

Samba Bank Limited

Quarterly Report March 31, 2022



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samba bank  سامبا بینک

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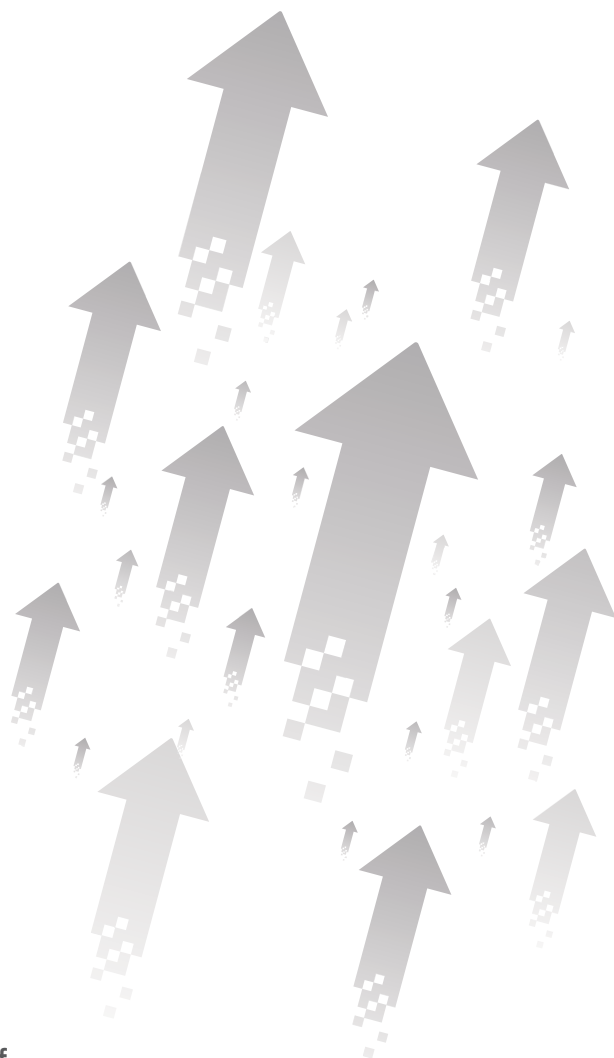
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OUR BRANCH NETWORK

Currently, SBL has a network of 44 branches located in 14 major cities across the country.

Karachi

I.I. Chundrigar Road
Clifton, Park Towers
Rashid Minhas Road
Hyderi
SMCHS
Bahria I
DHA Phase VI
Shahra-e-Faisal
Gulshan-e-Iqbal
DHA Phase VIII
Bahadurabad
Ittehad
Saba Avenue
Tauheed Commercial

Lahore

Gulberg
Shadman
Allama Iqbal Town
Johar Town
DHA Phase III
New Garden Town
Tufail Sarwar Road
Cavalry Ground
Faisal Town
DHA Phase V
Model Town
DHA Phase VI

Islamabad

Jinnah Avenue
F-11
F-7
DHA Phase II

Rawalpindi

Murre Road
Bahria Town
Wah Cantt.

Gujranwala

G.T. Road

Faisalabad

Liaquat Road
Susan Road

Multan

Nusrat Road

Sialkot

Paris Road

Peshawar

Islamia Road

Quetta

M. A. Jinnah Road

Gwadar

Airport Road

AJK - Bagh

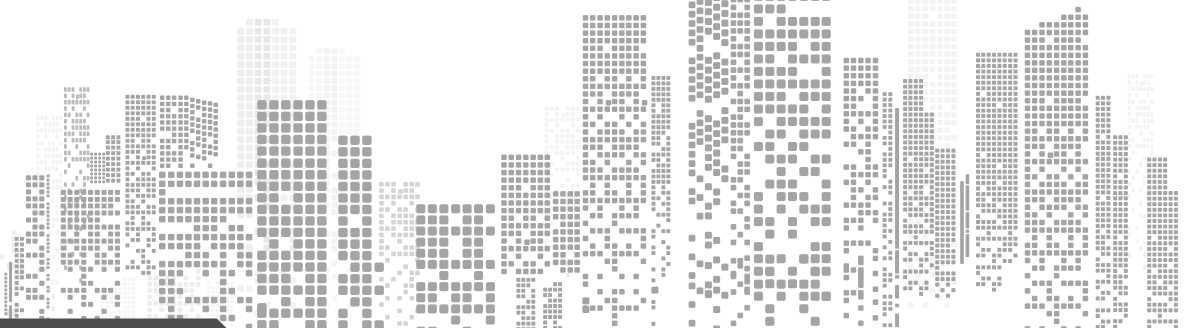
Bagh

Jhelum

Jhelum Cantt.

Nowshera

Rashakai



COMPANY INFORMATION

Board of Directors

Dr. Shujaat Nadeem	Chairman/Non-Executive Director
Mr. Shahid Sattar	President & CEO/Executive Director
Mr. Aiman Gusti	Non-Executive Director
Mr. Humayun Murad	Non-Executive Director
Mr. Hussein Eid	Non-Executive Director
Mr. Timour Pasha	Non-Executive Director
Hafiz Mohammad Yousaf	Independent Director
Mr. Tariq Javed	Independent Director
Ms. Zeeba Ansar	Independent Director

Board Audit Committee

Hafiz Mohammad Yousuf	Chairman
Mr. Aiman Gusti	Member
Mr. Hussein Eid	Member

Board Risk Committee

Mr. Timour Pasha	Chairman
Mr. Humayun Murad	Member
Ms. Zeeba Ansar	Member
Mr. Shahid Sattar	Member

Board Nomination & Remuneration Committee

Hafiz Mohammad Yousaf	Chairman
Dr. Shujaat Nadeem	Member
Mr. Hussein Eid	Member

Board IT Committee

Dr. Shujaat Nadeem	Chairman
Mr. Aiman Gusti	Member
Mr. Tariq Javed	Member

President & Chief Executive Officer

Mr. Shahid Sattar

Company Secretary

Syed Zia-ul-Husnain Shamsi

Chief Financial Officer

Mr. Rashid Jahangir

Auditors

KPMG Taseer Hadi & Co. Chartered Accountants

Legal Advisors

Mohsin Tayebaly & Co. Advocates & Legal Consultants

Head Office

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

Registered Office

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

Share Registrar

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

Website

www.samba.com.pk

Helpline

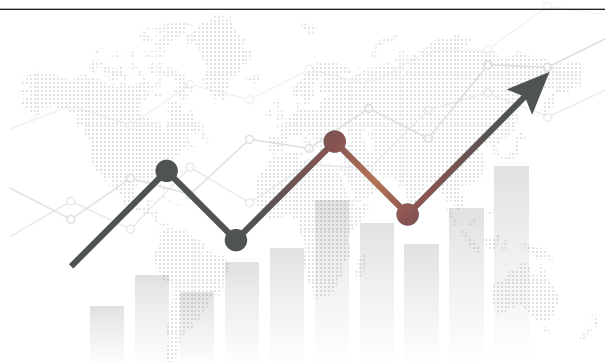
(+92-21) 11 11 SAMBA (72622)

Credit Rating by VIS

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



DIRECTORS' REPORT



On behalf of the Board of Directors, we are pleased to present the financial results of the Bank for the quarter ended March 31, 2022.

Bank's Operating Results and Financial Review

	(Rupees in millions)	
	Three months ended March 31, 2022 (Un-audited)	Three months ended March 31, 2021 (Un-audited)
Operating profit	467	491
Provisions	(62)	(1,040)
Profit before taxation	405	(549)
Taxation charge	(161)	214
Profit after taxation	244	336
Earnings per share - PKR	0.24	-0.33

During the period under review, total revenues of the Bank increased by 10% over the corresponding period of last year. This increase is mainly attributable to increase in markup income by 16% on account of increase in earning asset and increase in average policy rate by 275bps as compared to Q1'21. This increase was partially offset by decline in non-markup income by 7% on account of lower capital gains and remittances related commissions during Q1'22. Operating expenses for three months ended March 2022 were higher by 17% over Q1'21. This increase is in line with inflation, devaluation of rupee and also includes cost for new initiatives such as Digital banking, Islamic banking and Agriculture Finance etc.

The bank is continuously right sizing the strategic mix of earning assets vis-à-vis credit risk, deposits and low cost borrowings. In the wake of rising interest rate scenario momentum has shifted towards mobilization of low cost deposit and reduction in borrowing which has decreased asset base of the bank by Rs. 7,382 million (i.e 4%) and stood at Rs. 193,758 million as at March 31, 2022. Similarly, Investments and advances decreased by Rs. 5,597 million (i.e -6%) and Rs. 348 million (i.e -0.4%) respectively.

