



A LEGACY OF SUBLIME

VALUES

MERITOCRACY | EQUAL OPPORTUNITY
RESPECT & DIGNITY | INTEGRITY
TEAMWORK

Samba Bank Limited

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think samba

World class banking solutions
for the most important things in life

samba bank  سامبا بینک

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Vision

To be the most admired bank in Pakistan providing world class services and innovative solutions through its people and technology, yielding superior returns and demonstrating responsible corporate citizenship.

Mission

To become the most admired bank by:

- Providing world class solutions to our customers by exceeding their service expectations
- Investing in people by hiring, motivating and retaining best talent
- Creating sustainable value through growth and efficiency of all stakeholders
- Delivering superior returns to our investors
- Benefiting the communities in which we operate

Company Information

Board of Directors

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

Board Audit Committee

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

Board Risk Committee

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

Board Nomination & Remuneration Committee

Hafiz Mohammad Yousaf	Chairman
Dr. Shujaat Nadeem**	Member
Ms. Ranya Nashar*	Member
Mr. Humayun Murad	Member

Board IT Committee

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

President & Chief Executive Officer

Mr. Shahid Sattar

Company Secretary

Syed Zia-ul-Husnain Shamsi

Chief Financial Officer

Mr. Rashid Jahangir

Auditors

KPMG Taseer Hadi & Co. Chartered Accountants

Legal Advisors

Mohsin Tayebaly & Co. Advocates & Legal Consultants

Head Office

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

Registered Office

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

Share Registrar

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

Website

www.samba.com.pk

Helpline

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

Credit Rating by VIS

Medium to Long Term
Short Term

AA (Double A)
A-1 (A-One)

* Resigned w.e.f. Jan' 31, 2021

** Appointed w.e.f. Feb' 03, 2021

Teamwork

Samba believes single units when joined with many like itself, combine into a powerful force that can achieve great things. We are encouraged to think as a group and to support each other.

Our Branch Network



Karachi

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

Lahore

Gulberg
The Mall
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

Murree Road
Bahria Town
Wah Cantt.

Gujranwala

G.T. Road

Faisalabad

Liaquat Road

Multan

Nusrat Road

Sialkot

Paris Road

Peshawar

Islamia Road

Quetta

M.A. Jinnah Road

Gwadar

Airport Road

AJK - Bagh

Bagh

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

Board of Directors



Dr. Shujaat Nadeem
Chairman

Dr. Shujaat Nadeem serves as the Deputy CEO for Business for Samba Financial Group (SFG) Kingdom of Saudi Arabia since February 2019, and also serves as Chairman of Board for Samba Pakistan since 2013. In addition to that, he is serving as Chairman of Samba Global Markets Limited since March 2016, and also a board member of Samba Capital. Dr. Nadeem joined Samba Financial group in Oct. 2003 as the Group Treasurer and was instrumental in building the Global markets and Investment business for the bank over the years and continues to serve in multiple other senior committees and boards on behalf of the bank.

Before joining Samba, Dr. Shujaat Nadeem was with Citi group. He started his career with Citi group New York in 1993 and during his career he held key positions in London and New York in derivatives trading. He was promoted to the MD title in 1999 as

head of interest rate options trading in London. In 2000, Dr. Shujaat Nadeem took responsibility as Head of the MENA region Citi group sales and trading franchise where in addition to building some key customer relationships he had extensive interaction with the regional regulators and worked closely with several central banks to advise them on market regulatory reforms.

Dr. Shujaat Nadeem is also one of the founding members of PEN (Progressive Education Network, pen.org.pk), a non-profit philanthropic organization in Pakistan, committed to promotion of primary and secondary education for the under privileged children.

Dr. Nadeem holds a BSc, MSc. & Ph.D. from Massachusetts Institute of Technology (MIT), USA.



Aiman Gusti
Director

Mr. Aiman Gusti possesses more than 29 years of banking experiences. He started his banking career in 1991 with Samba Financial Group (SFG) KSA. Mr. Gusti is Head of Service Management Group since August 2020. Prior to that, he was the Chief Internal Auditor of Samba Financial Group. He has held several positions at Treasury departments of the National Commercial Bank, Al-Inma Bank and Saudi American Bank.

Mr. Aiman Gusti holds Bachelor and Master of Science Degrees from King Fahd University of Petroleum and Minerals (KFUPM) with majors in Mathematics.



Timour Pasha
Director

Mr. Timour Pasha is a Senior Corporate Banking Professional with 29 years of banking experience working with Samba Financial Group for 12 years and prior to that 17 years with Citigroup. Currently, Mr. Pasha is holding the position in Samba Financial Group as Regional Head of Risk, International Branches covering UAE and NPCs for both Corporate, Investment & Retail Banking as well as the Global FI and Treasury RSCO for the Bank.

Mr. Pasha started his career in 1992 with Citi group in their Corporate Banking Group and worked up to Country Corporate Banking Group head in 2004 for UAE. In 2006 moved with Citi group as Regional

Head of Risk, Central & West Africa and Algeria where he was responsible for the portfolio of the Corporate & Commercial and Investment bank for six (6) countries including Algeria, Senegal, Cote D'Ivoire, Cameroon, Gabon and DRC Congo, where he worked on this position till 2008. In 2009, he joined Samba Financial Group (SFG) - Corporate & Investment Banking.

He holds a Master's degree in Business Administration (Finance Major) from Lahore University of Management Sciences and also a degree in Bachelor of Commerce from Karachi University, Pakistan.

Equal Opportunity

At Samba, we ensure all employees get equal opportunity to succeed. We value diversity and ensure fairness for all employees.



Humayun Murad
Director

Mr. Humayun Murad carries professional experience of four decades in the financial sectors in UK, Pakistan and Middle East. He is a fellow member of both the Institute of Chartered Accountants in England & Wales and the institute of Chartered Accountants of Pakistan.

Mr. Murad was associated with ORIX Leasing Pakistan Ltd since its inception in 1986. In 1989 he became its CEO and held the position until December 31, 2010. He remained MENA Regional CEO of ORIX Corporation, Japan until

March 31, 2016. He established the ORIX joint venture leasing companies in Oman, Egypt, Saudi Arabia, UAE and Kazakhstan. He holds Board positions in all the JV companies

In the past, he was Independent Director on the Boards of Pakistan Poverty Alleviation Fund and Pak-Oman Investment Company. Currently he is Advisor to Al Hail Holding, Abu Dhabi, UAE.

In 2007 he was awarded Sitara-e-Pakistan for his services to Pakistan's leasing industry.



Arjumand Ahmed Minai
Director

Mr. Arjumand Ahmed Minai joined SBL Board in December 2017 as an Independent Director. He has over 45 years of varied experience in the UK and Pakistan with major MNCs engaged in manufacturing, Banking, Non-Banking Finance, Audit, Information Technology, and Management Consultancy.

Mr. Minai has served for over 15 years, on the Boards of listed companies in the Pharmaceutical and Financial Industry. He is currently serving on the Board of Marie Stopes Pakistan as Director and Chairman Audit Committee. He is also a visiting faculty at the Pakistan Institute of Corporate Governance, and a Volunteer for raising funds for the professional education of the underprivileged youth of Pakistan.

Mr. Minai was with the Standard Chartered Group for about ten years, where he served as the Chief Executive Officer Standard Chartered Leasing Ltd., as Head of Islamic Banking & Strategic Projects of Standard Chartered Bank (Pakistan) and Managing Director Standard Chartered Modaraba. He also worked as Chief Financial Officer of Union Bank Ltd. (Pakistan).

Mr. Minai is a Fellow of the Association of Chartered Certified Accountants, UK. He holds a bachelor's degree in Commerce from Pakistan. Major areas of his expertise include Finance & Accounting, Audit, Corporate Governance, General Management, Corporate Planning, H.R. Development & Management, IT. Management, Company Secretary, Productivity Enhancement and Change Management.



Hafiz Mohammad Yousaf
Director

Hafiz Mohammad Yousaf is a highly qualified professional having diversified qualifications from the renowned Institutions of Pakistan, USA, and Canada. He is a Fellow Member of the Institute of Chartered Accountants of Pakistan (ICAP), Fellow Member of American Institute of Certified Public Accountants (AICPA) and Member of Canadian Institute of Chartered Professional Accountants (CICPA)

Mr. Yousaf possesses over three decades of diversified post qualification experience as a Chartered Accountant, (including two decades at a Big 4 accounting firm as Partner/Country Leader Consulting). His core areas of specialization are corporate finance & restructuring, corporate compliance & regulations, governance & oversight, assurance, consulting and financial advisory.

During his professional career as a chartered accountant he has handled, directed and managed a wide variety of complex professional assignments for private and public sectors national and international entities. In the recent years the key areas of his focus are the high-end policies formulation and implementation, strategic directions, oversight of regulations and business

operations, governance initiatives and organizational reforms and business decisions making, etc. at some of the most important corporate sector entities of the country.

Mr. Yousaf has the honor of serving the council of ICAP for eight years (2009-17) in various leadership positions including being its President for 2015-16 term and represented Pakistan on various prestigious international forums including International Federation of Accountants (IFAC), International Accounting Standard Board (IASB) and South Asian Federation of Accountants for many years. He has also served on the Boards of State Bank of Pakistan (SBP) and Securities and Exchange Commission of Pakistan (SECP) including chairing their Audit and Oversight Committees respectively besides being part of many other important committees of the Boards.

Currently he is also the Board Member of Kot Addu Power Company Limited (the largest IPP in Pakistan) and Pakistan Security Printing Corporation where he is also the chairman of the respective audit committees of the Board.



Tariq Javed
Director

Mr. Tariq Javed has thirty-three (33) years' experience as a Central Banker, Banking Supervisor and Senior Adviser in the Saudi Arabian Monetary Authority (the Central Bank of Saudi Arabia). His major contributions include the development of national policies and reforms of the financial and banking sectors and in the development of financial laws and regulations.

Mr. Javed is a key contributor to the development, evaluation and assessment of the central bank's strategic and operational plans and in-licensing decisions for local and foreign banks' presence in Saudi Arabia. He had a key role in the implementation of the Basel I, II and III Standards and in implementation of corporate governance and risk management systems and processes in the Saudi banking sector.

Mr. Javed has nine (9) years' experience as a Director General (Audit Principal) in the Office of

the Auditor General of Canada, leading special audits on the economy, efficiency and effectiveness of programs and on audits of Government Departments, Agencies and Corporations.

Mr. Javed has nine (9) years' experience of which four (4) years as a Senior Audit Manager in a leading Canadian audit firm, now part of Ernst and Young. His work included financial consultancy and audits of leading Canadian Banks, Insurance companies, Stockbrokers, Airlines, Shipping, Textile, Electronics and other companies in a variety of industries.

Mr. Javed is a Chartered Certified Accountant, from Quebec, and is a member of the Institute of Chartered Accountants of Canada. He holds a bachelor's degree in Commerce from Pakistan and is an alumni of Harvard University.



Shahid Sattar
President & CEO

Mr. Shahid Sattar joined SBL in August 2013 and brought with him four decades of experience in the local and global banking and financial industry. Mr. Sattar's major experience lies in Retail Banking, Consumer Finance, Branch Operations, Cash Management, Remittance Business, SME & Commercial, Corporate and Islamic Banking.

Prior to joining SAMBA Bank Limited, he has worked in UBL, as Head of Corporate & Cash Management and later as Head of Retail, Commercial, Consumer (including Cards, Assets, and Products & Marketing). From September 2010 till December 2012, he was heading NIB Bank Limited as Head of Retail, Commercial & Consumer. He has also worked as Head of Retail & Remittance Business in Bank Al-Bilad, Saudi Arabia from November 2007 to September 2010.

Mr. Shahid Sattar, has worked in MCB, from August 1998 till October 2007, holding various positions including Head of SAM, Head of Retail Commercial & Consumer, prior to that he has worked in CITI Bank Pakistan in Corporate from 1992 till 1998. He has also worked in Centralized Credit in BCCI from 1981 till 1991 serving at Cairo, London & Abu Dhabi.

Mr. Sattar's key agenda in formulating SBL's strategic direction includes Commitment to Business Growth and Increasing Revenue, Controlling Cost, Rationalization of Organizational Structure and improving Service Quality. In addition to that his main focus was to upgrade SBL's Technology which has now implemented T-24 Core Banking System. SBL is now heading towards digitalization and automation for providing better consumer experience at their convenience.

He has held many directorships at MNET Services (Pvt.) Ltd. (ATMSWITCH), Bank Al-Bilad Investment Co. Saudi Arabia, PICIC Insurance Co., PICIC Asset Management Co., UBL Asset Management Co. during his career and currently holding directorship of Insta Plast (Pvt.) Ltd.

Mr. Sattar has done Bachelor in Science (B-Sc.) in Textile Engineering from the University of Engineering and Technology, Lahore and holds Master degree in Business Administration (MBA) in Marketing from the University of Punjab. He has also attended many national and international Seminars and Conferences.

Board Committees

Board Audit Committee (BAC)

Constitution

Mr. Arjumand Ahmed Minai

Mr. Aiman Gusti

Hafiz Mohammad Yousaf

The Board Audit Committee reviews the effectiveness of the Bank's internal and operational controls; integrity and adequacy of financial reporting; appraise the audit efforts of the Bank's External Auditors and Audit & Risk Review function; and review the Bank's process for monitoring compliance with relevant laws and regulations.

The Audit Committee is appointed by the Board of Directors of Samba Bank Ltd., from which it derives its authority and to which it regularly reports. In discharging its oversight role, the Committee is empowered to investigate any matter brought to its attention or any issue which it may deem fit, with full power to retain outside counsel or other experts for this purpose.

Responsibilities of the Audit Committee delegated by the Board of Directors are designed to increase the effectiveness and strengthen the financial management, internal controls and risk management.

Board Risk Committee (BRC)

Constitution

Mr. Timour Pasha

Mr. Humayun Murad

Mr. Aiman Gusti

Mr. Shahid Sattar

The Board Risk Committee-BRC oversees the risk management function, including credit risks, market risks, liquidity risks, operational risks and information security risks. BRC provides appropriate supervision and governance of these risks within the Bank. Additionally, all new business segments' related Product Programs are approved by the BRC. Minimum risk reporting standards have been set and being maintained. BRC in its quarterly meetings undertakes detailed risk reviews of the portfolios and provides the requisite oversight and guidance to the management.

Board Nomination and Remuneration Committee (BNRC)

Constitution

Hafiz Mohammad Yousaf

Ms. Rania Nashar*

Mr. Humayun Murad

Dr. Shujaat Nadeem**

The objective of the BNRC is to provide general direction, oversight and supervision of the affairs of the Bank in the formulation of policies and standards on Human Resource Management including compensation, ensure financial soundness and promote effective risk management.

In its compensation supervisory role, the BNRC is tasked to review and monitor on an annual basis that an appropriate compensation system is in place which is aligned with appropriate international standards and best practices subject to primacy of local laws & regulations.

In its nomination supervisory role, the BNRC is tasked for:

- Reviewing directors' nominations for suitability with regard to the Bank's needs and regulatory requirements.
- Reviewing and recommending to the Board selection and appointment of President & CEO.
- To consider and approve/recommend to the Board appointment, compensation, increments, performance bonus etc. and succession plan of Key Executives.

Other major responsibilities and duties of the BNRC, include the following:

- Periodically review and evaluate the Remuneration and other Human Resource Management Policies to ensure their adequacy and effectiveness.
- Review the remuneration policy and remuneration setting mechanism at least once every three years to ensure alignment with the evolving internal as well as external dynamics.
- Review and recommend annual fixed and variable compensation pools for approval by the Board of Directors.
- Review and approve the Management Structure / Organogram for the Senior Management of the Bank.

* Resigned w.e.f. Jan' 31, 2021

** Appointed w.e.f. Feb' 03, 2021

Board IT Committee (BITC)

Constitution

Dr. Shujaat Nadeem

Mr. Aiman Gusti

Hafiz Mohammad Yousaf

Mr. Tariq Javed

The Board IT Committee (BITC) has been established at Samba Bank in 2019 as per the regulatory governance framework, to provide oversight on IT Strategy, Technology initiatives, planning and its governance in a strategic and proactive manner. The BITC monitors the progress of technology so as to keep it aligned with overall Bank and Business Strategy, and reports into Samba's Board on the status of technology activities and digital initiatives of the Bank.

Chairman's Message



On behalf of the board of directors, it is my pleasure to present the annual report of Samba Bank Limited for the year ended 31 December 2020.

It has been several months since the world was plunged into a crisis unlike any other we have seen in recent history. These have been tough times for us all.

At Samba Bank we are doing our best to ensure the safety and wellbeing of our colleagues, families, and customers. Since day one, our top priorities have been to ensure that our employees remain safe and that we are able to maintain business continuity.

Every day during these difficult times, I was inspired by the good I saw around our bank and the selfless acts of our front-line staff in branches and offices in providing uninterrupted banking services. I have also been impressed by our lending team which, despite having employees tested positive for COVID-19, continued to serve clients and ensured that they continued to pay their employees' salaries.

Samba Bank has remained committed to doing the right

thing for employees throughout the pandemic. Early steps were taken to reduce human interaction within the bank and changed our way of working. Our staff quickly made the transition to working from home, supported by virtual training activities, enabling the bank to create a new workplace model. With the guidance and support of the board of directors, the bank management team continues to monitor the impact of COVID-19 and adjust to any changes in the work environment.

Despite all the challenges that we faced in this year; it gives me immense pleasure to share with all of you that for the first time in its history, Samba Bank has posted a record Net Profit of PKR 1.012 billion which is 47.38% higher over the previous year. I am especially proud today because in addition to posting record results, the board has announced a dividend of 7.5% for the Bank's shareholders, which is another first. This announcement truly makes our Bank an all-around performer and a success story. This success is a result of our shareholders' trust in Samba and the management's resolve to deliver on this trust.

Corporate and Investment Banking Group (CIBG)

The year 2020 began with depressed economic conditions that were exacerbated by the COVID-19 pandemic shutdowns and a substantial reduction in interest rates. The CIBG team focused on general portfolio management, resulting in a fully performing asset portfolio and no client defaults. Significant improvement in asset income was achieved through higher spreads and the replacement of lower-yielding/higher risk assets with new bookings. CIBG deposit volumes were lower as most industries remained cash-starved during the lockdown and the ensuing period. Trade and FX volumes remained healthy, given the challenges, and are poised for stronger growth next year. Cash management played a pivotal role as a cross-selling tool for CIBG, with volumes reaching a new peak, crossing over the PKR 100 billion threshold in 2020. This record was achieved by adding new mandates, deepening relationships with our existing clientele, and the launch of a digital collection product.

Retail Banking Group (RBG)

During 2020, Retail Banking grew its deposit book by PKR 7.3 billion to close the year at PKR 63.9 billion. One of the major highlights for the year was posting growth of PKR 2.5 billion in current accounts, which is the highest recorded annualized growth in the franchise's history. In addition to 13% growth in deposit footings, the consumer assets book continued its remarkable run to close the year with an ENR of PKR 3 billion.

The year also saw Consumer Banking shifting its customer onboarding strategy to a digital account opening model known as the Roshan Digital Account framework. With over 1,750 account opening requests from 44 countries in just six months, Samba Bank has emerged as one of the leading players among the eight major banks the State Bank of Pakistan has selected to offer this facility. The business closed the year with USD 18 million foreign inward remittances, followed by USD 14 million in cross-sold remittance products.

The bank has launched a wide array of investments products, including the Naya Pakistan Certificates (NPCs) and Stock Exchange Investment options, which will complement the business's strategy of appealing to a larger expatriate population and providing a stable deposit and cross-selling opportunity.

Global Markets (GM)

The shutdown of business activities made 2020 a volatile year for financial markets worldwide. During the second half of the year, Pakistan's economy was under the influence of stabilization policies post re-opening as the financial market recovered from its lows. Global markets capitalized on the opportunities and, as a result, total revenue, non-interest income, and PBT are up 387%, 90%, and 525% respectively over Plan 2020. A timely buildup of fixed income and equity portfolios, together with active FX trading, helped GM to achieve strong non-interest income.

Commercial Banking Group (CMBG)

Commercial Banking generated more than PKR 550 million in total revenues during the year. Despite difficult conditions, there were no defaults on loans, which translated into substantial income generation. Builder and Construction Finance is a new initiative that was launched during 2020. It targets builders and developers and offers competitive rates. The results of this product will begin to be seen in 2021.

Small & Medium Enterprise Banking (SMEG)

SMEs are a major component in Pakistan's economy and generate substantial yields. The segment has become a stable revenue generation stream for the bank, earning more than PKR 90 million in total revenue for the year. It is anticipated that Samba Sunshine, a solar energy product, will make good inroads during 2021 by targeting solar energy dealerships and distributors.

Information Technology (IT)

As part of the Samba Bank Digital Strategy, the Samba Smart Mobile app was upgraded with the latest features of online ordering, ticket purchasing, and QR-based merchant payments using Samba accounts. Samba debit chip cards are NCF-ready, allowing a touch-and-pay option on supported POS devices. Samba is now offering digital customer onboarding services to non-resident Pakistanis (NRP) to enable them to open local and foreign currency Roshan Digital Accounts under the new regulatory framework. It will also allow NRPs to invest digitally in the stock market and government-issued commercial and Islamic NPC investment certificates.

Corporate Social Responsibility (CSR)

The success of Samba Bank enables us to help others. Building financial literacy remains a significant objective for us and the board acknowledges our duty to operate as a socially responsible bank. An approved corporate social responsibility policy guides our work in this area.

Samba Bank made contributions to the Cancer Foundation Hospital, the National Institute of Child Health, Patients' Aid Foundation, the Kidney Center, the Indus Hospital, and Pink Ribbon Pakistan. Our goal is to help provide quality healthcare to the underprivileged citizens of our country, reduce the child mortality rate, and improve the diagnosis and treatment of cancer, particularly breast cancer.

An educated and healthy youth is the backbone of any developing nation. With the aim of supporting education and training in marginalized communities, Samba Bank made contributions to the Progressive Education Network (PEN), the Citizen Foundation, the Kiran Foundation, the Bilquis & Abdul Razzaq Dawood Foundation, the Sharmeen Khan Memorial Foundation, and the Special Olympics Pakistan.

Performance of the Board of Directors

I would like to take this opportunity to recognize the contribution of the board of directors to the progress and continued success of Samba Bank. During 2020, the board demonstrated high standards of business and professional conduct in managing and supervising the affairs of the bank. It set the bank's strategic aims and provided the leadership to put those aims into effect, upholding the vision, mission, and core values of the bank. The board also monitored Samba Bank's financial and operational soundness, governance structure, the effectiveness of internal controls and audit functions, and the risk management framework. The bank hired the services of independent experts for the formulation of the remuneration policy disclosed in Directors' Report. These experts had no conflict of interest with any board member or key executive.

Acknowledgement

On behalf of the board of directors, I would like to extend my appreciation for the continuous co-operation of the regulatory bodies that oversee the work of Samba Bank, including the State Bank of Pakistan, the Securities and Exchange Commission of Pakistan, and the Federal Board of Revenue. I would also like to thank our shareholders for their continued commitment and confidence in our long-term strategic vision.

Dr. Shujaat Nadeem
Chairman

Respect & Dignity

At Samba, we respect every individual irrespective of their background and evaluate them on his/her potential and performance. Samba values such individual contributions and encourages employees to excel.

The Executive Team



Shahid Sattar
President & CEO



Arif Raza
Group Head Global Markets (Treasurer)



Syed Zia ul Husnain Shamsi
Group Head Legal Affairs, IRM
& Company Secretary



Sitwat Rasool Qadri
Chief Internal Auditor



Samina Hamid Khan
Chief Risk Officer



Ahmad Tariq Azam
Group Head Corporate, Investment Banking
& Real Estate



Muhammad Arshad Mehmood
Group Head Human Resources, Training
& Administration



Zeeshan Kaiser
Chief Technology Officer



Talal Javed
Group Head Consumer Banking



Syed Ghazanfar Agha
Group Head Compliance



Ghufraan Ahmed
Group Head SME and Commercial Banking



Imran Kazim
Group Head Operations



Rashid Jahangir
Chief Financial Officer

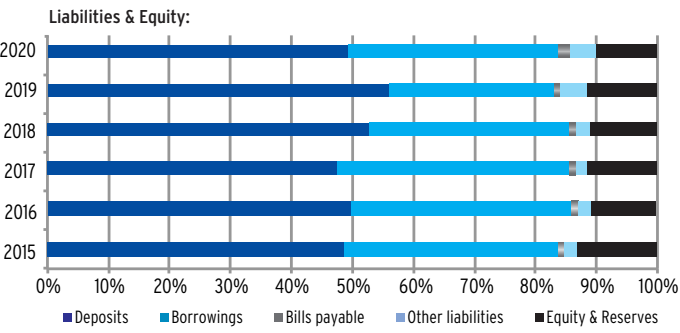
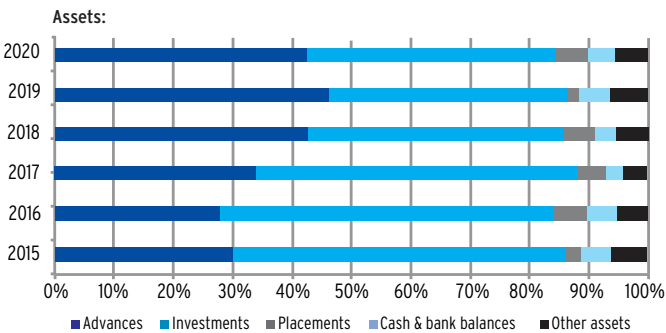
Performance Highlights

AA 2020 (Retained from 2015)

AA- (AA MINUS) 2012

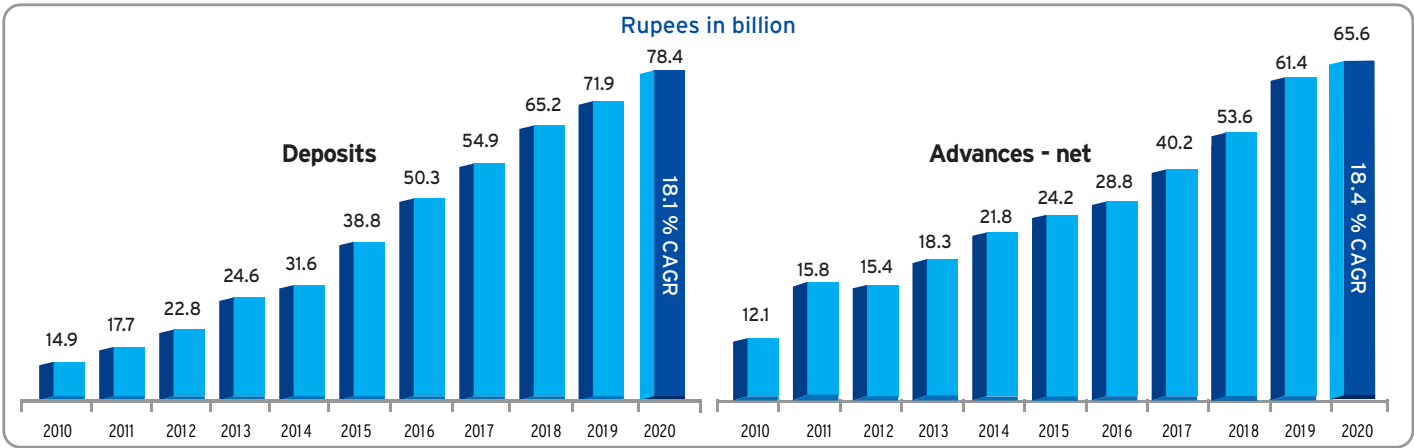
A+ (APLUS) 2011

A (SINGLE A) 2010



Rupees in million

	2015	2016	2017	2018	2019	2020
Assets:						
Advances	24,187	28,790	40,182	53,592	61,356	65,635
Investments	44,726	57,237	62,918	48,021	51,278	67,890
Placements	2,000	5,277	5,193	9,449	2,274	9,936
Cash & bank balances	4,330	5,540	4,015	5,651	6,698	8,819
Other assets	4,923	6,255	5,916	6,051	7,971	6,717
Liabilities & Equity:						
Customer Deposits	38,844	50,307	54,901	65,225	71,882	78,426
Borrowings	27,326	35,847	46,201	39,781	36,114	56,197
Bills payable	492	915	687	877	783	3,358
Other liabilities	1,660	3,711	3,726	4,098	6,618	5,698
Equity & Reserves	11,844	12,320	12,708	12,784	14,179	15,317



Meritocracy

We believe talent is brought to the fore by advancing individuals not for who they are, but for what they can produce. At Samba, we value the role of each employee from the highest to lowest levels.



Samba Financial Group Awards 2020

Global Finance

- Best Bank for Payments and Collections in the Middle East (5th time).
- Best Islamic Corporate Bank (World Wide).
- Best Islamic Investment Bank (World Wide).
- IPO/Equity Deal of the Year (Saudi Aramco: The Kingdom of Saudi Arabia acting through the Ministry of Finance. Among the lead banks of the offering were Samba Financial Group and National Commercial Bank).
- Best Islamic Financial Institution in Saudi Arabia.

The Banker

- Islamic Bank of the Year - KSA.
- Best Transaction Banking in the Middle East.

International Business Magazine

- Banking CEO of the year in Saudi Arabia.
- Best Retail Bank in Saudi Arabia.
- Best Corporate Bank in Saudi Arabia.

Forbes Middle East

- Rania Nashar is the third most powerful woman in the Middle East for 2020.

Arab Woman Authority

- Rania Nashar is the Distinguished Arab Woman in the field of economics and banking for the year 2020.

A close-up photograph of a man in a dark suit, white shirt, and dark tie. He has his right hand placed over his heart, suggesting a solemn or sincere statement. The background is a soft, out-of-focus blue and purple gradient.

Integrity

**At Samba, from top management to junior interns,
we demand and maintain highest level of integrity.
This is not just something we do, it is what we are.**



Director's Report

On behalf of the Board of Directors, we are pleased to present the annual report of the Bank along with its audited financial statements and auditors' report for the year ended December 31, 2020. The Board of Directors has proposed a final cash dividend of Rs. 0.75 per share (7.5%). This final dividend will be approved in the forthcoming Annual General Meeting of the Bank. The operating results and appropriations, as recommended by the Board are included in the table below.

2020 - Year of Resilience

2020 was not a year of business as usual. We have all been hearing since a few years now; that technology will disrupt our ways of life and the ways of doing business. To that end, 2020 was surely a disruptive year; not brought about by technology yet, but by an act of nature. On personal level, Covid-19 has reminded us all about the importance of things that we used to take for granted, the importance of being around colleagues at work, shopping sprees, dine-outs and leisure trips with family and friends. Yet on corporate level, it moved the clock of disruption and reminded about importance of creative thinking, robust decision making and agility in taking actions.

Having seen the pace of scientific advancements in development, distribution and administration of vaccines for the virus, we are hopeful that Covid will be past soon InshaAllah. We must remember that it was empathy, compassion and morality in actions that steered us all through this pandemic, and these values will hold true should we face any similar challenge in future. The management and Board of Directors of the Bank applaud the whole hearted efforts of our healthcare professionals and frontline employees of our Bank and banking industry at large, who despite all the odds remained steadfast in performing their respective duties. The Board also pays homage to the professionals who laid their lives to protect ours', and to the families who lost their loved ones.

Economic Highlights

Pakistan's economy has picked up pace in the recent months as evidenced by the high frequency economic data, such as fuel sales, cement dispatches, and auto sales. Large Scale Manufacturing (LSM) data also corroborates pick-up in industrial activity as the overall output of LSM Industries increased. Business confidence level has improved with improvement in the perception index of both the industry and services sectors. Economy is expected to grow in FY21 and beyond due to gradual pickup of demand, uptick in investment activity, and recovery in the agriculture and services sectors.

Despite subdued aggregate demand, inflation as measured by the CPI remained elevated at 8.6% during 2HCY20 primarily due to uptick in prices of select food items, which was attributable to supply shocks and locust attacks. The external account continued the improving trend as the Current Account Surplus was recorded during 2HCY20 vis-à-vis a Current Account Deficit (CAD). Foreign exchange reserves of SBP also improved from USD 11.3 billion at CY19 end to around USD 13.2 billion at the end of CY20 on account of record workers' remittances, US\$ 1.4 billion inflows from the IMF's Rapid Financing Facility (RFF), and temporary debt relief from the G-20 countries.

Bank's Operating Results and Financial Review

	(Rupees in million)	
	2020	2019
Operating profit	2,022	1,602
Provisions	354	502
Profit before taxation	1,668	1,100
Taxation charge	657	414
Profit after taxation	1,012	686
Earnings per share - PKR	1.00	0.68
Final cash dividend per share - PKR (proposed)	0.75	-

By the grace of the Almighty and unwavering commitment of the entire Samba family, the Bank was able to deliver historic results. During the year under review, the Bank has posted Profit After Tax (PAT) of PKR 1.01 billion compared to PKR 686 million of last year. The increase in profitability is attributable to increase in both markup (of 5%) and non-markup (of 59%) over the last year. The operating profit of the bank has increased by 26% over last year and closed at PKR 2,022 mln. In order to safeguard its assets against credit risk, the Bank has prudently charged a general provision of PKR 272.22 mln against its performing loans. The Bank also managed to recover PKR 76.28 mln against the portfolio classified under non-performing status, demonstrating consistent and effective remedial management.

During the year advances-net, investments and lending to financial institutions increased by PKR 4.28 bln (7%), PKR 16.61 bln (32%) and PKR 7.66 bln respectively. On liabilities side, a healthy 9% increase in deposits book was recorded over December 31, 2019 which closed at PKR 78.43 bln.

New Developments during the Year

In pursuance of Samba Bank Digital Strategy, the bank initiated Digital Customer On-boarding services to Non-Resident Pakistanis (NRP) for opening local and foreign currency Roshan Digital Accounts (RDA) under new regulatory framework and facilitating NRPs to digitally invest in Stock market, Commercial and Islamic NPC Investment Certificates issued by Government. The underlying IT Infrastructure, security and capacity to support new technologies were enhanced accordingly.

