of the remaining interpretations and amendments will not affect its financial statements in the period of initial application.

2.4 Critical accounting estimates and judgments

The preparation of these unconsolidated financial statements in conformity with approved accounting standards as applicable in Pakistan requires the management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and income and expenses as well as in the disclosure of contingent liabilities. It also requires the managements to exercise judgement in application of its accounting policies. The estimates and associated assumptions are based on historical experiences and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of revision and in future periods if the revision affects both current and future periods.

Significant accounting estimates and areas where judgements were made by the management in the application of accounting policies are as follows:

	Note
- Classification and provisioning against investments	4.4, 4.18, 8 and 30
- Classification and provisioning against non-performing loans and advances	4.5, 9 and 30
- Useful lives of fixed and intangible assets, depreciation, amortization and revaluation	4.6, 4.7, 10 and 11
- Impairment of assets	4.18
- Accounting for staff retirement and other benefits	4.11, 35 and 36
- Taxation	4.17 and 31
- Other provisions	4.19
- Fair value of financial instruments	38
- Valuation of non-banking assets	4.8 and 13.1.1

3. BASIS OF MEASUREMENT

3.1 Accounting convention

These unconsolidated financial statements have been prepared under the historical cost convention except that certain fixed assets and non banking assets in satisfaction of claims are stated at revalued amounts and certain investments have been stated at fair value and defined benefit obligations which are carried at present value.

3.2 Functional and presentation currency

These unconsolidated financial statements are presented in Pakistani rupees, which is the Bank's functional and presentation currency.

The amount are rounded off to the nearest thousand rupees except as stated otherwise.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these unconsolidated financial statements are consistent with those of the previous financial year except as disclosed below in note 4.1.

4.1 Changes in accounting policies

4.1.1 Change in reporting format

The SBP vide BPRD Circular No.2 dated January 25, 2018 specified the new reporting format for the financial statements of banking companies. The new format has revised the disclosure requirements of the Bank for the year ended December 31, 2018 which has resulted in certain additional disclosures and reclassification of the items in these unconsolidated financial statements.

4.1.2 Surplus / Deficit on Revaluation of Fixed Assets

The Companies Ordinance, 1984 (the repealed Ordinance) was repealed through the enactment of the Companies Act, 2017 on May 30, 2017. However, as directed by the Securities and Exchange Commission of Pakistan vide circular No.23 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 unconsolidated 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 relevent IFRS, which requires that such deficit is to be taken to the unconsolidated 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 has no impact on these unconsolidated financial statements.

4.2 Cash and cash equivalents

For the purpose of cash flow statements, cash and cash equivalents include cash in hand, national prize bond, balances with treasury banks and balances with other banks (net of overdrawn nostro balances) in current and deposit accounts.

4.3 Lendings to / borrowings from financial institutions

The Bank enters into transactions of borrowings (re-purchase) from and lending (reverse re-purchase) to financial and other institutions, at contracted rates for a specified period of time. These are recorded as under:

a) Sale under repurchase agreements (Repo)

Securities sold subject to an agreement to repurchase at a specified future date (repos) continue to be recognized in the unconsolidated statement of financial position and are measured in accordance with accounting policies for investment securities. The counterparty liability for amounts received under these agreements is included in borrowings. The difference between sale and repurchase price is treated as mark up expense and is accrued over the period of the repo agreement.

b) Other borrowings

Other borrowings include borrowings from the SBP and unsecured call borrowings which are recorded at the proceeds received. Mark up paid on such borrowings is charged to the unconsolidated profit and loss account over the period of borrowings on time proportionate basis.

c) Purchase under resale agreements (Reverse Repo)

Securities purchased under agreement to resell at a specified future date (reverse repos) are not recognized in the unconsolidated statement of financial position. Amounts paid under these agreements are included in lendings to financial institutions. The difference between purchase and resale price is treated as mark up earned and is accrued over the period of the reverse repo agreement. Securities purchased are not recognized in the unconsolidated financial statements, unless these are sold to third parties, in which case the obligation to return them is recorded at fair value as a trading liability under borrowings from financial institutions.

d) Other lendings

Other lendings include term lendings and unsecured lendings to financial institutions. These are stated net of provision. Mark up on such lendings is charged to unconsolidated profit and loss account on a time proportionate basis using effective interest rate method except mark up on impaired / delinquent lendings, which are recognized on receipt basis in accordance with the requirements of the Prudential Regulations of the SBP.

e) Musharakah

Musharakah is a profit and loss sharing transaction in which the Bank and counterparty place their funds in a pool of specific asset (managed with us in case of acceptance transaction and managed by the counter party in case of placement transaction) yielding a specified return on a predetermined profit sharing ratio. The profit of the pool is shared according to this pre-agreed ratio.

f) Bai Muajjal

Bai Muajjal is a transaction in which a party, in need of funds, purchases an easily sellable Shariah compliant security (such as Sukuk) from a counter party (the party with excess funds) on deferred payment basis and sells it on spot payment basis to a third party thereby raises liquidity. Receivable against such sale is recognized at the agreed sale price. The difference between the sale price and the carrying value on the date of disposal is recognized in the income over the period of credit sale.

4.4 Investments

4.4.1 Classification

Investments of the Bank, other than investments in subsidiary, are classified as held-for-trading, held-to-maturity and available-for-sale. The management determines the appropriate classification of its investments at the time of purchase.

Held-for-trading

These are securities which are either acquired for generating a profit from short-term fluctuations in market prices, interest rate movements, dealer's margin or are securities included in portfolio in which a pattern of short-term profit taking exists.

Held-to-maturity

These are securities with fixed or determinable payments and fixed maturity that the Bank has the positive intent and ability to hold till maturity.

Available-for-sale

These are investments that do not fall under the held-for-trading or held-to-maturity categories.

Subsidiary

Subsidiary is an entity over which Bank has control. Investment in subsidiary is carried at cost less accumulated impairment losses, if any.

4.4.2 Regular way contracts

All purchases and sales of investments that require delivery within time frame established by regulations or market conventions are recognized at the trade date. Trade date is the date on which the Bank commits to purchase or sell the investment.

4.4.3 Initial recognition and measurement

Investments are initially recognized at cost, being the fair value of the consideration given including, in the case of investments other than held-for-trading, the acquisition cost associated with the investments.

4.4.4 Subsequent measurement

Held-for-trading

These are measured at subsequent reporting dates at fair value. Gains and losses on re-measurement are included in the unconsolidated profit and loss account.

Held-to-maturity

These are measured at amortized cost using the effective interest rate method, less any impairment loss recognized to reflect irrecoverable amounts.

Available-for-sale

Quoted securities classified as available-for-sale investments are measured at subsequent reporting dates at fair value. Any surplus / deficit arising thereon is kept in a separate account shown in the unconsolidated statement of financial position within the equity and is taken to the unconsolidated profit and loss account when actually realized upon disposal or when the investment is considered to be impaired.

Unquoted equity securities are valued at the lower of cost and break-up value. The break-up value of these securities is calculated with reference to the net assets of the investee company as per the latest available audited unconsolidated financial statements. A decline in the carrying value is charged to the unconsolidated profit and loss account. Investments in other unquoted securities are valued at cost less impairment, if any.

Provision for diminution in the value of securities (except term finance certificates and sukuks) is made for impairment, if any. Provision for diminution in the value of term finance certificates and sukuks is made as per the ageing criteria prescribed by the Prudential Regulations issued by the SBP.

Available-for-sale listed equity investments are impaired when there has been a significant or prolonged decline in their fair value below their cost. The determination of what is significant or prolonged requires judgment. In making this judgment, the Bank evaluates, among other factors, the normal level of volatility in a share price.

Moreover, strategic investments are carried at cost less provisions for impairment.

Investment in subsidiary

Investment in subsidiary is valued at cost less impairment, if any. A reversal of an impairment loss on subsidiary is recognized as it arises provided the increased carrying value does not exceed cost.

4.5 Advances

Advances are stated net of general and specific provisions. The specific and general provisions for advances are made in accordance with the requirements of Prudential Regulations and other directives issued by the State Bank of Pakistan and are charged to the unconsolidated profit and loss account. Non-performing loans and advances in respect of which the Bank does not expect any recoveries in future years are written off.

Leases, where the Bank transfers substantially all the risks and rewards incidental to the ownership of an asset are classified as finance leases. A receivable is recognized at an amount equal to the present value of the minimum lease payments, including guaranteed residual value, if any. Unearned finance income is recognized over the term of the lease, so as to produce a constant periodic return on the outstanding net investment in lease.

Murabaha is a mode of financing in which the Bank sells an asset to the customer with profit disclosure usually on deferred payment basis. Profit on the transaction is recognized over the credit period. Accounting for the transaction is done under IFAS -1.

Diminishing Musharakah (DM) is a Shirkat ul Milk based product where the Bank and customer share the ownership of an asset and the Bank rents its share in the asset to the co-owner. The co-owner also purchases the Bank's share in the asset gradually. The Bank records DM asset up to its share at cost value and does not depreciate it as the customer has to purchase the asset at cost value.

In Ijarah, the Bank rents out an asset to the customer against periodic rentals. Rentals are recognized as income on accrual basis while the asset is recorded in the books at cost less accumulated depreciation. Depreciation on the leased asset is provided on a straight line basis. Ijarah asset, related cost and revenue are accounted for as per IFAS-2.

In Istisna financing, the Bank places an order to purchase some specific goods / commodities from its customers to be delivered to the Bank within an agreed time. These goods are then sold in the market on profit. Istisna goods are recorded in the books at lower of cost or market value.

In Tijarah financing, the Bank purchases specific goods / commodities on spot payment basis from its customers for onward sale. These goods are then sold in the market on profit. Goods purchased are recorded in the books at lower of cost or market value.

'Running Musharakah financing' is a participatory mode of financing whereby the Bank participates in the outcomes of a particular business / portfolio / business segment of the customer by virtue of its average investment in the customer's business. Bank's investment is determined on the basis of its average outstanding during a period as withdrawn by the customer from time to time.

The investment is recognized as 'Running Musharakah Financing' at the outstanding value and is adjusted for loss if any. Profit on the financing is separately recorded as 'Profit Receivable'.

Term Musharakah is a participatory mode of financing whereby the Bank participates in the outcomes of particular business / portfolio / business segment of the customer by virtue of its investment in the customer's business for a particular period (term). The investment is initially recognized as 'Term Musharakah Financing' at the disbursed amount and is subsequently remeasured at fair value after adjustment for losses or redemption but not profit. Profit on the financing is separately recorded as 'Profit Receivable'.

Salam is a sale transaction where the seller undertakes to supply some specific goods to buyer at a future date against an advance price fully paid on spot. Until the goods are delivered by the customer, the Bank records it as 'Advance against Salam'. After the goods are received 'Salam Inventories' are recognized at cost. Subsequently when inventories are sold, revenue is recognized and the carrying amount of those inventories is recognized as an expense.

In Musawammah financing, the Bank purchases the goods and after taking the possession, sells them to the customer either in spot or credit transaction, without disclosing the cost. Goods purchased but remaining unsold at the statement of financial position date are recorded as inventories. The Bank values its inventories at the lower of cost and net realizable value. The net realizable value is the estimated selling price in the ordinary course of business less the estimated cost necessary to make the sale. Cost of inventories represents actual purchases made by the Bank / customers as an agent of the Bank for subsequent sale.

4.6 Fixed assets

4.6.1 Owned

Property and equipment, other than leasehold land (which is not depreciated) and capital work-in-progress, are stated at cost or revalued amount less accumulated depreciation and accumulated impairment losses, if any. Land is carried at revalued amount less impairment losses while capital work-in-progress is stated at cost less impairment losses, if any.

Depreciation is calculated by the Bank using the straight line method which writes down the cost of assets to their residual values over the estimated useful lives. The rates at which the assets are depreciated are disclosed in note 10.2 to these unconsolidated financial statements. The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at each statement of financial position date.

Depreciation on additions is charged from the month the assets are available for use while no depreciation is charged in the month in which the assets are disposed off.

Subsequent costs are included in an asset's carrying amount or recognized as a separate asset as appropriate, only when it is probable that future benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the unconsolidated profit and loss account as and when incurred.

Land and buildings are revalued by professionally qualified valuers with sufficient regularity to ensure that their net carrying value does not differ materially from their fair value. A surplus arising on revaluation is credited to the surplus on revaluation of fixed assets account. Any deficit arising on subsequent revaluation of fixed assets is adjusted against the surplus of that asset or, if no surplus exists, is charged to unconsolidated profit and loss account as an impairment of the asset. The surplus on revaluation of fixed assets, to the extent of incremental depreciation, is transferred to retained earnings.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the assets is recognized in the unconsolidated profit and loss account in the year when asset is derecognized.

4.6.2 Capital work-in-progress

Capital work-in-progress are stated at cost less accumulated impairment losses, if any.

4.7 Intangible assets

4.7.1 Intangile assets in use

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Intangible assets with finite lives are amortized using the straight line method at rates specified in the relevant note. Intangible assets' residual values, if significant and their useful lives are reviewed at each date of unconsolidated statement of financial position and adjusted prospectively, if appropriate, at each balance sheet date.

Amortization on additions to intangible assets is charged from the month in which an asset is acquired or capitalized while no amortization is charged for the month in which that asset is disposed off.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supported. If not, the change in useful life from indefinite to finite is made on a prospective basis.

4.7.2 Capital work-in-progress

Capital work-in-progress are stated at cost less accumulated impairment losses, if any.

4.7.3 Goodwill

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred over the net identifiable assets acquired and liabilities assumed as an intangible asset.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is tested for impairment annually or whenever there is an indication of impairment as per the requirement of International Accounting Standard (IAS) 36, 'Impairment of Assets'. Impairment charge in respect of goodwill is recognized in the unconsolidated profit and loss account.

4.8 Non-banking assets acquired in satisfaction of claim

Non-banking assets acquired in satisfaction of claims are carried at revalued amounts less accumulated depreciation and impairment losses, if any. These assets are revalued by professionally qualified valuers with sufficient regularity to ensure that their net carrying value does not differ materially from their fair value. A surplus arising on revaluation of property is credited to the 'surplus on revaluation of non-banking assets' account and any deficit arising on revaluation is taken to unconsolidated profit and loss account directly. Legal fees, transfer costs and direct cost of acquiring title to property are charged to the unconsolidated profit and loss account and not capitalized.

4.9 Deposits

Deposits are initially recorded at the amount of proceeds received. Mark up accrued on deposits is recognized separately as part of other liabilities and is charged to the unconsolidated profit and loss account on a time proportion basis.

Deposits under Islamic Banking operations are accepted on the basis of two modes i.e. Qard and Mudaraba.

Deposits taken on Qard basis are classified as 'Current accounts' and Deposits generated on Mudaraba basis are classified as 'Savings deposits' and 'Islamic Savings Certificate'. No profit or loss is passed on to current account depositors.

While the product features of each product differ, there is usually no restriction on withdrawals or number of transactions in current and saving accounts. In case of Islamic Savings Certificates, pre-mature withdrawals can be made as per approved terms only.

Profits realized in investment pools are distributed in pre-agreed profit sharing ratio. Rab-ul-Maal (usually Customer) share is distributed among depositors according to weightages assigned at the inception of profit calculation period. The Mudarib (Bank) can distribute its share of profit to Rab-ul-Maal as Hiba up to a specified percentage of its share in profit.

Profits are distributed from the pool and the depositors (remunerative) bear the risk of assets in the pool during the profit calculation period. In case of loss in a pool during the profit calculation period, the loss is distributed among the depositors (remunerative) according to their ratio of investments.

Asset pools are created at the Bank's discretion and the Bank can add, amend and transfer an asset to any other pool in the interests of the deposit holders.

4.10 Subordinated debt

Subordinated loans are initially recorded at the amount of proceeds received. Mark up accrued on subordinated loans is recognized separately as part of other liabilities and is charged to the unconsolidated profit and loss account over the period on an accrual basis.

4.11 Staff retirement benefits

4.11.1 Defined contribution plan

The Bank operates defined contribution provident fund for all its permanent employees. Equal monthly contributions are made both by the Bank and the employees to the fund at the rate of 10% of basic salary.

4.11.2 Defined benefit plan

The Bank operates a funded gratuity plan for all its permanent employees who have completed the minimum qualifying period of five years. Provision is made to meet the cost of such gratuity benefits on the basis of actuarial recommendations. The actuarial valuations are periodically carried out using the 'Projected Unit Credit Method'.

Annual contributions towards the defined benefit schemes are made on the basis of actuarial valuation carried out using the Projected Unit Credit Method.

The Bank follows International Accounting Standard (IAS) 19, 'Employee Benefits'. Actuarial gains and losses are recognized in unconsolidated other comprehensive income (OCI) in the periods in which they occur. Amounts recorded in the unconsolidated profit and loss account are limited to current and past service costs, gains or losses on settlements, and net interest income / expense. All other changes in the net defined benefit obligation are recognized directly in other comprehensive income with no subsequent recycling through the unconsolidated profit and loss account.

4.11.3 Employees' compensated absences

The Bank provides its liability towards compensated absences accumulated by its employees on the basis of actuarial valuation carried out using the Projected Unit Credit Method as per the requirements given in International Accounting Standard (IAS) 19, 'Employee Benefits'. Acturial gains and losses are credited or charged to the unconsolidated profit and loss account in the year in which they occur.

4.12 Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated into rupees at the exchange rates prevailing on the transaction date. Monetary assets and liabilities in foreign currencies are expressed in rupees terms at the rates of exchange ruling on the unconsolidated statement of financial position date. Forward foreign exchange contracts are valued at forward rates determined with reference to their respective maturities.

Translation gains and losses

Translation gains and losses are included in the unconsolidated profit and loss account.

4.13 Revenue recognition

Revenue is recognized to the extent that the economic benefits will flow to the Bank and the revenue can be reliably measured. The following recognition criteria from 4.14 to 4.16 are used for revenue recognition:

4.14 Advances and investments

Mark up / return / interest on regular loans / advances and investments is recognized on time proportion basis. Where debt securities are purchased at premium or discount, the same is amortized through the unconsolidated profit and loss account over the remaining period using effective interest method.

Mark up / return / interest recoverable on classified loans and advances and investments is recognized on receipt basis. Mark up / return / interest on rescheduled / restructured loans and advances and investments is recognized as permitted by the regulations of the SBP.

Dividend income is recognized when the Bank's right to receive the dividend is established.

Gain and loss on sale of investments are recognized in the unconsolidated profit and loss account.

4.15 Lease financing

Financing method is used in accounting for income from lease financing. Under this method, the unearned lease income (excess of the sum of total lease rentals and estimated residual value over the cost of leased assets) is deferred and taken to income over the term of the lease period so as to produce a constant periodic rate of return on the outstanding net investment in lease. Unrealized income on classified leases if any, is recognized on receipt basis.

Gains / losses on termination of lease contracts, documentation charges, front-end fees and other lease income are recognized as income on receipt basis.

4.16 Fees and commission income

Fees, brokerage and commission on letters of credit / guarantees and others are generally recognized on an accrual basis.

4.17 Taxation

Current

The charge for current taxation is based on taxable income at the current rate of taxation after taking into account applicable tax credit, rebates and exemptions available, if any, or minimum tax on turnover, whichever is higher.

Prior years

The taxation charge for prior years represents adjustments to the tax charge relating to prior years, arising from assessments / changes in laws and changes in estimates made during the current year.

Deferred

Deferred tax is recognized on all major temporary differences, tax credits and unused tax losses at the unconsolidated statement of financial position date between the amounts attributed to assets and liabilities for financial reporting purposes and amounts used for taxation purposes. Deferred tax is calculated at the rates that are expected to apply to the periods when the differences will reverse, based on tax rates that have been enacted or substantially enacted at the unconsolidated statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

The Bank also recognizes deferred tax asset / liability on deficit / surplus on revaluation of assets which is adjusted against related deficit / surplus in accordance with the requirements of the International Accounting Standard (IAS) 12 'Income Taxes'.

4.18 Impairment

The carrying amounts of assets are reviewed at each unconsolidated statement of financial position date for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. If such indication exists, and where the carrying value exceeds the estimated recoverable amount, assets are written down to their recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. The resulting impairment loss is taken to the unconsolidated profit and loss account.

4.19 Other provisions

Provisions are recognized when the Bank has a present obligation (legal or constructive) as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each unconsolidated statement of financial position date and are adjusted to reflect the current best estimate.

4.20 Off setting

Financial assets and financial liabilities are off set and the net amount is reported in the unconsolidated financial statements when there is a legally enforceable right to set off the recognized amounts and the Bank intends either to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

4.21 Acceptances

Acceptances comprise undertaking by the Bank to pay bill of exchange drawn on customers. The Bank expects most acceptances to be simultaneously settled with the reimbursement from the customers. Acceptances are accounted for as on the balance sheet transactions.

4.22 Financial instruments

Financial Assets and Liabilities

Financial instruments carried on the unconsolidated statement of financial position include cash and bank balances, lendings to financial institutions, investments, advances, certain other receivables, borrowings from financial institutions, deposits, subordinated debts and certain other payables. The particular recognition methods adopted for significant financial assets and financial liabilities are disclosed in the individual policy statements associated with them. Financial assets are de-recognized when the contractual right to future cash flows from the asset expire or is transferred along with the risk and reward of the asset. Financial liabilities are de-recognized when obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on de-recognition of the financial asset and liabilities is recognized in the unconsolidated profit and loss account of the current period.

Derivative financial instruments

Derivative financial instruments are initially recognized at their fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value using appropriate valuation techniques. All derivative financial instruments are carried as assets when fair value is positive and liabilities when fair value is negative. Any change in the fair value of derivative financial instruments is taken to the unconsolidated profit and loss account.

4.23 Earnings per share

The Bank presents basic and diluted earnings per share (EPS) for its shareholders. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.

4.24 Segment reporting

A segment is a distinguishable component of the Bank that is subject to risks and rewards that are different from those of other segment. A business segment is one that is engaged either in providing certain products or services, whereas a geographical segment is one engaged in providing certain products or services within a particular economic environment. Segment information is presented as per the Bank's functional structure. The Bank comprises of the following main business segments:

4.24.1 Business segments

Corporate finance

This includes underwriting, securitization, investment banking, syndications, IPO related activities (excluding investments) and secondary private placements.

Trading and sales

This segment undertakes the Bank's treasury, money market and capital market activities.

Branch banking

This includes loans, deposits and other banking services to retail, individual customers, agriculture, SME and commercial customers of the Bank.

Islamic banking

This segment pertains to full scale Islamic Banking operations of the Bank.

Others

This includes the head office related activities, and all other activities not tagged to the segments above.

4.24.2 Geographical segments

The Bank conducts all its operations in Pakistan.

5. CASH AND BALANCES WITH TREASURY BANKS	Note	2018	2017
		......(Rupees in '000)......	
In hand			
Local currency		**2,699,662**	3,770,371
Foreign currency		**190,719**	736,170
		2,890,381	4,506,541
With State Bank of Pakistan in			
Local currency current account	*5.1*	**1,011,453**	6,442,157
Foreign currency current account	*5.2*	**302,719**	431,731
Foreign currency deposit account	*5.3*	**125,904**	1,095,616
		1,440,076	7,969,504
With National Bank of Pakistan in Local currency current account		**703,743**	1,061,502
Prize bonds		**8,889**	19,176
		5,043,089	13,556,723

5.1 These represent current accounts maintained under the Cash Reserve Requirement of the SBP.

5.2 These represent foreign currency current accounts maintained under the Cash Reserve Requirement and Special Cash Reserve Requirement of the SBP.

5.3 These represent deposit accounts maintained under Special Cash Reserve requirement of the SBP and a US Dollar settlement account maintained with the SBP. The return on this account is declared by the SBP on a monthly basis, it carries mark up rate ranging from 0.00% to 1.35% (2017: 0.00% to 0.37%) per annum.

6. BALANCES WITH OTHER BANKS

	Note	2018	2017
		(Rupees in '000)	
In Pakistan			
In current account		20,475	10,450
In deposit account	6.1	92,365	128,073
		112,840	138,523
Outside Pakistan			
In current account		368,270	1,781,193
In deposit account	6.2	515,872	520,617
		884,142	2,301,810
		996,982	2,440,333

6.1 These represent placements with correspondent banks, carrying interest rate determined with respect to underlying currency benchmark rates ranging from 4.20% to 8.10% per annum (2017: 3.40% to 3.77% per annum).

6.2 These represent placements with correspondent banks, carrying interest rate determined with respect to underlying currency benchmark rates ranging from 0.00 % to 3.75 % per annum (2017: 0.00% to 3.00% per annum).

7. LENDINGS TO FINANCIAL INSTITUTIONS

	Note	2018	2017
		(Rupees in '000)	
Call money lending	7.3	-	1,000,000
Repurchase agreement lendings (Reverse Repo)	7.4	-	3,734,980
Bai Muajjal receivable - with other financial institution	7.5	-	3,936,023
Musharakah	7.6	-	2,000,000
		-	10,671,003
Less: provision held against Lending to Financial Institutions		-	-
Lending to Financial Institutions - net of provision		-	10,671,003

7.1 Particulars of lending

	2018	2017
In local currency	-	10,671,003
In foreign currencies	-	-
	-	10,671,003

7.2 Securities held as collateral against lendings to financial institutions

	2018			2017		
	Held by Bank	Further given as collateral	Total	Held by Bank	Further given as collateral	Total
	(Rupees in '000)					
Market Treasury Bills	-	-	-	3,734,980	-	3,734,980

7.2.1 The market value of securities held as collateral against repurchase agreement lendings amounted to Rs. 3,736.18 million as at December 31, 2017.

7.3 This represented call money lending to a financial institution that carried mark up rate of 6.50% per annum which matured in January 2018.

7.4 This represented lending against securities to financial institutions that carried mark up rates of 5.85% to 6.00% per annum and have matured in January 2018.

7.5 This represented Bai Muajjal Agreements entered into with a financial institution that carried markup rate of 5.75% per annum and have matured in January 2018.

7.6 This represented Musharakah placement with financial institutions that carried markup rate of 5.65% and 5.85% per annum and matured in January 2018.

8 INVESTMENTS

8.1 Investments by type:

	2018				2017 (Restated)			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
	(Rupees in '000)							
Held-for-trading securities								
Shares	-	-	-	-	75,371	-	(15,885)	59,486
Available-for-sale securities								
Federal Government Securities								
- Market Treasury Bills	**1,377,071**	**-**	**29**	**1,377,100**	71,838,584	-	1,780	71,840,364
- Pakistan Investment Bonds	**13,969,584**	**-**	**(1,233,323)**	**12,736,261**	13,361,634	-	(143,388)	13,218,246
- GoP Ijarah Sukuks	**2,250,000**	**-**	**(40,275)**	**2,209,725**	4,793,854	-	16,958	4,810,812
Shares								
- Fully paid up ordinary shares-Listed	**4,147,681**	**(1,947,196)**	**(402,628)**	**1,797,857**	4,242,291	(1,025,818)	(1,104,867)	2,111,606
- Fully paid up ordinary shares-Unlisted	**2,830**	**(1,000)**	**-**	**1,830**	2,830	(1,000)	-	1,830
- Preference shares - Unlisted	**46,035**	**-**	**-**	**46,035**	37,056	-	-	37,056
Non Government Debt Securities								
- Term Finance Certificates	**1,611,998**	**(1,008,500)**	**-**	**603,498**	1,611,998	(809,212)	-	802,786
- Sukuk Bonds	**402,070**	**(200,000)**	**-**	**202,070**	1,905,943	(200,000)	28,302	1,734,245
Units of mutual funds	**-**	**-**	**-**	**-**	87,861	-	(19,054)	68,807
	23,807,269	**(3,156,696)**	**(1,676,197)**	**18,974,376**	97,882,051	(2,036,030)	(1,220,269)	94,625,752
Subsidiary (note no. 8.1.1)	**396,942**	**(114,943)**	**-**	**281,999**	396,942	(141,935)	-	255,007
Total Investments	**24,204,211**	**(3,271,639)**	**(1,676,197)**	**19,256,375**	98,354,364	(2,177,965)	(1,236,154)	94,940,245

8.1.1 Particulars of assets and liabilities of subsidiary

Percentage of holding: 100% (2017: 100%)

Country of incorporation: Pakistan

	2018	2017
	(Rupees in '000)	
Assets	**394,726**	407,990
Liabilities	**103,611**	80,929
Revenue	**79,706**	179,144
(Loss) / profit after tax	**(22,372)**	29,236
Total comprehensive (loss) / income	**(4,706)**	59,262

	2018				2017 (Restated)			
8.2 Investments by segments:	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
	(Rupees in '000)							
Federal Government Securities								
Market Treasury Bills	**1,377,071**	**-**	**29**	**1,377,100**	71,838,584	-	1,780	71,840,364
Pakistan Investment Bonds	**13,969,584**	**-**	**(1,233,323)**	**12,736,261**	13,361,634	-	(143,388)	13,218,246
GoP Ijarah Sukuks	**2,250,000**	**-**	**(40,275)**	**2,209,725**	4,793,854	-	16,958	4,810,812
	17,596,655	**-**	**(1,273,569)**	**16,323,086**	89,994,072	-	(124,650)	89,869,422
Shares								
Listed Companies	**4,147,681**	**(1,947,196)**	**(402,628)**	**1,797,857**	4,317,662	(1,025,818)	(1,120,752)	2,171,092
Unlisted Companies	**48,865**	**(1,000)**	**-**	**47,865**	39,886	(1,000)	-	38,886
	4,196,546	**(1,948,196)**	**(402,628)**	**1,845,722**	4,357,548	(1,026,818)	(1,120,752)	2,209,978
Non Government Debt Securities								
Listed	**17,266**	**(17,266)**	**-**	**-**	1,080,721	(17,266)	26,178	1,089,633
Unlisted	**1,996,802**	**(1,191,234)**	**-**	**805,568**	2,437,220	(991,946)	2,124	1,447,398
	2,014,068	**(1,208,500)**	**-**	**805,568**	3,517,941	(1,009,212)	28,302	2,537,031
Units of mutual funds	**-**	**-**	**-**	**-**	87,861	-	(19,054)	68,807
Subsidiary								
Summit Capital (Private) Limited	**396,942**	**(114,943)**	**-**	**281,999**	396,942	(141,935)	-	255,007
Total Investments	**24,204,211**	**(3,271,639)**	**(1,676,197)**	**19,256,375**	98,354,364	(2,177,965)	(1,236,154)	94,940,245

8.2.1 Investments given as collateral - Market Value

	2018	2017
	(Rupees in '000)	
Market Treasury Bills	**-**	49,610,112
Pakistan Investment Bonds	**8,190,815**	10,451,041
GoP Ijarah Sukuks	**2,209,725**	-
Ordinary shares - Listed	**1,718,824**	24,720
	12,119,364	60,085,873

8.3 Provision for diminution in value of investments

	2018	2017 (Restated)
	(Rupees in '000)	
8.3.1 Opening balance	**2,177,965**	1,922,043
Charge / reversals		
Charge for the year	**1,120,666**	558,752
Reversal for the year	**(26,992)**	(209,526)
Reversal on disposals	**-**	(43,753)
	1,093,674	305,473
Amounts written off	**-**	(49,551)
Closing Balance	**3,271,639**	2,177,965

8.3.2 Particulars of provision against debt securities

Category of classification	2018		2017 (Restated)	
	NPI	Provision	NPI	Provision
	(Rupees in '000)			
Domestic				
Loss	**1,522,034**	**1,208,500**	1,522,034	1,009,212
	1,522,034	**1,208,500**	1,522,034	1,009,212

8.3.3 Pursuant to the applicable Prudential Regulations, the Bank has availed the Forced Sale Value (FSV) benefit of securities / collaterals held against a non-performing investment. Had this FSV benefit not been availed by the Bank, the specific provision against investments would have been higher by Rs. 313.534 million (2017: Rs. 512.822 million). This has a net of tax positive impact of Rs. 203.797 million (2017: Rs. 333.334 million) on the profit and loss account. 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.

8.4 Quality of Available for Sale Securities

Details regarding quality of Available for Sale (AFS) securities are as follows:

	Cost	
	2018	2017
8.4.1 Federal Government Securities - Government guaranteed	(Rupees in '000)	
Market Treasury Bills	**1,377,071**	71,838,584
Pakistan Investment Bonds	**13,969,584**	13,361,634
GoP Ijarah Sukuks	**2,250,000**	4,793,854
	17,596,655	89,994,072

8.4.2 Shares

Listed Companies		
- Cement	**1,444,470**	1,461,426
- Commercial Banks	**440,566**	440,566
- Cable and Electrical Goods	**7,170**	7,170
- Chemical	**1,192,904**	1,192,890
- Engineering	**260,555**	260,555
- Fertilizer	**-**	72,359
- Glass & Ceramics	**487,038**	487,038
- Investment Banks / Investment Companies / Securities Companies	**90,067**	90,067
- Oil and Gas Marketing Companies	**-**	5,309
- Power Generation and Distribution	**124,179**	124,179
- Technology and Communication	**61,304**	61,304
- Transport	**39,428**	39,428
	4,147,681	4,242,291
Preference Shares		
- Sugar and allied industries	**46,035**	37,056

Unlisted Companies

	Breakup Value as at	2018 Cost	2018 Breakup value	2017 Cost	2017 Breakup value
		(Rupees in '000)			
Arabian Sea Country Club Limited	June 30, 2017	**1,000**	**(591)**	1,000	(591)
Pakistan Mortgage Refinance Company Limited	December 31, 2018	**1,830**	**1,857**	1,830	1,834
		2,830	**1,266**	2,830	1,243

8.4.3 Non Government Debt Securities

	Cost 2018	Cost 2017
	(Rupees in '000)	
Listed		
- AA+, AA, AA-	**-**	1,063,455
- Unrated	**17,266**	17,266
	17,266	1,080,721
Unlisted		
- A+, A, A-	**202,070**	642,488
- Unrated	**1,794,732**	1,794,732
	1,996,802	2,437,220

8.4.4 Units of mutual funds

	2018	2017
AKD Opportunity Fund	**-**	25,000
NBP Stock Fund (formerly: NAFA Stock Fund)	**-**	10,861
NIT Islamic Equity Fund	**-**	52,000
	-	87,861

9. ADVANCES

	Note	Performing 2018	Performing 2017	Non Performing 2018	Non Performing 2017 (Restated)	Total 2018	Total 2017 (Restated)
		(Rupees in '000)					
Loans, cash credits, running finances, etc.	9.1	**39,212,961**	68,835,228	**35,141,957**	17,018,495	**74,354,918**	85,853,723
Islamic financing and related assets	9.2	**5,875,686**	10,786,098	**882,663**	-	**6,758,349**	10,786,098
Bills discounted and purchased		**1,635,173**	2,844,410	**47,089**	47,089	**1,682,262**	2,891,499
Advances - gross		**46,723,820**	82,465,736	**36,071,709**	17,065,584	**82,795,529**	99,531,320
Provision against advances							
- Specific		**-**	-	**(21,502,664)**	(14,909,014)	**(21,502,664)**	(14,909,014)
- General		**(46,988)**	(30,250)	**-**	-	**(46,988)**	(30,250)
		(46,988)	(30,250)	**(21,502,664)**	(14,909,014)	**(21,549,652)**	(14,939,264)
Advances - net of provision		**46,676,832**	82,435,486	**14,569,045**	2,156,570	**61,245,877**	84,592,056

9.1 Includes Net Investment in Finance Lease as disclosed below:

	2018				2017			
	Not later than one year	Later than one and less than five years	Over five years	Total	Not later than one year	Later than one and less than five years	Over five years	Total
	---- (Rupees in '000) ----							
Lease rentals receivable	**442,465**	**596,316**	**-**	**1,038,781**	80,600	1,272,087	-	1,352,687
Residual value	**234,280**	**196,809**	**-**	**431,089**	52,459	389,263	-	441,722
Minimum lease payments	**676,745**	**793,125**	**-**	**1,469,870**	133,059	1,661,350	-	1,794,409
Financial charges for future periods	**(52,704)**	**(99,624)**	**-**	**(152,328)**	(11,533)	(157,377)	-	(168,910)
Present value of minimum lease payments	**624,041**	**693,501**	**-**	**1,317,542**	121,526	1,503,973	-	1,625,499

9.2 These represents Islamic financing and related assets placed under Shariah permissible modes and are presented in Annexure - II to these unconsolidated financial statements.

9.3 Particulars of advances (Gross)	**2018**	**2017**
	(Rupees in '000)	
In local currency	**81,171,315**	96,799,624
In foreign currencies	**1,624,214**	2,731,696
	82,795,529	99,531,320

9.4 Advances include Rs. 36,071.709 million (2017: Rs.17,065.584 million) which have been placed under non-performing status as detailed below:

Category of Classification	**2018**		**2017**	
	Non Performing Loans	**Provision**	**Non Performing Loans**	**Provision (Restated)**
	---- (Rupees in '000) ----			
Domestic				
Other Assets Especially Mentioned	**505,380**	**721**	1,499	150
Substandard	**5,479,696**	**460,682**	38,112	2,519
Doubtful	**7,709,088**	**1,609,889**	960,566	265,840
Loss	**22,377,545**	**19,431,372**	16,065,407	14,640,505
	36,071,709	**21,502,664**	17,065,584	14,909,014

9.5 Particulars of provision against advances

	Note	2018 Specific	2018 General	2018 Total	2017 (Restated) Specific	2017 (Restated) General	2017 (Restated) 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 year		**7,247,738**	**16,738**	**7,264,476**	1,840,713	-	1,840,713
Reversals		**(622,642)**	**-**	**(622,642)**	(1,069,659)	(18,825)	(1,088,484)
		6,625,096	**16,738**	**6,641,834**	771,054	(18,825)	752,229
Amounts written off	9.6	**(31,446)**	**-**	**(31,446)**	(224,666)	-	(224,666)
Closing balance		**21,502,664**	**46,988**	**21,549,652**	14,909,014	30,250	14,939,264

9.5.1 Particulars of provision against advances

	2018 Specific	2018 General	2018 Total	2017 (Restated) Specific	2017 (Restated) General	2017 (Restated) Total
	---------- (Rupees in '000) ----------					
In local currency	**21,488,946**	**46,988**	**21,535,934**	14,895,584	30,250	14,925,834
In foreign currencies	**13,718**	**-**	**13,718**	13,430	-	13,430
	21,502,664	**46,988**	**21,549,652**	14,909,014	30,250	14,939,264

9.5.2 The general provision against consumer financing is required to be maintained at varying percentages based on the non-performing loan ratio present in the portfolio. These percentages ranges from 1% to 2.5% for secured and 4% to 7% for unsecured portfolio.

The State Bank of Pakistan vide its circular No. 9 of 2017 dated December 22, 2017 reduced the requirement of maintaining general reserves against unsecured SE portfolio from 2% to 1%.

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. 5,944.384 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. 3,863.850 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.

9.5.3 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).

			2018	2017
9.6	**PARTICULARS OF WRITE OFFs:**	*Note*	(Rupees in '000)	
9.6.1	Against Provisions	*9.5*	**31,446**	224,666
	Directly charged to profit and loss account	*30*	**3,688**	16,861
			35,134	241,527
9.6.2	Write Offs of Rs. 500,000 and above			
	Domestic	*9.7*	**30,980**	227,453
	Write Offs of Below Rs. 500,000		**4,154**	14,074
			35,134	241,527

9.7 DETAILS OF LOAN WRITE OFF OF Rs. 500,000/- AND ABOVE

In terms of sub-section (3) of Section 33A of the Banking Companies Ordinance, 1962 the Statement in respect of written-off loans or any other financial relief of rupees five hundred thousand or above allowed to a person(s) during the year ended December 31, 2018 is given in Annexure - I.

			2018	2017
10	**FIXED ASSETS**	*Note*	(Rupees in '000)	
	Capital work-in-progress	*10.1 & 10.1.1*	**393,222**	4,881,938
	Property and Equipment	*10.2 & 10.1.1*	**8,315,656**	7,533,663
			8,708,878	12,415,601

10.1 Capital work-in-progress

Civil works and related payments / progress billings	**388,198**	4,877,907
Advances and other payments to suppliers and contractors	**5,024**	4,031
Advances and other payments against capital work in progress considered doubtful	**1,158,340**	-
Less: Provision held there against	**(1,158,340)**	-
	-	-
	393,222	4,881,938

10.1.1 During the year, the Bank completed the construction of its 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. On December 31, 2018, a portion of the cost allocated to head office and branch premises amounting to Rs. 884.367 million has been transferred to the building and equipment categories as per the applicable accounting standards, while the rest of the construction costs allocated to saleable portion amounting to Rs. 2,961.508 million has been transferred to 'Other Assets' category. Apart from this, carrying value of land amounting to Rs. 2,037.996 million has also been transferred from 'Property and Equipment' to 'Other Assets' category on December 31, 2018.

10.2 Property and Equipment

	2018						
	Leasehold land	Building on Leasehold land	Building Improvements	Furniture and fixture	Electrical, office and computer equipment	Vehicles	Total
	(Rupees '000)						
As at January 01, 2018							
Cost / Revalued amount	3,041,716	5,691,705	1,659,105	496,683	1,893,295	172,205	12,954,709
Accumulated depreciation / impairment	(5,670)	(2,621,464)	(1,020,740)	(336,145)	(1,341,399)	(95,628)	(5,421,046)
Net book value	3,036,046	3,070,241	638,365	160,538	551,896	76,577	7,533,663
Year ended December 31, 2018							
Opening net book value	3,036,046	3,070,241	638,365	160,538	551,896	76,577	7,533,663
Additions	176	791,906	9,416	22,843	187,545	-	1,011,886
Movement in surplus on assets revalued during the year	669,069	1,859,936	-	-	-	-	2,529,005
Transferred out to other assets	(2,037,996)	-	-	-	-	-	(2,037,996)
Impairment loss recognised in the profit and loss account - net	-	-	-	-	-	-	-
Disposal							
Cost	-	-	(111,493)	(15,860)	(77,293)	(2,200)	(206,846)
Accumulated depreciation	-	-	89,917	12,654	71,431	2,200	176,202
Write off							
Cost	-	-	(5,953)	(821)	-	-	(6,774)
Accumulated depreciation	-	-	3,243	470	-	-	3,713
Depreciation charge	-	(267,629)	(153,626)	(40,206)	(202,240)	(23,496)	(687,197)
Closing net book value	1,667,295	5,454,454	469,869	139,618	531,339	53,081	8,315,656
As at December 31, 2018							
Cost / Revalued amount	1,672,965	8,343,547	1,551,075	502,845	2,003,547	170,005	14,243,984
Accumulated depreciation / impairment	(5,670)	(2,889,093)	(1,081,206)	(363,227)	(1,472,208)	(116,924)	(5,928,328)
Net book value	1,667,295	5,454,454	469,869	139,618	531,339	53,081	8,315,656
Rate of depreciation (percentage)	-	5	10	10 - 15	20 - 30	20	

	2017						
	Leasehold land	Building on Leasehold land	Building Improvements	Furniture and fixture	Electrical, office and computer equipment	Vehicles	Total
	(Rupees '000)						
As at January 01, 2017							
Cost / Revalued amount	2,842,627	5,568,710	1,579,082	469,525	1,758,865	166,827	12,385,636
Accumulated depreciation	-	(2,358,653)	(880,829)	(296,944)	(1,203,339)	(111,933)	(4,851,698)
Net book value	2,842,627	3,210,057	698,253	172,581	555,526	54,894	7,533,938
Year ended December 31, 2017							
Opening net book value	2,842,627	3,210,057	698,253	172,581	555,526	54,894	7,533,938
Additions / Transfers	69,166	112,304	108,111	32,669	205,474	70,999	598,723
Movement in surplus on assets revalued during the year	129,923	10,691	-	-	-	-	140,614
Impairment loss recognised in the profit and loss account - net	(5,670)	-	-	-	-	-	(5,670)
Disposal							
Cost	-	-	(1,306)	(1,099)	(69,564)	(65,621)	(137,590)
Accumulated depreciation	-	-	1,103	891	64,397	49,182	115,573
Write off							
Cost	-	-	(26,782)	(4,412)	(1,480)	-	(32,674)
Accumulated depreciation	-	-	18,710	3,743	1,409	-	23,862
Depreciation charge	-	(262,811)	(159,724)	(43,835)	(203,866)	(32,877)	(703,113)
Closing net book value	3,036,046	3,070,241	638,365	160,538	551,896	76,577	7,533,663
As at December 31, 2017							
Cost / Revalued amount	3,041,716	5,691,705	1,659,105	496,683	1,893,295	172,205	12,954,709
Accumulated depreciation / impairment	(5,670)	(2,621,464)	(1,020,740)	(336,145)	(1,341,399)	(95,628)	(5,421,046)
Net book value	3,036,046	3,070,241	638,365	160,538	551,896	76,577	7,533,663
Rate of depreciation (percentage)	-	5	10	10 - 15	20 - 30	20	

10.2.1 The cost of fully depreciated property and equipment still in use amounts to Rs. 1,464.526 million (2017: Rs. 1,086.930 million).

10.2.2 The carrying amount of idle properties amounts to Rs. 436.171 million (2017: Rs. 298.445 million).

10.2.3 The Bank's leasehold land, building on leasehold land and building improvements were revalued by M/s. Sadruddin Associates as at December 31, 2018 on the basis of their professional assessment of the present market value. As a result of revaluation, the market value of leasehold land was determined at Rs. 1,093.382 million, building on leasehold land was determined at Rs. 3,349.624 million. There was no additional surplus booked on building improvements during the current revaluation exercise.

Had there been no revaluation, the carrying value of revalued assets would have been as follows:

	2018		2017	
	Original Cost	Book Value	Original Cost	Book Value
	(Rupees in '000)			
Leasehold land	**998,942**	**993,272**	1,875,977	1,870,307
Buildings on leasehold land	**4,010,239**	**2,428,761**	3,218,332	1,801,071
Buildings improvements	**1,445,747**	**456,631**	1,553,777	615,009

10.2.4 Useful life of assets

As at December 31, 2018, the management has revised its accounting estimate in respect of useful life of buildings on leasehold land. The useful life has been reassessed based on the assessment carried out by the independent valuer, M/s Saddruddin Associates. Accordingly, depreciation rates have been revised from 5% per annum to 2.5% to 5% per annum in case of building on leasehold land. The revision has been made after taking into account the expected pattern of recovery of economic benefits associated with the use of these assets. The revision will be accounted for prospectively i.e. from January 01, 2019 in accordance with the requirements of International Accounting Standard 8, 'Accounting Policies, Changes in Accounting Estimate and Errors'.

10.2.5 Sale of fixed assets to related parties are disclosed below:

Particulars of assets	Cost	Net book value	Sale price	Mode of disposal	Particulars of purchaser
	-------------- (Rupees in '000) -------------				
Electrical, office and computer equipment					
Laptop	55	-	5	As Per Policy	Mr. Gulrays Khan (ex-employee)
Laptop	58	6	9	As Per Policy	Mr. Shahid Sumar (ex-employee)

11. INTANGIBLE ASSETS

	Note	2018	2017
		........(Rupees in '000)........	
Capital work-in-progress	*11.1*	**53,488**	51,343
Intangible assets in use	*11.2*	**151,424**	197,640
		204,912	248,983

11.1 Capital work-in-progress

	2018	2017
Advance to suppliers and contractors	**53,488**	51,343
Advance against capital work in progress considered doubtful	**141,224**	141,224
Less: Provision held there against	**(141,224)**	(141,224)
	-	-
	53,488	51,343

11.2 Intangible assets in use

	2018			
	Computer softwares	Core deposits	Brand name	Total
	------------------- (Rupees in '000) -------------------			
As at January 01, 2018				
Cost	**460,396**	**209,874**	**143,838**	**814,108**
Accumulated amortisation and impairment	**(376,036)**	**(143,353)**	**(97,079)**	**(616,468)**
Net book value	**84,360**	**66,521**	**46,759**	**197,640**
Year ended December 31, 2018				
Opening net book value	**84,360**	**66,521**	**46,759**	**197,640**
Additions:				
- directly purchased	**14,972**	**-**	**-**	**14,972**
Amortisation charge	**(25,815)**	**(20,987)**	**(14,386)**	**(61,188)**
Closing net book value	**73,517**	**45,534**	**32,373**	**151,424**
As at December 31, 2018				
Cost	**475,368**	**209,874**	**143,838**	**829,080**
Accumulated amortisation and impairment	**(401,851)**	**(164,340)**	**(111,465)**	**(677,656)**
Net book value	**73,517**	**45,534**	**32,373**	**151,424**
Rate of amortisation (percentage)	**20**	**10**	**10**	
Useful life (years)	**5**	**10**	**10**	

	2017			
	Computer softwares	Core deposits	Brand name	Total
	------------------- (Rupees in '000) -------------------			
As at January 01, 2017				
Cost	445,803	209,874	143,838	799,515
Accumulated amortisation and impairment	(349,730)	(122,365)	(82,695)	(554,790)
Net book value	96,073	87,509	61,143	244,725
Year ended December 31, 2017				
Opening net book value	96,073	87,509	61,143	244,725
Additions:				
- directly purchased	14,593	-	-	14,593
Amortisation charge	(26,306)	(20,988)	(14,384)	(61,678)
Closing net book value	84,360	66,521	46,759	197,640
As at December 31, 2017				
Cost	460,396	209,874	143,838	814,108
Accumulated amortisation and impairment	(376,036)	(143,353)	(97,079)	(616,468)
Net book value	84,360	66,521	46,759	197,640
Rate of amortisation (percentage)	20	10	10	
Useful life (years)	5	10	10	

11.2.1 The cost of fully amortised intangible assets still in use amounts to Rs. 337.933 million (2017: Rs. 333.385 million).

12. DEFERRED TAX ASSETS

	2018			
	As at January 01, 2018	Recognised in profit and loss account	Recognised in Other Comprehensive Income	As at December 31, 2018
	(Rupees in '000)			
Deductible Temporary Differences on				
- Tax losses carried forward	**4,103,554**	**(291,630)**	**-**	**3,811,924**
- Deficit on revaluation of investments	**427,094**	**-**	**159,575**	**586,669**
- Provision against advances, off balance sheet etc.	**1,309,930**	**2,123,952**	**-**	**3,433,882**
- Provision for impairment loss - Investment	**762,288**	**382,786**	**-**	**1,145,074**
- Provision against intangible assets	**43,107**	**-**	**-**	**43,107**
- Staff compensated absences	**36,558**	**(1,178)**	**-**	**35,380**
- Unrealised loss on HFT portfolio	**5,560**	**(5,560)**	**-**	**-**
- Provision against other assets	**149,656**	**-**	**-**	**149,656**
	6,837,747	**2,208,370**	**159,575**	**9,205,692**
Taxable Temporary Differences on				
- Surplus on revaluation of fixed assets	**(452,385)**	**-**	**(611,239)**	**(1,063,624)**
- Surplus on revaluation of Property - Held for sale	**-**	**-**	**(406,274)**	**(406,274)**
- Surplus on revaluation of non-banking assets	**(151,972)**	**-**	**10,619**	**(141,353)**
- Fixed assets	**(398,770)**	**16,240**	**-**	**(382,530)**
- Unrealized (gain) on forward exchange contracts	**(30,429)**	**33,507**	**-**	**3,078**
	(1,033,556)	**49,747**	**(1,006,894)**	**(1,990,703)**
	5,804,191	**2,258,117**	**(847,319)**	**7,214,989**

	2017 (Restated)			
	As at January 01, 2017	Recognised in profit and loss account	Recognised in Other Comprehensive Income	As at December 31, 2017
	(Rupees in '000)			
Deductible Temporary Differences on				
- Tax losses carried forward	3,899,918	203,636	-	4,103,554
- Deficit on revaluation of investments	56,905	-	370,189	427,094
- Provision against advances, off balance sheet etc.	1,430,583	(120,653)	-	1,309,930
- Provision for impairment loss - Investment	672,715	89,573	-	762,288
- Provision against intangible assets	43,107	-	-	43,107
- Staff compensated absences	34,406	2,152	-	36,558
- Unrealised loss on HFT portfolio	5,473	87	-	5,560
- Provision against other assets	149,656	-	-	149,656
	6,292,763	174,795	370,189	6,837,747
Taxable Temporary Differences on				
- Surplus on revaluation of fixed assets	(488,329)	-	35,944	(452,385)
- Surplus on revaluation of Property - Held for sale	-	-	-	-
- Surplus on revaluation of non-banking assets	(148,062)	-	(3,910)	(151,972)
- Fixed assets	(455,400)	56,630	-	(398,770)
- Unrealized gain on forward exchange contracts	-	(30,429)	-	(30,429)
	(1,091,791)	26,201	32,034	(1,033,556)
	5,200,972	200,996	402,223	5,804,191

12.1 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.