Interbank borrowings reduced by Rs. 10,636 million (i.e -11%); however, Deposits book continued the growth momentum and closed at Rs. 82,126 million registering an increase of 4% over December 2021 position. Bank has continued its efforts to improve low cost deposit mix by mobilizing medium to small ticket deposits. Accordingly, CASA mix has improved from 53.3% to 55.9% in March 31, 2022. Despite increase in policy rate, cost of deposits has been restricted at 6.1%.

Credit Rating

VIS Credit Rating Company Limited, a premier credit rating agency, has revised banks outlook from 'stable' to positive and maintained entity ratings at 'AA/A-1' (Double A/A one) on rating watch - Developing due to potential change in sponsor shareholders. These short term and long term ratings of the Bank denote high credit quality with adequate protection factor and strong capability for timely payments to all financial commitments owing to strong liquidity positions.

SNB's Strategic Review

The Board took note of strategic review initiated by Bank's parent, The Saudi National Bank ("SNB") last year. On November 30, 2021, the State Bank of Pakistan granted approval to SNB and its advisors to undertake Due Diligence of SBL, subject to compliance with applicable laws, rules and regulations.

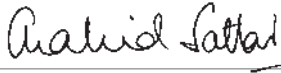
During the year 2022, State Bank of Pakistan has granted in-principle approval to United Bank Limited (UBL), Askari Bank Limited (AKBL), and Management Consortium comprising the participating members of Management of Samba Bank Limited, Fatima Fertilizer Company Limited and Gulf Investment LLC, for conducting due diligence of Samba Bank Limited (SBL) in respect of acquisition of 84.51% shareholding of SBL, currently held by Saudi National Bank (SNB). The same has been communicated to the Pakistan Stock Exchange on January 26, 2022, February 2, 2022 and February 4, 2022 respectively. All these parties have completed their due diligence process and have submitted their bids, SNB is in process of evaluation of these bids and accordingly will finalize and announce the successful bidder for execution of Share Purchase Agreement in due course.

Acknowledgement

We wish to express sincere gratitude to our customers, business partners and shareholders for their patronage and trust. The Board of Directors and the management would like to thank the State Bank of Pakistan, Securities & Exchange Commission of

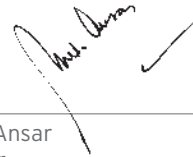
Pakistan, Federal Board of Revenue and other regulatory bodies for their guidance and support. We also sincerely appreciate the dedication, commitment and team work of all employees of the Bank who worked very hard to transform the Bank into a successful franchise.

On behalf of the Board of Directors,



Shahid Sattar
President & Chief Executive Officer

April 26, 2022
Karachi

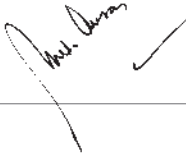


Zeeba Ansar
Director

اظہار تشکر:

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

بورڈ آف ڈائریکٹرز کی جانب سے



زبیر انصار
ڈائریکٹر



شاہد ستار
پریذیڈنٹ اور چیف ایگزیکٹو آفیسر

26 اپریل 2022ء
کراچی

فیصد کے اضافے کے ساتھ 82,126 ملین روپے پر درج کیے گئے۔ بینک نے درمیانے اور مختصر حجم کے ڈیپازٹس کے فروغ کے ذریعے ان کی لاگت میں کمی اور ان کی ترکیب کو بہتر بنانے کے عمل کو بھی جاری رکھا۔ چنانچہ، کاسا کی ترکیب 31 مارچ 2022ء تک بہتر ہوتے ہوئے 53.3 فیصد سے 55.9 فیصد پر پہنچ گئی۔ پالیسی ریٹ میں اضافے کے باوجود ڈیپازٹس کی لاگت کو 6.1 فیصد پر محدود رکھا گیا۔

کرڈٹ ریٹنگ

معروف کرڈٹ ریٹنگ ایجنسی، وی آئی ایس کرڈٹ ریٹنگ کمپنی لمیٹڈ نے بینک کی پیش بینی پر نظر ثانی کرتے ہوئے اس کو مستحکم سے مثبت کی سطح پر تعین کیا ہے اور ایٹنٹی ریٹنگز کو (A-1/AA) ڈبل اے/اے ون کے درجے پر برقرار رکھا، تاہم مستقبل میں بنیادی شیئر ہولڈر کی تبدیلی کے پیش نظر اس سے منسلک امکانات کو "Rating Watch-Developing" پر تعین کر دیا گیا ہے۔ یہ طویل اور قلیل المدتی درجہ بندیاں بینک کے اعلیٰ قرضہ جاتی معیار اور اس کے ساتھ اس کے مناسب محافظت کے عوامل اور اپنی مضبوط سیال پذیری (لیکوڈیٹی) کی بدولت اپنی تمام تر مالیاتی ذمہ داریوں کی بروقت ادائیگی کی ٹھوس صلاحیت کی مظہر ہیں۔

ایس این بی۔ حکمت عملی کا جائزہ:

بینک نے اپنے موورٹی ادارے سعودی نیشنل بینک (ایس این بی) کی جانب سے جاری کردہ حکمت عملی کے جائزے کا بغور مشاہدہ کیا ہے۔ 30 نومبر 2021ء کو اسٹیٹ بینک آف پاکستان نے ایس این بی اور اس کے مشیران کو، اطلاق شدہ قوانین، رولز اور ریگولیشنز سے مشروط، سامبا بینک لمیٹڈ کی ڈیو ڈیلینس (Due Diligence) کے آغاز کی اجازت مرہمت فرمائی۔

سال 2022ء کے دوران، اسٹیٹ بینک آف پاکستان نے یونائیٹڈ بینک لمیٹڈ (یو بی ایل)، عسکری بینک لمیٹڈ (اے کے بی ایل) اور سامبا بینک لمیٹڈ کی انتظامیہ کے ممبران، فاطمہ فریڈائز کمپنی لمیٹڈ اور گل ف انویسٹمنٹ ایل ایل سی (LLC) پر مشتمل مینجمنٹ کنسورشیم کو سامبا بینک لمیٹڈ کے 84.51 فیصد کی شیئر ہولڈنگ، جس کی موجودہ ملکیت سعودی نیشنل بینک (ایس این بی) کے پاس ہے، کے حصول کے لیے ڈیو ڈیلینس (Due Diligence) کے عمل کو اختیار کرنے کی اصولی طور پر منظوری دی۔ اس امر کے بارے میں پاکستان اسٹاک ایکسچینج کو بالترتیب 26 جنوری 2022ء، 2 فروری 2022ء اور 4 فروری 2022ء کو آگاہ کر دیا گیا تھا۔ ان تمام فریقوں نے اپنی ڈیو ڈیلینس (Due Diligence) کے عمل کو مکمل کر کے اپنی بولیوں کو جمع کروادیا ہے۔ ایس این بی ان بولیوں کی جانچ و پڑتال کے عمل میں مصروف ہے اور اس کو حتمی شکل دیتے ہوئے کامیاب بولی دینے والے فریق کا اعلان کرے گا تاکہ حصص کی خرید کے معاہدے کو مطلوبہ مدت میں مکمل کیا جاسکے۔



ڈائریکٹرز کی رپورٹ

بورڈ آف ڈائریکٹرز کی جانب سے ہم 31 مارچ 2022ء کو اختتام پذیر سہ ماہی پر بینک کے مالیاتی نتائج پیش کرتے ہوئے نہایت مسرت محسوس کر رہے ہیں۔

مالیاتی نتائج اور تجزیہ:

ملین روپے	
سہ ماہی مئی 2021 31 مارچ (غیر آڈٹ شدہ)	سہ ماہی مئی 2022 31 مارچ (غیر آڈٹ شدہ)
491	467
(1,040)	(62)
(549)	405
214	(161)
336	244
-0.33	0.24

کاروباری منافع
پروویژن (اخراجات)
منافع قبل از محصولات (ٹیکس)
محصولات
منافع بعد از محصولات
آمدنی فی حصص (روپے)

اس زیر تجزیہ عرصے کے دوران بینک کی کل آمدنی گزشتہ سال کے تقابلی عرصے سے 10 فیصد زیادہ درج کی گئی۔ یہ اضافہ پیداواری اثاثہ جات کی بدولت مارک اپ آمدنی میں 16 فیصد اضافے کے ساتھ سال 2021ء کی پہلی سہ ماہی کے مقابلے میں اوسط پالیسی ریٹ میں 275 بی پی ایس کی بڑھوتی کے تناظر میں ہوا۔ مالی سال 2022ء کی پہلی سہ ماہی کے دوران کم کیپٹل گین اور ترسیلات سے متعلق کمیشن آمدنی کی کمی کی بدولت غیر مارک اپ آمدنی میں ہونے والی 7 فیصد کی تنزلی نے جزوی طور پر اس اضافے پر منفی اثرات مرتب کئے۔ مارچ 2022ء کو اختتام پذیر تین ماہ کے عرصے میں کاروباری اخراجات سال 2021ء کی پہلی سہ ماہی سے 17 فیصد زائد پر درج ہوئے۔ یہ اضافہ افراط زر اور روپے کی فرسودگی کی عین مطابقت میں ہے اور اس میں ڈیجیٹل بینکنگ، اسلامک بینکنگ اور زرعی قرضہ جات وغیرہ جیسے نئے اقدامات کی لاگت بھی شامل ہے۔