Credit Rating

VIS Credit Rating Company Limited, a premier credit rating agency, has reaffirmed SBL's medium to long-term credit rating at AA (Double A) and the short-term rating at A-1 (A-One). The outlook on the assigned ratings has also been regarded as 'Stable'. These 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.

Statement of Internal Controls

The Board is pleased to endorse the management's statement on the evaluation of internal controls which is included in the annual report.

Risk Management Framework

Effective risk management is a prerequisite for achieving our business objectives and is thus a central part of the Bank's policies. To ensure that an effective risk management framework is implemented in the Bank, the Board of Directors and senior management are actively involved in the formulation of policies, procedures and limits. Accordingly, the Bank has a comprehensive risk management framework that establishes risk management principles, guidelines and the governance structure. This framework defines the various committees established to undertake effective risk monitoring, by the Board of Directors and senior management, of the various types of risks which include credit, market, operational and liquidity risks. These are discussed in more detail in note 43 to the annexed financial statements.

Through the risk management framework, bank-wide risks are managed, with the objective of maximizing the risk-adjusted returns while remaining within the risk parameters approved by the Board. The Bank's risk management framework is designed to balance corporate governance with well-defined independent risk management principles. Refinements were continuously undertaken in the overall risk management governance throughout 2020, based on the guiding principles established by the Board Risk Committee.

Statement under Code of Corporate Governance / Corporate and Financial Reporting Framework

The Board of Directors is aware of its responsibilities under the Code of Corporate Governance and is pleased to report and certify that:

- ☆ The Bank is a subsidiary of SAMBA Financial Group of Saudi Arabia, which holds 84.51% shares of the Bank as at December 31, 2020 (2019: 84.51%);
- ☆ Vision and Mission statement monitoring the effectiveness of the company's governance practices and overall corporate strategy for the Bank is prepared, adopted and reviewed as and when deemed appropriate by the Board;
- ☆ A formal code of conduct is in place that promotes ethical culture in the Bank and prevents conflict of interest in their capacity as member of the Board, senior management and other employees. The Board takes appropriate steps to disseminate code of conduct throughout the Bank along with supporting policies and procedures;
- ☆ Adequate systems and controls are in place for identification and redressal of grievances arising from unethical practices;
- ☆ Proper books of account of the Bank have been maintained;
- ☆ The financial statements prepared by the management of the Bank fairly present its state of affairs, result of its operations, comprehensive income, cash flows, and changes in equity;
- ☆ Appropriate accounting policies have been consistently applied in the preparation of financial statements. Accounting estimates are based on reasonable and prudent judgment;
- ☆ International Financial Reporting Standards, as applicable in Pakistan and adopted by the State Bank of Pakistan, have been followed in preparation of the Bank's financial statements, and departures, if any, have been adequately disclosed;
- ☆ The system of internal controls is sound in design and has been effectively implemented and monitored on best efforts basis;
- ☆ There are no doubts about the Bank's ability to continue as a going concern;

- ☆ There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations;
- ☆ A summary of key operating & financial data for last 6 years is included in Annual Report;
- ☆ A statement showing the Bank's shareholding pattern as of December 31, 2020 is annexed;
- ☆ The book value of investments of Staff Provident Fund is PKR 251 mln as per the audited financial statements for the year ended December 31, 2019;
- ☆ There are no statutory payments on account of taxes, duties, levies and charges which are outstanding as of December 31, 2020, except as disclosed in these financial statements;
- ☆ Statement of Compliance with Code of Corporate Governance is annexed;
- ☆ The financial statements of the Bank have been audited without qualification by auditors of the Bank, Messrs KPMG Taseer Hadi & Co., Chartered Accountants;
- ☆ The profiles of directors and their position as director in other entities is provided under a separate section in this Annual Report;
- ☆ The composition of board committees along with brief TORs of these committees is provided under a separate section in this Annual Report;
- ☆ Majority of the directors of the Bank have completed their training program as per the requirements of the Code. The Board will arrange certification for remaining directors during 2021;
- ☆ Directors Fee is paid in line with Board approved remuneration policy for Board of Directors in this regard and in accordance with the Companies Act, 2017 and the Code of Corporate Governance (CCG);
- ☆ In line with the requirements of the CCG, the Bank encourages representation of independent and non-executive directors. Currently Board of Directors of the Bank comprises of three independent directors, four non-executive directors and one executive director. The Bank had eight males and one female director on its Boards;
- ☆ The Board evaluates its performance by the overall performance of the Bank. The Directors regularly attend the Board meetings and actively participate in the proceedings. The Board ensures that the Bank adopts the best practices of corporate governance in all areas of its operations and has a robust internal control system. The Board is fully cognizant of the Bank's commitment to its sustainability strategy based on social, environmental factors and has issued appropriate policy guidelines to ensure continued performance in these areas.

Meetings of the Board

Four (4) Board meetings along with Sixteen (16) Board Sub-Committee meetings were held during the period under review. The Board granted leave of absence to the Directors who did not attend the meetings. The number of meetings held and attended by each director is:

	Board Meetings	Audit Committee Meetings	Risk Committee Meetings	Nomination & Remuneration Committee Meetings	IT Committee Meetings
Number of meetings held	4	4	5	3	4
Number of meetings attended:					
Dr. Shujaat Nadeem	4	-	-	-	3
Ms. Ranya Nashar	4	-	-	3	-
Mr. Aiman Gusti	4	4	5	-	4
Mr. Arjumand Ahmed Minai	4	4	-	-	-
Mr. Humayun Murad	4	-	5	3	-
Hafiz Mohammad Yousaf	3	3	-	3	3
Mr. Tariq Javed	4	-	-	-	4
Mr. Timour Pasha	4	-	5	-	-
Mr. Shahid Sattar	4	-	5	-	-

Share Acquisition by Directors and Executives

The Pattern of shareholding and additional information regarding pattern of shareholding is annexed separately. During the year, Dr. Shujaat Nadeem, Chairman - Board has purchased fourteen million shares of the bank and two directors namely Hafiz Muhammad Yousaf and Mr. Tariq Javed respectively have individually purchased five hundred shares (qualifying shares) of the Bank.

Statement under Revised Guidelines on Remuneration Practices

The Bank, in line with SBP's Guidelines and Disclosures on Governance and Remuneration Practices, has formulated & implemented a Remuneration Policy to specifically deal with employees who are materially responsible for risk-taking or risk-controlling activities i.e. Material Risk Takers (MRTs) and Material Risk Controllers (MRCs). The key objectives of this policy include promoting sound and effective risk management, promoting and supporting long-term performance, and attracting, retaining and motivating highly qualified employees.

The policy defines the level of key employees (MRTs & MRCs) whose goal setting, performance measurement and appraisal processes are based on a balanced scorecard approach linking financial performance evaluation with associated risks at the overall Bank level. MRT/ MRC inclusion criteria takes into account both qualitative i.e. President & CEO, Direct Reports of the President & CEO, members of critical management committees, & heads of critical functions responsible for managing business, risks and controls as well as quantitative criteria which in turn are based on Credit Risk, Market Risk, Operational Risk, Liquidity Risk & financial expenditure approval authority thresholds. The performance of all MRTs/MRCs is to be measured through the risk-adjusted balanced scorecards which include financial and non-financial/qualitative factors and which establish a correlation between risks and rewards.

Under the policy, compensation structure consists of (a) fixed remuneration i.e. compensating employees on a monthly basis in the form of gross salary, grade and role-based fixed allowances and benefits, and (b) variable remuneration i.e. performance-based remuneration paid in the form of annual bonus/periodic incentives. Level of fixed remuneration is based on the role and position of the individual employee, professional experience, seniority, education, responsibility, job complexity, local market conditions etc., whereas variable remuneration takes into account the Bank's, Group's, Business Unit's / Product's, and individual's performance for determining payout. Variable compensation to eligible employees is awarded in the form of cash.

A certain portion of the employees' variable compensation would be deferred to align employee and stakeholder interests and link it to longer-term sustainable performance. Proportion of deferment is based on categorization of the concerned MRT/MRC i.e. President & CEO, Senior Management & Other MRTs & MRCs. Deferred remuneration shall vest proportionately over a period of three years following the year of the award, and paid proportionately to the employee through yearly installments. Malus provisions provide for cancellation or reduction of the unvested compensation award due to specific crystalized risk, behavior, conduct or performance outcome. Remuneration of MRCs working in control functions such as Risk Management, Credit, Compliance, Internal Audit, Financial Control, Legal etc. is determined independently from the business units monitored by them. No guaranteed bonuses are allowed.

In accordance with the regulatory requirements, the Bank has a Board Nomination & Remuneration Committee (BNRC) comprising of non-executive directors and headed by an independent director. While the Board of Directors has the overall responsibility for reviewing, approving and monitoring implementation of the bank-wide remuneration framework, the BNRC is responsible for overall design and oversight of the compensation system of the Bank. The BNRC also approves/ recommends to the Board for approval, annual performance awards for the senior management, as required.

Corporate Social Responsibility

Corporate Social Responsibility (CSR) refers to a business practice that involves participating or taking initiatives that benefits the social ecosystem in which an organization operates. When a business operates in an environmentally, socially and economically responsible / transparent manner, it helps the organization succeed. The Bank, being aware of its responsibilities toward the society as whole has taken initiatives to contribute towards the society. A specific budget was allocated towards CSR and related activities in 2020 which was utilized in form of contribution to some of the well-deserved organizations, engaged in education, health, sports and development activities for the betterment of the Pakistani Society at large. The details of donations / contributions made during the year have been disclosed in Note 27.3 of the annexed financial statements.

Auditors

The retiring external auditors Messrs KPMG Taseer Hadi & Company, Chartered Accountants, being eligible, have offered themselves for re-appointment. The Board of Directors, on the suggestion of the Audit Committee, recommends Messrs KPMG Taseer Hadi & Company, Chartered Accountants (a member firm of KPMG International) to be appointed for the next year at a fee to be mutually agreed. The Auditors' remuneration for 2020 is disclosed in Note 27.4 of the annexed financial statements.

Events after the Balance Sheet Date

There have been no material events that occurred subsequent to the date of the Balance Sheet that require adjustments to the financial statements.

Future Outlook

Going forward, the Government has set a GDP Growth target of 2.1% in FY21. The economic direction of the country will be dictated by the challenge to achieve higher tax collection targets, controlling inflation, meeting FATF requirements, pursuing privatization program, fiscal management and government compliance with the IMF quarterly targets.

Samba Financial Group (SFG), parent entity of the Bank, has entered into a legally binding merger agreement with National Commercial Bank (NCB) of Saudi Arabia on 11 October 2020. Pursuant to the Terms of Merger Agreement, the merger will be implemented through the merger of SFG into NCB which will result in all of the assets and liabilities of SFG being transferred to NCB. On completion of merger NCB will continue to exist, whereas SFG will cease to exist as a legal entity and its shares will be cancelled and new shares in NCB will be issued to shareholders of SFG. Consequently, upon completion of the merger, the shares of Samba Bank Limited held by SFG will be transferred to the merged entity.

2021 is expected to be a promising year for the Consumer Banking segment of the Bank where the business will continue to focus on opening new branches, expanding its product range with launch of Mortgage, Digital Lending, Builder and Construction Finance and further diversification of its offering in the digital onboarding platform. The Bank would continue to take effective measures for growth, keeping its core focus on steadily building up its earning assets which will be complemented by issuance of PKR 5 billion privately placed Tier-II Term Finance Certificates.

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
February 25, 2021
Karachi

Arjumand Ahmed Minai

Director

معاشی جھلکیاں

پاکستان کی معیشت، حالیہ چند ماہ کے دوران ترقی کے سفر پر گامزن نظر آتی ہے جس کے شواہد معاشی اعداد و شمار سے منعکس ہیں جن میں تیل کی فروخت، سینٹ کی ترسیل اور گاڑیوں کی فروخت شامل ہے۔ بڑے پیمانے کی صنعت (LSM) کے اعداد و شمار بھی مجموعی پیداوار میں اضافے کے ساتھ صنعتی ترقی کی رفتار کے ساتھ ہم آہنگ ہیں۔ صنعت اور خدمات کے شعبہ جات کے بارے میں بہتر ہوتے تصورات کے ساتھ کاروباری اعتماد سازی کی فضاء میں بہتری پیدا ہوئی ہے۔ مالی سال 2021 اور اس کے بعد کے عرصے میں بھی طلب میں بتدریج اضافہ، سرمایہ کاری کی سرگرمیوں میں بڑھوتی اور زراعت اور خدمات کے شعبوں کی بحالی کے باعث معیشت میں نمو کی توقع ہے۔

مجموعی طلب میں سست روی کے باوجود، سال 2020ء کی دوسری ششماہی کے دوران سی پی آئی (CPI) سے تعین شدہ افراط زر میں 8.6 فیصد کی شرح پر بلندی کا رجحان برقرار ہے جس کے بنیادی عوامل میں منتخب اشیاء خورد و نوش کی قیمتوں اور رسد کی رکاوٹوں میں اضافے کے ساتھ ٹڈی دل کا حملہ شامل رہا۔ بیرونی اکاؤنٹ میں مسلسل بہتری کا رجحان پایا گیا جیسا کہ کرنٹ اکاؤنٹ میں سال 2020ء کی دوسری ششماہی میں تقابلی مدت کے خسارے کے برعکس سرپلس ریکارڈ ہوا۔ اسٹیٹ بینک آف پاکستان کے غیر ملکی زرمبادلہ کے ذخائر، غیر ملکی ترسیلات زر کے تاریخی حجم، 1.4 بلین امریکی ڈالر کی آئی ایم ایف کے ریپڈ فنانسنگ فیکلٹی (آر ایف ایف) (Rapid Financing Facility) کی وصولی اور جی-20 ممالک کی جانب سے قرض کی ادائیگی میں عارضی سہولت کے باعث، سال 2019 کی 11.3 بلین امریکی ڈالر کی سطح سے بہتر ہوتے ہوئے سال 2020ء کے اختتام تک 13.2 بلین امریکی ڈالر پر درج کئے گئے۔

بینک کی کارکردگی کے نتائج اور مالیاتی جائزہ

(تمام رقم ملین روپے میں)

2019	2020
1,602	2,022
502	354
1,100	1,668
414	657
686	1,012
0.68	1.00
-	0.75

کاروباری منافع

پروڈیوز (اخراجات)

منافع قبل از محصولات

محصولات (ٹیکسیشن) اخراجات

منافع بعد از محصولات

فی حصص (شیر) آمدنی (روپے)

فی حصص حتمی نقد منقسم (روپے) - تجویز شدہ

ڈائریکٹرز کی رپورٹ

بورڈ آف ڈائریکٹرز کی جانب سے ہم سال مختتم 31 دسمبر 2020ء کی سالانہ رپورٹ بشمول بڑا ہال شدہ مالیاتی گوشوارے اور آڈیٹرز کی رپورٹ، پیش کرنے میں نہایت مسرت محسوس کر رہے ہیں۔ بورڈ آف ڈائریکٹرز نے 0.75 روپے فی حصص حتمی نقد منقسم (ڈیوڈنڈ) تجویز کیا ہے جس کی منظوری آئندہ سالانہ اجلاس عام میں دی جائے گی۔ بورڈ کی جانب سے منظور شدہ کاروباری نتائج اور تخصیص مندرجہ ذیل جدول میں شامل ہے۔

2020ء مزاحمت کا سال

معمولات عامہ کے لحاظ سے 2020 ایک غیر موزوں سال ثابت ہوا۔ گزشتہ کئی برس سے یہ نظریہ زیر تشہیر رہا ہے کہ ٹیکنالوجی ہماری زندگی اور کاروباری طرز عمل میں رکاوٹ کا باعث بنے گی۔ اس حوالے سے سال 2020 یقینی طور پر رکاوٹوں سے بھرپور رہا، حالانکہ تاحال یہ کسی ٹیکنالوجی کے باعث نہیں بلکہ ایک قدرتی عمل کا شاخسانہ تھا۔ ذاتی سطح پر، کووڈ-19 نے ہمیں ایسے امور کی اہمیت کا احساس دلایا ہے جن کو ہم عمومی طور پر نظر انداز کرتے رہے، جن میں کام کے دوران اپنے رفقاء کے ساتھ رہنے، خریداری کی مصروفیت، باہر کھانے اور اپنے پیاروں کے ساتھ فرصت کی سیاحت کی اہمیت جیسے معاملات شامل ہیں۔ کارپوریٹ سطح پر، اس نے مشکلات اور رکاوٹوں کے دور کو آگے بڑھاتے ہوئے ہمیں تخلیقی سوچ، مضبوط فیصلہ سازی اور مستعدی سے اقدامات اٹھانے کا احساس بھی دلایا۔

وائرس کی ویکسین کی تیاری، تقسیم اور انتظام سے متعلق سائنسی ترقی کی رفتار کا مشاہدہ کرتے ہوئے ہم پر امید ہیں کہ کووڈ انشاء اللہ جلد ماضی کا حصہ بن جائے گا۔ ہم سب کو یاد رکھنا چاہیے کہ یہ احساس ہمدردی، شفقت اور اخلاقیات ہی کی بدولت ممکن ہوا کہ ہم اس عالمگیر وباء کے دور سے گزر سکے اور مستقبل میں ایسے کسی بھی چیلنج سے نبرد آزما ہونے کے لیے انہی تمام اقدار کو تھام کر چلنا ہوگا۔ بینک کی انتظامیہ اور بورڈ آف ڈائریکٹرز صحت عامہ کے تحفظ کے ذمہ دار پیشہ ور افراد اور اپنے بینک کے فرنٹ لائن ملازمین کے ساتھ بینکنگ کی صنعت کے کردار کو سراہتے ہیں، جو تمام تر ناموافق حالات کے باوجود اپنی ذمہ داریوں کو بھرپور لگن اور جذبے کے ساتھ پورا کرنے میں مصروف عمل رہے۔ بورڈ ان تمام پیشہ ور افراد کو بھی خراج عقیدت پیش کرتا ہے جنہوں نے ہماری خاطر اپنی جانوں کا نذرانہ دیا اور ان تمام خاندانوں کو بھی جن کے پیارے ان کا ساتھ چھوڑ گئے۔

اللہ سبحانہ و تعالیٰ کے کرم اور سرمایہ فیکل کی مضبوط لگن کی بدولت بینک تاریخی نتائج ظاہر کرنے کا اہل ہوا ہے۔ اس زیر تجزیہ سال کے دوران بینک نے گزشتہ سال کے 686 ملین روپے کی نسبت 1.01 بلین روپے کا منافع بعد از ٹیکس حاصل کیا ہے۔ منافع میں یہ اضافہ گزشتہ سال کے مقابلہ میں مارک اپ اور غیر مارک اپ آمدنیوں میں بالترتیب 5% اور 59% بڑھوتی سے منسوب ہے۔ بینک کا کاروباری منافع گزشتہ سال سے 26 فیصد کے اضافے کے ساتھ 2,022 ملین روپے رہا۔ اپنے اثاثہ جات کو کریڈٹ رسک سے محفوظ بنانے کے لیے بینک نے اپنے فعال قرضوں کے لیے 272.22 ملین روپے کے عام اخراجات (پروویژن) کا دانشمندانہ اندراج کیا ہے۔ بینک نے اپنے موزوں اور مسلسل تدارکی انتظام کا مظاہرہ کرتے ہوئے غیر فعال قرضوں کے حوالے سے 76.28 ملین روپے کی وصولی بھی کی ہے۔

سال کے دوران قرضہ جات (خالص)، سرمایہ کاری اور مالیاتی اداروں کو دیئے گئے قرض میں بالترتیب 4.28 بلین روپے (7%)، 16.61 بلین روپے (32%) اور 7.66 بلین روپے کا اضافہ ہوا ہے۔ واجبات کے حوالے سے ڈیپازٹس میں 31 دسمبر 2019 سے 9 فیصد کی نمایاں افزودگی کے ساتھ ان کا حجم 78.43 بلین روپے پر درج کیا گیا۔

دوران سال نئی پیش رفت

سایمبا بینک کی ڈیجیٹل حکمت عملی کے پیش نظر، نئے ضوابطی دائرہ کار کے تحت ڈیجیٹل کسٹمر آن بورڈنگ سروسز (Digital Customer on Boarding Services) کا آغاز کیا گیا جس کی بدولت غیر ممالک میں بسنے والے (نان ریزیڈنٹ) پاکستانیوں کو مقامی وغیر ملکی کرنسی میں روشن ڈیجیٹل اکاؤنٹ (RDA) کھولانے اور اسٹاک مارکیٹ کے ساتھ ساتھ حکومت کی جانب سے جاری کردہ کمرشل اور اسلامک این پی سی (NPC) انویسٹمنٹ سٹریٹفیکیشن میں ڈیجیٹل طریقے سے

سرمایہ کاری کی سہولت فراہم کی گئی۔ اس کے لیے آئی ٹی (IT) کے بنیادی نظام، سکیورٹی اور نئی ٹیکنالوجی میں مددگار ثابت ہونے کی صلاحیت، جیسے تمام ضروری عوامل میں اضافہ کیا گیا۔

کریڈٹ ریٹنگ

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

اندرونی انضباط (انٹرنل کنٹرول) کا بیانیہ

بورڈ اس سالانہ رپورٹ میں شامل اندرونی انضباط (انٹرنل کنٹرول) کی قدر پیمائی (جائزہ) سے متعلقہ انتظامیہ کے تجربے کی بخوشی توثیق کرتا ہے۔

خدشات کے تذراک کا نظام (رسک مینجمنٹ فریم ورک)

موثر رسک مینجمنٹ (خدشات کے تذراک کا نظام) ہمارے کاروباری مقاصد کے حصول کا ایک بنیادی جزو ہے، لہذا یہ بینک کی پالیسیوں (حکمت عملیوں) کا کلیدی مطمح نظر ہے۔ رسک مینجمنٹ کے موثر نظام کو یقینی بنانے کیلئے بورڈ آف ڈائریکٹرز اور بینک کی انتظامیہ اعلیٰ نے نہایت مستعدی اور جانفشانی کا مظاہرہ کرتے ہوئے تمام پالیسیوں، طریقہ کار اور حدود کا تعین کیا ہے۔ چنانچہ بینک کے پاس ایک جامع رسک مینجمنٹ کا نظام موجود ہے جو کہ رسک مینجمنٹ کے اصول، رہنمائی اور انتظامی اسلوب کا تعین کرتا ہے۔ اس نظام کے تحت کئی کمیٹیوں کی تشکیل کی گئی ہے، جو کہ بورڈ آف ڈائریکٹرز اور سینئر انتظامیہ کی جانب سے مختلف اقسام کے رسک (خدشات) بشمول قرض (کریڈٹ)، منڈیوں (مارکیٹ)، کارکردگی اور سیال پذیری (لیکویڈیٹی) سے متعلق خدشات کی موثر انداز میں نگرانی کرتی ہیں۔ ان معاملات کو مزید تفصیل سے، ان مالیاتی گوشواروں (اسٹیٹمنٹس) کے ساتھ منسلک نوٹ نمبر 43 میں واضح کیا گیا ہے۔

رسک مینجمنٹ کے نظام کے تحت بورڈ کی طرف سے منظور شدہ دائرہ کار میں رہتے ہوئے پورے بینک کے رسکو (خدشات) کا انتظام، رسک کے عنصر کے مطابق ڈھالے گئے گوشواروں (ریٹرنز) کے فروغ کے مقاصد کو پورا کرتے ہوئے کیا جاتا ہے۔ بینک کے رسک مینجمنٹ کا نظام آزادانہ رسک مینجمنٹ کے طے شدہ اصولوں سے مزین منظم (کارپوریٹ) نظم و نسق کو متوازن کرنے کیلئے بنایا گیا ہے۔ 2020ء کے مکمل سال کے دوران، بورڈ کی رسک کمیٹی کے تشکیل کردہ رہنمائی کے اصولوں کی بنیاد پر، مجموعی رسک مینجمنٹ کے نظم و ضبط میں بہتری اور عمدگی کیلئے کوششیں جاری رہیں۔

کوڈ آف کارپوریٹ گورننس کے تحت بیان/کارپوریٹ اور مالیاتی (فنانشل) رپورٹنگ کا نظام

بورڈ آف ڈائریکٹرز کوڈ آف کارپوریٹ گورننس کے تحت اپنی ذمہ داریوں سے مکمل آگاہ ہیں اور بخوشی بیان و تصدیق کرتے ہیں کہ:

- ☆ بینک سعودی عرب کے سامبا فنانشل گروپ کا ذیلی ادارہ ہے جو 31 دسمبر 2020ء تک بینک کے 84.51 فیصد حصص کی ملکیت رکھتا ہے (84.51 فیصد۔ 2019)
- ☆ کمپنی کے انتظامی معاملات/اقدامات کی موزونیت اور بینک کی مجموعی کارپوریٹ حکمت عملی کی نگرانی کے لیے ویٹرن اور مشن اسٹیٹمنٹس (تصور اور مقاصد کا بیانیہ) کو بورڈ کی حسب ضرورت اور صوابدید کے تحت تیار، اختیار اور ان کا تجزیہ کیا گیا ہے۔
- ☆ طرز عمل کے باضابطہ قوانین موجود ہیں جن سے بینک میں اخلاقی تہذیب و تمدن کے فروغ کے ساتھ مفادات کے ٹکراؤ سے بچا جاسکے جو بطور بورڈ کے اراکان، سینئر انتظامیہ اور دیگر ملازمین کی حیثیت سے وقوع پذیر ہو سکتے ہوں۔ بورڈ بینک میں اخلاقی تہذیب کے طرز عمل کے فروغ کے لیے متعلقہ ضابطے اور طریقہ کار کے ساتھ مناسب اقدامات جاری رکھتا ہے۔

☆ اخلاقی ضابطہ عمل سے متعلق پیدا ہونے والی کسی بھی شکایت کی نشاندہی اور اس کے ازالے کے لیے مناسب سسٹمز (نظام) اور کنٹرولز (انضباط) موجود ہیں۔

☆ بینک کی جانب سے حسابات کیلئے نہایت مناسب کھاتے بنائے گئے ہیں۔

☆ بینک کی جانب سے تیار کردہ مالیاتی گوشوارے اس کے معاملات کی واضح تصویر (معتدلاً نہ جائزہ)، اسکی کارکردگی کے نتائج، مجموعی آمدنی، نقد بہاؤ (کیش فلو) اور سرمایہ (ایکویٹی) کی تبدیلی پیش کرتے ہیں۔

☆ موزوں حساب داری کی حکمت عملیوں کو کھاتوں کی تیاری کیلئے مسلسل طور پر جاری رکھا جاتا ہے۔ حساب داری کے انداز معقول اور محتاط رائے پر استوار کئے جاتے ہیں۔

☆ بین الاقوامی حساب داری کے معیار (انٹرنیشنل اکاؤنٹنگ اسٹینڈرڈز) کے پاکستان میں اطلاق کی حد تک معاملات کو ان مالیاتی گوشواروں کی تیاری کے دوران مد نظر رکھا گیا ہے۔ تاہم ان سے معمولی صرف نظر، اگر کوئی ہو تو، اس کو نہایت وضاحت کے ساتھ بیان کیا گیا ہے۔

☆ اندرونی انضباط کا نظام اپنے خدوخال میں مضبوط اور مستحکم ہے اور نہایت خوش اسلوبی سے نافذ کیا اور جانچا جاتا ہے۔

☆ بینک اپنی کارکردگی جاری رکھنے کی صلاحیت کے حوالے سے کسی بھی شک و شبہ سے بالاتر ہے۔

☆ کارپوریٹ گورننس کے بہترین ضابطہ عمل، جیسا کہ متعلقہ قوانین میں درج ہیں، سے کوئی قابل ذکر وگردانی نہیں کی گئی۔

☆ پچھلے 6 سال کی اہم کارکردگی اور مالیاتی مواد (ڈیٹا) کا خلاصہ سالانہ رپورٹ میں شامل ہے۔

☆ 31 دسمبر 2020ء کو بینک کے حصص یافتگان کی ترتیب کے نمونے پر مشتمل گوشوارہ منسلک ہے۔

☆ بینک کے سٹاف پروویڈینٹ فنڈ کی مالیت پڑتا ل شدہ مالیاتی گوشواروں کے مطابق سال ختمہ 31 دسمبر 2019 کو 251 ملین روپے رہی۔

☆ سال ختمہ 31 دسمبر 2020 تک کوئی بھی قانونی ادائیگی، ٹیکس کی مد میں یا ڈیوٹی۔ لیوی (عائد شدہ) یا کوئی اور خرچ واجب الادا نہیں ماسوائے ان کے جن کی وضاحت مالیاتی گوشواروں میں کردی گئی ہے۔

☆ کوڈ آف کارپوریٹ گورننس کے تحت بیانیہ منسلک ہے۔

☆ بینک کے مالیاتی گوشواروں کو بینک کے آڈیٹرز میسرز کے پی ایم جی (KPMG) تاثیر ہادی اینڈ کمپنی چارٹرڈ اکاؤنٹینٹس نے بغیر کسی اعتراض کے آڈٹ کیا ہے۔

☆ ڈائریکٹرز کے پروفائلز اور دیگر اداروں میں ان کی بطور ڈائریکٹرز حیثیت کے بارے میں معلومات اس سالانہ رپورٹ کے علیحدہ سیکشن میں فراہم کی گئی ہیں۔

☆ بورڈ کی کمیٹیوں کی ترکیب اور ان کے اختیارات کے ضوابط اس سالانہ رپورٹ کے علیحدہ سیکشن میں فراہم کی گئی ہیں۔

ڈائریکٹرز اور ایگزیکٹو کے حصص کا حصول

حصص کی ملکیت کی ترتیب اور حصص کی ملکیت کی ترتیب سے متعلق اضافی معلومات علیحدہ سے منسلک ہیں۔ اس سال کے دوران، ڈاکٹر شجاعت ندیم، چیئر مین بورڈ، نے بینک کے 14 ملین حصص خریدے اور دو ڈائریکٹرز حافظ محمد یوسف اور جناب طارق جاوید نے انفرادی طور پر بالترتیب بینک کے 500 حصص (ضروری حصص) خریدے ہیں۔

نظر ثانی شدہ معاوضاتی ہدایات کے تحت بیانیہ

اسٹیٹ بینک آف پاکستان کی فراہم کردہ انتظام اور مشاہدہ کے طریقہ کار کے بارے میں رہنمائی اور اظہار کے اصولوں کی روشنی میں بینک نے ایک پالیسی ترتیب اور نافذ کی جو خاص طور پر ان ملازمین سے تعلق رکھتی ہے جو خدشات کی اختیاری یا اس کی نگرانی کے عمل کے ذمہ دار ہیں، مثلاً، میٹرل رسک ٹیکرز (MRTs) اور میٹرل رسک کنٹرولرز (MRCs)۔ اس پالیسی کے بنیادی مقاصد میں خدشات کے تدارک کے لیے موزوں اور مضبوط انتظام کا فروغ، طویل المدت کارکردگی کی حوصلہ افزائی و تعاون اور اعلیٰ قابلیت کے حامل ملازمین کی دلچسپی، کام کو جاری اور متحرک رکھنے، جیسے عوامل شامل ہیں۔

یہ پالیسی، نمایاں ملازمین کی درجہ بندی کرتی ہے جن کے اہداف کا تعین، کارکردگی کی جانچ اور ان کے کام کی بجا آوری کو پرکھنے کا طریقہ کار ایک متوازن سکور کارڈ (score card)، جس کا تعلق مالیاتی کارکردگی کے جائزے اور بینک میں مجموعی طور پر اس سے مجبوعہ خدشات کی بنیاد پر ہوتا ہے۔ MRCs / MRTs کی شمولیت کے معیار اصول میں دونوں پہلوؤں کو مد نظر رکھا جاتا ہے، معیاری پہلو میں پریذیڈنٹ اور سی ای او (CEO)، پریذیڈنٹ اور سی ای او کو براہ راست جوابدہ، ناگزیر مینجمنٹ کمیٹیوں کے ممبران اور تمام اہم شعبہ جات کے سربراہان جو کاروبار، اسکے خدشات اور ان پر قابو پانے کے لیے ضروری اقدامات کرتے ہیں شامل ہیں جبکہ اعدادی پہلو کے اصول جن میں کریڈٹ رسک، آپریشنل رسک، لیکویڈیٹی رسک اور مالیاتی اخراجات کی منظوری کا ابتدائی اختیار شامل ہے، کو مد نظر رکھا جاتا ہے۔ تمام MRCs / MRTs کی کارکردگی کی جانچ خدشات کی مطابقت کے متوازن سکور کارڈ، جس میں مالیاتی اور غیر مالیاتی / معیاری عوامل، جو خدشات اور ان کی تلافی میں ہم آہنگی قائم کرتے ہوں، کے ذریعے کی جاتی ہے۔

پالیسی کے تحت معاوضوں کی ساخت مندرجہ ذیل پر مشتمل ہے:

ا۔ معین معاوضہ - جس میں ملازمین کی ماہانہ بنیاد پر کل تنخواہ، گریڈ اور عہدہ کی بناء پر معین الاؤنس اور فوائند شامل ہیں اور

ب۔ متغیر معاوضہ - جس میں کارکردگی کی بنیاد پر سالانہ بونس / معیادی فوائند کی شکل میں معاوضوں کی ادائیگی شامل ہے۔

معین معاوضوں کی ترکیب ایک انفرادی ملازم کے کام اور عہدہ، پیسہ دارانہ قابلیت، سنیارٹی، تعلیم، ذمہ داری، کام کی پیچیدگی، داخلی مارکیٹ کے حالات وغیرہ پر منحصر ہوتی ہے، جبکہ متغیر معاوضوں میں بینک، گروپ، کاروبار / شعبہ، پراڈکٹ اور انفرادی کارکردگی کے جائزے کو ادائیگیوں کے تعین کے لیے استعمال کیا جاتا ہے۔ تمام اہل ملازمین کے متغیر معاوضوں کی ادائیگی نقد کی جاتی ہے۔