13. OTHER ASSETS

	Note	2018	2017 (Restated)
		(Rupees in '000)	
Income/ Mark-up accrued in local currency - net of provision		**1,631,155**	1,840,648
Income/ Mark-up accrued in foreign currencies - net of provision		**2,805**	2,088
Advances, deposits, advance rent and other prepayments		**428,590**	515,483
Advance taxation (payments less provisions)		**570,805**	547,851
Non-banking assets acquired in satisfaction of claims	*13.1*	**2,802,674**	4,087,280
Branch adjustment account		**20**	54
Mark to market gain on forward foreign exchange contracts		**-**	86,939
Acceptances		**1,118,180**	1,276,921
Receivable from brokers		**5,038**	25,617
Stationery and stamps on hand		**8,999**	10,071
Dividend receivable		**-**	5,068
Commission receivable on home remittance	*13.3*	**134,985**	67,483
Property - Held for sale	*13.4*	**3,838,719**	-
Others		**435,111**	453,036
		10,977,081	8,918,539
Less: Provision held against other assets	*13.2*	**(584,840)**	(488,435)
Other Assets (Net of Provision)		**10,392,241**	8,430,104
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		**403,865**	434,207
Surplus on revaluation of Property - Held for sale		**1,160,784**	-
Other Assets - total		**11,956,890**	8,864,311

	2018	2017
	(Rupees in '000)	
13.1 Market value of Non-banking assets acquired in satisfaction of claims	**3,343,789**	5,570,934

The non banking assets of the Bank were revalued on December 31, 2018 by independent valuer 'M/s. Sadruddin Associates', PBA approved valuer based on market values of the properties ascertained by sale / purchase price and inspection of the properties which resulted in an increase in surplus of Rs. 7.335 million.

13.1.1 Non-banking assets acquired in satisfaction of claims

	2018	2017
	(Rupees in '000)	
Opening Balance	**4,267,296**	3,713,735
Additions	**40,000**	716,391
Revaluation	**7,335**	11,174
Disposals	**(1,317,724)**	(4,200)
Transfer to fixed assets	**-**	(140,594)
Depreciation	**(44,559)**	(29,210)
Provision	**(36,356)**	-
Closing Balance	**2,915,992**	4,267,296

13.1.2 Gain on Disposal of Non-banking assets acquired in satisfaction of claims	2018	2017
	......(Rupees in '000)......	
Disposal Proceeds	**1,589,188**	4,550
less		
- Cost	**(1,327,307)**	(4,200)
- Depreciation	**9,583**	-
	(1,317,724)	(4,200)
Gain	**271,464**	350

13.2 Provision held against other assets

	2018	2017
Income / Mark-up accrued in local currency - net of provision	**1,389**	1,389
Advances, deposits, advance rent & other prepayments	**79,664**	23,664
Non banking assets acquired in satisfaction of claims	**290,547**	254,191
Commission receivable on guarantees	**9,880**	9,880
Receivable from Dewan Group	**34,436**	34,436
Account Receivable - Sundry Claims	**133,731**	129,616
Receivable from Speedway Fondmetal (Pakistan) Limited	**25,694**	25,694
Others	**9,499**	9,565
	584,840	488,435

13.2.1 Movement in provision held against other assets

	2018	2017
Opening balance	**488,435**	427,589
Charge for the year	**96,499**	60,974
Reversals	**-**	(128)
Amount Written off	**(94)**	-
Closing balance	**584,840**	488,435

13.3 This represents commission receivable from the SBP in respect of home remittances channelized through the Bank as per agreement entered into with the SBP.

13.4 This represents a portion of the Bank's self constructed property which has been earmarked for selling in the near future. This property has been transferred from Property and Equipment (land and capital work in progress) to other assets at the year end. Accordingly, the surplus held on this property represents surplus recognized till December 31, 2018 i.e. till the date of transfer of this asset to the 'Other Assets' category in accordance with the accounting policy for fixed assets. Moreover, this property will be carried at lower of market value / fair value less cost to sell and carrying amount at the time of transfer from owned assets category.

14. CONTINGENT ASSETS

There were no contingent assets at the balance sheet date.

15. BILLS PAYABLE

	2018	2017
	......(Rupees in '000)......	
In Pakistan	**1,881,107**	3,065,379
Outside Pakistan	**-**	-
	1,881,107	3,065,379

16. BORROWINGS

	Note	2018	2017
		(Rupees in '000)	
Secured			
Borrowings from State Bank of Pakistan			
- Under export refinance scheme	*16.1*	**6,792,628**	6,707,142
- Under Islamic Export Refinance Scheme (IERF)	*16.2*	**250,000**	250,000
- Under Long-term financing facility	*16.3*	**756,323**	108,600
- Under Locally Manufactured Machinery (LMM) scheme	*16.4*	**3,363**	-
- Repurchase agreement borrowings	*16.5*	**8,163,360**	40,198,208
		15,965,674	47,263,950
Repurchase agreement borrowings	*16.6*	**1,000,000**	-
Foreign bills - rediscounted		**608,830**	640,870
Total secured		**17,574,504**	47,904,820
Unsecured			
Call borrowings	*16.7*	**1,911,000**	19,369,635
Overdrawn nostro accounts		**6,350**	33,311
Total unsecured		**1,917,350**	19,402,946
		19,491,854	67,307,766

16.1 The Bank has entered into an agreement with SBP for extending export finance to its customers. Borrowing under the export refinance scheme of SBP carry mark-up rates ranging from 1.00% to 2.00% per annum (2017: 1.00% to 2.00% per annum). These are secured against demand promissory notes and are due to mature latest by June 2019 (2017: latest by June 2018).

16.2 The Bank has entered into an agreement with SBP for extending export finance to its islamic customers. Borrowing under the export refinance scheme of SBP carry mark-up rate of 2.00% per annum (2017: 2.00% per annum). These are secured against demand promissory notes and are due to mature latest by February 2019 (2017: latest by May 2018).

16.3 These represent borrowings from SBP under scheme for long term financing facility at mark-up rates ranging from 2.00% to 3.00% per annum (2017: 2.50% per annum) and have varying long term maturities latest due by November 2022 (2017: latest due by November 2022). Under the agreement, SBP has a right to recover the outstanding amount from the Bank at the respective maturity dates of each finance by directly debiting current account of the Bank maintained by the SBP.

16.4 These represent long term borrowings from State Bank of Pakistan at a mark-up rate of 2.00% per annum, which will mature latest by July 2023.

16.5 These represent borrowings from State Bank of Pakistan at a mark-up rate of 10.20% (2017: ranging from 5.83% and 5.85%) per annum, which will mature on January 04, 2019 (2017: January 05, 2018).

16.6 These represent borrowings from a financial institiution at a mark-up rate of 12.50% (2017: Nil) per annum, which will mature on January 14, 2019 (2017: Nil).

16.7 This represent call borrowing from a financial institution carrying a mark-up rate of 10.50% per annum (2017 : 5.80% and 5.81%), which will mature on January 04, 2019. The Bank has placed GoP Ijarah Sukuks with market value of Rs. 2,209.725 million (Treasury bills: 2017: Rs. 19,752.45 million) as collateral against these borrowings.

16.8 Particulars of borrowings with respect to currencies

	2018	2017
	.... (Rupees in '000)	
In local currency	**18,876,674**	66,633,585
In foreign currencies	**615,180**	674,181
	19,491,854	67,307,766

17. DEPOSITS AND OTHER ACCOUNTS

	2018			2017		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
	------------------- (Rupees in '000) -------------------					
Customers						
Current deposits	**27,684,415**	**1,539,251**	**29,223,666**	41,581,975	2,395,510	43,977,485
Savings deposits	**34,873,064**	**1,605,157**	**36,478,221**	49,491,992	2,037,769	51,529,761
Term deposits	**8,624,571**	**1,579,424**	**10,203,995**	29,083,607	3,040,824	32,124,431
Others	**4,579,025**	**21,838**	**4,600,863**	5,501,388	17,364	5,518,752
	75,761,075	**4,745,670**	**80,506,745**	125,658,962	7,491,467	133,150,429
Financial Institutions						
Current deposits	**988,132**	**126,472**	**1,114,604**	1,320,784	220,994	1,541,778
Savings deposits	**2,254,400**	**4**	**2,254,404**	8,285,139	3	8,285,142
Term deposits	**800,337**	**-**	**800,337**	2,752,358	-	2,752,358
Others	**-**	**-**	**-**	-	-	-
	4,042,869	**126,476**	**4,169,345**	12,358,281	220,997	12,579,278
	79,803,944	**4,872,146**	**84,676,090**	138,017,243	7,712,464	145,729,707

17.1 Composition of deposits

	2018	2017
	.... (Rupees in '000)	
- Individuals	**51,892,210**	83,845,212
- Government (Federal and Provincial)	**5,265,529**	6,809,679
- Public Sector Entities	**585,047**	530,639
- Banking Companies	**822,670**	2,136,670
- Non-Banking Financial Institutions	**3,351,728**	8,941,194
- Private Sector	**22,758,906**	43,466,313
	84,676,090	145,729,707

17.2 Deposits include Eligible Deposits of Rs. 55,944.727 million (2017: Rs. 64,599.446 million) protected under Depositors Protection Mechanism introduced by the State Bank of Pakistan.

18. SUBORDINATED DEBT

Issue amount Rs. 1,500,000,000

Issue date October 27, 2011

Maturity date	October 27, 2019 (2017: October 26, 2018)
	The TFC holders vide their extraordinary resolution dated November 19, 2018 and April 10, 2019 have approved the extension in the tenor of TFC by one year i.e. October 27, 2019 along with revision in repayment schedule until the revised maturity date i.e. October 27, 2019. Subsequent to obtaining the approval of the TFC Holders, the Bank after complying with all the requisite regulatory approvals and compliances undertook the execution of the amendment in the Declaration of Trust incorporating the revision in maturity date and rescheduling of coupon payment until October 27, 2019, whose final approval was granted by the State Bank of Pakistan on October 21, 2019.
	Subsequently, in order to protect the interest of the TFC Holders, the Bank convened an extraordinary meeting of the TFC Holders held on October 25, 2019 to seek their approval for extension of further one (1) year in the tenure of the TFC Issue along with the extension in the payments of all the redemption amount (principal and the related mark up) as per the revised maturity date of October 27, 2020.
	The TFC Holders in their adjourned extraordinary general meeting held on November 20, 2019 have approved the extension of further one (1) year in the tenure of the TFC Issue along with the extension in the payments of all the redemption amount (principal and the related mark-up) as per the revised maturity date of October 27, 2020. Subject to obtaining all the requisite approvals and ensuring regulatory compliances, the Bank shall proceed with the necessary amendment in the Declaration of Trust.
Rating	BBB- (SO) (Triple B minus (Structured Obligation)) issued on November 23, 2018. Subsequently downgraded to 'D' (Default) on February 01, 2019.
Security	Unsecured.
Redemption / Profit payment frequency	The redemption / profit payment details are mentioned in the above maturity date clause.
Mark up	Base rate (6 months KIBOR - ask side) plus 325 bps.
Call option	The Bank may call the TFC's subject to SBP's prior written approval, on any profit payment date after the 60th month from the last day of public subscription, with not less than 30 days prior notice to be given to the Trustee. The Call option once announced will not be revocable. Further, no premium will be paid to the TFC Holders in case the call option is exercised by the Bank.
Lock-in-clause	Neither interest nor principal can be paid (even at maturity) if such payments will result in a shortfall in the Bank's Minimum Capital Requirements (MCR) or Capital Adequacy Ratio (CAR) or increase in the existing shortfall in MCR and CAR.

19. OTHER LIABILITIES

	Note	2018	2017 (Restated)
		(Rupees in '000)	
Mark-up/return/interest payable in local currency		**827,718**	1,848,839
Mark-up/return/interest payable in foreign currencies		**7,780**	4,621
Unearned income		**15,223**	14,251
Accrued expenses		**196,893**	74,755
Advance payments	*19.1*	**438,852**	602,308
Acceptances		**1,118,180**	1,276,921
Unclaimed dividends		**2,213**	2,213
Mark to market loss on forward foreign exchange contracts		**8,793**	-
Payable to defined benefit plan	*35.7*	**33,358**	50,531
Charity fund balance		**844**	63
Security deposits against lease		**789,230**	750,561
Payable to Bangladesh Bank	*19.2*	**41,389**	41,389
Payable to Rupali Bank Limited - Bangladesh	*19.3*	**16,293**	16,293
Payable to vendors / creditors		**126,321**	115,404
Provision for compensated absences	*35.7*	**101,082**	104,448
Payable to Bank of Ceylon, Colombo		**20,163**	20,163
Retention money		**6,671**	5,452
Workers' Welfare Fund	*19.4*	**13,360**	13,360
Withholding taxes and government levies payable		**13,481**	43,478
Federal excise duty and sales tax payable		**10,254**	13,619
Payable to other banks against clearing and settlement		**137**	395,419
Commission payable on home remittances	*19.5*	**125,375**	58,790
Others		**417,213**	240,742
		4,330,823	5,693,620

19.1 This includes advance received amounting to Rs. 346.115 million (2017: Rs. 142.683 million) against sale of property included in other assets as property - held for sale.

19.2 This represents mark up payable to Bangladesh Bank up to June 2006 on Fixed Deposit Receipts (FDR) maintained with the Bank.

19.3 This represents amount payable in respect of share of Head office expenses of Ex-Rupali Bank Limited-Karachi Branch.

19.4 This represents provision made for Workers' Welfare Fund (WWF) @ 2% of accounting profit before tax.

19.5 This represents commission payable to the foreign currency dealers in respect of home remittances channelized through the Bank as per agreement entered into by the Bank with them.

20. SHARE CAPITAL - NET

20.1 Authorized Capital

2018	2017		2018	2017
.... Number of shares			.... (Rupees in '000)	
2,800,000,000	2,800,000,000	Ordinary shares of Rs.10 each	**28,000,000**	28,000,000

20.2 Issued, subscribed and paid up capital

2018	2017		2018	2017
.... Number of shares			.... (Rupees in '000)	
		Ordinary shares		
1,459,686,957	1,459,686,957	Fully paid in cash	**14,596,869**	14,596,869
673,997,721	673,997,721	Issue of shares upon conversion of preference shares	**6,739,977**	6,739,977
50,000,000	50,000,000	Issued as bonus shares	**500,000**	500,000
454,466,382	454,466,382	Issued for consideration other than cash	**4,544,664**	4,544,664
2,638,151,060	2,638,151,060		**26,381,510**	26,381,510
		Less: Discount on issue of shares	**(5,881,316)**	(5,881,316)
2,638,151,060	2,638,151,060		**20,500,194**	20,500,194

20.2.1 Due to the change in format as explained in note 4.1.1, discount on issue of shares which was previously shown as part of capital reserves has now been netted of with the issued, subscribed and paid up capital.

20.3 As at December 31, related party shareholding is as follows:

2018	2017		2018	2017
.... Number of shares			.... %age holding	
1,761,412,119	1,761,412,119	Suroor Investments Limited (SIL) - parent company	**66.77%**	66.77%
32,777,450	32,777,450	Rupali Bank Limited, Bangladesh - related party	**1.24%**	1.24%
14,754,219	14,754,219	Directors (including President / Chief Executive Officer)	**0.56%**	0.56%

21. SURPLUS / (DEFICIT) ON REVALUATION OF ASSETS

	Note	2018	2017
		(Rupees in '000)	
Surplus / (deficit) on revaluation of:			
- Available for sale securities	8.1	(1,676,197)	(1,220,269)
- Fixed Assets	21.1	3,712,954	2,458,265
- Non-banking assets acquired in satisfaction of claims	21.2	403,865	434,208
- Property - Held for sale	21.3	1,160,784	-
		3,601,406	1,672,204
Deferred tax on surplus / (deficit) on revaluation of:			
- Available for sale securities		586,669	427,094
- Fixed Assets	21.1	(1,063,624)	(452,383)
- Non-banking assets acquired in satisfaction of claims	21.2	(141,353)	(151,973)
- Property - Held for sale	21.3	(406,274)	-
		(1,024,582)	(177,262)
		2,576,824	1,494,942

21.1 Surplus on revaluation of fixed assets

	2018	2017
Surplus on revaluation of fixed assets as at January 01	2,458,265	2,431,040
Recognised during the year	2,529,005	140,614
Transferred to surplus on revaluation of property - held for sale	(1,160,784)	-
Transferred to accumulated losses in respect of incremental depreciation charged during the year - net of deferred tax	(73,796)	(73,703)
Related deferred tax liability on incremental depreciation charged during the year	(39,736)	(39,686)
Related deferred tax liability on surplus realised on disposal	-	-
Surplus on revaluation of fixed assets as at December 31	3,712,954	2,458,265
Less: related deferred tax liability on:		
- revaluation as at January 01	(452,383)	(488,329)
- revaluation recognised during the year	(650,977)	(3,740)
- incremental depreciation charged during the year	39,736	39,686
	(1,063,624)	(452,383)
	2,649,330	2,005,882

21.2 Surplus on revaluation of non-banking assets acquired in satisfaction of claims

	2018	2017
Surplus on revaluation as at January 01	434,208	423,034
Recognised during the year	7,335	11,174
Realised on disposal during the year - net of deferred tax	(24,491)	-
Related deferred tax liability on surplus realised on disposal	(13,187)	-
Surplus on revaluation as at December 31	403,865	434,208
Less: related deferred tax liability on:		
- revaluation as at January 01	(151,973)	(148,062)
- revaluation recognised during the year	(2,567)	(3,911)
- surplus realised on disposal during the year	13,187	-
	(141,353)	(151,973)
	262,512	282,235

21.3 Surplus on revaluation of Property - Held for sale

	Note	2018	2017
		(Rupees in '000)	
Surplus on revaluation as at January 01		-	-
Transferred from surplus on revaluation of fixed assets	21.3.1	1,160,784	-
Surplus on revaluation as at December 31		1,160,784	-
Less: related deferred tax liability on:			
- revaluation as at January 01		-	-
- surplus transferred during the year		(406,274)	-
		(406,274)	-
		754,510	-

21.3.1 This represents the surplus held on a portion of property at the time of transfer of the same from 'Fixed Assets' to 'Other Assets' category as explained in note no. 13.4.

22. CONTINGENCIES AND COMMITMENTS

	Note	2018	2017 (Restated)
		(Rupees in '000)	
Guarantees	22.1	19,970,337	22,356,940
Commitments	22.2	31,599,152	94,319,702
Other contingent liabilities	22.3	11,661,255	7,464,043
		63,230,744	124,140,685

22.1 Guarantees:

Financial guarantees		23,677	36,926
Performance guarantees		14,891,050	16,116,749
Other guarantees		5,055,610	6,203,265
		19,970,337	22,356,940

22.2 Commitments:

Documentary credits and short-term trade-related transactions			
- letters of credit		6,604,310	14,839,940
Commitments in respect of:			
- forward foreign exchange contracts	22.2.1	4,315,349	9,787,757
- forward lending	22.2.2	8,067,231	21,431,563
- operating leases	22.2.3	3,164,673	3,871,671
Commitments for capital expenditure			
- Civil works and others		284,229	455,583
Other commitments	22.2.4	9,163,360	43,933,188
		31,599,152	94,319,702

22.2.1 Commitments in respect of forward foreign exchange contracts

	Note	2018	2017
		(Rupees in '000)	
Purchase		**3,404,992**	5,484,447
Sale		**910,357**	4,303,310
		4,315,349	9,787,757

22.2.2 Commitments in respect of forward lending

	Note	2018	2017
Forward documentary bills		**3,458,501**	3,639,137
Undrawn formal standby facilities, credit lines and other commitments to lend	*22.2.2.1*	**4,608,730**	17,792,426
		8,067,231	21,431,563

22.2.2.1 These represent commitments that are irrevocable because they cannot be withdrawn at the discretion of the Bank without the risk of incurring significant penalty or expense.

22.2.3 Commitments in respect of operating leases

	2018	2017
	(Rupees in '000)	
Not later than one year	**652,360**	660,881
Later than one year and not later than five years	**1,636,820**	2,078,021
Later than five years	**875,493**	1,132,769
	3,164,673	3,871,671

22.2.4 Other commitments

	2018	2017
Purchase (Repo)	**9,163,360**	40,198,208
Sale (Reverse Repo)	**-**	3,734,980
	9,163,360	43,933,188

	2018	2017
22.3 Other contingent liabilities - claims against the Bank not acknowledged as debts	**11,661,255**	7,464,043

22.4 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 Honourable 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.

22.5 Contingency for tax payable

Contingency related to tax payable is disclosed in note 31.2.

		Note	2018	2017
23.	**MARK-UP / RETURN / INTEREST EARNED**		......(Rupees in '000)......	
	On:			
	Loans and advances		**5,294,762**	5,776,857
	Investments		**2,850,230**	4,520,054
	Lendings to financial institutions		**286,614**	335,125
	Balances with banks		**20,842**	12,909
			8,452,448	10,644,945

		Note	2018	2017
24.	**MARK-UP / RETURN/INTEREST EXPENSED**			
	Deposits		**4,190,075**	4,585,514
	Borrowings		**2,026,256**	2,793,367
	Subordinated debt		**152,685**	140,872
	Cost of foreign currency swaps against foreign currency deposits / borrowings		**274,009**	225,299
			6,643,025	7,745,052

		Note	2018	2017
25.	**FEE AND COMMISSION INCOME**			
	Branch banking customer fees		**27,518**	130,131
	Consumer finance related fees		**6,660**	25,909
	Card related fees (debit cards)		**78,275**	107,237
	Credit Related Fees		**14,375**	35,655
	Investment banking fees		**11,386**	42,853
	Commission on trade		**409,630**	437,858
	Commission on guarantees		**190,543**	215,671
	Commission on cash management		**5,386**	21,410
	Commission on remittances including home remittances		**83,050**	86,688
	Commission on bancassurance		**5,504**	13,417
	Commission on Benazir Income Support Programme		**80,856**	97,183
	Alternate Delivery Channels		**33,769**	36,706
	Others		**1,908**	5,093
			948,860	1,255,811

		Note	2018	2017
26.	**(LOSS) / GAIN ON SECURITIES**			
	Realised	*26.1*	**(39,370)**	308,079
	Unrealised - held for trading	*8.1*	**-**	(15,885)
			(39,370)	292,194

26.1 Realised (loss) / gain on:	**Note**	**2018**	**2017**
		(Rupees in '000)	
Federal Government Securities		**(15,483)**	111,137
Shares		**(8,717)**	196,942
Non Government Debt Securities		**1,752**	-
Units of Mutual Funds		**(16,922)**	-
		(39,370)	308,079

27. OTHER INCOME

	Note	2018	2017
Rent on property	***27.1***	**32,667**	28,092
(Loss) / gain on sale of fixed assets - net		**(12,651)**	35,127
Gain on sale of non banking assets - net	**27.2**	**271,464**	350
Gain on sale of ijarah assets		**2,783**	914
Account maintenance and other relevant charges		**28,584**	45,023
Recovery of expenses from customers		**31,209**	38,992
Others		**144**	151
		354,200	148,649

27.1 This includes income from Summit Capital Private Limited (related party) amounting to Rs. 2.899 million (2017: Rs.2.833 million).

27.2 The Bank recognised a net gain of Rs. 271.464 million (2017: Rs. 0.350 million) against the sale of following non-banking assets:

	2018	**2017**
	(Rupees in '000)	
Land located in Karachi	**145,189**	-
Land located in Nooriabad	**42,000**	-
Bungalow located in Lahore	**85,381**	-
Club Memberships	**200**	350
Office	**(1,306)**	-
	271,464	350

28. OPERATING EXPENSES

	Note	2018	2017
		(Rupees in '000)	
Total compensation expense	28.1	**1,950,708**	2,211,677
Property expense			
Rent and taxes		**808,261**	857,765
Insurance - Property		**7,730**	5,082
Insurance - Non Banking Assets		**667**	1,422
Utilities cost		**252,948**	235,131
Security (including guards)		**166,311**	184,531
Repair and maintenance (including janitorial charges)		**94,000**	88,804
Depreciation - Property	10.2	**421,255**	422,535
Depreciation - Non Banking Assets		**44,559**	29,210
		1,795,731	1,824,480
Information technology expenses			
Software maintenance		**49,293**	35,618
Hardware maintenance		**50,830**	36,049
Depreciation	10.2	**128,451**	123,694
Amortisation	11.2	**25,815**	26,306
Network charges		**92,381**	92,250
Insurance		**505**	501
		347,275	314,418
Other operating expenses			
Directors' fees and allowances		**2,650**	3,900
Fees and allowances to shariah board		**12,085**	11,177
Legal and professional charges		**128,581**	129,375
Outsourced services costs		**157,977**	140,560
Travelling and conveyance		**158,970**	175,094
NIFT clearing charges		**32,106**	34,227
Depreciation	10.2	**137,491**	156,884
Amortisation of Core deposits and Brand name	11.2	**35,373**	35,372
Training and development		**5,758**	12,974
Postage and courier charges		**46,417**	47,720
Communication		**55,902**	66,676
Stationery and printing		**98,082**	112,057
Marketing, advertisement and publicity		**138,551**	229,014
Brokerage and commission		**14,528**	41,766
Fee and subscription		**87,203**	106,446
Cash transportation and sorting charges		**104,590**	99,707
Entertainment		**33,978**	41,867
Insurance		**211,986**	165,132
Repair and maintenance		**61,069**	69,785
Auditors' remuneration	28.2	**15,638**	11,153
Others		**24,420**	27,550
		1,563,355	1,718,436
		5,657,069	6,069,011

The total cost for the year included in other operating expenses relating to outsourced activities is Rs. 77.957 million (2017: Rs. 72.689 million). This cost pertains to companies incorporated in Pakistan. This includes payments other than outsourced services cost, which are disclosed above.

28.1 Total compensation expense

	Note	2018	2017
		(Rupees in '000)	
Fees and Allowances etc.		**36,215**	37,190
Managerial Remuneration			
i) Fixed		**1,183,782**	1,320,169
ii) Variable			
of which;			
a) Cash Bonus / Awards etc.		**8,378**	44,222
b) Incentives and commission		**7,585**	13,940
Charge for defined benefit plan	*35.8.1*	**62,828**	63,214
Contribution to defined contribution plan	*36*	**67,773**	76,593
Charge for employees compensated absences	*35.8.1*	**16,697**	11,627
Rent and house maintenance		**390,198**	435,077
Utilities		**86,704**	96,675
Medical		**90,548**	98,022
Employee old age benefit institution		**-**	14,948
Total		**1,950,708**	2,211,677

28.2 Auditors' remuneration

	2018	2017
Audit fee	**3,494**	3,080
Fee for other statutory certifications	**3,899**	5,728
Fee for audit of employee funds	**178**	387
Special certifications and sundry advisory services	**6,469**	-
Tax services	**-**	643
Out-of-pocket expenses	**1,598**	1,315
	15,638	11,153

29. OTHER CHARGES

	2018	2017
Penalties imposed by State Bank of Pakistan	**136,671**	42,814
Penalties imposed by SECP	**-**	755
Bank charges	**23,645**	22,759
	160,316	66,328

30. PROVISIONS AND WRITE OFFS - NET

	Note	2018	2017 (Restated)
		(Rupees in '000)	
Provisions for diminution in value of investments	*8.3.1*	**1,093,674**	305,473
Provisions against loans and advances	*9.5*	**6,641,834**	752,229
Provision against other assets	*13.2.1*	**96,499**	60,846
Provision for advances against computer software		**-**	18,061
Provision for advances and other payments against capital work in progress		**1,158,340**	5,670
Fixed assets written off		**3,061**	8,812
Bad debts written off directly	*9.6.1*	**3,688**	16,861
Recovery of written off / charged off bad debts		**(1,061)**	(2,243)
		8,996,035	1,165,709

31. TAXATION

	Note	2018	2017 (Restated)
		(Rupees in '000)	
Current	*31.1 & 31.2*	**128,335**	157,445
Prior years		**-**	-
Deferred		**(2,258,117)**	(200,996)
		(2,129,782)	(43,551)

31.1 This represents the provision for minimum taxation made in accordance with the requirements of section 113 of the Income Tax Ordinance, 2001. Therefore, reconciliation of tax expense and accounting profit / loss has not been disclosed.

31.2 The Income Tax Returns of the Bank have been submitted up to and including the Bank's financial year ended December 31, 2017 i.e. tax year 2018.

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 financial statements.

32. BASIC AND DILUTED LOSS PER SHARE

	2018	2017 (Restated)
	(Rupees in '000)	
Loss for the year	**(8,751,073)**	(1,939,850)
	2018	**2017**
	Number of shares	
Weighted average number of ordinary shares - Basic	**2,638,151,060**	2,256,765,412
	2018	**2017 (Restated)**
	Rupees	
Basic loss per share	**(3.32)**	(0.86)

	Note	2018	2017
		Number of shares	
Weighted average number of ordinary shares - Diluted	*32.1*	**2,638,151,060**	2,638,151,060

	Note	2018	2017 (Restated)
		Rupees	
Diluted loss per share	*32.1*	**(3.32)**	(0.86)

32.1 There are no potential ordinary shares outstanding as of December 31, 2018. Due to the anti dilutive effect of the potential ordinary shares during last year, the diluted loss per share was reported same as basic loss per share.

33. CASH AND CASH EQUIVALENTS

	Note	2018	2017
		(Rupees in '000)	
Cash and balances with treasury banks	*5*	**5,043,089**	13,556,723
Balances with other banks	*6*	**996,982**	2,440,333
Overdrawn nostro accounts	*16*	**(6,350)**	(33,311)
		6,033,721	15,963,745

34. STAFF STRENGTH

	2018	2017
	Number of employees	
Permanent	**1,800**	2,196
On bank contract	**85**	202
Bank's own staff strength at the end of the year	**1,885**	2,398

34.1 In addition to the above, 411 (2017: 449) employees of outsourcing services companies were assigned to the Bank as at the end of the year to perform services other than guarding and janitorial services.

35. DEFINED BENEFIT PLAN

35.1 General description

The Bank maintains two schemes under defined benefit plan:

- A **funded gratuity plan** - under which benefits are payable to eligible employees on retirement or on cessation of services in lump sum. The benefit is equal to one month's last drawn basic salary for each year of confirmed service, subject to a minimum of five years of service.

- An **unfunded employee compensated absences scheme** - under which benefits are payable to permanent and contractual employees on retirement or at the time of their final settlement. The benefit is equal to a maximum of 45 days gross salary subject to availability of privilege leaves balance.

The actuarial valuation of the funded and unfunded scheme is carried out periodically. Latest actuarial valuation was carried out as at December 31, 2018 using 'Projected Unit Credit Method'.

35.2 Number of Employees under the scheme

The number of employees covered under the following defined benefit schemes / funds are:

	2018	2017
	Number	
- Gratuity fund	**1,800**	2,196
- Employees compensated absences	**1,885**	2,398

35.3 Principal actuarial assumptions

Latest actuarial valuation was carried out as at December 31, 2018 using 'Projected Unit Credit Method'.

	2018	2017	2018	2017
	Employees Compensated Absences (Unfunded)		Gratuity fund (Funded)	
	Per annum			
Discount rate	**13.25%**	8.25%	**13.25%**	8.25%
Expected rate of salary increase	**12.25%**	7.25%	**12.25%**	7.25%
Expected rate of return on plan assets	**-**	-	**13.25%**	8.25%
Leave accumulation factor - per annum	**10 days**	10 days	**-**	-
Withdrawal rates	**High**	High	**High**	High
Mortality rates	**SLIC 2001-2005**	SLIC 2001-2005	**SLIC 2001-2005**	SLIC 2001-2005

35.4 Reconciliation of payable to defined benefit plans

	2018	2017	2018	2017
	Employees Compensated Absences (Unfunded)		Gratuity fund (Funded)	
	(Rupees in '000)			
Present value of obligations	**101,082**	104,448	**343,131**	344,077
Fair value of plan assets	**-**	-	**(309,773)**	(293,546)
Payable	**101,082**	104,448	**33,358**	50,531

35.5 Movement in defined benefit obligations

	2018	2017	2018	2017
Obligations at the beginning of the year	**104,448**	98,304	**344,077**	296,204
Current service cost	**40,685**	11,627	**61,317**	61,304
Interest cost	**7,789**	-	**25,223**	22,742
Benefits paid by the Bank	**(20,063)**	(5,483)	**(62,789)**	(22,246)
Re-measurement gain	**(31,777)**	-	**(24,697)**	(13,927)
Obligations at the end of the year	**101,082**	104,448	**343,131**	344,077

	Note	2018	2017	2018	2017
		Employees Compensated Absences (Unfunded)		Gratuity fund (Funded)	
		---------- (Rupees in '000) ----------			
35.6 Movement in fair value of plan assets					
Fair value at the beginning of the year		-	-	**293,546**	246,836
Interest income on plan assets		-	-	**23,712**	20,832
Contribution by the Bank - net		-	-	**(12,258)**	27,122
Re-measurements: Net return on plan assets over interest income gain / (loss)	*35.8.2*	-	-	**4,773**	(1,244)
Fair value at the end of the year		-	-	**309,773**	293,546
35.7 Movement in payable under defined benefit schemes					
Opening balance		**104,448**	98,304	**50,531**	49,368
Charge for the year		**16,697**	11,627	**62,828**	63,214
Contribution by the Bank - net		-	-	**12,258**	(27,122)
Re-measurement gain recognised in OCI during the year	*35.8.2*	-	-	**(29,470)**	(12,683)
Benefits paid by the Bank		**(20,063)**	(5,483)	**(62,789)**	(22,246)
Closing balance		**101,082**	104,448	**33,358**	50,531
35.8 Charge for defined benefit plans					
35.8.1 Cost recognised in profit and loss					
Current service cost		**8,908**	11,627	**61,317**	61,304
Net interest on defined benefit asset / liability		**7,789**	-	**1,511**	1,910
		16,697	11,627	**62,828**	63,214
5.8.2 Re-measurements recognised in OCI during the year					
Loss / (gain) on obligation					
- Financial assumptions		-	-	**(14,028)**	(15,509)
- Experience adjustment		-	-	**(10,669)**	1,582
Return on plan assets over interest income		-	-	**(4,773)**	1,244
Total re-measurements recognised in OCI		-	-	**(29,470)**	(12,683)
35.9 Components of plan assets					
Cash and cash equivalents - net		-	-	**307,023**	36,203
Government Securities		-	-	**-**	254,187
Markup / Profit Receivable		-	-	**2,750**	3,156

35.10 Sensitivity analysis

Sensitivity analysis has been performed by varying one assumption keeping all other assumptions constant and calculating the impact on the present value of the defined benefit obligations under the various employee benefit schemes. The increase / (decrease) in the present value of defined benefit obligations as a result of change in each assumption is summarized below:

	Change in assumption	Employees Compensated Absences (Unfunded)		Gratuity fund (Funded)	
		Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
		(Rupees in '000)			
Discount rate	+- 1%	**(6,305)**	**7,138**	**(27,818)**	**20,483**
Salary increase rate	+- 1%	**7,671**	**(6,878)**	**22,322**	**(29,802)**
Withdrawal rate	+- 10%	**177**	**(207)**	**-**	**-**
Leave accumulation factor	+- 1 day	**186**	**(216)**	**-**	**-**

35.11 Expected contributions to be paid to the funds in the next financial year

The Bank contributes to the employees compensated absences and gratuity funds according to the actuary's advice.

	2018	
	Employees Compensated Absences	Gratuity fund
	(Rupees in '000)	
Expected charge for the next financial year	**13,998**	**56,306**

35.12 Maturity profile

The weighted average duration of the obligation (in years)	**6.84**	**7.15**

35.13 Funding Policy

The Bank endeavours to ensure that liabilities under the various employee benefit schemes are covered by the Fund on any valuation date having regards to the various actuarial assumptions such as projected future salary increase, expected future contributions to the fund, projected increase in liability associated with future service and the projected investment income of the Fund.

35.14 The significant risks associated with Defined Benefits Plans are as under:

Investment Risks:

The risk arises when the actual performance of the investment is lower than expectation and thus creating a shortfall in the funding objectives.

Longevity Risks:

The risk arises when the actual lifetime of retirees is longer than expectation. Thus risk is measured at plan level over the entire retiree population.

Salary Increase Risk:

The most common type of retirement benefit is one where the benefit is linked with final salary. The risk arises when the actual increases are higher than expectation and impact the liability accordingly.

Withdrawal Risk:

The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the benefit obligation. The movement of liability can go either way.

Asset Volatility:

The risk arises due to inclusion of the risky assets in the fund portfolio, inflation and relevant rate volatility.

Changes in bond yields:

The risk arises when bond yield is lower than the expected return on the plan assets (duration based PIB discount rate).

Inflation risk:

The risk arises if fund benefits are linked to inflation and inflation rate is higher or higher than expected, which results in higher liabilities.

36. DEFINED CONTRIBUTION PLAN

An amount of Rs. 67.773 million (2017: Rs. 76.593 million) has been charged during the year in respect of contributory provident fund maintained by the Bank.

37. COMPENSATION OF DIRECTORS AND EXECUTIVES

	President / Chief Executive		Directors		Executives	
	2018	**2017**	**2018**	**2017**	**2018**	**2017 (Restated)**
	(Rupees in '000)					
Fees	**-**	-	**2,650**	3,900	**-**	-
Managerial remuneration	**14,241**	15,192	**5,111**	2,982	**151,037**	192,267
Charge for defined contribution plan	**538**	-	**511**	298	**14,025**	18,095
Rent and house maintenance	**6,408**	6,837	**2,300**	1,342	**67,966**	86,520
Utilities	**1,424**	1,519	**564**	298	**15,103**	19,226
Dearness allowance	**2,374**	2,533	**852**	497	**25,177**	32,050
Medical	**1,424**	1,519	**548**	298	**15,103**	19,226
Conveyance allowance	**140**	-	**544**	256	**24,070**	24,435
Car allowance	**405**	-	**1,620**	945	**51,828**	64,003
General / special allowance	**30**	2,422	**352**	205	**16,445**	34,768
	26,984	30,022	**15,052**	11,021	**380,754**	490,590
Number of person(s)	**2***	1	**5**	4	**79**	99

37.1 Executive means an employee, other than the chief executive and directors, whose basic salary exceeds twelve hundred thousand rupees in a financial year. The Chief Executive and certain executives are provided with free use of Bank maintained cars in accordance with their entitlements.

37.2 *Number of persons include outgoing executive.

38. 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 cost. The fair value of unquoted equity securities, other than investments in subsidiary, 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 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.

38.1 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).

38.2 The table below analysis 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 categorized:

On balance sheet financial instruments	2018			
	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
Financial assets - measured at fair value				
Investments				
- Federal Government Securities	**-**	**16,323,086**	**-**	**16,323,086**
- Shares - Listed	**1,797,857**	**-**	**-**	**1,797,857**
- Non-Government Debt Securities	**-**	**12,489**	**-**	**12,489**
Financial assets - disclosed but not measured at fair value				
Investments				
- Shares - Unlisted	**-**	**-**	**1,857**	**1,857**
Non-Financial assets - measured at fair value				
Operating fixed assets	**-**	**-**	**7,591,618**	**7,591,618**
Non banking assets acquired in satisfaction of claims	**-**	**-**	**3,343,789**	**3,343,789**
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	**-**	**3,416,803**	**-**	**3,416,803**
Forward sale of foreign exchange	**-**	**930,961**	**-**	**930,961**

On balance sheet financial instruments	2017 (Restated)			
	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
Financial assets - measured at fair value				
Investments				
- Federal Government Securities	-	89,869,422	-	89,869,422
- Shares - Listed	2,171,092	-	-	2,171,092
- Units of mutual funds	68,807	-	-	68,807
- Non-Government Debt Securities	-	1,470,595	-	1,470,595
Financial assets - disclosed but not measured at fair value				
Investments				
- Shares - Unlisted	-	-	1,834	1,834
Non-Financial assets - measured at fair value				
Operating fixed assets	-	-	6,744,652	6,744,652
Non banking assets acquired in satisfaction of claims	-	-	5,570,934	5,570,934
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.

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.

39. SEGMENT INFORMATION

39.1 Segment Details with respect to Business Activities

	2018					
	Corporate finance	Trading and sales	Branch Banking	Islamic	Other	Total
	(Rupees in '000)					
Profit and Loss						
Net mark-up / return / profit	(69)	510,637	785,413	513,442	-	1,809,423
Inter segment revenue - net	-	(355,152)	-	355,152	-	-
Non mark-up / return / interest income	4,103	781,330	1,052,872	13,371	271,466	2,123,142
Total Income	4,034	936,815	1,838,285	881,965	271,466	3,932,565
Segment direct expenses	359	364,871	5,096,667	310,260	45,228	5,817,385
Inter segment expense allocation	-	-	(399,369)	399,369	-	-
Total expenses	359	364,871	4,697,298	709,629	45,228	5,817,385
Provisions / (reversals)	1	1,121,853	7,812,260	88,913	(26,992)	8,996,035
Loss before tax	3,674	(549,909)	(10,671,273)	83,423	253,230	(10,880,855)
Balance Sheet						
Cash and Bank balances	-	2,090,681	3,601,854	347,536	-	6,040,071
Investments	-	16,774,074	2,200,302	-	281,999	19,256,375
Net inter segment lending	-	700,000	-	10,722,364	-	11,422,364
Lendings to financial institutions	-	-	-	-	-	-
Advances - performing	-	-	40,814,032	5,862,800	-	46,676,832
- non-performing	-	-	13,768,955	800,090	-	14,569,045
Others	4,010	4,059,629	11,199,049	592,337	12,230,644	28,085,669
Total Assets	4,010	23,624,384	71,584,192	18,325,127	12,512,643	126,050,356
Borrowings	3	11,076,822	8,165,029	250,000	-	19,491,854
Subordinated debt	678	579,924	914,913	-	-	1,495,515
Deposits and other accounts	-	-	69,463,371	15,212,719	-	84,676,090
Net inter segment borrowing	-	10,722,364	-	700,000	-	11,422,364
Others	497	514,859	4,743,509	537,213	415,852	6,211,930
Total liabilities	1,178	22,893,969	83,286,822	16,699,932	415,852	123,297,753
Equity	2,832	730,415	(11,702,630)	1,625,195	12,096,791	2,752,603
Total Equity and liabilities	4,010	23,624,384	71,584,192	18,325,127	12,512,643	126,050,356
Contingencies and Commitments	-	13,475,014	31,689,074	6,125,410	11,941,246	63,230,744

	2017 (Restated)					
	Corporate finance	Trading and sales	Branch Banking	Islamic	Other	Total
	(Rupees in '000)					
Profit and Loss						
Net mark-up/return/profit	(64)	1,409,229	876,266	614,462	-	2,899,893
Inter segment revenue - net	-	31,641	-	(31,641)	-	-
Non mark-up / return / interest income	41,406	929,614	1,366,983	79,401	350	2,417,754
Total Income	41,342	2,370,484	2,243,249	662,222	350	5,317,647
Segment direct expenses	603	596,287	5,228,381	279,437	30,631	6,135,339
Inter segment expense allocation	-	-	(170,262)	170,262	-	-
Total expenses	603	596,287	5,058,119	449,699	30,631	6,135,339
Provisions / (reversals)	4	324,505	850,273	6,547	(15,620)	1,165,709
Loss before tax	40,735	1,449,692	(3,665,143)	205,976	(14,661)	(1,983,401)
Balance Sheet						
Cash and Bank balances	-	8,611,091	5,657,282	1,728,683	-	15,997,056
Investments	-	86,300,903	2,523,646	5,860,690	255,006	94,940,245
Net inter segment lending	-	-	-	-	-	-
Lendings to financial institutions	-	4,734,980	-	5,936,023	-	10,671,003
Advances - performing	-	-	71,655,935	10,779,551	-	82,435,486
- non-performing	-	-	2,156,570	-	-	2,156,570
Others	5,902	6,049,615	12,654,735	671,715	7,951,119	27,333,086
Total Assets	5,902	105,696,589	94,648,168	24,976,662	8,206,125	233,533,446
Borrowings	15	59,580,759	7,476,992	250,000	-	67,307,766
Subordinated debt	678	580,057	915,125	-	-	1,495,860
Deposits and other accounts	-	-	123,180,462	22,549,245	-	145,729,707
Net inter segment borrowing	-	-	-	-	-	-
Others	677	945,949	7,012,075	612,875	187,423	8,758,999
Total liabilities	1,370	61,106,765	138,584,654	23,412,120	187,423	223,292,332
Equity	4,532	44,589,824	(43,936,486)	1,564,542	8,018,702	10,241,114
Total Equity and liabilities	5,902	105,696,589	94,648,168	24,976,662	8,206,125	233,533,446
Contingencies and Commitments	-	53,720,945	56,681,802	5,823,851	7,914,087	124,140,685

39.1.1 The Bank does not have any operations outside Pakistan.

40. TRUST ACTIVITIES

The Bank is not engaged in any significant trust activities. However, the Bank commonly act as trustees and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions. Provided the trustees or similar relationship is legally supported, these assets are not assets of the bank and, therefore, are not included in its balance sheet.

41. RELATED PARTY TRANSACTIONS

The Bank has related party transactions with its parent, subsidiary, employee benefit plans and its directors and Key Management Personnel.

The Banks enters into transacitons 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.

Details of transacitons with related parties during the year, other than those which have been disclosed elsewhere in these financial statements are as follows:

	2018					2017				
	Parent company	Directors	Key management personnel	Subsidiary	Other related parties	Parent company	Directors	Key management personnel	Subsidiary	Other related parties
	(Rupees in '000)									
Balances with other banks										
In current accounts	-	-	-	-	**26,457**	-	-	-	-	45,125
Investments										
Opening balance	-	-	-	**396,942**	**1,803,185**	-	-	-	396,942	1,785,476
Investment made during the year	-	-	-	-	**54,983**	-	-	-	-	42,383
Investment redeemed / disposed off during the year	-	-	-	-	**(133,317)**	-	-	-	-	(124,522)
Transfer in / (out) - net	-	-	-	-	**(10,861)**	-	-	-	-	99,848
Closing balance	-	-	-	**396,942**	**1,713,990**	-	-	-	396,942	1,803,185
Provision for diminution in value of investments	-	-	-	**114,943**	**1,539,327**	-	-	-	141,935	1,525,404
Advances										
Opening balance	-	-	**409,534**	-	**1,213,053**	-	-	324,233	-	1,078,078
Addition during the year	-	-	**32,134**	**52,168**	**3,635,109**	-	-	293,128	3,352,408	3,889,335
Repaid during the year	-	-	**(180,248)**	**(52,168)**	**(3,915,860)**	-	-	(178,426)	(3,352,408)	(3,754,360)
Transfer in / (out) - net	-	-	**(2,117)**	-	-	-	-	(29,401)	-	-
Closing balance	-	-	**259,303**	-	**932,302**	-	-	409,534	-	1,213,053
Provision held against advances	-	-	-	-	-	-	-	-	-	-
Other Assets										
Interest / mark-up accrued	-	-	**758**	-	**22,292**	-	-	825	2,939	19,981
Brokerage Receivable	-	-	-	-	-	-	-	-	6,271	-
Other receivable	**578**	-	**2,002**	-	**758**	488	-	4,821	-	757
Deposits and other accounts										
Opening balance	-	**32,259**	**67,291**	**128,456**	**860,510**	-	45,147	20,770	144,472	501,960
Received during the year	-	**23,465**	**566,173**	**7,046,626**	**16,458,586**	-	82,026	518,718	9,367,739	7,583,680
Withdrawn during the year	-	**(37,261)**	**(606,161)**	**(7,072,624)**	**(15,549,380)**	-	(94,914)	(548,551)	(9,383,755)	(7,225,130)
Transfer in / (out) - net	-	-	**(13,882)**	-	-	-	-	76,354	-	-
Closing balance	-	**18,463**	**13,421**	**102,458**	**1,769,716**	-	32,259	67,291	128,456	860,510

	2018					2017				
	Parent company	Directors	Key management personnel	Subsidiary	Other related parties	Parent company	Directors	Key management personnel	Subsidiary	Other related parties
	(Rupees in '000)									
Other Liabilities										
Interest / mark-up payable	-	**119**	**325**	**207**	**11,855**	-	85	168	876	1,175
Payable to staff retirement fund	-	-	-	-	**33,358**	-	-	-	-	50,531
Brokerage payable to Summit Capital Private Limited	-	-	-	**184**	-	-	-	-	7,956	-
Payable to Rupali Bank Limited	-	-	-	-	**16,293**	-	-	-	-	16,293
Other liabilities	-	-	-	-	-	-	-	-	-	1,369
Share capital - net										
Shares issued during the year - face value	-	-	-	-	-	5,060,450	137,541	-	-	-
Contingencies and Commitments										
Guarantees, letters of credit and acceptances	-	-	-	-	**918,975**	-	-	-	-	869,683
Commitments to extend credit	-	-	-	**400,000**	**230,337**	-	-	548	400,000	547,957
Income										
Mark-up / return / interest earned	-	-	**19,286**	**50**	**99,684**	-	-	28,293	16,096	61,015
Fee and commission income	-	-	-	**31**	-	-	-	-	13,323	-
Dividend income	-	-	-	-	**612**	-	-	-	-	1,350
Loss on securities	-	-	-	-	**(15,505)**	-	-	-	-	(9,244)
Other Income	-	-	**8**	**2,899**	-	-	-	(7)	2,833	-
Expense										
Mark-up / return / interest paid	-	**1,005**	**1,029**	**2,118**	**64,071**	-	952	764	1,038	26,968
Operating expenses:										
- Rent and taxes	-	-	-	-	**35,878**	-	-	-	-	29,790
- Directors' fees and allowances	-	**2,650**	-	-	-	-	3,900	-	-	-
- Legal and professional charges	-	-	-	-	**265**	-	-	-	-	-
- Training and development	-	-	-	-	**2,550**	-	-	-	-	5,119
- Marketing, advertisement and publicity	-	-	-	-	**205**	-	-	-	-	95
- Brokerage and commission	-	-	-	**2,529**	-	-	-	-	10,147	-
- Fee and subscription	-	-	**2,125**	-	**750**	-	-	3,095	-	21,471
- Managerial Remuneration	-	-	**186,957**	-	-	-	-	211,001	-	-
- Charge for defined benefit plan	-	-	**6,310**	-	-	-	-	6,373	-	-
(Reversal) / provision for diminution in value of Investments	-	-	-	**(26,992)**	**13,923**	-	-	-	(15,620)	267,933
Contribution to defined contribution plan	-	-	-	-	**67,773**	-	-	-	-	76,593
Charge for defined benefit plan	-	-	-	-	**62,828**	-	-	-	-	63,214

42. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	2018	2017 (Restated)
	(Rupees in '000)	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	**21,617**	8,592,010
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier I (CET I) Capital	**(7,962,104)**	3,954,874
Eligible Additional Tier I (ADT I) Capital	**-**	-
Total Eligible Tier I Capital	**(7,962,104)**	3,954,874
Eligible Tier 2 Capital	**-**	1,084,060
Total Eligible Capital (Tier I + Tier 2)	**(7,962,104)**	5,038,934
Risk Weighted Assets (RWAs):		
Credit Risk	**82,548,281**	101,889,864
Market Risk	**8,129,085**	10,695,571
Operational Risk	**8,564,851**	8,941,421
Total	**99,242,217**	121,526,856
Common Equity Tier I Capital Adequacy ratio	**-8.02%**	3.25%
Tier I Capital Adequacy Ratio	**-8.02%**	3.25%
Total Capital Adequacy Ratio	**-8.02%**	4.15%

Under the applicable Laws and Regulations, the Bank is required to maintain a minimum paid-up capital (free of losses) of Rs. 10 billion. Moreover, the Bank is subject to the Basel II capital adequacy guideline stipulated by the State Bank of Pakistan under BSD Circular No. 8 of 2006 and Basel III guideline vide its BPRD Circular No. 6 of 2013. These guidelines provide a transition schedule for Basel III implementation till December 31, 2019. Upon full implementation, Basel III guidelines target minimum capital to risk weighted assets ratio would be 12.50%, minimum equity Tier I (CET I) ratio would be 6% and minimum Tier I capital ratio would be 7.5%. As per the transition table, at December 31, 2018, the Bank is required to maintain minimum CET I ratio of 6%, minimum Tier I capital ratio of 7.5% and minimum total capital adequacy ratio of 11.90% (inclusive of Capital Conservation Buffer of 1.90%).