بینک اپنے پیداواری اثاثہ جات کی دانشمندانہ ترکیب اور اس کے ساتھ کریڈیٹ خدشات اور کم لاگت کے قرضہ جات کے حجم کو مسلسل موزوں بنا رہا ہے۔ بڑھتے انٹرسٹ ریٹ کی صورتحال کے تناظر میں کم لاگت کے ڈیپازٹس اور حاصل شدہ قرضہ جات میں کمی کی طرف مرکوز رجحان کے باعث بینک کے اثاثہ جات کی اساس 7,382 ملین روپے کی کمی (یعنی 4 فیصد) کے ساتھ 31 مارچ 2022ء تک 193,758 ملین روپے پر جانچنی۔ اسی طرح، سرمایہ کاری اور قرضہ جات میں بھی بالترتیب 5,597 ملین روپے (یعنی 6 فیصد) اور 348 ملین روپے (یعنی 0.4 فیصد) کمی رہی۔ بینکوں کے مابین قرضہ جات میں 10,636 ملین روپے کی کمی (یعنی 11 فیصد) ہوئی تاہم، ڈیپازٹس میں بڑھوتی کی تحریک کا تسلسل برقرار رہا جو کہ دسمبر 2021ء کی پوزیشن سے 4

Condensed Interim Statement of Financial Position

AS AT MARCH 31, 2022

		(Rupees in '000)	
	Note	March 31, 2022 (Un-audited)	December 31, 2021 (Audited)
ASSETS			
Cash and balances with treasury banks	6	7,293,862	7,839,066
Balances with other banks	7	1,263,138	1,070,975
Lendings to financial institutions	8	3,588,725	5,907,587
Investments	9	88,378,096	93,975,403
Advances	10	80,829,195	81,177,176
Fixed assets	11	2,974,933	2,981,656
Intangible assets	12	624,508	592,247
Deferred tax assets	13	1,309,502	1,218,277
Other assets	14	7,495,931	6,377,129
		193,757,890	201,139,516
LIABILITIES			
Bills payable	15	1,092,486	903,059
Borrowings	16	82,383,185	93,019,209
Deposits and other accounts	17	82,126,090	79,267,272
Liabilities against assets subject to finance lease		-	-
Subordinated debt	18	4,998,000	4,999,000
Deferred tax liabilities	13	-	-
Other liabilities	19	7,784,724	7,050,550
		178,384,485	185,239,090
NET ASSETS		15,373,405	15,900,426
REPRESENTED BY:			
Share capital		10,082,387	10,082,387
Reserves		2,778,720	2,729,919
Surplus on revaluation of assets	20	(700,855)	(534,770)
Unappropriated profit		3,213,153	3,622,890
		15,373,405	15,900,426
CONTINGENCIES AND COMMITMENTS	21		

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

Chief Financial Officer

President & Chief Executive Officer

Director

Director

Chairman

Condensed Interim Profit and Loss Account (Un-Audited)

FOR THE THREE MONTHS ENDED MARCH 31, 2022

	Note	(Rupees in '000)	
		Three months ended March 31, 2022	Three months ended March 31, 2021
Mark-up / Return / Interest Earned	22	4,439,715	3,037,011
Mark-up / Return / Interest Expensed	23	3,353,679	2,098,433
Net Mark-up / Interest Income		1,086,036	938,578
Non Mark-up / Interest Income			
Fee and Commission Income	24	103,822	119,479
Dividend Income		20,978	21,600
Foreign Exchange Income		186,404	109,707
Income / (loss) from derivatives		-	-
Gain on securities	25	17,483	106,042
Other Income	26	4,107	22
Total non-markup / interest Income		332,794	356,850
Total Income		1,418,830	1,295,428
Non Mark-up / Interest Expenses			
Operating expenses	27	941,711	804,314
Workers' Welfare Fund		8,800	-
Other charges	28	1,303	190
Total non-markup / interest expenses		951,814	804,504
Profit before provisions		467,016	490,924
(Provisions) / reversal and write offs - net	29	(61,670)	(1,040,217)
Extra ordinary / unusual items		-	-
Profit / (Loss) Before Taxation		405,346	(549,293)
Taxation	30	(161,339)	213,571
Profit / (Loss) After Taxation		244,007	(335,722)
(Rupees)			
Earnings per share - basic and diluted	31	0.24	-0.33

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

Chief Financial Officer

President & Chief Executive Officer

Director

Director

Chairman

Condensed Interim Statement of Comprehensive Income (Un-Audited)

FOR THE THREE MONTHS ENDED MARCH 31, 2022

	(Rupees in '000)	
	Three months ended March 31, 2022	Three months ended March 31, 2021
Profit / (Loss) after taxation for the period	244,007	(335,722)
Other comprehensive income / (loss)		
Items that may be reclassified to profit and loss account in subsequent periods:		
Movement in surplus / (deficit) on revaluation of investments - net of tax	(166,085)	(272,530)
Total comprehensive income / (loss)	77,922	(608,252)

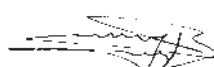
The annexed notes 1 to 38 form an integral part of these condensed interim financial statements.



Chief Financial Officer



President & Chief Executive Officer



Director



Director



Chairman

Condensed Interim Cash Flow Statement (Un-Audited)

FOR THE THREE MONTHS ENDED MARCH 31, 2022

	(Rupees in '000)	
	Three months ended March 31, 2022	Three months ended March 31, 2021
CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(Loss) before taxation	405,346	(549,293)
Less: Dividend income	(20,978)	(21,600)
	384,368	(570,893)
Adjustments:		
Depreciation	107,831	80,298
Amortisation of intangible assets	15,154	10,776
Provision and write-offs	61,670	1,040,217
Gain on sale of fixe assets	(4,102)	-
Interest expensed on lease liability against right of use assets	37,872	28,984
Interest expensed on debt securities	124,388	38,219
Gain on sale of investment - net	(16,767)	(98,773)
Unrealized (gain) / loss on revaluation of investments classified as held for trading	2,034	791
Operating Fixed Assets Written-off/Adjusted	-	-
Recoveries against debts written - off	-	-
	328,080	1,100,512
	712,448	529,619
(Increase) / Decrease in operating assets		
Lendings to financial institutions	2,318,862	(9,223,533)
Investments - held for trading securities	(246,501)	(20,363)
Advances	270,638	(4,644,624)
Other assets (excluding advance taxation)	(1,116,288)	(1,063,601)
	1,226,711	(14,952,121)
Increase / (Decrease) in operating liabilities		
Bills Payable	189,427	(2,438,751)
Borrowings from financial institutions	(10,636,024)	8,411,735
Deposits and other accounts	2,858,818	(285,569)
Other liabilities	826,831	2,478,640
	(6,760,948)	8,166,055
Income tax paid	(176,701)	(174,262)
Net cash flow generated from / (used in) operating activities	(4,998,490)	(6,430,709)
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in securities	5,601,943	(1,780,063)
Dividends income	18,465	8,900
Investments in fixed assets and intangible assets	(97,892)	(82,794)
Proceeds from sale of fixed assets	11,188	-
Net cash flow from / (used in) investing activities	5,533,704	(1,853,957)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issuance of debt securities	-	5,000,000
Principal repayment of debt securities	(1,000)	-
Markup payment on debt securities	(220,379)	-
Dividend paid	(592,400)	(126,476)
Payments of lease liability against right of use assets	(74,476)	(66,824)
	(888,255)	4,806,700
Increase / (Decrease) in cash and cash equivalents during the period	(353,041)	(3,477,966)
Cash and cash equivalents at beginning of the period	8,910,041	8,818,840
Cash and cash equivalents at end of the period	8,557,000	5,340,874