ملازمین کے متغیر معاوضوں کے ایک مخصوص حصے کو ملازمین اور دیگر اسٹیک ہولڈرز (stake holders) کے مفاد میں مؤخر کیا جائے گا جس کا تعلق انکی طویل مدت پائیدار کارکردگی سے ہو۔ مؤخر رقم کے حصے کا تعین متعلقہ MRTs اور MRCs کی درجہ بندی کی بنیاد پر ہوگا جس میں پریذیڈنٹ اور سی ای او، سینئر انتظامیہ اور دیگر MRTs اور MRCs شامل ہیں۔ مؤخر شدہ معاوضے کی ادائیگی، اعلان شدہ سال سے اگلے تین سال کی مدت میں ملازمین کو مطلوبہ تناسب میں سالانہ تسطوں میں کی جائے گی۔ مخصوص ٹھوس خدشات، رویے، چال چلن اور کارکردگی کے نتائج کے باعث غیر حاصل شدہ معاوضوں میں کمی یا ان کی منسوخی کے اقدامات کیے جاسکتے ہیں۔ ضوابطی شعبوں سے منسلک MRCs، جن میں رسک مینجمنٹ، کریڈٹ، کمپلائنس، انٹرنل آڈٹ، فنانشل کنٹرول، لیگل وغیرہ شامل ہیں، کے معاوضات کا تعین ان کے زیر نظر کاروباری شعبوں کے ذریعے کیا جاتا ہے۔ کسی بھی بونس کی یقین دہانی ممنوع ہے۔



بینک کے زیادہ تر ڈائریکٹرز نے اپنے تربیتی پروگرام قانون کے ضوابط / شرائط کے مطابق پورے کئے ہیں۔ بورڈ سال 2021ء کے دوران، باقی ماندہ ڈائریکٹرز کی ٹریننگ کے لیے انتظامات کرے گا۔



ڈائریکٹرز کی فیس کی ادائیگی بورڈ کی منظور شدہ ریمونریشن (معاوضوں) پالیسی کے تحت کی جاتی ہے جو کہ کمپنیز ایکٹ 2017 اور کوڈ آف کارپوریٹ گورننس (سی سی جی) کے مطابق تشکیل دی گئی ہے۔



سی سی جی کی مطلوبات کے مطابق بینک خود مختار اور غیر انتظامی ڈائریکٹرز کی نمائندگی کی حوصلہ افزائی کرتا ہے۔ فی الوقت بینک کا بورڈ آف ڈائریکٹرز تین خود مختار ڈائریکٹرز، چار غیر انتظامی ڈائریکٹرز اور ایک انتظامی ڈائریکٹر پر مشتمل ہے۔ بورڈ کے آٹھ ڈائریکٹر حضرات مرد جبکہ ایک ڈائریکٹر خاتون رہیں۔



بورڈ اپنی کارکردگی بینک کی مجموعی کارکردگی سے جانچتا ہے۔ ڈائریکٹرز بورڈ کے اجلاس میں باقاعدگی سے شرکت کرتے ہیں اور ان کی کارروائی میں بھرپور کردار و دلچسپی لیتے ہیں۔ بورڈ اس امر کو یقینی بناتا ہے کہ بینک اپنی کارکردگی کے تمام شعبوں میں کارپوریٹ گورننس کے بہترین معیار کو اختیار کرے اور مضبوط داخلی انضباط کے نظام کا حامل ہو۔ بورڈ معاشرتی اور ماحولیاتی عوامل کی بنیاد پر بینک کی اپنی پائیدار حکمت عملی کے بارے میں ذمہ داریوں کا مکمل ادراک رکھتا ہے اور اس بارے میں رہنما اصول بھی مرتب کرتا ہے، تاکہ ان تمام معاملات پر عہدہ برائی کے جاری عمل کو یقینی بنایا جاسکے۔

بورڈ کے اجلاس

اس زیر نظر عرصے میں بورڈ کے چار (4) اجلاس اور اس کے ساتھ بورڈ کی ذیلی کمیٹیوں کے سولہ (16) اجلاس منعقد ہوئے۔ بورڈ ان ڈائریکٹرز کو حاضری سے استثنیٰ عطا کرتا ہے جنہوں نے اجلاس میں شرکت نہیں کی۔ منعقدہ اجلاسوں کی تعداد اور ان میں ہر ڈائریکٹر کی شرکت کچھ اس طرح سے ہے:

بورڈ کے اجلاس	آڈٹ کمیٹی کے اجلاس	رسک کمیٹی کے اجلاس	ناظرنگ اور معاوضہ کمیٹی کے اجلاس	آئی ٹی کمیٹی کے اجلاس
منعقدہ اجلاس کی تعداد	4	4	5	3
اجلاس میں شرکت کی تعداد	4	4	3	4
ڈاکٹر شجاعت ندیم	-	-	-	3
محترمہ رعبہ ناشر	-	-	-	3
جناب ایمین گسٹی	4	4	5	4
جناب ارجمند احمد مینائی	4	4	-	-
جناب ہمایوں مراد	4	-	5	3
حافظ محمد یوسف	3	3	-	3
جناب طارق جاوید	4	-	-	4
جناب تیمور پاشا	4	-	5	-
جناب شاہد ستار	4	-	5	-

ضوابطی مطلوبات کے عین مطابق بینک کے پاس غیر انتظامی ڈائریکٹرز پر مشتمل ایک بورڈ نامزدگی اور معاوضہ کمیٹی (BNRC) موجود ہے جس کی سربراہی ایک خود مختار ڈائریکٹر کرتے ہیں۔ اگرچہ بورڈ آف ڈائریکٹرز پورے بینک پر محیط معاوضوں کی ادائیگیوں کے نظام کے نفاذ کے تجربے، منظوری اور نگرانی کے مجموعی طور پر ذمہ دار ہیں تاہم BNRC بینک کے معاوضوں کی ادائیگی کے مجموعی خدوخال اور نگرانی کی ذمہ دار ہے۔ علاوہ ازیں، BNRC سینئر انتظامیہ کے لیے سالانہ کارکردگی کے ایوارڈ کی بورڈ کی منظوری کے لیے تجویز کرتی ہے۔

کارپوریٹ سماجی ذمہ داری

کارپوریٹ سماجی ذمہ داری (سی ایس آر) سے مراد ایسی کاروباری سرگرمی ہے جو کہ سماجی، ماحولیاتی نظام، جس میں وہ ادارہ کام کرتا ہے، میں حصہ لینے یا اس کو فائدہ پہنچانے کیلئے کی جاتی ہے۔ جب کوئی کاروبار ماحولیاتی، سماجی اور معاشی ذمہ داری کے مطابق اور شفاف طریقے سے چلتا ہے تو یہ ادارے کی کامیابی میں مددگار ثابت ہوتا ہے۔ بینک اپنی معاشرتی ذمہ داریوں سے بخوبی آگاہی رکھتے ہوئے اس کے لئے تمام ضروری اقدامات اٹھا رہا ہے۔ سی ایس آر (CSR) اور اس کی متعلقہ سرگرمیوں کیلئے 2020ء میں بجٹ مختص کیا گیا جو صحیح معنوں میں مستحق، ایسے اداروں میں تقسیم کیا گیا ہے جو پاکستانی معاشرے کی بہتری کیلئے عمومی طور پر تعلیمی، صحت، کھیل اور سماجی ترقی سے متعلق شعبوں میں کام کرتے ہیں۔ اس سال کے دوران، اس مد میں دیئے جانے والے عطیات/شرکت کی تفصیل مالیاتی گوشواروں کے نوٹ نمبر 27.3 میں درج کی گئی ہے۔

آڈیٹرز

بینک کے بیرونی (ایکسٹرنل) آڈیٹرز میسرز کے پی ایم جی (KPMG) تاثیر ہادی اینڈ کمپنی چارٹرڈ اکاؤنٹینٹس نے اہلیت کی بناء پر اپنی دوبارہ تقرری کی پیشکش کی ہے۔ بورڈ آف ڈائریکٹرز، آڈٹ کمیٹی کی تجویز پر میسرز کے پی ایم جی (KPMG) تاثیر ہادی اینڈ کمپنی چارٹرڈ اکاؤنٹینٹس (جو کے پی ایم جی (KPMG) انٹرنیشنل کی ممبر فرم ہے) کو اگلے سال کے تقرر کیلئے تجویز کرتا ہے جس کی فیس مشاورتی طور پر طے کی جائے گی۔ سال 2020ء کے لیے آڈیٹرز کے معاوضوں کا ذکر مالیاتی گوشواروں کے ساتھ منسلک نوٹ نمبر 27.4 میں کیا گیا ہے۔

میگزانیہ (پینلس شیٹ) کی تاریخ کے بعد کے واقعات

میگزانیہ (پینلس شیٹ) کی تاریخ کے بعد کوئی ایسا قابل ذکر واقعہ رونما نہیں ہوا جس کی بدولت مالیاتی گوشواروں میں مطابقت کی ضرورت ہو۔

مستقبل کی پیش بینی

حکومت نے مالی سال 2021ء میں جی ڈی پی کی نمو کا ہدف 2.1 فیصد کی شرح پر مرکوز کیا ہے۔ ملک کی معاشی سمت کا تعین ٹیکس وصولیوں کے بڑھتے اہداف، افراط زر پر قابو، ایف اے ٹی ایف (FATF) کے مطلوبات کی تکمیل، نجکاری کے پروگرام پر عمل، مالیاتی انتظام اور حکومت کے آئی ایم ایف (IMF) کی جانب سے تعین شدہ سہ ماہی اہداف کے حصول پر منحصر ہے۔

بینک کے موثرٹی ادارے سامبا فنانشل گروپ (ایس ایف جی) نے سعودی عرب کے نیشنل کمرشل بینک (این سی بی - NCB) کے ساتھ 11 اکتوبر 2020ء کو انضمام کا قانونی معاہدہ طے کیا ہے۔ اس انضمام کے معاہدے کی شرائط کے مطابق، یہ انضمام ایس ایف جی کے این سی بی میں مدغم ہونے سے نافذ ہوگا جس کے نتیجے میں ایس ایف جی کے تمام اثاثہ جات اور واجبات این سی بی کو منتقل ہو جائیں گے۔ انضمام کی تکمیل کے ساتھ، این سی بی اپنے وجود کو جاری رکھے گا جبکہ ایس ایف جی ایک قانونی ادارے کے طور پر تحلیل ہو جائے گا اور اس کے تمام حصص کی تنسیخ کے ساتھ ایس ایف جی کے حصص یافتگان کو این سی بی کے نئے حصص کا اجراء کیا جائے گا۔ چنانچہ انضمام کے مکمل ہوتے ہی ایس ایف جی کے پاس موجود سامبا بینک لمیٹڈ کے تمام حصص ضم شدہ نئے ادارے کو منتقل ہو جائیں گے۔

سال 2021ء جہاں بینک اپنی توجہ، نئی برانچوں کے کھولنے، اپنی پراڈکٹس (مصنوعات) کی صف بندی کو مورگج (Mortgage)، ڈیجیٹل لینڈنگ (قرض کی فراہمی)، بلڈر اینڈ کنسٹرکشن (builder and construction) فنانس اور اپنے ڈیجیٹل آن بورڈنگ پلیٹ فارم (Digital on boarding platform) میں مزید تنوع کی فراہمی جیسے عوامل پر مرکوز کیے ہوئے ہے، کنزیومر (صارف) بینکنگ کے شعبہ کے لیے ایک نہایت کامیاب سال تصور کیا جا رہا ہے۔ بینک ترقی کی نئی راہوں کے تعین کے ساتھ اپنی توجہ پیداواری اثاثہ جات کی جامعیت پر مرکوز رکھے گا، جس کو 5 بلین روپے کے نجی انتظام میں حاصل کردہ ٹیر - II ٹرم فنانس سرٹیفکیٹ (Tier-II Term Finance Certificate) کے اجراء سے مزید تقویت حاصل ہوگی۔

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، سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، فیڈرل بورڈ آف ریونیو اور دیگر ضوابطی اداروں کی رہنمائی پر ان کے شکر گزار ہیں۔ اس کے علاوہ ہم اپنے بینک کے تمام ملازمین کی تہہ دل سے حوصلہ افزائی کرتے ہیں جن کی لگن، عزم اور ٹیم ورک نے بینک کو ایک کامیاب ادارے میں تبدیل کر دیا ہے۔

بورڈ آف ڈائریکٹرز کی جانب سے

شاہد ستار

پریذیڈنٹ اور چیف ایگزیکٹو آفیسر

25 فروری 2021

کراچی

ارجنہ احمد مینائی

ڈائریکٹر

Six Years' Performance Highlights

December 31	2020	2019	2018	2017	2016	2015
Rs. in Millions						
Statement of Financial Position						
Assets						
Advances - gross	68,573	64,043	55,892	42,503	30,988	26,260
Investments - gross	68,199	51,510	48,139	62,936	57,272	44,828
Lending to financial institutions	9,936	2,274	9,449	5,193	5,277	2,000
Cash and balances with treasury and other banks	8,819	6,698	5,651	4,015	5,540	4,330
Fixed assets	1,939	1,897	1,065	1,113	1,290	1,269
Intangible assets	142	133	121	133	169	54
Deferred tax asset - net	365	327	701	437	410	658
Other assets - gross	4,432	5,774	4,338	4,406	4,562	3,118
Total assets - gross of provisions	162,404	132,657	125,355	120,736	105,507	82,517
Provision against advances - specific and general	(2,938)	(2,687)	(2,300)	(2,321)	(2,198)	(2,073)
Provision for diminution in the value of investments	(309)	(232)	(118)	(18)	(35)	(102)
Provision held against bad and doubtful other assets	(161)	(161)	(173)	(173)	(175)	(176)
Total assets - net of provisions	158,996	129,577	122,765	118,224	103,100	80,166
Liabilities						
Customer deposits and other accounts	78,426	71,882	65,225	54,901	50,307	38,844
Borrowings	56,197	36,114	39,781	46,201	35,847	27,326
Bills payable	3,358	783	877	687	915	492
Other liabilities	5,698	6,618	4,098	3,726	3,711	1,660
Total liabilities	143,679	115,398	109,981	105,515	90,780	68,322
Net assets						
Net assets	15,317	14,179	12,784	12,708	12,320	11,844
Share capital	10,082	10,082	10,082	10,082	10,082	10,082
Advance against proposed issue of shares	-	-	-	-	-	-
Reserves	1,032	829	692	555	408	299
Unappropriated profit / (accumulated losses)	3,748	2,939	2,389	1,843	1,252	816
(Deficit)/ surplus on revaluation of assets - net of tax	455	329	(380)	227	577	647
	15,317	14,179	12,784	12,708	12,320	11,844
Profit & Loss Account						
Mark-up / return / interest earned	13,575	12,791	7,556	7,256	5,682	5,468
Mark-up / return / interest expensed	(9,876)	(9,272)	(4,847)	(4,897)	(3,576)	(3,326)
Net mark-up / interest income	3,699	3,519	2,708	2,359	2,106	2,143
Fee, commission, brokerage and Income						
from dealing in foreign currencies	809	764	508	349	317	201
Dividend income and (loss) / gain on sales of securities - net	523	83	258	139	739	507
Other income and unrealised (loss) / gain on revaluation of investments	10	(0)	5	227	23	98
Non mark-up / interest income	1,341	846	772	715	1,079	805
Revenue	5,040	4,365	3,480	3,074	3,185	2,948
Non mark-up / interest expenses	(3,018)	(2,763)	(2,302)	(2,042)	(1,993)	(2,111)
(Charge) / reversal / recovery of provision / against write-offs	(354)	(502)	(68)	(101)	(265)	(22)
Profit / (Loss) before taxation	1,668	1,100	1,110	931	926	815
Taxation	(657)	(414)	(427)	(192)	(382)	(385)
Profit / (Loss) after taxation	1,012	686	683	739	545	431
Other Information						
Return on equity (RoE)	6.6%	5.2%	5.4%	5.9%	4.4%	3.7%
Return on assets (RoA)	0.7%	0.6%	0.6%	0.6%	0.6%	0.6%
Profit before tax to revenue ratio	33.1%	25.2%	31.9%	30.3%	29.1%	27.7%
Advances to deposits ratio (ADR)	83.7%	85.4%	82.2%	73.2%	57.2%	62.3%
Efficiency ratio (cost to revenue)	59.9%	63.3%	66.2%	66.5%	62.6%	71.6%
Earning Per Share (EPS)	1.00	0.68	0.68	0.73	0.54	0.43
Market value per share - rupees	7.50	8.00	8.04	6.96	7.26	6.00
Number of employees	939	905	837	747	680	657
Number of branches	40	40	37	37	37	34

Statement of Internal Controls

Management is responsible for establishing and maintaining adequate controls for providing reasonable assurance on effective and efficient operations, internal financial controls and compliance with laws and regulations. Furthermore, the development of internal control systems is an ongoing process and these controls are embedded in respective departmental Policies and Procedures. Internal controls are designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and can only provide reasonable, and not absolute, assurance against material misstatement or loss.

The responsibility for adherence to controls mainly lies with the business from where the risk arises. For monitoring the effectiveness of internal control systems, the Board of Directors has formed various sub-committees for continuous oversight over the controls environment of the Bank. Further, the Bank has set roles, in its Internal Controls Policy, for certain functions such as Audit & Risk Review (ARR), Compliance, Operations Risk Management Department (ORMD) and Finance. ARR periodically carries out audits of branches and departments to monitor compliance with the Bank's control and processing standards and regulatory requirements. Likewise, the Compliance department assists the senior management in managing effectively the regulatory compliance and Money Laundering & Terrorist Financing risks faced by the Bank. Also, the ORMD function within the Risk Management Group carries out quality assurance reviews of processes and transactions of branch banking operations, to monitor compliance of procedures and policies. Risk & Controls Self-Assessment (RCSA) regime has been implemented throughout the Bank, whereby each business / function, under the guidance of their Group Head, ORMD, and Compliance, undertakes a quarterly self-testing exercise to test the effectiveness of their operational and regulatory risks controls. To institutionalize a robust operational risk management culture, Key Risk Indicators (KRIs) for each function have been identified along with tolerance limits. The Internal Control - ICFR Unit under Finance assists the management in formulating an effective ICFR system, in line with the applicable regulations and its regular monitoring. An accountability process is in place to ensure the effectiveness of the overall control environment. Further, the management gives due consideration to recommendations made by internal and external auditors and regulators, especially for improvements in internal control systems and processes, and takes timely action to implement their recommendations.

To implement Internal Control Guidelines, as required by the State Bank of Pakistan, ARR reviewed the detailed exercise of documenting and benchmarking existing internal processes and controls, relating to financial reporting on the basis of international standards. This project assists in further improving internal controls across the Bank and ensures compliance with the SBP requirements. The Bank has taken corrective action to timely implement the improvements identified during the previous ICFR Assessments and will follow a formal action plan to timely address any deficiencies identified in the ongoing assessments. As per the SBP roadmap, the Bank has completed all stages and is in compliance with SBP instructions and obtained exemption from the State Bank of Pakistan for submission of Long Form Report (LFR) certified by external auditors. Bank has made efforts to comply with the prerequisites of ICFR through submission of Annual Assessment Report of ICFR for the year 2019 to the SBP after sign off from the Board's Audit Committee whereas the assessment for 2020 is being carried out and will be submitted to the SBP within the regulatory timelines.

The management considers the existing internal controls system of the Bank, including ICFR, to be adequate, with appropriate implementation and regular monitoring, however, room for improvement exists.

The Board of Directors is ultimately responsible for the internal control system of the Bank and endorses the above evaluation of Internal Controls system by management, in the Directors' Report.

Shahid Sattar
President & Chief Executive Officer
February 25, 2021
Karachi

Complaint Handling Mechanism

Customer service is always at the heart of our business with an expectation that the customer feels valued and respected whenever he comes to our branch or interacts with one of our offices for banking with Samba Bank Limited. At Samba Bank, we are focused on delivering world class service with innovation and quality to our customers. Our roots are firmly established in traditional values but always been attuned to the future.

For our aim to deliver seamless service, SambaCare’s dedicated complaint management team handles complaints from multiple channels and ensures their timely closures regardless of the nature of the complaint whilst ensuring that the customer feels satisfied with our provided solutions.

Roshan Digital Account is a major initiative of State Bank of Pakistan introduced in 2020, where Samba Bank in collaboration with other commercial banks operating in Pakistan provided an innovative banking solutions for millions of Non Resident Pakistanis (NRPs) seeking to undertake banking, payment and investment activities in Pakistan. In addition to Roshan Digital Account, Samba Bank launched investments products which included the Naya Pakistan Certificates (NPCs) and Stock Exchange Investment options.

As important as the product is to the national economic cause, the NRPs, who are considered as one of the strongest pillars of the economy, deserves our unparalleled attention so that their trust on not only this product remains intact but more so for the reason that they are outside Pakistan, requires that when they bank with their preferred bank, they always feel digitally welcomed.

During the year, the world has been faced with the gravest challenges caused by the unprecedented COVID-19 pandemic, where the country was put into lockdown as part of precautionary measures. Despite the situation, it has been our endeavor to ensure that the customer service, across all channels, remain unaffected and that our valued client gets un-interrupted service interface.

In the year 2020, Samba Bank received 2917 complaints where the average complaint resolution time was 3 working days. Moreover, 99.8% of the complaints were resolved within the timeline set by the regulator.

Independent Auditors’ Review Report to the Members on the Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Samba Bank Limited (“the Bank”) for the year ended 31 December 2020, in accordance with the requirements of regulation 36 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 require 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. 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.”

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 requirements contained in the Regulations as applicable to the Bank for the year ended 31 December 2020.

Further we would like to highlight below instance of non-compliance with the requirements of the Regulations as reflected in the paragraph reference where it is stated in the Statement of Compliance:

Paragraph Reference	Description
19	The director’s training was not arranged for the newly appointed directors within one year of their appointment.

Lahore
Date: 08 March 2021

KPMG Taseer Hadi & Co.
Chartered Accountants

Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019

Samba Bank Limited ("the Bank") has complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 ("the Regulations") in the following manner:

1. The total number of directors is 9 as per the following:
 - a. Male: 8
 - b. Female: 1

2. The composition of the Board is as follows:

Category	Names
Independent Directors	Mr. Arjumand Ahmed Minai Hafiz Mohammad Yousaf Mr. Tariq Javed
Executive Director	Mr. Shahid Sattar, President and Chief Executive Officer (CEO)
Non-Executive Directors	Dr. Shujaat Nadeem (Chairman) Mr. Aiman Gusti Mr. Humayun Murad Mr. Timour Pasha Ms. Ranya Nashar*

Resigned from the Board with effect from 31st January 2021. The casual vacancy shall be filled in due course as per prescribed regulatory requirements.

3. The Directors have confirmed that none of them is serving as a director on more than seven listed companies, including this bank.
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. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Bank.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board / shareholders as empowered by the relevant provisions of the Companies Act, 2017 ("the Act") and these Regulations.
7. All the meetings of the Board were presided over by the Chairman. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board.
8. The Board has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. Following Directors have attended Directors' Training program:
 - Dr. Shujaat Nadeem (Chairman / Non-Executive Director)
 - Ms. Ranya Nashar (Non-Executive Director) *

- Mr. Shahid Sattar, President & CEO (Executive Director)
- Hafiz Mohammad Yousaf (Independent Director)
- Mr. Arjumand Ahmed Minai (Independent Director)

Presently, five (5) directors have attained prescribed certification under the Directors' Training program. Two (2) directors namely Mr. Humayun Murad (Non-Executive Director) and Mr. Tariq Javed (Independent Director) are exempt from Director's training program as they have more than 14 years of education and 15 years of experience on the Board of listed companies

10. It is hereby confirmed that no new appointment of CFO, Head of internal audit and Company Secretary has been made during the year. However, their remuneration has been approved by the Board.
11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board.
12. The Board has formed committees comprising of members given below:

a) Board Audit Committee ("BAC")

- (i) Mr. Arjumand Ahmed Minai (Chairman & Independent Director)
- (ii) Mr. Aiman Gusti (Member & Non-Executive Director)
- (iii) Hafiz Mohammad Yousaf (Member & Independent Director)

b) Board Nomination & Remuneration Committee ("BNRC")

- (i) Hafiz Mohammad Yousaf, (Chairman & Independent Director)
- (ii) Ms. Ranya Nashar* (Member & Non-Executive Director)
- (iii) Dr. Shujaat Nadeem** (Member & Non-Executive Director)
- (iv) Mr. Humayun Murad (Member & Non-Executive Director)

*Resigned w.e.f. 31st January 2021

**Appointed w.e.f. 3rd February 2021

c) Board Risk Committee ("BRC")

- (i) Mr. Timour Pasha (Chairman & Non-Executive Director)
- (ii) Mr. Aiman Gusti (Member & Non-Executive Director)
- (iii) Mr. Humayun Murad (Member & Non-Executive Director)
- (iv) Mr. Shahid Sattar (Member & Executive Director)

d) Board IT Committee ("BITC")

- (i) Dr. Shujaat Nadeem (Chairman & Non-Executive Director)
- (ii) Mr. Aiman Gusti (Member & Non-Executive Director)
- (iii) Hafiz Mohammad Yousaf (Member & Independent Director)
- (iv) Mr. Tariq Javed (Member & Independent Director)

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings of the committees were as per following:
 - a) Audit Committee: 4 meetings were held during the financial year ended December 31, 2020.
 - b) Board Nomination & Remuneration Committee: 3 meetings were held during the financial year ended December 31, 2020.
 - c) Board Risk Committee: 5 meetings were held during the financial year ended December 31, 2020.

- d) Board IT Committee: 4 meeting was held during the financial year ended December 31, 2020.
15. The Board has set up an effective internal audit function which is considered suitably qualified and experienced for the purpose and is 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 and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Directors of the Bank.
 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 requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.
 19. Explanation for non-compliance with requirements, other than regulations 3,6,7,8,27,32,33 and 36 is below: The prescribed certification under Directors' Training program for two directors namely, Mr. Aiman Gusti and Mr. Timour Pasha could not be arranged during 2020 owing to COVID-19 (Corona virus) pandemic situation and prevalent lockdown conditions. However, the same shall be arranged in the current financial year.

Mr. SHAHID SATTAR
President & CEO

DR. SHUJAAT NADEEM
Chairman

February 25, 2021

Notice of the 18th (Eighteenth) Annual General Meeting

Notice is hereby given that the 18th (Eighteenth) Annual General Meeting of Samba Bank Limited (the "Bank") will be held on Monday, March 29, 2021 at 12.00 noon ("PST") through Zoom video conferencing. However, as per directives issued by the Securities & Exchange Commission of Pakistan vide its Circular No. 4 of 2021, dated February 15, 2021, any member who intends to participate physically in the meeting may participate at the Bank's Registered Office situated at 2nd Floor, Building # 13-T, F-7 Markaz, Near Post Mall, Islamabad - Pakistan to transact the following businesses:

Ordinary Business

1. To confirm the minutes of the 17th Annual General Meeting held on April 21, 2020.
2. To receive, consider and adopt the Annual Audited Accounts of the Bank for the year ended December 31, 2020 together with the Reports of the Directors and Auditors thereon.
3. To appoint Auditors for a term ending at the conclusion of the next Annual General Meeting. The retiring Auditors, M/s KPMG & Taseer Hadi & Co., Chartered Accountants, being eligible, have offered themselves for reappointment.
4. To approve, as recommended by the Board of Directors, payment of final cash dividend for the year ended December 31, 2020 at the rate of Rs. 0.75 per share i. e. 7.50%.

Special Business

5. To consider and, if thought fit, to pass with or without modification(s), the following Special Resolution for approval of the Remuneration Policy for Board of Directors ("BoD") of Samba Bank Limited ("SBL"), as per the requirements of Regulation G-I of Prudential Regulations for Corporate/Commercial Banking (as amended through BPRD Circular No.03 of 2019 dated August 17, 2019) which further requires that the remuneration policy for the Directors should be approved by the shareholders of the Bank on pre or post facto basis in the Annual General Meeting.

"RESOLVED THAT the Remuneration Policy for Board of Directors ("BoD") of Samba Bank Limited ("SBL") be and is hereby approved, as presented".

6. To consider and, if deemed fit, to pass with or without modification(s), the following Resolution for ratification of issuance of Tier 2 Term Finance Certificates ("TFC") of up to PKR 5,000,000,000/- (Pak Rupees Five Billion) by SBL
- "RESOLVED THAT the issuance of Term Finance Certificates by Samba Bank Limited ("SBL") be and is hereby approved, as presented, for the purposes of SBL's capital adequacy".

7. To consider and approve and, if deemed fit, to pass with or without modification(s), the Resolution for conversion of Term Finance Certificates of the Bank in the amount of PKR 5,000,000,000/- (Pak Rupees Five Billion) into ordinary shares of the Bank upon occurrence of a conversion event if so required by the State Bank.

Therefore, for the purpose of the above, the Board of Directors has recommended that members may pass the following resolution as a Special Resolution:

"RESOLVED THAT the Term Finance Certificates ("TFCs") of Samba Bank Limited in the amount of upto PKR 5,000,000,000/- (Pak Rupees Five Billion) issued for the purpose of Tier 2 Capital under Basel III Capital Instructions of the State Bank of Pakistan ("SBP"), may be converted into ordinary shares of the Bank subject to a maximum of 329,036,995 (Three hundred and twenty nine million thirty six thousand nine hundred and ninety five only) additional ordinary shares being issued upon such conversion, if so directed by the SBP on the occurrence of a point of non-viability as determined by the SBP, at a price equivalent to the market value of the shares of the Bank on the date of trigger of the point of non-viability as declared by the SBP, in accordance with the applicable rules and regulations of the SBP, and all such ordinary shares shall be issued other than by way of rights in accordance with Section 83(1)(b) of the Companies Act, 2017 and shall further be subject to the approval of Securities and Exchange Commission of Pakistan in accordance with Section 83(1)(b) of the Companies Act, 2017".

"FURTHER RESOLVED THAT the Board of Directors of the Bank ("the Board") or such officer or officers of the Bank as may be authorized by the Board, be and are hereby authorized to take all steps necessary, ancillary, and incidental to the above-mentioned conversion, as and when required, and are further authorized to sign, execute, and deliver all necessary documents, agreements, and letters on behalf of the Bank, as may be deemed appropriate and as may be required for the purposes above-mentioned".

Any Other Business

To consider any other business with the permission of the Chair.

For Item Nos. 5, 6 & 7, the information as required under Section 134(3) of the Companies Act, 2017 is annexed.

By the Order of the Board

March 8, 2021
Karachi

Zia-ul-Husnain Shamsi
Company Secretary

Notes:

- 1. Share Transfer Books of the Bank will remain closed from 22-03-2021 to 29-03-2021 (both days inclusive). Transfer received in order at Bank's Registrar, M/s. Famco Associates (Pvt.) Ltd., 8-F, next to Hotel Faran, Nursery, Block-6, P.E.C.H.S, Shakra-e-Faisal, Karachi, upto close of business on 19-03-2021 will be considered in time to be entitled to attend and vote and for the entitlement of dividend payment.
- 2. Copies of the minutes of the Annual General Meeting dated April 21, 2020 are available for inspection by Members as required under section 152 of the Companies Act, 2017. Members who will join the meeting through video link and desirous of inspection of the minutes of the 17th AGM may send his/her request via email at zia.shamsi@samba.com.pk
- 3. Shareholders are requested to notify any change in their addresses to the Bank's Shares Registrar, M/s. Famco Associates (Pvt.) Ltd., 8-F, Next to Hotel Faran, Nursery, Block-6, P.E.C.H.S, Shakra-e-Faisal, Karachi, immediately. Shareholders holding shares in electronic form with CDC must notify change of address to their participants or CDC Investor Account Services with whom their shares are placed.
- 4. A member entitled to attend and vote at the Annual General Meeting may appoint another member as his/her proxy to attend and vote for him/her provided that a corporation may appoint as its proxy a person who is not a member but is duly authorized by the corporation. Proxies must be received at the Registered Office of the Bank not less than 48 hours before the time of the holding of the Annual General Meeting.

A. Requirements for Attending the Annual General Meeting through Zoom, Video Conferencing:

The entitled shareholders whose names appear in the Books of the Bank by the close of business on March 19, 2021 and who are interested to attend AGM through online platform are hereby requested to register themselves with the Company Secretary Office by providing the following information at the earliest but not later than 48 hours before the time of AGM through Email agm@samba.com.pk with the following particulars:

Name of Shareholder	CNIC number	CDC Account No./Folio No.	Cell Number	Email Address

Bank will send the login details / password vide email addresses of the members who are registered, after the necessary verification, on the AGM day, shareholders will be able to login and participate in the AGM proceedings through their smartphones/laptop/tablet or computer devices from any convenient location. The login facility will be opened 30 minutes before the meeting time to enable the participants to join the meeting. Please note that only those shareholders, who have already registered themselves through the above process, will be able to participate in the meeting.

The members can also send their comments/suggestions related to the agenda of the Annual General Meeting (AGM) through email at zia.shamsi@samba.com.pk or WhatsApp at +92(307)3278728.

B. Requirements for Attending the Annual General Meeting:

- (i) In the case of individuals, the account holder or sub-account holder whose registration details are uploaded as per the Central Depository Company of Pakistan Limited ("CDC") 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 Annual General Meeting.
- (ii) CDC account holders will be required to follow the under mentioned guidelines as laid down in Circular No. 01 dated January 26, 2000, of the Securities and Exchange Commission of Pakistan for attending the meeting.
- (iii) In the case of a corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced at the time of the Annual General Meeting (unless it has been provided earlier), to the Bank along with the proxy form.

C. Requirements for Appointing Proxies:

- (i) In the case of individuals, the account holder or sub-account holder whose registration details are uploaded as per the Central Depository Company of Pakistan Limited Regulations, shall submit the proxy form as per the above requirement.
- (ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- (iii) Attested copies of the 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 original passport at the time of the Annual General Meeting.