Under Basel III framework, Bank's regulatory capital has been analyzed into two tiers as follows:

a) Tier I capital (going concern capital), which comprises Common Equity Tier I (CET I) and Additional Tier I (AT I capital), which includes fully paid up capital, balance in share premium account net of discount on issue of shares, reserves arising on amalgamation and un-appropriated/accumulated losses. Moreover, regulatory deductions pertaining to book value of intangibles, deferred tax assets, reciprocal crossholdings and investment in subsidiary are made from Tier I capital as per the applicable Basel III guidelines.

b) Tier 2 Capital (gone concern capital), which includes general provisions for loan losses (upto a maximum of 1.25% of credit risk weighted assets), reserves on revaluation of fixed assets and available for sale investments after deduction of deficit on available for sale investments (as per Basel III requirement). The outstanding sub-ordinated debt / TFC of the Bank has not been included in Tier 2 capital as of December 31, 2018 because the said TFC has less than one year remaining maturity (revised maturity date is October 26, 2019) and therefore not eligible as Tier 2 capital as per the applicable Basel III guidelines.

Due to capping on Tier 2 capital as a percentage of Tier I capital (which is negative), the Bank could not take benefit of Tier 2 capital which includes surplus / (deficit) on revaluation of assets and general provision / reserve for loan losses. Had the Bank taken this benefit total eligible capital would have been increased by Rs. 2,361.300 million.

As on December 31, 2018, the Bank's MCR and CAR is lower than the minimum ratios required by the SBP as explained above. In this regard management of the Bank is taking various steps to comply with applicable minimum capital requirements. In this respect a business plan has been put in place which has been approved by the Board of Directors and aims to improve the Bank's Capital base and risk absorption capacity and to provide impetus to its future growth initiatives. This plan indicates future profitable operations based on various assumptions including capital injection as explained in note 1.3 to these unconsolidated financial statements. Moreover, the management is committed to taking all the necessary steps for successful execution of the business plan to comply with the capital requirements as explained above.

Capital Management

The Bank manages its capital to meet the regulatory requirements and current and future business needs considering the risks associated with its businesses, expectation of shareholders and investors, and the available options for raising capital. The Bank is committed to comply with the capital requirements as per the SBP's BASEL III guidelines.

The capital management framework of the Bank is administered by the Finance Division and Risk Management Group under the supervision of the Board of Directors and Board Risk Management Committee.

As per the guidelines issued by the SBP, the Bank is applying standardised approach for the measurement of credit risk, standardised approach for market risk and Basic Indicator Approach for the Operational Risk.

	2018	2017 (Restated)
	........(Rupees in '000)........	
Leverage Ratio (LR):		
Eligible Tier-1 Capital	**(7,962,104)**	3,954,874
Total exposures	**183,954,593**	296,365,793
Leverage Ratio	**-4.33%**	1.33%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	**27,495,433**	45,312,100
Total Net Cash Outflow	**31,044,717**	40,041,207
Liquidity Coverage Ratio	**88.57%**	113.16%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	**72,435,261**	108,281,876
Total Required Stable Funding	**82,307,865**	87,257,481
Net Stable Funding Ratio	**88.01%**	124.09%

Under the applicable Laws and Regulations, the Bank is required to maintain the Leverage Ratio (LR) at 3%, Liquidity Coverage Ratio (LCR) at 100% and Net Stable Funding Ratio (NSFR) at 100% as at December 31, 2018. The Bank's LR, LCR and NSFR are below the applicable regulatory requirement as of December 31, 2018. Subsequently, on December 31, 2019 and June 30, 2020, the Bank achieved compliance with the applicable NSFR and LCR requirements, while efforts are under way to comply with LR requirement at the earliest timeline. As more fully explained in note 1.3 of these unconsolidated financial statements, the Bank has made a business plan which envisages the compliance with capital and liquidity requirements.

42.1 The full disclosure on the Capital Adequacy , Leverage Ratio and Liquidity requirements as per SBP instructions has been placed on the website. The link to the full disclosure is http://summitbank.com.pk /index.php/ investor-relations/financial-statements.

43. RISK MANAGEMENT

The acceptance and management of financial risk is inherent to banking business activities. The Bank is exposed to numerous risks in pursuit of its business objectives. The core risks are Credit, Market and Liquidity risks. These risks arise directly through the Bank's commercial activities whilst Operational and Compliance / Legal / Regulatory risks are normal consequences of any business undertaking. A sound Risk Management Framework provides principles for identifying, assessing and monitoring risk. The Framework specifies the key elements of the risk management process in order to maximise opportunities, to minimise adversity and to achieve improved outcomes and outputs based on informed decision making.

Clearly defined risk management policies and procedures covering all activities of the Bank including general banking, trade finance, credit evaluation, credit management, treasury operations, administration and human resources management, compliance functions, risk management, central finance, audit and control are in place. The basic principles employed in formulation of the above policies and procedures involves identification, measurement, monitoring and controlling risks to ensure that:

- The Bank's risk exposure is within the limits established by Board of Directors.
- Risk taking decisions are in line with the business strategy and objectives of the Bank.
- The expected payoffs compensate the risks taken by the Bank.
- The decisions are explicit and clear.
- Sufficient capital as buffer is available to mitigate risk.

Risk responsibilities

The Board of Directors is responsible for overall supervision of the risk management process. This is discharged by distributing responsibilities at the senior management level and determining the manner in which risk authorities are set. The Board is also responsible for approval of all risk policies and ensuring that these are properly implemented. Further, the Board appoints senior management personnel capable of managing the risk activities conducted by the Bank.

The Board of Directors approves the policies proposed by the risk management committee of the Bank which discharge various responsibilities assigned to it by the Board. The Risk Management is headed by a Group Head - Enterprise Risk Management and strategic planning with responsibility to lookafter this function as per the approved policies and procedures of the Bank.

Risk management group organisation

A clear management structure has been put in place by the Bank, which clusters around three distinct groups namely, the Business Group, the Support Group and the Risk Management Group. The Business Group is responsible for generation and management of the business and acts as the front office of the Bank. The Support Group provides various services necessary for maintaining operations of the Bank on a sustainable basis. The Risk Management Group is responsible for management of the risk inherent in the Bank's operations. The Risk Management Group comprises of Credit Division and Risk Management Division. Whilst the activities of the Credit Division are focused on independent risk management of the Bank's credit activities and the Risk Management Division is responsible for managing all other risks emanating from various activities of the Bank. In addition to above, Compliance Division ensures compliance of all internal and external policies, laws and regulations. The management has established various committees for periodic risk review.

The Bank has hPLUS™ a core banking software. hPLUS™ is a fully functional, well proven, single integrated banking application and is also capable of generating numerous standard and customised MIS reports. In line with the Bank's strategic direction, a work is under way for implementation of a new core banking system which will support the Bank in execution of its plan to convert to a full fledge islamic bank. The new core banking system is expected to improve the risk assessment of the bank by facilitating the management with detailed analytical review reports.

43.1 Credit risk

Credit risk is the risk that one party to financial instrument fails to discharge an obligation and cause other party to incur a financial loss. The Bank is exposed to credit risk through its lending and investment activities as well as in cases where it acts as an intermediary on behalf of customers or other third parties or issues guarantees. The following objectives govern the credit policy of the Bank:

- The Bank complies with the requirements of Prudential Regulations prescribed by SBP.

- Facilities provided by the Bank are well diversified into different sectors as well as financing in different consumer products to achieve a strong market position and adequate return on capital.

- Return commensurate with the risk.

- Lending decision is based on a full appreciation for the risks inherent in the transaction and within the approved limits by the Board of Directors.

- Risk changes are identified promptly and remedial actions are taken.

The Bank creates loan loss provisions against non-performing advances in accordance with the Prudential Regulations issued by SBP. Please refer to note 9.5 for reconciliation in loan loss provision.

Concentrations of credit risk (including funded and non-funded portfolio) arises when the counterparties have similar economic characteristics that would cause their ability to meet contractual obligations to be affected in a similar way by changes in economic or other conditions. As part of managing concentration risk, sector risk is managed on a portfolio basis. Please refer to note 43.1.2, 43.1.3, 43.1.4 & 43.1.5.

Credit approval authorities are based on the nature and size of exposure. Disbursement authorisation, collateral and security management, documentation and monitoring are managed by the Credit Administration Department. Proactive monitoring is ensured for assets under stress. This enable the Bank to put in place viable solutions to prevent further deterioration in credit quality. SAM function is in place to handle stressed assets and to ensure a focused remedial strategy.

As a matter of paramount importance the affairs of the customers enjoying credit facilities are carefully reviewed and reconsidered periodically. The facility review provides a timely signal of unfavourable developments in clients' affairs and identifies the risk before the Bank is faced with undesirable positions. For this reason, all facilities of a continuing character are periodically reviewed and approved unless otherwise agreed.

Credit administration tasks include the following:

- Maintain credit, custody and security documentation files;
- Register security and collateral documents;
- Tracking of covenants;
- Administer facility fees / receipts / payments;
- Load limits into credit system; and
- Satisfy internal and external risk reporting requirements.

It is the Bank's policy to reduce or mitigate credit risk on credit facilities or exposure, as much as possible, in a given commercial environment by securing credit facilities or exposure with collateral. To correctly assess the extent to which the collateral mitigates the credit risk, the collateral must be valued according to a specified valuation method and documented and monitored. The legal mechanism by which collateral is pledged and the Bank's procedures ensure that the Bank has clear rights over the collateral and may liquidate, retain or take legal possession of it in a timely manner in the event of the default, insolvency or bankruptcy or otherwise defined credit event set out in the transaction documentation, of the counterparty and, where applicable, of the custodian holding the collateral.

Credit risk: Standardised Approach

The Bank has adopted the standardised approach of Basel II for risk weighing its credit risk exposures.

Under standardised approach, the capital requirement is based on the credit rating assigned to the counterparties by the External Credit Assessment Institutions (ECAIs) duly recognised by SBP for capital adequacy purposes. In this connection, the Bank utilises the credit ratings assigned by ECAIs and has recognised agencies such as Pakistan Credit Rating Agency (PACRA), Japan Credit Rating Company – Vital Information Systems (JCR-VIS), Fitch, Moody's and Standard and Poors (S&P) which are also recognised by the SBP. The Bank also utilises rating scores of Export Credit Agencies (ECA) participating in the 'Arrangement on Officially Supported Export Credits'.

The Standardised Approach to credit risk sets out fixed risk weights corresponding, where appropriate, to external credit assessment levels or for unrated claims.

Selection of ECAIs

The Bank selects particular ECAI(s) for each type of claim. Amongst the ECAIs that have been recognised as eligible by SBP, the following are being used against each respective claim type.

Sovereign Exposures: For foreign currency claims on sovereigns, the Bank uses country risk scores of Export Credit Agencies (ECA) participating in the 'Arrangement on Officially Supported Export Credits' available on Organisation for Economic Co-operation and Development (OECD) website.

Exposures to Multilateral Development Banks (MDBs): For exposures on MDBs not eligible for a 0% risk weight, ratings of Moody's, S&P and Fitch are being used to calculate risk-weighted assets.

Exposures to Public Sector Entities (PSEs): For PSE exposures, ratings of PACRA and JCR-VIS are used to arrive at risk weights.

Bank Exposures: For foreign banks (i.e., incorporated outside Pakistan), ratings of Moody's, S&P and Fitch are being used to arrive at risk weights. However, for local banks (i.e. incorporated in Pakistan) ratings of PACRA and JCR-VIS are used.

Corporate Exposures: Ratings assigned by PACRA and JCR-VIS are used for claims on Corporate (excluding equity exposures).

Use of ECAI ratings

The Bank prefers solicited ratings over unsolicited ratings at all times, owing to the greater degree of accuracy (in general) associated with solicited ratings as compared to unsolicited ratings. Unsolicited ratings may only be used in cases where a solicited rating is not available.

Mapping to SBP rating grades

The selected final ratings (after application of the principles stated above) for all exposures need to be translated to the standard rating grades given by the SBP. In this regard, the mapping tables to be used for converting ECAI ratings to SBP rating grades are given below:

Long-Term Rating Grades Mapping

SBP rating grade	Fitch	Moody's	S&P	PACRA	JCR-VIS	ECA scores
1	AAA	Aaa	AAA	AAA	AAA	0
	AA+	Aa1	AA+	AA+	AA+	1
	AA	Aa2	AA	AA	AA	
	AA-	Aa3	AA-	AA-	AA-	
2	A+	A1	A+	A+	A+	2
	A	A2	A	A	A	
	A-	A3	A-	A-	A-	
3	BBB+	Baa1	BBB+	BBB+	BBB+	3
	BBB	Baa2	BBB	BBB	BBB	
	BBB-	Baa3	BBB-	BBB-	BBB-	
4	BB+	Ba1	BB+	BB+	BB+	4
	BB	Ba2	BB	BB	BB	
	BB-	Ba3	BB-	BB-	BB-	
5	B+	B1	B+	B+	B+	5
	B	B2	B	B	B	6
	B-	B3	B-	B-	B-	
6	CCC+ and below	Caa1 and below	CCC+ and below	CCC	CCC	7
		CC		CC	CC	
				C	C	
				D	D	

Short-Term Rating Grades Mapping

SBP Rating grade	Fitch	Moody's	S&P	PACRA	JCR-VIS
S1	F1	P-1	A-1+	A-1+	A-1+
			A-1	A-1	A-1
S2	F2	P-2	A-2	A-2	A-2
S3	F3	P-3	A-3	A-3	A-3
S4	Others	Others	Others	Others	Others

The bank has issued specific rating / risk weighing exposures and entity rating for rating / risk weighing claims against specific counter parties. Both short and long term ratings have been used for corresponding short and long term exposures.

Types of exposures and ECAI's used

The following table illustrates the approved External Credit Assessment Institution (ECAI) whose rating are being utilised by the bank with respect to material categories of exposure :

	2018				
Exposures	Fitch	Moody's	S&P	PACRA	JCR-VIS
Corporate	-	-	-	Yes	Yes
Banks	Yes	Yes	Yes	Yes	Yes
Sovereigns	-	-	-	-	-
SME's	-	-	-	-	-
Securitisations	-	-	-	-	-
Others	-	-	-	Yes	Yes

Exposure	Rating	2018 Amount	2018 Deduction CRM	2018 Net Amount	2017 (Restated) Amount	2017 (Restated) Deduction CRM	2017 (Restated) Net Amount
		(Rupees in '000)					
Corporate	20%	**1,102,812**	**147,919**	**954,893**	4,029,476	7,675	4,021,801
	50%	**2,952,404**	**-**	**2,952,404**	4,542,608	867,434	3,675,174
	100%	**770,919**	**172,300**	**598,619**	775,872	581,249	194,623
	unrated	**22,457,869**	**3,970,919**	**18,486,950**	36,441,726	7,801,149	28,640,577
	125%	**9,387,662**	**672,840**	**8,714,822**	20,213,597	1,621,114	18,592,483
Retail	75%	**6,757,012**	**676,683**	**6,080,329**	12,717,681	1,153,522	11,564,159
Past due loan	150%	**9,161,526**	**561,590**	**8,599,936**	857,052	-	857,052
	100%	**2,754,417**	**208,867**	**2,545,550**	671,903	-	671,903
	50%	**2,653,102**	**215,559**	**2,437,543**	627,614	-	627,614
Bank	20%	**1,829,760**	**-**	**1,829,760**	15,535,393	3,734,981	11,800,412
	50%	**531,093**	**-**	**531,093**	483,748	-	483,748
	100%	**-**	**-**	**-**	243,392	-	243,392
	150%	**46,314**	**-**	**46,314**	553,201	-	553,201
	unrated	**1,209,724**	**-**	**1,209,724**	1,002,410	-	1,002,410
Sovereign etc.	0%	**5,530,669**	**-**	**5,530,669**	13,643,084	-	13,643,084
Others	0%	**-**	**-**	**-**	-	-	-
	35%	**3,264,727**	**-**	**3,264,727**	2,903,572	9,900	2,893,672
	50%	**-**	**-**	**-**	-	-	-
	100%	**16,716,181**	**-**	**16,716,181**	17,803,400	-	17,803,400
	150%	**-**	**-**	**-**	1,830	-	1,830
	250%	**-**	**-**	**-**	522,145	-	522,145
		87,126,191	**6,626,677**	**80,499,514**	133,569,704	15,777,024	117,792,680

43.1.1 Credit Risk: Disclosures with respect to Credit Risk Mitigation for standardised approach

The Bank has adopted the comprehensive approach of Credit Risk Mitigation for the Banking Book. Since the trading book of the Bank only comprises equity investments; therefore no Credit Risk Mitigation benefit is taken in the trading book. In instances where the Bank's exposure on an obligor is secured by collateral that conforms with the eligibility criteria under the comprehensive Approach of CRM, then the Bank reduces its exposure under that particular transaction by taking into account the risk mitigating effect of the collateral for the calculation of capital requirement.

The Bank accepts cash, lien on deposits, government securities and eligible financial instruments etc. under the comprehensive approach of Credit Risk Mitigation. The Bank has in place detailed guidelines with respect to valuation and management of various collateral types. In order to obtain the credit risk mitigation benefit, the Bank uses realizable value of eligible collaterals to the extent of outstanding exposure.

43.1.2 Lendings to financial institutions

	Gross lendings 2018	Gross lendings 2017	Non-performing lendings 2018	Non-performing lendings 2017	Provision held 2018	Provision held 2017
	(Rupees in '000)					
Credit risk by public / private sector						
Public / Government	-	4,727,965	-	-	-	-
Private	-	5,943,038	-	-	-	-
	-	10,671,003	-	-	-	-

43.1.3 Investment in debt securities

	Gross Investments		Non-performing Investments		Provision held	
	2018	2017	2018	2017 (Restated)	2018	2017 (Restated)
	(Rupees in '000)					
Credit risk by industry sector						
Textile	**200,000**	200,000	**200,000**	200,000	**200,000**	200,000
Chemical and pharmaceuticals	**499,586**	815,936	**499,586**	499,586	**499,586**	499,586
Sugar	**289,965**	289,965	**-**	-	**-**	-
Electronics and electrical appliances	**12,500**	62,500	**-**	-	**-**	-
Power (electricity), gas, water, sanitary	**189,569**	876,777	**-**	-	**-**	-
Financial	**18,807**	18,807	**18,807**	18,807	**18,807**	18,807
Services	**803,641**	803,641	**803,641**	803,641	**490,107**	290,819
Others	**-**	450,315	**-**	-	**-**	-
	2,014,068	3,517,941	**1,522,034**	1,522,034	**1,208,500**	1,009,212
Credit risk by public / private sector						
Public/ Government	**-**	-	**-**	-	**-**	-
Private	**2,014,068**	3,517,941	**1,522,034**	1,522,034	**1,208,500**	1,009,212
	2,014,068	3,517,941	**1,522,034**	1,522,034	**1,208,500**	1,009,212

43.1.4 Advances

	Gross advances		Non-performing advances		Provision held	
	2018	2017	2018	2017	2018	2017 (Restated)
	(Rupees in '000)					
Credit risk by industry sector						
Agriculture, forestry, hunting and fishing	**609,228**	900,256	**488,298**	2,581	**351**	2,581
Automobile and transportation equipment	**1,259,964**	1,853,738	**912,656**	923,268	**728,609**	715,987
Banaspati and allied industries	**345,107**	609,446	**141,431**	159,944	**126,023**	138,288
Carpet	**42,648**	47,595	**38,458**	39,645	**38,458**	38,458
Cement	**756,709**	841,114	**329,169**	329,169	**329,169**	329,169
Chemical and pharmaceuticals	**2,085,661**	1,916,049	**336,897**	162,322	**106,774**	106,099
Construction	**3,173,425**	3,852,515	**1,246,241**	717,065	**531,309**	575,625
Dairy and poultry	**119,114**	103,419	**999**	1,418	**999**	1,418
Education	**298,439**	579,620	**34,394**	37,726	**29,793**	32,726
Electronics and electrical appliances	**2,468,288**	2,503,232	**352,550**	86,964	**97,092**	86,964
Exports/Imports	**6,461,972**	7,645,122	**1,736,111**	483,347	**1,120,067**	480,175
Financial	**3,885,688**	4,632,717	**2,793,412**	658,323	**1,232,275**	658,323
Food, tobacco and beverages	**3,207,167**	5,229,510	**740,435**	601,396	**578,069**	570,349
Footwear and Leather garments	**526,740**	535,524	**48,308**	47,303	**46,923**	45,234
Furniture and allied products	**419,151**	482,156	**150,803**	162,155	**125,051**	123,527
Glass and ceramics	**57,660**	132,660	**57,660**	54,460	**54,460**	54,460
Health care	**323,704**	359,795	**115,153**	113,244	**115,153**	105,118
Hotels	**329,545**	727,982	**162,058**	154,704	**160,709**	154,704
Individuals	**5,811,621**	6,506,445	**266,940**	402,754	**167,434**	122,186
Mining and quarrying	**1,997,882**	2,428,011	**1,922,670**	4,670	**405,872**	4,670
Miscellaneous manufacturing	**1,385,469**	1,410,220	**188,197**	118,686	**117,479**	104,936
Printing, publishing and allied industries	**108,462**	120,093	**30,152**	28,018	**27,277**	27,643
Paper and allied products	**42,544**	180,506	**6,803**	22,774	**6,803**	22,774
Power (electricity), gas, water, sanitary	**2,073,624**	5,250,541	**1,664,372**	1,077,592	**1,003,612**	1,041,245
Services	**4,426,765**	4,503,780	**1,242,178**	597,686	**528,147**	473,407
Steel and engineering	**3,666,727**	4,101,660	**1,225,542**	264,591	**373,616**	230,180
Sugar	**9,796,573**	10,916,070	**8,875,325**	1,634,623	**5,276,199**	1,214,673
Textile	**13,412,899**	14,684,686	**4,359,460**	4,442,514	**4,263,873**	4,414,157
Transport, storage and communication	**2,009,556**	2,614,431	**638,593**	215,184	**332,356**	183,955
Wholesale and retail trade	**6,101,976**	7,817,713	**2,209,458**	1,952,809	**1,654,807**	2,546,600
Others	**5,591,221**	6,044,714	**3,756,986**	1,568,649	**1,923,905**	303,383
	82,795,529	99,531,320	**36,071,709**	17,065,584	**21,502,664**	14,909,014

Summit Bank
Committed to you

Credit risk by public / private sector	Gross advances		Non-performing advances		Provision held	
	2018	2017	2018	2017	2018	2017 (Restated)
	(Rupees in '000)					
Public / Government	-	986,018	-	-	-	-
Private	**82,795,529**	98,545,302	**36,071,709**	17,065,584	**21,502,664**	14,909,014
	82,795,529	99,531,320	**36,071,709**	17,065,584	**21,502,664**	14,909,014

43.1.5 Contingencies and Commitments

Credit risk by industry sector	2018	2017 (Restated)
	(Rupees in '000)	
Agriculture, forestry, hunting and fishing	**338,051**	425,318
Automobile and transportation equipment	**325,487**	1,052,059
Banaspati and allied industries	**62,000**	222,653
Carpet	**454**	132,840
Cement	**618,668**	455,082
Chemical and pharmaceuticals	**946,952**	1,501,148
Construction	**5,381,379**	5,006,816
Consumer	**2,677,508**	2,039,898
Dairy and poultry	**6,239**	55,312
Education	**67,148**	139,144
Electronics and electrical appliances	**1,019,924**	1,619,506
Exports/Imports	**2,763,015**	7,378,940
Financial	**17,827,007**	55,526,015
Food, tobacco and beverages	**502,111**	4,196,806
Footwear and leather garments	**206,349**	175,274
Furniture and allied products	**119,223**	101,664
Glass and ceramics	**2,975**	17,222
Health care	**268,475**	341,466
Hotels	**102,498**	97,187
Individuals	**3,507,303**	3,871,671
Mining and quarrying	**-**	635,001
Miscellaneous manufacturing	**1,514,099**	961,327
Others	**1,539,967**	123,711
Printing, publishing and allied industries	**11,610**	133,748
Paper and allied products	**48,458**	1,031,827
Power (electricity), gas, water, sanitary	**748,019**	9,826,258
Services	**10,793,899**	3,448,392
Steel and engineering	**946,558**	81,669
Sugar	**51,733**	8,820,070
Textile	**6,570,550**	2,456,256
Transport, storage and communication	**1,687,219**	7,655,799
Wholesale and retail trade	**2,575,866**	4,610,606
	63,230,744	124,140,685

Credit risk by public / private sector	2018	2017 (Restated)
Public / Government	**4,433,173**	14,608,761
Private	**58,797,571**	109,531,924
	63,230,744	124,140,685

43.1.6 Concentration of Advances

The bank top 10 exposures on the basis of total (funded and non-funded exposures) aggregated to Rs. 17,280.520 million (2017: Rs. 21,338.836 million) are as follows:

	2018	2017
	(Rupees in '000)	
Funded	**13,387,691**	15,449,883
Non Funded	**3,892,829**	5,888,953
Total Exposure	**17,280,520**	21,338,836

The sanctioned limits against these top 10 exposures aggregated to Rs. 19,333.306 million (2017: Rs. 25,599.957 million).

	2018		2017	
	Amount	Provision held	Amount	Provision held
Total funded classified therein	(Rupees in '000)			
OAEM	**-**	**-**	-	-
Substandard	**3,242,481**	**401,202**	-	-
Doubtful	**2,100,000**	**376,516**	-	-
Loss	**-**	**-**	-	-
Total	**5,342,481**	**777,718**	-	-

43.1.7 Advances - Province/Region-wise Disbursement and Utilization

	2018						
	Disbursements	Utilization					
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
Province / Region	(Rupees in '000)						
Punjab	**85,449,446**	**85,319,253**	**26,366**	**7,206**	**-**	**96,621**	**-**
Sindh	**200,355,690**	**-**	**200,355,690**	**-**	**-**	**-**	**-**
KPK including FATA	**154,085**	**-**	**-**	**154,085**	**-**	**-**	**-**
Balochistan	**517,487**	**-**	**-**	**-**	**517,487**	**-**	**-**
Islamabad	**3,413,518**	**-**	**-**	**-**	**-**	**3,413,518**	**-**
AJK including Gilgit-Baltistan	**418,508**	**-**	**-**	**-**	**-**	**-**	**418,508**
Total	**290,308,734**	**85,319,253**	**200,382,056**	**161,291**	**517,487**	**3,510,139**	**418,508**

	2017						
	Disbursements	Utilization					
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
Province / Region	(Rupees in '000)						
Punjab	99,204,216	98,951,290	52,194	8,397	-	192,335	-
Sindh	295,576,633	-	295,576,633	-	-	-	-
KPK including FATA	243,901	-	-	243,901	-	-	-
Balochistan	193,296	-	-	-	193,296	-	-
Islamabad	5,339,777	-	-	-	-	5,339,777	-
AJK including Gilgit-Baltistan	384,539	-	-	-	-	-	384,539
Total	400,942,362	98,951,290	295,628,826	252,297	193,296	5,532,112	384,539

43.2 Market Risk

Market risk is the risk that the value of on-balance sheet and off-balance sheet exposures of the Bank will be adversely affected by movements in market rates or prices such as interest rates, foreign exchange rates, equity prices and / or commodity prices resulting in a loss to earnings and capital. Market risks arise generally from trading activities, open foreign currency positions, holding common equity and other products. All such instruments and transactions are exposed to general and specific market movements.

The Bank seeks to mitigate market risk by employing strategies that correlate price, rate and spread movements of its earning assets, liabilities and trading activities. Treasury front office and market risk management / treasury middle office perform market risk management activities within the Bank.

43.2.1 Balance sheet split by trading and banking books

	2018			2017 (Restated)		
	Banking Book	Trading Book	Total	Banking Book	Trading Book	Total
	(Rupees in '000)					
Cash and balances with treasury banks	**5,043,089**	**-**	**5,043,089**	13,556,723	-	13,556,723
Balances with other banks	**996,982**	**-**	**996,982**	2,440,333	-	2,440,333
Lendings to financial institutions	**-**	**-**	**-**	10,671,003	-	10,671,003
Investments	**1,122,931**	**18,133,444**	**19,256,375**	1,360,318	93,579,927	94,940,245
Advances	**61,245,877**	**-**	**61,245,877**	84,592,056	-	84,592,056
Fixed assets	**8,708,878**	**-**	**8,708,878**	12,466,944	-	12,415,601
Intangible assets	**204,912**	**-**	**204,912**	197,640	-	248,983
Deferred tax assets	**7,214,989**	**-**	**7,214,989**	5,804,191	-	5,804,191
Other assets	**11,956,890**	**-**	**11,956,890**	8,864,311	-	8,864,311
	96,494,548	**18,133,444**	**114,627,992**	139,953,519	93,579,927	233,533,446

43.2.2 Foreign Exchange Risk

The Bank has set the following objectives for managing the inherent risk on foreign currency exposures:

- Maximise profitability with minimum risk by keeping the exposure at desirable levels in view of strict compliance of regulatory / international standards and the Bank's internal guidelines.

- Manage appropriate maturity mismatch gaps.

- Identify warning and stress zones for mismatch gaps.

- Usage of different tools to manage the inherent risk of product and market, such as compliance of credit limit, monitoring of foreign exchange exposure limit, review of mark to market portfolio and safe settlement, etc.

Foreign exchange risk represents exposures to changes in the values of current holdings and future cash flows denominated in foreign currencies. The potential for loss arises from the process of revaluing foreign currency positions in rupee terms. The Bank's foreign exchange risk is presently limited to future cash flows in foreign currencies arising from foreign exchange transactions and translation of net open position in foreign currencies. The Bank is carefully monitoring the net foreign currency exposure as well as utilizing the currency swap and forward contract to hedge the related exposure.

	2018				2017 (Restated)			
	Foreign Currency Assets	Foreign Currency Liabilities	Off-balance sheet items	Net Foreign Currency exposure	Foreign Currency Assets	Foreign Currency Liabilities	Off-balance sheet items	Net Foreign Currency exposure
	(Rupees in '000)							
United States Dollar	**3,936,026**	**5,565,469**	**1,678,239**	**48,795**	7,711,903	8,078,953	274,530	(92,520)
Great Britain Pound Sterling	**28,721**	**522,489**	**508,617**	**14,850**	211,544	875,071	647,347	(16,180)
Euro	**145,381**	**509,823**	**322,981**	**(41,461)**	205,751	482,715	259,260	(17,704)
Japanese Yen	**2,975**	**-**	**-**	**2,975**	18,599	11,293	-	7,306
Other currencies	**169,694**	**15,740**	**(15,202)**	**138,752**	259,596	37,407	-	222,189
	4,282,797	**6,613,521**	**2,494,635**	**163,911**	8,407,393	9,485,439	1,181,137	103,091

	2018		2017 (Restated)	
	Banking Book	Trading Book	Banking Book	Trading Book
	(Rupees in '000)			
Impact of 1% change in foreign exchange rates on				
- Profit and loss account	**(23,307)**	**44,338**	(15,546)	13,996
- Other comprehensive income	**-**	**-**	-	-

43.2.3 Equity position Risk

Equity position risk is the risk that the fair value of financial instruments will fluctuate due to changes in the prices of individual stocks or the level of equity indices. The Bank's equity book comprises of held for trading (HFT) and available for sale (AFS) portfolios. The objective of the HFT portfolio is to make short-term capital gains, whilst the AFS portfolio is maintained with a medium term view of earning both capital gains and dividend income. Policies and procedures have been developed to provide guidelines on the risk and their mitigants, limits and related controls for the equity portfolio of the Bank.

	2018		2017	
	Banking Book	Trading Book	Banking Book	Trading Book
	(Rupees in '000)			
Impact of 5% change in equity prices on				
- Profit and loss account	**-**	**33,496**	-	11,328
- Other comprehensive income	**-**	**56,397**	-	97,227

43.2.4 Interest Rate Risk

Interest rate risk is the risk that fair value of a financial instrument will fluctuate as a result of changes in interest rates, including changes in the shape of yield curves. Interest rate risk is inherent in many of the Bank's businesses and arises from mismatches between the contractual maturities or the re-pricing of on and off-balance sheet assets and liabilities. The interest rate sensitivity profile is prepared on a quarterly basis based on the re-pricing or contractual maturities of assets and liabilities.

Interest rate risk is monitored and managed by performing periodic gap analysis, sensitivity analysis and stress testing and taking appropriate actions where required.

	2018		2017	
	Banking Book	Trading Book	Banking Book	Trading Book
	(Rupees in '000)			
Impact of 1% change in interest rates on				
- Profit and loss account	**69,725**	**-**	332,488	-
- Other comprehensive income	**-**	**334,155**	-	544,233

43.2.5 Mismatch of Interest Rate Sensitive Assets and Liabilities

	2018											
	Effective Yield / Interest Rate	Exposed to Yield / Interest risk										Non-internet bearing financial instruments
		Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 to Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years	
On-balance sheet financial instruments		(Rupees in '000)										
Assets												
Cash and balances with treasury banks	0% to 1.35%	5,043,089	125,904	-	-	-	-	-	-	-	-	4,917,185
Balances with other banks	0% to 8.10%	996,982	-	439,520	113,172	55,545	-	-	-	-	-	388,745
Lending to financial institutions	-	-	-	-	-	-	-	-	-	-	-	-
Investments	5.24% to 13.05%	19,256,375	-	1,892,703	161,291	2,251,203	7,775,992	1,950,533	999,560	1,094,716	1,002,655	2,127,722
Advances	0% to 28%	61,245,877	1,368,263	38,899,405	2,372,467	2,363,101	125,959	115,616	229,017	541,031	14,934,674	296,344
Other assets		3,033,001	-	-	-	-	-	-	-	-	-	3,033,001
		89,575,324	1,494,167	41,231,628	2,646,930	4,669,849	7,901,951	2,066,149	1,228,577	1,635,747	15,937,329	10,762,997
Liabilities												
Bills payable	-	1,881,107	-	-	-	-	-	-	-	-	-	1,881,107
Borrowings	1.00 % to 12.50%	19,491,854	12,038,590	5,390,128	1,303,450	-	-	1,318	580,083	178,285	-	-
Deposits and other accounts	0% to 14.3%	84,676,090	37,141	40,184,526	2,331,083	1,168,669	5,523,391	126,527	101,143	264,478	-	34,939,132
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-	-	-
Subordinated debt	12.84%	1,495,515	-	-	-	1,495,515	-	-	-	-	-	-
Other liabilities	-	2,755,799	-	-	-	-	-	-	-	-	-	2,755,799
		110,300,365	12,075,731	45,574,654	3,634,533	2,664,184	5,523,391	127,845	681,226	442,763	-	39,576,038
On-balance sheet gap		(20,725,041)	(10,581,564)	(4,343,026)	(987,603)	2,005,665	2,378,560	1,938,304	547,351	1,192,984	15,937,329	(28,813,041)
Off-balance sheet financial instruments												
Documentary credits and short-term trade-related transactions												
Commitments in respect of:												
- forward foreign exchange contracts	-	4,315,350	1,357,729	2,453,109	504,512	-	-	-	-	-	-	-
Off-balance sheet gap		4,315,350	1,357,729	2,453,109	504,512	-	-	-	-	-	-	-
Total Yield/Interest Risk Sensitivity Gap			(9,223,835)	(1,889,917)	(483,091)	2,005,665	2,378,560	1,938,304	547,351	1,192,984	15,937,329	(28,813,041)
Cumulative Yield/Interest Risk Sensitivity Gap			(9,223,835)	(11,113,752)	(11,596,843)	(9,591,178)	(7,212,618)	(5,274,314)	(4,726,963)	(3,533,979)	12,403,350	(16,409,691)

On-balance sheet financial instruments	Effective Yield / Interest Rate	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 to Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years	Non-internet bearing financial instruments
		2017 (Restated)										
		Exposed to Yield / Interest risk										
		(Rupees in '000)										
Assets												
Cash and balances with treasury banks	0% to 0.37%	13,556,723	1,095,616	-	-	-	-	-	-	-	-	12,461,107
Balances with other banks	1.20% to 3.77%	2,440,333	128,073	386,460	89,990	44,167	-	-	-	-	-	1,791,643
Lending to financial institutions	5.65% to 6.50%	10,671,003	10,671,003	-	-	-	-	-	-	-	-	-
Investments	5.24% to 12.00%	94,940,245	38,210,978	27,630,527	5,887,646	4,426,482	3,108,594	8,224,491	3,071,860	1,333,053	512,822	2,533,792
Advances	0.00 % to 28.00%	84,592,056	2,519,929	72,247,908	2,440,447	2,741,507	122,546	122,546	245,093	612,732	3,125,293	414,055
Other assets	-	3,523,610	-	-	-	-	-	-	-	-	-	3,523,610
		209,723,970	52,625,599	100,264,895	8,418,083	7,212,156	3,231,140	8,347,037	3,316,953	1,945,785	3,638,115	20,724,207
Liabilities												
Bills payable	-	3,065,379	-	-	-	-	-	-	-	-	-	3,065,379
Borrowings	1.00 % to 5.85%	67,307,766	40,936,272	24,895,916	1,316,978	50,000	-	-	108,600	-	-	-
Deposits and other accounts	0.00% to 18.50%	145,729,707	614,784	61,592,645	6,337,197	5,872,732	19,078,279	190,050	111,625	887,420	6,960	51,038,015
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-	-	-
Subordinated debt	9.46%	1,495,860	-	-	1,495,860	-	-	-	-	-	-	-
Other liabilities	-	4,076,840	-	-	-	-	-	-	-	-	-	4,076,840
		221,675,552	41,551,056	86,488,561	9,150,035	5,922,732	19,078,279	190,050	220,225	887,420	6,960	58,180,234
On-balance sheet gap		(11,951,582)	11,074,543	13,776,334	(731,952)	1,289,424	(15,847,139)	8,156,987	3,096,728	1,058,365	3,631,155	(37,456,027)
Off-balance sheet financial instruments												
Documentary credits and short-term trade-related transactions												
Commitments in respect of:												
- forward foreign exchange contracts		1,181,136	(439,402)	1,522,175	38,223	60,140	-	-	-	-		
- **Off-balance sheet gap**		1,181,136	(439,402)	1,522,175	38,223	60,140	-	-	-	-		
Total Yield/Interest Risk Sensitivity Gap			10,635,141	15,298,509	(693,729)	1,349,564	(15,847,139)	8,156,987	3,096,728	1,058,365	3,631,155	
Cumulative Yield/Interest Risk Sensitivity Gap			10,635,141	25,933,650	25,239,921	26,589,485	10,742,346	18,899,333	21,996,061	23,054,426	26,685,581	

Reconciliation of assets and liabilities exposed to yield / interest rate risk with total assets and liabilities

	2018	2017 (Restated)
	(Rupees in '000)	
Total financial assets	**89,575,324**	209,723,970
Add: Non financial assets		
Fixed assets	**8,708,878**	12,415,601
Intangible assets	**204,912**	248,983
Deferred tax assets	**7,214,989**	5,804,191
Other assets	**8,923,889**	5,340,701
Total assets as per statement of financial position	**114,627,992**	233,533,446
Total financial liabilities	**110,300,365**	221,675,552
Add: Non financial liabilities		
Other liabilities	**1,575,024**	1,616,780
Total liabilities as per statement of financial position	**111,878,789**	223,292,332

43.3 Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

Board Risk Management Committee oversees the implementation of operational risk management which is governed by the Operational Risk Management Policy and Procedures of the Bank. In compliance with the regulatory guidelines, a separate unit is established within the Risk Management Division which is responsible for the implementation of the risk management framework across the Bank.

In accordance with the Operational Risk policy and framework, various tools and techniques are being implemented to identify, assess, measure and control operational risk embedded in the exposures, products, systems and processes. These tools include collection of operational loss data, development and monitoring of Key Risk Indicators and Risk Control Self Assessment exercise.

The Bank seeks to manage the operational risk from two perspectives, firstly by way of ensuring compliance of standard operating procedures including defined processes for prevention and detection of any fraud and forgery, and work place safety and security, secondly through contingency planning to ensure continuity of business. Policies and procedures covering all activities in Bank are in place. Besides these, to ensure business continuity, the Bank has implemented Business Continuity Plan (BCP) across the Bank for which BCP and Disaster Recovery Tests are performed on a regular basis.

The Bank maintains a system of internal controls designed to keep operational risk at appropriate levels, in view of the Bank's financial strength and the characteristics of the activities and market in which it operates. These internal controls are periodically updated to conform to the industry best practices.

The Bank implemented the Internal Control Guidelines issued by the State Bank of Pakistan and had sucessfully completed the road map issued with respect to internal controls over financial reporting. Moreover, a separate Internal Control Unit has been setup to continuously monitor the implementation of sound internal controls within the Bank.

The Bank has set up IT Security Division to manage IT security risk faced by the Bank. The Bank will continue to strengthen its cyber defense mechanism by utilising effective preventive and detective information security measure to counter evolving cyber challenges.

43.4 Liquidity Risk

Liquidity Risk is the risk that the Bank may be unable to meet its payment obligations as they become due, or to fund assets, at a reasonable cost, because of an inablity to liquidate assets, or to obtain adequate funding.

The liquidity risk policy of the Bank is formulated keeping in view State Bank guidelines on risk management and best market practice. The Bank's Asset and Liability Committee (ALCO) reviewes the liquidity position on a periodic basis. Liquidity Management policy of the Bank aims to maintain adequate liquidity at all times and in all currencies under both normal and stress conditions, to meet our contractual and potential payment obligations without incurring additional and unacceptable cost to the business. Treasury is responsible for managing liquidity under the guidance of Asset and Liability Committee of the Bank.

The Bank maintains a portfolio of highly marketable assets i.e. Market Treasury Bills, Pakistan Investment Bonds and GoP Ijarah Sukuk, that can either be sold in the open market or funds can be arranged there against under repo arrangements. This is further supported by investments in short term securities. In line with its liquidity risk management policy, the Bank aims to maintain a cushion over and above the minimum statutory liquidity requirement prescribed by SBP for maintaining liquidity reserves to ensure continuity of cash flows.

The Bank uses liquidity gap ladder to assess the liquidity gaps and liquidity needs in different time buckets, under normal and stressed scenarios. Sources of liquidity are regularly reviewed / monitored by the Asset and Liability Committee (ALCO). The ALCO reviews the current economic situation, projected cash flows and asset / liability mix and approves strategy for managing appropriate liquidity. The liquidity risk management policy of the Bank encompasses liquidity contingency plan for actions to be taken in case of liquidity crises.

43.4.1 Maturities of Assets and Liabilities - based on contractual maturity of the assets and liabilities of the Bank

	2018													
	Total	Upto 1 Day	Over 1 to 7 Days	Over 7 to 14 Days	Over 14 Days to 1 Month	Over 1 to 2 Months	Over 2 to 3 Months	Over 3 to 6 Months	Over 6 to 9 Months	Over 9 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 Years
	(Rupees in '000)													
Assets														
Cash and balances with treasury banks	5,043,089	4,387,698	-	2,198	14	84,380	2,092	138,833	67,921	1,682	328,959	7,536	6,024	15,752
Balances with other banks	996,982	481,110	-	-	-	347,155	-	113,172	-	55,545	-	-	-	-
Lending to financial institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investments	19,256,375	10,082	97,115	76,829	153,658	307,315	1,684,416	1,117,707	1,778,155	535,441	7,914,591	1,987,441	1,073,378	2,520,247
Advances	61,245,877	2,746,402	116,748	333,163	5,134,817	4,450,902	3,585,311	7,928,017	7,175,062	3,475,324	3,237,243	2,571,701	3,057,142	17,434,045
Fixed assets	8,708,878	1,241	7,443	8,684	19,849	37,217	37,217	111,652	504,872	117,855	452,809	452,809	772,540	6,184,690
Intangible assets	204,912	244	333	575	1,315	2,465	2,465	7,395	7,395	61,294	29,992	29,992	59,984	1,463
Deferred tax assets	7,214,989	(2)	4,974	4,972	9,613	19,556	451,219	55,590	(14,871)	(15,696)	402,102	1,913,527	3,703,775	680,230
Other assets	11,956,890	239,279	1,591,878	71,156	261,310	553,188	186,305	294,933	215,927	350,912	3,563,920	3,563,920	1,064,162	-
	114,627,992	7,866,054	1,818,491	497,577	5,580,576	5,802,178	5,949,025	9,767,299	9,734,461	4,582,357	15,929,616	10,526,926	9,737,005	26,836,427
Liabilities														
Bills payable	1,881,107	1,881,107	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	19,491,854	6,350	10,683,190	2,000	1,353,400	4,936,728	453,400	1,297,100	-	-	-	1,318	580,083	178,285
Deposits and other accounts	84,676,090	73,671,758	-	36,900	241	1,416,781	35,119	2,331,083	1,140,421	28,248	5,523,391	126,527	101,143	264,478
Liabilities against assets subject to		-	-	-	-	-	-	-	-	-	-	-	-	-
finance lease	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subordinated debt	1,495,515	-	-	-	-	-	-	-	-	1,495,515	-	-	-	-
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	4,330,823	233,314	504,298	82,587	256,247	589,693	214,436	211,636	28,233	251,050	848,972	655,534	448,406	6,417
	111,875,389	75,792,529	11,187,488	121,487	1,609,888	6,943,202	702,955	3,839,819	1,168,654	1,774,813	6,372,363	783,379	1,129,632	449,180
Net assets	2,752,603	(67,926,475)	(9,368,997)	376,090	3,970,688	(1,141,024)	5,246,070	5,927,480	8,565,807	2,807,544	9,557,253	9,743,547	8,607,373	26,387,247
Share capital - net	20,500,194				-									
Reserves	(425,043)													
Accumulated losses	(19,899,372)													
Surplus / (deficit) on revaluation of assets	2,576,824													
	2,752,603													

	2017 (Restated)													
	Total	Upto 1 Day	Over 1 to 7 Days	Over 7 to 14 Days	Over 14 Days to 1 Month	Over 1 to 2 Months	Over 2 to 3 Months	Over 3 to 6 Months	Over 6 to 9 Months	Over 9 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 Years
	(Rupees in '000)													
Assets														
Cash and balances with treasury banks	13,556,723	10,312,258	-	30,885	26,307	165,377	-	589,527	526,942	19,377	1,774,785	17,680	10,384	83,201
Balances with other banks	2,440,333	1,919,717	-	-	-	-	386,460	89,989	-	44,167	-	-	-	-
Lending to financial institutions	10,671,003	-	6,734,980	-	3,936,023	-	-	-	-	-	-	-	-	-
Investments	94,940,245	2,079	10,957,635	94,873	27,557,854	15,117,908	11,312,427	7,158,450	2,507,142	2,151,182	3,574,104	8,675,029	3,576,466	2,255,096
Advances	84,592,056	4,002,688	394,496	427,381	9,699,308	7,806,519	5,748,442	13,457,633	9,732,539	5,028,615	6,186,573	4,879,702	8,153,770	9,074,390
Fixed assets	12,415,601	1,403	8,417	9,819	22,444	42,083	42,083	126,248	126,248	5,015,200	512,006	512,006	890,934	5,106,710
Intangible assets	248,983	321	402	721	1,648	3,090	3,090	9,271	9,271	61,129	37,600	37,600	75,200	9,640
Deferred tax assets	5,804,191	(95)	13,075	13,075	25,557	51,816	52,640	179,870	(16,300)	(20,129)	165,544	1,583,482	2,809,487	946,169
Other assets	8,864,311	75,241	1,928,714	253,630	387,556	387,169	407,839	263,841	256,872	322,547	1,526,967	1,526,967	1,526,968	-
	233,533,446	16,313,612	20,037,719	830,384	41,656,697	23,573,962	17,952,981	21,874,829	13,142,714	12,622,088	13,777,579	17,232,466	17,043,209	17,475,206
Liabilities														
Bills payable	3,065,379	3,065,379	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	67,307,766	674,181	40,198,207	11,744	52,140	12,520,020	12,375,896	1,316,978	50,000	-	-	-	108,600	-
Deposits and other accounts	145,729,707	110,852,918	-	332,000	282,786	1,777,741	-	6,337,196	5,664,432	208,300	19,078,279	190,050	111,625	894,380
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subordinated debt	1,495,860	-	-	-	-	-	-	-	-	1,495,860	-	-	-	-
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	5,693,620	75,615	1,076,943	253,961	344,577	445,478	489,574	260,020	199,654	120,751	1,294,791	612,986	490,667	28,603
	223,292,332	114,668,093	41,275,150	597,705	679,503	14,743,239	12,865,470	7,914,194	5,914,086	1,824,911	20,373,070	803,036	710,892	922,983
Net assets	10,241,114	(98,354,481)	(21,237,431)	232,679	40,977,194	8,830,723	5,087,511	13,960,635	7,228,628	10,797,177	(6,595,491)	16,429,430	16,332,317	16,552,223
Share capital - net	20,500,194													
Reserves	(425,043)													
Accumulated losses	(11,328,979)													
Surplus / (deficit) on revaluation of assets	1,494,942													
	10,241,114													

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43.4.2 Maturities of assets and liabilities - based on expected maturities of the assets and liabilities of the Bank

Maturity gaps of all assets and liabilities are based on contractual maturities. The maturity profile of certain non-contractual assets and liabilities is based on the behavioural study. The Bank has used VAR methodology which excludes 5% extreme volatilities thus leaving 95% confidence results.