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

Chief Financial Officer

President & Chief Executive Officer

Director

Director

Chairman

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

FOR THE THREE MONTHS ENDED MARCH 31, 2022

	(Rupees in '000)					
	Share Capital	Capital Reserve	Statutory Reserve	Surplus/ (Deficit) on Revaluation of Investments	Unappropriated profit	Total
Balance as at December 31, 2020	10,082,387	20,935	1,010,688	455,076	3,747,887	15,316,973
Comprehensive income for the period						
Loss after taxation for the period ended March 31, 2021	-	-	-	-	(335,722)	(335,722)
Other comprehensive loss						
Movement in (deficit) on revaluation of investments - net of tax	-	-	-	(272,530)	-	(272,530)
Transfer to statutory reserve	-	-	-	-	-	-
Transactions with owners recognized directly in equity						
Cash dividend for the year ended December 31, 2020 (Rs. 0.75 per ordinary share)	-	-	-	-	(756,179)	(756,179)
Balance as at March 31, 2021	10,082,387	20,935	1,010,688	182,546	2,655,986	13,952,542
Comprehensive income for the period						
Profit after taxation for the nine months ended December 31, 2021	-	-	-	-	1,124,700	1,124,700
Other comprehensive loss						
Movement in (deficit) on revaluation of investments - net of tax	-	-	-	(717,316)	-	(717,316)
Transfer to statutory reserve	-	-	157,796	-	(157,796)	-
Contribution from shareholder	-	1,540,500	-	-	-	1,540,500
Balance as at December 31, 2021	10,082,387	1,561,435	1,168,484	(534,770)	3,622,890	15,900,426
Comprehensive income for the period						
Profit after taxation for the period ended March 31, 2022	-	-	-	-	244,007	244,007
Other comprehensive loss						
Movement in (deficit) on revaluation of investments - net of tax	-	-	-	(166,085)	-	(166,085)
Transfer to statutory reserve	-	-	48,801	-	(48,801)	-
Transactions with owners recognized directly in equity						
Cash dividend for the year ended December 31, 2021 (Rs. 0.6 per ordinary share)	-	-	-	-	(604,943)	(604,943)
Balance as at March 31, 2022	10,082,387	1,561,435	1,217,285	(700,855)	3,213,153	15,373,405

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

Chief Financial Officer

President & Chief Executive Officer

Director

Director

Chairman

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

FOR THE THREE MONTHS ENDED MARCH 31, 2022

1 STATUS AND NATURE OF BUSINESS

- 1.1** Samba Bank Limited (the Bank) is a banking company incorporated in Pakistan and is engaged in commercial banking and related services. The Bank is listed on the Pakistan Stock Exchange Limited. Its principal office is located at Ground Floor, Arif Habib Centre, M.T. Khan Road, Karachi, whereas, the registered office of the Bank is located at 2nd floor, Building No. 13-T, F-7 Markaz, near Post Mall, Islamabad. The Bank operates 44 branches (December 31, 2021: 44 branches) inside Pakistan.

The Bank is a subsidiary of Saudi National Bank (formally SAMBA Financial Group), the Parent entity, which holds 84.51% shares of the Bank as at March 31, 2022 (December 31, 2021: 84.51%). Samba Financial Group ("SFG") (of the Kingdom of Saudi Arabia) entered into a legally binding merger agreement with The National Commercial Bank ("NCB") (of the Kingdom of Saudi Arabia) dated October 11, 2020. During the previous year, pursuant to the said agreement, SFG merged with and into NCB, with effect from April 01, 2021 (the effective date of merger), in accordance with the applicable laws of the Kingdom of Saudi Arabia, and NCB has also been renamed as The Saudi National Bank ("SNB") from the effective date of merger. Consequent to merger, all the assets and liabilities of SFG (including its shareholding in the Bank) stand vested in SNB by operation of law and SFG ceased to exist from the effective date of merger. On November 30, 2021, the State Bank of Pakistan has granted approval to SNB and its advisors, due diligence team (DD) team, to undertake Due Diligence of SBL, subject to compliance with applicable laws, rules and regulations.

During the year, State Bank of Pakistan has granted in-principal approval to United Bank Limited (UBL), Askari Bank Limited (AKBL), and Management Consortium comprising the participating members of Management of Samba Bank Limited, Fatima Fertilizer Company Limited and Gulf Investment LLC, for conducting due diligence of Samba Bank Limited (SBL) in respect of acquisition of 84.51% shareholding of SBL, currently held by Saudi National Bank (SNB). The same has been communicated to the Pakistan Stock Exchange on January 26, 2022, February 2, 2022 and February 4, 2022 respectively. All these parties have completed their due diligence exercise and have submitted their bids, SNB is in process of evaluation of these bids and accordingly will finalize and announce the successful bidder for execution of Share Purchase Agreement in due course. These financial statements have been prepared on a going concern basis as any potential sale of banking business in Pakistan would be as "running as a normal business".

- 1.2** VIS Credit Rating Company has determined the Bank's medium to long-term rating as 'AA' and the short-term rating as 'A-1'. VIS has placed the ratings as "Rating Watch- Developing". This outlook incorporates recent disclosure made by the Bank, intimating plans of its parent entity i.e. SNB, to commence orderly divestment from its investment in SBL.

2 BASIS OF PRESENTATION

2.1 STATEMENT OF COMPLIANCE

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

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017;
- Provisions of and directives issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017; and
- Directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP).

Whenever the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 or the directives issued by the SBP and the SECP differ with the requirements of IAS 34 or IFAS, the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives, shall prevail.

2.2 The disclosures made in these condensed interim financial statements have been limited based on the format prescribed by the SBP vide BPRD Circular Letter No. 5 dated March 22, 2019 and International Accounting Standard (IAS) 34, Interim Financial Reporting. These condensed interim financial statements do not include all the information and disclosures required for annual financial statements and should be read in conjunction with the annual financial statements for the year ended December 31, 2021.

2.3 The SBP vide BSD Circular letter No. 10, dated August 26, 2002 has deferred the applicability of International Accounting Standard 39, Financial Instruments: Recognition and Measurement and International Accounting Standard 40, Investment Property for banking companies till further instructions. Moreover, according to the notification of the SECP issued vide SRO 411(I)/2008 dated April 28, 2008, International Financial Reporting Standard (IFRS) 7, Financial Instruments: Disclosures has not been made applicable for banks. Accordingly, the requirements of these standards have not been considered in the preparation of these condensed interim financial statements. However, investments have been classified and valued in accordance with the requirements of various circulars issued by the SBP.

2.4 These condensed interim financial statements have been prepared under the historical cost convention except certain investments, foreign currency balances, commitments in respect of foreign exchange contracts and derivative financial instruments have been marked to market and are carried at fair value.

3 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these condensed interim financial statements are consistent with those followed in the preparation of the annual financial statements for the year ended December 31, 2021.

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

IFRS 9 'Financial Instruments' - the effective date of the standard had been extended to annual periods beginning on or after 1 January 2022 vide SBP BPRD Circular Letter no. 5 dated 5 July 2021. IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. The aforementioned circular letter contained instructions for quarterly parallel reporting purposes to the SBP only and it was stated that final instructions will be issued based on the results of parallel reporting. However, banks have submitted their reservations on instructions issued for parallel reporting through the Pakistan Banks Association (PBA) and requested that they are addressed in the final instructions to be issued. The reservations are pervasive and points of contention inter alia include, retaining some relaxations given presently in the Prudential Regulations, prescription of macro-economic variables, retaining local regulatory requirements related to IFRS 9 related areas on overseas branches, impact on capital adequacy ratio, adequacy of significant increase in credit risk criteria, future tax impact of any reversals, recording of expected credit loss on local currency denominated Government securities, further clarifications required in certain areas etc.

The Bank is awaiting final implementation instructions from the SBP for adoption of IFRS 9, accordingly requirements of this standard have not been considered while preparing these condensed interim financial statements.

There are certain other new standards and interpretations of and amendments to existing accounting standards that have become applicable to the Bank for accounting periods beginning on or after January 1, 2022. These are considered as either not relevant or do not have any significant impact on the Bank's condensed interim financial statements.

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

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

	Effective date (annual periods beginning on or after)
- IAS 1 - Classification of liabilities as current or non-current (Amendments)	January 01, 2023
- IAS 8 - Definition of accounting estimates (Amendments)	January 01, 2023
- IAS 12 - Deferred Tax related to Assets and Liabilities (Amendments)	January 01, 2023
- IAS 28 - Investment in Associates and Joint Ventures (Amendments)	January 01, 2023
- IFRS 10 - Consolidated Financial Statements (Amendments)	January 01, 2023

The above mentioned amendments are not likely to have a material impact effect on the Bank's condensed interim financial statements.

There are various other new and amended standards, interpretations and amendments that are mandatory for the Bank's accounting periods beginning on or after January 1, 2023 but are considered not to be relevant or will not have any significant effect on the Bank's operations and are therefore not detailed in these condensed interim financial statements.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The basis for accounting estimates adopted in the preparation of these condensed interim financial statements is the same as that applied in the preparation of the annual financial statements for the year ended December 31, 2021.

5 FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Bank are consistent with those disclosed in the audited annual financial statements for the year ended December 31, 2021.