D. Circulation of Annual Audited Accounts via Email/CD/USB/DVD or Any Other Media:

Pursuant to the directions given by the Securities and Exchange Commission of Pakistan ("SECP") through its SRO 787(1)/2014, dated September 8, 2014 and SRO 470(1)/2016 dated May 31, 2016, that have allowed the companies to circulate its Annual Audited Accounts (i.e. Annual Balance Sheet and Profit and Loss Accounts, Statements of Comprehensive Income, Cash Flow Statement, Notes to the Financial, Statements Auditor's and Director's Report) to its members through CD / DVD / USB / or any other Electronic Media at their registered Addresses.

Shareholders who wish to receive the hardcopy of Financial Statements shall have to fill the standard request form (also available on the company's website www.samba.com.pk) and send us to the Company address.

E. Submission of CNIC (mandatory):

- I. Shareholders who have not yet submitted a copy of their valid CNIC or valid Passport to the Bank, are once again reminded to send the same latest by March 19, 2021. The CNIC number / NTN details is mandatory and is also required for checking the tax status as per the Active Taxpayers List (ATL) issued by the Federal Board of Revenue (FBR) from time to time.
- II. Individual Shareholders (including all joint holders) holding physical share certificates of the Bank are therefore requested to submit a copy of their valid CNIC to the Bank or its Share Registrar if not already provided. The shareholders while sending CNIC must quote their respective folio numbers.
- III. In cases of non-receipt of the copy of a valid CNIC, the Bank will be constrained under Section 243 (3) of the Companies Act, 2017 ("the Companies Act") to withhold dividend of such shareholders.

F. Change of address and/or email address:

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 writing, whereas CDC account holders are requested to update their addresses with their CDC Participant/COC Investor Account Services.

G. PAYMENT OF CASH DIVIDEND ELECTRONICALLY - PROVISION OF IBAN, Mandatory:

It is mandatory for a listed company to pay cash dividend to its shareholders only through electronic mode by making direct remittance into their respective bank accounts designated by the entitled shareholder(s) ("the Bank Account"), whose title must commence with the principal shareholder's name. Therefore, the Company will be remitting the dividend proceeds directly into the Bank Accounts of its Shareholders, instead of issuing physical Dividend Warrants. In order to receive dividends directly into their Bank Accounts, Members holding shares in physical form are requested to submit their International Bank Account Number (IBAN) using the "Electronic Credit Mandate Form", available on Bank's website i.e. www.samba.com.pk/samba/overviews/notices. Please, fill and send the completed Form along with a copy of a valid CNIC to the Share Registrar of the Company at info.shares@famco.com.pk latest by 19th March 2021. Shareholders who hold shares in CDC accounts should provide their mandate to their respective participant or CDC Investor Account Services.

H. Withholding Tax on dividends:

Shareholders are informed that under section 150 of the Income Tax Ordinance, 2001 ("the Ordinance"), different tax rates are prescribed for deduction of income tax on amounts of dividend payments by companies. The current tax rates for resident shareholders are as under:

- (a) 15% for persons appearing in active taxpayers' list (ATL) for income tax returns, and
- (b) 30% for persons not appearing ATL for income tax returns.

Those shareholders, whose names are not entered into the ATL provided on the website of Federal Board of Revenue (FBR), despite the fact that they are filers, are advised to make sure that their names along with their valid CNICs/NTNs are entered into ATL before the first day of book closure enabling the Bank to make tax deduction on the amount of cash dividend @ 15% instead of 30%.

The corporate shareholders having CDC accounts are requested to provide their National Tax Numbers (NTNs) to their respective CDC Participants/COC Account Services, whereas corporate shareholders having shares in physical form should send a copy of their NTN certificate to the Bank's Share Registrar.

As per FBR's clarification letters C.No. 1(29) WHT/2006 dated June 30, 2010 and C.No.1(43) DG(WHT)/2008-Vol-II.664 17-R dated May 12, 2015, a valid Exemption Certificate under Section 159 of the Ordinance is mandatory to claim exemption of withholding tax under Clause 47(B) of Part-IV of Second Schedule to the Ordinance. Such shareholders who have valid tax exemption certificate or reduced rate certificate issued by FBR must provide the certificate to the Bank before payment of dividend to claim exemption / application of reduced rate from deduction of tax, otherwise tax deduction will be made on dividend amount as per rates prescribed in section 150 of the Ordinance.

I. Tax in case of Joint Shareholders:

The Federal Board of Revenue has clarified that where the shares are held in joint accounts/names, each account/joint holder will be treated individually as either a filer or a non-filer and tax will be deducted according to his/her shareholding proportion. If the share proportion (of joint holders) is not determined, then each account/joint holder will be assumed to hold equal proportion of shares and the tax deduction will be made accordingly.

In view of the above, shareholders are requested to provide shareholding proportion of each joint shareholder(s) to the Bank's Share Registrar latest by 19th March 2021 in the following manner:

Company Name	Folio / CDS Account No.	Total Shares	Principal Shareholder		Joint Shareholder	
			Name & CNIC No.	Shareholding proportion No. of shares	Name & CNIC No.	Shareholding proportion No. of shares

J. ZAKAT DEDUCTION: To claim exemption from compulsory deduction of Zakat, shareholders are requested to submit a notarised copy of their Zakat Declaration Form “CZ-50” on NJSP of Rs. 50/- to the Share Registrar.

K. E-VOTING: Members can exercise their right to demand a poll subject to meeting requirements under Sections 143-145 of Companies Act and applicable clauses of Companies (Postal Ballot) Regulations 2018.

L. UNCLAIMED DIVIDEND / SHARES U/S 244 OF THE COMPANIES ACT, 2017:

An updated list for unclaimed dividend / shares of the Company, which have remained unclaimed or unpaid for a period of three years from the date these have become due and payable, is available on the Bank’s website www.samba.com.pk/samba/overviews/notices.

Claims can be lodged by shareholders on Claim Form as is available on the Bank’s website. Claim Forms must be submitted to the Company’s Share Registrar for receipt of dividend/ shares.

The statement of material facts under Sections 134(3) of the Companies Act, 2017

Agenda Item 5 Directors' Remuneration Policy:

In accordance with the provisions of Regulation No. 16 of the Listed Companies (Code of Corporate Governance) Regulations, 2019 read with Regulation G-1 of the Prudential Regulations for Corporate/Commercial Banking, the Board of Directors (“BoD”) of Samba Bank Limited (“SBL”) is required to have in place a formal policy and transparent procedure for fixing the remuneration packages of individual directors for attending meeting of the Board and its committees. Further, Regulation G-1 of Prudential Regulations for Corporate/Commercial Banking (as amended through BPRD Circular No.03 of 2019 dated August 17, 2019) requires that the remuneration policy for the Directors should be approved by the shareholders of the Bank on pre or post facto basis in the Annual General Meeting.

Therefore, in order to comply with the said requirements, the Board of Directors had approved a Directors' Remuneration Policy, which is now presented to the shareholders for their approval on a post facto basis in accordance with the regulatory requirements. Those shareholders, who wish to review/inspect the proposed Directors' Remuneration Policy document, are requested to send email at zia.shamsi@samba.com.pk along with his/her computerized national identity card (CNIC) and details of folio/CDC account number.

As the Remuneration Policy pertains to the Directors of the Bank, therefore, the Directors of the Bank are interested in the above Special Business and will be abstained from this business.

Agenda Item 6 Issuance of Term Finance Certificates:

In order to contribute towards its Tier 2 capital, SBL has issued Term Finance Certificates (“TFCs”) of upto PKR 5,000,000,000/- (Pak Rupees Five Billion) as an instrument of redeemable capital under Section 66(1) of the Companies Act, 2017 and as outlined by the State Bank of Pakistan (“SBP”) under BRPD Circular No. 6 dated August 15, 2013 (as amended from time to time) read with all relevant rules, regulations, circulars and approvals of SBP. The fund so raised through the TFCs will be for capital adequacy purposes and shall be utilized in the business operations as permitted by the Memorandum & Articles of Association of the Bank.

Therefore, for the purpose of the above, the Board of Directors has recommended that members may pass the resolution as mentioned hereinabove.

Agenda Item 7 Conversion of Term Finance Certificates:

In order to contribute towards its Tier 2 Capital, Samba Bank Limited has issued redeemable capital in the form of Term Finance Certificates (“TFCs”) in the amount of PKR 5,000,000,000/- (Pak Rupees Five Billion), in accordance with the Basel III Capital Instructions issued by the State Bank of Pakistan (“SBP”) vide BPRD Circular No. 6 dated August 15, 2013.

Pursuant to the Basel III Capital Instructions, if SBP determines that a Point of Non-Viability (“PONV”) has occurred, it may direct the bank to convert its Tier 2 Capital instruments (or any part thereof), including TFCs, into ordinary shares of the bank at such time to times and for such consideration and on such terms and conditions as may be determined by the SBP, under and pursuant to and in accordance with the Basel III Capital Instructions and any other instructions issued by the SBP.

Additional information required as per applicable laws and regulations is as follows.

Name of the persons to whom shares will be issued	The shares will be issued to the TFC Holders (at occurrence of PONV).
Price at which the proposed shares will be issued	At a price equivalent to market value of the shares of the Bank on the date of trigger of PONV as declared by SBP.
Purpose of the issue, utilization of the proceeds of the issue and benefits to the Bank and its shareholders with necessary details	To convert the outstanding TFC amount (in whole or part) into shares of the Bank.
Existing shareholding of the persons to whom the proposed shares will be issued	Not Applicable
Total shareholding of the persons after the proposed	Not Applicable
Whether the persons have provided written consent for purchase of such shares	The terms of the TFC Issuance Agreement for the TFC issue contain the details regarding such conversion.
Justification as to why proposed shares are to be issued otherwise than rights and not as rights shares	This is in accordance with the requirements of SBP vide its Circular No. 6 of Banking Policy and Regulation Department (“BPRD”) dated August 15, 2013.
Justification, with details of the latest available market price and break-up value per share, if such price differs from par value	Not Applicable
Details of the average market price during the last 3 (three) months and 6 (six) months preceding the Board announcement as well as the latest available market price	Not Applicable

The ordinary shares issued will rank pari passu in all respects with the existing shares of the Bank.

The Directors of the Bank have no direct or indirect interest in the above-mentioned resolutions except in their capacity as shareholders of the Bank to the extent of their respective shareholding.

اطلاع برائے اٹھارہواں سالانہ اجلاس عام

نوٹس ہذا کے ذریعے آگاہ کیا جاتا ہے کہ سامبا بینک لمیٹڈ (بینک) کے 18 ویں سالانہ عام اجلاس کا انعقاد 29 مارچ 2021، بروز پیر بوقت 12:00 بجے دوپہر، کوزم ویڈیو کانفرنس کے ذریعے کیا جائے گا۔ تاہم، سکیورٹی اینڈ ایجنسیز کمیشن کے سرکلر نمبر 04 برائے سال 2021 کے تحت جاری شدہ ہدایات کی روشنی میں اگر کوئی معزز ممبر ذاتی طور پر اس اجلاس میں شرکت کرنا چاہے، تو وہ بینک کے رجسٹرڈ آفس بمقام سیکنڈ فلور، بلڈنگ نمبر 13، ایف-7 مرکز، نزد پوسٹ مال اسلام آباد، پاکستان تشریف لاکر مندرجہ ذیل معاملات / سفارشات میں حصہ لے سکتا ہے۔

عمومی امور

- 1۔ 21 اپریل 2020ء کو منعقد شدہ 17 ویں عام اجلاس کے منٹس کی تائید و منظوری۔
- 2۔ بینک کے سالانہ ڈیویڈنڈ کاؤنٹس بشمول ڈائریکٹرز اور ڈائریکٹرز کی رپورٹس برائے اختتام سال 31 دسمبر 2020ء کو وصول، انکا تجزیہ اور ان کی منظوری دی جائے۔
- 3۔ آئندہ سالانہ عام اجلاس کے خاتمے تک کی مدت کے لیے ڈائریکٹرز کا تقرر۔ ریٹائرنگ ڈائریکٹرز کے پی ایم جی (KPMG) تاخیر ہادی اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس نے اہلیت کی بنیاد پر اپنے دوبارہ تقرر کی پیش کش کی ہے۔
- 4۔ بورڈ آف ڈائریکٹرز کی جانب سے تجویز کردہ 31 دسمبر 2020ء کو اختتام پذیر سال کے لیے 0.75 روپے فی شیئر (7.50%) کے حتمی کیش ڈیویڈنڈ کی منظوری۔

خصوصی امور

- 5۔ کارپوریٹ / کمرشل بینکنگ کے پروڈیشنل ریگولیشن جی۔1 (جیسا کہ بی پی آر ڈی سرکلر نمبر 3 برائے سال 2019ء مورخہ 17 اگست 2019 میں کی گئی ترمیم کے تحت) جس میں مزید مطالبہ کیا گیا ہے کہ معاوضوں کی پالیسی (ریویژنیشن) کو بینک کے بورڈ آف ڈائریکٹرز سالانہ عام اجلاس میں پری یا پوسٹ فیکٹو (Pre- Post Facto) بنیاد پر، کریں گے۔ ان ہدایات کے مطابق غور اور گرموزوں ہو، تو کسی تبدیلی یا بغیر تبدیلی کے مندرجہ ذیل ریویژنیشن پالیسی برائے بورڈ آف ڈائریکٹرز کی خصوصی قرارداد کو منظوری کے لیے پیش کیا جاتا ہے۔
- "طے کیا گیا کہ سامبا بینک لمیٹڈ کے بورڈ آف ڈائریکٹرز کے معاوضوں (ریویژنیشن) کی پالیسی، جیسی پیش کی گئی، کو منظور کیا جاتا ہے"
- 6۔ غور کرنے اور گرموزوں ہو تو کسی ترمیم یا بغیر ترمیم کے سامبا بینک لمیٹڈ (5 ارب روپے) کے ٹیر (Tier) II اثرم فنانس سرٹیفکیٹس کے اجراء کی مندرجہ ذیل قرارداد کی توثیق کی جاتی ہے۔
- "طے کیا گیا ہے کہ سامبا بینک لمیٹڈ (SBL) کی جانب سے اپنے سرمائے میں معقولیت پیدا کرنے کی غرض سے، ٹرم فنانسنگ سرٹیفکیٹس کے اجراء، جیسے پیش کیا گیا ہے، کو منظور کیا جاتا ہے۔"
- 7۔ اگر اسٹیٹ بینک آف پاکستان کی طرف سے کنورژن ایونٹ کے وقوع پر ضروری ہوا تو (5,000,000,000) پاکستانی پانچ بلین روپے کی رقم بینک کے ٹرم فنانس سرٹیفکیٹس کو بینک کے عام حصص میں تبدیل کرنے کیلئے مندرجہ ذیل قرارداد پر غور و خوض اور اگر بہتر خیال کیا گیا تو ترمیم کے ساتھ یا اس کے بغیر پاس کرنا۔ لہذا مزکورہ بالا مقصد کے لیے، بورڈ آف ڈائریکٹرز نے سفارش کی ہے کہ ممبران درج ذیل قرارداد کو خصوصی قرارداد کی حیثیت سے منظور کریں۔

"طے کیا جاتا ہے کہ اسٹیٹ بینک آف پاکستان کی پسیل - III سرمائے کی ہدایات کے تحت ٹینر - II کے سرمائے میں شمولیت کی غرض سے جاری شدہ سامبا بینک لمیٹڈ کے 5,000,000,000 روپے (5 بلین روپے) کے ٹرم فنانس سرٹیفکیٹس کو بینک کے عام شیئرز میں تبدیل کیا جاسکے جس کی اجراء کے وقت زیادہ سے زیادہ حد 329,036,995 (تین سو انتیس بلین پچھتیس ہزار نو سو پچانوے) اضافی عام شیئرز ہو سکیں گی۔ اگر ایسا کرنے کی ہدایت اسٹیٹ بینک آف پاکستان کی جانب سے کسی عدم استحکام کے وقت کے ظہور پذیر ہونے پر، جس کو اسٹیٹ بینک آف پاکستان خود طے کرے، کی جائے۔ اس اجراء کی قیمت اسٹیٹ بینک آف پاکستان کی اپنی جاری شدہ ہدایات اور ضوابط کے تحت بینک کے شیئرز کی اس تاریخ کی مارکیٹ ویلیو کے مطابق ہوگی جس دن اسٹیٹ بینک آف پاکستان کی طرف تعین شدہ سے عدم استحکام کے وقت کا آغاز ہو۔ اور ایسے تمام شیئرز کا اجراء (ماسوائے رائٹس کے) کمپنیز ایکٹ 2017 کے سیکشن (3) (1) 83 کے تحت اجازت کے تابع ہوگا۔"

"مزید یہ طے کیا جاتا ہے کہ بینک کے بورڈ آف ڈائریکٹرز (بورڈ) یا بینک کے ایسے آفیسر یا آفیسرز جن کو بورڈ نے مجاز کیا ہو۔ ان کو اس امر کا اختیار دیا جاتا ہے کہ وہ ایسے تمام اقدامات جو ضروری ہوں، اس سے جڑے ہوئے ہوں اور مندرجہ بالا منتقلی کے لیے ناگزیر ہوں، جیسا اور جب ضرورت ہو، اٹھاسکیں گے اور ان کو مزید مجاز کیا جاتا ہے کہ وہ تمام ضروری دستاویزات، معاہدوں اور خطوط، جیسا وہ ضروری سمجھیں، پر دستخط، انکوائریز، کیوٹ اور ان کی ترسیل کر سکیں جن کو وہ مندرجہ بالا مقاصد کے حصول کے لیے ضروری تصور کریں۔"

دیگر امور

چیئر مین کی منظوری سے دیگر کسی بھی امور کو زیر غور لاسکیں۔

مندرجہ بالا آئٹم نمبر 5، 6 اور 7 کے بارے میں معلومات، جیسا کہ کمپنیز ایکٹ 2017 کے سیکشن (3) 134 میں درج ہیں، ساتھ منسلک کی گئی ہیں۔

بجلم بورڈ

ضباء الحسنین سٹی
کمپنی سیکرٹری

8 مارچ 2021ء، کراچی

نوٹس

- 1۔ بینک کی شیئر ٹرانسفر بکس 22 مارچ 2021ء سے 29 مارچ 2021ء تک (بشمول دونوں ایام) بند رہیں گی۔ جو ٹرانسفر آرڈر 19 مارچ 2021ء کو کام کے اختتام تک بینک کے رجسٹرڈ میسرز فیکو ایسوسی ایٹس (پرائیویٹ) لمیٹڈ کے دفتر بمقام F-8، نزد فاران ہوٹل، نرسری، بلاک-6، پی ای سی ایچ ایس، شاہراہء فیصل، کراچی میں موصول ہونگے، ان کو اجلاس میں حاضری، اور ووٹ اور ڈیویڈنڈ کی ادائیگی کے لیے بروقت اور اہل تصور کیا جائے گا۔
- 2۔ کمپنیز ایکٹ 2017ء کے سیکشن 152 کے تحت 21 اپریل 2020ء کو منعقد ہونے والے سالانہ عام اجلاس کے منٹس کی نقول ممبران کی جانچ و پڑتال کے لیے دستیاب ہوں گی۔ وہ ممبران جو اجلاس میں ویڈیو لنک کے ذریعے شرکت کریں گے اگر وہ 17 ویں اے جی ایم کی منٹس کا جائزہ لینا چاہتے ہیں تو وہ zia.shamsi@samba.com.pk پر ای میل کے ذریعے اپنی درخواست بھیج سکتے ہیں۔
- 3۔ معزز حصص یافتگان سے درخواست ہے کہ وہ اپنے ایڈریس میں ہونے والی کسی بھی تبدیلی کی بابت بینک کے شیئر رجسٹرڈ میسرز فیکو ایسوسی ایٹس (پرائیویٹ) لمیٹڈ، F-8، نزد فاران ہوٹل، نرسری، بلاک 6، پی ای سی ایچ ایس، شاہراہء فیصل، کراچی کو فوری طور پر مطلع کریں۔ ایسے حصص یافتگان جو کسی ڈی سی (CDC) کے ساتھ الیکٹرونک شیئر رکھتے ہیں وہ اپنے ایڈریس کی کوئی تبدیلی اپنے شراکت داروں یا سی ڈی سی انویسٹرا کاؤنٹ سروسز، جہاں وہ اپنے شیئر رکھتے ہیں، کے ذریعے کریں گے۔
- 4۔ ایک ممبر، جو سالانہ عام اجلاس میں حاضری اور ووٹ کا اہل ہے، وہ کسی دوسرے ممبر کو اپنا متبادل (پراکسی) بنا سکتا ہے تاکہ وہ اس کی جگہ پر اجلاس میں شرکت یا ووٹ دے سکے تاہم ایک کارپوریشن صرف کسی ایسے شخص کو اپنا پراکسی بنا سکتی ہے جو کہ پہلے سے ممبر نہ ہو بلکہ کارپوریشن کی جانب سے باقاعدہ مجاز کیا گیا ہو۔ پراکسی فارمز بینک کے رجسٹرڈ آفس میں سالانہ عام اجلاس کے شروع ہونے سے کم از کم 48 گھنٹے پہلے وصول ہونا لازمی ہیں۔

A سالانہ عام اجلاس میں زوم، ویڈیو کانفرنسنگ کے ذریعے شرکت کرنے کے قواعد:

تمام اہل شیئر ہولڈرز، جن کے نام بینک کی بکس میں 19 مارچ 2021ء کو کام کے اختتام تک، موجود ہوں اور وہ اے جی ایم (AGM) میں آن لائن پلیٹ فارم کے ذریعے شرکت کے متنبی ہوں، ان سے درخواست ہے کہ وہ کمپنی سیکرٹری آفس میں مندرجہ ذیل کوائف جلد از جلد، مگر اے جی ایم کے آغاز سے کم از کم 48 گھنٹے پہلے ای میل agm@samba.com.pk پر فراہم کر کے رجسٹر ہوں۔

شیئر ہولڈر کا نام	سی این آئی سی نمبر	سی ڈی سی اکاؤنٹ نمبر / فوئیو نمبر	سیل نمبر	ای میل ایڈریس

بینک تمام ضروری جانچ و پڑتال کے بعد، ان ممبران کو، جو رجسٹر ہوں گے، ان کی ای میل پر لاگ ان پاس ورڈ کے تفصیل ارسال کر دے گا۔ اے جی ایم کے دن شیئر ہولڈرز اپنے کسی بھی سارٹ فون، لپ ٹاپ، ٹیبلٹ یا کمپیوٹر پر، اپنی کسی بھی سہولت کی جگہ سے، لاگ ان کر سکیں گے اور اے جی ایم میں شرکت کر سکیں گے۔ لاگ ان کی یہ سہولت اجلاس شروع ہونے سے 30 منٹ پہلے کھولی جائے گی تاکہ شرکت کنندہ اجلاس میں شمولیت اختیار کر سکیں۔ براہ کرم، نوٹ فرمائیں کہ صرف وہ شیئر ہولڈرز جو مندرجہ بالا طریقہ کار کے مطابق خود کو رجسٹر کروا چکے ہوں گے، صرف وہ ہی اس اجلاس میں شرکت کے اہل ہوں گے۔

ممبر سالانہ عام اجلاس کے ایجنڈا کے بارے میں اپنی رائے اور تجاویز zia.shamsi@samba.com.pk پر ای میل کے ذریعے یا وٹس ایپ نمبر (307) 92 + 3278728 پر ارسال کر سکتے ہیں۔

B سالانہ عام اجلاس میں شرکت کے قواعد:

- (i) انفرادی حوالے سے، اکاؤنٹ ہولڈرز یا سب اکاؤنٹ ہولڈرز، جن کی رجسٹریشن کی تفصیل سینٹرل ڈیپازٹری کمپنی آف پاکستان لمیٹڈ (سی ڈی سی) ریگولیشنز کے مطابق اپ لوڈ ہیں، اپنی شناخت کو اپنے اصل کمپیوٹر یا ڈیجیٹل شناختی کارڈ (CNIC) یا اصل پاسپورٹ کے ذریعے، سالانہ عام اجلاس میں حاضری شرکت کے وقت پیش کر کے، اپنی شناخت کروائیں گے۔
- (ii) سی ڈی سی اکاؤنٹ ہولڈر کے لیے ضروری ہے کہ وہ اجلاس میں شرکت کے لیے سکیورٹیز اینڈ ایجنسیز کمیشن آف پاکستان کے سرکلر نمبر 01 بتاریخ 26 جنوری 2000ء میں درج ہدایات کی پاسداری کرے۔
- (iii) کارپوریٹ ادارہ ہونے کی صورت میں، بینک کو پراکسی (متبادل) فارم کے ساتھ بورڈ آف ڈائریکٹرز کی قرارداد، نامزد شخص کا دستخط شدہ مختار نامہ (اگر پہلے فراہم نہیں کیا گیا) سالانہ عام اجلاس کے وقت پیش کرنا ہوگا۔

C۔ پراکسیز (متبادل) مقرر کرنے کے قواعد:

- (i) انفرادی حوالے سے، اکاؤنٹ ہولڈرز یا سب اکاؤنٹ ہولڈرز، جن کی رجسٹریشن کی تفصیل سینٹرل ڈیپازٹری کمپنی آف پاکستان لمیٹڈ (سی ڈی سی) ریگولیشنز کے مطابق اپ لوڈ ہیں، وہ اپنا پراکسی فارم مندرجہ بالا قواعد کے مطابق جمع کروائیں گے۔
- (ii) پراکسی فارم پر دو افراد کی گواہی ہونی چاہیے جن کے نام پتہ اور سی این آئی سی نمبر فارم میں درج ہوں۔
- (iii) کسی بینیفیشل اونرز اور متبادل (پراکسی) کے سی این آئی سی یا پاسپورٹ کی مصدقہ نقول، پراکسی فارم کے ساتھ مہیا کی جائیں گی۔

(iv) متبادل / پر کسی اپنا اصل قومی شناختی کارڈ (سی این آئی سی) یا پاسپورٹ سالانہ عام اجلاس کے وقت پیش کرے گا۔

D۔ سالانہ آڈٹ شدہ اکاؤنٹس کی ای میل اسی ڈی ایو ایس بی اڈی وی ڈی یا کسی دیگر میڈیا کے ذریعے سرکولیشن:

سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے 2014 / (1) SRO 787 بتاریخ 8 ستمبر 2014ء اور 2016 / (1) SRO 470 مورخہ 31 مئی 2016 کے ذریعے دی گئی ہدایات کے مطابق کمپنیوں کو اپنے سالانہ آڈٹ شدہ اکاؤنٹس (مثلاً سالانہ بیننس شیٹ، نفع و نقصان کے اکاؤنٹس، مجموعی آمدنی کی اسٹیٹمنٹس، یکیش فلو اسٹیٹمنٹ، فنانشل کے نوٹس، آڈیٹرز کی اسٹیٹمنٹس اور ڈائریکٹرز کی رپورٹ) اپنے ممبران کو بذریعہ سی ڈی ایو ایس بی اڈی وی ڈی یا کسی دیگر الیکٹرانک میڈیا کے ذریعے، ان کے رجسٹرڈ پتوں پر ارسال کرنے کی اجازت ہے۔

ایسے تمام شیئر ہولڈرز، جو مالیاتی اسٹیٹمنٹس کی ہارڈ کاپی حاصل کرنے کے خواہشمند ہیں، کو ایک اسٹینڈرڈ فارم کو (جو کہ کمپنی کی ویب سائٹ www.samba.com.pk پر بھی دستیاب ہے) پُر کر کے ہمیں کمپنی کے پتے پر ارسال کرنا ہوگا۔

E۔ سی این آئی سی (کمپیوٹرائزڈ قومی شناختی کارڈ) جمع کروانا (لازمی حق)

(i) ایسے تمام شیئر ہولڈرز، جنہوں نے اب تک اپنے فعال سی این آئی سی یا فعال پاسپورٹ کی نقول بینک کو جمع نہیں کروائی ہیں، ان کو ایک مرتبہ پھر یاد دہانی کروائی جاتی ہے کہ وہ یہ دستاویز 19 مارچ 2021ء تک ارسال فرمادیں۔ سی این آئی سی نمبر / این ٹی این کی تفصیل ایک لازمی امر ہے اور فیڈرل بورڈ آف ریونیو (ایف بی آر) کی جانب وقتاً فوقتاً جاری کردہ ایکٹو ٹیکس پیپرز لسٹ (اے ٹی ایل) میں شیئر ہولڈرز کے ٹیکس اسٹیٹس کو دیکھنا بھی ضروری ہے۔

(ii) انفرادی شیئر ہولڈرز (بشمول تمام جو انٹ ہولڈرز)، جن کے پاس بینک کے اصل شیئرز موجود ہیں، سے درخواست کی جاتی ہے کہ، اگر انہوں نے پہلے سے فراہم نہیں کر رکھے تو، وہ اپنے فعال سی این آئی سی کی نقل بینک یا اس کے شیئر رجسٹرار کو مہیا کر دیں۔ سی این آئی سی بھیجتے وقت تمام شیئر ہولڈرز اپنا متعلقہ فو لیو نمبر لازمی طور پر تحریر کریں۔

(iii) فعال سی این آئی سی کی نقل نہ ملنے کی صورت میں بینک کمپنیز ایکٹ 2017 (کمپنیز ایکٹ) کے سیکشن (B) 243 کے تحت، ایسے شیئر ہولڈرز کی ڈیوڈینڈ کی ادائیگی کو روکنے پر مجبور ہوگا۔

F۔ پتے اور ایای ای میل ایڈریس کی تبدیلی:

شیئر ہولڈرز، جو کہ اصل (فزیکل) شیئرز کی ملکیت رکھتے ہیں، ان سے درخواست کی جاتی ہے کہ وہ فی الفور اپنے پتے یا ای میل ایڈریس میں کسی بھی تبدیلی، اگر ہو تو، اس کے بارے میں ہمارے شیئر رجسٹرار کو تحریری طور پر آگاہ کریں۔ جبکہ سی ڈی سی اکاؤنٹ ہولڈرز سے درخواست کی جاتی ہے کہ وہ اپنے سی ڈی سی شراکت دار / سی ایو ایس بی اڈی وی ڈی یا کسی اور ایو ایس بی اڈی وی ڈی سے رجسٹرڈ اکاؤنٹ سروسز میں اپنے پتوں کو اپ ڈیٹ کر لیں۔

G۔ کیش ڈیوڈینڈ کی الیکٹرونک ادائیگی۔ آئی بی اے این (IBAN) کی فراہمی (لازمی حق)

ایک لسٹ کمپنی کے لیے یہ لازم ہے کہ وہ اپنے شیئر ہولڈرز کو کیش ڈیوڈینڈ کی ادائیگی، صرف الیکٹرونک طریقے سے، ان کے متعلقہ بینک اکاؤنٹس میں، جن کو ان شیئر ہولڈرز نے نامزد کر رکھا ہو اور جن کا اکاؤنٹ ٹائٹل شیئر ہولڈرز کے نام سے لازمی طور پر شروع ہوتا ہو، میں براہ راست ترسیل کے ذریعے کرے۔ چنانچہ، کمپنی فزیکل شیئر وارنٹ کے اجراء کی بجائے، ڈیوڈینڈ کی ادائیگی براہ راست اپنے شیئر ہولڈرز کے بینک اکاؤنٹس میں کرے گی۔

اپنے بینک اکاؤنٹس میں ڈیوڈینڈ کو براہ راست وصول کرنے کے لیے ممبران، جن کے پاس شیئر اصل حالت میں موجود ہیں، سے درخواست کی جاتی ہے کہ وہ اپنا بین الاقوامی بینک اکاؤنٹ نمبر (IBAN) بینک کی ویب سائٹ، www.samba.com.pk/samba/overviews/notices پر دستیاب "الیکٹرونک کریڈٹ مینڈیٹ فارم" کو پُر کر کے اپنے فعال سی این آئی سی کی نقل کے ساتھ کمپنی کے شیئر رجسٹرار کو info.shares@famco.com.pk پر 19 مارچ 2021ء تک ارسال فرمائیں۔ شیئر ہولڈرز جن کے سی ڈی سی اکاؤنٹ ہیں وہ اپنا مینڈیٹ اپنے متعلقہ شراکت دار یا سی ڈی سی انویسٹر اکاؤنٹ سروسز کو مہیا کریں۔

H۔ ڈیوڈینڈز پر وہولڈنگ ٹیکس:

شیئر ہولڈرز کو مطلع کیا جاتا ہے کہ ان کے ٹیکس آرڈیننس 2001ء کے سیکشن 150 کے تحت کمپنیوں کی ڈیوڈینڈ کی ادائیگی پر مختلف ٹیکس ریٹس کا اطلاق ہوتا ہے۔ ریڈینڈٹ شیئر ہولڈرز پر موجودہ ٹیکس ریٹ درج ذیل ہیں:

- (a) 15 فیصد۔ برائے ایسے افراد جن کے نام انکم ٹیکس گوشواروں کی فعال ٹیکس ادا کرنے والوں کی فہرست (اے ٹی ایل) میں موجود ہوں
- (b) 30 فیصد۔ ان افراد کے لیے جن کے نام فعال ٹیکس ادا کرنے والوں (اے ٹی ایل) میں ظاہر نہیں ہو رہے۔

ایسے افراد جن کے نام، فائل ہونے کے باوجود، فیڈرل بورڈ آف ریونیو کی ویب سائٹ پر فراہم کردہ اے ٹی ایل میں درج نہیں ہیں، ان کو ہدایت کی جاتی ہے کہ وہ بینک کی بک کلوشیر (Book Closure) کے پہلے دن سے قبل اپنے نام اور فعال سی این آئی سی / این ٹی این کا اے ٹی ایل میں اندراج یقینی بنائیں تاکہ بینک ان کے کیش ڈیوڈینڈ پر 30 فیصد کی بجائے 15 فیصد کی شرح سے ٹیکس کی کٹوتی کر سکے۔