	2018									
	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	above 10 Years
	(Rupees in '000)									
Assets										
Cash and balances with treasury banks	5,043,089	133,755	175,617	213,032	215,823	390,038	64,894	656,988	1,608,322	1,584,620
Balances with other banks	996,982	481,110	347,155	113,172	55,545	-	-	-	-	-
Lending to financial institutions	-	-	-	-	-	-	-	-	-	-
Investments	19,256,375	337,683	1,991,731	1,117,707	2,313,597	7,914,591	1,987,441	1,073,378	2,520,247	-
Advances	61,245,877	8,331,130	8,036,213	7,928,017	10,650,386	3,237,243	2,571,701	3,057,142	2,865,000	14,569,045
Fixed assets	8,708,878	37,218	74,434	111,652	622,726	452,809	452,809	772,540	881,092	5,303,598
Intangible assets	204,912	2,467	4,930	7,395	68,689	29,992	29,992	59,984	1,463	-
Deferred tax assets	7,214,989	19,557	470,775	55,590	(30,567)	402,102	1,913,527	3,703,775	1,627,212	(946,982)
Other assets	11,956,890	2,163,623	739,493	294,933	566,839	3,563,920	3,563,920	1,064,162	-	-
	114,627,992	11,506,543	11,840,348	9,841,498	14,463,038	15,990,695	10,584,284	10,387,969	9,503,336	20,510,281
Liabilities										
Bills payable	1,881,107	1,881,107	-	-	-	-	-	-	-	-
Borrowings	19,491,854	12,044,940	5,390,128	1,297,100	-	-	1,318	580,083	178,285	-
Deposits and other accounts	84,676,090	2,245,791	2,948,709	3,576,924	3,623,780	6,548,945	1,089,610	11,031,169	27,004,569	26,606,593
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-
Subordinated debt	1,495,515	-	-	-	1,495,515	-	-	-	-	-
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-
Other liabilities	4,330,823	1,076,446	804,129	211,636	279,283	848,972	655,534	448,406	6,417	-
	111,875,389	17,248,284	9,142,966	5,085,660	5,398,578	7,397,917	1,746,462	12,059,658	27,189,271	26,606,593
Net assets	2,752,603	(5,741,741)	2,697,382	4,755,838	9,064,460	8,592,778	8,837,822	(1,671,689)	(17,685,935)	(6,096,312)
Share capital - net	20,500,194									
Reserves	(425,043)									
Accumulated losses	(19,899,372)									
Surplus / (deficit) on revaluation of assets	2,576,824									
	2,752,603									

	2017 (Restated)									
	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	above 10 Years
	(Rupees in '000)									
Assets										
Cash and balances with treasury banks	13,556,723	255,193	301,876	753,895	848,206	1,970,463	205,182	1,567,434	3,881,614	3,772,860
Balances with other banks	2,440,333	1,919,717	386,460	89,989	44,167	-	-	-	-	-
Lending to financial institutions	10,671,003	10,671,003	-	-	-	-	-	-	-	-
Investments	94,940,245	38,612,441	26,430,335	7,158,450	4,658,324	3,574,104	8,675,029	3,576,466	1,487,267	767,829
Advances	84,592,056	14,523,873	13,554,961	13,457,633	14,761,154	6,186,573	4,879,702	8,153,770	5,425,946	3,648,444
Fixed assets	12,415,601	42,083	84,166	126,248	5,141,448	512,006	512,006	890,934	1,260,039	3,846,671
Intangible assets	248,983	3,092	6,180	9,271	70,400	37,600	37,600	75,200	9,640	-
Deferred tax assets	5,804,191	51,612	104,456	179,870	(36,429)	165,544	1,583,482	2,809,487	1,276,792	(330,623)
Other assets	8,864,311	2,645,141	795,008	263,841	579,419	1,526,967	1,526,967	1,526,968	-	-
	233,533,446	68,724,155	41,663,442	22,039,197	26,066,689	13,973,257	17,419,968	18,600,259	13,341,299	11,705,180
Liabilities										
Bills payable	3,065,379	3,065,379	-	-	-	-	-	-	-	-
Borrowings	67,307,766	40,936,272	24,895,916	1,316,978	50,000	-	-	108,600	-	-
Deposits and other accounts	145,729,707	2,743,233	3,245,051	8,104,090	9,117,894	21,181,736	2,205,635	16,849,333	41,725,905	40,556,830
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-
Subordinated debt	1,495,860	-	-	-	1,495,860	-	-	-	-	-
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-
Other liabilities	5,693,620	1,751,096	935,052	260,020	320,405	1,294,791	612,986	490,667	28,603	-
	223,292,332	48,495,980	29,076,019	9,681,088	10,984,159	22,476,527	2,818,621	17,448,600	41,754,508	40,556,830
Net assets	10,241,114	20,228,175	12,587,423	12,358,109	15,082,530	(8,503,270)	14,601,347	1,151,659	(28,413,209)	(28,851,650)
Share capital - net	20,500,194									
Reserves	(425,043)									
Accumulated losses	(11,328,979)									
Surplus / (deficit) on revaluation of assets	1,494,942									
	10,241,114									

43.5 Derivative Risk

The policy guidelines for taking derivative exposures are approved by the Board of Directors (BOD). Bank's Asset and Liability Committee (ALCO) is responsible for reviewing and managing associated risks of the transactions.

The overall responsibility for managing derivatives and sustaining profitability lies with the treasury front office/ Head of Treasury. Treasury middle office / market risk management function of the Bank is responsible for monitoring the risk exposure and for analysis of present and potential risk factors arising from the same. The TMO also monitors associated risks in line with the Board of Directors' approved limits / policies and coordinates with the business for necessary approvals of the derivatives risk limits and also produces necessary reports/ analysis as may be required.

44. RESTATEMENT

During the year, 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 unconsolidated 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. Loss per share for the year ended December 31, 2017 is Re. 0.35 per share higher as a result of this restatement.

45. CORRESPONDING FIGURES

Corresponding figures' have been re-classified, wherever necessary for the purposes of comparison.

46. DATE OF AUTHORISATION FOR ISSUE

These unconsolidated 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

Annexure - I

STATEMENT SHOWING WRITTEN-OFF LOANS OR ANY OTHER FINANCIAL RELIEF OF RUPEES FIVE HUNDRED THOUSAND OR ABOVE PROVIDED DURING THE YEAR ENDED DECEMEBR 31, 2018

S. No.	Name and address of the borrower	Name of individuals/partners/ directors (with CNIC No.)	Father's/Husband's name	Outstanding Liabilities as at January 01, 2018				Principal written-off	Interest/ Mark-up written-off / waived	Other financial relief provided	Total (9+10+11)
				Principal	Interest / Mark-up	Other than Interest / Mark-up	Total (5+6+7)				
1	2	3	4	5	6	7	8	9	10	11	12
				(Rupees in '000)							
1	Anmol Textile, 2nd Floor 15 Shahjamal, Lahore	1- Sheikh Niaz Anjum (35202-2536282-9) 2-Muhammad Ali (35202-1786443-9) 3- Sheikh Qaiser Ali (35202-8016877-5)	1. Sh Mubarik Ali Shah 2. Sh Akhtar Ali Shah 3. Muhammad Aslam	50,000	20,554	-	70,554	17,700	20,554	-	38,254
2	Hashmat Oil Mills Chowk Nagh Shah Opp Shell Petrol Pump Multan	Muhammad Asghar; (36303-0960319-9)	Dildar Muhammad	18,888	5,377	-	24,265	3,877	5,377	-	9,254
3	Tahir Fazil 45 Mehboob Building, Commercial Zone, Liberty Merket, Lhr	Tahir Fazil; (35202-8918855-3)	Chaudhary Muhammad Fazil	9,996	4,052	-	14,048	1,867	4,052	-	5,919
4	Ansar Bhatti Agri Mall Zari Markaz 46 Ada Sargodha	Ansar Bhatti (38403-4590456-5)	Akbar Ali	11,059	-	-	11,059	3,341	-	-	3,341
5	Liaquat Ali ; Imam Bargah Road, H. No. 2B-6836, Mohallah Pirwadahi, Bangash Colony, Rawalpindi.	Liaquat Ali (37405-6337098-5)	Ali Muhammad	3,643	734	-	4,377	1,194	704	-	1,898
6	Alhafeez Interservices ; House No. 564, Sector 33-E, Korangi No. 2-1/2, Karachi	Mrs. Fehmeeda Bano; (42201-1060767-2)	Muhammad Haroon	1,150	453	-	1,603	1,000	453	-	1,453
7	Waqar Ali Khan ; H.No.1855, PT, Bilal Town, Malikpura, P.O. Nishtrabad, Peshawar.	Waqar Ali Khan (135-63-014551)	Abdul Qayum Khan	1,697	-	-	1,697	1,111	-	-	1,111
8	Rasheed Sons; Block G, Flat No. 5, F-6 Markaz, Islamabad	Muhammad Afzal Goreja (61101-1999594-5)	Haji Abdul Rasheed	2,500	294	-	2,794	200	694	-	894
9	SYED HABIB UR REHMAN AUTO CLUB 315 FEROZPUR ROAD LHR	SYED HABIB UR REHMAN (35202-0317712-9)	SYED AZIZ UR REHMAN	1,000	455	-	1,455	313	455	-	768
10	KASHIF PERVEZ 3RDFLOOR62- COMM AREA MAIN BOULEVARD CAVALRY GROUND	KASHIF PERVEZ (35201-5113920-9)	PERVAIZ AKHTAR CHAUDHRY	497	556	-	1,053	137	556	-	693
11	SUHAIL YAQOOB HOUSE NO 429 BLOCK 04 SECTOR B-1 TOWN SHIP LAHORE	SUHAIL YAQOOB (35202-1874671-1)	MUHAMMAD YAQOOB KHAN	599	533	-	1,132	129	533	-	662
12	MUHAMMAD RIAZ ST # 1 RAIZ AHMAD RD AKHRI MINT STOP G.T RD LAHORE	MUHAMMAD RIAZ (35201-3525267-3)	MUHAMMAD MUSHTAQ	481	466	-	947	111	466	-	577
			Total	**101,510**	**33,474**	**-**	**134,984**	**30,980**	**33,844**	**-**	**64,824**

Summit Bank
Committed to you

ISLAMIC BANKING BUSINESS

The Bank commenced its Islamic Banking Operations in Pakistan on March 07, 2014 and is operating with 14 (December 31, 2017: 14) Islamic banking branches and 35 (December 31, 2017: 35) Islamic banking windows at the end of the year.

STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2018

	Note	2018	2017
		(Rupees in '000)	
ASSETS			
Cash and balances with treasury banks		**269,475**	1,293,159
Balances with other banks		**78,061**	435,524
Due from financial institutions	*1*	**10,722,364**	5,936,023
Investments	*2*	**-**	5,860,690
Islamic financing and related assets - net	*3*	**6,662,890**	10,779,551
Fixed assets		**121,507**	150,740
Intangible assets		**6,861**	-
Due from Head Office		**-**	-
Other assets		**463,969**	520,975
Total Assets		**18,325,127**	24,976,662
LIABILITIES			
Bills payable		**125,319**	212,856
Due to financial institutions		**950,000**	250,000
Deposits and other accounts	*4*	**15,212,719**	22,549,245
Due to Head Office		**-**	-
Subordinated debt		**-**	-
Deferred tax liabilities - net		**-**	12,261
Other liabilities		**411,894**	387,758
		16,699,932	23,412,120
NET ASSETS		**1,625,195**	1,564,542
REPRESENTED BY:			
Islamic Banking Fund		**1,000,000**	1,000,000
Reserves		**-**	-
Surplus on revaluation of assets		**-**	22,770
Unappropriated/ Unremitted profit	*6*	**625,195**	541,772
		1,625,195	1,564,542
CONTINGENCIES AND COMMITMENTS	*7*		

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2018

	Note	2018	2017
		......(Rupees in '000)......	
Profit / return earned	8	1,548,534	1,168,846
Profit / return expensed	9	679,940	586,025
Net Profit / return		868,594	582,821
Other income			
Fee and Commission Income		90,200	82,345
Dividend Income		-	-
Foreign Exchange loss		(73,178)	(11,447)
Income / (loss) from derivatives		-	-
Loss on sale of securities		(14,638)	(328)
Other Income		10,987	8,831
Total other income		13,371	79,401
Total Income		881,965	662,222
Other expenses			
Operating expenses		708,394	448,892
Workers Welfare Fund		-	-
Other charges		1,235	807
Total other expenses		709,629	449,699
Profit before provisions		172,336	212,523
Provisions and write offs - net		88,913	6,547
Profit before taxation		83,423	205,976
Taxation		-	-
Profit after taxation		83,423	205,976

Summit Bank
Committed to you

ISLAMIC BANKING BUSINESS
NOTES TO THE ANNEXURE II
FOR THE YEAR ENDED DECEMBER 31, 2018

	2018			2017		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
	(Rupees in '000)					
1. Due from Financial Institutions						
Bai Muajjal Receivable from other Financial Institutions	**10,722,364**	-	**10,722,364**	3,936,023	-	3,936,023
Musharakah	-	-	-	2,000,000	-	2,000,000
	10,722,364	-	**10,722,364**	5,936,023	-	5,936,023

1.1 During the year 2018, Islamic operations of Summit Bank Limited entered into Bai Muajjal agreements with conventional operations of Summit Bank Limited amounting to Rs. 10,722.364 million.

	2018				2017			
	Cost/ Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost/ Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
	(Rupees in '000)							
2. Investments by segments								
Federal Government Securities								
-Ijarah Sukuks	-	-	-	-	4,393,855	-	17,158	4,411,013
Units of mutual funds-Listed	-	-	-	-	52,000	-	(10,362)	41,638
Non Government Debt Securities								
-Listed	-	-	-	-	1,063,455	-	26,178	1,089,633
-Unlisted	-	-	-	-	316,350	-	2,056	318,406
	-	-	-	-	1,379,805	-	28,234	1,408,039
Total Investments	-	-	-	-	5,825,660	-	35,030	5,860,690

3. Islamic financing and related assets	Note	2018	2017
		(Rupees in '000)	
Ijarah	*3.1*	**919,439**	856,163
Murabaha	*3.2*	**16,444**	697,323
Running Musharakah		**1,007,981**	338,304
Term Musharakah		-	520,000
Diminishing Musharakah		**3,721,717**	4,467,802
Istisna		**31,403**	2,703
Tijarah		**1,056,823**	2,613,090
Advance against Murabaha		**4,042**	322,580
Advance against Diminishing Musharakah		**500**	84,671
Advance against Ijarah		-	74,074
Tijarah Inventory		-	110,836
Istisna Inventory		-	698,552
Gross Islamic financing and related assets		**6,758,349**	10,786,098
Less: provision against Islamic financings			
- Specific		**82,573**	-
- General		**12,886**	6,547
		95,459	6,547
Islamic financing and related assets - net of provision		**6,662,890**	10,779,551

3.1 Ijarah

	2018						
	Cost			Depreciation			Book Value as at December 31, 2018
	As at January 01, 2018	Additions / (deletions)	As at December 31, 2018	As at January 01, 2018	Charge for the year	As at December 31, 2018	
	(Rupees in '000)						
Plant & Machinery	-	-	-	-	-	-	-
Vehicles consumer	**537,613**	**233,982**	**771,595**	**40,230**	**98,091**	**138,321**	**633,274**
Vehicles corporate	**576,495**	**13,742**	**590,237**	**217,715**	**86,357**	**304,072**	**286,165**
Equipment	-	-	-	-	-	-	-
Total	**1,114,108**	**247,724**	**1,361,832**	**257,945**	**184,448**	**442,393**	**919,439**

	2017						
	Cost			Accumulated Depreciation			Book Value as at December 31, 2017
	As at January 01, 2017	Additions / (deletions)	As at December 31, 2017	As at January 01, 2017	Charge for the year	As at December 31, 2017	
	(Rupees in '000)						
Plant & Machinery	-	-	-	-	-	-	-
Vehicles consumer	35,140	502,473	537,613	1,479	38,751	40,230	497,383
Vehicles corporate	580,553	(4,058)	576,495	126,718	90,997	217,715	358,780
Equipment	-	-	-	-	-	-	-
Total	615,693	498,415	1,114,108	128,197	129,748	257,945	856,163

Future Ijarah payments receivable

	2018				2017			
	Not later than 1 year	Later than 1year & less than 5 years	Over Five years	Total	Not later than 1 year	Later than 1year & less than 5 years	Over Five years	Total
	(Rupees in '000)							
Ijarah rental receivables	**98,824**	**818,665**	**1,950**	**919,439**	14,040	842,123	-	856,163

	Note	2018	2017
		(Rupees in '000)	
3.2 Murabaha			
Murabaha financing	*3.2.1*	**16,444**	697,323
Advances for Murabaha		**4,042**	322,580
		20,486	1,019,903
3.2.1 Murabaha receivable - gross	*3.2.2*	**52,168**	720,848
Less: Deferred murabaha income	*3.2.4*	**(35,724)**	(23,525)
Murabaha financings		**16,444**	697,323

	2018	2017
	(Rupees in '000)	

3.2.2 The movement in Murabaha financing during the year is as follows:

	2018	2017
Opening balance	**720,848**	944,944
Sales during the year	**2,300,048**	2,131,849
Adjusted during the year	**(2,968,728)**	(2,355,945)
Closing balance	**52,168**	720,848

3.2.3 Murabaha sale price

	2018	2017
Murabaha sale price	**2,300,048**	2,131,849
Murabaha purchase price	**2,239,451**	2,080,845
	60,597	51,004

3.2.4 Deferred murabaha income

	2018	2017
Opening balance	**23,525**	120,559
Arising during the year	**60,597**	51,004
Less: Recognised during the year	**(48,398)**	(148,038)
Closing balance	**35,724**	23,525

4. Deposits

	2018			2017		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
	(Rupees in '000)					
Customers						
Current deposits	**4,865,906**	**541,588**	**5,407,494**	7,369,494	422,647	7,792,141
Savings deposits	**7,700,010**	**127,458**	**7,827,468**	10,216,497	150,112	10,366,609
Term deposits	**1,038,665**	**95,320**	**1,133,985**	2,084,141	48,250	2,132,391
Margin accounts	**581,337**	**-**	**581,337**	633,563	-	633,563
	14,185,918	**764,366**	**14,950,284**	20,303,695	621,009	20,924,704
Financial Institutions						
Current deposits	**96,313**	**107**	**96,420**	105,558	5,600	111,158
Savings deposits	**156,015**	**-**	**156,015**	1,463,383	-	1,463,383
Term deposits	**10,000**	**-**	**10,000**	50,000	-	50,000
	262,328	**107**	**262,435**	1,618,941	5,600	1,624,541
	14,448,246	**764,473**	**15,212,719**	21,922,636	626,609	22,549,245

4.1 Composition of deposits

	2018	2017
	(Rupees in '000)	
Individuals	**9,250,813**	46,267
Government (Federal and Provincial)	**1,153,904**	769,125
Public Sector Entities	**10,098**	529,395
Banking Companies	**4**	4
Non-Banking Financial Institutions	**262,486**	1,381,047
Private Sector	**4,535,414**	19,823,407
	15,212,719	22,549,245

4.2 This includes deposits eligible to be covered under insurance arrangements amounting to Rs. 8,885.304 million (2017: Rs. 18,412.784 million).

5. Charity Fund

	2018	2017
	(Rupees in '000)	
Opening Balance	**63**	-
Additions during the period		
Received from customers on account of delayed payment	**969**	45
Profit on charity saving account	**-**	76
	969	121
Payments / utilization during the period		
Health	**-**	58
Closing Balance	**1,032**	63

6. Islamic Banking Business Unappropriated Profit

	2018	2017
Opening Balance	**541,772**	335,796
Add: Islamic Banking profit for the period	**83,423**	205,976
Closing Balance	**625,195**	541,772

7. CONTINGENCIES AND COMMITMENTS

	2018	2017
Guarantees	**4,478,490**	4,009,978
Commitments	**1,646,920**	1,813,872
Other contingent liabilities	**-**	-
	6,125,410	5,823,850

8. Profit/Return Earned of Financing, Investments and Placement

	2018	2017
	(Rupees in '000)	
Profit earned on:		
Financing	**779,243**	682,864
Investments	**639,159**	304,717
Placements	**130,132**	180,814
Balances with banks	**-**	451
	1,548,534	1,168,846

9. Profit on Deposits and other Dues Expensed

	2018	2017
Deposits and other accounts	**665,026**	548,917
Due to Financial Institutions	**14,914**	37,108
	679,940	586,025

10. Remuneration to Shariah Advisor (RSBM) / Board

	2018	2017
Remuneration to Shariah Advisor (RSBM) / Board	**12,085**	11,177

11. Pool Management

Summit Bank Limited - Islamic Banking Division (SMBL-IBD) operates General and Specific Pools for deposits and interbank funds accepted under Modaraba and Musharkah modes.

Features, risks and rewards of the pools are given below:

(i) Specific pool

Specific pools are operated for funds acquired / accepted from customers in foreign currencies (FCY) in addition to Pakistani Rupees (PKR) for customers willing to invest in specific sectors / Industry / exposures for want of higher returns. These pools operate in accordance with the rules as specified under general pool disclosure, however, varies in degree of risks associated with the investments / assets. Similarly, for interbank acceptances specific pool(s) based on Musharkah are also maintained by the Bank to meet liquidity requirement of the Bank. SMBL-IBD maintains 7 (seven) Local Currency (LCY) and 01 (one) Foreign Currency (FCY) specific pools.

(ii) General pool

General pool is the basket in which all the deposits from depositors are placed along with the Bank's own equity as well as funds from other financial institutions. The general pool is based on the principle of unrestricted Modaraba. An unrestricted Modaraba contract is a contract in which the depositor permits the Bank to administer the funds without any restrictions. In this case, the Bank has a wide range of trade or business freedom on the basis of trust and the business expertise the Bank has acquired.

However, such unrestricted business freedom in an unrestricted Modaraba must be exercised only in accordance with the interests of the parties and the objectives of the Modaraba contract, which is making profit. Therefore, the actions of the Bank must be in accordance with the business customs relating to the Banking operations. SMBL-IBD maintains 01 LCY and 01 FCY General pool.

(a) Priority of utilization of funds in the general pool shall be :

- Depositor Funds.
- Equity Funds.
- Placement / Investments of Other IBI.
- Modaraba Placement of Summit Bank Limited (Counterparty).

(b) Weightages for distribution of profit in general pool

The weightages are calculated and declared monthly as the pool is constructively liquidated at end of each month and created simultaneously. The Bank declares such weightages at least 3 days before the beginning of the month, after the approval of the Shariah Advisor / RSBM of the Bank. The maximum weightage to the Modaraba based deposit of any nature, tenor and amount does not exceed 3 times of the weightages assigned to normal saving deposits (minimum balance category).

The weightages assigned to all categories of pool deposits are assigned uniformly on a consistent basis, based on the following parameters / criteria (but not limited to):

- contracted period of deposits;
- frequency of profit distribution, monthly, quarterly or on maturity;
- volume of the deposit;
- product structure; and
- management discretion.

(c) Identification and allocation of pool related income and expenditure

The allocation of income and expenses to different pools is based on pre-defined basis and accounting principles / standards. According to Shariah rules and principles, all direct expenses are expensed out of the total profit i.e. always charged to the pool.

The direct expenses to be charged to the pool shall include all the direct cost of transaction including the following:

- depreciation of Ijarah assets;
- cost of sales of inventories;
- Takaful expenses of pool assets;
- taxes (sales tax and service tax levied by the provincial government);
- stamp fee or documentation charges;
- other costs / foreign exchange losses (if ascertainable);
- brokerage fee for purchase of securities/commodities etc.; and
- impairment / losses due to physical damages to specific assets in pools etc.

Indirect expenses can be categorized as those which are agreed with the saving and deposit account holders to be borne by the Mudarib.

All income pertaining to specific assets for specific periods should be allocated to the pool to which the assets are tagged during the period. Due care should be taken while recognizing revenue from assets. Revenue recognition for each type / class of assets should be in-line with the respective Shariah principles. Further, the financing will be diversified across different sectors and in compliance with the prudential regulation for exposure of individual and corporate clients. Income generated from non-financing activities (fee / commission / service charges) that were not relevant to the general pool were not credited to the pool and relevant expenses were also not charged to the pool.

(d) Parameters associated with risk and rewards

(i) The risks related to any pool depend upon the nature of the pool and the purpose for which the pool has been created. Considering the low risk tolerance of the investors of the profit and loss distribution pool, the key objective remained to earn competitive returns while containing the risk (volatility) of the returns to a minimum.

(ii) Risks to which the financing assets of the Bank may be exposed to are:

- Credit risk which is generally defined as the potential that a counter party fails to meet its obligations in accordance with agreed terms. Therefore, the Bank has sound credit risk management policies to protect the depositors' / Investment Account Holders (IAH) from loss due to credit risk;

- Market risk is generally defined as defined as the risk of losses in on- and off-balance sheet positions arising from movements in market prices i.e. fluctuations in values in tradable or marketable assets (including Sukuks) and in off-balance sheet individual portfolios (for example restricted investment accounts). The risks relate to the current and future volatility of market values of specific assets and of foreign exchange rates; and

- Equity Investment Risk is generally defined as risk associated with holding equity investments during unfavourable situations, where decline in investment caused by market conditions in turn gives volatility of earnings of Musharakah and Modaraba investments.

(iii) Risks to which the profit and loss distribution pool may be exposed to are:

- Liquidity risk which is the potential loss to the Bank arising from their inability either to meet their obligations or to fund increases in assets as they fall due without incurring unacceptable costs or losses. In order to mitigate the liquidity risk the Bank should invest in a combination of liquid and illiquid assets to be able to meet their obligations towards the depositors' / investment account holder; and

- Rate of return risk to which the Bank may be exposed to in the context of its overall balance sheet exposures. An increase in benchmark rates may result in savings account holders having expectations of a higher rate of return. A consequence of rate of return risk may be displaced commercial risk. Therefore, the Bank employ a gapping method for allocating positions into time bands with remaining maturities or re-pricing dates, whichever is earlier.

	2018	2017
	(Rupees in '000)	
Avenues / sectors of economy / business where deposits have been deployed*		
Agribusiness	**-**	46,561
Automobile and transportation equipment	**-**	314,732
Cement	**378,330**	-
Chemical and pharmaceuticals	**61,167**	1,405,382
Construction	**205,970**	-
Education	**23,996**	-
Electronics and electrical appliances	**1,403,041**	1,711,941
Exports/Imports	**106,608**	-
Financial	**-**	41,638
Food, tobacco and beverages	**282,802**	-
Glass and ceramics	**-**	75,000
GOP Ijarah Sukuk	**-**	4,409,158
Health care	**14,867**	-
Individuals	**859,033**	-
Miscellaneous manufacturing	**360,970**	-
Oil and Gas	**-**	2,580,608
Paper and allied products	**2,126**	-
Power (electricity), Gas, Water, Sanitary	**67,840**	-
Production and transmission of energy	**-**	1,041,397
Services	**672,078**	571,358
Sugar	**699,998**	-
Textile	**25,581**	320,122
Transport, Storage and Communication	**286,084**	-
Wholesale and Retail Trade	**698,614**	-
Others	**415,472**	3,892,652
	6,564,577	16,410,549

* Staff financing amounting Rs. 193.772 million (2017: Rs 236.239 million) is not included as it is financed through Islamic Banking Fund.

Basis of profit allocation

Profit of the general pool has been distributed between Modarib and Rabbul Maal by using pre-agreed profit sharing ratio. The profit was distributed between Mudarib and Rabbul Maal on the under mentioned profit sharing ratios based upon Gross Income Level less Direct Expenses.

	Profit sharing ratio	
	LCY Deposits	FCY Deposits
	2018	
	%	
Rabbul Maal	50%	50%
Mudarib	50%	50%

Mudarib share (in amount and percentage of distributable income)

	2018	2017	2018	2017
	(Rupees in '000)		%	%
Rabbul Maal	**608,884**	147,039	**66%**	54%
Mudarib	**310,854**	126,862	**34%**	46%
	919,738	273,901		

Amount and percentage of Mudarib share transferred to depositors through Hiba

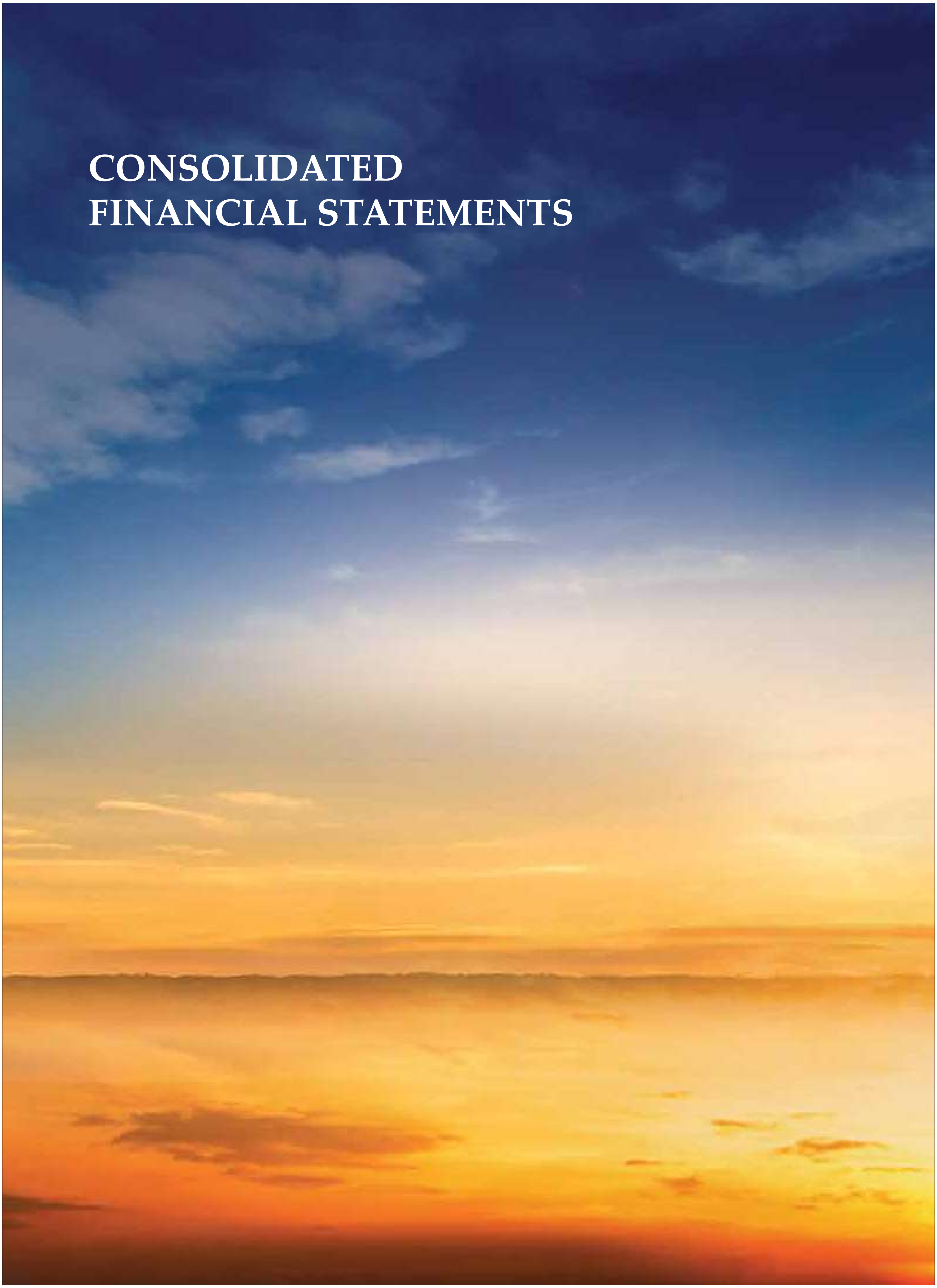
	2018	2017
	(Rupees in '000)	
Mudarib share	**268,316**	126,862
Hiba	**42,537**	20,177

	2018	2017
	%	
Hiba percentage of Mudarib share	**14**	16

Profit rate earned vs profit rate distributed to the depositors during the year ended December 31, 2018

	2018	2017
	%	
Profit rate earned	**7.58%**	7.21%
Profit rate distributed to depositors	**5.00%**	3.65%

CONSOLIDATED FINANCIAL STATEMENTS



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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SUMMIT BANK LIMITED

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the annexed consolidated financial statements of Summit Bank Limited and its subsidiary (the Group), which comprise the consolidated statement of financial position as at December 31, 2018, and the consolidated profit and loss account, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to note 1.2 to the consolidated financial statements. As more fully described in that note, the Group has incurred net loss of Rs. 8,790.990 million during the year ended December 31, 2018, resulting in accumulated losses of Rs. 19,947.568 million and net equity of Rs. 2,721.493 million as at December 31, 2018. The Group'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 December 31, 2018. Furthermore, the Group's liquidity coverage and net stable funding ratios are below the prescribed limits. These conditions indicate the existence of material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. However, the Group is making continued efforts for necessary injection of capital and implementation of the Group's Plan to comply with applicable capital and liquidity requirements. Our report is not qualified in respect of this matter.

Emphasis of Matter

We draw attention to the following matters:

- As described in note 22.4 to the consolidated financial statements, the National Accountability Bureau (NAB) is currently conducting an investigation against certain bank accounts alleged of involvement in illegal activities in various banks. The Group's management is of the view that such investigations will not affect the ongoing operations and functions of the Group.

- As described in note 13.4 to the consolidated financial statements, the Group holds immovable property which is partially in contravention with the provisions of Banking Companies Ordinance, 1962. The same has been held in "Other Assets" for sale at the earliest possible timeline.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the Material Uncertainty Related to Going Concern section, we have determined the following to be the key audit matters to be communicated in our report:

S.No.	Key Audit Matters	How the matter was addressed in our audit
1.	Provision against advances	
	The Group's credit portfolios include loans and advances, and non-funded credit facilities. The credit portfolio is spread across various domestic branches operations. As per the Group's accounting policy (refer note 4.5 to the consolidated financial statements), the Group periodically assesses the adequacy of its provisions against non-performing credit exposures in accordance with the requirements of Prudential Regulations of State Bank of Pakistan. Such regulations require specific provisioning against loan losses on the basis of an age-based criteria which should be supplemented by a subjective evaluation of Group's credit portfolio. The determination of loan loss provision against certain vulnerable corporate loans, therefore, involve use of management judgment, on a case to case basis, taking into account factors such as the economic and business conditions, borrowers repayment behaviors and realizability of collateral held by the Group. In view of the significance of this area in terms of its impact on the consolidated financial statements and the level of involvement of management's judgment, we identified adequacy and completeness of loan loss provision as a significant area of audit judgment and a key audit matter.	We applied a range of audit procedures on selected samples including the following: • We reviewed the Group's process for identification and classification of non- performing loans including the quality of underlying data and systems. As part of such review we performed an analysis of the changes within different categories of classified non-performing accounts from last year to the current reporting date. This analysis was used to gather audit evidence regarding downgrading of impaired loans and declassification of accounts from non-performing to regular, as the case may be; • We performed independent checks for the computations of provisions in line with the requirements of the applicable Prudential Regulations; • In addition, we selected a representative sample of borrowers from the credit portfolios across various branches including individually significant corporate loans and performed tests and procedures such as review of credit documentation, repayment history and past due status, financial condition as depicted by the borrowers' financial statements, nature of collateral held by the group and status of litigation, if any, with the borrower; • Based on the said credit reviews, we identified and discussed with the management the loan accounts where the credit risk appear to have increased. We reviewed the adequacy of provisions against such

S.No.	Key Audit Matters	How the matter was addressed in our audit
		accounts on the basis of our independent objective evaluation of the risk mitigating factors that exist in such cases; • Review of minutes of credit control committee meetings; and • We also assessed adequacy of disclosures in the consolidated financial statements regarding the non-performing loans and provisions made for the same in accordance with the requirements of the applicable financial reporting framework.
2.	Deferred tax assets	
	The recognition of a deferred tax asset in respect of tax losses is permitted only to the extent that it is probable that future taxable profits will be available to utilize the tax losses carried forward. When considering the availability of future taxable profits, judgement is required when assessing projections of future taxable income which are based on approved business plans/forecasts.	We obtained an understanding and evaluated the design and tested the effectiveness of controls in this area relevant to our audit. We performed substantive audit procedures on the recognition of deferred tax balances based on local tax regulations, and on the analysis of the recoverability of the deferred tax assets in the light of relevant accounting standard. We have evaluated the group's assumptions and estimates in relation to the likelihood of generating sufficient future taxable income based on plans, prepared by the management. We have also assessed previous forecast and compared with the actual outcome for evidence of bias. Finally, we reviewed the adequacy of the disclosures made by the group in this area and recognition / non-recognition of deferred tax asset / liability.
3.	Valuation of investments	
	Significant decrease in the value of investment as compared to last years' audited consolidated financial statements makes it significant to the consolidated financial statements. Therefore, we have considered this as a key audit matter. As at December 31, 2018, the Group has investments classified as "Available-for-sale", "Held for trading" and "Held to maturity", amounting to Rs. 19,007.773 million (2017: Rs. 94,732.789 million).	Our procedures in respect of valuation of investments included the following: • Assessing the design and testing the operating effectiveness of the relevant controls in place relating to valuation of investments; • Examining the reasons of significant decline in the carrying value of investments.

S.No.	Key Audit Matters	How the matter was addressed in our audit
	Investments are carried at cost or fair value in accordance with the Group's accounting policy relating to their recognition. Provision against investments is based on impairment policy of the Group which includes both objective and subjective factors. We identified the valuation of investments including determination of impairment allowance on investments classified as "Available-for-sale" and "Held to maturity" as a key audit matter because of their significance in relation to the total assets of the Group and judgment/estimates involved in assessing impairment allowance.	• Checking, on a sample basis, the valuation of investments to supporting documents, observable market and break-up values; and • Evaluating the management's assessment of available for sale and held to maturity investments for any additional impairment in accordance with the Group's accounting policies and performed an independent assessment of the assumptions.
4.	Capitalization and asset lives	
	There are a number of areas where management judgement impacts the carrying value of property and equipment, intangible assets and their respective depreciation/amortization profiles. These include: • the decision to capitalize or expense costs; • the annual asset life review; • the timeliness of the transfer from assets in the course of construction; and • making capital expenditures in accordance with applicable regulations and IFRS.	We tested controls in place over the fixed asset cycle, evaluated the appropriateness of capitalization policies, performed tests of details on costs capitalized and assessed the timeliness of the transfer of assets in the course of construction. Our detailed testing on the application of the asset life review identified no issues. In performing these procedures, we challenged the judgements made by management including: • the nature of underlying costs capitalized; • the appropriateness of asset lives applied in the calculation of depreciation; and • compliance with relevant regulations and IFRS.
5.	Litigations and regulatory requirements	
	There are a number of threatened and actual legal, regulatory and tax cases against the Group. There is a high level of judgement involved in estimating the level of provisioning required.	Our procedures included the following: • testing key controls surrounding litigation, regulatory and tax procedures; • where relevant, reviewing external legal opinions obtained by management;

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S.No.	Key Audit Matters	How the matter was addressed in our audit
		• discussing open matters with the Group's general counsel, litigation, regulatory and tax teams; • assessing and challenging management's conclusions through understanding precedents set in similar cases; and • circularizing confirmations where appropriate, to relevant third-party legal representatives.
6.	Preparation of Consolidated Financial Statements under BPRD Circular No.02 OF 2018	
	As referred to in note 4.1.1 to the consolidated financial statements, State Bank of Pakistan (SBP) vide its BPRD circular no. 02 of 2018, (the circular) revised the statutory forms of the annual consolidated financial statements of group effective from the year ended 31 December 2018. The revised statutory financial reporting framework as applicable to the Group, prescribes the presentation format, nature and content of disclosures in relation to various elements of the consolidated financial statements. The above changes and enhancements in the consolidated financial statements are considered important and a key audit matter because of the volume and significance of the changes in the consolidated financial statements resulting from the transition to the new reporting requirements.	We assessed the procedures applied by the management for identification of changes required in the consolidated financial statements due to application of revised forms for the preparation of such consolidated financial statements. We also evaluated the sources of information used by the management for preparation of the consolidated financial statements disclosures and internal consistency of the disclosures with other elements thereof. We considered the adequacy and appropriateness of the additional disclosures and changes in the presentation of the consolidated financial statements based on the requirements of the statutory forms.

Information Other than the Consolidated and Unconsolidated Financial Statements and Auditors' Reports Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated and unconsolidated financial statements and our auditors' reports thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Board of Directors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting and reporting standards as applicable in Pakistan and the Companies Act, 2017 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of directors is responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide to the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

- The annual consolidated financial statements of the Group for the year ended December 31, 2017 were audited by Deloitte Yousuf Adil, Chartered Accountants whose audit report dated March 09, 2018 expressed an unmodified opinion with an emphasis of matter paragraph.

- We were appointed as auditors of the Group after the year end. Therefore, we were unable to perform physical verification of cash and other assets as at December 31, 2018. However, we performed alternate audit procedures to satisfy ourselves regarding the balances as at December 31, 2018.

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

BAKER TILLY MEHMOOD IDREES QAMAR
CHARTERED ACCOUNTANTS

Karachi
Date: September 18, 2020

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2018

	Note	2018	2017 (Restated)	2016 (Restated)
		(Rupees in '000)		
ASSETS				
Cash and balances with treasury banks	5	**5,043,105**	13,556,734	12,786,629
Balances with other banks	6	**1,008,279**	2,440,437	2,582,694
Lendings to financial institutions	7	**-**	10,671,003	1,631,583
Investments	8	**19,007,773**	94,732,789	90,364,950
Advances	9	**61,246,803**	84,592,830	79,844,271
Fixed assets	10	**8,751,339**	12,460,941	12,073,592
Intangible assets	11	**209,418**	253,540	252,711
Deferred tax assets	12	**7,180,595**	5,759,878	5,151,050
Other assets	13	**12,150,539**	9,042,149	11,721,857
		114,597,851	233,510,301	216,409,337
LIABILITIES				
Bills payable	15	**1,881,107**	3,065,379	5,061,470
Borrowings	16	**19,491,854**	67,307,766	49,819,840
Deposits and other accounts	17	**84,573,632**	145,606,731	142,735,727
Liabilities against assets subject to finance lease		**-**	-	-
Subordinated debt	18	**1,495,515**	1,495,860	1,496,550
Deferred tax liabilities		**-**	-	-
Other liabilities	19	**4,434,250**	5,771,072	4,650,527
		111,876,358	223,246,808	203,764,114
NET ASSETS		**2,721,493**	10,263,493	12,645,223
REPRESENTED BY				
Share capital - net	20	**20,500,194**	20,500,194	16,489,365
Convertible preference shares		**-**	-	2,155,959
Advance against subscription of shares		**-**	-	1,854,870
Reserves		**(425,043)**	(425,043)	(425,043)
Surplus / (deficit) on revaluation of assets	21	**2,593,910**	1,526,180	2,112,002
Accumulated losses		**(19,947,568)**	(11,337,838)	(9,541,930)
		2,721,493	10,263,493	12,645,223

CONTINGENCIES AND COMMITMENTS 22

The annexed notes 1 to 46 and annexures I and II form an integral part of these consolidated financial statements.

Acting President/Chief Executive	Chief Financial Officer	Director	Director	Director

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CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED DECEMBER 31, 2018

	Note	2018	2017 (Restated)
		(Rupees in '000)	
Mark-up / return / interest earned	23	**8,456,392**	10,632,454
Mark-up / return / interest expensed	24	**6,641,292**	7,745,051
Net Mark-up / interest Income		**1,815,100**	2,887,403
NON MARK-UP/INTEREST INCOME			
Fee and commission income	25	**1,014,000**	1,346,941
Dividend income		**59,224**	105,918
Foreign exchange income		**801,340**	620,640
Income / (loss) from derivatives		**-**	-
(Loss) / gain on securities	26	**(35,654)**	351,072
Other Income	27	**352,752**	155,569
Total non-markup / interest income		**2,191,662**	2,580,140
Total Income		**4,006,762**	5,467,543
NON MARK-UP/INTEREST EXPENSES			
Operating expenses	28	**5,749,991**	6,165,326
Workers welfare fund		**-**	-
Other charges	29	**160,352**	66,328
Total non-markup/interest expenses		**5,910,343**	6,231,654
Loss Before Provisions		**(1,903,581)**	(764,111)
Provisions and write offs - net	30	**9,022,463**	1,187,671
Extra ordinary / unusual items		**-**	-
LOSS BEFORE TAXATION		**(10,926,044)**	(1,951,782)
Taxation	31	**(2,135,054)**	(31,016)
LOSS AFTER TAXATION		**(8,790,990)**	(1,920,766)
		(Rupees)	
Basic loss per share	32	**(3.33)**	(0.85)
Diluted loss per share	32	**(3.33)**	(0.85)

The annexed notes 1 to 46 and annexures I and II form an integral part of these consolidated financial statements.

Acting President/Chief Executive	Chief Financial Officer	Director	Director	Director

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2018

	2018	2017 (Restated)
	(Rupees in '000)	
Loss after taxation for the year	**(8,790,990)**	(1,920,766)
Other comprehensive income / (loss)		
Items that may be reclassified to profit and loss account in subsequent periods:		
Movement in deficit on revaluation of investments - net of tax	**(310,505)**	(656,256)
Items that will not be reclassified to profit and loss account in subsequent periods:		
Remeasurement gain on defined benefit obligations	**30,050**	11,469
Movement in surplus on revaluation of fixed assets - net of tax	**756,980**	176,560
Movement in surplus on revaluation of non-banking assets - net of tax	**17,955**	7,263
Movement in surplus on revaluation of held for sale property - net of tax	**754,510**	-
	1,559,495	195,292
Total comprehensive loss	**(7,542,000)**	(2,381,730)

The annexed notes 1 to 46 and annexures I and II form an integral part of these consolidated financial statements.

Acting President/Chief Executive	Chief Financial Officer	Director	Director	Director

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2018

				Capital reserves				Surplus / (deficit) on revaluation of			Revenue reserve	
	Share capital	Convertible Preference shares	Advance against subscription of shares	Share premium	Discount on issue of shares	Statutory reserve	Reserve arising on amalgamation	Investments	Fixed / Non Banking Assets	Property Held for sale	Accumulated losses	Total
	(Rupees in '000)											
Balance as at December 31, 2016	17,786,663	2,155,959	1,854,870	1,000,000	(1,297,298)	154,162	(1,579,205)	-	-	-	(9,541,930)	10,533,221
Effect of changes in accounting policy and restatement												
Reclassification of surplus to equity (Note 4.1)	-	-	-	-	-	-	-	(105,681)	2,217,683	-	-	2,112,002
Reclassification of discount on issue of shares (Note 20.2.1)	(1,297,298)	-	-	-	1,297,298	-	-	-	-	-	-	-
Balance as at January 01, 2017 - (Restated)	16,489,365	2,155,959	1,854,870	1,000,000	-	154,162	(1,579,205)	(105,681)	2,217,683	-	(9,541,930)	12,645,223
Loss after taxation for the year ended December 31, 2017 - Restated	-	-	-	-	-	-	-	-	-	-	(1,920,766)	(1,920,766)
Other comprehensive income / (loss) - net of tax	-	-	-	-	-	-	-	(656,256)	183,823	-	11,469	(460,964)
Transfer to statutory reserve	-	-	-	-	-	-	-	-	-	-	-	-
Transfer in respect of incremental depreciation from surplus on revaluation of fixed assets to accumulated losses	-	-	-	-	-	-	-	-	(113,389)	-	113,389	-
Transaction with owners recorded directly in equity												
Shares issued during the year	1,854,870	-	(1,854,870)	-	-	-	-	-	-	-	-	-
Issue of shares upon conversion of preference shares - net of discount on issue of shares	2,155,959	(2,155,959)	-	-	-	-	-	-	-	-	-	-
Balance January 01, 2018 - Restated	**20,500,194**	-	-	**1,000,000**	-	**154,162**	**(1,579,205)**	**(761,937)**	**2,288,117**	-	**(11,337,838)**	**10,263,493**
Loss after taxation for the year ended December 31, 2018	-	-	-	-	-	-	-	-	-	-	**(8,790,990)**	**(8,790,990)**
Other comprehensive income / (loss) - net of tax	-	-	-	-	-	-	-	**(310,505)**	**774,935**	**754,510**	**30,050**	**1,248,990**
Transfer to statutory reserve	-	-	-	-	-	-	-	-	-	-	-	-
Transfer in respect of incremental depreciation from surplus on revaluation of fixed assets to accumulated losses	-	-	-	-	-	-	-	-	**(113,532)**	-	**113,532**	-
Surplus realized on disposal of non-banking assets	-	-	-	-	-	-	-	-	**(37,678)**	-	**37,678**	-
Balance as at December 31, 2018	**20,500,194**	-	-	**1,000,000**	-	**154,162**	**(1,579,205)**	**(1,072,442)**	**2,911,842**	**754,510**	**(19,947,568)**	**2,721,493**

The annexed notes 1 to 46 and annexures I and II form an integral part of these consolidated financial statements.

Acting President/Chief Executive | Chief Financial Officer | Director | Director | Director

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2018

	Note	2018	2017 (Restated)
		.... (Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES			
Loss before taxation		**(10,926,044)**	(1,951,782)
Less: Dividend income		**(59,224)**	(105,918)
		(10,985,268)	(2,057,700)
Adjustments:			
Depreciation on operating fixed assets	*10.2*	**690,625**	706,823
Depreciation on non-banking assets	*13.1.1*	**44,952**	29,611
Amortization	*11.2*	**61,239**	61,752
Provision and write-offs excluding recoveries		**9,023,524**	1,189,914
Loss / (gain) on sale of fixed assets	*27*	**12,651**	(35,733)
Gain on disposal of non-banking assets - net	*27*	**(271,464)**	(350)
Unrealised loss on revaluation of investments classified as held-for-trading securities - net	*8.1*	**-**	15,885
		9,561,527	1,967,902
		(1,423,741)	(89,798)
Decrease / (increase) in operating assets			
Lendings to financial institutions		**10,671,003**	(9,039,420)
Held-for-trading securities		**59,486**	316,416
Advances		**16,700,505**	(5,517,649)
Others assets (excluding advance taxation)		**424,623**	2,308,154
		27,855,617	(11,932,499)
(Decrease) / increase in operating liabilities			
Bills Payable		**(1,184,272)**	(1,996,091)
Borrowings from financial institutions		**(47,788,951)**	17,458,471
Deposits		**(61,033,099)**	2,871,004
Other liabilities (excluding current taxation)		**(1,306,772)**	1,278,371
		(111,313,094)	19,611,755
Income tax paid		**(162,765)**	(182,179)
Net cash (used in) / flow from operating activities		**(85,043,983)**	7,407,279
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments in available-for-sale securities		**74,074,784**	(6,047,678)
Dividends received		**64,292**	103,397
Investments in operating fixed assets		**(603,639)**	(928,029)
Investments in intangible assets		**(17,117)**	-
Proceeds from sale of fixed assets		**17,994**	59,564
Proceeds from sale of non-banking assets		**1,589,188**	4,550
Net cash flow from / (used in) investing activities		**75,125,502**	(6,808,196)
CASH FLOW FROM FINANCING ACTIVITIES			
Payments of Subordinated debt		**(345)**	(690)
Net cash used in financing activities		**(345)**	(690)
Effect of exchange rate changes on cash and cash equivalent		**1,148,842**	254,162
(Decrease) / increase in cash and cash equivalents		**(8,769,984)**	852,555
Cash and cash equivalents at beginning of the year		**14,815,018**	15,111,305
Cash and cash equivalents at end of the year	*33*	**6,045,034**	15,963,860

The annexed notes 1 to 46 and annexures I and II form an integral part of these consolidated financial statements.

Acting President/Chief Executive	Chief Financial Officer	Director	Director	Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2018

1. STATUS AND NATURE OF BUSINESS

1.1 The Group comprises of:

1.1.1 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 December 31, 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 November 2018, VIS Credit Rating Company Limited assigned the Bank 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 a rating of 'BBB - (SO)' (Triple B minus (Structured Obligation)).

These ratings were placed on 'Rating Watch – Negative' status. Subsequently, In February 2019, VIS Credit Rating Company Limited suspended the entity ratings of the Bank due to non-availability of updated information. Moreover, 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. VIS Credit Rating Company Limited would reassess the ratings once required information along with latest financials is made available.

1.1.2 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.

1.2 During the year, the Group has incurred net loss of Rs. 8,790.990 million resulting in accumulated losses of Rs. 19,947.568 million and net equity of Rs. 2,721.493 million. As per the applicable laws and regulations, the Group is required to maintain Minimum Paid-up Capital (net of losses) (MCR) of Rs. 10 billion, Capital Adequacy Ratio (CAR) at 11.90% (inclusive of Capital Conservation Buffer of 1.90%), Leverage Ratio (LR) at 3.00%, Liquidity Coverage Ratio (LCR) at 100% and Net Stable Funding Ratio (NSFR) at 100% as of December 31, 2018. However, the paid up capital of the Bank (net of losses), is below Rs. 10 billion, CAR and LR are negative, while LCR and NSFR are below prescribed levels as at December 31, 2018. Subsequently, the Bank achieved compliance with the applicable NSFR and LCR requirements on December 31, 2019 and June 30, 2020 respectively.

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 (EOGM) 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, 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 Group in their Extraordinary General Meeting (EOGM) held on August 31, 2018 accorded their fresh approval for the proposed merger of the Group 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 Group 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; and
- 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 the Potential Investor has communicated his intention to acquire at least controlling stake in the Group by subscribing to fresh equity in the Group and investing such amounts as may be necessary (subject to satisfactory due-diligence) to ensure that the Group 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 Group together with the management control. The execution of the 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 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 Group 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 STATEMENT OF COMPLIANCE

These consolidated financial statements represent financial statements of the Holding Company - Summit Bank Limited and its subsidiary. The assets and liabilities of 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 financial statements.

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

- International Financial Reporting Standards (IFRS) 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).

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, requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives shall prevail.