6 CASH AND BALANCES WITH TREASURY BANKS

In hand

Local currency

Foreign currency

With State Bank of Pakistan in

Local currency current account

Foreign currency current account (Foreign currencies Settlement Account)

Foreign currency current account (cash reserve account)

Foreign currency deposit account (Special Cash Reserve Account)

With National Bank of Pakistan in

Local currency current account

National Prize Bonds

7 BALANCES WITH OTHER BANKS

In Pakistan

In current account

In deposit account

Outside Pakistan

In current account

8 LENDINGS TO FINANCIAL INSTITUTIONS

Call lending

Repurchase agreement lendings (Reverse Repo)

Other lending (Naya Pakistan Certificates)

(Rupees in '000)	
March 31, 2022	December 31, 2021
(Un-audited)	(Audited)
1,171,181	839,959
304,973	563,251
1,476,154	1,403,210
3,776,736	4,442,485
218,760	271,486
603,643	567,491
1,207,287	1,134,805
5,806,426	6,416,267
10,524	15,091
758	4,498
7,293,862	7,839,066
3,346	38,385
19	18
3,365	38,403
1,259,773	1,032,572
1,263,138	1,070,975
-	-
2,598,755	4,980,038
989,970	927,549
3,588,725	5,907,587

9 INVESTMENTS

9.1 Investments by type:

(Rupees in '000)							
March 31, 2022 (Un-audited)				December 31, 2021 (Audited)			
Cost/ Amortised cost	Provision for diminution	Surplus/ (Deficit)	Carrying Value	Cost/ Amortised cost	Provision for diminution	Surplus/ (Deficit)	Carrying Value
Held-for-trading securities							
Federal Government Securities							
Shares							
222,747	-	(2,077)	220,670	-	-	-	-
25,788	-	43	25,831	-	-	-	-
248,535	-	(2,034)	246,501	-	-	-	-
Available-for-sale securities							
Federal Government Securities							
Shares							
83,581,271	-	(900,692)	82,680,579	89,029,076	-	(706,068)	88,323,008
1,695,021	(197,042)	(232,614)	1,265,365	1,711,256	(212,715)	(153,208)	1,345,333
1,155,357	-	(15,637)	1,139,720	1,266,071	-	(17,396)	1,248,675
86,431,649	(197,042)	(1,148,943)	85,085,664	92,006,403	(212,715)	(876,672)	90,917,016
Held-to-maturity securities							
Federal Government Securities							
3,045,931	-	-	3,045,931	3,058,387	-	-	3,058,387
Total Investments							
89,726,115	(197,042)	(1,150,977)	88,378,096	95,064,790	(212,715)	(876,672)	93,975,403

9.1.1 Investments given as collateral

Pakistan Investment Bonds

(Rupees in '000)	
March 31, 2022 (Un-audited)	December 31, 2021 (Audited)
61,939,491	72,914,738
9.2 Provision for diminution in value of investments	
Opening balance	212,715
Charge / (reversals)	309,345
Charge for the period / year	5,884
Reversal	(21,557)
Net charge / (reversals)	(15,673)
Closing Balance	197,042

9.2.1 No provision was charged against investment in debt securities as at March 31, 2022 (December 31, 2021: Nil).

9.3 The market value of securities classified as held-to-maturity as at March 31, 2022 amounted to Rs. 2,899.214 million (December 31, 2021: Rs. 2,935.066 million).

10 ADVANCES

Loans, cash credits, running finances, etc.
Bills discounted and purchased
Advances - gross

Provision against advances
- Specific
- General

Advances - net of provision

(Rupees in '000)					
Performing		Non-Performing		Total	
March 31, 2022 (Un-audited)	December 31, 2021 (Audited)	March 31, 2022 (Un-audited)	December 31, 2021 (Audited)	March 31, 2022 (Un-audited)	December 31, 2021 (Audited)
80,017,852	80,226,186	4,436,414	4,467,512	84,454,266	84,693,698
514,542	546,515	15,494	15,494	530,036	562,009
80,532,394	80,772,701	4,451,908	4,483,006	84,984,302	85,255,707
-	-	(3,957,528)	(3,882,761)	(3,957,528)	(3,882,761)
(197,579)	(195,770)	-	-	(197,579)	(195,770)
(197,579)	(195,770)	(3,957,528)	(3,882,761)	(4,155,107)	(4,078,531)
80,334,815	80,576,931	494,380	600,245	80,829,195	81,177,176

10.1 Particulars of advances (Gross)

In local currency
In foreign currencies

(Rupees in '000)	
March 31, 2022 (Un-audited)	December 31, 2021 (Audited)
84,211,419	83,967,770
772,883	1,287,937
84,984,302	85,255,707

10.2 Advances include Rs. 4,452 million (2021: Rs. 4,483 million) which have been placed under non-performing status as detailed below:

Category of Classification	(Rupees in '000)			
	March 31, 2022 (Un-audited)		December 31, 2021 (Audited)	
	Non Performing Loans	Provision	Non Performing Loans	Provision
Domestic				
Substandard	276,064	69,773	562,474	140,619
Doubtful	497,200	249,500	250,000	112,000
Loss	3,678,644	3,638,225	3,670,532	3,630,142
	4,451,908	3,957,528	4,483,006	3,882,761

10.3 Particulars of provision against advances

	(Rupees in '000)					
	March 31, 2022 (Un-audited)			December 31, 2021 (Audited)		
	Specific	General	Total	Specific	General	Total
Opening balance	3,882,761	195,770	4,078,531	2,605,952	331,923	2,937,875
Charge for the period	88,814	1,809	90,623	1,375,142	21,510	1,396,652
Reversals	(14,022)	-	(14,022)	(97,597)	(157,663)	(255,260)
	74,792	1,809	76,601	1,277,545	(136,153)	1,141,392
Amounts written off	(25)	-	(25)	(736)	-	(736)
Closing balance	3,957,528	197,579	4,155,107	3,882,761	195,770	4,078,531

10.4 General provision as at March 31, 2022 includes provision of Rs. 95.242 million (December 31, 2021: Rs. 93.433 million) held against consumer finance portfolio as required by the Prudential Regulations issued by the State Bank of Pakistan. In addition, the Bank has created a general provision of Rs. 102.337 million (December 31, 2021: 102.337 million) against corporate, commercial and SME advances due to deferrals / restructuring by borrowers after the outbreak of COVID-19 in 2020, the Bank had recognized a general provision on its entire performing portfolio on prudent basis.

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

11 FIXED ASSETS

	Note	(Rupees in '000)	
		March 31, 2022 (Un-audited)	December 31, 2021 (Audited)
Capital work-in-progress	11.1	234,308	259,030
Property and equipment	11.2 & 11.3	1,562,370	1,545,711
Right of use assets		1,178,255	1,176,915
		2,974,933	2,981,656
11.1 Capital work-in-progress			
Civil works		94,772	120,756
Equipment		139,536	138,274
Advances to suppliers		-	-
		234,308	259,030
Three months ended			
(Rupees in '000)			
		March 31, 2022 (Un-audited)	March 31, 2021 (Un-audited)
11.2 Additions to fixed assets			
The following additions have been made to fixed assets during the period:			
Capital work-in-progress		32,643	28,200
Property and equipment			
Freehold land		-	-
Building on freehold land		-	-
Furniture and fixture		933	433
Electrical office and computer equipment		11,512	4,154
Vehicles		-	40,052
		12,445	44,639
Total		45,088	72,839
11.3 Disposal of fixed assets			
The net book value of fixed assets disposed off during the period is as follows:			
Furniture and fixture		-	-
Electrical office and computer equipment		45	-
Vehicles		1,653	-
Total		1,698	-

		(Rupees in '000)	
		March 31, 2022	December 31, 2021
		(Un-audited)	(Audited)
12	INTANGIBLE ASSETS		
	Intangible assets	181,243	175,206
	Capital work-in-progress	443,265	417,041
		624,508	592,247
		Three months ended	
		(Rupees in '000)	
		March 31, 2022	March 31, 2021
		(Un-audited)	(Un-audited)
12.1	Additions to intangible assets		
	The following additions have been made to intangible assets during the period:		
	Capital work-in-progress	47,416	4,736
	Directly purchased	-	5,220
	Total	47,416	9,956
		(Rupees in '000)	
		March 31, 2022	December 31, 2021
		(Un-audited)	(Audited)
13	DEFERRED TAX ASSETS / (LIABILITIES)		
	Deductible Temporary Differences on:		
	- Revaluation of investments	448,087	341,902
	- Accelerated tax depreciation	40,918	42,431
	- Provision against advances, off balance sheet etc.	896,857	910,171
		1,385,862	1,294,504
	Taxable Temporary Differences on:		
	- Surplus on revaluation of investments	-	-
	- Net investment in finance lease	(76,360)	(76,227)
		(76,360)	(76,227)
	1,309,502	1,218,277	
14	OTHER ASSETS		
	Income / mark-up accrued in local currency	3,201,053	3,313,762
	Income / mark-up accrued in foreign currencies	39,481	31,457
	Advances, deposits, advance rent and other prepayments	191,884	151,078
	Mark to market gain on forward foreign exchange & arbitrage contracts	2,047,962	1,264,661
	Acceptances	1,733,218	1,537,573
	Others	443,007	239,272
		7,656,605	6,537,803
	Less: Provision held against other assets	(160,674)	(160,674)
	Other Assets - net	7,495,931	6,377,129
14.1	This includes an amount of Rs. 1.593 million (December 31, 2021: Rs. 1.593 million) receivable from Saudi National Bank - a related party.		
14.2	Provision held against other assets		
	Fee, commission and other receivables	80,343	80,343
	Fraud and forgery	80,331	80,331
		160,674	160,674