سی ڈی سی اکاؤنٹ رکھنے والے کارپوریٹ شیئر ہولڈرز سے درخواست ہے کہ وہ اپنے این ٹی اینز (NTNs) اپنے متعلقہ سی ڈی سی شراکت داروں یا سی ایو ایس بی اڈی وی ڈی سے رجسٹرڈ اکاؤنٹ سروسز کو فراہم کریں۔ جبکہ ایسے کارپوریٹ شیئر ہولڈرز جن کے پاس اصل شیئرز موجود ہیں، وہ اپنا این ٹی این سرٹیفکیٹ بینک کے شیئر رجسٹرار کو ارسال کریں۔

ایف بی آر کے وضاحتی خط نمبر WHT/2006 (29) C No 1 بتاریخ 30 جون 2010 R/11 664 17 - DG/WHT/2008vol (43) C No 1 بتاریخ 12 مئی 2015 کے مطابق، انکم ٹیکس آرڈیننس (آرڈیننس) کے دوسرے شیڈول کے پارٹ IV کی شق B-47 کے تحت وہ ہولڈنگ سے استثناء حاصل کرنے کے لیے آرڈیننس کے سیکشن 159 کے تحت فعال ایگزیمیشن (استثناء) سرٹیفکیٹ کی فراہمی ایک لازمی جزو ہے۔

ایسے شیئر ہولڈرز جن کے پاس ایف بی آر کا جاری کردہ فعال ایگزیمیشن سرٹیفکیٹ یا کم شرح پر ٹیکس کے اطلاق کا سرٹیفکیٹ موجود ہے، وہ ٹیکس سے استثناء حاصل کرنے یا کم ریٹ پر ٹیکس کے اطلاق کی درخواست کے لیے بینک کو اپنے سرٹیفکیٹ فراہم کر دیں۔ بصورت دیگر ڈیوڈینڈ پر ٹیکس کی کٹوتی آرڈیننس کے سیکشن 150 کے تحت کر دی جائے گی۔

(II) جو انٹ شیئر ہولڈرز کے لیے ٹیکس کا اطلاق:

فیڈرل بورڈ آف ریونیو نے اس بارے میں وضاحت کر دی ہے کہ اگر شیئر کی ملکیت جو انٹ اکاؤنٹ یا نام پر ہو تو ہر اکاؤنٹ یا جو انٹ اکاؤنٹ ہولڈر کو انفرادی طور پر فائل کرنا یا نام فائل کرنے کے طور پر رکھا جائے گا اور ٹیکس کی کٹوتی ان کی شراکت کے تناسب سے کی جائے گی۔ اگر کسی طور پر (جو انٹ ہولڈرز کے) شراکت کے تناسب کا تعین نہ ہو سکے تو ان کے شیئرز کے تناسب کو مساوی تصور کیا جائے گا اور ٹیکس کی کٹوتی بھی اسی معیار پر کی جائے گی۔

مندرجہ بالا کے تناظر میں شیئر ہولڈرز سے درخواست کی جاتی ہے کہ وہ اپنی ہر جو انٹ شیئر ہولڈنگ کے بارے میں شیئرز کی ملکیت کے تناسب سے بینک کے رجسٹرار کو 19 مارچ 2021ء سے پہلے ذیل میں درج کوائف کے ساتھ مطلع کریں۔

کمپنی کا نام	فولیو اسی ڈی ایس اکاؤنٹ نمبر	کل شیئرز	پرنسپل شیئر ہولڈرز	جو انٹ شیئر ہولڈرز
			نام اور سی این آئی سی نمبر	نام اور سی این آئی سی نمبر
			شیئر ہولڈنگ کا تناسب	شیئر ہولڈنگ کا تناسب
			شیئرز کی تعداد	شیئرز کی تعداد

J۔ زکوٰۃ کی کٹوتی

زکوٰۃ کی لازمی کٹوتی سے استثناء حاصل کرنے کے لیے شیئر ہولڈرز سے درخواست کی جاتی ہے کہ وہ 50 روپے کے نان جوڈیشل اسٹیٹ پیپر پر اپنے زکوٰۃ ڈیکلریشن فارمز - C Z - 50 کی نقل کو نوٹری پبلک سے تصدیق کروا کر شیئر رجسٹرار کو ارسال کر دیں۔

K۔ ای وونگ

کمپنیز ایکٹ کے سیکشن 145 - 143 اوپنیز (پوشل بیلٹ) ریگولیشنز 2018ء کی متعلقہ شقوق کے تحت ممبرانے پول (POLL) کی طلب کے حق کو، اجلاس کی مطلوبات کے تابع رکھتے ہوئے، اختیار کر سکتا ہے

L۔ ان کلیمڈ ڈیوڈینڈ / شیئرز کمپنیز ایکٹ 2017 کے سیکشن 244 کے تحت

کمپنی کے غیر دعوی شدہ (ان کلیمڈ) ڈیوڈینڈ یا شیئرز جو کہ اپنی قابل ادا تاریخ سے 3 سال کی مدت تک ان کلیمڈ یا بغیر ادائیگی کے طور پر برقرار ہیں، کی تازہ ترین فہرست بینک کی ویب سائٹ www.samba.com.pk/samba/overviews/notices پر دستیاب ہے

شیئر ہولڈرز کی جانب سے کلیم داخل کرنے کے لیے کلیم فارم بینک کی ویب سائٹ پر دستیاب ہیں۔ ڈیوڈینڈ یا شیئرز کی وصولی کے لیے فارمز کا کمپنی کے رجسٹرار کے پاس جمع ہونا لازم ہے۔

کمپنیز ایکٹ 2017 کے سیکشن (3) 134 کے تحت اہم حقائق کا مانیفیسٹ

ایجنڈا آئٹم نمبر 5۔ ڈائریکٹرز کے معاونوں کی پالیسی:

لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز کے ریگولیشن نمبر 16 کو کارپوریٹ / کمرشل بینکنگ کے ریگولیشن جی - I کی شقوق کو ساتھ ملا کر پڑھنے کے مطابق سامبا بینک لمیٹڈ کے بورڈ آف ڈائریکٹرز، اپنے انفرادی ڈائریکٹرز کو بورڈ اور اس کی کمیٹیوں کے اجلاس میں شرکت کے لیے دیئے جانے والے معاونوں کو طے کرنے کے لیے ایک باقاعدہ پالیسی اور شفاف طریقہ کار کے پابند ہیں۔ مزید یہ کہ کارپوریٹ / کمرشل بینکنگ کے پروڈیٹس ریگولیشنز کے ریگولیشن 1 - G (جیسا کہ بی پی آر ڈی سرکلر نمبر 03 برائے سال 2019ء بتاریخ 17 اگست 2019ء کے تحت ترمیم شدہ) کے مطابق ڈائریکٹرز کے معاونوں کی پالیسی کو بینک کے شیئرز ہولڈرز، سالانہ عام اجلاس میں بری یا پوسٹ فیکلو بنیاد پر منظور کریں گے۔ چنانچہ، مندرجہ بالا ضوابط کی تعمیل میں بورڈ آف ڈائریکٹرز نے ڈائریکٹرز کی ریہورنیشن (معاونوں) کی پالیسی کو منظور کیا ہے اور یہ پالیسی اب شیئر ہولڈرز کی پوسٹ فیکلو منظوری کے لیے ریگولیٹری تقاضوں کے مطابق پیش کی جا رہی ہے۔ ایسے شیئر ہولڈرز جو اس مجوزہ ڈائریکٹرز کی ریہورنیشن پالیسی کی جانچ یا تجزیہ کرنا چاہتے ہیں ان سے درخواست کی جاتی ہے کہ وہ zia.shamsi@samba.com.pk پر اپنی ای میل کے ساتھ اپنے کمپیوٹرائزڈ قومی شناختی کارڈ کی نقل اور فولیو / سی ڈی سی اکاؤنٹ نمبر کی تفصیل ارسال کریں۔

جیسا کہ ریہورنیشن پالیسی بینک کے ڈائریکٹرز سے متعلقہ ہے لہذا، بینک کے ڈائریکٹرز مندرجہ بالا خصوصی امور میں دلچسپی رکھتے ہیں اور ان امور سے اجتناب برتیں گے۔

Financial Statements

For the year ended
December 31, 2020



Income
Statements



Balance Sheet



Shareholders
Equity



Cash Flow



Audit Report

ایجنڈا اسٹیم نمبر 6 فرم فنانس سرٹیفکیٹ:

سامبا بینک لمیٹڈ نے کمپنیز ایکٹ 2017 کے سیکشن (I) 66 اور اسٹیٹ بینک آف پاکستان کے بی پی آر ڈی سرکلر نمبر 6 بتاریخ 15 اگست 2013ء (جیسا کہ اس میں وقتاً فوقتاً ترمیم ہوئی ہے) اور اسٹیٹ بینک آف پاکستان کی طرف سے جاری کردہ تمام اصولوں، ضوابط، سرکلروں اور اجازتوں کو ساتھ ملا کر پڑھنے سے حاصل توائد کے زیر نگرانی اپنے ٹیئر II (TIER - II) کیپٹل میں شمولیت کے لیے 5,000,000,000 روپے تک کے فرم فنانس سرٹیفکیٹس (ٹی ایف سیز) کا بطور قابل واپسی تمسکاتی سرمائے کے اجراء کیا ہے۔ ان ٹی ایف سیز کے ذریعے حاصل ہونے والی رقم کو بینک کے سرمائے کی معقولیت اور بینک کے میمورنڈم اور آرٹیکلز آف ایسوشن میں اجازت شدہ کاروباری سرگرمیوں کے لیے استعمال کیا جائے گا۔ چنانچہ، مندرجہ بالا مقاصد کے تحت بورڈ آف ڈائریکٹرز تجویز کرتے ہیں کہ ممبران درج بالا قرارداد کو منظور کر سکتے ہیں۔

ایجنڈا اسٹیم نمبر 7 فرم فنانس سرٹیفکیٹ کی منتقلی:

اسٹیٹ بینک آف پاکستان کی جانب سے بی پی آر ڈی سرکلر نمبر 6 بتاریخ 15 اگست 2013ء جاری کردہ پسیل III کیپٹل کی ہدایات کے تناظر میں سامبا بینک لمیٹڈ نے اپنے ٹیئر II - کیپٹل میں شمولیت کے غرض سے 5,000,000,000 روپے (5 بلین روپے) کے قبل واپسی سرمائے کی شکل میں فرم فنانس سرٹیفکیٹس کا اجراء کیا ہے۔

پسیل III سرمائے کی ہدایات کی روشنی میں اگر اسٹیٹ بینک آف پاکستان کے مطابق پوائنٹ آف نان وائیلنٹی (عدم استحکام کا وقت) وقوع پذیر ہو گیا ہے تو ایسی صورت میں وہ بینک کو اپنے ٹیئر II سرمائے کے انسٹرومنٹس (یا اسکے کسی حصے) بشمول ٹی ایف سیز کو ایسے وقت یا اوقات اور ایسے کسی تنازعے اور ایسی شرائط و ضوابط جیسا کہ اسٹیٹ بینک آف پاکستان خود طے کرے اور جو کہ پسیل III سرمائے کی ہدایات اور اسٹیٹ بینک آف پاکستان کی کسی اور جاری کردہ ہدایات کے تحت، حکم دے گا کہ ان ٹی ایف سیز کو بینک کے عام حصص میں منتقل کر دے۔ مروجہ قوانین اور ضوابط کے تحت اضافی معلومات درج ذیل ہیں۔

ان افراد کے نام جن کو یہ شیئرز جاری کیئے جائیں گے	شیئرز ٹی ایف سیز ہولڈرز کو (کسی بھی پی او این وی کے وقوع پر یا ہونے پر) جاری کیئے جائیں گے
وہ قیمت جس پر یہ مجوزہ شیئرز جاری کئے جائیں گے	اس قیمت پر جو بینک کے شیئرز کی اس دن کی مارکیٹ ویلیو ہوگی جب اسٹیٹ بینک کے طے شدہ پی او این وی (PONV) کا آغاز ہو، جاری کیئے جائیں گے
اجراء کا مقصد، اس اجراء سے حاصل ہونے والی رقم کا استعمال اور بینک کے شیئرز ہولڈرز کو اس سے ملنے والے فوائد اور ضروری تفصیل۔	اجب الادائی ایف سی کی رقم کو (مکمل یا جزوی طور پر) بینک کے شیئرز میں منتقل کرنا
افراد کے موجودہ ملکیتی شیئرز کی تعداد جن کو یہ مجوزہ شیئرز جاری کیئے جائیں گے	قابل اطلاق نہیں
مجوزہ اجراء کے بعد افراد کے کل ملکیتی شیئرز	قابل اطلاق نہیں
کیا افراد نے ایسے شیئرز کی خریداری کے لیے کوئی تحریری اجازت دی ہے۔	ٹی ایف سی کے اجراء کے لیے، ٹی ایف سی کے اجراء کے معاہدے ایسی تمام منتقلیوں کے بارے میں تفصیل درج ہے
واضح کریں کہ ایسا کیوں ہے کہ رائٹ شیئرز کے علاوہ اور نہ ہی بطور رائٹ شیئرز، مجوزہ شیئرز کا اجراء کیا جا رہا ہے	یہ اسٹیٹ بینک آف پاکستان کے سرکلر نمبر 6 بتاریخ 15 اگست 2013 کے عین مطابق ہے
وضاحت بمعہ تازہ ترین دستیاب مارکیٹ کی قیمتوں کی تفصیل اور بریک اپ ویلیو فی شیئر اگر یہ قیمت پار ویلیو سے مختلف ہو۔	قابل اطلاق نہیں
تین ماہ کے دوران اور بورڈ کے اعلان سے 6 ماہ پیشتر کی مارکیٹ پرائس کی تفصیل اور اس کے ساتھ تازہ ترین دستیاب مارکیٹ پرائس	قابل اطلاق نہیں

جاری کیئے گئے عام شیئرز کا درجہ بینک کے موجودہ شیئرز کے ساتھ ہر اعتبار سے پیری پاسو (Peri Passu) کا ہوگا بینک کے ڈائریکٹرز کو مندرجہ بالا قراردادوں سے کسی بھی طرح کی براہ راست یا بالواسطہ دلچسپی نہیں ماسوائے اپنی بطور شیئر ہولڈرز کی انفرادی حیثیت اور اپنی متعلقہ شیئرز کی ملکیت کی حد تک۔

Independent Auditor's Report To The Members Of Samba Bank Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Samba Bank Limited ("the Bank"), which comprise the statement of financial position as at 31 December 2020 and the profit and loss account, the statement of comprehensive income, the statement of changes in equity and the cash flow statement for the year then ended, along with unaudited certified returns received from the branches except for eleven branches which have been audited by us and notes to the 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 statement of financial position, the profit and loss account, the statement of comprehensive income, the statement of changes in equity and the 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 31 December 2020 and of the profit, other comprehensive income, 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 Auditor's Responsibilities for the Audit of the 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key Audit Matters:

S.No.	Key Audit Matters	How the matter was addressed in our audit
1	<p>Provision against Loans and Advances</p> <p>Refer to note 10 and the accounting policy in note 5.4 to the financial statements.</p> <p>The Bank's advances to the customers represent 41.28% of its total assets as at 31 December 2020 and are stated at Rs. 65,635 million which is net of provision of Rs. 2,938 million at the year end.</p> <p>The determination of provision against advances was identified as a key audit matter in our audit as it involves a considerable degree of management judgment and compliance with the Prudential Regulations (PRs) issued by the State Bank of Pakistan.</p>	<p>Our audit procedures in respect of provision against advances, amongst others, included the following:</p> <ul style="list-style-type: none">Assessing the design and operating effectiveness of manual and automated controls over classification and provisioning of advances including:<ul style="list-style-type: none">The accuracy of data input into the system used for disbursement and recovery of credit facilities;Controls over correct classification of non-performing advances on time based criteria;Controls over accurate computation and recording of provisions; andControls over the governance and approval process related to provision.Testing on a sample basis, credit exposures including those identified by the management as displaying indicators of impairment, assessed the number of days overdue and assessed appropriateness of amount reported for provision in accordance with the Prudential Regulations;

S.No.	Key Audit Matters	How the matter was addressed in our audit
		<ul style="list-style-type: none"> • Testing on a sample basis, the accuracy of specific provision made against non-performing advances and of general provision against consumer and SME advances by recomputing the provision amount in accordance with the criteria prescribed under the PRs. • For consumer advances, analyzed the days past due report for calculation of provision required in accordance with PRs; and • Examining on sample basis the credit history, account movement, financial ratios and reports on security maintained in respect of advances where the management has not identified indicators displaying impairment, and challenging the management's assessment based on our view whether any impairment indicators are present.
2	<p>Valuation of Investments</p> <p>Refer to note 9 to the financial statements and accounting policy in note 5.3 to the financial statements.</p> <p>As at 31 December 2020, the Bank has investments classified as "Available-for-sale", "Held for trading" and "Held to maturity" amounting to Rs. 67,889 million which in aggregate represent 42.70% of the total assets of the Bank. Investments are carried at cost or fair value in accordance with the Bank's accounting policy relating to their recognition. Provision against investment is made based on impairment policy of the Bank which includes both objective and subjective factors. We identified assessing the valuation of investments as a key audit matter because of its significance to the financial statements and because assessing the key impairment assumptions involves a significant degree of management judgement.</p>	<p>Our audit procedures to verify valuation of investments, amongst others, included the following:</p> <ul style="list-style-type: none"> • Assessing the design and tested operating effectiveness of the relevant controls in place relating to valuation of investments; • Checking on a sample basis the valuation of investments in the portfolio, as recorded in the general ledger, to supporting documents, externally quoted market prices and break-up values including the significant and prolonged decline in fair value of equity investments for impairment; • Evaluating the Bank'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 and conclusions; and <p>Considering the Bank's disclosures of investments, to the guidelines laid down by the State Bank of Pakistan regarding forms and disclosures.</p>

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Bank's Annual Report but does not include the financial statements and our auditors' report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

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

- a) Identify and assess the risks of material misstatement of the 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.
- b) 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.
- c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- d) 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 auditor's report to the related disclosures in the 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 Bank to cease to continue as a going concern.
- e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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 financial statements of the current year 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.

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 statement of financial position, the profit and loss account, the statement of comprehensive income, the statement of changes in equity and the 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;
- 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 financial statements of the Bank for the year ended 31 December 2019 were audited by another firm of auditors whose audit report, dated 02 March, 2020, expressed an unmodified opinion thereon.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Kamran I. Yousafi.

Lahore

Dated: March 08, 2021

KPMG Taseer Hadi & Co.

Chartered Accountants

Statement of Financial Position

AS AT DECEMBER 31, 2020

ASSETS

Cash and balances with treasury banks
Balances with other banks
Lendings to financial institutions
Investments - net
Advances - net
Fixed assets
Intangible assets
Deferred tax assets - net
Other assets - net

Note	(Rupees in '000)	
	2020	2019
6	7,422,652	5,544,027
7	1,396,188	1,154,197
8	9,935,566	2,274,405
9	67,889,703	51,278,029
10	65,635,390	61,356,143
11	1,939,123	1,896,507
12	141,901	133,464
13	364,747	327,484
14	4,271,133	5,613,151
	158,996,403	129,577,407

LIABILITIES

Bills payable
Borrowings
Deposits and other accounts
Liabilities against assets subject to finance lease
Subordinated debt
Deferred tax liabilities
Other liabilities

15	3,358,345	783,478
16	56,197,092	36,114,488
17	78,425,557	71,881,880
	-	-
	-	-
	-	-
18	5,698,436	6,618,074
	143,679,430	115,397,920

NET ASSETS

15,316,973	14,179,487
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REPRESENTED BY:

Share capital
Reserves
Surplus on revaluation of assets
Unappropriated profit

19	10,082,387	10,082,387
	1,031,623	829,289
20	455,076	329,259
	3,747,887	2,938,552
	15,316,973	14,179,487

CONTINGENCIES AND COMMITMENTS

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

Chief Financial Officer

President & Chief Executive Officer

Director

Director

Chairman

Profit and Loss Account

FOR THE YEAR ENDED DECEMBER 31, 2020

Mark-up / return / interest earned
 Mark-up / return / interest expensed
 Net mark-up / return / interest income

Non mark-up / interest income

Fee and commission income
 Dividend income
 Foreign exchange income
 Gain on securities
 Other income
 Total non mark-up / interest income

Total income

Non mark-up / interest expenses

Operating expenses
 Workers' Welfare Fund
 Other charges
 Total non mark-up / interest expenses

Profit before provisions
 Provisions and write offs - net

Profit before taxation

Taxation

Profit after taxation

Earnings per share - basic and diluted

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

Note	(Rupees in '000)	
	2020	2019
22	13,574,834	12,791,334
23	9,876,082	9,272,249
	3,698,752	3,519,085
24	304,965	331,658
	44,415	61,381
	503,558	432,256
25	478,382	20,697
26	10,142	154
	1,341,462	846,146
	5,040,214	4,365,231
27	2,984,228	2,732,037
28	34,117	22,920
29	10	8,078
	3,018,355	2,763,035
	2,021,859	1,602,196
30	(353,644)	(502,047)
	1,668,215	1,100,149
31	(656,546)	(413,691)
	1,011,669	686,458
	(Rupees)	
32	1.003	0.681

Chief Financial Officer

President & Chief Executive Officer

Director

Director

Chairman

Statement of Comprehensive Income

FOR THE YEAR ENDED DECEMBER 31, 2020

	(Rupees in '000)	
	2020	2019
Profit after taxation for the year	1,011,669	686,458
Other comprehensive income		
Items that may be reclassified to profit and loss account in subsequent periods:		
Movement in surplus on revaluation of investments - net of tax	125,817	709,274
Total comprehensive income for the year	1,137,486	1,395,732

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

Chief Financial Officer

President & Chief Executive Officer

Director

Director

Chairman

Cash Flow Statement

FOR THE YEAR ENDED DECEMBER 31, 2020

Note	(Rupees in '000)	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	1,668,215	1,100,149
Less: dividend income	(44,415)	(61,381)
	1,623,800	1,038,768
Adjustments:		
Depreciation	341,079	335,080
Amortisation	40,807	34,124
Provision for diminution in the value of investments	77,494	114,005
Provision against loans and advances - net	265,081	388,264
Bad debts written off directly	1,415	151
Fixed assets written-off	10,662	-
Surplus on revaluation of investments held for trading	369	514
Gain on sale of available for sale investments - net	(432,765)	(4,655)
Interest expense on lease liability against right of use assets	110,500	115,307
Gain on sale of fixed assets - net	(10,131)	(122)
	404,511	982,668
	2,028,311	2,021,436
(Increase) / decrease in operating assets		
Lendings to financial institutions	(7,661,161)	7,174,839
Held-for-trading securities	(189,541)	5,986,502
Advances	(4,545,743)	(8,152,303)
Other assets (excluding current and advance taxation)	1,297,853	(1,577,368)
	(11,098,592)	3,431,670
Increase in operating liabilities		
Bills payable	2,574,867	(93,539)
Borrowings from financial institutions	20,082,604	(3,666,115)
Deposits and other accounts	6,543,677	6,656,828
Other liabilities	(1,152,314)	1,685,650
	28,048,834	4,582,824
	18,978,553	10,035,930
Income tax paid	(588,106)	(425,886)
Net cash flows (used in) / generated from operating activities	18,390,447	9,610,044
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investments in securities	(15,860,974)	(8,228,618)
Dividend income received	43,365	61,381
Investments in fixed assets	(190,377)	(214,233)
Proceeds from sale of fixed assets	837	5,477
Net cash flows used in investing activities	(16,007,149)	(8,375,993)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of lease liability against right of use assets	(262,682)	(186,791)
Increase in cash and cash equivalents during the year	2,120,616	1,047,260
Cash and cash equivalents at the beginning of the year	6,698,224	5,650,964
Cash and cash equivalents at the end of the year	8,818,840	6,698,224

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

Chief Financial Officer

President & Chief Executive Officer

Director

Director

Chairman

Statement of Changes In Equity

FOR THE YEAR ENDED DECEMBER 31, 2020

	(Rupees in '000)					
	Share capital	Capital reserve	Statutory reserve	Surplus on revaluation of investments	Unappropriated profit	Total
Balance as at January 1, 2019	10,082,387	20,935	671,062	(380,015)	2,389,386	12,783,755
Comprehensive income for the year						
Profit after taxation for the year ended December 31, 2019	-	-	-	-	686,458	686,458
Other comprehensive income						
Movement in surplus on revaluation of investments - net of tax	-	-	-	709,274	-	709,274
	-	-	-	709,274	686,458	1,395,732
Transfer to statutory reserve	-	-	137,292	-	(137,292)	-
Balance as at December 31, 2019	10,082,387	20,935	808,354	329,259	2,938,552	14,179,487
Other comprehensive income						
Profit after taxation for the year ended December 31, 2020	-	-	-	-	1,011,669	1,011,669
Other comprehensive income						
Movement in surplus on revaluation of investments - net of tax	-	-	-	125,817	-	125,817
	-	-	-	125,817	1,011,669	1,137,486
Transfer to statutory reserve	-	-	202,334	-	(202,334)	-
Balance as at December 31, 2020	10,082,387	20,935	1,010,688	455,076	3,747,887	15,316,973

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

Chief Financial Officer

President & Chief Executive Officer

Director

Director

Chairman

Notes to and forming part of the Financial Statements

For The Year Ended December 31, 2020

1 STATUS AND NATURE OF BUSINESS

- 1.1 Samba Bank Limited (the Bank) is a banking company incorporated in Pakistan and is engaged in commercial banking and related services. The Bank is listed on the Pakistan Stock Exchange Limited. Its principal office is located at Ground Floor, Arif Habib Centre, M.T. Khan Road, Karachi, whereas, the registered office of the Bank is located at 2nd floor, Building No. 13-T, F-7 Markaz, near Post Mall, Islamabad. The Bank operates 40 branches (December 31, 2019: 40 branches) inside Pakistan.

The Bank is a subsidiary of SAMBA Financial Group of Saudi Arabia, which holds 84.51% shares of the Bank as at December 31, 2020 (December 31, 2019: 84.51%). Samba Financial Group (SFG) has entered into a legally binding merger agreement with National Commercial Bank (NCB) of Saudi Arabia on October 11, 2020. Pursuant to the Terms of the Merger Agreement, the merger will be implemented through the merger of SFG into NCB which will result in all of the assets and liabilities of SFG being transferred to NCB. On completion of merger, NCB will continue to exist, whereas SFG will cease to exist as a legal entity and its shares will be cancelled and new shares in NCB will be issued to shareholders of SFG. Consequently, upon completion of said merger, shares of Samba Bank Limited held by Samba Financial Group will be transferred to merged entity.

- 1.2 VIS Credit Rating Company has determined the Bank's medium to long-term rating as 'AA' with stable outlook and the short-term rating as 'A-1'.

2 BASIS OF PRESENTATION

- 2.1 In accordance with the directives of the Federal Government regarding the shifting of the Banking system to Islamic modes, the State Bank of Pakistan (SBP) has issued various circulars from time-to-time. Permissible forms of trade-related modes of financing include purchase of goods by banks from their customers and immediate resale to them at appropriate mark-up in price on deferred payment basis. The purchases and sales arising under these arrangements are not reflected in these financial statements as such but are restricted to the amount of facility actually utilised and the appropriate portion of mark-up thereon.

3 STATEMENT OF COMPLIANCE

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

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

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

- 3.2 The State Bank of Pakistan has deferred the applicability of International Financial Reporting Standard 9, 'Financial Instruments' through BPRD Circular No. 04 of 2019 dated October 23, 2019 and International Accounting Standards 40, 'Investment Property' for Banking Companies through BSD Circular No. 10 dated August 26, 2002. The Securities and Exchange Commission of Pakistan (SECP) has deferred applicability of IFRS-7 "Financial Instruments: Disclosures" on banks through S.R.O 411(1)/2008 dated April 28, 2008. Accordingly, the requirements of these standards have not been considered in the preparation of these financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the State Bank of Pakistan through various circulars.

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

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after January 01, 2021:

- COVID-19-Related Rent Concessions (Amendment to IFRS 16) – the International Accounting Standards Board (the Board) has issued amendments to IFRS 16 (the amendments) to provide practical relief for lessees in accounting for rent concessions. The amendments are effective for periods beginning on or after June 01, 2020, with earlier application permitted. Under the standard's previous requirements, lessees assess whether rent concessions are lease modifications and, if so, apply the specific guidance on accounting for lease modifications. This generally involves remeasuring the lease liability using the revised lease payments and a revised discount rate. In light of the effects of the COVID-19 pandemic, and the fact that many lessees are applying the standard for the first time in their financial statements, the Board has provided an optional practical expedient for lessees. Under the practical expedient, lessees are not required to assess whether eligible rent concessions are lease modifications, and instead are permitted to account for them as if they were not lease modifications. Rent concessions are eligible for the practical expedient if they occur as a direct consequence of the COVID-19 pandemic and if all the following criteria are met:
 - the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
 - any reduction in lease payments affects only payments originally due on or before June 30, 2021; and
 - there is no substantive change to the other terms and conditions of the lease.

The amendment is not likely to have an impact on the Bank's financial statements.

- Interest Rate Benchmark Reform – Phase 2 which amended IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 is applicable for annual financial periods beginning on or after January 01, 2021 with earlier application permitted. The amendments introduce a practical expedient to account for modifications of financial assets or financial liabilities if a change results directly from IBOR reform and occurs on an 'economically equivalent' basis. In these cases, changes will be accounted for by updating the effective interest rate. A similar practical expedient will apply under IFRS 16 for lessees when accounting for lease modifications required by IBOR reform. The amendments also allow a series of exemptions from the regular, strict rules around hedge accounting for hedging relationships directly affected by the interest rate benchmark reforms. The amendments apply retrospectively with earlier application permitted. Hedging relationships previously discontinued solely because of changes resulting from the reform will be reinstated if certain conditions are met. The amendment is not likely to have a significant impact on the Bank's financial statements.
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual period beginning on or after January 01, 2022 amends IAS 1 by mainly adding paragraphs which clarify what comprise the cost of fulfilling a contract. Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application. The amendment is not likely to have an impact on the Bank's financial statements.
- Annual Improvements to IFRS standards 2018-2020:

The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after January 01, 2022.

- IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.
- IFRS 16 – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.
- IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

These above mentioned amendments are not likely to have an impact on the Bank's financial statements.

- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for the annual period beginning on or after January 01, 2022. Clarifies that sales proceeds and cost of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc.,

are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented. The amendment is not likely to have an impact on the Bank's financial statements.

- Reference to the Conceptual Framework (Amendments to IFRS 3) - Reference to the Conceptual Framework, issued in May 2020, amended paragraphs 11, 14, 21, 22 and 23 of and added paragraphs 21A, 21B, 21C and 23A to IFRS 3. An entity shall apply those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 01, 2022. Earlier application is permitted if at the same time or earlier an entity also applies all the amendments made by References to the Conceptual Framework in IFRS Standards, issued in March 2018. The amendment is not likely to have an impact on the Bank's financial statements.
- IFRS 17 Insurance Contracts and Amendments to IFRS 17 - In May 2017, the Board issued IFRS 17 Insurance Contracts, which was subsequently amended for clarifications in June 2020. IFRS 17 supersedes IFRS 4 Insurance Contracts. IFRS 17 applies for annual periods beginning on or after 1 January 2023. Early adoption is permitted for entities that apply IFRS 9 Financial Instruments on or before the date of the initial application of IFRS 17. IFRS 4 includes a temporary exemption from IFRS 9 and the overlay approach. From the date of initial application of IFRS 17 - i.e. the beginning of the period in which an entity first applies IFRS 17 - these approaches are no longer available and IFRS 9 is applied, without delay or adjustment. The amendment is not likely to have an impact on the Bank's financial statements.
- Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) - In response to concerns regarding temporary accounting mismatches and volatility, and increased costs and complexity, the Board issued amendments to IFRS 4 Insurance Contracts in 2017. The two optional solutions raised some considerations which required detailed analysis and management judgment. On the issue of IFRS 17 (Revised) Insurance Contracts in June 2020, the end date for applying the two options under the IFRS 4 amendments was extended to 1 January 2023, aligned with the effective date of IFRS 17. The amendment is not likely to have an impact on the Company's financial statements.
- Classification of liabilities as current or non-current (Amendments to IAS 1) effective for the annual period beginning on or after January 01, 2022. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8. The amendment is not likely to have an impact on the Bank's financial statements.
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) - The amendment amends accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequent transaction that involves neither cost nor full step-up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review. The amendment is not likely to have an impact on the Company's financial statements.
- The SECP, through SRO 229(I)/2019 dated February 14, 2019, has notified that IFRS 9, Financial Instruments, is applicable for accounting periods ending on or after June 30, 2019. However, as per BPRD Circular No. 04 of 2019 dated October 23, 2019 of SBP, effective date of IFRS 9 implementation is January 01, 2021.
- IFRS 9 'Financial Instruments' and amendments - Prepayment Features with Negative Compensation - the effective date of the standards has been extended to annual period beginning on or after January 1, 2021 wide SBP Circular No. 4 dated October 23, 2019. IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. The standard includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. According to SBP circular referred to above, the Bank were required to have a parallel run of IFRS 9 from January 1, 2020, which was subsequently extended to compensate for periods beginning July 1, 2020 wide SBP BPRD Circular letter No. 15 of 2020. As per the directives of the SBP, the Bank was required to prepare pro-forma financial statements including the impact of IFRS 9 for the year ended December 31, 2019, and for parallel run periods and submit the same to the State Bank of Pakistan.

During the year the Bank continued to report its impact assessments to the SBP for reporting period falling under the parallel run, which were based on certain estimates and assumptions considered in the absence of uniform implementation guidelines. The Bank has estimated the impact of adoption of IFRS 9 on the financial statements of the Bank on the date of initial appreciation, which shall be finalised post issuance of and subject to standardisation of implementation guidelines and approaches, from the State Bank of Pakistan.