The SBP, vide its BSD Circular Letter No. 10 dated August 26, 2002 has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and International Accounting Standard (IAS) 40, 'Investment Property' for banking companies till further instructions. Moreover, the SBP vide BPRD Circular No. 4 of 2015, dated February 25, 2015 has deferred the applicability of Islamic Financial Accounting Standards (IFAS) 3, Profit and Loss Sharing on Deposits. Further, SECP has deferred the applicability of International Financial Reporting Standard (IFRS) 7 'Financial Instruments: Disclosures' for banks through its notification S.R.O. 411(I)/2008 dated April 28, 2008. Accordingly, the requirements of these standards have not been considered in the preparation of these consolidated financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars.

2.3 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 effect these return through its power over the investee.

These consolidated financial statements incorporate the financial statements of 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 Group. Material intra-group balances and transactions are eliminated.

2.4 Key financial figures of the Islamic banking branches are disclosed in Annexure II to these consolidated financial statements.

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

There are certain new and amended standards, interpretation and amendments that are mandatory for the Group's 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 Group's operations and therefore not detailed in these consolidated financial statements.

2.6 Standards, interpretations of and amendments to existing accounting standards that are not yet effective

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

Standard, Interpretation and Amendment	Effective date (annual periods beginning on or after)
IFRS 15 - Revenue from contracts with customers	July 01, 2018
IFRS 11 - Joint Venture- (Amendments)	January 01, 2019
IFRS 16 - Leases	January 01, 2019
IAS 19 - Employee Benefits - (Amendments)	January 01, 2019
IAS 28 - Investments in Associates and Joint Ventures - (Amendments)	January 01, 2019
IFRIC 23 - Uncertainty over Income Tax Treatments	January 01, 2019
IFRS 3 - Business Combinations - (Amendments)	January 01, 2020

Standard, Interpretation and Amendment	Effective date (annual periods beginning on or after)
IFRS 9 - Financial Instruments: Classification and Measurement	June 30, 2019

IFRS 16 replaces existing guidance on accounting for leases, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases- Incentive and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessors' accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases.

On adoption of IFRS 16, the Group shall recognise a right-of-use asset with a corresponding liability for lease payments. The Group is in the process of assessing the full impact of this standard.

IFRS 9: 'Financial Instruments' 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 an 'expected credit losses' (ECL) approach rather than the 'incurred credit losses' approach as currently followed. The ECL has impact on all assets of the Group which are exposed to credit risk.

The Group is in the process of assessing the full impact of this standard.

The Group expects that adoption of the remaining interpretations and amendments will not affect its financial statements in the period of initial application.

2.7 Critical accounting estimates and judgments

The preparation of these consolidated financial statements in conformity with approved accounting standards as applicable in Pakistan requires the management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and income and expenses as well as in the disclosure of contingent liabilities. It also requires the managements to exercise judgement in application of its accounting policies. The estimates and associated assumptions are based on historical experiences and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of revision and in future periods if the revision affects both current and future periods.

Significant accounting estimates and areas where judgements were made by the management in the application of accounting policies are as follows:

	Note
- Classification and provisioning against investments	4.4, 4.18, 8, and 30
- Classification and provisioning against non-performing loans and advances	4.5, 9 and 30
- Useful lives of fixed and intangible assets, depreciation, amortization and revaluation	4.6, 4.7, 10 and 11
- Impairment of assets	4.18
- Accounting for staff retirement and other benefits	4.11, 35 and 36
- Taxation	4.17 and 31
- Other provisions	4.19
- Fair value of financial instruments	38
- Valuation of non-banking assets	4.8 and 13.1.1

3. BASIS OF MEASUREMENT

3.1 Accounting convention

These consolidated financial statements have been prepared under the historical cost convention except that certain fixed assets and non-banking assets in satisfaction of claims are stated at revalued amounts and certain investments have been stated at fair value and defined benefit obligations which are carried at present value.

3.2 Functional and presentation currency

These consolidated financial statements are presented in Pakistani rupees, which is the Group's functional and presentation currency.

The amount are rounded off to the nearest thousand rupees except as stated otherwise.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are consistent with those of the previous financial year except as disclosed below in note 4.1

4.1 Change in accounting policies

4.1.1 Change in reporting format

The SBP vide BPRD Circular No.2 dated January 25, 2018 specified the new reporting format for the financial statements of banking companies. The new format has revised the disclosure requirements of the Group for the year ended December 31, 2018 which has resulted in certain additional disclosures and reclassification of the items in these consolidated financial statements.

4.1.2 Surplus / Deficit on Revaluation of Fixed Assets

The Companies Ordinance, 1984 (the repealed Ordinance) was repealed through the enactment of the Companies Act, 2017 on May 30, 2017. However, as directed by the Securities and Exchange Commission of Pakistan vide circular No.23 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 consolidated 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 relevant IFRS, which requires that such deficit is to be taken to the consolidated profit and loss account as an impairment.

Consequently, the Group 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 has no impact on these consolidated financial statements.

4.2 Cash and cash equivalents

For the purpose of cash flow statements, cash and cash equivalents include cash in hand, national prize bond, balances with treasury banks and balances with other banks (net of overdrawn nostro balances) in current and deposit accounts.

4.3 Lendings to / borrowings from financial institutions

The Group enters into transactions of borrowings (re-purchase) from and lending (reverse re-purchase) to financial and other institutions, at contracted rates for a specified period of time. These are recorded as under:

a Sale under repurchase agreements (Repo)

Securities sold subject to an agreement to repurchase at a specified future date (repos) continue to be recognized in the consolidated statement of financial position and are measured in accordance with accounting policies for investment securities. The counterparty liability for amounts received under these agreements is included in borrowings. The difference between sale and repurchase price is treated as mark up expense and is accrued over the period of the repo agreement.

b Other borrowings

Other borrowings include borrowings from the SBP and unsecured call borrowings which are recorded at the proceeds received. Mark up paid on such borrowings is charged to the consolidated profit and loss account over the period of borrowings on time proportionate basis.

c Purchase under resale agreements (Reverse Repo)

Securities purchased under agreement to resell at a specified future date (reverse repos) are not recognized in the consolidated statement of financial position. Amounts paid under these agreements are included in lendings to financial institutions. The difference between purchase and resale price is treated as mark up earned and is accrued over the period of the reverse repo agreement. Securities purchased are not recognized in the consolidated financial statements, unless these are sold to third parties, in which case the obligation to return them is recorded at fair value as a trading liability under borrowings from financial institutions.

d Other lendings

Other lendings include term lendings and unsecured lendings to financial institutions. These are stated net of provision. Mark up on such lendings is charged to consolidated profit and loss account on a time proportionate basis using effective interest rate method except mark up on impaired / delinquent lendings, which are recognized on receipt basis in accordance with the requirements of the Prudential Regulations of the SBP.

e Musharakah

Musharakah is a profit and loss sharing transaction in which the Group and counterparty place their funds in a pool of specific asset (managed with us in case of acceptance transaction and managed by the counter party in case of placement transaction) yielding a specified return on a predetermined profit sharing ratio. The profit of the pool is shared according to this pre-agreed ratio.

f Bai Muajjal

Bai Muajjal is a transaction in which a party in need of funds purchases an easily sellable Shariah compliant security (such as Sukuk) from a counter party (the party with excess funds) on deferred payment basis and sells it on spot payment basis to a third party thereby raises liquidity. Receivable against such sale is recognized at the agreed sale price. The difference between the sale price and the carrying value on the date of disposal is recognized in the income over the period of credit sale.

4.4 Investments

4.4.1 Classification

Investments of the Group, are classified as held-for-trading, held-to-maturity and available-for-sale. The management determines the appropriate classification of its investments at the time of purchase.

Held-for-trading

These are securities which are either acquired for generating a profit from short-term fluctuations in market prices, interest rate movements, dealer's margin or are securities included in portfolio in which a pattern of short-term profit taking exists.

Held-to-maturity

These are securities with fixed or determinable payments and fixed maturity that the Group has the positive intent and ability to hold till maturity.

Available-for-sale

These are investments that do not fall under the held-for-trading or held-to-maturity categories.

4.4.2 Regular way contracts

All purchases and sales of investments that require delivery within time frame established by regulations or market conventions are recognized at the trade date. Trade date is the date on which the Group commits to purchase or sell the investment.

4.4.3 Initial recognition and measurement

These are initially recognized at cost, being the fair value of the consideration given including, in the case of investments other than held-for-trading, the acquisition cost associated with the investments.

4.4.4 Subsequent measurement

Held-for-trading

These are measured at subsequent reporting dates at fair value. Gains and losses on re-measurement are included in the profit and loss account.

Held-to-maturity

These are measured at amortized cost using the effective interest rate method, less any impairment loss recognized to reflect irrecoverable amounts.

Available-for-sale

Quoted securities classified as available-for-sale investments are measured at subsequent reporting dates at fair value. Any surplus / deficit arising thereon is kept in a separate account shown in the consolidated statement of financial position within the equity and is taken to the consolidated profit and loss account when actually realized upon disposal or when the investment is considered to be impaired.

Unquoted equity securities are valued at the lower of cost and break-up value. The break-up value of these securities is calculated with reference to the net assets of the investee company as per the latest available audited financial statements. A decline in the carrying value is charged to the consolidated profit and loss account. Investments in other unquoted securities are valued at cost less impairment, if any.

Provision for diminution in the value of securities (except term finance certificates and sukuks) is made for impairment, if any. Provision for diminution in the value of term finance certificates and sukuks is made as per the ageing criteria prescribed by the Prudential Regulations issued by the SBP.

Available-for-sale listed equity investments are impaired when there has been a significant or prolonged decline in their fair value below their cost. The determination of what is significant or prolonged requires judgment. In making this judgment, the Group evaluates, among other factors, the normal level of volatility in a share price.

Moreover, strategic investments are carried at cost less provisions for impairment.

4.5 Advances

Advances are stated net of general and specific provisions. The specific and general provisions for advances are made in accordance with the requirements of Prudential Regulations and other directives issued by the State Bank of Pakistan and are charged to the consolidated profit and loss account. Non-performing loans and advances in respect of which the Group does not expect any recoveries in future years are written off.

Leases, where the Group transfers substantially all the risks and rewards incidental to the ownership of an asset are classified as finance leases. A receivable is recognized at an amount equal to the present value of the minimum lease payments, including guaranteed residual value, if any. Unearned finance income is recognized over the term of the lease, so as to produce a constant periodic return on the outstanding net investment in lease.

Murabaha is a mode of financing in which the Group sells an asset to the customer with profit disclosure usually on deferred payment basis. Profit on the transaction is recognized over the credit period. Accounting for the transaction is done under IFAS -1.

Diminishing Musharakah (DM) is a Shirkat ul Milk based product where the Group and customer share the ownership of an asset and the Group rents its share in the asset to the co-owner. The co-owner also purchases the Group's share in the asset gradually. The Group records DM asset up to its share at cost value and does not depreciate it as the customer has to purchase the asset at cost value.

In Ijarah the Group rents out an asset to the customer against periodic rentals. Rentals are recognized as income on accrual basis while the asset is recorded in the books at cost less accumulated depreciation. Depreciation on the leased asset is provided on a straight line basis. Ijarah asset, related cost and revenue are accounted for as per IFAS-2.

In Istisna financing, the Group places an order to purchase some specific goods / commodities from its customers to be delivered to the Group within an agreed time. These goods are then sold in the market on profit. Istisna goods are recorded on the books at lower of cost or market value.

In Tijarah financing, the Group purchases specific goods / commodities on spot payment basis from its customers for onward sale. These goods are then sold in the market on profit. Goods purchased are recorded on the books at lower of cost or market value.

Running Musharakah financing is a participatory mode of financing whereby the Group participates in the outcomes of a particular business / portfolio / business segment of the customer by virtue of its average investment in the customer's business. Group's investment is determined on the basis of its average outstanding during a period as withdrawn by the customer from time to time.

The investment is recognized as 'Running Musharakah Financing' at the outstanding value and is adjusted for loss if any. Profit on the financing is separately recorded as 'Profit Receivable'.

Term Musharakah is a participatory mode of financing whereby the Group participates in the outcomes of particular business / portfolio / business segment of the customer by virtue of its investment in the customer's business for a particular period (term). The investment is initially recognized as 'Term Musharakah Financing' at the disbursed amount and is subsequently remeasured at fair value after adjustment for losses or redemption but not profit. Profit on the financing is separately recorded as 'Profit Receivable'.

Salam is a sale transaction where the seller undertakes to supply some specific goods to buyer at a future date against an advance price fully paid on spot. Until the goods are delivered by the customer, the Group records it as 'Advance against Salam'. After the goods are received 'Salam Inventories' are recognized at cost. Subsequently when inventories are sold, revenue is recognized and the carrying amount of those inventories is recognized as an expense.

In Musawammah financing, the Group purchases the goods and after taking the possession, sells them to the customer either in spot or credit transaction, without disclosing the cost. Goods purchased but remaining unsold at the statement of financial position date are recorded as inventories. the Group values its inventories at the lower of cost and net realizable value. The net realizable value is the estimated selling price in the ordinary course of business less the estimated cost necessary to make the sale. Cost of inventories represents actual purchases made by the Group/ customers as an agent of the Group for subsequent sale.

4.6 Fixed assets

4.6.1 Owned

Property and equipment, other than leasehold land (which is not depreciated) and capital work-in-progress, are stated at cost or revalued amount less accumulated depreciation and accumulated impairment losses, if any. Land is carried at revalued amount less impairment losses while capital work-in-progress is stated at cost less impairment losses, if any.

Depreciation is calculated by the Group using the straight line method which writes down the cost of assets to their residual values over the estimated useful lives. The rates at which the assets are depreciated are disclosed in note 10.2 to these consolidated financial statements. The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at each statement of financial position date.

Depreciation on additions is charged from the month the assets are available for use while no depreciation is charged in the month in which the assets are disposed off.

Subsequent costs are included in an asset's carrying amount or recognized as a separate asset as appropriate, only when it is probable that future benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are consolidated charged to the consolidated profit and loss account as and when incurred.

Land and buildings are revalued by professionally qualified valuers with sufficient regularity to ensure that their net carrying value does not differ materially from their fair value. A surplus arising on revaluation is credited to the surplus on revaluation of fixed assets account. Any deficit arising on subsequent revaluation of fixed assets is adjusted against the surplus of that asset or, if no surplus exists, is charged to consolidated profit and loss account as an impairment of the asset. The surplus on revaluation of fixed assets, to the extent of incremental depreciation, is transferred to retained earnings.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the assets is recognized in the consolidated profit and loss account in the year when asset is derecognized.

4.6.2 Capital work-in-progress

Capital work-in-progress are stated at cost less accumulated impairment losses, if any.

4.7 Intangible assets

4.7.1 Intangible assets in use

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Intangible assets with finite lives are amortized using the straight line method at rates specified in the relevant note. Intangible assets' residual values, if significant and their useful lives are reviewed at each date of consolidated statement of financial position and adjusted prospectively, if appropriate, at each balance sheet date.

Amortization on additions to intangible assets is charged from the month in which an asset is acquired or capitalized while no amortization is charged for the month in which that asset is disposed off.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supported. If not, the change in useful life from indefinite to finite is made on a prospective basis.

4.7.2 Capital work-in-progress

Capital work-in-progress are stated at cost less accumulated impairment losses, if any.

4.7.3 Goodwill

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred over the net identifiable assets acquired and liabilities assumed as an intangible asset.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is tested for impairment annually or whenever there is an indication of impairment as per the requirement of International Accounting Standard (IAS) 36, 'Impairment of Assets'. Impairment charge in respect of goodwill is recognized in the consolidated profit and loss account.

4.8 Non-banking assets acquired in satisfaction of claim

Non-banking assets acquired in satisfaction of claims are carried at revalued amounts less accumulated depreciation. These assets are revalued by professionally qualified valuers with sufficient regularity to ensure that their net carrying value does not differ materially from their fair value. A surplus arising on revaluation of property is credited to the 'surplus on revaluation of non-banking assets' account and any deficit arising on revaluation is taken to profit and loss account directly. Legal fees, transfer costs and direct cost of acquiring title to property are charged to the consolidated profit and loss account and not capitalized.

4.9 Deposits

Deposits are initially recorded at the amount of proceeds received. Mark-up accrued on deposits is recognized separately as part of other liabilities and is charged to the profit and loss account on a time proportion basis.

Deposits under Islamic Banking operations are accepted on the basis of two modes i.e. Qard and Mudaraba.

Deposits taken on Qard basis are classified as 'Current accounts' and Deposits generated on Mudaraba basis are classified as 'Savings deposits' and 'Islamic Savings Certificate'. No profit or loss is passed on to current account depositors.

While the product features of each product differ, there is usually no restriction on withdrawals or number of transactions in current and saving accounts. In case of Islamic Savings Certificates, pre-mature withdrawals can be made as per approved terms only.

Profits realized in investment pools are distributed in pre-agreed profit sharing ratio. Rab-ul-Maal (usually Customer) share is distributed among depositors according to weightages assigned at the inception of profit calculation period. The Mudarib (Bank) can distribute its share of profit to Rab-ul-Maal as Hiba upto a specified percentage of its share in profit.

Profits are distributed from the pool and the depositors (remunerative) bear the risk of assets in the pool during the profit calculation period. In case of loss in a pool during the profit calculation period, the loss is distributed among the depositors (remunerative) according to their ratio of investments.

Asset pools are created at the Holding's discretion and the Holding can add, amend and transfer an asset to any other pool in the interests of the deposit holders.

4.10 Subordinated debt

Subordinated loans are initially recorded at the amount of proceeds received. Mark-up accrued on subordinated loans is recognized separately as part of other liabilities and is charged to the consolidated profit and loss account over the period on an accrual basis.

4.11 Staff retirement benefits

4.11.1 Defined contribution plan

The Bank and Summit Capital (Private) Limited (SCPL) operate their separate defined contribution provident funds for all their permanent employees. Equal monthly contributions are made both by the Group and its employees to the respective funds at the rate of 10% of basic salary respectively.

4.11.2 Defined benefit plan

The Bank and Summit Capital (Private) Limited (SCPL) operate their separate funded gratuity plans for all their permanent employees who have completed the minimum qualifying period as per their respective fund rules. Provision is made by respective funds to meet the cost of such gratuity benefits on the basis of actuarial recommendations. The actuarial valuations are periodically carried out using the 'Projected Unit Credit Method'.

Annual contributions towards the defined benefit schemes are made on the basis of actuarial valuation carried out using the Projected Unit Credit Method.

The Group follows International Accounting Standard (IAS) 19, 'Employee Benefits'. Actuarial gains and losses are recognized in consolidated other comprehensive income (OCI) in the periods in which they occur. Amounts recorded in these consolidated profit and loss account are limited to current and past service costs, gains or losses on settlements, and net interest income / expense. All other changes in the net defined benefit obligation are recognized directly in other comprehensive income with no subsequent recycling through the consolidated profit and loss account.

4.11.3 Employees' compensated absences

The Group provides its liability towards compensated absences accumulated by its employees on the basis of actuarial valuation carried out using the Projected Unit Credit Method as per the requirements given in International Accounting Standard (IAS) 19, 'Employee Benefits'. Actuarial gains and losses are credited or charged to the profit and loss account in the year in which they occur.

4.12 Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated into rupees at the exchange rates prevailing on the transaction date. Monetary assets and liabilities in foreign currencies are expressed in rupees terms at the rates of exchange ruling on the consolidated statement of financial position date. Forward foreign exchange contracts are valued at forward rates determined with reference to their respective maturities.

Translation gains and losses

Translation gains and losses are included in the consolidated profit and loss account.

4.13 Revenue recognition

Revenue is recognized to the extent that the economic benefits will flow to the Group and the revenue can be reliably measured. The following recognition criteria from 4.14 to 4.16 are used for revenue recognition:

4.14 Advances and investments

Mark-up / return / interest on regular loans / advances and investments is recognized on time proportion basis. Where debt securities are purchased at premium or discount, the same is amortized through the consolidated profit and loss account over the remaining period using effective interest method.

Mark-up / return / interest recoverable on classified loans and advances and investments is recognized on receipt basis. Mark-up / return / interest on rescheduled / restructured loans and advances and investments is recognized as permitted by the regulations of the SBP.

Dividend income is recognized when the Group's right to receive the dividend is established.

Gain and loss on sale of investments are recognized in the profit and loss account.

4.15 Lease financing

Financing method is used in accounting for income from lease financing. Under this method, the unearned lease income (excess of the sum of total lease rentals and estimated residual value over the cost of leased assets) is deferred and taken to income over the term of the lease period so as to produce a constant periodic rate of return on the outstanding net investment in lease. Unrealized income on classified leases if any, is recognized on receipt basis.

Gains / losses on termination of lease contracts, documentation charges, front-end fees and other lease income are recognized as income on receipt basis.

4.16 Fees and commission income

Fees, brokerage and commission on letters of credit / guarantees and others are generally recognized on an accrual basis.

4.17 Taxation

Current

The charge for current taxation is based on taxable income at the current rate of taxation after taking into account applicable tax credit, rebates and exemptions available, if any, or minimum tax on turnover, whichever is higher.

Prior years
The taxation charge for prior years represents adjustments to the tax charge relating to prior years, arising from assessments / changes in laws and changes in estimates made during the current year.

Deferred
Deferred tax is recognized on all major temporary differences, tax credits and unused tax losses at the statement of financial position date between the amounts attributed to assets and liabilities for financial reporting purposes and amounts used for taxation purposes. Deferred tax is calculated at the rates that are expected to apply to the periods when the differences will reverse, based on tax rates that have been enacted or substantially enacted at the consolidated statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

The Group also recognizes deferred tax asset / liability on deficit / surplus on revaluation of assets which is adjusted against related deficit / surplus in accordance with the requirements of the International Accounting Standard (IAS) 12 'Income Taxes'.

4.18 Impairment

The carrying amounts of assets are reviewed at each statement of financial position date for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. If such indication exists, and where the carrying value exceeds the estimated recoverable amount, assets are written down to their recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. The resulting impairment loss is taken to the consolidated profit and loss account.

4.19 Other provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each statement of financial position date and are adjusted to reflect the current best estimate.

4.20 Off setting

Financial assets and financial liabilities are off set and the net amount is reported in the consolidated financial statements when there is a legally enforceable right to set off the recognized amounts and the Group intends either to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

4.21 Acceptances

Acceptances comprise undertaking by the Group to pay bill of exchange drawn on customers. The Group expects most acceptances to be simultaneously settled with the reimbursement from the customers. Acceptances are accounted for as on the balance sheet transactions.

4.22 Financial instruments

Financial Assets and Liabilities
Financial instruments carried on the consolidated statement of financial position include cash and bank balances, lendings to financial institutions, investments, advances, certain other receivables, borrowings from financial institutions, deposits and certain other payables. The particular recognition methods adopted for significant financial assets and financial liabilities are disclosed in the individual policy statements associated with them. Financial assets are de-recognized when the contractual right to future cash flows from the asset expire or is transferred along with the risk and reward of the asset. Financial liabilities are de-recognized when obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on de-recognition of the financial asset and liabilities is recognized in the profit and loss account of the current period.

Derivative financial instruments

Derivative financial instruments are initially recognized at their fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value using appropriate valuation techniques. All derivative financial instruments are carried as assets when fair value is positive and liabilities when fair value is negative. Any change in the fair value of derivative financial instruments is taken to the consolidated profit and loss account.

4.23 Earnings per share

The Group presents basic and diluted earnings per share (EPS) for its shareholders. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.

4.24 Segment reporting

A segment is a distinguishable component of the Group that is subject to risks and rewards that are different from those of other segment. A business segment is one that is engaged either in providing certain products or services, whereas a geographical segment is one engaged in providing certain products or services within a particular economic environment. Segment information is presented as per the Group's functional structure. The Group comprises of the following main business segments:

4.24.1 Business segments

Corporate finance
This includes underwriting, securitization, investment banking, syndications, IPO related activities (excluding investments) and secondary private placements.

Trading and sales
This segment undertakes the Group's treasury, money market and capital market activities.

Branch banking
This includes loans, deposits and other banking transactions to retail, individual customers, agriculture, SME and commercial customers of the Group.

Islamic banking
This segment pertains to full scale Islamic Banking operations of the Group.

Brokerage business
It includes brokerage activities handled through the Subsidiary - Summit Capital (Private) Limited.

Others
This includes the head office related activities, and all other activities not tagged to the segments above.

4.24.2 Geographical segments

The Group conducts all its operations in Pakistan.

5. CASH AND BALANCES WITH TREASURY BANKS

	Note	2018	2017
		(Rupees in '000)	
In hand			
Local currency		**2,699,678**	3,770,382
Foreign currency		**190,719**	736,170
		2,890,397	4,506,552
With State Bank of Pakistan in			
Local currency current account	*5.1*	**1,011,453**	6,442,157
Foreign currency current account	*5.2*	**302,719**	431,731
Foreign currency deposit account	*5.3*	**125,904**	1,095,616
		1,440,076	7,969,504
With National Bank of Pakistan in Local currency current account		**703,743**	1,061,502
Prize bonds		**8,889**	19,176
		5,043,105	13,556,734

5.1 These represent current accounts maintained under the Cash Reserve Requirement of the SBP.

5.2 These represent foreign currency current accounts maintained under the Cash Reserve Requirement and Special Cash Reserve Requirement of the SBP.

5.3 These represent deposit accounts maintained under Special Cash Reserve requirement of the SBP and a US Dollar settlement account maintained with the SBP. The return on this account is declared by the SBP on a monthly basis, it carries mark up rate ranging from 0.00% to 1.35% (2017: 0.00% to 0.37%) per annum.

6. BALANCES WITH OTHER BANKS

	Note	2018	2017
		(Rupees in '000)	
In Pakistan			
In current account		**31,759**	10,540
In deposit account	*6.1*	**92,378**	128,087
		124,137	138,627
Outside Pakistan			
In current account		**368,270**	1,781,193
In deposit account	*6.2*	**515,872**	520,617
		884,142	2,301,810
		1,008,279	2,440,437

6.1 This mainly includes placements with correspondent banks, carrying interest rate determined with respect to underlying currency benchmark rates ranging from 4.20% to 8.10% per annum (2017: 3.40% to 3.77% per annum).

6.2 These represent placements with correspondent banks, carrying interest rate determined with respect to underlying currency benchmark rates ranging from 0.00 % to 3.75 % per annum (2017: 0.00% to 3.00% per annum).

7. LENDINGS TO FINANCIAL INSTITUTIONS

	Note	2018	2017
		(Rupees in '000)	
Call money lending	7.3	-	1,000,000
Repurchase agreement lendings(Reverse Repo)	7.4	-	3,734,980
Bai Muajjal receivable - with other financial institution	7.5	-	3,936,023
Musharakah	7.6	-	2,000,000
		-	10,671,003
Less: provision held against Lending to Financial Institutions		-	-
Lending to Financial Institutions - net of provision		-	10,671,003

7.1 Particulars of lending

	2018	2017
In local currency	-	10,671,003
In foreign currencies	-	-
	-	10,671,003

7.2 Securities held as collateral against lendings to financial institutions

	2018			2017		
	Held by Group	Further given as collateral	Total	Held by Group	Further given as collateral	Total
	(Rupees in '000)					
Market Treasury Bills	-	-	-	3,734,980	-	3,734,980

7.2.1 The market value of securities held as collateral against repurchase agreement lendings amounted to Rs. 3,736.18 million as at December 31, 2017.

7.3 This represented call money lending to a financial institution that carried mark up rate of 6.50% per annum which matured in January 2018.

7.4 This represented lending against securities to financial institutions that carried mark up rates of 5.85% to 6.00% per annum and have matured in January 2018.

7.5 This represented Bai Muajjal Agreements entered into with a financial institution that carried markup rate of 5.75% per annum and have matured in January 2018.

7.6 This represented Musharakah placement with financial institutions that carried markup rate of 5.65% and 5.85% per annum and matured in January 2018.

8. INVESTMENTS

8.1 Investments by type:

	2018				2017 (Restated)			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
	(Rupees in '000)							
Held-for-trading securities								
Shares	-	-	-	-	75,371	-	(15,885)	59,486
Available-for-sale securities								
Federal Government Securities								
- Treasury Bills	1,377,071	-	29	1,377,100	71,838,584	-	1,780	71,840,364
- Pakistan Investment Bonds	13,969,584	-	(1,233,323)	12,736,261	13,361,634	-	(143,388)	13,218,246
- GoP Ijarah Sukuks	2,250,000	-	(40,275)	2,209,725	4,793,854	-	16,958	4,810,812
Shares								
- Fully paid up ordinary shares-Listed	4,152,347	(1,947,196)	(385,542)	1,819,609	4,246,959	(1,025,818)	(1,073,629)	2,147,512
- Fully paid up ordinary shares-Unlisted	14,475	(1,000)	-	13,475	14,475	(1,000)	-	13,475
- Preference shares - Unlisted	46,035	-	-	46,035	37,056	-	-	37,056
Non Government Debt Securities								
- Term Finance Certificates	1,611,998	(1,008,500)	-	603,498	1,611,998	(809,212)	-	802,786
- Sukuk Bonds	402,070	(200,000)	-	202,070	1,905,943	(200,000)	28,302	1,734,245
Units of mutual funds	-	-	-	-	87,861	-	(19,054)	68,807
	23,823,580	(3,156,696)	(1,659,111)	19,007,773	97,898,364	(2,036,030)	(1,189,031)	94,673,303
Total Investments	23,823,580	(3,156,696)	(1,659,111)	19,007,773	97,973,735	(2,036,030)	(1,204,916)	94,732,789

8.2 Investments by segments:

	2018				2017 (Restated)			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
	(Rupees in '000)							
Federal Government Securities								
Market Treasury Bills	1,377,071	-	29	1,377,100	71,838,584	-	1,780	71,840,364
Pakistan Investment Bonds	13,969,584	-	(1,233,323)	12,736,261	13,361,634	-	(143,388)	13,218,246
GoP Ijarah Sukuks	2,250,000	-	(40,275)	2,209,725	4,793,854	-	16,958	4,810,812
	17,596,655	-	(1,273,569)	16,323,086	89,994,072	-	(124,650)	89,869,422
Shares								
Listed Companies	4,152,347	(1,947,196)	(385,542)	1,819,609	4,322,330	(1,025,818)	(1,089,514)	2,206,998
Unlisted Companies	60,510	(1,000)	-	59,510	51,531	(1,000)	-	50,531
	4,212,857	(1,948,196)	(385,542)	1,879,119	4,373,861	(1,026,818)	(1,089,514)	2,257,529
Non Government Debt Securities								
Listed	17,266	(17,266)	-	-	1,080,721	(17,266)	26,178	1,089,633
Unlisted	1,996,802	(1,191,234)	-	805,568	2,437,220	(991,946)	2,124	1,447,398
	2,014,068	(1,208,500)	-	805,568	3,517,941	(1,009,212)	28,302	2,537,031
Units of mutual funds	-	-	-	-	87,861	-	(19,054)	68,807
Total Investments	23,823,580	(3,156,696)	(1,659,111)	19,007,773	97,973,735	(2,036,030)	(1,204,916)	94,732,789

8.2.1 Investments given as collateral-Market Value

	2018	2017
	.... (Rupees in '000)	
Market Treasury Bills	-	49,610,112
Pakistan Investment Bonds	**8,190,815**	10,451,041
GoP Ijarah Sukuks	**2,209,725**	-
Ordinary shares - Listed	**1,718,824**	24,720
	12,119,364	60,085,873

8.3 Provision for diminution in value of investments

	2018	2017 (Restated)
	.... (Rupees in '000)	
8.3.1 Opening balance	**2,036,030**	1,764,488
Charge / reversals		
Charge for the year	**1,120,666**	558,752
Reversals for the year	-	(193,906)
Reversal on disposals	-	(43,753)
	1,120,666	321,093
Amounts written off	-	(49,551)
Closing Balance	**3,156,696**	2,036,030

8.3.2 Particulars of provision against debt securities

Category of classification	2018		2017 (Restated)	
	NPI	Provision	NPI	Provision
	.... (Rupees in '000)			
Domestic				
Loss	**1,522,034**	**1,208,500**	1,522,034	1,009,212
	1,522,034	**1,208,500**	1,522,034	1,009,212

8.3.3 Pursuant to the applicable Prudential Regulations, the Group has availed the Forced Sale Value (FSV) benefit of securities / collaterals held against a non-performing investment. Had this FSV benefit not been availed by the Group, the specific provision against investments would have been higher by Rs. 313.534 million (2017: Rs. 512.822 million). This has a net of tax positive impact of Rs. 203.797 million (2017: Rs. 333.334 million) on the profit and loss account. 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.

8.4 Quality of Available for Sale Securities

Details regarding quality of Available for Sale (AFS) securities are as follows:

8.4.1 Federal Government Securities - Government guaranteed

	Cost 2018	Cost 2017
	(Rupees in '000)	
Market Treasury Bills	**1,377,071**	71,838,584
Pakistan Investment Bonds	**13,969,584**	13,361,634
GoP Ijarah Sukuks	**2,250,000**	4,793,854
	17,596,655	89,994,072

8.4.2 Shares

	2018	2017
Listed Companies		
- Cement	**1,444,470**	1,461,426
- Commercial Banks	**440,566**	440,566
- Cable and Electrical Goods	**7,170**	7,170
- Chemical	**1,192,904**	1,192,890
- Engineering	**260,555**	260,555
- Fertilizer	**-**	72,359
- Glass & Ceramics	**487,038**	487,038
- Investment Banks / Investment Companies / Securities Companies	**94,733**	94,735
- Oil and Gas Marketing Companies	**-**	5,309
- Power Generation and Distribution	**124,179**	124,179
- Technology and Communication	**61,304**	61,304
- Transport	**39,428**	39,428
	4,152,347	4,246,959
Preference Shares		
- Sugar and allied industries	**46,035**	37,056

Unlisted Companies	Breakup Value as at	2018 Cost	2018 Breakup value	2017 Cost	2017 Breakup value
		(Rupees in '000)			
Arabian Sea Country Club Ltd.	June 30, 2017	**1,000**	**(591)**	1,000	(591)
Pakistan Mortgage Refinance Company Ltd.	December 31, 2018	**1,830**	**1,857**	1,830	1,834
ISE Towers REIT Management Company Limited	June 30, 2018	**5,301**	**42,765**	5,301	36,813
LSE Financial Services Limited	June 30, 2018	**6,344**	**18,318**	6,344	16,505
		14,475	**62,349**	14,475	54,561

8.4.3 Non Government Debt Securities

	Cost 2018	Cost 2017
	(Rupees in '000)	
Listed		
- AA+, AA, AA-	**-**	1,063,455
- Unrated	**17,266**	17,266
	17,266	1,080,721
Unlisted		
- A+, A, A-	**202,070**	642,488
- Unrated	**1,794,732**	1,794,732
	1,996,802	2,437,220

Summit Bank
Committed to you

8.4.4 Units of mutual funds

	Cost 2018	Cost 2017
	(Rupees in '000)	
AKD Opportunity Fund	-	25,000
NBP Stock Fund (formerly: NAFA Stock Fund)	-	10,861
NIT Islamic Equity Fund	-	52,000
	-	87,861

9. ADVANCES

	Note	Performing 2018	Performing 2017	Non Performing 2018	Non Performing 2017 (Restated)	Total 2018	Total 2017 (Restated)
		(Rupees in '000)					
Loans, cash credits, running finances, etc.	9.1	**39,213,887**	68,836,002	**35,141,957**	17,018,495	**74,355,844**	85,854,497
Islamic financing and related assets	9.2	**5,875,686**	10,786,098	**882,663**	-	**6,758,349**	10,786,098
Bills discounted and purchased		**1,635,173**	2,844,410	**47,089**	47,089	**1,682,262**	2,891,499
Advances - gross		**46,724,746**	82,466,510	**36,071,709**	17,065,584	**82,796,455**	99,532,094
Provision against advances							
- Specific		**-**	-	**(21,502,664)**	(14,909,014)	**(21,502,664)**	(14,909,014)
- General		**(46,988)**	(30,250)	**-**	-	**(46,988)**	(30,250)
		(46,988)	(30,250)	**(21,502,664)**	(14,909,014)	**(21,549,652)**	(14,939,264)
Advances - net of provision		**46,677,758**	82,436,260	**14,569,045**	2,156,570	**61,246,803**	84,592,830

9.1 Includes Net Investment in Finance Lease as disclosed below:

	2018 Not later than one year	2018 Later than one and less than five years	2018 Over five years	2018 Total	2017 Not later than one year	2017 Later than one and less than five years	2017 Over five years	2017 Total
	(Rupees in '000)							
Lease rentals receivable	**442,465**	**596,316**	**-**	**1,038,781**	80,600	1,272,087	-	1,352,687
Residual value	**234,280**	**196,809**	**-**	**431,089**	52,459	389,263	-	441,722
Minimum lease payments	**676,745**	**793,125**	**-**	**1,469,870**	133,059	1,661,350	-	1,794,409
Financial charges for future periods	**(52,704)**	**(99,624)**	**-**	**(152,328)**	(11,533)	(157,377)	-	(168,910)
Present value of minimum lease payments	**624,041**	**693,501**	**-**	**1,317,542**	121,526	1,503,973	-	1,625,499

9.2 These represents Islamic financing and related assets placed under Shariah permissible modes and are presented in Annexure II to these consolidated financial statements.

9.3 Particulars of advances (Gross)

	2018	2017
	(Rupees in '000)	
In local currency	**81,172,241**	96,800,398
In foreign currencies	**1,624,214**	2,731,696
	82,796,455	99,532,094

9.4 Advances include Rs. 36,071.709 million (2017: Rs. 17,065.584 million) which have been placed under non-performing status as detailed below:

Category of Classification	2018 Non Performing	2018 Provision	2017 Non Performing	2017 Provision (Restated)
	(Rupees in '000)			
Domestic				
Other assets especially mentioned	**505,380**	**721**	1,499	150
Substandard	**5,479,696**	**460,682**	38,112	2,519
Doubtful	**7,709,088**	**1,609,889**	960,566	265,840
Loss	**22,377,545**	**19,431,372**	16,065,407	14,640,505
	36,071,709	**21,502,664**	17,065,584	14,909,014

9.5 Particulars of provision against advances

	Note	2018 Specific	2018 General	2018 Total	2017 Specific	2017 General	2017 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 year		**7,247,738**	**16,738**	**7,264,476**	1,840,713	-	1,840,713
Reversals		**(622,642)**	**-**	**(622,642)**	(1,069,659)	(18,825)	(1,088,484)
		6,625,096	**16,738**	**6,641,834**	771,054	(18,825)	752,229
Amounts written off	9.6	**(31,446)**	**-**	**(31,446)**	(224,666)	-	(224,666)
Closing balance		**21,502,664**	**46,988**	**21,549,652**	14,909,014	30,250	14,939,264

9.5.1 Particulars of provision against advances

	2018 Specific	2018 General	2018 Total	2017 Specific	2017 General	2017 Total
	(Rupees in '000)					
In local currency	**21,488,946**	**46,988**	**21,535,934**	14,895,584	30,250	14,925,834
In foreign currencies	**13,718**	**-**	**13,718**	13,430	-	13,430
	21,502,664	**46,988**	**21,549,652**	14,909,014	30,250	14,939,264

9.5.2 The general provision against consumer financing is required to be maintained at varying percentages based on the non-performing loan ratio present in the portfolio. These percentages ranges from 1.00% to 2.50% for secured and 4.00% to 7.00% for unsecured portfolio.

The State Bank of Pakistan vide its circular No. 9 of 2017 dated December 22, 2017 reduced the requirement of maintaining general reserves against unsecured SE portfolio from 2.00% to 1.00%.

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. 5,944.384 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. 3,863.850 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.

9.5.3 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).

		Note	2018	2017
			.... (Rupees in '000)	....
9.6	**PARTICULARS OF WRITE OFFs**			
9.6.1	Against Provisions	***9.5***	**31,446**	224,666
	Directly charged to profit and loss account	***30***	**3,688**	16,861
			35,134	241,527
9.6.2	Write Offs of Rs. 500,000 and above			
	Domestic	***9.7***	**30,980**	227,453
	Write Offs of Below Rs. 500,000		**4,154**	14,074
			35,134	241,527

9.7 DETAILS OF LOAN WRITE OFF OF Rs. 500,000/- AND ABOVE

In terms of sub-section (3) of Section 33A of the Banking Companies Ordinance, 1962 the Statement in respect of written-off loans or any other financial relief of rupees five hundred thousand or above allowed to a person(s) during the year ended December 31, 2018 is given in Annexure I.

		Note	2018	2017
10	**FIXED ASSETS**		.... (Rupees in '000)	....
	Capital work-in-progress	***10.1 & 10.1.1***	**395,722**	4,886,191
	Property and equipment	***10.2 & 10.1.2***	**8,355,617**	7,574,750
			8,751,339	12,460,941
10.1	**Capital work-in-progress**			
	Civil works and related payments / progress billings		**390,698**	4,880,407
	Advances and other payments to suppliers and contractors		**5,024**	5,784
	Advances and other payments against capital work in progress considered doubtful		**1,158,340**	-
	Less: Provision held there against		**(1,158,340)**	-
			-	-
			395,722	4,886,191

10.1.1 During the year, the Group completed the construction of its multipurpose building. A portion of this building has been allocated to the Group's head office and branch premises, while the rest has been earmarked for onward disposal in due course. On December 31, 2018, a portion of the cost allocated to head office and branch premises amounting to Rs. 884.367 million has been transferred to the building and equipment categories as per the applicable accounting standards, while the rest of the construction costs allocated to saleable portion amounting to Rs. 2,961.508 million has been transferred to 'Other Assets' category. Apart from this, carrying value of land amounting to Rs. 2,037.996 million has also been transferred from 'Property and Equipment' to 'Other Assets' category on December 31, 2018.

10.2 Property and Equipment

	Leasehold land	Building on Leasehold land	Building Improvements	Furniture and fixture	Electrical, office and computer equipment	Vehicles	Total
	2018						
	(Rupees '000)						
At January 01, 2018							
Cost / Revalued amount	3,041,716	5,715,905	1,660,345	498,219	1,920,304	192,637	13,029,126
Accumulated depreciation / impairment	(5,670)	(2,621,463)	(1,021,552)	(337,179)	(1,363,001)	(105,511)	(5,454,376)
Net book value	3,036,046	3,094,442	638,793	161,040	557,303	87,126	7,574,750
Year ended December 31, 2018							
Opening net book value	3,036,046	3,094,442	638,793	161,040	557,303	87,126	7,574,750
Additions	176	791,906	9,416	22,943	187,954	1,793	1,014,188
Movement in surplus on assets revalued during the year	669,069	1,859,936	-	-	-	-	2,503,448
Transferred out to other assets	(2,037,996)	-	-	-	-	-	(2,037,996)
Impairment loss recognized in the profit and loss account - net	-	-	-	-	-	-	-
Disposals							
Cost	-	-	(111,493)	(15,860)	(77,293)	(2,200)	(206,846)
Accumulated depreciation	-	-	89,917	12,654	71,431	2,200	176,202
Write off							
Cost	-	-	(5,953)	(821)	-	-	(6,774)
Accumulated depreciation	-	-	3,243	470	-	-	3,713
Depreciation charge	-	(267,629)	(153,669)	(40,265)	(203,215)	(25,847)	(690,625)
Closing net book value	1,667,295	5,478,655	470,254	140,161	536,180	63,072	8,355,617
At December 31, 2018							
Cost / Revalued amount	1,672,965	8,367,855	1,552,316	504,483	2,030,965	192,228	14,320,812
Accumulated depreciation / impairment	(5,670)	(2,889,200)	(1,082,062)	(364,322)	(1,494,785)	(129,156)	(5,965,195)
Net book value	1,667,295	5,478,655	470,254	140,161	536,180	63,072	8,355,617
Rate of depreciation (percentage)	-	5	10	10 - 15	10- 30	20	

	2017						
	Leasehold land	Building on Leasehold land	Building Improvements	Furniture and fixture	Electrical, office and computer equipment	Vehicles	Total
	(Rupees '000)						
At January 01, 2017							
Cost / Revalued amount	2,842,627	5,592,910	1,580,322	471,066	1,787,712	186,231	12,460,868
Accumulated depreciation	-	(2,358,652)	(881,594)	(297,927)	(1,226,167)	(121,365)	(4,885,705)
Net book value	2,842,627	3,234,258	698,728	173,139	561,545	64,866	7,575,163
Year ended December 31, 2017							
Opening net book value	2,842,627	3,234,258	698,728	173,139	561,545	64,866	7,575,163
Additions / Transfers	69,166	112,304	108,111	32,669	206,020	75,839	604,109
Transferred in from other assets	-	-	-	-	-	-	-
Movement in surplus on assets revalued during the year	129,923	10,691	-	-	-	-	140,614
Impairment loss recognized in the profit and loss account - net	(5,670)	-	-	-	-	-	(5,670)
Disposal							
Cost	-	-	(1,306)	(1,104)	(71,947)	(69,434)	(143,791)
Accumulated depreciation	-	-	1,103	895	66,681	51,281	119,960
Write off							-
Cost	-	-	(26,782)	(4,412)	(1,480)	-	(32,674)
Accumulated depreciation	-	-	18,710	3,743	1,409	-	23,862
							-
Depreciation charge	-	(262,811)	(159,771)	(43,890)	(204,925)	(35,426)	(706,823)
Closing net book value	3,036,046	3,094,442	638,793	161,040	557,303	87,126	7,574,750
At December 31, 2017							
Cost / Revalued amount	3,041,716	5,715,905	1,660,345	498,219	1,920,304	192,637	13,029,126
Accumulated depreciation / impairment	(5,670)	(2,621,463)	(1,021,552)	(337,179)	(1,363,001)	(105,511)	(5,454,376)
Net book value	3,036,046	3,094,442	638,793	161,040	557,303	87,126	7,574,750
Rate of depreciation (percentage)	-	5	10	10 - 15	10- 30	20	

10.2.1 The cost of fully depreciated property and equipment still in use amounts to Rs. 1,464.526 million (2017: Rs. 1,086.930 million).

10.2.2 The carrying amount of idle properties amounts to Rs. 436.171 million (2017: Rs. 298.445 million).

10.2.3 The Group's leasehold land, building on leasehold land and building improvements were revalued by M/s. Sadruddin Associates as at December 31, 2018 on the basis of their professional assessment of the present market value. As a result of revaluation, the market value of leasehold land was determined at Rs.1,093.382 million, building on leasehold land was determined at Rs. 3,349.624 million. There was no additional surplus booked on building improvements during the current revaluation exercise.

Had there been no revaluation, the carrying value of revalued assets would have been as follows:

	2018		2017	
	Original Cost	Book Value	Original Cost	Book Value
	(Rupees in '000)			
Leasehold land	**998,942**	**993,272**	1,875,977	1,870,307
Buildings on leasehold land	**4,034,439**	**2,452,961**	3,242,532	1,825,271
Buildings improvements	**1,446,987**	**457,017**	1,555,017	615,438

10.2.4 Useful life of assets

As at December 31, 2018, the management has revised its accounting estimate in respect of useful life of buildings on leasehold land. The useful life has been reassessed based on the assessment carried out by the independent valuer, M/s Saddruddin Associates. Accordingly, depreciation rates have been revised from 5% per annum to 2.5% to 5% per annum in case of building on leasehold land. The revision has been made after taking into account the expected pattern of recovery of economic benefits associated with the use of these assets. The revision will be accounted for prospectively i.e. from January 01, 2019 in accordance with the requirements of International Accounting Standard 8, 'Accounting Policies, Changes in Accounting Estimate and Errors'.

10.2.5 Sale of fixed assets to related parties are disclosed below:

Particulars of assets	Cost	Net book value	Sale price	Mode of disposal	Particulars of purchaser
	(Rupees in '000)				
Electrical, office and computer equipment					
Laptop	55	-	5	As Per Policy	Mr. Gulrays Khan (ex-employee)
Laptop	58	6	9	As Per Policy	Mr. Shahid Sumar (ex-employee)

11. INTANGIBLE ASSETS

	Note	2018	2017
		(Rupees in '000)	
Capital work-in-progress	*11.1*	**53,488**	51,343
Intangible assets in use	*11.2*	**155,930**	202,197
		209,418	253,540

11.1 Capital work-in-progress

	2018	2017
Advances to suppliers and contractors	**53,488**	51,343
Advances against capital work in progress considered doubtful	**141,224**	141,224
Less: Provision held there against	**(141,224)**	(141,224)
	-	-
	53,488	51,343

11.2 Intangible assets in use

	2018				
	Computer softwares	Core deposits	Brand name	Trading Rights Entitlement Certificate	Total
	(Rupees in '000)				
At January 01, 2018					
Cost	**465,754**	**209,874**	**143,838**	**4,386**	**823,852**
Accumulated amortisation and impairment	**(381,223)**	**(143,353)**	**(97,079)**	**-**	**(621,655)**
Net book value	**84,531**	**66,521**	**46,759**	**4,386**	**202,197**
Year ended December 31, 2018					
Opening net book value	**84,531**	**66,521**	**46,759**	**4,386**	**202,197**
Additions:					
- directly purchased	**14,972**	**-**	**-**	**-**	**14,972**
Amortisation charge	**(25,866)**	**(20,987)**	**(14,386)**	**-**	**(61,239)**
Closing net book value	**73,637**	**45,534**	**32,373**	**4,386**	**155,930**
At December 31, 2018					
Cost	**480,726**	**209,874**	**143,838**	**4,386**	**838,824**
Accumulated amortisation and impairment	**(407,089)**	**(164,340)**	**(111,465)**	**-**	**(682,894)**
Net book value	**73,637**	**45,534**	**32,373**	**4,386**	**155,930**
Rate of amortization (percentage)	**20 - 30**	**10**	**10**		
Useful life (years)	**3.33 - 5**	**10**	**10**		

	2017				
	Computer softwares	Core deposits	Brand name	Trading Rights Entitlement Certificate	Total
	(Rupees in '000)				
At January 01, 2017					
Cost	451,161	209,874	143,838	7,741	812,614
Accumulated amortisation and impairment	(354,843)	(122,365)	(82,695)	-	(559,903)
Net book value	96,318	87,509	61,143	7,741	252,711
Year ended December 31, 2017					
Opening net book value	96,318	87,509	61,143	7,741	252,711
Additions:					
- directly purchased	14,593	-	-	-	14,593
Amortisation charge	(26,380)	(20,988)	(14,384)	-	(61,752)
Disposals					
Cost	-	-	-	(3,355)	(3,355)
Accumulated amortisation	-	-	-	-	-
Closing net book value	84,531	66,521	46,759	4,386	202,197
At December 31, 2017					
Cost	465,754	209,874	143,838	4,386	823,852
Accumulated amortisation and impairment	(381,223)	(143,353)	(97,079)	-	(621,655)
Net book value	84,531	66,521	46,759	4,386	202,197
Rate of amortisation (percentage)	20 - 30	10	10		
Useful life (years)	3.33 - 5	10	10		

11.3 The cost of fully amortized intangible assets still in use amounts to Rs. 337.933 million (2017: Rs. 333.385 million).