15 **BILLS PAYABLE**

In Pakistan

16. **BORROWINGS**

Secured

Borrowings from State Bank of Pakistan

- Under export refinance scheme
- Under long term financing facilities

Bai muajjal borrowing

Repurchase agreement borrowings

Total secured

Unsecured

Call borrowings

Bai muajjal borrowing

Bankers Equity Limited (under liquidation)

Total unsecured

(Rupees in '000)	
March 31, 2022 (Un-audited)	December 31, 2021 (Audited)
1,092,486	903,059
4,360,500	4,584,800
8,727,146	8,463,009
13,087,646	13,047,809
-	4,951,908
62,287,651	67,883,857
75,375,297	85,883,574
2,000,000	-
4,985,552	7,113,299
22,336	22,336
7,007,888	7,135,635
82,383,185	93,019,209

17 **DEPOSITS AND OTHER ACCOUNTS**

		(Rupees in '000)					
Note	March 31, 2022 (Un-audited)			December 31, 2021 (Audited)			
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total	
Customers							
Current deposits	15,256,954	5,782,156	21,039,110	16,461,229	5,099,298	21,560,527	
Savings deposits	15,204,849	3,485,329	18,690,178	14,304,664	3,538,418	17,843,082	
Term deposits	33,483,973	2,729,072	36,213,045	34,779,264	1,707,989	36,487,253	
Others	797,214	-	797,214	763,271	-	763,271	
	64,742,990	11,996,557	76,739,547	66,308,428	10,345,705	76,654,133	
Financial Institutions							
Current deposits	724,159	1,801	725,960	68,377	-	68,377	
Savings deposits	3,574,797	-	3,574,797	1,339,456	-	1,339,456	
Term deposits	-	-	-	550,000	-	550,000	
Others	1,085,786	-	1,085,786	655,306	-	655,306	
	5,384,742	1,801	5,386,543	2,613,139	-	2,613,139	
	70,127,732	11,998,358	82,126,090	68,921,567	10,345,705	79,267,272	

- 17.1 This includes deposits amounting to Rs. 1,085.786 million (December 31, 2021: Rs. 655.306 million) from Saudi National Bank - a related party.

		(Rupees in '000)	
	Note	March 31, 2022	December 31, 2021
		(Un-audited)	(Audited)
18 SUBORDINATED DEBT			
Term Finance Certificates (TFCs) - Unsecured	18.1	4,998,000	4,999,000

18.1 Term Finance Certificates (TFCs) - Unsecured

Issue amount	Rupees 5,000 million
Issue date	March 2021
Maturity date	March 2031
Rating	AA-
Profit payment frequency	Semi - annually
Redemption	6th - 108th month: 0.36%; 114th and 120th month: 49.82% each
Mark-up	Payable six monthly at six months' KIBOR plus 1.35%
Call option	On or after five years with prior SBP approval
Lock-in-clause	Neither profit nor principal may be paid if such payments will result in shortfall in the Bank's Minimum Capital Requirement ("MCR") or Capital Adequacy Ratio ("CAR")
Loss absorbency clause	The instrument will be subject to loss absorption and / or any other requirements under SBP's Basel III Capital Rules. Upon the occurrence of a Point of Non-Viability event as defined by SBP's Basel III Capital Rule, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank (subject to a cap) and / or have them immediately written off (either partially or in full).

		(Rupees in '000)	
	Note	March 31, 2022	December 31, 2021
		(Un-audited)	(Audited)
19 OTHER LIABILITIES			
Mark-up / Return/ Interest payable in local currency	19.1	1,474,898	1,821,556
Mark-up / Return/ Interest payable in foreign currencies		6,070	3,682
Accrued expenses		484,747	686,454
Acceptances	14	1,733,218	1,537,573
Taxation (payments less provisions)		59,536	89,858
Dividends payable		28,420	15,877
Unclaimed dividends		3,351	3,351
Mark to market loss on forward foreign exchange contracts		1,936,583	1,234,323
Provision against off-balance sheet obligations		172,746	172,746
Security deposits against lease		34,946	34,946
Lease liability against right of use assets		1,287,619	1,266,506
Others		562,590	183,678
		7,784,724	7,050,550

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

		(Rupees in '000)		
		March 31, 2022	December 31, 2021	
		(Un-audited)	(Audited)	
20	SURPLUS ON REVALUATION OF ASSETS			
	Surplus on revaluation of:			
	- Available for sale securities	9.1	(1,148,943)	(876,672)
	Deferred tax on surplus on revaluation of:			
	- Available for sale securities	13	448,088	341,902
			(700,855)	(534,770)
21	CONTINGENCIES AND COMMITMENTS			
	- Guarantees	21.1	5,683,228	7,249,258
	- Commitments	21.2	184,715,495	174,942,158
	- Other contingent liabilities	21.3	1,611,056	1,611,056
			192,009,779	183,802,472
21.1	Guarantees:			
	Financial guarantees		1,679,657	1,679,657
	Performance guarantees		3,382,607	5,023,147
	Other guarantees		620,964	546,454
			5,683,228	7,249,258
21.2	Commitments:			
	Documentary credits and short-term trade-related transactions			
	- letters of credit		12,743,588	10,911,755
	Commitments in respect of:			
	- forward foreign exchange contracts	21.2.1	171,322,519	162,938,155
	- forward government securities sale / purchase transactions	21.2.2	90,557	492,275
	- forward equity securities sale transactions	21.2.3	-	-
	- operating leases	21.2.4	4,106	5,733
	Commitments for acquisition of:			
	- operating fixed assets		48,443	47,065
	- intangible assets		102,579	104,391
	Other commitments	21.2.5	403,703	442,784
			184,715,495	174,942,158
21.2.1	Commitments in respect of forward foreign exchange contracts			
	Purchase		88,972,862	83,574,137
	Sale		82,349,657	79,364,018
			171,322,519	162,938,155

21.2.2 Commitments in respect of forward government securities transactions

Purchase
Sale

21.2.3 Commitments in respect of forward equity securities

Sale

21.2.4 Commitments in respect of operation leases

Not later than one year
Later than one year and not later than five years
Later than five years

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

21.2.5 Other commitments

Claims against the Bank not acknowledged as debt

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

21.3 Other contingent liabilities

21.3.1 Contingencies in respect of taxation

The Income tax department has raised a demand of Rs. 426.787 million (December 31, 2021: Rs. 426.787 million) for the assessment years 1995-96, 1996-97, 1999-00, 2001-02, 2002-03 on account of non-deduction of tax on profit paid under portfolio management scheme, interest paid on foreign currency deposits and certificates of investment. The department has also raised further demand of Rs. 645.337 million (December 31, 2021: Rs. 645.337 million) for assessment years 1999-00, 2000-01 to assessment year 2002-03 and tax year 2006 on account of taxability of investment banks as banking companies and taxation of dividend income as normal banking income, and on account of lease rentals received or receivable, lease key money and certain other items. The aforementioned relates to pending assessments of the Bank and amalgamated entities namely Crescent Investment Bank Limited, Trust Investment Bank Limited and Pakistan Industrial Leasing Corporation. Tax department has also raised demand of Rs. 29.052 million (December 31, 2021: Rs. 29.052 million) for the assessment years 2009, 2010 & 2011 on account of Federal Excise Duty. Further, tax department has raised a demand of Rs. 28.110 million (December 31, 2021: Rs. 28.110 million) and Rs. 5.498 million (December 31, 2021: Rs. 5.498 million) on account of monitoring of withholding taxes for the tax years 2012 and 2014, respectively. Tax authorities have also issued orders under Sindh Sales Tax on Services Act, 2011 and Punjab Sales Tax on Services Act, 2012 thereby creating arbitrary aggregate demand amounting to Rs 35.391 million (December 31, 2021: Rs. 35.391 million) for the years 2012 to

2017 and Rs.15.380 million (December 31, 2021: Rs. 15.380 million) for the year 2016 respectively. Federal Board of Revenue has issued orders to amend assessments for tax years 2014, 2015, 2018, 2019 and 2020 raising demands of Rs. 45.268 million (December 31, 2021: Rs. 45.268 million), Rs. 64.945 million (December 31, 2021: Rs. 64.945 million), Rs. 133.374 million (December 31, 2021: Rs. 133.374 million), Rs. 177.117 million (December 31, 2021: Rs. 177.117 million) and Rs. 4.794 million (December 31, 2021: Rs. 4.794 million), respectively.