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

There are certain amended standards, interpretations and amendments that have become applicable to the Bank for accounting periods beginning on or after January 1, 2020 but are considered not to be either relevant or not have any significant impact on these financial statements.

4 BASIS OF MEASUREMENT

4.1 Accounting convention

These financial statements have been prepared under the historical cost convention except that 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.

4.2 Functional and presentation currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the Bank operates. These financial statements have been presented in Pakistani Rupees, which is the Bank's functional and presentation currency.

4.3 Critical accounting estimates and judgments

The preparation of financial statements in conformity with accounting and reporting standards as applicable in Pakistan requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and income and expenses. It also requires management to exercise judgment in application of its accounting policies. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

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

a) Classification of investments

In classifying investments, the Bank follows the guidance provided in SBP circulars:

- Investments classified as 'held for trading', are securities which are acquired with an intention to trade by taking advantage of short term market / interest rate movements and are to be sold within 90 days of acquisition.
- Investments classified as 'held to maturity' are non-derivative financial assets with fixed or determinable payments and fixed maturity. In making this judgment, the Bank evaluates its intention and ability to hold such investment to maturity
- The investments other than those in subsidiaries and associates which are not classified as 'held for trading' or 'held to maturity' are classified as 'available for sale'.

b) Provision against advances

The Bank reviews its loan portfolio to assess the amount of non-performing advances and provision required there against on regular basis. While assessing this requirement various factors including the delinquency in the account, financial position of the borrowers and the requirements of the Prudential Regulations are considered.

The amount of general provision is determined in accordance with the relevant regulations and management's judgment as explained in note 10.4.3

c) Impairment of 'available for sale' equity investments

The Bank determines that 'available for sale' equity investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. The determination of what is significant or prolonged requires judgment. In making this judgment, the Bank evaluates among other factors, the normal volatility in share price. In addition, the impairment may be appropriate when there is an evidence of deterioration in the financial health of the investee and sector performance, changes in technology and operational/financial cash flows.

d) Taxation

In making the estimates for income taxes currently payable by the Bank, the management considers the current income tax laws and the decisions of appellate authorities on certain issues in the past.

e) Depreciation, amortization and revaluation of operating fixed assets

The management reviews the useful lives and residual values of assets annually by considering expected pattern of economic benefit that the management expects to drive from the item and the maximum period up to which such benefits are expected to be available. Any change in estimates in future years might affect the carrying amounts of the respective items of assets with a corresponding effect on the depreciation charge and impairment. Such change is accounted for as change in accounting estimates in accordance with International Accounting Standard (IAS) 8 "Accounting Policies, Changes in Accounting Estimates and Errors". Further, the Bank estimates the revalued amount of land and buildings on a regular basis. The estimates are based on valuations carried out by independent professional valuers under the market conditions.

f) Lease term

The Bank applies judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Bank is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognized.

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.1 Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement comprise of cash and balances with treasury banks and balances with other banks.

5.2 Lendings to / borrowings from financial institutions

The Bank enters into transactions of repos and reverse repos at contracted rates for a specified period of time. These are recorded as under:

(a) Sale of securities under repurchase agreements

Securities sold subject to a repurchase agreement (repo) are retained in the financial statements as investments and the counter party liability is included in borrowings. The differential between the sale price and contracted repurchase price is amortised over the period of the contract and recorded as an expense.

(b) Purchase of securities under resale agreements

Securities purchased under agreement to resell (reverse repo) are included in lendings to financial institutions. The difference between the purchase price and contracted resale price is amortised over the period of the contract and recorded as income.

(c) Bai Muajjal

The securities sold under Bai Muajjal agreement are derecognised on the date of disposal. Receivable against such sale is recognised at the agreed sale price. The difference between the sale price and the carrying value on the date of disposal is taken to income on straight line basis.

5.3 Investments

5.3.1 Classification

The Bank classifies its investments as follows:

(a) Held for trading

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

(b) Held to maturity

These are investments with fixed or determinable payments and fixed maturities and the Bank has the positive intent and ability to hold them till maturity.

(c) Available for sale

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

5.3.2 Regular way contracts

All purchases and sales of investments that require delivery within the time frame established by regulation or market convention are recognised at trade date, which is the date on which the Bank commits to purchase or sell the investments. Regular way purchases or sales are purchases or sales of investments that require delivery within the time frame generally established by regulation or convention in the market place.

5.3.3 Initial recognition and measurement

Investments other than those categorised as 'held for trading' are initially recognised at fair value which includes transaction costs associated with the investment. Investments classified as 'held for trading' are initially recognised at fair value while the related transaction costs are expensed out in the profit and loss account.

5.3.4 Subsequent measurement

Subsequent to initial recognition investments are valued as follows:

(a) Held-for-trading

Investments classified as held-for-trading are subsequently measured at fair value. Any unrealised surplus / deficit arising on revaluation is taken to the profit and loss account.

(b) Available-for-sale

Quoted securities classified as available-for-sale are subsequently measured at fair value. Any unrealised surplus / deficit arising on revaluation is recorded in the surplus / deficit on revaluation of securities account shown as part of equity in the statement of financial position and is taken to the profit and loss account either when realised upon disposal or when the investment is considered to be impaired.

Unquoted equity securities are carried at the lower of cost and break-up value. The break-up value is calculated with reference to the net assets of the investee company as per its latest available audited financial statements. Other unquoted securities are valued at cost less impairment, if any.

(c) Held-to-maturity

These are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amount.

5.3.5 Impairment

Impairment loss in respect of investments classified as 'available for sale' (except for term finance certificates) is recognised based on management's assessment of objective evidence of impairment as a result of one or more events that may have an impact on the estimated future cash flows of these investments. A significant or prolonged decline in the value of equity securities is also considered as an objective evidence of impairment. The Prudential Regulations specify that investments in unlisted equity securities are required to be carried at cost. However, in cases where the breakup value of such equity securities is less than the cost, the difference between the cost and breakup value should be charged to the profit and loss account as an impairment charge. In the case of such securities, impairment loss is reversed when the shares are disposed of. Provision for diminution in the value of term finance certificates is made as per the requirements of the Prudential Regulations issued by the SBP. In the event of impairment of available for sale securities, the cumulative loss that had been recognised directly in surplus on revaluation of securities in the statement of financial position is removed thereof and recognised in the profit and loss account. For investments classified as held to maturity, the impairment loss is recognised in the profit and loss account.

5.3.6 Gain / loss on disposal of investments made during the year is credited / charged to the profit and loss account.

5.4 Advances

(a) Loans and advances

Advances are stated at cost less specific and general provisions. Specific provision for non-performing advances is determined keeping in view the Bank's policy subject to the minimum requirement set out by the Prudential Regulations and other directives issued by the SBP and charged to the profit and loss account. General provision against consumer and small enterprises financing portfolio is maintained as per the requirements set out in the Prudential Regulations issued by the SBP and provision based on historical loss experience on advances. Advances are written off when there are no realistic prospects of recovery.

(b) Net investment in finance leases

Net investment in finance leases is stated at net of provisions made against non-performing leases.

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

Unrealised lease income in respect of non-performing finance leases is suspended in accordance with the Prudential Regulations issued by the SBP.

5.5 Fixed assets and depreciation

(a) Property and Equipment

(i) Owned Assets

Owned assets are stated at cost less accumulated depreciation and accumulated impairment losses, if any, except for capital work-in-progress and freehold land. Capital work-in-progress and freehold land are stated at cost less accumulated impairment losses, if any.

Depreciation on fixed assets (excluding land which is not depreciated) is charged using the straight line method in accordance with the rates specified in note 11.2 to these financial statements after taking into account the residual value, if significant. The assets' residual values and useful lives are reviewed and adjusted, if required, at each statement of financial position date. Depreciation on additions is charged from the month the assets are available for use. No depreciation is charged in the month of disposal.

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains / losses on disposal of fixed assets, if any, are taken to the profit and loss account in the period in which they arise.

(ii) Lease liability and right-of-use asset

Leases are classified as finance leases wherever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Lease payments, if any, under operating leases are charged to the profit and loss account on a straight line basis over the lease term. Premium paid at the time of renewal, if any, is amortised over the remaining period of the lease.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The lease liability is initially measured at the present value of the lease payments over the lease term and that are not paid at the commencement date, discounted using the Bank's incremental borrowing rate.

Lease payments include fixed payments less any lease incentive receivable, variable lease payment that are based on an index or a rate which are initially measured using the index or rate as at the commencement date, amounts expected to be payable by the Bank under residual value guarantees, the exercise price of a purchase option if the Bank is reasonably certain to exercise that option and payments of penalties for terminating the lease if the lease term reflects the lessee exercising that option. The extension and termination options are incorporated in determination of lease term only when the Bank is reasonably certain to exercise these options.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. The lease liability is also remeasured to reflect any reassessment or lease modification, or to reflect revised in-substance fixed lease payment.

The lease liability is remeasured when the Bank reassesses the reasonable certainty of exercising the extension or termination option upon occurrence of either a significant event or a significant change in circumstances, or when there is a change in assessment of an option to purchase underlying asset, or when there is a change in amount expected to be payable under a residual value guarantee, or when there is a change in future lease payments resulting from a change in an index or rate used to determine those payment. The corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the profit and loss account if the carrying amount of right-of-use asset has been reduced to zero.

When there is a change in scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease, it is accounted for as a lease modification. The lease modification is accounted for as a separate lease if modification increases the scope of lease by adding the right to use one or more underlying assets and the consideration for lease increases by an amount that is commensurate

with the stand-alone price for the increase in scope adjusted to reflect the circumstances of the particular contracts, if any. When the lease modification is not accounted for as a separate lease, the lease liability is remeasured and corresponding adjustment is made to right-of-use asset.

The right-of-use asset is initially measured at an amount equal to the initial measurement of lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of the costs to be incurred to dismantle and remove the underlying asset or to restore the underlying asset or the site on which the asset is located.

The right-of-use asset is subsequently measured at cost model. The right-of-use asset is depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The Bank has elected to apply the practical expedient of not to recognise right-of-use assets and lease liabilities for short term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases is recognised as an expense on a straight line basis over the lease term.

(b) Capital work-in-progress

Capital work-in-progress is stated at cost less accumulated impairment losses, if any. All expenditure connected with specific assets incurred during installation and construction period are carried under this head. These are transferred to specific assets as and when assets become available for use.

5.6 Intangible assets

Intangible assets having definite useful lives are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Amortisation is charged by applying the straight-line method over the useful life of the assets. Amortisation is calculated so as to write-off the assets over their expected economic lives at the rates specified in note 12 to these financial statements. Amortisation is charged from the month in which the asset is available for use. No amortisation is charged for the month in which the asset is disposed of. The residual value, useful life and amortisation method are reviewed and adjusted, if appropriate, at each statement of financial position date.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably.

Intangible assets having an indefinite useful life are stated at acquisition cost less accumulated impairment losses, if any. Gains and losses on disposals, if any, are taken to the profit and loss account in the period in which they arise.

5.7 Impairment

At each reporting date, the Bank reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss. Recoverable amount is the greater of fair value less cost to sell and value in use.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment loss is recognised as an expense immediately in the profit and loss account.

Where an impairment loss reverses subsequently, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

5.8 Taxation

(a) Current

The provision for current taxation is based on taxable income for the year, if any, at current rates of taxation, after taking into consideration available tax credits, rebates and tax losses as specified under the seventh schedule to the Income Tax Ordinance, 2001. The charge for current tax also includes adjustments, where considered necessary relating to prior years, which arises from assessments / developments made during the year.

(b) Deferred

Deferred tax is recognised using the balance sheet liability method on all major temporary differences between the carrying amounts of assets and liabilities used for financial reporting purposes and amounts used for taxation purposes. In addition, the Bank also records deferred tax asset on available tax losses. Deferred tax is calculated using the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

The carrying amount of the deferred tax asset is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilised.

The Bank also recognises deferred tax asset / liability on (deficit) / surplus on revaluation of securities which is adjusted against the related (deficit) / surplus in accordance with the requirements of the International Accounting Standard (IAS-12) dealing with income taxes.

5.9 Provisions

Provision for claims under guarantees and other off balance sheet obligations is recognised when identified and reasonable certainty exists for the Bank to settle the obligation. Expected recoveries are recognised by debiting the customer's account. Charge to the profit and loss account is stated net-of expected recoveries.

Other provisions are recognised when the Bank has a legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits 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.

5.10 Staff retirement benefits

(a) Defined contribution plan

The Bank operates a contributory provident fund scheme covering all its permanent employees. Equal monthly contributions are made both by the Bank and the employees in respect of this benefit. Obligations for contributions to defined contribution plan are recognised as an employee benefit expense in the profit and loss account when they are due. Prepaid contributions are recognised as an asset to the extent that cash refund or reduction in future payments is available.

(b) Compensated absences

The liability in respect of compensated absences of employees is accounted for in the period in which the absences accrue.

5.11 Borrowings / deposits and their cost

Borrowings / deposits are recorded when the proceeds are received. Borrowing / deposit costs are recognised as an expense in the period in which these are incurred using the effective mark-up / interest rate method to the extent that they are not directly attributable to the acquisition of or construction of qualifying assets. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) is capitalised as part of the cost of that asset.

5.12 Proposed dividend and transfers between reserves

Dividends and appropriations to reserves, except appropriations which are required by law, made subsequent to the statement of financial position date are considered as non-adjusting events and are recorded in the financial statements in accordance with the requirements of International Accounting Standard (IAS) 10, 'Events after the Balance Sheet Date' in the year in which they are approved / transfers are made.

5.13 Revenue recognition

- Mark-up income / interest on advances and returns on investments are recognised on a time proportionate basis using the effective interest method except that mark-up / income / return on classified advances and investments is recognised on receipt basis in accordance with the requirements of the Prudential Regulations issued by the SBP. Interest / return / mark-up on rescheduled / restructured advances and investments is recognised as permitted by the Prudential Regulations issued by the SBP, except where, in the opinion of the management, it would not be prudent to do so.
- Fee, commission and brokerage income are accounted for on an accrual / time proportion basis.
- Dividend income from investments is recognised when the Bank's right to receive the dividend has been established.
- 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 the leased assets) is deferred and taken to income over the term of the

lease so as to produce a constant periodic rate of return on the outstanding net investment in the lease.

- Unrealised lease income in respect of non-performing finance leases and markup / return on non-performing advances is held in suspense account.
- Premium or discount on acquisition of debt investments is capitalised and amortised through the profit and loss account over the remaining period till maturity.
- Gains / losses on termination of lease contracts, documentation charges, front end fee and other lease income are recognised as income when realised.
- Gain / loss on sale of investments is credited / charged to profit and loss account currently.

5.14 Foreign currencies

(a) Foreign currency transactions

Foreign currency transactions are translated into Pakistani Rupees at the exchange rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Pakistani Rupees at exchange rates prevailing at the reporting date. Foreign bills purchased and forward foreign exchange contracts are valued at the rates applicable to their respective maturities.

(b) Translation gains and losses

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

(c) Contingencies and commitments

Commitments for outstanding forward foreign exchange contracts are disclosed at contracted rates. Contingent liabilities / commitments for letters of credit and letters of guarantee denominated in foreign currencies are expressed in Pakistani rupee terms at the exchange rate prevailing at the reporting date.

5.15 Segment reporting

The Bank has structured its key business areas in various segments in a manner that each segment becomes a distinguishable component of the Bank that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The segment reported below are consistent to that reported to the President and Chief Executive Officer of the Bank.

(a) Business segments

(i) Corporate Banking

Corporate banking includes project finance, real estate, export finance, trade finance, leasing, lending, guarantees, bills of exchange and deposits and includes services provided in connection with mergers and acquisitions, underwriting, privatisation, securitisation, research, debt (government and high yield) and equity syndications, IPO and secondary private placements. These services are being offered to large corporate entities.

(ii) Global Markets

It includes fixed income on debt securities, equity, foreign exchanges, commodities, credit, funding, own position securities, lending and repos, brokerage debt and prime brokerage.

(iii) Retail banking

It includes retail / consumer lending and deposits, banking services, trust and estates, private lending and deposits, banking service, trust and estates investment advice, merchant / commercial / corporate cards and private labels and retail.

(iv) Commercial banking

Commercial banking includes lendings, export finance, trade finance, bills of exchange and deposits. These services are being offered to commercial customers and small & medium sized entities.

(v) Senoff

It includes certain corporate assets and liabilities which are not allocated to business segments.

(b) Geographical segments

The operations of the Bank are currently based only in Pakistan.

5.16 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, as the case may be, attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the year. Diluted EPS per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding after including the effects of all dilutive potential ordinary shares, if any.

5.17 Financial instruments

5.17.1 Financial assets and liabilities

All financial assets and liabilities are recognised at the time when the Bank becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the Bank loses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognised when they are extinguished, i.e. when the obligation specified in the contract is discharged, cancelled or expired. Any gain / loss on derecognition of the financial assets and financial liabilities is taken to income directly. Financial instruments carried on the statement of financial position include cash and balances with treasury banks, balances with other banks, lendings to financial institutions, investments, advances, certain other assets, bills payable, borrowings, deposits and certain other liabilities. The particular recognition methods adopted for significant financial assets and financial liabilities are disclosed in the individual policy statements associated with these assets and liabilities.

5.17.2 Off-setting of financial instruments

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

5.17.3 Derivatives

Derivative financial instruments are recognised at fair value. Derivatives with positive market values (unrealised gains) are included in other assets and derivatives with negative market values (unrealised losses) are included in other liabilities in the statement of financial position. The resultant gains and losses are taken to the profit and loss account.

5.18 Fiduciary assets

Assets held in a fiduciary capacity are not treated as assets of the Bank in these financial statements.

5.19 Acceptances

Acceptances comprise undertakings by the Bank to pay bill of exchange drawn on customers. Acceptances are recognised as financial liability in the statement of financial position with a contractual right of reimbursement from the customer as a financial asset. Therefore, commitments in respect of acceptances have been accounted for as financial assets and financial liabilities.

6. CASH AND BALANCES WITH TREASURY BANKS

		(Rupees in '000)	
Note		2020	2019
In hand			
	Local currency	738,251	647,811
	Foreign currencies	450,652	311,164
		1,188,903	958,975
With State Bank of Pakistan in			
	Local currency current account	4,344,860	2,752,943
6.1	Foreign currency current account (cash reserve account)	567,252	430,941
	Foreign currency deposit account (USD settlement account)	152,642	88,008
6.2	Foreign currency deposit account (special cash reserve account)	1,134,345	1,292,668
		6,199,099	4,564,560
With National Bank of Pakistan in			
	Local currency current account	11,628	12,251
National Prize Bonds			
		23,022	8,241
		7,422,652	5,544,027

6.1 The local currency account is maintained with the State Bank of Pakistan (SBP) as per the requirements of Section 22 of the Banking Companies Ordinance, 1962. This section requires banking companies to maintain a local currency cash reserve in current account opened with the SBP at a sum not less than such percentage of its time and demand liabilities in Pakistan as may be prescribed by the SBP.

6.2 This mainly represents reserve required to be maintained with the SBP at an amount equivalent to at least 15% of the Bank's foreign currency deposits mobilised under FE-25 scheme. This foreign currency cash reserve comprises an amount equivalent to at least 5% of the Bank's foreign currency deposits mobilised under the FE 25 scheme, which is kept in a non-remunerative account (cash reserve account). The balance reserve equivalent to at least 10% of the Bank's foreign currency deposits mobilised under FE-25 scheme is maintained in a remunerative account (special cash reserve account) on which the Bank is entitled to earn a return which is declared by the SBP on a monthly basis. These deposits carry nil mark-up (2019: 0.70%) per annum.

7. BALANCES WITH OTHER BANKS

		(Rupees in '000)	
Note		2020	2019
In Pakistan			
	In current account	108,633	95,973
	In deposit account	18	17
		108,651	96,000
Outside Pakistan			
	In current account	1,287,537	1,058,207
		1,396,188	1,154,197

7.1 These carry mark-up at the rate of 5.68% (2019: 11.25%) per annum.

7.2 The above amount includes balance with SAMBA Financial Group (a related party) amounting to Rs. 81.136 million (2019: Rs. 78.897 million).

8. LENDINGS TO FINANCIAL INSTITUTIONS

		(Rupees in '000)	
Note		2020	2019
	Call money lendings	3,000,000	-
8.2.1	Repurchase agreement lendings (Reverse Repo)	6,469,131	2,274,405
8.2.3	Other lending with financial institutions	466,435	-
		9,935,566	2,274,405
	Less: provision held against Lending to Financial Institutions	-	-
	Lending to Financial Institutions - net of provision	9,935,566	2,274,405
8.1 Particulars of lending			
	In local currency	9,935,566	2,274,405

8.2 Securities held as collateral against lending to financial institutions

	(Rupees in '000)					
	2020			2019		
	Held by bank	Further given as collateral	Total	Held by bank	Further given as collateral	Total
Market Treasury Bills	2,500,000	-	2,500,000	900,000	-	900,000
Pakistan Investment Bonds	3,000,000	-	3,000,000	1,470,000	-	1,470,000
Total	5,500,000	-	5,500,000	2,370,000	-	2,370,000

8.2.1 These represent lendings to commercial banks in the inter bank money market. These lendings carry mark-up at the rate of 7.50% (2019: Nil) per annum and will mature latest by January 04, 2021 (2019: Nil).

8.2.2 These represent short-term lendings to financial institution against investment securities. These carry mark-up at the rates ranging from 6.15% to 7.30% (2019: 13.10% to 13.60%) per annum and will mature latest by January 25, 2021 (2019: February 7, 2020).

8.2.3 These represent placements with Islamic NPC Company Limited (a special purpose vehicle owned by the Government of Pakistan) in respect of issuance of Naya Pakistan Certificate in PKR and USD to eligible investors, the Bank is acting as agent to facilitate the issuance of NPCs. These carry mark-up rates ranging from 7.98% to 8.26% and 2.99% to 3.04% (2019: Nil) for PKR and USD respectively with no fixed maturity.

8.2.4 The market value of securities held as collateral against repurchase agreement lendings amounted to Rs. 6,489.675 million (2019: Rs. 2,293.835 million).

9. INVESTMENTS - NET

9.1 Investments by type

	(Rupees in '000)							
	2020				2019			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
Held for trading securities								
Share	248,376	-	(369)	248,007	59,349	-	(514)	58,835
Available for sale securities								
Federal Government Securities	60,143,076	-	607,139	60,750,215	42,507,453	-	436,464	42,943,917
Shares	1,701,829	(309,345)	172,155	1,564,639	1,622,291	(231,851)	138,822	1,529,262
Non Government Debt Securities	2,254,798	-	(33,268)	2,221,530	2,426,596	-	(35,517)	2,391,079
	64,099,703	(309,345)	746,026	64,536,384	46,556,340	(231,851)	539,769	46,864,258
Held to maturity securities								
Federal Government Securities	3,105,312	-	-	3,105,312	4,354,936	-	-	4,354,936
Total Investments	67,453,391	(309,345)	745,657	67,889,703	50,970,625	(231,851)	539,255	51,278,029

9.2 Investments by segment

		(Rupees in '000)							
		2020				2019			
		Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
Federal Government Securities									
Pakistan Investment Bonds		61,049,567	-	607,133	61,656,700	46,862,389	-	436,464	47,298,853
Ijara sukuk		2,198,821	-	6	2,198,827	-	-	-	-
		63,248,388	-	607,139	63,855,527	46,862,389	-	436,464	47,298,853
Shares									
Listed Companies		1,939,705	(298,845)	171,786	1,812,646	1,671,140	(221,351)	138,308	1,588,097
Unlisted Companies		10,500	(10,500)	-	-	10,500	(10,500)	-	-
		1,950,205	(309,345)	171,786	1,812,646	1,681,640	(231,851)	138,308	1,588,097
Non Government Debt Securities									
Listed		2,009,726	-	(8,977)	2,000,749	1,931,033	-	(24,436)	1,906,597
Unlisted		245,072	-	(24,291)	220,781	495,563	-	(11,081)	484,482
		2,254,798	-	(33,268)	2,221,530	2,426,596	-	(35,517)	2,391,079
Total investments		67,453,391	(309,345)	745,657	67,889,703	50,970,625	(231,851)	539,255	51,278,029

9.2.1 Investments given as collateral

		(Rupees in '000)	
		2020	2019
Pakistan Investment Bonds		38,891,371	25,419,304
9.3 Provision for diminution in value of investments			
9.3.1 Opening balance		231,851	117,846
Charge / (reversals)			
Charge for the year		236,966	162,115
Reversal on disposals for the year		(159,472)	(48,110)
		77,494	114,005
Closing balance		309,345	231,851

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

9.4 Quality of available for sale securities

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

		(Rupees in '000)	
		2020	2019
		Cost	
Federal Government Securities - Government guaranteed			
Pakistan Investment Bonds	57,944,255		42,507,453
Ijara Sukuk	2,198,821		-
	60,143,076		42,507,453
Shares			
Listed Companies - sector wise exposure			
Automobile Assembler	60,428		-
Automobile Parts & Accessories	44,386		-
Cable & Electrical Goods	27,426		64,608
Cement	277,591		85,255
Chemical	124,773		233,790
Commercial Banks	320,622		304,959
Engineering	53,901		-
Glass & Ceramics	41,140		82,279
Investment Banks	285		285
Insurance	50,666		57,150
Modarabas	104		104
Oil & Gas Exploration Companies	85,865		149,756
Oil & Gas Marketing Companies	124,545		144,606
Power Generation & Distribution	288,143		320,610
Real Estate Investment Trust	55,262		82,894
Technology & Communication	13,934		-
Textile Composite	122,246		85,483
Transport	12		12
	1,691,329		1,611,791

		(Rupees in '000)	
		2020	2019
		Cost	
Unlisted Companies			
Crescent Industrial Chemical Limited	10,000	10,000	(540)
Union Communication Private Limited	500	500	343
	10,500	10,500	(197)

		(Rupees in '000)	
		2020	2019
		Cost	
Non Government Debt Securities			
Listed			
Categorised based on long term rating by Credit Rating Agency			
- AAA	934,727		1,059,561
- AA+, AA, AA-	499,999		246,472
- A+, A, A-	575,000		625,000
	2,009,726		1,931,033
Unlisted			
Categorised based on long term rating by Credit Rating Agency			
- AA+, AA, AA-	245,072		495,563

9.4.1 The Bank has no investment in foreign securities under Available for sale category as at December 31, 2020 (December 31, 2019: Nil).

9.5 Particulars relating to Held to Maturity securities are as follows:

Federal Government Securities - Government guaranteed

Pakistan Investment Bonds

(Rupees in '000)	
2020	2019
Cost	
3,105,312	4,354,936

9.5.1 The market value of securities classified as held-to-maturity as at December 31, 2020 amounted to Rs. 3,139.040 million (2019: Rs. 4,132.376 million).

9.6 Investments include certain approved / Government securities which are held by the Bank to comply with the statutory liquidity requirements determined on the basis of the Bank's demand and time liabilities as set out under the Banking Companies Ordinance, 1962.

		(Rupees in '000)					
		Performing		Non Performing		Total	
		2020	2019	2020	2019	2020	2019
10. ADVANCES - NET	Loans, cash credits, running finances, etc. Bills discounted and purchased	65,630,909 246,734	61,189,254 181,363	2,680,128 15,494	2,657,246 15,494	68,311,037 262,228	63,846,500 196,857
	Advances - gross	65,877,643	61,370,617	2,695,622	2,672,740	68,573,265	64,043,357
	Provision against advances	-	-	(2,605,952)	(2,623,696)	(2,605,952)	(2,623,696)
	- Specific	-	-	-	-	-	-
	- General	(331,923)	(63,518)	-	-	(331,923)	(63,518)
		(331,923)	(63,518)	(2,605,952)	(2,623,696)	(2,937,875)	(2,687,214)
	Advances - net of provision	65,545,720	61,307,099	89,670	49,044	65,635,390	61,356,143

10.1 Includes net investment in finance lease as disclosed below:

		(Rupees in '000)							
		2020				2019			
		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
Lease rentals receivable		170,253	-	-	170,253	196,831	-	-	196,831
	Residual value	35,595	-	-	35,595	35,629	-	-	35,629
Minimum lease payments		205,848	-	-	205,848	232,460	-	-	234,460
	Financial charges for future periods	(1,292)	-	-	(1,292)	(1,292)	-	-	(1,292)
Present value of minimum lease payments		204,556	-	-	204,556	231,168	-	-	231,168

10.2 Particulars of Advances (Gross)

In local currency
In foreign currencies

(Rupees in '000)	
2020	2019
68,095,932	62,800,119
477,333	1,243,238
68,573,265	64,043,357

10.3 Advances include Rs. 2,696 million (2019: Rs. 2,673 million) which have been placed under non-performing status as detailed below:

Category of Classification	(Rupees in '000)			
	2020		2019	
	Non Performing Loans	Provision	Non Performing Loans	Provision
Domestic				
Substandard	76,476	18,371	23,087	5,772
Loss	2,619,146	2,587,581	2,649,653	2,617,924
	2,695,622	2,605,952	2,672,740	2,623,696

10.3.1 The Bank has not extended any loans or advances overseas.

10.4 Particulars of provision against advances

Note	(Rupees in '000)					
	2020			2019		
	Specific	General	Total	Specific	General	Total
Opening balance	2,623,696	63,518	2,687,214	2,249,583	49,942	2,299,525
Charge for the year	69,139	272,221	341,360	420,197	13,576	433,773
Reversals during the year	(72,463)	(3,816)	(76,279)	(45,509)	-	(45,509)
	(3,324)	268,405	265,081	374,688	13,576	388,264
Amounts written off	(14,420)	-	(14,420)	(575)	-	(575)
Closing Balance	2,605,952	331,923	2,937,875	2,623,696	63,518	2,687,214

10.4.1 Particulars of provision against advances

	(Rupees in '000)					
	2020			2019		
	Specific	General	Total	Specific	General	Total
In local currency	2,605,952	331,923	2,937,875	2,623,696	63,518	2,687,214

10.4.2 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.

10.4.3 General provision as at December 31, 2020 includes provision of Rs. 71.923 million (2019: Rs. 63.518 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. 260 million (December 31, 2019: Nil) against corporate, commercial and SME advances which is based on management's best estimate for potential losses present in the portfolio in light of COVID-19 (refer to note 44).

10.5 Particulars of write offs:

	Note	(Rupees in '000)	
		2020	2019
10.5.1 Against provisions	10.4	14,420	575
Directly charged to the profit and loss account		1,415	151
		15,835	726
10.5.2 Write offs of Rs. 500,000 and above	10.6	13,983	-
Write offs of below Rs. 500,000		1,852	726
		15,835	726

10.6 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 five hundred thousand rupees or above allowed to a person during the year ended December 31, 2020 is given in Annexure-I to these financial statements. These loans are written off as a book entry without prejudice to the Bank's right of recovery against the customers.

11. FIXED ASSETS

Capital work-in-progress
Property and equipment

Note	(Rupees in '000)	
	2020	2019
11.1	3,855	92,794
11.2	1,935,268	1,803,713
	1,939,123	1,896,507
11.1	3,855	80,206
	-	9,414
	-	3,174
	3,855	92,794

11.1 Capital work-in-progress

Civil works
Equipment
Advances to suppliers

11.2 Property and Equipment

	(Rupees in '000)						
	2020						
	Freehold land	Building on freehold land	Furniture and fixture	Electrical, office and computer equipment	Vehicles	Right-of use assets	Total
At January 1, 2020							
Cost	502,240	173,236	643,990	817,963	49,298	1,005,086	3,191,813
Accumulated depreciation	-	(99,918)	(418,121)	(668,901)	(19,927)	(181,233)	(1,388,100)
Net book value	502,240	73,318	225,869	149,062	29,371	823,853	1,803,713
Year ended December 2020							
Opening net book value	502,240	73,318	225,869	149,062	29,371	823,853	1,803,713
Additions	-	-	126,015	62,869	41,184	295,751	525,819
Disposals / write-offs	-	-	(10,668)	(63)	(47)	(42,407)	(53,185)
Depreciation charge	-	(7,611)	(65,908)	(77,987)	(5,473)	(184,100)	(341,079)
Closing net book value	502,240	65,707	275,308	133,881	65,035	893,097	1,935,268
At December 31, 2020							
Cost	502,240	173,236	730,544	868,685	90,345	1,258,431	3,623,481
Accumulated depreciation	-	(107,529)	(455,236)	(734,804)	(25,310)	(365,334)	(1,688,213)
Net book value	502,240	65,707	275,308	133,881	65,035	893,097	1,935,268
Rate of depreciation (percentage)	-	5	5/10/20	20/33/50	20	7-50	

	(Rupees in '000)						
	2019						
	Freehold land	Building on freehold land	Furniture and fixture	Electrical, office and computer equipment	Vehicles	Right-of use assets	Total
At January 1, 2019							
Cost	502,240	173,236	629,538	776,714	39,466	-	2,121,1947
Accumulated depreciation	-	(92,306)	(403,828)	(607,459)	(13,658)	-	(1,117,251)
Net book value	502,240	80,930	225,710	169,255	25,808	-	1,003,943
Year ended December 2019							
Opening net book value	502,240	80,930	225,710	169,255	25,808	-	1,003,943
Recognized as on January 1	-	-	-	-	-	984,043	984,043
Additions	-	3,000	67,545	53,179	11,395	21,043	156,162
Disposals / write-offs	-	(3,000)	(1,657)	(166)	(532)	-	(5,355)
Depreciation charge	-	(7,612)	(65,729)	(73,206)	(7,300)	(181,233)	(335,080)
Closing net book value	502,240	73,318	225,869	149,062	29,371	823,853	1,803,713
At December 31, 2019							
Cost	502,240	173,236	643,990	817,963	49,298	1,005,086	3,191,813
Accumulated depreciation	-	(99,918)	(418,121)	(668,901)	(19,927)	(181,233)	(1,388,100)
Net book value	502,240	73,318	225,869	149,062	29,371	823,853	1,803,713
Rate of depreciation (percentage)	-	5	5/10/20	20/33/50	20	7-50	

11.3 Disposal of fixed assets

The details of disposals of assets whose original cost or book value exceed one million rupees or two hundred and fifty thousand rupees respectively, whichever is lower, are given in Annexure "II".