12. DEFERRED TAX ASSETS

	As at January 01, 2018	Recognised in profit and loss account	Recognised in Other Comprehensive Income	As at December 31, 2018
	2018			
	(Rupees in '000)			
Deductible Temporary Differences on				
- Tax losses carried forward	**4,103,555**	**(291,630)**	**-**	**3,811,925**
- Deficit on revaluation of investments	**427,093**	**-**	**159,575**	**586,668**
- Provision against advances, off balance sheet etc.	**1,309,930**	**2,123,952**	**-**	**3,433,882**
- Provision for impairment loss - Investment	**712,611**	**392,233**	**-**	**1,104,844**
- Provision against intangible assets	**43,107**	**-**	**-**	**43,107**
- Staff Compensated absences	**36,592**	**(565)**	**-**	**36,027**
- Unrealized loss on HFT Portfolio	**5,560**	**(5,560)**	**-**	**-**
- Provision against other assets	**149,656**	**-**	**-**	**149,656**
- Minimum tax	**827**	**(54)**	**-**	**773**
- Alternative Corporate tax	**4,512**	**-**	**-**	**4,512**
	6,793,443	**2,218,376**	**159,575**	**9,171,394**
Taxable Temporary Differences on				
- Surplus on revaluation of fixed assets	**(452,385)**	**-**	**(611,239)**	**(1,063,624)**
- Surplus on revaluation of Property - Held for sale	**-**	**-**	**(406,274)**	**(406,274)**
- Surplus on revaluation of non-banking assets	**(151,972)**	**-**	**10,620**	**(141,352)**
- Fixed assets	**(398,779)**	**16,152**	**-**	**(382,627)**
- Unrealized (gain) on forward exchange contracts	**(30,429)**	**33,507**	**-**	**3,078**
	(1,033,565)	**49,659**	**(1,006,893)**	**(1,990,799)**
	5,759,878	**2,268,035**	**(847,318)**	**7,180,595**

	As at January 01, 2017	Recognised in profit and loss account	Recognised in Other Comprehensive Income	As at December 31, 2017
	2017 (Restated)			
	(Rupees in '000)			
Deductible Temporary Differences on				
- Tax losses carried forward	3,899,918	203,637	-	4,103,555
- Deficit on revaluation of investments	56,905	-	370,188	427,093
- Provision against advances, off balance sheet etc.	1,430,583	(120,653)	-	1,309,930
- Provision for impairment loss - Investment	617,571	95,040	-	712,611
- Provision against intangible assets	43,107	-	-	43,107
- Staff Compensated absences	35,091	1,501	-	36,592
- Unrealized loss on HFT portfolio	5,473	87	-	5,560
- Provision against other assets	149,656	-	-	149,656
- Minimum tax	682	145	-	827
- Alternative Corporate tax	4,287	225	-	4,512
	6,243,273	179,982	370,188	6,793,443
Taxable Temporary Differences on				
- Surplus on revaluation of fixed assets	(488,329)	-	35,944	(452,385)
- Surplus on revaluation of Property - Held for sale	-	-	-	-
- Surplus on revaluation of non-banking assets	(148,062)	-	(3,910)	(151,972)
- Fixed assets	(455,832)	57,053	-	(398,779)
- Unrealized (gain) on forward exchange contracts	-	(30,429)	-	(30,429)
	(1,092,223)	26,624	32,034	(1,033,565)
	5,151,050	206,606	402,222	5,759,878

12.1 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.

13. OTHER ASSETS

	Note	2018	2017 (Restated)
		(Rupees in '000)	
Income/ Mark-up accrued in local currency - net of provision		**1,631,155**	1,837,709
Income/ Mark-up accrued in foreign currency - net of provision		**2,805**	2,088
Advances, deposits, advance rent and other prepayments		**502,044**	607,356
Advance taxation (payments less provisions)		**601,525**	571,741
Non-banking assets acquired in satisfaction of claims	*13.1*	**2,821,941**	4,106,940
Branch adjustment account		**20**	54
Mark to market gain on forward foreign exchange contracts		**-**	86,937
Acceptances		**1,118,180**	1,276,921
Receivable from brokers		**5,038**	25,617
Stationery and stamps on hand		**8,999**	10,071
Dividend receivable		**-**	5,068
Commission receivable on home remittance	*13.3*	**134,985**	67,483
Commission receivable on brokerage		**6,477**	11,798
Property - Held for sale	*13.4*	**3,838,719**	-
Account Receivable		**127,275**	97,669
Others		**435,115**	453,037
		11,234,278	9,160,489
Less: Provision held against other assets	*13.2*	**(648,388)**	(552,547)
Other Assets (Net of Provision)		**10,585,890**	8,607,942
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		**403,865**	434,207
Surplus on revaluation of Property - Held for sale		**1,160,784**	-
Other Assets - total		**12,150,539**	9,042,149

		2018	2017
13.1	Market value of Non-banking assets acquired in satisfaction of claims	**3,371,419**	5,598,564

The non banking assets of the Holding Company were revalued on December 31, 2018 by independent valuer 'M/s. Sadruddin Associates', PBA approved valuer based on market values of the properties ascertained by sale / purchase price and inspection of the properties which resulted in an increase in surplus of Rs. 7.335 million.

13.1.1 Non-banking assets acquired in satisfaction of claims

	2018	2017
	(Rupees in '000)	
Opening Balance	**4,286,956**	3,733,796
Additions	**40,000**	716,391
Revaluation	**7,335**	11,174
Disposals	**(1,317,724)**	(4,200)
Transfer to fixed assets	**-**	(140,594)
Depreciation	**(44,952)**	(29,611)
Provision	**(36,356)**	-
Closing Balance	**2,935,259**	4,286,956

13.1.2 Gain on Disposal of Non-banking assets acquired in satisfaction of claims

	2018	2017
	(Rupees in '000)	
Disposal Proceeds	**1,589,188**	4,550
less		
- Cost	**(1,327,307)**	(4,200)
- Impairment / Depreciation	**9,583**	-
	(1,317,724)	(4,200)
Gain	**271,464**	350

13.2 Provision held against other assets

	2018	2017
Income / Mark-up accrued in local currency - net of provision	**1,389**	1,389
Advances, deposits, advance rent and other prepayments	**79,664**	23,664
Non-banking assets acquired in satisfaction of claims	**290,547**	254,191
Commission receivable on guarantee	**9,880**	9,880
Receivable from Dewan Group	**34,436**	34,436
Account Receivable - Sundry Claims	**197,279**	193,728
Receivable from Speedway Fondmetal (Pakistan) Limited	**25,694**	25,694
Others	**9,499**	9,565
	648,388	552,547

13.2.1 Movement in provision held against other assets

	2018	2017
Opening balance	**552,547**	488,714
Charge for the year	**96,499**	63,961
Reversals	**(564)**	(128)
Amount written off	**(94)**	-
Closing balance	**648,388**	552,547

13.3 This represents commission receivable from the SBP in respect of home remittances channelized through the Group as per agreement entered into with the SBP.

13.4 This represents a portion of the Group's self constructed property which has been earmarked for selling in the near future. This property has been transferred from Property and Equipment (land and capital work in progress) to other assets at the year end. Accordingly, the surplus held on this property represents surplus recognized till December 31, 2018 i.e. till the date of transfer of this asset to the 'Other Assets' category in accordance with the accounting policy for fixed assets. Moreover, this property will be carried at lower of market value / fair value less cost to sell and carrying amount at the time of transfer from owned asset category.

14. CONTINGENT ASSETS

2018 2017
(Rupees in '000)

There were no contingent assets at the balance sheet date.

15. BILLS PAYABLE

	2018	2017
In Pakistan	**1,881,107**	3,065,379
Outside Pakistan	-	-
	1,881,107	3,065,379

16. BORROWINGS

	Note	2018	2017
		(Rupees in '000)	
Secured			
Borrowings from State Bank of Pakistan			
- Under export refinance scheme	*16.1*	**6,792,628**	6,707,142
- Under Islamic Export Refinance Scheme (IERF)	*16.2*	**250,000**	250,000
- Under Long-term financing facility	*16.3*	**756,323**	108,600
- Under Locally Manufactured Machinery (LMM) scheme	*16.4*	**3,363**	-
- Repurchase agreement borrowings	*16.5*	**8,163,360**	40,198,208
		15,965,674	47,263,950
Repurchase agreement borrowings	*16.6*	**1,000,000**	-
Foreign bills - rediscounted		**608,830**	640,870
Total secured		**17,574,504**	47,904,820
Unsecured			
Call borrowings	*16.7*	**1,911,000**	19,369,635
Overdrawn nostro accounts		**6,350**	33,311
Total unsecured		**1,917,350**	19,402,946
		19,491,854	67,307,766

16.1 The Group has entered into an agreement with SBP for extending export finance to its customer. Borrowing under the export refinance scheme of SBP carry mark-up rates ranging from 1.00% to 2.00% per annum (2017: 1.00% to 2.00% per annum). These are secured against demand promissory notes and are due to mature latest by June 2019 (2017: latest by June 2018).

16.2 The Group has entered into an agreement with SBP for extending export finance to its islamic customer. Borrowing under the export refinance scheme of SBP carry mark-up rates ranging from 2.00% per annum (2017: 2.00% per annum). These are secured against demand promissory notes and are due to mature latest by February 2019 (2017: latest by May 2018).

16.3 These represent borrowings from SBP under scheme for long term financing facility at mark-up rates ranging from 2.00% to 3.00% per annum (2017: 2.50% per annum) and have varying long term maturities latest due by November 2022 (2017: latest due by November 2022). Under the agreement, SBP has a right to recover the outstanding amount from the Group at the respective maturity dates of each finance by directly debiting current account of the Group maintained by the SBP.

16.4 These represent long term borrowings from State Bank of Pakistan at a mark-up rate of 2.00% per annum, which will mature latest by July 2023.

16.5 These represent borrowings from State Bank of Pakistan at a mark-up rate of 10.20% (2017: ranging from 5.83% and 5.85%) per annum, which will mature on January 04, 2019 (2017: January 05, 2018).

16.6 These represent borrowings from a financial institution at a mark-up rate of 12.50% (2017: Nil) per annum, which will mature on January 14, 2019 (2017: Nil).

16.7 This represents call borrowing from a financial institution carrying a mark-up rate of 10.50% per annum (2017 : 5.80% and 5.81%), which will mature on January 04, 2019. The Group has placed GoP Ijarah Sukuks with market value of Rs. 2,209.725 million (Treasury bills: 2017: Rs. 19,752.450 million) as collateral against these borrowings.

16.8 Particulars of borrowings with respect to currencies

	2018	2017
	(Rupees in '000)	
In local currency	**18,876,674**	66,633,585
In foreign currencies	**615,180**	674,181
	19,491,854	67,307,766

17. DEPOSITS AND OTHER ACCOUNTS

	2018			2017		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
	---------- (Rupees in '000) ----------					
Customers						
Current deposits	**27,684,415**	**1,539,251**	**29,223,666**	41,581,975	2,395,510	43,977,485
Savings deposits	**34,873,064**	**1,605,157**	**36,478,221**	49,491,992	2,037,769	51,529,761
Term deposits	**8,624,571**	**1,579,424**	**10,203,995**	29,083,607	3,040,824	32,124,431
Others	**4,579,025**	**21,838**	**4,600,863**	5,501,388	17,364	5,518,752
	75,761,075	**4,745,670**	**80,506,745**	125,658,962	7,491,467	133,150,429
Financial Institutions						
Current deposits	**932,005**	**126,472**	**1,058,477**	1,255,099	220,994	1,476,093
Savings deposits	**2,208,069**	**4**	**2,208,073**	8,227,848	3	8,227,851
Term deposits	**800,337**	**-**	**800,337**	2,752,358	-	2,752,358
Others	**-**	**-**	**-**	-	-	-
	3,940,411	**126,476**	**4,066,887**	12,235,305	220,997	12,456,302
	79,701,486	**4,872,146**	**84,573,632**	137,894,267	7,712,464	145,606,731

17.1 Composition of deposits

	2018	2017
	(Rupees in '000)	
- Individuals	**51,892,210**	83,845,212
- Government (Federal and Provincial)	**5,265,529**	6,809,679
- Public Sector Entities	**585,047**	530,639
- Banking Companies	**822,670**	2,136,670
- Non-Banking Financial Institutions	**3,249,270**	8,818,218
- Private Sector	**22,758,906**	43,466,313
	84,573,632	145,606,731

17.2 Deposits include Eligible Deposits of Rs. 55,944.727 million (2017: Rs. 64,599.446 million) protected under Depositors Protection Mechanism introduced by the State Bank of Pakistan.

18. SUBORDINATED DEBT

Issue amount	Rs. 1,500,000,000
Issue date	October 27, 2011
Maturity date	October 27, 2019 (2017: October 26, 2018)

The TFC holders vide their extraordinary resolution dated November 19, 2018 and April 10, 2019 have approved the extension in the tenor of TFC by one year i.e. October 27, 2019 along with revision in repayment schedule until the revised maturity date i.e. October 27, 2019. Subsequent to obtaining the approval of the TFC Holders, the Group after complying with all the requisite regulatory approvals and compliances undertook the execution of the amendment in the Declaration of Trust incorporating the revision in maturity date and rescheduling of coupon payment until October 27, 2019, whose final approval was granted by the State Bank of Pakistan on October 21, 2019.

	Subsequently, in order to protect the interest of the TFC Holders, the Group convened an extraordinary meeting of the TFC Holders held on October 25, 2019 to seek their approval for extension of further one (1) year in the tenure of the TFC Issue along with the extension in the payments of all the redemption amount (principal and the related mark up) as per the revised maturity date of October 27, 2020. The TFC Holders in their adjourned extraordinary general meeting held on November 20, 2019 have approved the extension of further one (1) year in the tenure of the TFC Issue along with the extension in the payments of all the redemption amount (principal and the related mark-up) as per the revised maturity date of October 27, 2020. Subject to obtaining all the requisite approvals and ensuring regulatory compliances, the Group shall proceed with the necessary amendment in the Declaration of Trust.
Rating	BBB- (SO) (Triple B minus (Structured Obligation)) issued on November 23, 2018. Subsequently downgraded to 'D' (Default) on February 01, 2019.
Security	Unsecured
Redemption / Profit payment frequency	The redemption / profit payment details are mentioned in the above maturity date clause.
Mark-up	Base rate (6 months KIBOR - ask side) plus 325 bps
Call option	The Group may call the TFC's subject to SBP's prior written approval, on any profit payment date after the 60th month from the last day of public subscription, with not less than 30 days prior notice to be given to the Trustee. The Call option once announced will not be revocable. Further no premium will be paid to the TFC Holders in case the call option is exercised by the Group.
Lock-in-clause	Neither interest nor principal can be paid (even at maturity) if such payments will result in a shortfall in the Group's Minimum Capital Requirements (MCR) or Capital Adequacy Ratio (CAR) or increase in the existing shortfall in MCR and CAR.

19. OTHER LIABILITIES

	Note	2018	2017 (Restated)
		.... (Rupees in '000)	
Mark-up/return/interest payable in local currency		**827,767**	1,848,839
Mark-up/return/interest payable in foreign currency		**7,780**	4,621
Unearned income		**15,223**	14,251
Accrued expenses		**201,796**	81,372
Advance payments	*19.1*	**438,852**	602,308
Acceptances		**1,118,180**	1,276,921
Unclaimed dividends		**2,213**	2,213
Mark to market loss on forward foreign exchange contracts		**8,793**	-
Payable to defined benefit plan	*35.1.7*	**33,358**	50,531
Charity fund balance		**844**	63
Security deposits against lease		**790,621**	751,539
Payable to Bangladesh Bank	*19.2*	**41,389**	41,389
Payable to Rupali Bank Limited - Bangladesh	*19.3*	**16,293**	16,293
Payable to vendors / creditors		**126,321**	115,404
Provision for compensated absences	*35.1.7 & 35.2.7*	**105,739**	108,929
Payable to Bank of Ceylon, Colombo		**20,163**	20,163
Retention money		**6,671**	5,452
Workers' welfare fund	*19.4*	**13,360**	13,360
Withholding taxes and government levies payable		**13,481**	43,478
Federal excise duty and sales tax payable		**10,254**	13,619
Payable to other banks against clearing and settlement		**137**	395,419
Commission payable on home remittances	*19.5*	**125,375**	58,790
Account payable		**92,312**	131,150
Others		**417,328**	174,968
		4,434,250	5,771,072

19.1 This includes advance received amounting to Rs. 346.115 million (2017: Rs. 142.683 million) against sale of property included in other assets as property - held for sale.

19.2 This represents mark up payable to Bangladesh Bank up to June 2006 on Fixed Deposit Receipts (FDR) maintained with the Group.

19.3 This represents amount payable in respect of share of Head office expenses of Ex-Rupali Bank Limited - Karachi Branch.

19.4 This represents provision made for Workers' Welfare Fund (WWF) @ 2% of accounting profit before tax.

19.5 This represents commission payable to the foreign currency dealers in respect of home remittances channelized through the Group as per agreement entered into by the Group with them.

20. SHARE CAPITAL - NET

20.1 Authorized Capital

2018	2017		2018	2017
.... Number of shares			.... (Rupees in '000)	
2,800,000,000	2,800,000,000	Ordinary shares of Rs.10 each	**28,000,000**	28,000,000

20.2 Issued, subscribed and paid up capital

2018	2017		2018	2017
.... Number of shares		**Ordinary shares**	.... (Rupees in '000)	
1,459,686,957	1,459,686,957	Fully paid in cash	**14,596,869**	14,596,869
673,997,721	673,997,721	Issue of shares upon conversion of preference shares	**6,739,977**	6,739,977
50,000,000	50,000,000	Issued as bonus shares	**500,000**	500,000
454,466,382	454,466,382	Issued for consideration other than cash	**4,544,664**	4,544,664
2,638,151,060	2,638,151,060		**26,381,510**	26,381,510
		Less: Discount on issue of shares	**(5,881,316)**	(5,881,316)
2,638,151,060	2,638,151,060		**20,500,194**	20,500,194

20.2.1 Due to the change in format as explained in note 4.1.1, discount on issue of shares which was previously shown as part of capital reserves has now been netted of with the issued, subscribed and paid up capital.

20.3 As at December 31, related party shareholding is as follows:

2018	2017		2018	2017
.... Number of shares			.... %age holding	
1,761,412,119	1,761,412,119	Suroor Investments Limited (SIL) - parent company	**66.77%**	66.77%
32,777,450	32,777,450	Rupali Bank Limited, Bangladesh - related party	**1.24%**	1.24%
14,754,219	14,754,219	Directors (including President / Chief Executive Officer)	**0.56%**	0.56%

21. SURPLUS / (DEFICIT) ON REVALUATION OF ASSETS

	Note	2018	2017
		(Rupees in '000)	
Surplus / (deficit) on revaluation of:			
- Available for sale securities	8.1	**(1,659,111)**	(1,189,031)
- Fixed Assets	21.1	**3,712,954**	2,458,265
- Non-banking assets acquired in satisfaction of claims	21.2	**403,865**	434,208
- Property - Held for sale	21.3	**1,160,784**	-
		3,618,492	1,703,442
Deferred tax on surplus / (deficit) on revaluation of:			
- Available for sale securities		**586,669**	427,094
- Fixed Assets	21.1	**(1,063,624)**	(452,383)
- Non-banking assets acquired in satisfaction of claims	21.2	**(141,353)**	(151,973)
- Property - Held for sale	21.3	**(406,274)**	-
		(1,024,582)	(177,262)
		2,593,910	1,526,180

21.1 Surplus on revaluation of fixed assets

	2018	2017
Surplus on revaluation of fixed assets as at January 01	**2,458,265**	2,431,040
Recognised during the year	**2,529,005**	140,614
Transferred to surplus on revaluation of property - held for sale	**(1,160,784)**	-
Transferred to accumulated losses in respect of incremental depreciation charged during the year - net of deferred tax	**(73,796)**	(73,703)
Related deferred tax liability on incremental depreciation charged during the year	**(39,736)**	(39,686)
Related deferred tax liability on surplus realised on disposal	**-**	-
Surplus on revaluation of fixed assets as at December 31	**3,712,954**	2,458,265
Less: related deferred tax liability on:		
- revaluation as at January 01	**(452,383)**	(488,329)
- revaluation recognised during the year	**(650,977)**	(3,740)
- incremental depreciation charged during the year	**39,736**	39,686
	(1,063,624)	(452,383)
	2,649,330	2,005,882

21.2 Surplus on revaluation of non-banking assets acquired in satisfaction of claims

	2018	2017
Surplus on revaluation as at January 01	**434,208**	423,034
Recognized during the year	**7,335**	11,174
Realized on disposal during the year - net of deferred tax	**(24,491)**	-
Related deferred tax liability on surplus realized on disposal	**(13,187)**	-
Surplus on revaluation as at December 31	**403,865**	434,208
Less: related deferred tax liability on:		
- revaluation as at January 01	**(151,973)**	(148,062)
- revaluation recognised during the year	**(2,567)**	(3,911)
- surplus realised on disposal during the year	**13,187**	-
	(141,353)	(151,973)
	262,512	282,235

21.3 Surplus on revaluation of Property - Held for sale

	Note	2018	2017
		(Rupees in '000)	
Surplus on revaluation as at January 01		-	-
Transferred from surplus on revaluation of fixed assets	*21.3.1*	**1,160,784**	-
Surplus on revaluation as at December 31		**1,160,784**	-
Less: related deferred tax liability on:			
- revaluation as at January 01		-	-
- surplus transferred during the year		**(406,274)**	-
		(406,274)	-
		754,510	-

21.3.1 This represents the surplus held on a portion of property at the time of transfer of the same from 'Fixed Assets' to 'Other Assets' category as explained in note no. 13.4.

22. CONTINGENCIES AND COMMITMENTS

	Note	2018	2017 (Restated)
		(Rupees in '000)	
-Guarantees	*22.1*	**19,970,337**	22,356,940
-Commitments	*22.2*	**31,199,152**	93,919,702
-Other contingent liabilities	*22.3*	**11,661,255**	7,464,043
		62,830,744	123,740,685

22.1 Guarantees

Financial guarantees	**23,677**	36,926
Performance guarantees	**14,891,050**	16,116,749
Other guarantees	**5,055,610**	6,203,265
	19,970,337	22,356,940

22.2 Commitments

Documentary credits and short-term trade-related transactions			
- letters of credit		**6,604,310**	14,839,940
Commitments in respect of:			
- forward foreign exchange contracts	*22.2.1*	**4,315,349**	9,787,757
- forward lending	*22.2.2*	**7,667,231**	21,031,563
- operating leases	*22.2.3*	**3,164,673**	3,871,671
Commitments for capital expenditure			
- Civil works and others		**284,229**	455,583
Other commitments	*22.2.4*	**9,163,360**	43,933,188
		31,199,152	93,919,702

	Note	2018	2017
		(Rupees in '000)	

22.2.1 Commitments in respect of forward foreign exchange contracts

Purchase		**3,404,992**	5,484,447
Sale		**910,357**	4,303,310
		4,315,349	9,787,757

22.2.2 Commitments in respect of forward lending

Forward documentary bills		**3,458,501**	3,639,137
Undrawn formal standby facilities, credit lines and other commitments to lend	***22.2.2.1***	**4,208,730**	17,392,426
		7,667,231	21,031,563

22.2.2.1 These represent commitments that are irrevocable because they cannot be withdrawn at the discretion of the Group without the risk of incurring significant penalty or expense.

22.2.3 Commitments in respect of operating leases

	2018	2017
	(Rupees in '000)	
Not later than one year	**652,360**	660,881
Later than one year and not later than five years	**1,636,820**	2,078,021
Later than five years	**875,493**	1,132,769
	3,164,673	3,871,671

22.2.4 Other commitments

Purchase (Repo)	**9,163,360**	40,198,208
Sale (Reverse Repo)	**-**	3,734,980
	9,163,360	43,933,188

22.3 Other contingent liabilities - claims against the Group not acknowledged as debts	**11,661,255**	7,464,043

22.4 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 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.

22.5 Contingency for tax payable

Contingency related to tax payable is disclosed in note 31.2.

23. MARK-UP / RETURN / INTEREST EARNED

	Note	2018	2017
		(Rupees in '000)	
On:			
Loans and advances		**5,294,850**	5,760,817
Investments		**2,850,230**	4,520,054
Lendings to financial institutions		**286,614**	335,125
Balances with banks		**24,698**	16,458
		8,456,392	10,632,454

24. MARK-UP / RETURN / INTEREST EXPENSED

Deposits		**4,188,292**	4,585,514
Borrowings		**2,026,306**	2,793,367
Subordinated debt		**152,685**	140,871
Cost of foreign currency swaps against foreign currency deposits / borrowings		**274,009**	225,299
		6,641,292	7,745,051

25. FEE AND COMMISSION INCOME

Branch banking customer fees		**27,487**	130,131
Consumer finance related fees		**6,660**	25,909
Card related fees (debit cards)		**78,275**	107,237
Caedit related fees		**14,375**	35,655
Investment banking fees		**11,386**	42,853
Commission on trade		**409,630**	437,858
Commission on guarantees		**190,543**	215,671
Commission on cash management		**5,386**	21,410
Commission on remittances including home remittances		**83,050**	86,688
Commission on bancassurance		**5,504**	13,417
Commission on Benazir Income Support Programme		**80,856**	97,183
Commission on brokerage		**62,530**	90,614
Alternate Delivery Channels		**33,769**	36,706
Others		**4,549**	5,609
		1,014,000	1,346,941

26. (LOSS) / GAIN ON SECURITIES

Realized	*26.1*	**(35,654)**	366,957
Unrealized - held for trading	*8.1*	**-**	(15,885)
		(35,654)	351,072

26.1 Realized (loss) / gain on:

Federal Government Securities		**(15,483)**	111,137
Shares		**(5,001)**	255,820
Non Government Debt Securities		**1,752**	-
Units of Mutual Funds		**(16,922)**	-
		(35,654)	366,957

27. OTHER INCOME

	Note	2018	2017
		(Rupees in '000)	
Rent on property		**31,219**	26,578
(Loss) / gain on sale of fixed assets - net		**(12,651)**	35,733
Gain on sale of non banking assets - net	*27.1*	**271,464**	350
Gain on sale of ijarah assets		**2,783**	914
Account maintenance and other relevant charges		**28,584**	52,851
Recovery of expenses from customers		**31,209**	38,992
Others		**144**	151
		352,752	155,569

27.1 The Group recognised a net gain of Rs. 271.464 million (2017: Rs. 0.350 million) against the sale of following non-banking assets :

	Note	2018	2017
		(Rupees in '000)	
Land located in Karachi		**145,189**	-
Land located in Nooriabad		**42,000**	-
Bungalow located in Lahore		**85,381**	-
Club Memberships		**200**	350
Office		**(1,306)**	-
		271,464	350

28. OPERATING EXPENSES

	Note	2018	2017
Total compensation expense	*28.1*	**2,013,437**	2,281,646
Property expense			
Rent and taxes		**808,861**	858,365
Insurance - Property		**7,730**	5,082
Insurance - Non Banking Assets		**667**	1,422
Utilities cost		**256,136**	238,124
Security (including guards)		**166,311**	184,531
Repair and maintenance (including janitorial charges)		**95,302**	90,142
Depreciation - Property	*10.2*	**421,257**	422,533
Depreciation - Non Banking Assets		**44,952**	29,611
		1,801,216	1,829,810
Information technology expenses			
Software maintenance		**49,831**	36,156
Hardware maintenance		**51,197**	36,269
Depreciation	*10.2*	**128,451**	123,694
Amortisation	*11.2*	**25,866**	26,380
Network charges		**95,329**	94,840
Insurance		**505**	501
		351,179	317,840
Other operating expenses			
Directors' fees and allowances		**2,650**	3,900
Fees and allowances to Shariah Board		**12,085**	11,177
Legal and professional charges		**128,925**	130,564
Outsourced services costs		**158,301**	140,830
Travelling and conveyance		**162,070**	177,784
NIFT clearing charges		**32,106**	34,227
Depreciation	*10.2*	**140,917**	160,596
Amortisation of Core deposits and Brand name	*11.2*	**35,373**	35,372
Training and development		**5,758**	12,974
Postage and courier charges		**46,694**	48,647
Communication		**57,736**	68,501
Stationery and printing		**98,581**	113,258
Marketing, advertisement & publicity		**138,551**	229,014
Brokerage and Commission		**11,999**	31,619
Fee and Subscription		**94,067**	107,404
Cash transportation and sorting charges		**104,590**	99,707
Entertainment		**35,715**	44,094
Insurance		**214,968**	167,634
Repair and maintenance		**61,069**	69,785
Auditors' remuneration	*28.2*	**17,024**	12,357
Others		**24,980**	36,586
		1,584,159	1,736,030
		5,749,991	6,165,326

The total cost for the year included in other operating expenses relating to outsourced activities is Rs. 77.957 million (2017: Rs. 72.689 million). This cost pertains to companies incorporated in Pakistan. This includes payments other than outsourced services cost, which are disclosed above.

	Note	2018	2017
28.1 Total compensation expense		(Rupees in '000)	
Fees and Allowances etc.		**36,215**	37,190
Managerial Remuneration			
i) Fixed		**1,235,417**	1,373,225
ii) Variable			
of which;			
a) Cash Bonus / Awards etc.		**12,228**	44,222
b) Incentives and commission		**7,875**	23,597
Charge for defined benefit plan	35.1.8.1 & 35.2.5	**64,011**	64,058
Contribution to defined contribution Plan	36	**70,712**	79,516
Charge for employees compensated absences	35.1.8.1 & 35.2.7	**17,106**	12,552
Rent and house maintenance		**390,198**	435,077
Utilities		**86,704**	96,675
Medical		**92,452**	100,036
Employee old age benefit institution		**519**	15,498
Total		**2,013,437**	2,281,646

	2018	2017
28.2 Auditors' remuneration		
Audit fee	**3,949**	3,396
Fee for other statutory certifications	**4,800**	6,575
Fee for audit of employee funds	**178**	387
Special certifications and sundry advisory services	**6,469**	-
Tax services	**-**	643
Out-of-pocket expenses	**1,628**	1,356
	17,024	12,357

29. OTHER CHARGES

	2018	2017
Penalties imposed by State Bank of Pakistan	**136,671**	42,814
Penalties imposed by SECP	**-**	755
Bank charges	**23,681**	22,759
	160,352	66,328

	Note	2018	2017 (Restated)
30. PROVISIONS AND WRITE OFFS - NET		(Rupees in '000)	
Provisions for diminution in value of investments	8.3.1	**1,120,666**	321,093
Provisions against loans and advances	9.5	**6,641,834**	752,229
Provision against other assets	13.2.1	**95,935**	63,833
Provision for advances against computer software		**-**	18,061
Provision for advances and other payments against capital work in progress		**1,158,340**	5,670
Fixed assets written off		**3,061**	12,167
Bad debts written off directly	9.6.1	**3,688**	16,861
Recovery of written off / charged off bad debts		**(1,061)**	(2,243)
		9,022,463	1,187,671

31. TAXATION

	Note	2018	2017 (Restated)
		......(Rupees in '000)......	
Current	*31.1 & 31.2*	**132,981**	175,590
Prior years		**-**	-
Deferred		**(2,268,035)**	(206,606)
		(2,135,054)	(31,016)

31.1 This represents the provision for minimum taxation made in accordance with the requirements of section 113 of the Income Tax Ordinance, 2001. Therefore, reconciliation of tax expense and accounting profit / loss has not been disclosed.

31.2 The Income Tax Returns of the Group have been submitted up to and including the Group's and subsidiary's financial year ended December 31, 2017 i.e. tax year 2018.

In respect of assessments of Summit Bank Limited from tax year 2008 to tax year 2013, the tax authorities disputed Group'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 Group'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 Group'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 Group 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 Group 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.

32. BASIC AND DILUTED LOSS PER SHARE

	2018	2017 (Restated)
	......(Rupees in '000)......	
Loss for the year	**(8,790,990)**	(1,920,766)
	2018	**2017**
	...... Number of shares......	
Weighted average number of ordinary shares - Basic	**2,638,151,060**	2,256,765,412
	2018	**2017 (Restated)**
	......Rupees......	
Basic loss per share	**(3.33)**	(0.85)

	Note	2018	2017
		Number of shares	
Weighted average number of ordinary shares - Diluted	*32.1*	**2,638,151,060**	2,638,151,060

	Note	2018	2017 (Restated)
		Rupees	
Diluted loss per share	*32.1*	**(3.33)**	(0.85)

32.1 There are no potential ordinary shares outstanding as of December 31, 2018. Due to the anti dilutive effect of the potential ordinary shares during last year, the diluted loss per share was reported same as basic loss per share.

33. CASH AND CASH EQUIVALENTS

	Note	2018	2017
		(Rupees in '000)	
Cash and balances with treasury banks	*5*	**5,043,105**	13,556,734
Balance with other banks	*6*	**1,008,279**	2,440,437
Overdrawn nostro accounts	*16*	**(6,350)**	(33,311)
		6,045,034	15,963,860

34. STAFF STRENGTH

	2018	2017
	Number of Employees	
Permanent	**1,858**	2,262
On Bank contract	**85**	202
Group's own staff strength at the end of the year	**1,943**	2,464

34.1 In addition to the above, 411 (2017: 449) employees of outsourcing services companies were assigned to the Group as at the end of the year to perform services other than guarding and janitorial services.

35. DEFINED BENEFIT PLAN

35.1 Holding Company - Summit Bank Limited

35.1.1 General description

The Holding Company maintains two schemes under defined benefit plan:

- A **funded gratuity plan -** under which benefits are payable to eligible employees on retirement or on cessation of services in lump sum. The benefit is equal to one month's last drawn basic salary for each year of confirmed service, subject to a minimum of five years of service.

- An **unfunded employee compensated absences scheme -** under which benefits are payable to permanent and contractual employees on retirement or at the time of their final settlement. The benefit is equal to a maximum of 45 days gross salary subject to availability of privilege leaves balance.

The actuarial valuation of the funded and unfunded scheme is carried out periodically. Latest actuarial valuation was carried out as at December 31, 2018 using "Projected Unit Credit Method".

35.1.2 Number of Employees under the scheme

The number of employees covered under the following defined benefit schemes / funds are:

	2018	2017
	...... Numbers	
- Gratuity fund	**1,800**	2,196
- Employees Compensated Absences	**1,885**	2,398

35.1.3 Principal actuarial assumptions

Latest actuarial valuation was carried out as at December 31, 2018 using 'Projected Unit Credit Method'.

	2018	2017	2018	2017
	Employees Compensated Absences (Unfunded)		Gratuity fund (Funded)	
	---- Per annum ----			
Discount rate	**13.25%**	8.25%	**13.25%**	8.25%
Expected rate of salary increase	**12.25%**	7.25%	**12.25%**	7.25%
Expected rate of return on plan assets	**-**	-	**13.25%**	8.25%
Leave accumulation factor - per annum	**10 days**	10 days	**-**	-
Withdrawal rates	**High**	High	**High**	High
Mortality rates	**SLIC 2001-2005**	SLIC 2001-2005	**SLIC 2001-2005**	SLIC 2001-2005

35.1.4 Reconciliation of payable to defined benefit plans

	Note	2018	2017	2018	2017
		Employees Compensated Absences (Unfunded)		Gratuity fund (Funded)	
		---- (Rupees in '000) ----			
Present value of obligations		**101,082**	104,448	**343,131**	344,077
Fair value of plan assets		**-**	-	**(309,773)**	(293,546)
Payable		**101,082**	104,448	**33,358**	50,531

35.1.5 Movement in defined benefit obligations

	Note	2018	2017	2018	2017
Obligations at the beginning of the year		**104,448**	98,304	**344,077**	296,204
Current service cost		**40,685**	11,627	**61,317**	61,304
Interest cost		**7,789**	-	**25,223**	22,742
Benefits paid by the holding company		**(20,063)**	(5,483)	**(62,789)**	(22,246)
Re-measurement gain		**(31,777)**	-	**(24,697)**	(13,927)
Obligations at the end of the year		**101,082**	104,448	**343,131**	344,077

35.1.6 Movement in fair value of plan assets

	Note	2018	2017	2018	2017
Fair value at the beginning of the year		**-**	-	**293,546**	246,836
Interest income on plan assets		**-**	-	**23,712**	20,832
Contribution by the holding company - net		**-**	-	**(12,258)**	27,122
Re-measurements: Net return on plan assets over interest income gain / (loss)	35.1.8.2	**-**	-	**4,773**	(1,244)
Fair value at the end of the year		**-**	-	**309,773**	293,546

35.1.7 Movement in payable under defined benefit schemes

	Note	2018	2017	2018	2017
		Employees Compensated Absences (Unfunded)		Gratuity fund (Funded)	
		---------------------- (Rupees in '000)		----------------------	
Opening balance		**104,448**	98,304	**50,531**	49,368
Charge for the year		**16,697**	11,627	**62,828**	63,214
Contribution by the holding company - net		**-**	-	**12,258**	(27,122)
Re-measurement (gain) recognised in OCI during the year	*35.1.8.2*	**-**	-	**(29,470)**	(12,683)
Benefits paid by the holding company		**(20,063)**	(5,483)	**(62,789)**	(22,246)
Closing balance		**101,082**	104,448	**33,358**	50,531

35.1.8 Charge for defined benefit plans

35.1.8.1 Cost recognized in profit and loss

	2018	2017	2018	2017
Current service cost	**8,908**	11,627	**61,317**	61,304
Net interest on defined benefit asset / liability	**7,789**	-	**1,511**	1,910
	16,697	11,627	**62,828**	63,214

35.1.8.2 Re-measurements recognized in OCI during the year

	2018	2017	2018	2017
Loss / (gain) on obligation				
- Financial assumptions	**-**	-	**(14,028)**	(15,509)
- Experience adjustment	**-**	-	**(10,669)**	1,582
Return on plan assets over interest income	**-**	-	**(4,773)**	1,244
Total re-measurements recognised in OCI	**-**	-	**(29,470)**	(12,683)

35.1.9 Components of plan assets

	2018	2017	2018	2017
	Employees Compensated Absences (Unfunded)		Gratuity fund (Funded)	
	---------------------- (Rupees in '000)		----------------------	
Cash and cash equivalents - net	**-**	-	**307,023**	36,203
Government securities	**-**	-	**-**	254,187
Mark-up / Profit Receivable	**-**	-	**2,750**	3,156

35.1.10 Sensitivity analysis

Sensitivity analysis has been performed by varying one assumption keeping all other assumptions constant and calculating the impact on the present value of the defined benefit obligations under the various employee benefit schemes. The increase / (decrease) in the present value of defined benefit obligations as a result of change in each assumption is summarized below:

	Change in assumption	Employees Compensated Absences (Unfunded)		Gratuity fund (Funded)	
		Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
		---------------------- (Rupees in '000)		----------------------	
Discount rate	± 1%	**(6,305)**	**7,138**	**(27,818)**	**20,483**
Salary increase rate	± 1%	**7,671**	**(6,878)**	**22,322**	**(29,802)**
Withdrawal rate	± 10%	**177**	**(207)**	**-**	**-**
Leave accumulation factor	± 1 day	**186**	**(216)**	**-**	**-**

35.1.11 Expected contributions to be paid to the funds in the next financial year

The Holding Company contributes to the employee Compensated absences and gratuity funds according to the actuary's advice.

	2018	
	Employees Compensated Absences	Gratuity fund
	------ (Rupees in '000) ------	
Expected charge for the next financial year	**13,998**	**56,306**

35.1.12 Maturity profile

The weighted average duration of the obligation (in years)	6.84	7.15

35.1.13 Funding Policy

The Holding Company endeavours to ensure that liabilities under the various employee benefit schemes are covered by the Fund on any valuation date having regards to the various actuarial assumptions such as projected future salary increase, expected future contributions to the fund, projected increase in liability associated with future service and the projected investment income of the Fund.

35.1.14 The significant risks associated with Defined Benefits Plans are as under:

Investment Risks:
The risk arises when the actual performance of the investment is lower than expectation and thus creating a shortfall in the funding objectives.

Longevity Risks:
The risks arises when the actual lifetime of retirees is longer than expectation. Thus risk is measured at plan level over the entire retiree population.

Salary Increase Risk:
The most common type of retirement benefit is one where the benefit is linked with final salary. The risk arises when the actual increases are higher than expectation and impact the liability accordingly.

Withdrawal Risk
The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the benefit obligation. The movement of liability can go either way.

Asset Volatility:
The risk arises due to inclusion of the risky assets in the fund portfolio, inflation and relevant rate volatility.

Changes in bond yields:
The risk arises when bond yield is lower than the expected return on the plan assets (duration based PIB discount rate).

Inflation risk:
The risk arises if fund benefits are linked to inflation and inflation rate is higher or higher than expected, which results in higher liabilities.

35.2 Subsidiary - Summit Capital (Private) Limited

35.2.1 General description

The subsidiary has a gratuity fund that has been recognized by the Income Tax Authorities under Part III of Sixth Schedule to the Income Tax Ordinance, 2001 on November 03, 2007. The trust deed for the fund has been duly executed on July 12, 2007.

The cost of providing benefits under gratuity fund is determined using the Projected Unit Credit method, with actuarial valuation being carried out as at balance sheet date. The latest valuation was carried out as on December 31, 2018.

35.2.2 Principal actuarial assumptions

The following principal assumptions were used for the valuation:

	2018	2017
	........% per annum........	
Estimated rate of increase in salary of employees	**10.75**	9.25
Expected rate of return on plan assets	**10.75**	9.25
Discount rate	**10.75**	9.25

35.2.3 Reconciliation of payable to / (receivable from) defined benefit plan

	2018	2017
	......(Rupees in '000)......	
Present value of defined benefit obligation	**11,372**	10,178
Fair value of plan assets	**(11,372)**	(10,178)
Asset / liability recognized in balance sheet	**-**	-

35.2.4 Movement in net liability recognized

	2018	2017
Opening net (asset) / liability	**-**	-
Expense recognized	**1,183**	844
Other comprehensive income (OCI)	**(580)**	1,214
Contribution paid to the fund during the year	**(603)**	(2,058)
Closing net (asset) / liability	**-**	-

35.2.5 Expense recognized in the profit and loss account

	2018	2017
Current service cost	**1,211**	919
Net interest	**(28)**	(75)
	1,183	844

35.2.6 Sensitivity analysis on significant actuarial assumptions

	Change in assumption	Impact on present value of DBO	
		Increase in assumption	Decrease in assumption
		------ (Rupees in '000) ------	
Discount Rate	± 1 %	**10,116**	12,850
Salary Increase Rate	± 1 %	**12,893**	10,059
Withdrawal Rate	± 1 %	**11,353**	11,392
1 year mortality age set	Back/Forward	**11,375**	11,369

35.2.7 Provision for staff compensated absences

	2018	2017
	......(Rupees in '000)......	
Opening balance	**4,481**	3,670
Charge for the year	**409**	925
Encashment during the year	**(233)**	(114)
Closing balance	**4,657**	4,481

36. DEFINED CONTRIBUTION PLAN

36.1 Holding Company - Summit Bank Limited

An amount of Rs. 67.773 million (2017: Rs. 76.593 million) has been charged during the year in respect of contributory provident fund maintained by the Holding Company.

36.2 Subsidiary Company - Summit Capital (Private) Limited

An amount of Rs. 2.939 million (2017: Rs. 2.923 million) has been charged during the year in respect of contributory provident fund maintained by the Subsidiary.

37. COMPENSATION OF DIRECTORS AND EXECUTIVES

	President / Chief Executive		Directors		Executives	
	2018	2017	2018	2017	2018	2017 (Restated)
	(Rupees in '000)					
Fees	-	-	**2,650**	3,900	-	-
Managerial remuneration	**14,241**	15,192	**5,111**	2,982	**163,102**	204,332
Charge for defined contribution plan	**538**	-	**511**	298	**15,232**	19,302
Rent and house maintenance	**6,408**	6,837	**2,300**	1,342	**74,602**	93,156
Utilities	**1,424**	1,519	**564**	298	**15,103**	19,226
Dearness allowance	**2,374**	2,533	**852**	497	**25,177**	32,050
Medical	**1,424**	1,519	**548**	298	**15,333**	19,456
Conveyance allowance	**140**	-	**544**	256	**24,070**	24,435
Car allowance	**405**	-	**1,620**	945	**51,828**	64,003
Commission	-	-	-	-	**2,003**	3,456
General / special allowance	**30**	2,422	**352**	205	**19,727**	37,731
	26,984	30,022	**15,052**	11,021	**406,177**	517,147
Number of person(s)	**2***	1	**5**	4	**86**	106

37.1 Executive means an employee, other than the chief executive and directors, whose basic salary exceeds twelve hundred thousand rupees in a financial year. The Chief Executive and certain executives are provided with free use of Group maintained cars in accordance with their entitlements.

37.2 *Number of persons include outgoing executive of Group.

38. 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 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 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.

38.1 Fair value of financial assets

The Group 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).

38.2 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 categorized:

	2018			
	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments	(Rupees in '000)			
Financial assets - measured at fair value				
Investments				
- Federal Government Securities	-	16,323,086	-	16,323,086
- Shares - Listed	1,819,609	-	-	1,819,609
- Units of open end mutual funds	-	-	-	-
- Non-Government Debt Securities	-	12,489	-	12,489
Financial assets - disclosed but not measured at fair value				
Investments				
- Shares - Unlisted	-	-	62,940	62,940
Non-Financial assets - measured at fair value				
Operating fixed assets	-	-	7,616,204	7,616,204
Non banking assets acquired in satisfaction of claims	-	-	3,371,419	3,371,419
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	3,416,803	-	3,416,803
Forward sale of foreign exchange	-	930,961	-	930,961

	2017 (Restated)			
	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments	(Rupees in '000)			
Financial assets - measured at fair value				
Investments				
- Federal Government Securities	-	89,869,422	-	89,869,422
- Shares - Listed	2,206,998	-	-	2,206,998
- Units of mutual funds	68,807	-	-	68,807
- Non-Government Debt Securities	-	1,470,595	-	1,470,595
Financial assets - disclosed but not measured at fair value				
- Investments				
- Shares - Unlisted	-	-	55,152	55,152
Non-Financial assets - measured at fair value				
Operating fixed assets	-	-	6,769,281	6,769,281
Non banking assets acquired in satisfaction of claims	-	-	5,598,564	5,598,564
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.
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.

39. SEGMENT INFORMATION

39.1 Segment Details with respect to Business Activities

	2018						
	Corporate finance	Trading and sales	Branch Banking	Islamic	Brokerage Business	Other	Total
	(Rupees in '000)						
Profit and Loss							
Net mark-up/return/profit	(69)	510,637	785,413	513,442	5,677	-	1,815,100
Inter segment revenue - net	-	(355,152)	-	355,152	-	-	-
Non mark-up / return / interest income	4,103	781,330	1,047,413	13,371	73,979	271,466	2,191,662
Total Income	4,034	936,815	1,832,826	881,965	79,656	271,466	4,006,762
Segment direct expenses	359	364,871	5,091,208	310,260	98,417	45,228	5,910,343
Inter segment expense allocation	-	-	(399,369)	399,369	-	-	-
Total expenses	359	364,871	4,691,839	709,629	98,417	45,228	5,910,343
Provisions / (reversals)	1	1,121,853	7,812,260	88,913	(564)	-	9,022,463
Loss before tax	3,674	(549,909)	(10,671,273)	83,423	(18,197)	226,238	(10,926,044)
Balance Sheet							
Cash and bank balances	-	2,090,681	3,499,928	347,536	113,239	-	6,051,384
Investments	-	16,774,074	2,200,302	-	33,397	-	19,007,773
Net inter segment lending	-	700,000	-	10,722,364	-	-	11,422,364
Lendings to financial institutions	-	-	-	-	-	-	-
Advances - performing	-	-	40,814,032	5,862,800	926	-	46,677,758
Advances - non-performing	-	-	13,768,955	800,090	-	-	14,569,045
Others	4,010	4,059,629	11,199,049	592,337	247,164	12,189,702	28,291,891
Total Assets	4,010	23,624,384	71,482,266	18,325,127	394,726	12,189,702	126,020,215
Borrowings	3	11,076,822	8,165,029	250,000	-	-	19,491,854
Subordinated debt	678	579,924	914,913	-	-	-	1,495,515
Deposits and other accounts	-	-	69,360,913	15,212,719	-	-	84,573,632
Net inter segment borrowing	-	10,722,364	-	700,000	-	-	11,422,364
Others	497	514,859	4,743,509	537,213	103,611	415,668	6,315,357
Total liabilities	1,178	22,893,969	83,184,364	16,699,932	103,611	415,668	123,298,722
Equity	2,832	730,415	(11,702,098)	1,625,195	291,115	11,774,034	2,721,493
Total equity and liabilities	4,010	23,624,384	71,482,266	18,325,127	394,726	12,189,702	126,020,215
Contingencies and Commitments	-	13,475,014	31,289,074	6,125,410	-	11,941,246	62,830,744

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	2017 (Restated)						
	Corporate finance	Trading and sales	Branch Banking	Islamic	Brokerage Business	Other	Total
	(Rupees in '000)						
Profit and Loss							
Net mark-up/return/profit	(64)	1,409,229	876,266	614,462	(12,490)	-	2,887,403
Inter segment revenue - net	-	31,641	-	(31,641)	-	-	-
Non mark-up / return / interest income	41,406	919,467	1,363,977	79,401	175,539	350	2,580,140
Total Income	41,342	2,360,337	2,240,243	662,222	163,049	350	5,467,543
Segment direct expenses	603	596,287	5,215,227	279,437	109,469	30,631	6,231,654
Inter segment expense allocation	-	-	(170,262)	170,262	-	-	-
Total expenses	603	596,287	5,044,965	449,699	109,469	30,631	6,231,654
Provisions	4	324,505	850,273	6,547	6,342	-	1,187,671
Loss before tax	40,735	1,439,545	(3,654,995)	205,976	47,238	(30,281)	(1,951,782)
Balance Sheet							
Cash and Bank balances	-	8,611,091	5,534,306	1,728,683	123,091	-	15,997,171
Investments	-	86,300,903	2,523,646	5,860,690	47,550	-	94,732,789
Net inter segment lending	-	-	-	-	-	-	-
Lendings to financial institutions	-	4,734,980	-	5,936,023	-	-	10,671,003
Advances - performing	-	-	71,655,935	10,779,551	774	-	82,436,260
Advances - non-performing	-	-	2,156,570	-	-	-	2,156,570
Others	5,903	6,049,615	12,654,735	671,715	236,574	7,897,966	27,516,508
Total Assets	5,903	105,696,589	94,525,192	24,976,662	407,989	7,897,966	233,510,301
Borrowings	15	59,580,759	7,476,992	250,000	-	-	67,307,766
Subordinated debt	678	580,057	915,125	-	-	-	1,495,860
Deposits and other accounts	-	-	123,057,486	22,549,245	-	-	145,606,731
Net inter segment borrowing	-	-	-	-	-	-	-
Others	677	945,949	7,012,075	612,875	80,929	183,946	8,836,451
Total liabilities	1,370	61,106,765	138,461,678	23,412,120	80,929	183,946	223,246,808
Equity	4,533	44,589,824	(43,936,486)	1,564,542	327,060	7,714,020	10,263,493
Total equity and liabilities	5,903	105,696,589	94,525,192	24,976,662	407,989	7,897,966	233,510,301
Contingencies and Commitments	-	53,320,946	56,681,802	5,823,850	-	7,914,087	123,740,685

39.1.1 The Group does not have any operations outside Pakistan.

40. TRUST ACTIVITIES

The Group is not engaged in any significant trust activities. However, the Group commonly act as trustees and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions. Provided the trustees or similar relationship is legally supported, these assets are not assets of the Group and, therefore, are not included in its balance sheet.

41. RELATED PARTY TRANSACTIONS

The Group has related party transactions with its parent, employee benefit plans and its directors and Key Management Personnel.

The Group 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.