Presently, the Bank is contesting these issues at various appellate forums. The disallowances in respect of a number of assessment years have been decided / set aside by various appellate authorities for re-assessment while the Bank's appeal in respect of the remaining assessment years are currently pending. Based on the professional advice received from tax advisors, the management is confident that the eventual outcome of the aforementioned matters will be in favor of the Bank. Accordingly, no provision has been made in these financial statements in respect of the above mentioned demands aggregating Rs. 1,611.056 million (December 31, 2021: Rs. 1,611.056 million) raised by the income tax authorities.

22 MARK-UP / RETURN / INTEREST EARNED

On:

- a) Loans and advances
- b) Investments
- c) Lendings to financial institutions
- d) Balances with banks
- e) Others (on pool lending to Naya Pakistan Certificate)

Three months ended	
(Rupees in '000)	
March 31, 2022	March 31, 2021
(Un-audited)	(Un-audited)
2,113,429	1,395,193
2,229,488	1,432,504
90,753	200,719
47	40
5,998	8,555
4,439,715	3,037,011

23 MARK-UP / RETURN / INTEREST EXPENSED

On:

- a) Deposits
- b) Borrowings
- c) Finance cost on lease liability against right-of-use assets
- d) Cost of foreign currency swaps against foreign currency deposits
- e) Subordinated debt

1,228,041	965,781
1,813,283	931,083
37,872	28,984
150,095	134,366
124,388	38,219
3,353,679	2,098,433

24 FEE & COMMISSION INCOME

- Branch banking customer fees
- Consumer finance related fees
- Debit card related fees
- Credit related fees
- Commission on trade
- Commission on guarantees
- Commission on cash management
- Commission on remittances including home remittances
- Commission on bancassurance
- Commission on Naya Pakistan Certificates
- Others

12,293	10,470
6,473	6,518
3,434	1,955
14,613	18,411
32,129	30,116
8,943	13,112
5,018	3,108
15,336	16,580
2,431	6,015
2,873	12,197
279	997
103,822	119,479

25 GAIN / (LOSS) ON SECURITIES

- Realised
- Unrealised - held for trading

19,517	106,833
(2,034)	(791)
17,483	106,042

25.1 Realised gain on:

- Federal Government Securities
- Shares
- Non Government Debt Securities

21,295	(16,396)
(1,778)	121,892
-	1,337
19,517	106,833

26. OTHER INCOME

Gain on sale of fixed assets-net
Others

Three months ended	
(Rupees in '000)	
March 31, 2022	March 31, 2021
(Un-audited)	(Un-audited)
4,102	-
5	22
4,107	22

27. OPERATING EXPENSES**Total compensation expense**

519,751 440,115

Property expense

Rent & taxes
Insurance
Utilities cost
Security (including guards)
Repair & maintenance (including janitorial charges)
Depreciation on owned fixed assets
Depreciation on right of use assets

27,286 28,002
487 460
22,093 15,774
19,071 14,028
16,413 12,656
4,305 1,903
56,377 45,440
146,032 118,263

Information technology expenses

Software maintenance
Hardware maintenance
Depreciation
Amortisation
Network charges
Insurance

39,790 23,616
9,123 11,800
19,474 11,224
15,154 10,776
34,768 25,840
157 110
118,466 83,366

Other operating expenses

Directors' fees and allowances
Legal & professional charges
Outsourced services costs
Travelling, conveyance and official entertainment
Charges paid to Central Depository Company & NIFT
Depreciation
Training & development
Postage & courier charges
Communication
Stationery & printing
Repair & maintenance
Insurance
Marketing, advertisement & publicity
Fee Commission & Brokerage Paid
Donations
Auditors Remuneration
Others

13,546 16,426
5,702 2,883
1,668 1,467
23,954 18,879
4,313 6,378
27,675 21,731
740 -
3,395 3,276
4,856 3,397
11,108 8,984
13,475 11,257
15,379 11,265
2,314 5,902
14,452 43,348
4,550 -
3,459 3,489
6,876 3,888
157,462 162,570
941,711 804,314

	Note	Three months ended	
		(Rupees in '000)	
		March 31, 2022 (Un-audited)	March 31, 2021 (Un-audited)
28 OTHER CHARGES			
Penalties imposed by State Bank of Pakistan		1,303	190
29 (PROVISIONS) / REVERSALS & WRITEOFFS - NET			
Reversal / (Provision) for diminution in the value of investments	9.2	15,673	91,376
Provision against loans and advances - net	10.3	(76,601)	(1,131,653)
Fixed assets written-off		-	-
Reversal of off balance sheet obligation		-	-
Bad debts written off directly		(742)	-
Recoveries against debts written-off		-	60
		(61,670)	(1,040,217)
30 TAXATION			
Current		(146,379)	(50,977)
Prior years		-	-
Deferred		(14,960)	264,548
		(161,339)	213,571
31. BASIC EARNINGS PER SHARE			
Profit for the period		244,007	(335,722)
		(Number of shares)	
Weighted average number of ordinary shares		1,008,238,648	1,008,238,648
		(Rupees)	
Basic and diluted earnings per share		0.24	(0.33)
31.1	Diluted earnings per share has not been presented separately as the Bank does not have any convertible instruments in issue.		
32 FAIR VALUE MEASUREMENTS			
<p>The fair value of quoted securities other than those classified as held to maturity, is based on quoted market price. Quoted securities classified as held to maturity are carried at amortised cost. The fair value of unquoted equity securities, is determined on the basis of the break-up value of these investments as per their latest available audited financial statements.</p> <p>The fair value of unquoted debt and equity securities, fixed term loans, other assets, other liabilities, fixed term deposits and borrowings including subordinated debt 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.</p>			
32.1 Fair value of financial assets			
<p>The Bank measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:</p>			

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

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

(Rupees in '000)				
March 31, 2022 (Un-audited)				
	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
Federal Government Securities	-	82,901,249	-	82,901,249
Shares	1,291,196	-	-	1,291,196
Non-Government Debt Securities	-	1,139,720	-	1,139,720
Financial assets - disclosed but not measured at fair value				
Investments-Federal Government Securities	-	2,899,214	-	2,899,214
Off-balance sheet financial instruments- measured at fair value				
Forward purchase of foreign exchange	-	88,972,862	-	88,972,862
Forward sale of foreign exchange	-	82,349,657	-	82,349,657
Forward purchase of government securities	-	-	-	-
Forward sale of government securities	-	90,557	-	90,557

(Rupees in '000)				
December 31, 2021 (Audited)				
	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
Federal Government Securities	-	88,323,008	-	88,323,008
Shares	1,345,333	-	-	1,345,333
Non-Government Debt Securities	-	1,248,675	-	1,248,675
Financial assets - disclosed but not measured at fair value				
Investments-Federal Government Securities	-	2,935,066	-	2,935,066
Off-balance sheet financial instruments- measured at fair value				
Forward purchase of foreign exchange	-	83,574,137	-	83,574,137
Forward sale of foreign exchange	-	79,364,018	-	79,364,018
Forward purchase of government securities	-	492,275	-	492,275