Information relating to sale of fixed assets (otherwise than through regular auction) made to the chief executive officer, a director, an executive or a shareholder holding not less than ten percent of the voting shares of the Bank or any related party as required by SBP's BSD Circular No. 4 dated February 17, 2006 is also given in Annexure "II".

		(Rupees in '000)	
		2020	2019
11.4	Carrying amount of temporarily idle property	-	-
11.5	The gross carrying amount (cost) of fully depreciated assets that are still in use:		
	Building on freehold land	32,428	32,428
	Furniture and fixtures	264,624	187,406
	Electrical, office and computer equipment	567,943	469,624
	Vehicles	15,116	7,516
		880,111	696,973

		(Rupees in '000)	
		2020	2019
12	INTANGIBLE ASSETS		
	Capital work-in-progress	21,580	17,511
	Intangible assets	120,321	115,953
		141,901	133,464
12.1	Capital work-in-progress		
	Advances to suppliers	21,580	17,511
12.2	Intangible assets		
	At January 1		
	Cost	299,246	256,474
	Accumulated amortisation	(183,293)	(149,169)
	Net book value	115,953	107,305
	Year ended December 31		
	Opening net book value	115,953	107,305
	Additions:		
	- directly purchased	45,175	42,772
	Amortisation charge	(40,807)	(34,124)
	Closing net book value	120,321	115,953
	At December 31		
	Cost	344,421	299,246
	Accumulated amortisation	(224,100)	(183,293)
	Net book value	120,321	115,953
	Rate of amortisation (percentage)	20 / 14.28	20 / 14.28
	Useful life	5 / 7	5 / 7

12.3 Intangible assets include licensing cost of Bank's core banking system having a carrying value of Rs. 53.615 million (2019: Rs. 62.228 million). The remaining amortisation period of this asset is 3 years (2019: 4 years).

		(Rupees in '000)	
		2020	2019
12.4	The gross carrying amount (cost) of fully amortised assets that are still in use:		
	Intangible assets	118,001	103,235

13. DEFERRED TAX ASSETS - NET

(Rupees in '000)				
2020				
	At January 1, 2020	Recognised in profit and loss account	Recognised in OCI	At December 31, 2020
Deductible temporary differences on:				
- Revaluation of investments	(210,510)	-	(80,440)	(290,950)
- Accelerated tax depreciation	38,986	(7,058)	-	31,928
- Provision against advances, off balance sheet etc.	585,012	114,358	-	699,370
	413,488	107,300	(80,440)	440,348
Taxable temporary differences on:				
- Net investment in finance lease	(86,004)	10,403	-	(75,601)
	327,484	117,703	(80,440)	364,747

(Rupees in '000)				
2019				
	At January 1, 2019	Recognised in profit and loss account	Recognised in OCI	At December 31, 2019
Deductible temporary differences on:				
- Revaluation of investments	204,623	-	(415,133)	(210,510)
- Accelerated tax depreciation	27,601	11,385	-	38,986
- Provision against advances, off balance sheet etc.	545,107	39,905	-	585,012
	777,331	51,290	(415,133)	413,488
Taxable temporary differences on:				
- Net investment in finance lease	(76,564)	(9,440)	-	(86,004)
	700,767	41,850	(415,133)	327,484

14. OTHER ASSETS - NET

			(Rupees in '000)	
			2020	2019
Income / mark-up accrued in local currency			2,411,791	3,394,588
Income / mark-up accrued in foreign currencies			1,605	4,507
Advances, deposits, advance rent and other prepayments			102,879	102,450
Advance taxation (payments less provisions)			-	45,219
Mark to market gain on forward foreign exchange contracts			637,193	1,152,592
Acceptances	18		1,067,425	848,248
Others	14.1		210,914	226,413
			4,431,807	5,774,017
Less: provision held against other assets	14.2		(160,674)	(160,866)
Other assets (net of provision)			4,271,133	5,613,151

14.1 This includes:

- (a) (a) an amount of Rs. 32.389 million (2019: Rs. 32.389 million) receivable from InterAsia Leasing Limited.
(b) (b) an amount of Rs. 1.568 million (2019: Rs. 1.489 million) receivable from Samba Financial Group - a related party.

		(Rupees in '000)	
Note		2020	2019
14.2 Provision held against other assets			
Fee, commission and other receivables		80,343	80,535
Fraud losses		80,331	80,331
		160,674	160,866
14.2.1 Movement in provision held against other assets			
Opening balance		160,866	173,466
Write off during the year		(192)	(12,600)
Closing balance		160,674	160,866
15. BILLS PAYABLE			
In Pakistan		3,358,345	783,478
16. BORROWINGS			
Secured			
Borrowings from the State Bank of Pakistan			
Under export refinance scheme	16.1	4,339,452	3,158,889
Under long term financing facilities	16.2	5,681,809	1,909,307
		10,021,261	5,068,196
Bai muajjal borrowing	16.3	7,249,309	5,089,713
Repurchase agreement borrowings	16.4	31,674,785	20,156,809
Total secured		48,945,355	30,314,718
Unsecured			
Bai muajjal borrowing	16.3	7,229,401	5,777,434
Bankers Equity Limited (under liquidation)	16.5	22,336	22,336
Total unsecured		7,251,737	5,799,770
		56,197,092	36,114,488

- 16.1** The Bank has entered into various agreements with the SBP for extending export finance to customers. As per the terms of the agreements, the Bank has granted the SBP the right to recover the outstanding amount from the Bank at the time of maturity of finances by directly debiting the current account maintained with the SBP. This facility is secured against demand promissory note executed in favor of the SBP. These borrowings carry mark-up at the rate ranging from 1.0% to 2.0% (2019: ranging from 1.0% to 2.0%) per annum, and have maturity period of upto six months from deal date (2019: six months).
- 16.2** These represent borrowing from the SBP to provide refinance to customers and carries markup at the rate ranging from of 1% to 3.5% (2019: ranging from of 2% to 3.5%) per annum and will mature latest by September 30, 2030 (2019: November 22, 2029).
- 16.3** These represent funds borrowed against government securities and carries mark up at the rate ranging from 6.75% to 7.10% (2019: ranging from 10.89% to 13.60%) per annum and will mature latest by November 09, 2021 (2019: April 20, 2020).
- 16.4** These represent funds borrowed from interbank market against Government securities and carries mark up at the rate ranging from 7.05% to 7.20% (2019: ranging from 12.80% to 13.36%) per annum and will mature by April 19, 2021 (2019: January 09, 2020).
- 16.5** These represent amount payable to Bankers Equity Limited (under liquidation) on account of counter receivable from InterAsia Leasing Limited (note 14.1) and carries no mark-up.

16.6 Particulars of borrowings with respect to currencies

In local currency
In foreign currencies

(Rupees in '000)	
2020	2019
56,197,092	36,114,488
-	-
56,197,092	36,114,488

17 DEPOSITS AND OTHER ACCOUNTS**Customers**

Current deposits
Savings deposits
Term deposits
Others

Financial institutions

Current deposits
Savings deposits
Term deposits
Others

Note

(Rupees in '000)					
2020			2019		
In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
12,171,830	4,797,138	16,968,968	12,819,709	3,945,668	16,765,377
15,478,486	3,105,109	18,583,595	11,911,406	2,354,139	14,265,545
37,105,814	3,273,228	40,379,042	35,106,848	2,411,502	37,518,350
786,443	-	786,443	507,046	-	507,046
65,542,573	11,175,475	76,718,048	60,345,009	8,711,309	69,056,318
196,601	1,569	198,170	63,306	-	63,306
858,590	-	858,590	1,774,422	-	1,774,422
560,000	-	560,000	870,000	-	870,000
90,749	-	90,749	117,834	-	117,834
1,705,940	1,569	1,707,509	2,825,562	-	2,825,562
67,248,513	11,177,044	78,425,557	63,170,571	8,711,309	71,881,880

Note

17.1 Composition of deposits

- Individuals
- Government (Federal and Provincial)
- Public sector entities
- Banking companies
- Non-banking financial institutions
- Private sector

17.1

17.2

(Rupees in '000)	
2020	2019
29,306,040	26,470,034
16,176,055	13,482,993
5,507,109	3,118,895
90,749	117,834
1,616,760	2,707,781
25,728,844	25,984,343
78,425,557	71,881,880

17.1.1 This represents deposit amounting to Rs. 90.749 million (2019: Rs. 117.834 million) from Samba Financial Group - a related party.

17.2 This includes eligible deposits covered under insurance arrangements amounting to Rs. 26,804 million (2019: Rs. 20,689 million).

18 OTHER LIABILITIES

Mark-up / return / interest payable

- in local currency
- in foreign currencies

Accrued expenses

Acceptances

Unclaimed dividends

Provision for taxation (payments less provisions)

Mark to market loss on forward foreign exchange contracts

Provision against off-balance sheet obligations

Security deposits against lease

Lease liability against right-of-use assets

Others

Note

14

18.1

(Rupees in '000)	
2020	2019
1,512,199	2,439,975
12,435	14,754
735,317	634,660
1,067,425	848,248
3,351	3,351
140,924	-
779,918	1,399,312
172,746	172,746
34,946	34,979
926,016	834,264
313,159	235,785
5,698,436	6,618,074

18.1 Provision against off-balance sheet obligations

Opening balance
Reversal during the year
Closing balance

Note	(Rupees in '000)	
	2020	2019
	172,746	186,876
	-	(14,130)
18.1.1	172,746	172,746

18.1.1 This includes:

- a) A provision of Rs. 71.134 million (2019: Rs. 71.134 million) made in respect of two counter guarantees amounting to Rs. 71.134 million issued by Crescent Investment Bank Limited, an amalgamated entity, on behalf of Mr. Reyaz Shafi favoring Privatization Commission of Pakistan (PC). The PC had invoked / called for payment of both the guarantees prior to their expiry date. However, Mr. Reyaz Shafi had obtained stay order for payments against the guarantees on the grounds that the guarantees were conditional and the condition had not been met. Subsequently, the PC filed a suit against Faysal Bank Limited and Al-Baraka Islamic Bank, the guarantees issuing banks, against counter guarantees of the amalgamated entity, in the Lahore High Court under the Privatization Commission Ordinance, 2000 for payment against the guarantees. The case is still pending for decision. As a matter of prudence, full provision of Rs. 71.134 million (2019: Rs. 71.134 million) was made by the amalgamated entity, in respect of this matter, which is being maintained.
- b) A 50% provision is maintained amounting to Rs. 52.762 million (2019: Rs. 52.762 million) in respect of a guarantee issued by the bank in favour of a gas utility company on behalf of Dewan Cement Limited. The amount of guarantee will be payable by the bank if and when a call is made upon the bank by the beneficiary, in case of a default by the company. The company had shown gradual and visible improvement in the affairs of its business, hence, after obtaining necessary approval from SBP, the account was upgraded from Loss to Doubtful in 2012 and accordingly, 50% of the provisioning was reversed. Currently, provisioning of Rs. 52.762 million (2019: Rs. 52.762 million) is being maintained.
- c) A provision of Rs. 48 million (2019: Rs. 48 million) in respect of a fraud and forgery claim. The matter is still under investigation and is sub judice. The management is confident that the case will be settled in favour of the Bank. However, as a matter of prudence, a provision has been retained in the financial statements.

19 SHARE CAPITAL**19.1 Authorised capital**

(Number of shares)		
2020	2019	
1,500,000,000	1,500,000,000	Ordinary shares of Rs. 10 each

(Rupees in '000)	
2020	2019
15,000,000	15,000,000

19.2 Issued, subscribed and paid-up capital

(Number of shares)		
2020	2019	
883,317,458	883,317,458	Ordinary shares
124,921,190	124,921,190	Fully paid in cash
		Issued for consideration other than cash
1,008,238,648	1,008,238,648	

(Rupees in '000)	
2020	2019
8,833,175	8,833,175
1,249,212	1,249,212
10,082,387	10,082,387

19.2.1 Shares held by related parties of the Bank**Directors, their spouses and minor children**

Mr. Humayun Murad
Hafiz Mohammad Yousaf
Mr. Tariq Javed
Dr. Shujaat Nadeem
Mr. Arjumand Ahmed Minai
Mr. Shahid Sattar

(Number of shares)	
2020	2019
1,281	1,281
500	-
500	-
49,832,424	35,832,424
500	500
1,154,800	1,154,800
50,990,005	36,989,005
852,040,531	852,040,531
903,030,536	889,029,536

Associated Companies, undertakings and related parties

SAMBA Financial Group (SFG)

20 SURPLUS ON REVALUATION OF ASSETS

Note	(Rupees in '000)	
	2020	2019
Surplus on revaluation of		
- Available for sale securities	746,026	539,769
Deferred tax on surplus on revaluation of:		
- Available for sale securities	(290,950)	(210,510)
	455,076	(329,259)

21 CONTINGENCIES AND COMMITMENTS

- Guarantees
- Commitments
- Other contingent liabilities

Note	(Rupees in '000)	
	2020	2019
21.1	6,157,229	6,107,393
21.2	103,819,121	117,432,292
21.3	1,535,817	1,293,213
	111,512,167	124,832,898

21.1 Guarantees

- Financial guarantees
- Performance guarantees
- Other guarantees

	1,679,657	1,648,952
	3,626,500	4,064,765
	851,072	393,676
	6,157,229	6,107,393

21.2 Commitments**Documentary credits and short-term trade-related transactions**

- letters of credit

	9,575,999	5,709,594
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Commitments in respect of:

- forward foreign exchange contracts
- forward government securities transactions
- operating leases

21.2.1	92,334,452	107,057,142
21.2.2	1,494,438	4,134,130
21.2.3	3,561	8,717
	93,832,451	111,199,989

Commitments for acquisition of:

- operating fixed assets
- intangible assets

	41,445	46,105
	29,585	32,898

Other commitments

21.2.4	71,030	79,003
	339,641	443,706
	103,819,121	117,432,292

21.2.1 Commitments in respect of forward foreign exchange contracts

- Purchase
- Sale

	49,506,392	55,680,589
	42,828,060	51,376,553
	92,334,452	107,057,142

21.2.2 Commitments in respect of forward government securities transactions

- Purchase
- Sale

	1,494,438	2,183,422
	-	1,950,708
	1,494,438	4,134,130

21.2.3 Commitments in respect of operating leases

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

(Rupees in '000)	
2020	2019
3,561	8,717
-	-
-	-
3,561	8,717

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

21.2.4 Other commitments

Claims against the Bank not acknowledged as debt

(Rupees in '000)	
2020	2019
339,641	443,706

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

21.3 Other contingent liabilities

(Rupees in '000)	
2020	2019
1,535,817	1,293,213

21.3.1 The Income tax department has raised a demand of Rs. 426.787 million (December 31, 2019: Rs. 426.787 million) for the assessment years 1995-96, 1996-97, 1999-00, 2001-02, 2002-03 on account of non-deduction of tax on profit paid under portfolio management scheme, interest paid on foreign currency deposits and certificates of investment. The department has also raised further demand of Rs. 645.337 million (December 31, 2019: Rs. 645.337 million) for assessment years 1999-00, 2000-01 to assessment year 2002-03 and tax year 2006 on account of taxability of investment banks as banking companies and taxation of dividend income as normal banking income, and on account of lease rentals received or receivable, lease key money and certain other items. The aforementioned relates to pending assessments of the Bank and amalgamated entities namely Crescent Investment Bank Limited, Trust Investment Bank Limited and Pakistan Industrial Leasing Corporation. Tax department has also raised demand of Rs. 29.052 million (December 31, 2019: Rs. 29.052 million) for the assessment years 2009, 2010 & 2011 on account of Federal Excise Duty. Further, tax department has raised a demand of Rs. 28.110 million (December 31, 2019: Rs. 28.110 million) on account of monitoring of withholding taxes for the tax year 2015. Tax authorities have also issued orders under Sindh Sales Tax on Services Act, 2011 and Punjab Sales Tax on Services Act, 2012 thereby creating arbitrary aggregate demand amounting to Rs. 35.391 million (December 31, 2019: Rs. 35.391 million) for the years 2012 to 2017 and Rs.15.380 million (December 31, 2019: Rs. 128.536) for the year 2016 respectively. During the year Federal Board of Revenue has issued orders to amend assessments for tax years 2014, 2018 and 2019 raising demands of Rs. 45.268 million, Rs. 133.374 million and Rs. 177.117 million, respectively (December 31, 2019: Nil).

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. 1,535.817 million (December 31, 2019: Rs. 1,293.213 million) raised by the income tax authorities.

22 MARK-UP / RETURN / INTEREST EARNED

a) Loans and advances
b) Investments
c) Lendings to financial institutions
d) Balances with banks

(Rupees in '000)	
2020	2019
6,371,811	7,186,140
6,841,501	5,004,070
359,070	580,011
2,452	21,113
13,574,834	12,791,334

23 MARK-UP / RETURN / INTEREST EXPENSED

Deposits
Borrowings
Finance cost on lease liability against right-of-use assets
Cost of foreign currency swaps against foreign currency deposits

(Rupees in '000)	
2020	2019
4,920,263	5,142,012
4,310,584	3,347,111
110,500	115,307
534,735	667,819
9,876,082	9,272,249

24 FEE AND COMMISSION INCOME

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

(Rupees in '000)	
2020	2019
36,088	42,227
21,281	20,865
37,126	44,360
6,620	6,199
-	1,750
73,264	84,106
39,029	42,542
16,005	8,876
55,361	48,860
15,870	27,427
4,321	4,446
304,965	331,658

25 GAIN / (LOSS) ON SECURITIES - NET

Realised gain
Unrealised loss on held for trading securities

(Rupees in '000)	
2020	2019
478,751	21,211
(369)	(514)
478,382	20,697

25.1 Realised gain on:

Federal Government Securities
Shares
Non Government Debt Securities

(Rupees in '000)	
2020	2019
348,221	9,744
131,419	11,467
(889)	-
478,751	21,211

26 OTHER INCOME

Gain on sale of fixed assets - net
Gain on termination of lease liability against right of use assets
Others

721	122
9,410	-
11	32
10,142	154

27 OPERATING EXPENSES

Total compensation expense

Note

(Rupees in '000)

2020

2019

27.1

1,573,357

1,374,182

Property expense

Rent and taxes

86,050

104,492

Insurance

2,128

2,034

Utilities cost

66,760

60,664

Security (including guards)

53,697

45,912

Repair and maintenance (including janitorial charges)

57,156

54,176

Depreciation on owned fixed assets

7,612

7,612

Depreciation on right-of-use assets

184,101

181,233

457,504

456,123

Information technology expenses

Software maintenance

123,171

104,263

Hardware maintenance

49,563

37,688

Depreciation

45,951

39,021

Amortisation

40,807

34,124

Network charges

105,476

93,315

Insurance

800

952

365,768

309,363

Other operating expenses

Directors' fees and allowances

41,424

18,564

Legal and professional charges

58,445

11,571

Outsourced services costs

3,719

26,943

Travelling, conveyance and official entertainment

66,867

109,689

Charges paid to Central Depository Company of Pakistan Limited and NIFT

22,698

17,719

Depreciation

103,415

107,215

Training and development

4,157

7,047

Postage and courier charges

12,567

10,133

Communication

10,698

5,965

Stationery and printing

36,598

38,692

Repair and maintenance

39,322

39,443

Insurance

47,893

43,446

Marketing, advertisement and publicity

46,432

42,359

Fee commission and brokerage paid

63,977

35,701

Donations

11,000

6,140

Auditors' remuneration

7,410

8,114

Others

10,977

63,628

587,599

592,369

2,984,228

2,732,037

27.1 Total compensation expense

	(Rupees in '000)	
	2020	2019
Fees and allowances etc		
Managerial remuneration		
i) Fixed	589,706	534,772
ii) Variable		
of which;		
a) Cash bonus / awards etc.	245,000	200,000
b) Incentive payments	46,262	43,150
Contribution to defined contribution plan	46,783	41,274
Rent & house maintenance	265,370	240,860
Utilities	58,971	53,490
Medical	58,971	53,490
Conveyance / fuel / allowance	166,939	122,114
Staff insurance	25,150	21,359
Club membership	9,151	4,775
Other support staff salaries	57,619	55,644
Leave fare assistance	2,672	2,429
Others	763	825
Total	1,573,357	1,374,182

27.2 This represents cost of material outsourcing arrangement with Avanza Solutions (Private) Limited, amounting to Rs.3.719 million (2019: Rs. 26.943 million). Material outsourcing arrangement shall have the same meaning as specified in Annexure-I of BPRD Circular No. 06 of 2017. This arrangement has been entered into for providing services related to hosting of ATM Switch and Card Management System.

27.3 Donations made during the year were as follows:

	(Rupees in '000)	
	2020	2019
Cancer Foundation Hospital	200	-
National Institute of Child Health	300	-
Bilquis & Abdul Razzaq Dawood Foundation	300	-
Patients Aid Foundation	500	-
Sharmeen Khan Memorial Foundation	500	-
The Kidney Center	300	-
The Indus Hospital	1,000	1,500
Progressive Education Network (PEN)	6,000	1,000
The Citizens Foundation	1,000	840
Kiran Foundation	500	650
Special Olympics Pakistan	200	500
Pink Ribbon Pakistan	200	200
Layton Rahmatullah Benevolent Trust	-	500
Karachi Biennale Trust	-	500
The Hunar Foundation	-	300
Karachi Down Syndrome Program (KDSP)	-	150
	11,000	6,140

27.3.1 None of the directors, executives and their spouses had any interest in the donees.

27.4 Auditors' remuneration

	(Rupees in '000)	
	2020	2019
Statutory audit fee	2,575	2,522
Fee for annual group reporting	1,006	986
Fee for review of the half year financial statements	542	531
Special certifications and others	2,366	3,079
Out-of-pocket expenses	921	996
	7,410	8,114

28 WORKERS' WELFARE FUND

Under the Workers' Welfare Ordinance, 1971, the Bank has accrued Workers' Welfare Fund at 2% of profit before tax as per the financial statements or declared income as per the income tax return, whichever is higher.

The Bank has made full provision of Workers' Welfare Fund based on profit for the respective years.

The Supreme Court of Pakistan vide its order dated November 10, 2016 has held that the amendments made in the law introduced by the Federal Government for the levy of Workers' Welfare Fund were not lawful. The Federal Board of Revenue has filed review petitions against this order which are currently pending.

Legal advice obtained on the matter indicates that consequent to filing of these review petitions, the judgement may not currently be treated as conclusive. Accordingly, the Bank maintains its provision in respect of WWF.

29 OTHER CHARGES

Penalties imposed by the State Bank of Pakistan

(Rupees in '000)	
2020	2019
10	8,078

30 PROVISIONS AND WRITE OFFS - NET

Provision for diminution in the value of investments
Provision against loans and advances - net
Fixed assets written-off
Bad debts written-off directly
Recoveries against debts written-off

Note	(Rupees in '000)	
	2020	2019
	(77,494)	(114,005)
	(265,081)	(388,264)
	(10,662)	-
	(1,415)	(151)
	1,008	373
	(353,644)	(502,047)

31 TAXATION

Current
Prior years
Deferred

(Rupees in '000)	
2020	2019
(772,220)	(427,602)
(2,029)	(27,939)
117,703	41,850
(656,546)	(413,691)

31.1 Relationship between tax expense and accounting profit

Profit before taxation

Effects of:

- Tax calculated at the applicable rate of 39% (2019: 39%)
- Prior year charge
- Permanent differences
- Others including impact of change in rate of tax on deferred tax assets and liabilities

Tax charge for the year

1,668,215	1,100,149
650,604	429,058
2,029	27,939
3,913	3,150
-	(46,456)
656,546	413,691

32 EARNINGS PER SHARE - BASIC & DILUTED

Profit for the year

1,011,669

686,458

(Number of Shares)

Weighted average number of ordinary shares

1,008,238,648

1,008,238,648

(Rupees)

Basic earnings per share

1.003

0.681

(Rupees in '000)

32.1 Diluted Earnings Per Share

Profit for the year

1,011,669

686,458

(Number of Shares)

Weighted average number of ordinary shares (adjusted for the effects of all dilutive potential ordinary shares)

1,008,238,648

1,008,238,648

(Rupees)

Diluted earnings per share

1.003

0.681

(Rupees in '000)

33 CASH AND CASH EQUIVALENTS

Cash and balances with treasury banks

7,422,652

5,544,027

Balances with other banks

1,396,188

1,154,197

8,818,840

6,698,224

Note

6

7

33.1 Reconciliation of movement of liabilities to cash flows arising from financing activities

(Rupees in '000)						
2020						
Liabilities		Equity				
Sub-ordinated loan	Other liabilities	Share Capital	Reserves	Un-appropriated profit	Total	
Balance as at January 01,	- 6,618,074	10,082,387	1,158,548	2,938,552	20,797,561	
Changes from Financing cash flows						
Redemption of Subordinated loan	-	-	-	-	-	
Payment of lease liability against right-of-use-assets	- (262,682)	-	-	-	(262,682)	
Dividend paid	-	-	-	-	-	
Total changes from financing cash flows	- (262,682)	-	-	-	(262,682)	
Changes arising from demerger	-	-	-	-	-	
Liability related						
Changes in Other liabilities						
- Cash based	- (96,245)	-	-	-	(96,245)	
- Dividend payable	-	-	-	-	-	
- Non cash based	- (560,711)	-	-	-	(560,711)	
Total liability related other changes	- (656,956)	-	-	-	(656,956)	
Total equity related other changes	-	-	328,151	809,335	1,137,486	
Balance as at December 31	- 5,698,436	10,082,387	1,486,699	3,747,887	21,015,409	

(Rupees in '000)						
2019						
Liabilities		Equity				
Sub-ordinated loan	Other liabilities	Share Capital	Reserves	Un-appropriated profit	Total	
Balance as at January 01,	- 4,098,160	10,082,387	311,982	2,389,386	16,881,951	
Changes from Financing cash flows						
Redemption of Subordinated loan	-	-	-	-	-	
Payment of lease liability against right-of-use-assets	- (186,791)	-	-	-	(186,791)	
Dividend paid	-	-	-	-	-	
Total changes from financing cash flows	- (186,791)	-	-	-	(186,791)	
Changes arising from demerger	-	-	-	-	-	
Liability related						
Changes in Other liabilities						
- Cash based	- 1,956,085	-	-	-	1,956,085	
- Dividend payable	-	-	-	-	-	
- Non cash based	- 750,620	-	-	-	750,620	
Total liability related other changes	- 2,706,705	-	-	-	2,706,705	
Total equity related other changes	-	-	846,566	549,166	1,395,732	
Balance as at December 31	- 6,618,074	10,082,387	1,158,548	2,938,552	20,797,561	

34 STAFF STRENGTH

Permanent
Contractual

Bank's own staff strength at the end of the year

(Number)	
2020	2019
618	593
199	193
817	786

- 34.1 In addition to the above, 122 (2019: 119) 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 CONTRIBUTION PLAN

The Bank operates a contributory provident fund plan for 713 employees (2019: 658 employees). Both employer and employees contribute 8.33% (2019: 8.33%) of the basic salaries to the fund every month. The expense charged in respect of this benefit is disclosed in note 27 to these financial statements.

36 COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

36.1 Total Compensation Expense

Fees and allowances etc.
Managerial remuneration
i) Fixed
ii) Cash awards
Contribution to defined contribution plan
Rent and house maintenance
Utilities
Medical
Conveyance
Leave fare assistance
Car allowance
Total
Number of Persons

(Rupees in '000)					
2020					
Chairman	Executive Directors (other than CEO)	Non Executive Directors	President/ CEO	Key Management Personnel	Other Material Risk Takers / Controllers
4,088	-	34,292	-	-	-
-	-	-	32,062	76,258	136,775
-	-	-	52,500	72,300	52,585
-	-	-	2,671	6,352	11,016
-	-	-	14,428	34,316	61,549
-	-	-	3,206	7,626	13,678
-	-	-	3,206	7,626	13,678
-	-	-	-	5,574	29
-	-	-	2,672	-	-
-	-	-	-	32,330	47,811
4,088	-	34,292	110,745	242,382	337,121
1	-	7	1	12	72

Fees and allowances etc.
Managerial remuneration
i) Fixed
ii) Cash awards
Contribution to defined contribution plan
Rent and house maintenance
Utilities
Medical
Conveyance
Leave fare assistance
Car allowance
Total
Number of persons

(Rupees in '000)					
2019					
Chairman	Executive Directors (other than CEO)	Non Executive Directors	President/ CEO	Key Management Personnel	Other Material Risk Takers / Controllers
-	-	12,179	-	-	-
-	-	-	29,148	71,263	127,018
-	-	-	47,500	54,000	43,125
-	-	-	2,428	5,936	10,270
-	-	-	13,116	32,069	57,158
-	-	-	2,915	7,126	12,702
-	-	-	2,915	7,126	12,702
-	-	-	-	-	35
-	-	-	2,429	-	-
-	-	-	-	17,490	35,527
-	-	12,179	100,451	195,010	298,537
-	-	4	1	13	68

The term "Key Management Personnel" means the following functional responsibilities:

- (a) Any executive or key executive, acting as second to CEO, by whatever name called, and including the Chief Operating Officer (COO) and Deputy Managing Director.
- (b) Any executive or key executive reporting directly to the CEO / President or the person mentioned in (a) above.

The terms Directors / Executive Directors / Non-Executive Directors, CEO and Key Executives have same meaning as defined in Prudential Regulations (PRs) for Corporate and Commercial Banking. For the purpose of these disclosures Key Management Personnel also include Executives who have direct reporting line to the President / CEO or BoD or its Committees.

The term 'Material Risk Taker' and 'Material Risk Controller' have the same meaning as defined in revised guidelines on remuneration practice issued by the State Bank of Pakistan vide BPRD circular No. 1 of 2017.

36.1 The Chief Executive Officer is provided with the use of Bank maintained car.

36.2 Remuneration paid to Directors for participation in Board and Committee Meetings

(Rupees in '000)								
2020								
Sr. No.	Name of Director	Meeting fees paid						
		For Board Meetings	Annual General Meeting	For Board Committee Meetings				Total Amount Paid
				IT Committee	Nomination & Remuneration Committee	Audit Committee	Risk Committee	
1	Dr. Shujaat Nadeem	2,245	403	1,440	-	-	-	4,088
2	Ranya Nashar	2,283	-	-	901	-	-	3,184
3	Mr. Humayun Murad	2,227	401	-	1,361	-	2,239	6,228
4	Mr. Arjumand Minai	1,838	405	-	-	1,763	-	4,006
5	Mr. Aiman Gusti	2,283	-	1,861	-	1,803	2,283	8,230
6	Mr. Tariq Javed	960	-	960	-	-	-	1,920
7	Mr. Timour Pasha	2,283	-	-	-	-	2,283	4,566
8	Hafiz Muhammad Yousuf	1,747	405	1,358	1,365	1,283	-	6,158
Total Amount Paid		15,866	1,614	5,619	3,627	4,849	6,805	38,380

(Rupees in '000)								
2019								
Sr. No.	Name of Director	Meeting fees paid						
		For Board Meetings	Annual General Meeting	For Board Committee Meetings				Total Amount Paid
				IT Committee	Nomination & Remuneration Committee	Audit Committee	Risk Committee	
1	Mr. Humayun Murad	1,483	354	-	740	1,095	780	4,452
2	Mr. Nadeem Babar	745	-	348	-	-	-	1,093
3	Mr. Shahbaz Haider Agha	701	354	-	349	-	348	1,752
4	Mr. Arjumand Ahmed Minai	1,484	354	-	-	1,483	-	3,321
5	Hafiz Muhammad Yousuf	783	-	-	389	389	-	1,561
Total Amount Paid		5,196	1,062	348	1,478	2,967	1,128	12,179

37 FAIR VALUE MEASUREMENTS

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

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

37.1 Fair value of financial assets

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

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

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

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

(Rupees in '000)				
2020				
	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
Federal Government Securities	-	60,750,215	-	60,750,215
Shares	1,812,646	-	-	1,812,646
Non-Government Debt Securities	-	2,221,530	-	2,221,530
Financial assets-disclosed but not measured at fair value				
Investments - Federal Government Securities	-	3,139,036	-	3,139,036
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	49,506,392	-	49,506,392
Forward sale of foreign exchange	-	42,828,060	-	42,828,060
Forward purchase of government securities	-	1,494,438	-	1,494,438
Forward sale of government securities	-	-	-	-

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

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

(a) Financial instruments in level 1

Financial instruments included in level 1 comprise of investments in listed ordinary shares.

(b) Financial instruments in level 2

Financial instruments included in level 2 comprises of Market Treasury Bills, Pakistan Investment Bonds, Term Finance Certificates and Sukuks and forward contracts.

(c) Financial instruments in level 3

Financial instruments included in level 3 comprises of shares in unlisted ordinary shares.

Valuation techniques and inputs used in determination of fair values within level 1 and 2

Items	Valuation techniques and input used
Pakistan Investment Bonds / Market Treasury Bills	Fair values of Pakistan Investment Bonds and Market Treasury Bills are derived using the PKRV rates (Reuters page). These rates denote an average of quotes received from eight different pre-defined / approved dealers / brokers.
Fully Paid-up listed ordinary shares, Term finance certificates and Sukuks	Fair value of investment in listed equity securities, term finance certificates and corporate sukuks are valued on the basis of available closing quoted market prices.
Forward foreign exchange contracts	The fair value has been determined by interpolating the mid rates announced by the State Bank of Pakistan.