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

	2018				2017			
	Parent company	Directors	Key management personnel	Other related parties	Parent company	Directors	Key management personnel	Other related parties
	(Rupees in '000)							
Balances with other banks								
In current accounts	-	-	-	26,457	-	-	-	45,125
Investments								
Opening balance	-	-	-	1,803,185	-	-	-	1,785,476
Investment made during the year	-	-	-	54,983	-	-	-	42,383
Investment redeemed / disposed off during the year	-	-	-	(133,317)	-	-	-	(124,522)
Transfer in / (out) - net	-	-	-	(10,861)	-	-	-	99,848
Closing balance	-	-	-	1,713,990	-	-	-	1,803,185
Provision for diminution in value of investments	-	-	-	1,539,327	-	-	-	1,525,404
Advances								
Opening balance	-	-	409,534	1,213,053	-	-	324,233	1,078,078
Addition during the year	-	-	32,134	3,635,109	-	-	293,128	3,889,335
Repaid during the year	-	-	(180,248)	(3,915,860)	-	-	(178,426)	(3,754,360)
Transfer in / (out) - net	-	-	(2,117)	-	-	-	(29,401)	-
Closing balance	-	-	259,303	932,302	-	-	409,534	1,213,053
Provision held against advances	-	-	-	-	-	-	-	-
Other Assets								
Interest / mark-up accrued	-	-	758	22,292	-	-	825	19,981
Other receivables	578	-	2,002	757	488	-	4,821	757
Deposits and other accounts								
Opening balance	-	32,259	67,291	860,510	-	45,147	20,770	501,960
Received during the year	-	23,465	566,173	16,458,586	-	82,026	518,718	7,583,680
Withdrawn during the year	-	(37,261)	(606,161)	(15,549,380)	-	(94,914)	(548,551)	(7,225,130)
Transfer in / (out) - net	-	-	(13,882)	-	-	-	76,354	-
Closing balance	-	18,463	13,421	1,769,716	-	32,259	67,291	860,510

	2018				2017			
	Parent company	Directors	Key management personnel	Other related parties	Parent company	Directors	Key management personnel	Other related parties
	(Rupees in '000)							
Other Liabilities								
Interest / mark-up payable	-	**119**	**325**	**11,855**	-	85	168	1,175
Payable to staff retirement fund	-	-	-	**33,358**	-	-	-	50,531
Payable to Rupali Bank Limited	-	-	-	**16,293**	-	-	-	16,293
Others	-	-	-	-	-	-	-	1,369
Share capital - net								
Shares issued during the year - face value	-	-	-	-	5,060,450	137,541	-	-
Contingencies and Commitments								
Guarantees, letters of credit and acceptances	-	-	-	**918,975**	-	-	-	869,683
Commitments to extend credit	-	-	-	**230,337**	-	-	548	547,957
Income								
Mark-up / return / interest earned	-	-	**19,286**	**99,684**	-	-	28,293	61,015
Fee and commission income	-	-	**189**	-	-	-	690	-
Dividend income	-	-	-	**612**	-	-	-	1,350
Loss on securities	-	-	-	**(15,505)**	-	-	-	(9,244)
Other Income	-	-	**8**	-	-	-	(7)	-
Expense								
Mark-up / return / interest paid	-	**1,005**	**1,029**	**64,071**	-	952	764	26,968
Operating expenses:								
- Rent and taxes	-	-	-	**35,878**	-	-	-	29,790
- Directors' fees and allowances	-	**2,650**	-	-	-	3,900	-	-
- Legal and professional charges	-	-	-	**265**	-	-	-	-
- Training and development	-	-	-	**2,550**	-	-	-	5,119
- Marketing, advertisement and publicity	-	-	-	**205**	-	-	-	95
- Fee and subscription	-	-	**2,125**	**750**	-	-	3,095	21,471
- Managerial Remuneration	-	-	**192,098**	-	-	-	216,086	-
- Charge for defined benefit plan	-	-	**6,594**	-	-	-	6,657	-
Provision for diminution in value of Investments	-	-	-	**13,923**	-	-	-	267,933
Contribution to defined contribution Plan	-	-	-	**70,712**	-	-	-	79,516
Charge for defined benefit plan	-	-	-	**64,011**	-	-	-	64,058

42. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	2018	2017 (Restated)
	(Rupees in '000)	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	**(26,579)**	8,583,151
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	**(7,731,810)**	4,205,342
Eligible Additional Tier 1 (ADT 1) Capital	**-**	-
Total Eligible Tier 1 Capital	**(7,731,810)**	4,205,342
Eligible Tier 2 Capital	**-**	1,137,364
Total Eligible Capital (Tier 1 + Tier 2)	**(7,731,810)**	5,342,706
Risk Weighted Assets (RWAs):		
Credit Risk	**82,555,930**	102,104,325
Market Risk	**8,129,083**	10,767,383
Operational Risk	**8,723,054**	9,108,761
Total	**99,408,067**	121,980,469
Common Equity Tier 1 Capital Adequacy ratio	**-7.78%**	3.45%
Tier 1 Capital Adequacy Ratio	**-7.78%**	3.45%
Total Capital Adequacy Ratio	**-7.78%**	4.38%

Under the applicable Laws and Regulations, the Group is required to maintain a minimum paid-up capital (free of losses) of Rs. 10 billion. Moreover, the Group is subject to the Basel II capital adequacy guideline stipulated by the State Bank of Pakistan under BSD Circular No. 8 of 2006 and Basel III guideline vide its BPRD Circular No. 6 of 2013. These guidelines provide a transition schedule for Basel III implementation till December 31, 2019. Upon full implementation, Basel III guidelines target minimum capital to risk weighted assets ratio would be 12.50%, minimum Common Equity Tier 1 (CET 1) ratio would be 6% and minimum Tier 1 capital ratio would be 7.5%. As per the transition table, at December 31, 2018, the Group is required to maintain minimum CET 1 ratio of 6%, minimum Tier I capital ratio of 7.5% and minimum total capital adequacy ratio of 11.90% (inclusive of Capital Conservation Buffer of 1.90%).

Under Basel III framework, Group's regulatory capital has been analysed into two tiers as follows:

a) Tier I capital (going concern capital) which comprises Common Equity Tier I (CET1) and Additional Tier I (AT1 capital), which includes fully paid up capital, balance in share premium account net of discount on issue of shares, reserves arising on amalgamation and un-appropriated / accumulated losses. Moreover, regulatory deductions pertaining to book value of intangibles, deferred tax assets, reciprocal crossholdings and investment in subsidiary are made from Tier I capital as per the applicable Basel III guidelines.

b) Tier 2 Capital (gone concern capital), which includes general provisions for loan losses (upto a maximum of 1.25% of credit risk weighted assets), reserves on revaluation of fixed assets and available for sale investments after deduction of deficit on available for sale investments (as per Basel III requirement). The outstanding sub-ordinated debt / TFC of the Group has not been included in Tier-2 capital as of December 31, 2017 because the said TFC has less than one year remaining maturity (revised maturity date is October 26, 2019) and therefore not eligible as Tier 2 capital as per the applicable Basel III guidelines.

Due to capping on Tier 2 capital as a percentage of Tier I capital (which is negative), the Bank could not take benefit of Tier 2 capital which includes surplus / (deficit) on revaluation of assets and general provision/reserve for loan losses. Had the Bank taken this benefit total eligible capital would have been increased by Rs. 2,378.386 million.

As on December 31, 2018, the Group's MCR and CAR is lower than the minimum ratios required by the SBP as explained above. In this regard management of the Group is taking various steps to comply with applicable minimum capital requirements. In this respect a business plan has been put in place which has been approved by the Board of Directors and aims to improve the Group's Capital base and risk absorption capacity and to provide impetus to its future growth initiatives. This plan indicates future profitable operations based on various assumptions including capital injection as explained in note 1.2 to these consolidated financial statements. Moreover, the management is committed to taking all the necessary steps for successful execution of the business plan to comply with the capital requirements as explained above.

Capital Management

The Group manages its capital to meet the regulatory requirements and current and future business needs considering the risks associated with its businesses, expectation of shareholders and investors, and the available options for raising capital. The Group is committed to comply with the capital requirements as per the SBP's BASEL III guidelines.

The capital management framework of the Group is administered by the Finance Division and Risk Management Group under the supervision of the Board of Directors and Board Risk Management Committee.

As per the guidelines issued by the SBP, the Group is applying standardised approach for the measurement of credit risk, standardised approach for market risk and Basic Indicator Approach for the Operational Risk.

	2018	2017 (Restated)
	.... (Rupees in '000)	
Leverage Ratio (LR):		
Eligible Tier-1 Capital	**(7,731,810)**	4,205,342
Total Exposures	**184,103,481**	296,365,793
Leverage Ratio	**-4.20%**	1.42%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	**27,495,433**	45,312,100
Total Net Cash Outflow	**31,044,717**	40,041,207
Liquidity Coverage Ratio	**88.57%**	113.16%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	**72,435,261**	108,281,876
Total Required Stable Funding	**82,307,865**	87,257,481
Net Stable Funding Ratio	**88.01%**	124.09%

Under the applicable Laws and Regulations, the Group is required to maintain the Leverage Ratio (LR) at 3%, Liquidity Coverage Ratio (LCR) at 100% and Net Stable Funding Ratio (NSFR) at 100% as at December 31, 2018. The Group's LR, LCR and NSFR are below the applicable regulatory requirement as of December 31, 2018. Subsequently, on December 31, 2019 and June 30, 2020, the Group achieved compliance with the applicable NSFR and LCR requirements, while efforts are under way to comply with LR requirement at the earliest timeline. As more fully explained in note 1.2 of these consolidated financial statements, the Group has made a business plan which envisages the compliance with capital and liquidity requirements.

42.1 The full disclosure on the Capital Adequacy, Leverage Ratio and Liquidity requirements as per SBP instructions has been placed on the website. The link to the full disclosure is http://summitbank.com.pk/index.php/investor-relations/financial-statements.

43. RISK MANAGEMENT

The acceptance and management of financial risk is inherent to banking business activities. The Group is exposed to numerous risks in pursuit of its business objectives. The core risks are Credit, Market and Liquidity risks. These risks arise directly through the Group's commercial activities whilst Operational and Compliance / Legal / Regulatory risks are normal consequences of any business undertaking. A sound Risk Management Framework provides principles for identifying, assessing and monitoring risk. The Framework specifies the key elements of the risk management process in order to maximise opportunities, to minimise adversity and to achieve improved outcomes and outputs based on informed decision making.

Clearly defined risk management policies and procedures covering all activities of the Group including general banking, trade finance, credit evaluation, credit management, treasury operations, administration and human resources management, compliance functions, risk management, central finance, audit and control are in place. The basic principles employed in formulation of the above policies and procedures involves identification, measurement, monitoring and controlling risks to ensure that:

- The Group's risk exposure is within the limits established by Board of Directors.
- Risk taking decisions are in line with the business strategy and objectives of the Group.
- The expected payoffs compensate the risks taken by the Group.
- The decisions are explicit and clear.
- Sufficient capital as buffer is available to mitigate risk.

Risk responsibilities

The Board of Directors is responsible for overall supervision of the risk management process. This is discharged by distributing responsibilities at the senior management level and determining the manner in which risk authorities are set. The Board is also responsible for approval of all risk policies and ensuring that these are properly implemented. Further, the Board appoints senior management personnel capable of managing the risk activities conducted by the Group.

The Board of Directors approves the policies proposed by the risk management committee of the Bank which discharge various responsibilities assigned to it by the Board. The Risk Management is headed by a Group Head - Enterprise Risk Management and strategic planning with responsibility to lookafter this function as per the approved policies and procedures of the Group.

Risk management group organization

A clear management structure has been put in place by the Bank, which clusters around three distinct groups namely, the Business Group, the Support Group and the Risk Management Group. The Business Group is responsible for generation and management of the business and acts as the front office of the Group. The Support Group provides various services necessary for maintaining operations of the Group on a sustainable basis. The Risk Management Group is responsible for management of the risk inherent in the Group's operations. The Risk Management Group comprises of Credit Division and Risk Management Division. Whilst the activities of the Credit Division are focused on independent risk management of the Group's credit activities and the Risk Management Division is responsible for managing all other risks emanating from various activities of the Group. In addition to above, Compliance Division ensures compliance of all internal and external policies, laws and regulations. The management has established various committees for periodic risk review.

The Bank has hPLUS™ a core banking software. hPLUS™ is a fully functional, well proven, single integrated banking application and is also capable of generating numerous standard and customised MIS reports. In line with the Group's strategic direction, a work is under way for implementation of a new core banking system which will support the Group in execution of its plan to convert to a full fledge islamic bank. The new core banking system is expected to improve the risk assessment of the Group by facilitating the management with detailed analytical review reports.

43.1 Credit Risk

Credit risk is the risk that one party to financial instrument fails to discharge an obligation and cause other party to incur a financial loss. The Group is exposed to credit risk through its lending and investment activities as well as in cases where it acts as an intermediary on behalf of customers or other third parties or issues guarantees. The following objectives govern the credit policy of the Group:

- The Group complies with the requirements of Prudential Regulations prescribed by SBP.

- Facilities provided by the Group are well diversified into different sectors as well as financing in different consumer products to achieve a strong market position and adequate return on capital.

- Return commensurate with the risk.

- Lending decision is based on a full appreciation for the risks inherent in the transaction and within the approved limits by the Board of Directors.

- Risk changes are identified promptly and remedial actions are taken.

The Group creates loan loss provisions against non-performing advances in accordance with the Prudential Regulations issued by SBP. Please refer to note 9.5 for reconciliation in loan loss provision.

Concentrations of credit risk (including funded and non-funded portfolio) arises when the counterparties have similar economic characteristics that would cause their ability to meet contractual obligations to be affected in a similar way by changes in economic or other conditions. As part of managing concentration risk, sector risk is managed on a portfolio basis. Please refer to note 43.1.2, 43.1.3, 43.1.4 & 43.1.5.

Credit approval authorities are based on the nature and size of exposure. Disbursement authorisation, collateral and security management, documentation and monitoring are managed by the Credit Administration Department. Proactive monitoring is ensured for assets under stress. This enable the Bank to put in place viable solutions to prevent further deterioration in credit quality. SAM function is in place to handle stressed assets and to ensure a focused remedial strategy.

As a matter of paramount importance the affairs of the customers enjoying credit facilities are carefully reviewed and reconsidered periodically. The facility review provides a timely signal of unfavourable developments in clients' affairs and identifies the risk before the Group is faced with undesirable positions. For this reason, all facilities of a continuing character are periodically reviewed and approved unless otherwise agreed.

Credit administration tasks include the following:

- Maintain credit, custody and security documentation files;
- Register security and collateral documents;
- Tracking of covenants;
- Administer facility fees / receipts / payments;
- Load limits into credit system; and
- Satisfy internal and external risk reporting requirements.

It is the Group's policy to reduce or mitigate credit risk on credit facilities or exposure, as much as possible, in a given commercial environment by securing credit facilities or exposure with collateral. To correctly assess the extent to which the collateral mitigates the credit risk, the collateral must be valued according to a specified valuation method and documented and monitored. The legal mechanism by which collateral is pledged and the Group's procedures ensure that the Group has clear rights over the collateral and may liquidate, retain or take legal possession of it in a timely manner in the event of the default, insolvency or bankruptcy or otherwise defined credit event set out in the transaction documentation, of the counterparty and, where applicable, of the custodian holding the collateral.

Credit risk: Standardised Approach

The Group has adopted the standardized approach of Basel II for risk weighing its credit risk exposures.

Under standardised approach, the capital requirement is based on the credit rating assigned to the counterparties by the External Credit Assessment Institutions (ECAIs) duly recognised by SBP for capital adequacy purposes. In this connection, the Group utilises the credit ratings assigned by ECAIs and has recognised agencies such as Pakistan Credit Rating Agency (PACRA), Japan Credit Rating Company – Vital Information Systems (JCR-VIS), Fitch, Moody's and Standard and Poors (S&P) which are also recognised by the SBP. The Group also utilises rating scores of Export Credit Agencies (ECA) participating in the 'Arrangement on Officially Supported Export Credits'.

The Standardised Approach to credit risk sets out fixed risk weights corresponding, where appropriate, to external credit assessment levels or for unrated claims.

Selection of ECAIs

The Group selects particular ECAI(s) for each type of claim. Amongst the ECAIs that have been recognised as eligible by SBP, the following are being used against each respective claim type.

Sovereign Exposures: For foreign currency claims on sovereigns, the Group uses country risk scores of Export Credit Agencies (ECA) participating in the 'Arrangement on Officially Supported Export Credits' available on Organisation for Economic Co-operation and Development (OECD) website.

Exposures to Multilateral Development Banks (MDBs): For exposures on MDBs not eligible for a 0% risk weight, ratings of Moody's, S&P and Fitch are being used to calculate risk-weighted assets.

Exposures to Public Sector Entities (PSEs): For PSE exposures, ratings of PACRA and JCR-VIS are used to arrive at risk weights.

Bank Exposures: For foreign banks (i.e., incorporated outside Pakistan), ratings of Moody's, S&P and Fitch are being used to arrive at risk weights. However, for local banks (i.e. incorporated in Pakistan) ratings of PACRA and JCR-VIS are used.

Corporate Exposures: Ratings assigned by PACRA and JCR-VIS are used for claims on Corporate (excluding equity exposures).

Use of ECAI ratings

The Group prefers solicited ratings over unsolicited ratings at all times, owing to the greater degree of accuracy (in general) associated with solicited ratings as compared to unsolicited ratings. Unsolicited ratings may only be used in cases where a solicited rating is not available.

Mapping to SBP rating grades

The selected final ratings (after application of the principles stated above) for all exposures need to be translated to the standard rating grades given by the SBP. In this regard, the mapping tables to be used for converting ECAI ratings to SBP rating grades are given below:

Long-Term Rating Grades Mapping

SBP rating grade	Fitch	Moody's	S&P	PACRA	JCR-VIS	ECA scores
1	AAA	Aaa	AAA	AAA	AAA	0
	AA+	Aa1	AA+	AA+	AA+	1
	AA	Aa2	AA	AA	AA	
	AA-	Aa3	AA-	AA-	AA-	
2	A+	A1	A+	A+	A+	2
	A	A2	A	A	A	
	A-	A3	A-	A-	A-	
3	BBB+	Baa1	BBB+	BBB+	BBB+	3
	BBB	Baa2	BBB	BBB	BBB	
	BBB-	Baa3	BBB-	BBB-	BBB-	
4	BB+	Ba1	BB+	BB+	BB+	4
	BB	Ba2	BB	BB	BB	
	BB-	Ba3	BB-	BB-	BB-	
5	B+	B1	B+	B+	B+	5
	B	B2	B	B	B	6
	B-	B3	B-	B-	B-	
6	CCC+ and below	Caa1 and below	CCC+ and below	CCC	CCC	7
		CC		CC	CC	
				C	C	
				D	D	

Short-Term Rating Grades Mapping

SBP Rating grade	Fitch	Moody's	S&P	PACRA	JCR-VIS
S1	F1	P-1	A-1+	A-1+	A-1+
			A-1	A-1	A-1
S2	F2	P-2	A-2	A-2	A-2
S3	F3	P-3	A-3	A-3	A-3
S4	Others	Others	Others	Others	Others

The Group has issued specific rating / risk weighing exposures and entity rating for rating / risk weighing claims against specific counter parties. Both short and long term ratings have been used for corresponding short and long term exposures.

Types of exposures and ECAI's used

The following table illustrates the approved External Credit Assessment Institution (ECAI) whose rating are being utilised by the Group with respect to material categories of exposure:

Types of exposures and ECAI's used

	2018				
Exposures	Fitch	Moody's	S&P	PACRA	JCR-VIS
Corporate	-	-	-	Yes	Yes
Banks	Yes	Yes	Yes	Yes	Yes
Sovereigns	-	-	-	-	-
SME's	-	-	-	-	-
Securitizations	-	-	-	-	-
Others	-	-	-	Yes	Yes

Exposure	Rating	2018 Amount	2018 Deduction CRM	2018 Net Amount	2017 Amount	2017 Deduction CRM	2017 Net Amount
		(Rupees in '000)					
Corporate	20%	**1,102,812**	**147,919**	**954,893**	4,029,476	7,675	4,021,801
	50%	**2,952,404**	**-**	**2,952,404**	4,542,608	867,434	3,675,174
	100%	**770,919**	**172,300**	**598,619**	775,872	581,249	194,623
	unrated	**22,457,869**	**3,970,919**	**18,486,950**	36,442,500	7,801,149	28,641,351
	125%	**9,387,662**	**672,840**	**8,714,822**	20,213,597	1,621,114	18,592,483
Retail	75%	**6,757,938**	**677,609**	**6,080,329**	12,717,681	1,153,522	11,564,159
Past due loan	150%	**9,161,526**	**561,590**	**8,599,936**	857,052	-	857,052
	100%	**2,754,417**	**208,867**	**2,545,550**	671,903	-	671,903
	50%	**2,653,102**	**215,559**	**2,437,543**	627,614	-	627,614
Bank	20%	**2,090,995**	**-**	**2,090,995**	15,535,497	3,734,980	11,800,517
	50%	**281,155**	**-**	**281,155**	483,748	-	483,748
	100%	**-**	**-**	**-**	243,392	-	243,392
	150%	**46,314**	**-**	**46,314**	553,201	-	553,201
	unrated	**1,209,724**	**-**	**1,209,724**	1,002,410	-	1,002,410
Sovereign etc.	0%	**5,561,405**	**-**	**5,561,405**	13,666,985	-	13,666,985
Others	0%	**-**	**-**	**-**	-	-	-
	35%	**3,264,727**	**-**	**3,264,727**	2,903,572	9,900	2,893,672
	50%	**-**	**-**	**-**	-	-	-
	100%	**16,921,571**	**-**	**16,921,571**	18,002,955	-	18,002,955
	150%	**-**	**-**	**-**	13,475	-	13,475
	250%	**-**	**-**	**-**	520,804	-	520,804
		87,374,540	**6,627,603**	**80,746,937**	133,804,342	15,777,023	118,027,319

43.1.1 Credit Risk: Disclosures with respect to Credit Risk Mitigation for standardized approach

The Group has adopted the comprehensive approach of Credit Risk Mitigation for the Banking Book. Since the trading book of the Group only comprises equity investments; therefore no Credit Risk Mitigation benefit is taken in the trading book. In instances where the Group's exposure on an obligor is secured by collateral that confirms with the eligibility criteria under the comprehensive Approach of CRM, then the Group reduces its exposure under that particular transaction by taking into account the risk mitigating effect of the collateral for the calculation of capital requirement.

The Group accepts cash, lien on deposits, government securities and eligible financial instruments etc. under the comprehensive approach of Credit Risk Mitigation. The Group has in place detailed guidelines with respect to valuation and management of various collateral types. In order to obtain the credit risk mitigation benefit, the Group uses realizable value of eligible collaterals to the extent of outstanding exposure.

43.1.2 Lendings to financial institutions

	Gross lendings 2018	Gross lendings 2017	Non-performing lendings 2018	Non-performing lendings 2017	Provision held 2018	Provision held 2017
	(Rupees in '000)					
Credit risk by public / private sector						
Public / Government	-	4,727,965	-	-	-	-
Private	-	5,943,038	-	-	-	-
	-	10,671,003	-	-	-	-

43.1.3 Investment in debt securities

	Gross Investments		Non-performing Investments		Provision held	
	2018	2017	2018	2017 (Restated)	2018	2017 (Restated)
	(Rupees in '000)					
Credit risk by industry sector						
Textile	**200,000**	200,000	**200,000**	200,000	**200,000**	200,000
Chemical and Pharmaceuticals	**499,586**	815,936	**499,586**	499,586	**499,586**	499,586
Sugar	**289,965**	289,965	**-**	-	**-**	-
Electronics and electrical appliances	**12,500**	62,500	**-**	-	**-**	-
Power (electricity), Gas, Water, Sanitary	**189,569**	876,777	**-**	-	**-**	-
Financial	**18,807**	18,807	**18,807**	18,807	**18,807**	18,807
Services	**803,641**	803,641	**803,641**	803,641	**490,107**	290,819
Others	**-**	450,315	**-**	-	**-**	-
	2,014,068	3,517,941	**1,522,034**	1,522,034	**1,208,500**	1,009,212
Credit risk by public / private sector						
Public / Government	**-**	-	**-**	-	**-**	-
Private	**2,014,068**	3,517,941	**1,522,034**	1,522,034	**1,208,500**	1,009,212
	2,014,068	3,517,941	**1,522,034**	1,522,034	**1,208,500**	1,009,212

43.1.4 Advances

	Gross advances		Non-performing advances		Provision held	
	2018	2017	2018	2017	2018	2017 (Restated)
	(Rupees in '000)					
Credit risk by industry sector						
Agriculture, Forestry, Hunting and Fishing	**609,228**	900,256	**488,298**	2,581	**351**	2,581
Automobile and transportation equipment	**1,259,964**	1,853,738	**912,656**	923,268	**728,609**	715,987
Banaspati and allied industries	**345,107**	609,446	**141,431**	159,944	**126,023**	138,288
Carpet	**42,648**	47,595	**38,458**	39,645	**38,458**	38,458
Cement	**756,709**	841,114	**329,169**	329,169	**329,169**	329,169
Chemical and Pharmaceuticals	**2,085,661**	1,916,049	**336,897**	162,322	**106,774**	106,099
Construction	**3,173,425**	3,852,515	**1,246,241**	717,065	**531,309**	575,625
Dairy and poultry	**119,114**	103,419	**999**	1,418	**999**	1,418
Education	**298,439**	579,620	**34,394**	37,726	**29,793**	32,726
Electronics and electrical appliances	**2,468,288**	2,503,232	**352,550**	86,964	**97,092**	86,964
Exports/Imports	**6,461,972**	7,645,122	**1,736,111**	483,347	**1,120,067**	480,175
Financial	**3,885,688**	4,632,717	**2,793,412**	658,323	**1,232,275**	658,323
Food, tobacco and beverages	**3,207,167**	5,229,510	**740,435**	601,396	**578,069**	570,349
Footwear and Leather garments	**526,740**	535,524	**48,308**	47,303	**46,923**	45,234
Furniture and allied products	**419,151**	482,156	**150,803**	162,155	**125,051**	123,527
Glass and ceramics	**57,660**	132,660	**57,660**	54,460	**54,460**	54,460
Health care	**323,704**	359,795	**115,153**	113,244	**115,153**	105,118
Hotels	**329,545**	727,982	**162,058**	154,704	**160,709**	154,704
Individuals	**5,811,621**	6,506,445	**266,940**	402,754	**167,434**	122,186
Mining and Quarrying	**1,997,882**	2,428,011	**1,922,670**	4,670	**405,872**	4,670
Miscellaneous manufacturing	**1,385,469**	1,410,220	**188,197**	118,686	**117,479**	104,936
Printing, publishing and allied industries	**108,462**	120,093	**30,152**	28,018	**27,277**	27,643
Paper and allied products	**42,544**	180,506	**6,803**	22,774	**6,803**	22,774
Power (electricity), Gas, Water, Sanitary	**2,073,624**	5,250,541	**1,664,372**	1,077,592	**1,003,612**	1,041,245
Services	**4,426,765**	4,503,780	**1,242,178**	597,686	**528,147**	473,407
Steel and engineering	**3,666,727**	4,101,660	**1,225,542**	264,591	**373,616**	230,180
Sugar	**9,796,573**	10,916,070	**8,875,325**	1,634,623	**5,276,199**	1,214,673
Textile	**13,412,899**	14,684,686	**4,359,460**	4,442,514	**4,263,873**	4,414,157
Transport, Storage and Communication	**2,009,556**	2,614,431	**638,593**	215,184	**332,356**	183,955
Wholesale and Retail Trade	**6,101,976**	7,817,713	**2,209,458**	1,952,809	**1,654,807**	2,546,600
Others	**5,592,147**	6,045,488	**3,756,986**	1,568,649	**1,923,905**	303,383
	82,796,455	99,532,094	**36,071,709**	17,065,584	**21,502,664**	14,909,014

Credit risk by public / private sector	Gross advances		Non-performing advances		Provision held	
	2018	2017	2018	2017	2018	2017 (Restated)
	(Rupees in '000)					
Public / Government	-	986,018	-	-	-	-
Private	**82,796,455**	98,546,076	**36,071,709**	17,065,584	**21,502,664**	14,909,014
	82,796,455	99,532,094	**36,071,709**	17,065,584	**21,502,664**	14,909,014

43.1.5 Contingencies and Commitments

	2018	2017 (Restated)
	(Rupees in '000)	
Credit risk by industry sector		
Agriculture, Forestry, Hunting and Fishing	**331,051**	425,318
Automobile and transportation equipment	**325,033**	1,052,059
Banaspati and allied industries	**60,480**	222,653
Carpet	**454**	132,840
Cement	**618,668**	455,082
Chemical and Pharmaceuticals	**944,932**	1,501,148
Construction	**3,998,240**	5,006,816
Consumer	**2,677,508**	2,039,898
Dairy and poultry	**6,153**	55,312
Education	**67,148**	139,144
Electronics and electrical appliances	**1,019,924**	1,619,506
Exports/Imports	**2,759,625**	7,378,940
Financial	**17,427,007**	55,126,015
Food, tobacco and beverages	**502,111**	4,196,806
Footwear and Leather garments	**206,349**	175,274
Furniture and allied products	**119,223**	101,664
Glass and ceramics	**2,975**	17,222
Health care	**210,975**	341,466
Hotels	**102,498**	97,187
Individuals	**3,390,089**	3,871,671
Mining and Quarrying	**1**	635,001
Miscellaneous manufacturing	**1,514,099**	961,327
Others	**3,294,884**	123,711
Printing, publishing and allied industries	**48,458**	133,748
Paper and allied products	**748,019**	1,031,827
Power (electricity), Gas, Water, Sanitary	**11,610**	9,826,258
Services	**10,785,385**	3,448,392
Steel and engineering	**946,558**	81,669
Sugar	**51,733**	8,820,070
Textile	**6,604,120**	2,456,256
Transport, Storage and Communication	**1,687,219**	7,655,799
Wholesale and Retail Trade	**2,368,215**	4,610,606
	62,830,744	123,740,685
Credit risk by public / private sector		
Public / Government	**4,433,173**	14,608,761
Private	**58,397,571**	109,131,924
	62,830,744	123,740,685

43.1.6 Concentration of Advances

The Group top 10 exposures on the basis of total (funded and non-funded exposures) aggregated to Rs. 17,280.520 million (2017: Rs. 21,338.836 million) are as follows:

	2018	2017
	(Rupees in '000)	
Funded	**13,387,691**	15,449,883
Non Funded	**3,892,829**	5,888,953
Total Exposure	**17,280,520**	21,338,836

The sanctioned limits against these top 10 exposures aggregated to Rs. 19,333.306 million (2017: Rs. 25,599.957 million).

	2018		2017	
	Amount	Provision held	Amount	Provision held
Total funded classified therein	(Rupees in '000)			
- OAEM	-	-	-	-
- Substandard	**3,242,481**	**401,202**	-	-
- Doubtful	**2,100,000**	**376,516**	-	-
- Loss	-	-	-	-
Total	**5,342,481**	**777,718**	-	-

43.1.7 Advances - Province / Region-wise Disbursement and Utilization

	2018						
	Disbursements	Utilization					
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
Province / Region	(Rupees in '000)						
Punjab	**85,449,446**	**85,319,253**	**26,366**	**7,206**	-	**96,621**	-
Sindh	**200,355,690**	-	**200,355,690**	-	-	-	-
KPK including FATA	**154,085**	-	-	**154,085**	-	-	-
Balochistan	**517,487**	-	-	-	**517,487**	-	-
Islamabad	**3,413,518**	-	-	-	-	**3,413,518**	-
AJK including Gilgit-Baltistan	**418,508**	-	-	-	-	-	**418,508**
Total	**290,308,734**	**85,319,253**	**200,382,056**	**161,291**	**517,487**	**3,510,139**	**418,508**

	2017						
	Disbursements	Utilization					
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
Province / Region	(Rupees in '000)						
Punjab	99,204,216	98,951,290	52,194	8,397	-	192,335	-
Sindh	295,576,633	-	295,576,633	-	-	-	-
KPK including FATA	243,901	-	-	243,901	-	-	-
Balochistan	193,296	-	-	-	193,296	-	-
Islamabad	5,339,777	-	-	-	-	5,339,777	-
AJK including Gilgit-Baltistan	384,539	-	-	-	-	-	384,539
Total	400,942,362	98,951,290	295,628,827	252,298	193,296	5,532,112	384,539

43.2 Market Risk

Market risk is the risk that the value of on-balance sheet and off-balance sheet exposures of the Group will be adversely affected by movements in market rates or prices such as interest rates, foreign exchange rates equity prices and / or commodity prices resulting in a loss to earnings and capital. Market risks arise generally from trading activities, open foreign currency positions, holding common equity and other products. All such instruments and transactions are exposed to general and specific market movements.

The Group seeks to mitigate market risk by employing strategies that correlate price, rate and spread movements of its earning assets, liabilities and trading activities. Treasury front office and market risk management / treasury middle office perform market risk management activities within the Group.

43.2.1 Balance sheet split by trading and banking books

	2018			2017 (Restated)		
	Banking Book	Trading Book	Total	Banking Book	Trading Book	Total
	(Rupees in '000)					
Cash and balances with treasury banks	**5,043,105**	**-**	**5,043,105**	13,556,734	-	13,556,734
Balances with other banks	**1,008,279**	**-**	**1,008,279**	2,440,437	-	2,440,437
Lendings to financial institutions	**-**	**-**	**-**	10,671,003	-	10,671,003
Investments	**1,122,931**	**17,884,842**	**19,007,773**	1,360,318	93,372,471	94,732,789
Advances	**61,246,803**	**-**	**61,246,803**	84,592,830	-	84,592,830
Fixed assets	**8,751,339**	**-**	**8,751,339**	12,460,941	-	12,460,941
Intangible assets	**209,418**	**-**	**209,418**	253,540	-	253,540
Deferred tax assets	**7,180,595**	**-**	**7,180,595**	5,759,878	-	5,759,878
Other assets	**12,150,539**	**-**	**12,150,539**	9,042,149	-	9,042,149
	96,713,009	**17,884,842**	**114,597,851**	140,137,830	93,372,471	233,510,301

43.2.2 Foreign Exchange Risk

The Group has set the following objectives for managing the inherent risk on foreign currency exposures:

- Maximize profitability with minimum risk by keeping the exposure at desirable levels in view of strict compliance of regulatory / international standards and the Group's internal guidelines.

- Manage appropriate maturity mismatch gaps.

- Identify warning and stress zones for mismatch gaps.

- Usage of different tools to manage the inherent risk of product and market, such as compliance of credit limit, monitoring of foreign exchange exposure limit, review of mark to market portfolio and safe settlement, etc.

Foreign exchange risk represents exposures to changes in the values of current holdings and future cash flows denominated in foreign currencies. The potential for loss arises from the process of revaluing foreign currency positions in rupee terms. The Group's foreign exchange risk is presently limited to future cash flows in foreign currencies arising from foreign exchange transactions and translation of net open position in foreign currencies. The Group is carefully monitoring the net foreign currency exposure as well as utilizing the currency swap and forward contract to hedge the related exposure.

	2018				2017 (Restated)			
	Foreign Currency Assets	Foreign Currency Liabilities	Off-balance sheet items	Net Foreign Currency exposure	Foreign Currency Assets	Foreign Currency Liabilities	Off-balance sheet items	Net Foreign Currency exposure
	(Rupees in '000)							
United States Dollar	**3,936,026**	**5,565,469**	**1,678,239**	**48,795**	7,711,903	8,078,953	274,530	(92,520)
Great Britain Pound Sterling	**28,721**	**522,489**	**508,617**	**14,850**	211,544	875,071	647,347	(16,180)
Euro	**145,381**	**509,823**	**322,981**	**(41,461)**	205,751	482,715	259,260	(17,704)
Japanese Yen	**2,975**	**-**	**-**	**2,975**	18,599	11,293	-	7,306
Other currencies	**169,694**	**15,740**	**(15,202)**	**138,752**	259,596	37,407	-	222,189
	4,282,797	**6,613,521**	**2,494,635**	**163,911**	8,407,393	9,485,439	1,181,137	103,091

	2018		2017	
	Banking Book	Trading Book	Banking Book	Trading Book
Impact of 1% change in foreign exchange rates on:	(Rupees in '000)			
- Profit and loss account	**(23,307)**	**44,338**	(15,546)	13,996
- Other comprehensive income	**-**	**-**	-	-

43.2.3 Equity position Risk

Equity position risk is the risk that the fair value of financial instruments will fluctuate due to changes in the prices of individual stocks or the level of equity indices. The Group's equity book comprises of held for trading (HFT) and available for sale (AFS) portfolios. The objective of the HFT portfolio is to make short-term capital gains, whilst the AFS portfolio is maintained with a medium term view of earning both capital gains and dividend income. Policies and procedures have been developed to provide guidelines on the risk and their mitigants, limits and related controls for the equity portfolio of the Group.

	2018		2017	
	Banking Book	Trading Book	Banking Book	Trading Book
Impact of 5% change in equity prices on	(Rupees in '000)			
- Profit and loss account	**-**	**33,496**	-	11,328
- Other comprehensive income	**-**	**56,397**	-	97,227

43.2.4 Interest Rate Risk

Interest rate risk is the risk that fair value of a financial instrument will fluctuate as a result of changes in interest rates, including changes in the shape of yield curves. Interest rate risk is inherent in many of the Group's businesses and arises from mismatches between the contractual maturities or the re-pricing of on and off-balance sheet assets and liabilities. The interest rate sensitivity profile is prepared on a quarterly basis based on the re-pricing or contractual maturities of assets and liabilities.

Interest rate risk is monitored and managed by performing periodic gap analysis, sensitivity analysis and stress testing and taking appropriate actions where required.

	2018		2017	
	Banking Book	Trading Book	Banking Book	Trading Book
Impact of 1% change in interest rates on:	(Rupees in '000)			
- Profit and loss account	**69,725**	**-**	332,488	-
- Other comprehensive income	**-**	**334,155**	-	544,233

43.2.5 Mismatch of Interest Rate Sensitive Assets and Liabilities

	2018											
	Effective Yield / Interest Rate	Exposed to Yield / Interest risk										Non-internet bearing financial instruments
		Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 to Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years	
		(Rupees in '000)										
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	0% to 1.35%	5,043,105	125,904	-	-	-	-	-	-	-	-	4,917,201
Balances with other banks	0% to 8.10%	1,008,279	-	439,520	113,172	55,545	-	-	-	-	-	400,042
Lending to financial institutions	-	-	-	-	-	-	-	-	-	-	-	-
Investments	5.24% to 13.05%	19,007,773	-	1,892,704	161,291	2,251,203	7,775,992	1,950,533	999,560	1,094,716	1,002,655	1,879,119
Advances	0% to 28%	61,246,803	1,368,262	38,899,406	2,372,467	2,363,101	125,959	115,616	229,017	541,031	14,934,674	297,270
Other assets	-	3,103,207	-	-	-	-	-	-	-	-	-	3,103,207
		89,409,167	1,494,166	41,231,630	2,646,930	4,669,849	7,901,951	2,066,149	1,228,577	1,635,747	15,937,329	10,596,839
Liabilities												
Bills payable	-	1,881,107	-	-	-	-	-	-	-	-	-	1,881,107
Borrowings	1.00 % to 12.50%	19,491,854	12,038,590	5,390,128	1,303,450	-	-	1,318	580,083	178,285	-	-
Deposits and other accounts	0% to 14.3%	84,573,632	37,141	40,138,195	2,331,083	1,168,669	5,523,391	126,527	101,143	264,478	-	34,883,005
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-	-	-
Subordinated debt	12.84%	1,495,515	-	-	-	1,495,515	-	-	-	-	-	-
Other liabilities	-	3,638,896	-	-	-	-	-	-	-	-	-	3,638,896
		111,081,004	12,075,731	45,528,323	3,634,533	2,664,184	5,523,391	127,845	681,226	442,763	-	40,403,008
On-balance sheet gap		(21,671,837)	(10,581,565)	(4,296,693)	(987,603)	2,005,665	2,378,560	1,938,304	547,351	1,192,984	15,937,329	(29,806,169)
Off-balance sheet financial instruments												
Documentary credits and short-term trade-related transactions		-	-	-	-	-	-	-	-	-	-	-
Commitments in respect of:												
- forward foreign exchange contracts	-	4,315,350	1,357,729	2,453,109	504,512	-	-	-	-	-	-	-
Off-balance sheet gap		4,315,350	1,357,729	2,453,109	504,512	-	-	-	-	-	-	-
Total Yield/Interest Risk Sensitivity Gap			(9,223,836)	(1,843,584)	(483,091)	2,005,665	2,378,560	1,938,304	547,351	1,192,984	15,937,329	(29,806,169)
Cumulative Yield/Interest Risk Sensitivity Gap			(9,223,836)	(11,067,420)	(11,550,511)	(9,544,846)	(7,166,286)	(5,227,982)	(4,680,631)	(3,487,647)	12,449,682	(17,356,487)

	Effective Yield / Interest Rate	2017 (Restated)										
		Exposed to Yield / Interest risk										Non-internet bearing financial instruments
		Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 to Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years	
		(Rupees in '000)										
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	0% to 0.37%	13,556,734	1,095,616	-	-	-	-	-	-	-	-	12,461,118
Balances with other banks	1.20% to 3.77%	2,440,437	128,073	386,460	89,990	44,167	-	-	-	-	-	1,791,747
Lending to financial institutions	5.65% to 6.50%	10,671,003	10,671,003	-	-	-	-	-	-	-	-	-
Investments	5.24% to 12.00%	94,732,789	38,210,979	27,630,526	5,887,646	4,426,482	3,108,594	8,224,491	3,071,860	1,333,053	512,822	2,326,336
Advances	0.00 % to 28.00%	84,592,830	2,519,928	72,247,909	2,440,447	2,741,507	122,546	122,546	245,093	612,732	3,125,293	414,829
Other assets	-	3,566,025	-	-	-	-	-	-	-	-	-	3,566,025
		209,559,818	52,625,599	100,264,895	8,418,083	7,212,156	3,231,140	8,347,037	3,316,953	1,945,785	3,638,115	20,560,055
Liabilities												
Bills payable	-	3,065,379	-	-	-	-	-	-	-	-	-	3,065,379
Borrowings	1.00 % to 5.85%	67,307,766	40,936,272	24,895,916	1,316,978	50,000	-	-	108,600	-	-	-
Deposits and other accounts	0.00% to 18.50%	145,606,731	614,785	61,535,353	6,337,197	5,872,732	19,078,279	190,050	111,625	887,420	6,960	50,972,330
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-	-	-
Subordinated debt	9.46%	1,495,860	-	-	1,495,860	-	-	-	-	-	-	-
Other liabilities	-	4,893,755	-	-	-	-	-	-	-	-	-	4,893,755
		222,369,491	41,551,057	86,431,269	9,150,035	5,922,732	19,078,279	190,050	220,225	887,420	6,960	58,931,464
On-balance sheet gap		(12,809,673)	11,074,542	13,833,626	(731,952)	1,289,424	(15,847,139)	8,156,987	3,096,728	1,058,365	3,631,155	(38,371,409)
Off-balance sheet financial instruments												
Documentary credits and short-term trade-related transactions		-	-	-	-	-	-	-	-	-	-	-
Commitments in respect of:												
- forward foreign exchange contracts	-	1,181,136	(439,402)	1,522,175	38,223	60,140	-	-	-	-	-	-
Off-balance sheet gap		1,181,136	(439,402)	1,522,175	38,223	60,140	-	-	-	-	-	-
Total Yield/Interest Risk Sensitivity Gap			10,635,140	15,355,801	(693,729)	1,349,564	(15,847,139)	8,156,987	3,096,728	1,058,365	3,631,155	(38,371,409)
Cumulative Yield/Interest Risk Sensitivity Gap			10,635,140	25,990,941	25,297,212	26,646,776	10,799,637	18,956,624	22,053,352	23,111,717	26,742,872	(11,628,537)

Reconciliation of assets and liabilities exposed to yield / interest rate risk with total assets and liabilities

	2018	2017 (Restated)
	(Rupees in '000)	
Total financial assets	**89,409,167**	209,559,818
Add: Non financial assets		
Fixed assets	**8,751,339**	12,460,941
Intangible assets	**209,418**	253,540
Deferred tax assets	**7,180,595**	5,759,878
Other assets	**9,047,332**	5,476,124
Total assets as per statement of financial position	**114,597,851**	233,510,301
Total financial liabilities	**111,081,004**	222,369,491
Add: Non financial liabilities		
Other liabilities	**795,354**	877,317
Total liabilities as per statement of financial position	**111,876,358**	223,246,808

43.3 Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

Board Risk Management Committee oversees the implementation of operational risk management which is governed by the Operational Risk Management Policy and Procedures of the Group. In compliance with the regulatory guidelines, a separate unit is established within the Risk Management Division which is responsible for the implementation of the risk management framework across the Group.

In accordance with the Operational Risk policy and framework, various tools and techniques are being implemented to identify, assess, measure and control operational risk embedded in the exposures, products, systems and processes. These tools include collection of operational loss data, development and monitoring of Key Risk Indicators and Risk Control Self Assessment exercise.

The Group seeks to manage the operational risk from two perspectives, firstly by way of ensuring compliance of standard operating procedures including defined processes for prevention and detection of any fraud and forgery, and work place safety and security, secondly through contingency planning to ensure continuity of business. Policies and procedures covering all activities in Group are in place. Besides these, to ensure business continuity, the Group has implemented Business Continuity Plan (BCP) across the Group for which BCP and Disaster Recovery Tests are performed on a regular basis.

The Group maintains a system of internal controls designed to keep operational risk at appropriate levels, in view of the Group's financial strength and the characteristics of the activities and market in which it operates. These internal controls are periodically updated to conform to the industry best practices.

The Group implemented the Internal Control Guidelines issued by the State Bank of Pakistan and had sucessfully completed the road map issued with respect to internal controls over financial reporting. Moreover, a separate Internal Control Unit has been setup to continuously monitor the implementation of sound internal controls within the Group.

The Group has set up IT Security Division to manage IT security risk faced by the Group. The Group will continue to strengthen its cyber defense mechanism by utilising effective preventive and detective information security measure to counter evolving cyber challenges.

43.4 Liquidity Risk

Liquidity Risk is the risk that the Bank may be unable to meet its payment obligations as they become due, or to fund assets, at a reasonable cost, because of an inablity to liquidate assets, or to obtain adequate funding.

The liquidity risk policy of the Bank is formulated keeping in view State Bank guidelines on risk management and best market practice. The Bank's Asset and Liability Committee (ALCO) reviews the liquidity position on a periodic basis. Liquidity Management policy of the Bank aims to maintain adequate liquidity at all times and in all currencies under both normal and stress conditions, to meet our contractual and potential payment obligations without incurring additional and unacceptable cost to the business. Treasury is responsible for managing liquidity under the guidance of Asset and Liability Committee of the Bank.

The Bank maintains a portfolio of highly marketable assets i.e. Market Treasury Bills, Pakistan Investment Bonds and GoP Ijarah Sukuk, that can either be sold in the open market or funds can be arranged there against under repo arrangements. This is further supported by investments in short term securities. In line with its liquidity risk management policy, the Bank aims to maintain a cushion over and above the minimum statutory liquidity requirement prescribed by SBP for maintaining liquidity reserves to ensure continuity of cash flows.

The Bank uses liquidity gap ladder to assess the liquidity gaps and liquidity needs in different time buckets, under normal and stressed scenarios. Sources of liquidity are regularly reviewed / monitored by the Asset and Liability Committee (ALCO). The ALCO reviews the current economic situation, projected cash flows and asset / liability mix and approves strategy for managing appropriate liquidity. The liquidity risk management policy of the Bank encompasses liquidity contingency plan for actions to be taken in case of liquidity crises.

43.4.1 Maturities of Assets and Liabilities - based on contractual maturity of the assets and liabilities of the Group

	2018													
	Total	Upto 1 Day	Over 1 to 7 Days	Over 7 to 14 Days	Over 14 Days to 1 Month	Over 1 to 2 Months	Over 2 to 3 Months	Over 3 to 6 Months	Over 6 to 9 Months	Over 9 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 Years
	(Rupees in '000)													
Assets														
Cash and balances with treasury banks	5,043,105	4,386,921	-	2,200	14	84,482	2,094	139,002	68,003	1,684	329,358	7,545	6,031	15,771
Balances with other banks	1,008,279	492,407	-	-	-	347,155	-	113,172	-	55,545	-	-	-	-
Lending to financial institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investments	19,007,773	10,103	98,001	77,735	155,470	310,941	1,688,041	1,128,583	1,778,155	535,441	7,914,591	1,987,441	1,073,378	2,249,893
Advances	61,246,803	2,746,402	116,748	333,163	5,134,817	4,450,902	3,585,311	7,928,017	7,175,062	3,476,250	3,237,243	2,571,701	3,057,142	17,434,045
Fixed assets	8,751,339	1,251	7,509	8,760	20,023	37,544	37,544	112,631	112,631	515,152	456,780	456,780	780,480	6,204,254
Intangible assets	209,418	242	334	576	1,316	2,468	2,468	7,403	7,403	61,303	30,024	30,024	60,048	5,809
Deferred tax assets	7,180,595	(3)	4,973	4,970	9,609	19,549	451,212	55,568	(14,893)	(15,719)	402,229	1,893,539	3,683,654	685,907
Other assets	12,150,539	239,480	1,599,684	72,687	264,371	559,309	319,701	313,297	234,290	369,275	3,559,399	3,559,399	1,059,647	-
	114,597,851	7,876,803	1,827,249	500,091	5,585,620	5,812,350	6,086,371	9,797,673	9,360,651	4,998,931	15,929,624	10,506,429	9,720,380	26,595,679
Liabilities														
Bills payable	1,881,107	1,881,107	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	19,491,854	6,350	10,683,190	2,000	1,353,400	4,936,728	453,400	1,297,100	-	-	-	1,318	580,083	178,285
Deposits and other accounts	84,573,632	73,569,300	-	36,900	241	1,416,781	35,119	2,331,083	1,140,421	28,248	5,523,391	126,527	101,143	264,478
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subordinated debt	1,495,515	-	-	-	-	-	-	-	-	1,495,515	-	-	-	-
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	4,434,250	233,314	596,794	82,587	256,247	589,693	214,436	211,636	28,233	251,050	854,206	660,768	448,869	6,417
	111,876,358	75,690,071	11,279,984	121,487	1,609,888	6,943,202	702,955	3,839,819	1,168,654	1,774,813	6,377,597	788,613	1,130,095	449,180
Net assets	2,721,493	(67,813,268)	(9,452,735)	378,604	3,975,732	(1,130,852)	5,383,416	5,957,854	8,191,997	3,224,118	9,552,027	9,717,816	8,590,285	26,146,499
Share capital	20,500,194													
Reserves	(425,043)													
Accumulated losses	(19,947,568)													
Surplus / (deficit) on revaluation of assets	2,593,910													
	2,721,493													

	2017 (Restated)												
	Total	Upto 1 Day	Over 1 to 7 Days	Over 7 to 14 Days	Over 14 Days to 1 Month	Over 1 to 2 Months	Over 2 to 3 Months	Over 3 to 6 Months	Over 6 to 9 Months	Over 9 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 Years
	(Rupees in '000)													
Assets														
Cash and balances with treasury banks	13,556,734	10,309,526	-	30,911	26,329	165,517	-	590,026	527,388	19,394	1,776,286	17,695	10,393	83,269
Balances with other banks	2,440,437	1,919,820	-	-	-	-	386,460	89,990	-	44,167	-	-	-	-
Lending to financial institutions	10,671,003	-	6,734,980	-	3,936,023	-	-	-	-	-	-	-	-	-
Investments	94,732,789	2,112	10,959,098	96,369	27,560,846	15,123,892	11,318,412	7,176,403	2,507,142	2,151,182	3,574,104	8,675,029	3,576,465	2,011,735
Advances	84,592,830	4,002,688	394,496	427,381	9,699,308	7,806,519	5,748,442	13,457,633	9,732,539	5,029,389	6,186,573	4,879,702	8,153,770	9,074,390
Fixed assets	12,460,941	1,412	8,474	9,887	22,599	42,372	42,372	127,117	127,117	5,020,373	515,531	515,531	897,984	5,130,172
Intangible assets	253,540	319	403	722	1,650	3,094	3,094	9,283	9,283	61,140	37,646	37,646	75,292	13,968
Deferred tax assets	5,759,878	(95)	13,074	13,073	25,553	51,809	52,634	179,851	(16,319)	(20,149)	165,480	1,559,915	2,787,133	947,919
Other assets	9,042,149	75,785	1,932,304	257,764	395,823	403,703	424,372	313,441	306,472	372,147	1,520,113	1,520,113	1,520,112	-
	233,510,301	16,311,567	20,042,829	836,107	41,668,131	23,596,906	17,975,786	21,943,744	13,193,622	12,677,643	13,775,733	17,205,631	17,021,149	17,261,453
Liabilities														
Bills payable	3,065,379	3,065,379	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	67,307,766	674,181	40,198,207	11,744	52,140	12,520,020	12,375,896	1,316,978	50,000	-	-	-	108,600	-
Deposits and other accounts	145,606,731	110,729,942	-	332,000	282,786	1,777,741	-	6,337,197	5,664,432	208,300	19,078,279	190,050	111,625	894,379
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subordinated debt	1,495,860	-	-	-	-	-	-	-	-	1,495,860	-	-	-	-
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	5,771,072	75,676	1,143,188	254,424	345,502	447,328	491,423	265,569	199,654	120,751	1,295,046	613,241	490,667	28,603
	223,246,808	114,545,178	41,341,395	598,168	680,428	14,745,089	12,867,319	7,919,744	5,914,086	1,824,911	20,373,325	803,291	710,892	922,982
Net assets	10,263,493	(98,233,611)	(21,298,566)	237,939	40,987,703	8,851,817	5,108,467	14,024,000	7,279,536	10,852,732	(6,597,592)	16,402,340	16,310,257	16,338,471
Share capital	20,500,194													
Reserves	(425,043)													
Accumulated losses	(11,337,838)													
Surplus / (deficit) on revaluation of assets	1,526,180													
	10,263,493													

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43.4.2 Maturities of assets and liabilities - based on expected maturities of the assets and liabilities of the Group

Maturity gaps of all assets and liabilities are based on contractual maturities. The maturity profile of certain non-contractual assets and liabilities is based on the behavioural study. The Bank has used VAR methodology which excludes 5% extreme volatilities thus leaving 95% confidence results.