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

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

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

33. SEGMENT INFORMATION

33.1 Segment Details with respect to Business Activities

(Rupees in '000)						
Three months ended March 31, 2022 (un-audited)						
	Corporate Banking	Global Markets	Retail Banking	Commercial Banking	Senoff	Total
Profit & Loss						
Net mark-up / return / profit	938,041	282,348	(843,448)	725,442	(16,347)	1,086,036
Inter segment revenue - net	(733,090)	(336,114)	1,319,942	(531,413)	280,675	-
Non mark-up / return / interest income	50,226	242,336	70,096	75,738	(105,602)	332,794
Total Income	255,177	188,570	546,590	269,767	158,726	1,418,830
Segment direct expenses	(53,323)	(45,241)	(333,032)	(37,623)	(482,595)	(951,814)
Inter segment expense allocation	(104,775)	(49,245)	(229,884)	(98,691)	482,595	-
Total expenses	(158,098)	(94,486)	(562,916)	(136,314)	-	(951,814)
Provisions	-	15,673	(13,644)	(69,739)	6,040	(61,670)
Profit / (loss) before tax	97,079	109,757	(29,970)	63,714	164,766	405,346
(Rupees in '000)						
As at March 31, 2022 (Un-audited)						
	Corporate Banking	Global Markets	Retail Banking	Commercial Banking	Senoff	Total
Balance Sheet						
Cash & Bank balances	-	7,069,054	1,487,946	-	-	8,557,000
Investments	-	88,378,096	-	-	-	88,378,096
Net inter segment lending	-	-	62,954,944	-	11,711,144	74,666,088
Lendings to financial institutions	-	3,588,725	-	-	-	3,588,725
Advances - performing	43,762,715	438,355	4,348,589	30,293,754	1,491,402	80,334,815
Advances - non-performing	-	-	59,737	427,617	7,026	494,380
Others	842,746	4,133,296	637,138	678,004	6,113,690	12,404,874
Total Assets	44,605,461	103,607,526	69,488,354	31,399,375	19,323,262	268,423,978
Borrowings	8,521,058	69,295,539	-	4,566,588	-	82,383,185
Subordinated debt	-	4,998,000	-	-	-	4,998,000
Deposits & other accounts	7,823,674	1,115,336	67,838,636	5,348,444	-	82,126,090
Net inter segment borrowing	27,387,797	25,998,315	-	21,279,976	-	74,666,088
Others	872,932	2,200,336	1,649,718	204,367	3,949,857	8,877,210
Total liabilities	44,605,461	103,607,526	69,488,354	31,399,375	3,949,857	253,050,573
Equity	-	-	-	-	15,373,405	15,373,405
Total Equity & liabilities	44,605,461	103,607,526	69,488,354	31,399,375	19,323,262	268,423,978
Contingencies & Commitments	11,947,781	172,359,646	228,567	5,250,351	2,223,433	192,009,779

	(Rupees in '000)					
	Three months ended March 31, 2021 (Un-audited)					
	Corporate Banking	Global Markets	Retail Banking	Commercial Banking	Senoff	Total
Profit & Loss						
Net mark-up / return / profit	561,722	578,847	(592,834)	409,650	(18,807)	938,578
Inter segment revenue - net	(397,783)	(463,659)	928,280	(274,417)	207,579	-
Non mark-up / return / interest income	39,091	255,760	44,274	51,412	(33,687)	356,850
Total Income	203,030	370,948	379,720	186,645	155,085	1,295,428
Segment direct expenses	(42,126)	(52,173)	(294,515)	(32,994)	(382,696)	(804,504)
Inter segment expense allocation	(82,283)	(39,050)	(182,356)	(79,007)	382,696	-
Total expenses	(124,409)	(91,223)	(476,871)	(112,001)	-	(804,504)
Provisions	(977,013)	91,376	(8,902)	7,700	(153,378)	(1,040,217)
Profit / (loss) before tax	(898,392)	371,101	(106,053)	82,344	1,707	(549,293)
	(Rupees in '000)					
	As at December 31, 2021 (Audited)					
	Corporate Banking	Global Markets	Retail Banking	Commercial Banking	Senoff	Total
Balance Sheet						
Cash & Bank balances	-	7,487,123	1,422,918	-	-	8,910,041
Investments	-	93,975,403	-	-	-	93,975,403
Net inter segment lending	-	-	58,039,938	-	12,230,691	70,270,629
Lendings to financial institutions	-	5,907,587	-	-	-	5,907,587
Advances - performing	43,786,054	1,109,823	4,107,989	30,199,816	1,373,249	80,576,931
Advances - non-performing	-	-	71,993	521,227	7,025	600,245
Others	696,474	3,657,970	429,792	537,463	5,847,610	11,169,309
Total Assets	44,482,528	112,137,906	64,072,630	31,258,506	19,458,575	271,410,145
Borrowings	8,370,291	79,971,399	-	4,677,519	-	93,019,209
Subordinated debt	-	4,999,000	-	-	-	4,999,000
Deposits & other accounts	9,239,224	680,548	62,790,179	6,557,321	-	79,267,272
Net inter segment borrowing	25,986,579	24,493,170	-	19,790,880	-	70,270,629
Others	886,434	1,993,789	1,282,451	232,786	3,558,149	7,953,609
Total liabilities	44,482,528	112,137,906	64,072,630	31,258,506	3,558,149	255,509,719
Equity	-	-	-	-	15,900,426	15,900,426
Total Equity & liabilities	44,482,528	112,137,906	64,072,630	31,258,506	19,458,575	271,410,145
Contingencies & Commitments	9,758,779	164,500,671	227,356	7,104,637	2,211,029	183,802,472

33.2 Segment details with respect to geographical locations

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

34 RELATED PARTY TRANSACTIONS

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

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

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

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

Details of transactions with related parties are given below:

	(Rupees in '000)							
	March 31, 2022 (Un-audited)				December 31, 2021 (Audited)			
	Parent	Directors	Key management personnel	Others	Parent	Directors	Key management personnel	Others
Balances with other banks								
In current accounts	343,399	-	-	-	91,857	-	-	-
Advances								
Opening balance	-	-	200,450	-	-	-	165,648	-
Addition during the period / year	-	-	5,416	-	-	-	80,863	-
Repaid during the period / year	-	-	(34,719)	-	-	-	(46,061)	-
Closing balance	-	-	171,147	-	-	-	200,450	-
Other Assets								
Other receivable	1,593	-	-	-	1,593	-	-	-
Other Liabilities								
Mark-up payable	-	47	112	558	-	62	101	382
Deposits and other accounts								
Opening balance	655,306	25,057	31,168	32,484	90,749	34,597	22,424	25,312
Received during the period / year	495,617	47,077	147,162	416,886	6,817,659	511,984	490,297	759,535
Withdrawn during the period / year	(65,137)	(32,433)	(158,227)	(349,677)	(6,253,102)	(521,524)	(481,553)	(752,363)
Closing Balance	1,085,786	39,701	20,103	99,693	655,306	25,057	31,168	32,484
Contingencies and Commitments								
Guarantees	440,348	-	-	-	3,053,684	-	-	-

	(Rupees in '000)							
	Three months ended March 31, 2022 (Un-audited)				Three months ended March 31, 2021 (Un-audited)			
	Parent	Directors	Key management personnel	Others	Parent	Directors	Key management personnel	Others
Income								
Mark-up / return / interest earned	-	-	2,296	-	-	-	2,575	-
Expense								
Mark-up / return / interest paid	-	109	365	1,784	-	90	297	581
Remuneration and benefits	-	-	225,370	-	-	-	190,800	-
Directors fee	-	14,880	-	-	-	9,600	-	-
Insurance premium paid	-	-	373	-	-	-	326	-
Insurance claims settled	-	-	45	-	-	-	-	-

35. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

Minimum Capital Requirement (MCR):

Paid-up capital (net of losses)

10,082,387

10,082,387

Capital Adequacy Ratio (CAR):

Eligible Common Equity Tier 1 (CET 1) Capital

14,748,897

15,308,179

Eligible Additional Tier 1 (ADT 1) Capital

-

-

Total Eligible Tier 1 Capital

14,748,897

15,308,179

Eligible Tier 2 Capital

5,195,579

5,194,770

Total Eligible Capital (Tier 1 + Tier 2)

19,944,476

20,502,949

Risk Weighted Assets (RWAs):

Credit Risk

87,506,592

83,436,422

Market Risk

8,842,933

9,187,601

Operational Risk

8,911,765

8,911,765

Total

105,261,290

101,535,788

Common Equity Tier 1 Capital Adequacy ratio

14.01%

15.08%

Tier 1 Capital Adequacy Ratio

14.01%

15.08%

Total Capital Adequacy Ratio

18.95%

20.19%

Leverage Ratio (LR):

Eligible Tier-1 Capital

14,748,897

15,308,179

Total Exposures

214,468,122

217,066,371

Leverage Ratio

6.88%

7.05%

Liquidity Coverage Ratio (LCR):

Total High Quality Liquid Assets

28,966,895

46,359,075

Total Net Cash Outflow

15,123,220

18,299,161

Liquidity Coverage Ratio

191.54%

253.34%

Net Stable Funding Ratio (NSFR):

Total Available Stable Funding

130,426,121

134,966,980

Total Required Stable Funding

66,116,189

70,328,798

Net Stable Funding Ratio

197.27%

191.91%

36 GENERAL

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

36.2 Figures as of and for the period ended March 31, 2022 and March 31, 2021, wherever used in these condensed interim financial statements are unaudited. However figures as of and for the period relating to December 31, 2021 used in these condensed interim financial statements are audited.

37 NON-ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

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

38 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on April 26, 2022 by the Board of Directors of the Bank.



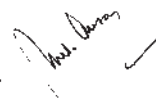
Chief Financial Officer



President & Chief Executive Officer



Director



Director










Chairman










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