	2018									
	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	above 10 Years
	(Rupees in '000)									
Assets										
Cash and balances with treasury banks	5,043,105	133,916	175,831	213,291	216,085	390,512	64,973	657,786	1,607,221	1,583,490
Balances with other banks	1,008,279	492,407	347,155	113,172	55,545	-	-	-	-	-
Lending to financial institutions	-	-	-	-	-	-	-	-	-	-
Investments	19,007,773	341,308	1,998,982	1,128,583	2,313,597	7,914,591	1,987,441	1,073,378	2,249,893	-
Advances	61,246,803	8,331,130	8,036,213	7,928,017	10,651,312	3,237,243	2,571,701	3,057,142	2,865,000	14,569,045
Fixed assets	8,751,339	37,543	75,087	112,631	627,783	456,780	456,780	780,480	900,657	5,303,598
Intangible assets	209,418	2,468	4,935	7,403	68,706	30,024	30,024	60,048	5,809	-
Deferred tax assets	7,180,595	19,548	470,761	55,568	(30,612)	402,229	1,893,539	3,683,654	1,632,890	(946,982)
Other assets	12,150,539	2,176,221	879,010	313,297	603,565	3,559,399	3,559,399	1,059,648	-	-
	114,597,851	11,534,541	11,987,974	9,871,962	14,505,981	15,990,778	10,563,857	10,372,136	9,261,470	20,509,151
Liabilities										
Bills payable	1,881,107	1,881,107	-	-	-	-	-	-	-	-
Borrowings	19,491,854	12,044,940	5,390,128	1,297,100	-	-	1,318	580,083	178,285	-
Deposits and other accounts	84,573,632	2,245,791	2,948,709	3,576,924	3,623,780	6,548,945	1,089,610	11,031,169	26,953,340	26,555,364
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-
Subordinated debt	1,495,515	-	-	-	1,495,515	-	-	-	-	-
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-
Other liabilities	4,434,250	1,168,942	804,129	211,636	279,283	854,206	660,768	448,869	6,417	-
	111,876,358	17,340,780	9,142,966	5,085,660	5,398,578	7,403,151	1,751,696	12,060,121	27,138,042	26,555,364
Net assets	2,721,493	(5,806,239)	2,845,008	4,786,302	9,107,403	8,587,627	8,812,161	(1,687,985)	(17,876,572)	(6,046,213)
Share capital	20,500,194									
Reserves	(425,043)									
Accumulated losses	(19,947,568)									
Surplus / (deficit) on revaluation of assets	2,593,910									
	2,721,493									

	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	above 10 Years
	2017 (Restated)									
	(Rupees in '000)									
Assets										
Cash and balances with treasury banks	13,556,734	255,410	302,131	754,532	848,923	1,972,128	205,356	1,568,759	3,879,171	3,770,324
Balances with other banks	2,440,437	1,919,820	386,460	89,990	44,167	-	-	-	-	-
Lending to financial institutions	10,671,003	10,671,003	-	-	-	-	-	-	-	-
Investments	94,732,789	38,618,426	26,442,304	7,176,403	4,658,324	3,574,104	8,675,029	3,576,465	1,243,905	767,829
Advances	84,592,830	14,523,874	13,554,961	13,457,633	14,761,927	6,186,573	4,879,702	8,153,770	5,425,946	3,648,444
Fixed assets	12,460,941	42,373	84,745	127,117	5,147,491	515,531	515,531	897,984	1,283,498	3,846,671
Intangible assets	253,540	3,093	6,188	9,283	70,423	37,646	37,646	75,292	13,969	-
Deferred tax assets	5,759,878	51,606	104,443	179,851	(36,468)	165,480	1,559,915	2,787,133	1,278,541	(330,623)
Other assets	9,042,149	2,661,675	828,075	313,441	678,619	1,520,113	1,520,113	1,520,113	-	-
	233,510,301	68,747,280	41,709,307	22,108,250	26,173,406	13,971,575	17,393,292	18,579,516	13,125,030	11,702,645
Liabilities										
Bills payable	3,065,379	3,065,379	-	-	-	-	-	-	-	-
Borrowings	67,307,766	40,936,272	24,895,916	1,316,978	50,000	-	-	108,600	-	-
Deposits and other accounts	145,606,731	2,743,233	3,245,051	8,104,090	9,117,894	21,181,736	2,205,635	16,849,333	41,664,417	40,495,342
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-
Subordinated debt	1,495,860	-	-	-	1,495,860	-	-	-	-	-
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-
Other liabilities	5,771,072	1,818,790	938,751	265,569	320,405	1,295,046	613,241	490,667	28,603	-
	223,246,808	48,563,674	29,079,718	9,686,637	10,984,159	22,476,782	2,818,876	17,448,600	41,693,020	40,495,342
Net assets	10,263,493	20,183,606	12,629,589	12,421,613	15,189,247	(8,505,207)	14,574,416	1,130,916	(28,567,990)	(28,792,697)
Share capital	20,500,194									
Reserves	(425,043)									
Accumulated losses	(11,337,838)									
Surplus / (deficit) on revaluation of assets	1,526,180									
	10,263,493									

43.5 Derivative Risk

The policy guidelines for taking derivative exposures are approved by the Board of Directors (BOD). Group's Asset and Liability Committee (ALCO) is responsible for reviewing and managing associated risks of the transactions.

The overall responsibility for managing derivatives and sustaining profitability lies with the treasury front office/ Head of Treasury. Treasury Middle Office (TMO) / market risk management function of the Group is responsible for monitoring the risk exposure and for analysis of present and potential risk factors arising from the same. The TMO also monitors associated risks in line with the Board of Directors' approved limits / policies and coordinates with the business for necessary approvals of the derivatives risk limits and also produces necessary reports/ analysis as may be required.

44. RESTATEMENT

During the year, 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 Group, 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. Loss per share for the year ended December 31, 2017 is Re. 0.35 per share higher as a result of this restatement.

45. CORRESPONDING FIGURES

Corresponding figures' have been re-classified, wherever necessary for the purposes of comparison.

46. DATE OF AUTHORISATION FOR ISSUE

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

Acting President/Chief Executive	Chief Financial Officer	Director	Director	Director

Annexure - I

STATEMENT SHOWING WRITTEN-OFF LOANS OR ANY OTHER FINANCIAL RELIEF OF RUPEES FIVE HUNDRED THOUSAND OR ABOVE PROVIDED DURING THE YEAR ENDED DECEMEBR 31, 2018

S. No.	Name and address of the borrower	Name of individuals/partners/ directors (with CNIC No.)	Father's/Husband's name	Outstanding Liabilities as at January 01, 2018				Principal written-off	Interest/ Mark-up written-off / waived	Other financial relief provided	Total (9+10+11)
				Principal	Interest / Mark-up	Other than Interest / Mark-up	Total (5+6+7)				
1	2	3	4	5	6	7	8	9	10	11	12
				(Rupees in '000)							
1	Anmol Textile, 2nd Floor 15 Shahjamal, Lahore	1- Sheikh Niaz Anjum (35202-2536282-9) 2-Muhammad Ali (35202-1786443-9) 3- Sheikh Qaiser Ali (35202-8016877-5)	1. Sh Mubarik Ali Shah 2. Sh Akhtar Ali Shah 3. Muhammad Aslam	50,000	20,554	-	70,554	17,700	20,554	-	38,254
2	Hashmat Oil Mills Chowk Nagh Shah Opp Shell Petrol Pump Multan	Muhammad Asghar; (36303-0960319-9)	Dildar Muhammad	18,888	5,377	-	24,265	3,877	5,377	-	9,254
3	Tahir Fazil 45 Mehboob Building, Commercial Zone, Liberty Merket, Lhr	Tahir Fazil; (35202-8918855-3)	Chaudhary Muhammad Fazil	9,996	4,052	-	14,048	1,867	4,052	-	5,919
4	Ansar Bhatti Agri Mall Zari Markaz 46 Ada Sargodha	Ansar Bhatti (38403-4590456-5)	Akbar Ali	11,059	-	-	11,059	3,341	-	-	3,341
5	Liaquat Ali ; Imam Bargah Road, H. No. 2B-6836, Mohallah Pirwadahi, Bangash Colony, Rawalpindi.	Liaquat Ali (37405-6337098-5)	Ali Muhammad	3,643	734	-	4,377	1,194	704	-	1,898
6	Alhafeez Interservices ; House No. 564, Sector 33-E, Korangi No. 2-1/2, Karachi	Mrs. Fehmeeda Bano; (42201-1060767-2)	Muhammad Haroon	1,150	453	-	1,603	1,000	453	-	1,453
7	Waqar Ali Khan ; H.No.1855, PT, Bilal Town, Malikpura, P.O. Nishtrabad, Peshawar.	Waqar Ali Khan (135-63-014551)	Abdul Qayum Khan	1,697	-	-	1,697	1,111	-	-	1,111
8	Rasheed Sons; Block G, Flat No. 5, F-6 Markaz, Islamabad	Muhammad Afzal Goreja (61101-1999594-5)	Haji Abdul Rasheed	2,500	294	-	2,794	200	694	-	894
9	SYED HABIB UR REHMAN AUTO CLUB 315 FEROZPUR ROAD LHR	SYED HABIB UR REHMAN (35202-0317712-9)	SYED AZIZ UR REHMAN	1,000	455		1,455	313	455	-	768
10	KASHIF PERVEZ 3RDFLOOR62-COMM AREA MAIN BOULEVARD CAVALRY GROUND	KASHIF PERVEZ (35201-5113920-9)	PERVAIZ AKHTAR CHAUDHRY	497	556	-	1,053	137	556	-	693
11	SUHAIL YAQOOB HOUSE NO 429 BLOCK 04 SECTOR B-1 TOWN SHIP LAHORE	SUHAIL YAQOOB (35202-1874671-1)	MUHAMMAD YAQOOB KHAN	599	533	-	1,132	129	533	-	662
12	MUHAMMAD RIAZ ST # 1 RAIZ AHMAD RD AKHRI MINT STOP G.T RD LAHORE	MUHAMMAD RIAZ (35201-3525267-3)	MUHAMMAD MUSHTAQ	481	466	-	947	111	466	-	577
			Total	**101,510**	**33,474**	**-**	**134,984**	**30,980**	**33,844**	**-**	**64,824**

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Annexure - II

ISLAMIC BANKING BUSINESS

The Bank commenced its Islamic Banking Operations in Pakistan on March 07, 2014 and is operating with 14 (December 31, 2017: 14) Islamic banking branches and 35 (December 31, 2017: 35) Islamic banking windows at the end of the year.

STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2018

	Note	2018	2017
		(Rupees in '000)	
ASSETS			
Cash and balances with treasury banks		**269,475**	1,293,159
Balances with other banks		**78,061**	435,524
Due from financial institutions	*1*	**10,722,364**	5,936,023
Investments	2	**-**	5,860,690
Islamic financing and related assets - net	3	**6,662,890**	10,779,551
Fixed assets		**121,507**	150,740
Intangible assets		**6,861**	-
Due from Head Office		**-**	-
Other assets		**463,969**	520,975
Total Assets		**18,325,127**	24,976,662
LIABILITIES			
Bills payable		**125,319**	212,856
Due to financial institutions		**950,000**	250,000
Deposits and other accounts	4	**15,212,719**	22,549,245
Due to Head Office		**-**	-
Subordinated debt		**-**	-
Deferred tax liabilities - net		**-**	12,261
Other liabilities		**411,894**	387,758
		16,699,932	23,412,120
NET ASSETS		**1,625,195**	1,564,542
REPRESENTED BY:			
Islamic Banking Fund		**1,000,000**	1,000,000
Reserves		**-**	-
Surplus on revaluation of assets		**-**	22,770
Unappropriated/ Unremitted profit	6	**625,195**	541,772
		1,625,195	1,564,542
CONTINGENCIES AND COMMITMENTS	7		

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2018

	Note	2018	2017
		........(Rupees in '000)........	
Profit / return earned	8	1,548,534	1,168,846
Profit / return expensed	9	679,940	586,025
Net Profit / return		868,594	582,821
Other income			
Fee and Commission Income		90,200	82,345
Dividend Income		-	-
Foreign Exchange loss		(73,178)	(11,447)
Income / (loss) from derivatives		-	-
Loss on sale of securities		(14,638)	(328)
Other Income		10,987	8,831
Total other income		13,371	79,401
Total Income		881,965	662,222
Other expenses			
Operating expenses		708,394	448,892
Workers Welfare Fund		-	-
Other charges		1,235	807
Total other expenses		709,629	449,699
Profit before provisions		172,336	212,523
Provisions and write offs - net		88,913	6,547
Profit before taxation		83,423	205,976
Taxation		-	-
Profit after taxation		83,423	205,976

ISLAMIC BANKING BUSINESS
NOTES TO THE ANNEXURE II
FOR THE YEAR ENDED DECEMBER 31, 2018

	2018			2017		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
	(Rupees in '000)					
1. Due from Financial Institutions						
Bai Muajjal Receivable from other Financial Institutions	**10,722,364**	**-**	**10,722,364**	3,936,023	-	3,936,023
Musharakah	**-**	**-**	**-**	2,000,000	-	2,000,000
	10,722,364	**-**	**10,722,364**	5,936,023	-	5,936,023

1.1 During the year 2018, Islamic operations of Summit Bank Limited entered into Bai Muajjal agreements with conventional operations of Summit Bank Limited amounting to Rs. 10,722.364 million.

	2018				2017			
	Cost/ Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost/ Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
	(Rupees in '000)							
2. Investments by segments								
Federal Government Securities								
-Ijarah Sukuks	-	-	-	-	4,393,855	-	17,158	4,411,013
Units of mutual funds-Listed	-	-	-	-	52,000	-	(10,362)	41,638
Non Government Debt Securities								
-Listed	-	-	-	-	1,063,455	-	26,178	1,089,633
-Unlisted	-	-	-	-	316,350	-	2,056	318,406
	-	-	-	-	1,379,805	-	28,234	1,408,039
Total Investments	-	-	-	-	5,825,660	-	35,030	5,860,690

3. Islamic financing and related assets	Note	2018	2017
		(Rupees in '000)	
Ijarah	*3.1*	**919,439**	856,163
Murabaha	*3.2*	**16,444**	697,323
Running Musharakah		**1,007,981**	338,304
Term Musharakah		**-**	520,000
Diminishing Musharakah		**3,721,717**	4,467,802
Istisna		**31,403**	2,703
Tijarah		**1,056,823**	2,613,090
Advance against Murabaha		**4,042**	322,580
Advance against Diminishing Musharakah		**500**	84,671
Advance against Ijarah		**-**	74,074
Tijarah Inventory		**-**	110,836
Istisna Inventory		**-**	698,552
Gross Islamic financing and related assets		**6,758,349**	10,786,098
Less: provision against Islamic financings			
- Specific		**82,573**	-
- General		**12,886**	6,547
		95,459	6,547
Islamic financing and related assets - net of provision		**6,662,890**	10,779,551

3.1 Ijarah

	2018						
	Cost			Depreciation			Book Value
	As at January 01, 2018	Additions / (deletions)	As at December 31, 2018	As at January 01, 2018	Charge for the year	As at December 31, 2018	as at December 31, 2018
	(Rupees in '000)						
Plant & Machinery	-	-	-	-	-	-	-
Vehicles consumer	**537,613**	**233,982**	**771,595**	**40,230**	**98,091**	**138,321**	**633,274**
Vehicles corporate	**576,495**	**13,742**	**590,237**	**217,715**	**86,357**	**304,072**	**286,165**
Equipment	-	-	-	-	-	-	-
Total	**1,114,108**	**247,724**	**1,361,832**	**257,945**	**184,448**	**442,393**	**919,439**

	2017						
	Cost			Accumulated Depreciation			Book Value
	As at January 01, 2017	Additions / (deletions)	As at December 31, 2017	As at January 01, 2017	Charge for the year	As at December 31, 2017	as at December 31, 2017
	(Rupees in '000)						
Plant & Machinery	-	-	-	-	-	-	-
Vehicles consumer	35,140	502,473	537,613	1,479	38,751	40,230	497,383
Vehicles corporate	580,553	(4,058)	576,495	126,718	90,997	217,715	358,780
Equipment	-	-	-	-	-	-	-
Total	615,693	498,415	1,114,108	128,197	129,748	257,945	856,163

Future Ijarah payments receivable

	2018				2017			
	Not later than 1 year	Later than 1year & less than 5 years	Over Five years	Total	Not later than 1 year	Later than 1year & less than 5 years	Over Five years	Total
	(Rupees in '000)							
Ijarah rental receivables	**98,824**	**818,665**	**1,950**	**919,439**	14,040	842,123	-	856,163

	Note	2018	2017
		(Rupees in '000)	
3.2 Murabaha			
Murabaha financing	*3.2.1*	**16,444**	697,323
Advances for Murabaha		**4,042**	322,580
		20,486	1,019,903
3.2.1 Murabaha receivable - gross	*3.2.2*	**52,168**	720,848
Less: Deferred murabaha income	*3.2.4*	**(35,724)**	(23,525)
Murabaha financings		**16,444**	697,323

	2018	2017
	(Rupees in '000)	

3.2.2 The movement in Murabaha financing during the year is as follows:

	2018	2017
Opening balance	**720,848**	944,944
Sales during the year	**2,300,048**	2,131,849
Adjusted during the year	**(2,968,728)**	(2,355,945)
Closing balance	**52,168**	720,848

	2018	2017
3.2.3 Murabaha sale price	**2,300,048**	2,131,849
Murabaha purchase price	**2,239,451**	2,080,845
	60,597	51,004

3.2.4 Deferred murabaha income

	2018	2017
Opening balance	**23,525**	120,559
Arising during the year	**60,597**	51,004
Less: Recognised during the year	**(48,398)**	(148,038)
Closing balance	**35,724**	23,525

4. Deposits

	2018			2017		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
	(Rupees in '000)					
Customers						
Current deposits	**4,865,906**	**541,588**	**5,407,494**	7,369,494	422,647	7,792,141
Savings deposits	**7,700,010**	**127,458**	**7,827,468**	10,216,497	150,112	10,366,609
Term deposits	**1,038,665**	**95,320**	**1,133,985**	2,084,141	48,250	2,132,391
Margin accounts	**581,337**	**-**	**581,337**	633,563	-	633,563
	14,185,918	**764,366**	**14,950,284**	20,303,695	621,009	20,924,704
Financial Institutions						
Current deposits	**96,313**	**107**	**96,420**	105,558	5,600	111,158
Savings deposits	**156,015**	**-**	**156,015**	1,463,383	-	1,463,383
Term deposits	**10,000**	**-**	**10,000**	50,000	-	50,000
	262,328	**107**	**262,435**	1,618,941	5,600	1,624,541
	14,448,246	**764,473**	**15,212,719**	21,922,636	626,609	22,549,245

4.1 Composition of deposits

	2018	2017
	(Rupees in '000)	
Individuals	**9,250,813**	46,267
Government (Federal and Provincial)	**1,153,904**	769,125
Public Sector Entities	**10,098**	529,395
Banking Companies	**4**	4
Non-Banking Financial Institutions	**262,486**	1,381,047
Private Sector	**4,535,414**	19,823,407
	15,212,719	22,549,245

4.2 This includes deposits eligible to be covered under insurance arrangements amounting to Rs. 8,885.304 million (2017: Rs. 18,412.784 million).

5. Charity Fund

	2018	2017
	(Rupees in '000)	
Opening Balance	**63**	-
Additions during the period		
Received from customers on account of delayed payment	**969**	45
Profit on charity saving account	**-**	76
	969	121
Payments / utilization during the period		
Health	**-**	58
Closing Balance	**1,032**	63

6. Islamic Banking Business Unappropriated Profit

	2018	2017
Opening Balance	**541,772**	335,796
Add: Islamic Banking profit for the period	**83,423**	205,976
Closing Balance	**625,195**	541,772

7. CONTINGENCIES AND COMMITMENTS

	2018	2017
Guarantees	**4,478,490**	4,009,978
Commitments	**1,646,920**	1,813,872
Other contingent liabilities	**-**	-
	6,125,410	5,823,850

8. Profit/Return Earned of Financing, Investments and Placement

	2018	2017
	(Rupees in '000)	
Profit earned on:		
Financing	**779,243**	682,864
Investments	**639,159**	304,717
Placements	**130,132**	180,814
Balances with banks	**-**	451
	1,548,534	1,168,846

9. Profit on Deposits and other Dues Expensed

	2018	2017
Deposits and other accounts	**665,026**	548,917
Due to Financial Institutions	**14,914**	37,108
	679,940	586,025

10. Remuneration to Shariah Advisor (RSBM) / Board

	2018	2017
Remuneration to Shariah Advisor (RSBM) / Board	**12,085**	11,177

11. Pool Management

Summit Bank Limited - Islamic Banking Division (SMBL-IBD) operates General and Specific Pools for deposits and interbank funds accepted under Modaraba and Musharkah modes.

Features, risks and rewards of the pools are given below:

(i) Specific pool

Specific pools are operated for funds acquired / accepted from customers in foreign currencies (FCY) in addition to Pakistani Rupees (PKR) for customers willing to invest in specific sectors / Industry / exposures for want of higher returns. These pools operate in accordance with the rules as specified under general pool disclosure, however, varies in degree of risks associated with the investments / assets. Similarly, for interbank acceptances specific pool(s) based on Musharkah are also maintained by the Bank to meet liquidity requirement of the Bank. SMBL-IBD maintains 7 (seven) Local Currency (LCY) and 01 (one) Foreign Currency (FCY) specific pools.

(ii) General pool

General pool is the basket in which all the deposits from depositors are placed along with the Bank's own equity as well as funds from other financial institutions. The general pool is based on the principle of unrestricted Modaraba. An unrestricted Modaraba contract is a contract in which the depositor permits the Bank to administer the funds without any restrictions. In this case, the Bank has a wide range of trade or business freedom on the basis of trust and the business expertise the Bank has acquired.

However, such unrestricted business freedom in an unrestricted Modaraba must be exercised only in accordance with the interests of the parties and the objectives of the Modaraba contract, which is making profit. Therefore, the actions of the Bank must be in accordance with the business customs relating to the Banking operations. SMBL-IBD maintains 01 LCY and 01 FCY General pool.

(a) Priority of utilization of funds in the general pool shall be :

- Depositor Funds.
- Equity Funds.
- Placement / Investments of Other IBI.
- Modaraba Placement of Summit Bank Limited (Counterparty).

(b) Weightages for distribution of profit in general pool

The weightages are calculated and declared monthly as the pool is constructively liquidated at end of each month and created simultaneously. The Bank declares such weightages at least 3 days before the beginning of the month, after the approval of the Shariah Advisor / RSBM of the Bank. The maximum weightage to the Modaraba based deposit of any nature, tenor and amount does not exceed 3 times of the weightages assigned to normal saving deposits (minimum balance category).

The weightages assigned to all categories of pool deposits are assigned uniformly on a consistent basis, based on the following parameters / criteria (but not limited to):

- contracted period of deposits;
- frequency of profit distribution, monthly, quarterly or on maturity;
- volume of the deposit;
- product structure; and
- management discretion.

(c) Identification and allocation of pool related income and expenditure

The allocation of income and expenses to different pools is based on pre-defined basis and accounting principles / standards. According to Shariah rules and principles, all direct expenses are expensed out of the total profit i.e. always charged to the pool.

The direct expenses to be charged to the pool shall include all the direct cost of transaction including the following:

- depreciation of Ijarah assets;
- cost of sales of inventories;
- Takaful expenses of pool assets;
- taxes (sales tax and service tax levied by the provincial government);
- stamp fee or documentation charges;
- other costs / foreign exchange losses (if ascertainable);
- brokerage fee for purchase of securities/commodities etc.; and
- impairment / losses due to physical damages to specific assets in pools etc.

Indirect expenses can be categorized as those which are agreed with the saving and deposit account holders to be borne by the Mudarib.

All income pertaining to specific assets for specific periods should be allocated to the pool to which the assets are tagged during the period. Due care should be taken while recognizing revenue from assets. Revenue recognition for each type / class of assets should be in-line with the respective Shariah principles. Further, the financing will be diversified across different sectors and in compliance with the prudential regulation for exposure of individual and corporate clients. Income generated from non-financing activities (fee / commission / service charges) that were not relevant to the general pool were not credited to the pool and relevant expenses were also not charged to the pool.

(d) Parameters associated with risk and rewards

(i) The risks related to any pool depend upon the nature of the pool and the purpose for which the pool has been created. Considering the low risk tolerance of the investors of the profit and loss distribution pool, the key objective remained to earn competitive returns while containing the risk (volatility) of the returns to a minimum.

(ii) Risks to which the financing assets of the Bank may be exposed to are:

- Credit risk which is generally defined as the potential that a counter party fails to meet its obligations in accordance with agreed terms. Therefore, the Bank has sound credit risk management policies to protect the depositors' / Investment Account Holders (IAH) from loss due to credit risk;

- Market risk is generally defined as defined as the risk of losses in on- and off-balance sheet positions arising from movements in market prices i.e. fluctuations in values in tradable or marketable assets (including Sukuks) and in off-balance sheet individual portfolios (for example restricted investment accounts). The risks relate to the current and future volatility of market values of specific assets and of foreign exchange rates; and

- Equity Investment Risk is generally defined as risk associated with holding equity investments during unfavourable situations, where decline in investment caused by market conditions in turn gives volatility of earnings of Musharakah and Modaraba investments.

(iii) Risks to which the profit and loss distribution pool may be exposed to are:

- Liquidity risk which is the potential loss to the Bank arising from their inability either to meet their obligations or to fund increases in assets as they fall due without incurring unacceptable costs or losses. In order to mitigate the liquidity risk the Bank should invest in a combination of liquid and illiquid assets to be able to meet their obligations towards the depositors' / investment account holder; and

- Rate of return risk to which the Bank may be exposed to in the context of its overall balance sheet exposures. An increase in benchmark rates may result in savings account holders having expectations of a higher rate of return. A consequence of rate of return risk may be displaced commercial risk. Therefore, the Bank employ a gapping method for allocating positions into time bands with remaining maturities or re-pricing dates, whichever is earlier.

	2018	2017
	(Rupees in '000)	
Avenues / sectors of economy / business where deposits have been deployed*		
Agribusiness	**-**	46,561
Automobile and transportation equipment	**-**	314,732
Cement	**378,330**	-
Chemical and pharmaceuticals	**61,167**	1,405,382
Construction	**205,970**	-
Education	**23,996**	-
Electronics and electrical appliances	**1,403,041**	1,711,941
Exports/Imports	**106,608**	-
Financial	**-**	41,638
Food, tobacco and beverages	**282,802**	-
Glass and ceramics	**-**	75,000
GOP Ijarah Sukuk	**-**	4,409,158
Health care	**14,867**	-
Individuals	**859,033**	-
Miscellaneous manufacturing	**360,970**	-
Oil and Gas	**-**	2,580,608
Paper and allied products	**2,126**	-
Power (electricity), Gas, Water, Sanitary	**67,840**	-
Production and transmission of energy	**-**	1,041,397
Services	**672,078**	571,358
Sugar	**699,998**	-
Textile	**25,581**	320,122
Transport, Storage and Communication	**286,084**	-
Wholesale and Retail Trade	**698,614**	-
Others	**415,472**	3,892,652
	6,564,577	16,410,549

* Staff financing amounting Rs. 193.772 million (2017: Rs 236.239 million) is not included as it is financed through Islamic Banking Fund.

Basis of profit allocation

Profit of the general pool has been distributed between Modarib and Rabbul Maal by using pre-agreed profit sharing ratio. The profit was distributed between Mudarib and Rabbul Maal on the under mentioned profit sharing ratios based upon Gross Income Level less Direct Expenses.

	Profit sharing ratio	
	LCY Deposits	FCY Deposits
	2018	
	%	
Rabbul Maal	50%	50%
Mudarib	50%	50%

Mudarib share (in amount and percentage of distributable income)

	2018	2017	2018	2017
	(Rupees in '000)		%	%
Rabbul Maal	**608,884**	147,039	**66%**	54%
Mudarib	**310,854**	126,862	**34%**	46%
	919,738	273,901		

Amount and percentage of Mudarib share transferred to depositors through Hiba

	2018	2017
	(Rupees in '000)	
Mudarib share	**268,316**	126,862
Hiba	**42,537**	20,177

	2018	2017
	%	
Hiba percentage of Mudarib share	**14**	16

Profit rate earned vs profit rate distributed to the depositors during the year ended December 31, 2018

	2018	2017
	%	
Profit rate earned	**7.58%**	7.21%
Profit rate distributed to depositors	**5.00%**	3.65%

Summit Bank
Committed to you

CATEGORIES OF SHAREHOLDERS

AS OF DECEMBER 31, 2018

	NUMBER OF SHAREHOLDERS	SHARE HELD	PERCENTAGE %
ASSOCIATED COMPANIES, UNDERTAKING AND RELATED PARTIES			
SUROOR INVESTMENTS LIMITED	1	1,761,412,119	
RUPALI BANK LIMITED	1	32,777,450	
SUB TOTAL	**2**	**1,794,189,569**	**68.01**
SHAREHOLDERS HOLDING FIVE PERCENT OR MORE (EXCLUDING SIL)			
NIL	-	-	-
DIRECTORS			
NASSER ABDULLA HUSSAIN LOOTAH		13,554,128	
HUSAIN LAWAI		1,200,000	
AHSAN RAZA DURRANI		7	
SHEHRYAR FARUQUE		5	
MOHAMMAD FAISAL SHAIKHA		5	
ASADULLAH KHAWAJA		74	
SUB TOTAL	**8**	**14,754,219**	**0.56**
BANKS, DEVELOPMENT FINANCIAL INSTITUTIONS, NON-BANKING FINANCIAL INSTITUTIONS, INSURANCE COMPANIES, MODARABAS AND MUTUAL FUNDS	**18**	**177,784,658**	**6.74**
NATIONAL INVESTMENT TRUST & INVESTMENT CORPORATON OF PAKISTAN	**-**	**-**	**-**
FOREIGN SHAREHOLDERS	**203**	**15,376,408**	**0.58**
INDIVIDUAL	**43,491**	**334,125,532**	**12.67**
OTHERS	**98**	**301,920,674**	**11.44**
TOTAL	**43,820**	**2,638,151,060**	**100.00**

Summit Bank
Committed to you

PATTERN OF SHAREHOLDING

AS OF DECEMBER 31, 2018

No. of Shareholders	Shareholdings		Total Shares Held
	From	To	
8197	1	100	354737
3827	101	500	1058559
22718	501	1000	12943960
6565	1001	5000	13421118
962	5001	10000	7161043
355	10001	15000	4466838
228	15001	20000	4101461
144	20001	25000	3372201
86	25001	30000	2389106
61	30001	35000	1996174
55	35001	40000	2101164
35	40001	45000	1503284
80	45001	50000	3964600
28	50001	55000	1454759
29	55001	60000	1686154
17	60001	65000	1056073
13	65001	70000	894787
24	70001	75000	1747833
12	75001	80000	944626
7	80001	85000	582011
3	85001	90000	264225
5	90001	95000	457115
52	95001	100000	5191500
10	100001	105000	1019555
7	105001	110000	763831
11	110001	115000	1248111
6	115001	120000	711494
13	120001	125000	1605815
6	125001	130000	766971
3	130001	135000	393500
3	135001	140000	411149
4	140001	145000	570778
11	145001	150000	1640888
6	150001	155000	919262
3	155001	160000	475500
4	160001	165000	648559
3	165001	170000	503672
4	170001	175000	693096
4	175001	180000	712300
1	180001	185000	181000
2	185001	190000	378800
24	195001	200000	4795444
3	200001	205000	607088
7	205001	210000	1455057
3	210001	215000	643000
2	215001	220000	436222

No. of Shareholders	Shareholdings		Total Shares Held
	From	To	
3	220001	225000	669824
1	225001	230000	230000
1	235001	240000	238500
1	240001	245000	245000
4	245001	250000	1000000
2	250001	255000	506000
3	255001	260000	771678
2	260001	265000	521455
2	265001	270000	537000
2	270001	275000	542500
2	275001	280000	556595
1	280001	285000	285000
1	285001	290000	288903
1	290001	295000	290500
8	295001	300000	2400000
1	300001	305000	302000
1	320001	325000	320500
1	325001	330000	329000
2	330001	335000	667300
2	335001	340000	678385
1	340001	345000	341500
3	345001	350000	1047413
1	350001	355000	352000
2	355001	360000	714978
2	360001	365000	724000
2	365001	370000	731080
2	375001	380000	756000
1	385001	390000	389000
3	395001	400000	1200000
1	400001	405000	405000
1	405001	410000	410000
9	415001	420000	3753639
1	420001	425000	423500
1	430001	435000	432000
2	440001	445000	883166
1	445001	450000	450000
1	450001	455000	454000
1	455001	460000	455591
1	470001	475000	470443
1	475001	480000	480000
9	495001	500000	4499500
1	500001	505000	502000
1	505001	510000	506978
1	510001	515000	512500
1	515001	520000	518400
1	525001	530000	528212

Summit Bank
Committed to you

No. of Shareholders	Shareholdings		Total Shares Held
	From	To	
1	530001	535000	535000
1	540001	545000	540500
1	585001	590000	587777
2	595001	600000	1199000
1	600001	605000	600757
1	610001	615000	611000
1	675001	680000	677000
1	685001	690000	689000
1	695001	700000	700000
1	700001	705000	703980
1	715001	720000	720000
1	735001	740000	740000
2	755001	760000	1515555
1	770001	775000	772000
1	790001	795000	790500
1	845001	850000	850000
1	855001	860000	856500
1	915001	920000	916326
1	920001	925000	921210
1	940001	945000	942500
1	955001	960000	957000
2	995001	1000000	2000000
1	1000001	1005000	1003000
1	1025001	1030000	1030000
1	1075001	1080000	1078500
1	1085001	1090000	1090000
2	1095001	1100000	2200000
1	1185001	1190000	1188500
2	1195001	1200000	2400000
1	1200001	1205000	1205000
1	1250001	1255000	1254555
1	1260001	1265000	1261500
1	1270001	1275000	1270500
1	1305001	1310000	1306000
1	1345001	1350000	1347500
1	1445001	1450000	1450000
1	1620001	1625000	1622717
1	1880001	1885000	1881996
1	1920001	1925000	1921003
3	1995001	2000000	6000000
1	2150001	2155000	2154000
1	2235001	2240000	2237500
1	2255001	2260000	2255350
1	2340001	2345000	2341500
1	2370001	2375000	2375000
1	2495001	2500000	2500000

Summit Bank
Committed to you

No. of Shareholders	Shareholdings		Total Shares Held
	From	To	
1	2525001	2530000	2526500
1	2600001	2605000	2600500
1	2795001	2800000	2800000
1	2995001	3000000	3000000
1	3055001	3060000	3059026
1	3105001	3110000	3105500
1	3345001	3350000	3350000
1	3700001	3705000	3700159
1	3770001	3775000	3773600
2	3995001	4000000	8000000
1	4465001	4470000	4465500
1	5095001	5100000	5100000
1	5300001	5305000	5302500
1	5855001	5860000	5857429
1	6475001	6480000	6477069
1	7995001	8000000	8000000
1	12130001	12135000	12132000
2	13550001	13555000	27106122
2	19995001	20000000	40000000
1	27110001	27115000	27113393
1	27365001	27370000	27369000
1	32775001	32780000	32777450
1	49995001	50000000	50000000
1	54215001	54220000	54216512
1	68225001	68230000	68228986
1	69695001	69700000	69700000
1	88935001	88940000	88939563
1	116820001	116825000	116822946
1	1761410001	1761415000	1761412119
43820			**2,638,151,060**

Summit Bank
Committed to you

NOTICE OF THE THIRTEENTH ANNUAL GENERAL MEETING OF THE SHAREHOLDERS OF SUMMIT BANK LIMITED

NOTICE is hereby given that the Thirteenth Annual General Meeting of the Shareholders (the "Shareholders") of Summit Bank Limited (the "Bank") will be held on October 19, 2020 at 11:00 a.m. at Serena Hotel, Islamabad to transact the following business:

AGENDA

Ordinary Business:

1. To confirm the minutes of the Extra Ordinary General Meeting of the Bank held on April 06, 2019.

2. To receive, consider and adopt the audited financial statements of the Bank together with the Directors' and Auditors' Reports for the year ended December 31, 2018.

3. To appoint External Auditors of the Bank for the year ended December 31, 2019 till the conclusion of the next Annual General Meeting and fix their remuneration (present Auditors', M/s. Baker Tilly Mehmood Idrees Qamar, Chartered Accountants being eligible, have offered themselves for re-appointment).

Special Business:

4. To grant post facto approval for increase in payment of remuneration to Independent / Non-Executive Directors for attending Board Meetings and Board Sub-Committee Meetings.

   Resolved that post facto approval for increase in payment of remuneration from PKR 50,000/- to PKR 150,000/-, per meeting, to the Independent / Non-Executive Directors for attending Board Meetings and Board Sub-Committee Meetings is be and hereby granted.

Other Business:

5. To transact any other business with the permission of the chair.

By order of the Board

Place: Karachi
Date: September 28, 2020

Syed Muhammad Talib Raza
Company Secretary

Notes:

1. The share transfer books of the Bank will be closed from October 12, 2020 to October 19, 2020 (both days inclusive). Transfers received by our Shares Registrar, M/s. THK Associates (Private) Limited, 1st Floor, 40-C, Block-6, P.E.C.H.S, Karachi at the close of business i.e. October 09, 2020 shall be treated in time for the purpose of entitlement to attend the said AGM.

2. A member entitled to attend and vote at this meeting may appoint another member as his / her proxy to attend, speak and vote on his / her behalf. A corporation being a member may appoint as its proxy any of its official or any other person whether a member of the Bank or otherwise.

3. An instrument of proxy and Power of Attorney or other authority (if any) under which it is signed or notarized, copy of such Power of Attorney must be valid and deposited with the Share Registrar of the Bank, M/s. THK Associate (Pvt.) Limited 1st Floor, 40-C, Block-6, P.E.C.H.S, Karachi duly stamped, signed and witnessed not less than 48 hours before the time of the meeting.

4. Members are requested to notify any change in their addresses immediately.

5. In accordance with SECP's directives, it is mandatory for all the shareholders to have their valid CNIC number recorded with the Bank. Members who have not yet submitted photocopies of their CNICs to the Registrar are requested once again to submit a valid attested copy of their CNICs with our Share Registrar, M/s. THK Associates (Pvt.) Ltd.

6. Those shareholders whose shares ae deposited with Central Depository Company of Pakistan Limited (CDC) are requested to bring their original Computerized National Identity Card (CNIC) along with the participant ID number and their account/sub-account numbers in CDC to facilitate identification at the time of AGM. In case of proxy, attested copies of proxy CNIC or passport, Account and Participant ID number must be deposited along with the Form of Proxy with our Share Registrar. In case of proxy for corporate members, the Board of Directors' Resolution / Power of Attorney with specimen signature of the nominee shall be produced at the time of the meeting unless it has been provided earlier to the Share Registrar.

7. Shareholders having physical scrip of shares are requested to promptly notify change in their postal address and / or email address if any, to our Share Registrar, in wiring, whereas CDC account holders are requested to contact their CDC Participant / CDC Account Services.

8. Pursuant to SECP S.R.O No. 43(I)/2016 dated January 22, 2016, members can also exercise their right to vote through e-voting by giving their consent in writing at least 10 days before the date of the meeting to the Bank on the appointment by the Intermediary as a Proxy.

   For Attending the Meeting:

   i. In case of individuals, the account holders or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his/her identity by showing his/her original Computerized National Identity Card ("CNIC") or original passport at the time of attending the Meeting.

   ii. In case of corporate entity, the Board of Directors' Resolution / Power of Attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

   For appointing of Proxies:

   i. In case of individuals, the accountholder or sub-accountholder and/or the person whose securities are in group account and their registration details are uploaded as per the CDC Regulations, shall submit the proxy form as per the above requirement.

   ii. The proxy form shall be witnessed by the two persons whose names, addresses and CNIC numbers shall be mentioned on the form.

   iii. Attested copy of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.

   iv. The proxy shall produce his/her original CNIC or passport at the time of the meeting.

   v. In case of corporate entity, the Board of Directors Resolution / Power of Attorney with specimen signature shall be submitted along with proxy form of the Bank.

9. A Proxy Form, both in English and Urdu language, is being separately sent to the members, along with the Notice of AGM.

10. In accordance with SECP Circular No. 10 of 2014 dated May 21, 2014 (the Circular), member holding in an aggregate of 10% or more shareholding in the paid-up capital of the Bank residing in a city, may avail video conference facility to attend the meeting.

    Requirement and procedure for availing video conference facility as stipulated in the Circular are detailed here as under:

    The member should provide their consent as per the following format and submit to the registered address of the Bank 10 days before holding of general meeting.

    Consent Form for Video Conference Facility

    I/We ______________________________ of ____ being a member of Summit Bank Limited, holder of ___________________________ ordinary shares as per Register Folio / CDC Account No_____________________________________ hereby opt for video conference facility at ____ (geographical location).

11. As per Section 72 of the Companies Act, 2017, every existing listed company shall be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the Commission, within a period not exceeding four years from the commencement of this Act, i.e., May 30, 2017.

    The Shareholders having physical shareholding are encouraged to open CDC sub-account with any of the brokers or Investor Account directly with CDC to place their physical shares into scrip less form, this will facilitate them in many ways, including safe custody and sale of shares, any time they want, as the trading of physical shares is not permitted as per existing regulations of the Pakistan Stock Exchange.

12. Shareholders who could not collect their dividend / physical shares are advised to contact our Share Registrar to collect/enquire about their unclaimed dividend or shares, if any. In compliance with Section 244 of the Companies Act, 2017, after having completed the stipulated procedure, all such dividend and shares outstanding for a period of three (3) years or more from the date due and payable shall be deposited to the credit of the Federal Government in case of unclaimed dividend and in case of shares, shall be delivered to the SECP.

13. Copies of the Notice of AGM and the latest annual audited/quarterly financial statements of the Bank have been kept at the Registered Office of the Bank which can be obtained and/or inspected during the business hours on any working day from the date of publication of this Notice till the conclusion of the AGM by the members and other persons entitled to attend the Meeting. Notice of the Thirteenth (13th) AGM and the latest annual audited/quarterly financial statements have further been placed on the website of the Bank: www.summitbank.com.pk.

14. The Securities & Exchange Commission of Pakistan (SECP) through its SRO 470(1)/2016 dated May 31, 2016 has allowed the companies to circulate its Annual Audited Financial Statements to its members through CD/DVD/USB or any electronic media at their registered addresses.

    However, shareholders who wish to receive the hard copy of the Financial Statements shall have to fill out the 'Standard Request Form' available on the Bank's website and send to us at the given addresses.

Statement of Material Fact under Section 134 (3) of the Companies Act, 2017 relating to Special Business

Agenda item No. 4

The Board of Directors of Summit Bank Limited (SMBL) has approved for increase in payment of remuneration from PKR 50,000/- to PKR 150,000/- per meeting to Independent / Non-Executive Directors for attending Board Meetings and Board Sub-Committee Meetings.

The post facto approval of the shareholders of the Bank is sought in terms of State Bank of Pakistan's Prudential Regulation G-1(C) (2) for the above mentioned fee.

The above proposed matter seeking the approval of the shareholders through the special resolution has the recommendation / approval of the Board of Directors.

Interest of Directors

The directors of the Bank have no direct or indirect interest in the Special Resolution, except and to the extent of their shareholding in the Bank.

Inspection of Documents

The copies of the Memorandum and Articles of Association of the Bank and the minutes of the last EOGM may be inspected / procured free of cost during the business hours on any working day from the Registered Office / Head Office of the Bank from the date of publication of the accompanying notice till the conclusion of the Annual General Meeting of the Bank.

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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-1 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 Rufi 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 1
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 # 714-6-1 Block A, New M.A. Jinnah Road, Karachi
Tel: 021-34860422-23, 34860425
Fax: 021-34860424

Jodia Bazar - Branch 1
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
33/1, 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
Al-Abbas Centre, Paper Market, Shahrah-e-Liaquat, Karachi
Tel: 021-32639671-2 & 32634135
Fax: 021-32639670

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

Summit Bank
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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 Qrtrs, 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

DHA Y 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

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

Gulberg Branch
132-E/I 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/1, 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 Way, 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 - Al- 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/11-S7/103, 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# 1, 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 # 1, 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 119 F/1, 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

Muzzafarabad Branch
Sangam Hotel, Muzzafarabad - 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,
Qasiamabad, 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, RH, 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

RAHIM YAR 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 -1, Small Industrial Estate,
UGOKE Road, Sialkot
Tel: 052-3242690 - 92
Fax: 052-3242695

SWABI

Swabi Branch
Property bearing No. 3361, 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

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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 # 1-B/3, Sub Sector 1-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 SSZBS 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

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FORM OF PROXY

13th Annual General Meeting

The Company Secretary
Summit Bank Limited
Summit Tower Head Office
Level-11, Plot No. G-2,
Block-2, Clifton, Karachi

I /We_______________________________ of ________________________________being a member(s) of Summit Bank Limited holding _________________________________ ordinary shares as per Register Folio No/ CDC A/c. No____hereby appoint **Mr./Mrs./Miss** ————————————————————————of (full address) ____or failing him/her______________________Mr./Mrs./Miss_________________________________ Of (full address) ____(being member of the Bank) as my / our Proxy to attend, act and vote for me/us and on my/our behalf at the 13th Annual General Meeting of the Bank to be held on_____________ and /or any adjournment thereof.

Signed this _______________________________day of ___________________________2020.

Witnesses:

1. Name : : ________________________________
   Address : ________________________________
   CNIC No. : ________________________________
   Signature : ________________________________
2. Name : ________________________________
   Address : ________________________________
   CNIC No. : ________________________________
   Signature : ________________________________

Signature on
Rs. 5/-
Revenue Stamp

NOTICE:

(i) A member entitled to attend and vote at the meeting may appoint another member as his / her proxy who shall have such rights as respects attending, speaking and voting at the meeting as are available to a member.

(ii) The account holders, sub-account holders, proxy or nominee shall authenticate his/her identity by showing his/her original national identity card (NIC) or original passport and bring his/her folio number at the time of attending the meeting.

(iii) In the case of corporate entity Board of Directors' resolution/power of attorney with specimen signature of the nominee shall also be produced (unless provided earlier) at the time of meeting.

(iv) In order to be effective, the proxy forms must be received at the office of our registrar M/s.THK Associates (Private) Limited, 1st Floor, 40-C, Block-6, PECHS, Karachi not later than 48 hours before the meeting duly signed and stamped and witnessed by two persons with their names, addresses and NIC numbers mentioned on the form.

(v) In the case of individuals attested copies of NIC or passport of the beneficial owners and the proxy shall be furnished with the proxy form.

(vi) In the case of proxy by a corporate entity, Board of Directors resolution/power of attorney with specimen signature and attested copies of the NIC or passport of the proxy shall be submitted along with proxy form.

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REGISTRAR

M/s. 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

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Committed to you

پروکسی فارم

تیرہواں سالانہ اجلاسِ عام

جناب کمپنی سیکرٹری
گیارہویں منزل
سمٹ ٹاور (ہیڈ آفس)
پلاٹ نمبر 2 ۔ G، بلاک ۔۲،
کلفٹن، کراچی، پاکستان ۔

میں/ہم .... از .... سمٹ بینک لمیٹڈ کا ممبر (ز) ہونے کے ناطے
.... اعزازی شیئرز کا حامل بمطابق رجسٹر سی ڈی سی اکاؤنٹ نمبر ....
بذریعہ ہذا محترم/محترمہ.. کا تقرّر کرتا ہوں جس کا مکمل پتہ ....
.... ہے یا اس کی عدم موجودگی میں
محترم/محترمہ .... جس کا مکمل پتہ ....
.... ہے، میں (بینک کا ممبر ہونے کے ناطے) بطور پروکسی تقرّری کرتا ہوں جسے میرے/ ہمارے جانب
سے .... کو منعقد ہونے والے تیرہواں سالانہ اجلاس عام یا کسی التواء میں شرکت کرنے عمل کرنے اور میرے/ ہمارے جانب سے ووٹ ڈالنے کی اجازت دی جائے ۔

دستخط از .... مورخہ ....2020 ء

گواہان:

1. نام: ....
پتہ: ....
کمپیوٹرائزڈ قومی شناختی کارڈ نمبر: ....
دستخط: ....

2. نام: ....
پتہ: ....
کمپیوٹرائزڈ قومی شناختی کارڈ نمبر: ....
دستخط: ....

پانچ روپے کی مالیت کے
ڈاک ٹکٹ پر دستخط

اطلاع:

(i) ایک ممبر جو اجلاس میں شرکت اور ووٹ دینے کا اہل ہو وہ کسی اور ممبر کو اپنا/ اپنی پروکسی مقرّر کر سکتا/ سکتی ہے جسے اجلاس میں شرکت، بولنے اور ووٹ ڈالنے کے اُتنے ہی اختیار حاصل ہوں گے جتنے ایک ممبر کو حاصل ہوتے ہیں۔

(ii) اکاؤنٹ ہولڈرز، سب اکاؤنٹ ہولڈرز، پروکسی یا نامزد کو اپنا اصل قومی شناختی کارڈ (CNIC) یا پاسپورٹ دکھا کر اپنے/ اپنی شناخت کی تصدیق کروانی ہوگی اور اجاس میں شرکت کے وقت اپنا فولیو نمبر ہمراہ لانا ہوگا۔

(iii) کاروباری ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد/ مختارنامہ نامزد شخص کے دستخط کے نمونے کے ساتھ (اگر پہلے فراہم نہ کیے گئے ہوں) بھی اجلاس کے وقت پیش کرنے ہوں گے۔

(iv) پروکسی فارم کے مؤثر ہونے کیلئے ضروری ہے کہ وہ ہمارے رجسٹرار کے دفتر میسرز ٹی ایچ کے ایسوسی ایٹس (پرائیویٹ) لمیٹڈ، پہلی منزل، سی ۔۴۰، بلاک ۔٦، پی ای سی ایچ ایس، کراچی ۔ مناسب طور پر مہر لگی ہوئی، دستخط شدہ اور دو افراد کی گواہی کے ساتھ اجلاس سے زیادہ سے زیادہ 48 گھنٹے قبل وصول ہو جائیں۔

(v) انفرادی صورت میں بینیفشل آنرز اور پروکسی کے قومی شناختی کارڈ یا پاسپورٹ کی مصدّقہ نقول بھی پروکسی فارم کے ساتھ فراہم کرنا ہوں گی۔

(vi) کاروباری ادارے کی صورت میں پروکسی فارم کے ساتھ بورڈ آف ڈائریکٹرز کی قرارداد/ مختارنامہ، نامزد شخص کے دستخط کے نمونے کے ساتھ اور پروکسی کے قومی شناختی کارڈ یا پاسپورٹ کی مصدّقہ نقل بھی جمع کروانی ہوگی۔

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