38 SEGMENT INFORMATION

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

	(Rupees in '000)					
	2020					
	Corporate Banking	Global Markets	Retail Banking	Commercial Banking	Senoff	Total
Profit and loss account						
Net mark-up / return / interest income	2,927,263	2,472,519	(3,474,065)	1,833,658	(60,623)	3,698,752
Inter segment revenue - net	(2,253,559)	(2,654,082)	4,759,436	(1,317,493)	1,465,698	-
Non mark-up / return / interest income	129,897	1,079,663	141,768	127,031	(136,897)	1,341,462
Total income	803,601	898,100	1,427,139	643,196	1,268,178	5,040,214
Segment direct expenses	(146,436)	(185,015)	(1,119,108)	(130,925)	(1,436,871)	(3,018,355)
Inter segment expense allocation	(332,582)	(131,958)	(710,598)	(261,733)	1,436,871	-
Total expenses	(479,018)	(316,973)	(1,829,706)	(392,658)	-	(3,018,355)
Provisions	-	(77,494)	(40,412)	17,700	(253,438)	(353,644)
Profit before tax	324,583	503,633	(442,979)	268,238	1,014,740	1,668,215
Statement of Financial Position						
Cash and bank balances	-	6,568,506	2,250,334	-	-	8,818,840
Investments - net	-	67,889,703	-	-	-	67,889,703
Net inter segment lending	-	-	62,144,748	-	14,144,504	76,289,252
Lendings to financial institutions	-	9,935,566	-	-	-	9,935,566
Advances - performing - net	37,328,446	1,387,762	2,984,170	23,250,377	594,965	65,545,720
Advances - non-performing - net	-	-	38,560	44,087	7,023	89,670
Others	590,680	1,850,231	288,113	401,131	3,586,749	6,716,904
Total Assets	37,919,126	87,631,768	67,705,925	23,695,595	18,333,241	235,285,655
Borrowings	6,269,953	46,175,831	-	3,751,308	-	56,197,092
Deposits and other accounts	8,897,607	176,353	63,949,743	5,401,854	-	78,425,557
Net inter segment borrowing	21,881,092	40,006,493	-	14,401,667	-	76,289,252
Others	870,474	1,273,091	3,756,182	140,766	3,016,268	9,056,781
Total liabilities	37,919,126	87,631,768	67,705,925	23,695,595	3,016,268	219,968,682
Equity	-	-	-	-	15,316,973	15,316,973
Total equity and liabilities	37,919,126	87,631,768	67,705,925	23,695,595	18,333,241	235,285,655
Contingencies and commitments	9,781,420	94,199,753	52,035	5,475,363	2,003,596	111,512,167

	(Rupees in '000)					
	2019					
	Corporate Banking	Global Markets	Retail Banking	Commercial Banking	Senoff	Total
Profit and loss account						
Net mark-up / return / interest income	3,450,803	1,680,864	(3,721,301)	2,171,596	(62,877)	3,519,085
Inter segment revenue - net	(2,638,448)	(1,573,261)	4,825,136	(1,739,282)	1,125,855	-
Non mark-up / return / interest income	142,745	569,475	173,993	171,994	(212,061)	846,146
Total income	955,100	677,078	1,277,828	604,308	850,917	4,365,231
Segment direct expenses	(135,967)	(146,127)	(1,023,447)	(117,233)	(1,340,261)	(2,763,035)
Inter segment expense allocation	(270,606)	(113,433)	(688,015)	(268,207)	1,340,261	-
Total expenses	(406,573)	(259,560)	(1,711,462)	(385,440)	-	(2,763,035)
Provisions	(430,961)	(114,005)	(43,005)	(117,853)	203,777	(502,047)
Profit before tax	117,566	303,513	(476,639)	101,015	1,054,694	1,100,149
Statement of Financial Position						
Cash and bank balances	-	4,902,002	1,796,222	-	-	6,698,224
Investments - net	-	51,278,029	-	-	-	51,278,029
Net inter segment lending	-	-	54,761,680	-	12,817,069	67,578,749
Lendings to financial institutions	-	2,274,405	-	-	-	2,274,405
Advances - performing - net	37,056,202	1,308,996	2,263,369	19,914,776	763,756	61,307,099
Advances - non-performing - net	-	-	49,044	-	-	49,044
Others	1,156,749	2,661,105	305,205	571,923	3,275,624	7,970,606
Total Assets	38,212,951	62,424,537	59,175,520	20,486,699	16,856,449	197,156,156
Borrowings	4,299,439	31,023,956	-	768,757	22,336	36,114,488
Deposits and other accounts	10,702,669	149,886	56,963,539	4,065,786	-	71,881,880
Net inter segment borrowing	23,024,348	28,984,365	-	15,570,036	-	67,578,749
Others	379,086	2,266,330	2,185,377	82,120	2,488,639	7,401,552
Total liabilities	38,405,542	62,424,537	59,148,916	20,486,699	2,510,975	182,976,669
Equity	-	-	-	-	14,179,487	14,179,487
Total equity and liabilities	38,405,542	62,424,537	59,148,916	20,486,699	16,690,462	197,156,156
Contingencies and commitments	7,805,842	111,658,472	22,509	3,467,889	1,878,186	124,832,898

38.2 Segment details with respect to geographical locations

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

39 TRUST ACTIVITIES

The Bank commonly acts as a trustee and in other fiduciary capacity that result in the holding or placing of assets on behalf of individuals, trust, retirement benefit plans and other institutions. These are not assets of the Bank and, therefore, are not included in the statement of financial position.

financial position.

			(Rupees in '000)					
	2020	2019	2020			2019		
Category	Number of IPS Accounts		Securities Held (Face Value)					
			Market Treasury Bills	Pakistan Investment Bonds	Total	Market Treasury Bills	Pakistan Investment Bonds	Total
Corporate	8	5	200,000	-	200,000	100,000	-	100,000
Employee Funds	22	21	-	178,900	178,900	165,000	154,200	319,200
Others	34	40	-	227,700	227,700	-	229,160	229,160
	64	66	200,000	406,600	606,600	265,000	383,360	648,360

40 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, directors and key management personnel are disclosed in note 36 to these financial statements and 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.

40.1 Details of transactions with related parties are given below:

(Rupees in '000)							
2020				2019			
Parent	Directors	Key Management personnel	Other related parties	Parent	Directors	Key Management personnel	Other related parties
Balances with other bank							
In current accounts	81,136	-	-	-	78,897	-	-
Advances							
Opening balance	-	-	151,262	-	-	146,410	-
Addition during the year	-	-	93,675	-	-	37,334	-
Repaid during the year	-	-	(79,289)	-	-	(32,482)	-
Closing balance	-	-	165,648	-	-	151,262	-
Other Assets							
Other receivable	1,568	-	-	-	1,489	-	-
Deposits and other accounts							
Opening balance	-	29,411	18,918	73,692	-	31,118	17,648
Received during the year	-	220,841	552,893	467,637	-	150,263	334,351
Withdrawn during the year	-	(216,267)	(549,541)	(516,017)	-	(151,970)	(333,081)
Closing balance	-	33,985	22,270	25,312	-	29,411	18,918
Vostro balances of Samba Financial Group	90,749	-	-	-	117,834	-	-
Income							
Mark-up / return / interest earned	-	-	7,931	-	-	7,493	-
Expense							
Mark-up / return / interest paid	-	375	2,135	5,598	-	739	539
Insurance premium paid	-	-	1,110	-	-	-	1,263
Insurance claims settled	-	-	724	-	-	-	906

40.2 Forex transactions during the year - Samba Financial Group

CURRENCY	(Currency in '000)			
	2020			
	READY / SPOT / TOM		FORWARD	
	Buy	Sell	Buy	Sell
AED	8,838	5,222	-	-
CHF	225	-	-	-
EUR	9,050	8,500	8,800	3,350
GBP	3,850	20,850	39,600	2,300
JPY	46,472	-	-	-
SAR	187,377	18,380	-	-
USD	77,034	68,167	6,701	61,781
PKR	-	5,519,899	-	-

Forex deals outstanding as at the year - Samba Financial Group

CURRENCY	(Currency in '000)			
	2020			
	READY / SPOT / TOM		FORWARD	
	Buy	Sell	Buy	Sell
GBP	-	-	9,200	-
USD	-	-	-	11,947

Forex transactions during the year - Samba Financial Group

CURRENCY	(Currency in '000)			
	2019			
	READY / SPOT / TOM		FORWARD	
	Buy	Sell	Buy	Sell
AED	1,254	1,102	1,065	-
EUR	14,130	12,805	1,950	5,220
GBP	3,238	27,020	23,550	5,348
JPY	297,519	43,840	-	-
SAR	602,800	16,000	10,000	29,376
USD	84,945	182,994	19,946	34,778
PKR	-	4,767,978	-	-

Forex deals outstanding as at the year - Samba Financial Group

CURRENCY	(Currency in '000)			
	2019			
	READY / SPOT / TOM		FORWARD	
	Buy	Sell	Buy	Sell
EUR	-	-	-	350
GBP	-	-	1,000	600
USD	-	-	1,166	1,312

41 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	(Rupees in '000)	
	2020	2019
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	14,688,079	13,716,764
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	14,688,079	13,716,764
Eligible Tier 2 Capital	686,556	392,777
Total Eligible Capital (Tier 1 + Tier 2)	15,374,635	14,109,541
Risk Weighted Assets (RWAs):		
Credit Risk	68,092,629	63,970,920
Market Risk	8,852,755	7,877,291
Operational Risk	7,646,742	6,632,555
Total	84,592,126	78,480,766
Common Equity Tier 1 Capital Adequacy ratio	17.36%	17.48%
Tier 1 Capital Adequacy Ratio	17.36%	17.48%
Total Capital Adequacy Ratio	18.18%	17.98%

The objective of managing capital is to safeguard the Bank's ability to continue as a going concern, so that it could continue to provide adequate returns to shareholders by pricing products and services commensurately with the level of risk. It is the policy of the Bank to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognised and the Bank recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

The Bank's Board of Directors and the management is committed to maintaining a sound balance between depositors' liability and shareholders' funds so that optimal capital / debt ratio is maintained. The optimal capital / debt ratio will provide reasonable assurance to depositors about safety and security of their funds and at the same time provide impetus to the management to invest their depositors' funds into profitable ventures without compromising the risk profile of the Bank. The capital requirement of the Bank has been determined based on the projected growth plan to be achieved in the next three to five years in all areas of business operations. Further, it also takes into account a road map for capital enhancement as directed by the SBP vide its various circulars issued from time to time.

The Bank prepares an annual budget and five year plan for the purpose of the growth map and future direction. Bottom up approach is used to prepare annual budget and detailed deliberations are held while preparing the five year plan. The growth prospects takes into consideration prevailing economic and political factors in Pakistan and abroad.

The Banks are required to maintain Minimum Capital Requirement (MCR) as prescribed by the State Bank of Pakistan through its BSD Circular No. 7 dated April 15, 2009 which required the minimum paid up capital (net of accumulated losses) to be raised to Rs 10 billion by the year ended December 31, 2013. As at December 31, 2020 the Bank's Paid up Capital is Rs. 10.082 billion. In addition, the Banks are also required to maintain a minimum Capital Adequacy Ratio (CAR) of 12.5 percent of their risk weighted exposure. The Bank's CAR as at December 31, 2020 is 18.18 percent (2019: 17.98 percent) of its risk weighted exposure.

The Bank calculates capital adequacy ratio for credit risk, market risk and operational risk based upon the requirements under the Basel Accord as per the guidelines issued by the State Bank of Pakistan from time to time in this regard.

Major credit risk in respect of on and off-balance sheet exposures are mainly claims on banks, corporates, retail customers, residential mortgages and unquoted equity securities. Market risk exposures are mainly in fixed income securities and foreign exchange. The Bank's potential risk exposures shall remain in these exposure types.

The Bank has taken into account credit risk, market risk, liquidity risk and operational risk when planning its assets.

The capital to risk weighted asset ratio, calculated in accordance with SBP guidelines on capital adequacy, under Basel III and Pre-Basel III treatment using Standardized Approach of Credit and Market Risk and Basic indicator Approach for Operational Risk is presented above:

	(Rupees in '000)	
	2020	2019
Leverage Ratio (LR):		
Eligible Tier-1 Capital	14,741,579	13,716,764
Total Exposures	167,048,366	146,449,901
Leverage Ratio	8.82%	9.37%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	30,708,906	26,409,894
Total Net Cash Outflow	15,492,433	13,537,516
Liquidity Coverage Ratio	198%	195%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	130,596,868	91,752,356
Total Required Stable Funding	69,434,973	51,016,793
Net Stable Funding Ratio	188%	180%

41.1 Full disclosure is available at <https://www.samba.com.pk/overviews/financial-reports>.

42 CONTINGENT ASSETS

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

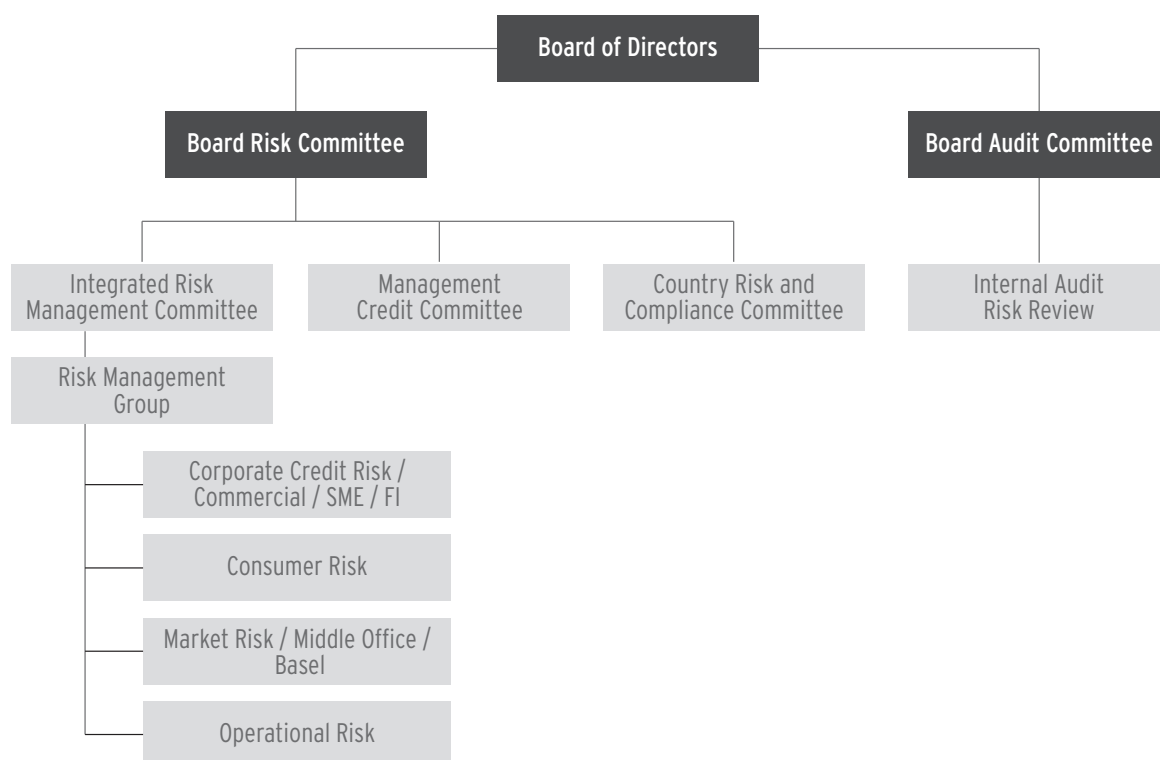
43 RISK MANAGEMENT

Risk can be defined as a combination of the probability of an event and its consequences. In all types of undertakings, there is a potential for events and consequences that constitute opportunities for benefit (upside) or threats to success (downside). Risk Management is increasingly recognised as being concerned with both positive and negative aspects of risk. However, as a matter of prudence it is generally recognised that consequences are only negative and therefore the management of risk is focused on prevention and mitigation of harm.

The types and degree of risk an organisation may be exposed to depends upon its size, complexity in business activities, volume etc. Unless risks are assessed and measured it will not be possible to control risks. Further, an accurate assessment of risk gives management a clear view of the Bank's standing and helps in deciding future action plans. Management of risk by banks in Pakistan is governed by rules and regulations set by the State Bank of Pakistan in its capacity as a Regulator of the banks.

The Bank maintains a dedicated Risk Management organisational unit, independent from any business and reporting directly to the President & CEO through the Chief Risk Officer.

The Bank is exposed to a number of risks, such as credit, market, operational, liquidity, etc. The Board of Directors is ultimately responsible for the risk management function. In order to find an appropriate balance between risk and the desired level of return, the Board has formed certain specialised committees such as Integrated Risk Management Committee (IRMC), Management Credit Committee (MCC), Asset and Liability Committee (ALCO) and Country Risk and Compliance Committee (CRCC) to manage these areas. These committees act within the Bank's overall policies and Board delegated authorities. Integrated Risk Management Committee is a management committee which reviews and monitors risks associated with activities of specific areas. Country Risk and Compliance Committee provides senior management oversight on all material issues pertaining to Operational Risk and Compliance. The Board Risk Committee oversees the risk management function, including credit risks, market risks, liquidity risks, and operational risks that can cause losses to the Bank, to ensure appropriate supervision and governance of the risk management function.



43.1 Credit Risk

Credit risk is the risk of loss as a result of failure by a client or counterparty to meet its contractual obligations. In the existing operations of the bank, this risk is inherent in loans, commitments to lend and contingent liabilities (such as letters of credit / guarantees), in certain traded products and lending transactions.

The bank seeks to manage its credit risk exposure by ensuring that its customers meet the minimum credit standards as per the approved Credit Policy and procedures and through diversification of lending activities ensuring that there is no undue concentration of risks with individuals, or within groups of customers in specific locations or businesses.

Taking credit risk is central to the business therefore the Bank continually and constantly assesses and monitors these exposures. The inherent nature of the retail business warrants management of a large customer base with diversified product portfolios. Hence, a system driven environment supplemented by human decision making and judgment, especially in unstructured markets is regarded as the best tool to managing risk at large. Credit decisions are taken using a product program approach which includes local environment knowledge, market competition, and current best practices.

The Corporate, Commercial and SME portfolio is monitored through the Integrated Risk Management Committee (IRMC) which includes senior members of the Risk Management Group. As far as Credit Risk Management is concerned, IRMC's responsibilities include:

- Oversee the Risk Management functions and ensure appropriate supervision and governance.
- Approval of risk rating methodologies and changes therein.
- Developing and maintaining highest standards of credit quality.
- Managing and ensuring that the overall credit risk exposures of the Bank do not breach the pre-defined limits.
- Frequent reviewing, monitoring and evaluating the quality of credit portfolio.

The loans portfolio, which includes loans to individuals, corporate customers and commercial loans are significantly collateralized by mortgage / hypothecation charges on fixed and current assets including property land, plant and equipment.

Loans and advances are classified as non-performing in accordance with the time based criteria specified in the Prudential Regulations alongwith subjective judgmental criteria also applicable for early classification if needed. Provision is made against loans and advances in accordance with the bank's policies and guidelines provided by the State Bank of Pakistan (SBP).

The Board Risk Committee (BRC) also regularly monitors the overall Risk Portfolio of the Bank including Credit, Market, Liquidity and Operational Risks.

The approved procedures define the Classified Credit process to be followed in order to establish a consistent approach to problem recognition, problem labeling, remedial action, loan loss provisioning and the initiation of credit write-offs. Clear responsibilities are defined pertaining to all processes that are required to be followed, in order to have an effective remedial management set-up in place.

A Remedial Asset Committee comprising remedial and risk managers and President & CEO, under the initiative of the Institutional Remedial Management Department, conducts regular reviews of the corporate credit classified portfolio and also recommends recovery / work-out plans, waivers and write-offs.

The Bank follows a very stringent loan loss reserve policy and as a result the impaired portfolio of the Bank is almost fully provisioned.

Particulars of Bank's significant on-balance sheet and off-balance sheet credit risk in various sectors are analysed as follows:

43.1.1 Lendings to financial institutions

Credit risk by public / private sector

Public / Government
Private

(Rupees in '000)					
Gross lendings		Non-performing lendings		Provision held	
2020	2019	2020	2019	2020	2019
4,938,259	2,274,405	-	-	-	-
4,997,307	-	-	-	-	-
9,935,566	2,274,405	-	-	-	-

43.1.2 Investment in debt securities

Credit risk by industry sector

Textile
Chemical and pharmaceuticals
Financial
Investment in Pakistan Investment Bonds
and Treasury Bills
Oil marketing and refinery

(Rupees in '000)					
Gross investments (at cost)		Non-performing investments		Provision held	
2020	2019	2020	2019	2020	2019
500,000	500,000	-	-	-	-
75,000	125,000	-	-	-	-
1,242,298	1,239,096	-	-	-	-
63,248,388	46,862,389	-	-	-	-
437,500	562,500	-	-	-	-
65,503,186	49,288,985	-	-	-	-

Credit risk by public / private sector

Public / Government
Private

(Rupees in '000)					
Gross investments (at cost)		Non-performing investments		Provision held	
2020	2019	2020	2019	2020	2019
63,248,388	46,862,389	-	-	-	-
2,254,798	2,426,596	-	-	-	-
65,503,186	49,288,985	-	-	-	-

43.1.3 Advances

Credit risk by industry sector

Agriculture, forestry, hunting and fishing
Textile
Chemical and pharmaceuticals
Cement
Sugar
Footwear and leather garments
Automobile and transportation equipment
Electronics and electrical appliances
Construction
Power (electricity), gas, water, sanitary
Wholesale and retail trade
Transport, storage and communication
Financial
Manufacturing
Paper and allied
Oil marketing and refinery
Services
Individuals
Others

(Rupees in '000)					
Gross advances		Non-performing advances		Provision held	
2020	2019	2020	2019	2020	2019
53,125	71,910	-	-	230	-
12,293,412	10,363,296	603,178	737,497	653,523	734,560
3,959,200	4,698,400	672	672	15,801	569
2,039,193	2,025,394	-	-	8,817	-
3,049,286	3,505,917	18,591	18,591	31,777	18,591
229,112	269,138	2,706	2,706	2,798	1,806
58,317	335,469	482	-	499	-
133,413	157,680	2,001	38,500	1,781	38,280
642,353	84,043	-	-	1,954	-
1,600,191	5,157,600	591,383	591,383	598,304	591,383
3,646,556	2,669,460	11,950	12,432	26,230	12,059
1,982,052	2,303,410	6,422	6,422	14,141	6,422
1,410,554	1,309,825	829	829	661	566
24,397,094	22,449,912	820,380	638,150	876,121	635,944
355,204	217,853	1,452	1,452	2,539	1,452
-	115	-	-	-	-
2,697,518	4,257,596	63,356	63,769	67,953	57,879
4,461,309	3,636,673	567,699	543,072	606,856	570,439
5,565,376	529,666	4,521	17,265	27,890	17,264
68,573,265	64,043,357	2,695,622	2,672,740	2,937,875	2,687,214

Credit risk by public / private sector

Public / Government
Private

(Rupees in '000)					
Gross advances		Non-performing advances		Provision held	
2020	2019	2020	2019	2020	2019
-	115	-	-	-	-
68,573,265	64,043,242	2,695,622	2,672,740	2,937,875	2,687,214
68,573,265	64,043,357	2,695,622	2,672,740	2,937,875	2,687,214

43.1.4 Contingencies and Commitments**Credit risk by industry sector**

Chemical, lubricants and pharmaceuticals
Agriculture, forestry, hunting and fishing
Textile
Cement
Automobile and transportation services
Automobile and transportation equipment
Construction
Wholesale and retail trade
Financial
Insurance
Electronics and electrical appliances
Power (electricity), gas, water and sanitary
Manufacturing
Transport, storage and communication
Services
Paper and allied
Oil Marketing and Refinery
Others

(Rupees in '000)	
2020	2019
792,729	520,470
212,562	355,250
2,279,158	2,032,753
619,447	558,521
10,800	-
582,498	308,073
1,760,716	951,792
534,535	121,622
92,462,385	107,173,341
1,279,503	1,543,533
1,164,201	621,297
1,009,516	1,086,848
1,480,317	156,095
397,193	233,903
348,102	257,632
285,642	159,321
254,006	1,161,357
6,038,857	7,591,090
111,512,167	124,832,898
-	1,161,357
111,512,167	123,671,541
111,512,167	124,832,898

Credit risk by public / private sector

Public / Government
Private

43.1.5 Concentration of Advances

43.1.5.1 The Bank's top 10 exposures on the basis of total (funded and non-funded exposures), aggregated to Rs. 13,675.84 million (2019: Rs. 12,187.17 million) and are as following:

(Rupees in '000)	
2020	2019
10,574,688	8,687,462
3,101,151	3,499,704
13,675,839	12,187,166

Funded

Non Funded

Total Exposure

43.1.5.2 The sanctioned limits against these top 10 exposures aggregated to Rs. 14,459.48 million (2019: Rs. 16,548.503 million).

43.1.5.3 The exposure as disclosed above is performing and thereby no provision has been maintained.

43.1.5.4 For the purpose of this note, exposure means outstanding funded facilities and utilised non-funded facilities and trade acceptances as at the reporting date.

43.1.6 Advances - Province / Region-wise Disbursement & Utilization

(Rupees in '000)							
2020							
Province / region	Disburse-ments	Utilization					
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
Punjab	57,167,251	55,276,344	-	-	-	1,890,907	-
Sindh	35,276,214	144,732	35,093,782	-	11,885	25,740	75
KPK including FATA	144,847	-	-	144,847	-	-	-
Balochistan	-	-	-	-	-	-	-
Islamabad	1,176,592	-	-	-	-	1,176,592	-
AJK including Gilgit-Baltistan	-	-	-	-	-	-	-
Total	93,764,904	55,421,076	35,093,782	144,847	11,885	3,093,239	75

(Rupees in '000)							
2019							
Province / region	Disburse-ments	Utilization					
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
Punjab	28,704,091	27,709,537	-	9,992	-	984,562	-
Sindh	22,865,705	340,553	22,037,549	233,709	235,442	14,921	3,531
KPK including FATA	22,205	-	-	22,205	-	-	-
Balochistan	-	-	-	-	-	-	-
Islamabad	47,254	-	-	-	-	47,254	-
AJK including Gilgit-Baltistan	-	-	-	-	-	-	-
Total	51,639,255	28,050,090	22,037,549	265,906	235,442	1,046,737	3,531

Disbursements mean the amounts disbursed by banks either in Pak Rupee or in foreign currency against loans.

“Disbursements of province / region wise” refers to the place from where the funds are being issued by scheduled banks to the borrowers.

“Utilization of province / region wise” refers to the place where the funds are being utilized by borrower.

43.2 Market Risk

The Bank is exposed to market risk which is the risk that the value of on 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, credit spreads and commodity prices resulting in a loss to earnings and capital.

43.2.1 Principal sources of Market Risks in both Trading Book and Banking Book

Price Risk

Price risk is the risk that there may be a financial loss as a result of change in the level or volatility of interest rates, foreign exchange rates, and commodity or equity prices.

Liquidity Risk

Liquidity risk is the risk that any bank, business and its entities, will be unable to meet a financial commitment when due.

Differentiation between Trading and Banking Book

Trading Book

- Positions that are assumed to be held for short term.
- Securities are to be sold within 90 days from the date of their classification as held for trading under normal circumstances.
- They are marked-to-market (MTM) daily.

Banking Book

- Securities holding intention is for long term.
- Sale before maturity is permitted.
- Positions are Marked-to-market (MTM) periodically.

43.2.2 Market Risk Management

43.2.3 Objectives

Market risk is the risk to a bank's financial condition resulting from adverse movements in market prices. Accurately measuring a bank's market risk requires timely information about the current market values of its assets, liabilities, and off-balance sheet positions. Market risk arises from factors such as changing interest rates and currency exchange rates, the liquidity of markets for specific commodities or financial instruments, and local or world political and economic events. All of these sources of potential market risk can affect the value of the institution and should be considered in the market risk measurement process.

Management of market risk aims to control related risk exposure while ensuring that earnings commensurate with levels of risk.

The Bank has approved market risk policy encompassing market risk limit framework where all relevant market factors have been identified and taken into consideration in the establishment of the independent market risk limit frameworks. The policy also articulates standards for defining, measuring and communicating market risk.

The Bank has established quantitative limits related to market risk and has also set limits for the maximum amount of losses arising from market activities as under:

43.2.4 Price Risk Management

Trading Book is controlled through:

- Factor Sensitivity and associated limits
- Value at Risk (VaR) limits
- Trading - Action triggers

Banking Book is controlled through:

- Factor Sensitivity and associated limits
- Sensitivity of bonds using DVO1 limits
- Triggers - Simplified action triggers

43.2.5 Structure and Organisation of the market risk management



43.2.6 Market Risk Management Function

- Monitoring compliance with all the market risk management policies and procedures of the treasury function as approved by the Board of Directors.
- Identifying and specifying all relevant market factors for each risk-taking unit.
- Monitoring the day-to-day dealings of the front office against the pre-determined tolerable limits.
- Ensuring that the following are reflected in the periodic (at least quarterly) profit and loss account:
 - All transactions executed; and
 - Current independent market data used with respect to revaluation.
- Dealer limits monitoring and excess reporting.
- Random review of recorded telephone conversations for Global Market (GM) activities and related telephone recordings through Telecard voice recording system.
- As per new Rate Reasonability Review Process document, any transaction outside the agreed tolerance band will be reviewed and highlighted by Market Risk.
- Review the factor sensitivity, VaR and stress testing methodologies and results for reasonableness, consistency and completeness.
- Preparing forecasts (simulations) showing the effect of various possible changes in market conditions relating to risk exposures and ensure their integrity.
- Preparing Market Access Reports (MAR), maturity and interest rate risk GAP reports.
- Preparing market risk dashboard for Asset Liability Committee (ALCO), Integrated Risk Management Committee (IRMC), Board Risk Committee (BRC) and senior management.
- Preparing GAP analysis report and reviewing methodologies to calculate risk under Pillar I and II of ICAAP Framework.
- Preparing Business Continuity Program (BCP) for market risk.
- Finalising methodologies to calculate risks under Pillar I & II for ICAAP Framework.
- Jointly developing, with business, standard stress test scenarios and reviewing the standard stress test library at least annually.
- Reviewing the Bank's capital adequacy.

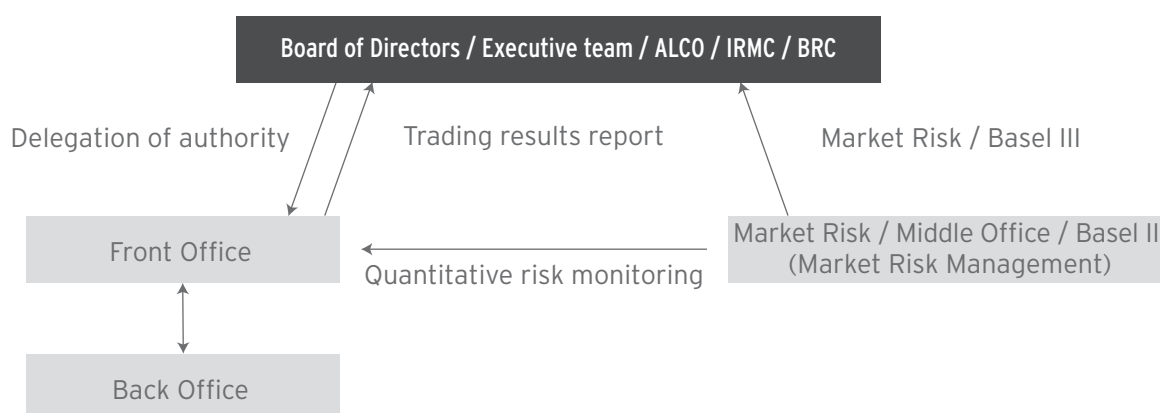
43.2.7 Scope and nature of Risk Reporting

- It is the policy of the Bank that a comprehensive set of market risk data, generated through the businesses' risk-taking activities, is identified and communicated throughout the applicable business, IRMC and Senior Management.
- It is the responsibility of Market Risk Management to define, construct and maintain an independent market risk reporting framework that effectively, consistently and meaningfully communicates risks, risk appetite and the quality of earnings.
- At a minimum, market risk reports are produced for each risk-taking unit, consistent with the level at which the independent market risk limit frameworks are established. However, additional market risk reports may be produced if Market Risk Management determines that the level and/or nature of the risk within a business, warrant inclusion in the market risk reporting packages.
- The market risk data and other data used to populate the independent market risk reports should be from independent risk systems or other independent support systems (e.g., general ledger). If the information available in the independent systems is not sufficiently comprehensive, any other data used to populate the reports must be subject to a reconciliation process to ensure its integrity.
- It is the responsibility of Market Risk Management and the business to assist in the quality control process by reviewing the reports for reasonableness, consistency and completeness.

43.2.8 Market Risk Management System

The Bank has market risk software to manage the market risks from its trading and non-trading activities.

At each level, checks and balances are maintained through a system in which back and middle offices operate independently from front offices. In addition, ALCO, IRMC and BRC meetings are held respectively every month / quarter to deliberate important matters related to market risk and control.



43.2.9 Market Risk Measurement Model

Since daily variation in market risk is significantly greater than other types of risk, the Bank measures and manages market risk using VaR on a daily basis.

Market risk for trading and non-trading activities is measured using a uniformed market risk measurement model. The principal model used for these activities is Variance-Covariance matrix model (holding period, 10 days; confidence interval, 99%; and observation period 365 business days). The model calculates VaR amount by applying actual fluctuations in the market rates and prices over a fixed period in the past. However, the Bank is not using this model to calculate Basel III regulatory capital adequacy ratios which are being computed using the standardised approach which is in accordance with the regulatory requirement.

The Bank is using the following components for measuring market risk factors:

- Factor Sensitivities
- Volatility and Correlation Calculations
- Value-at-Risk (VaR)
- Stress Testing

43.2.10 Balance sheet split by trading and banking books

	(Rupees in '000)					
	2020			2019		
	Banking Book	Trading Book	Total	Banking Book	Trading Book	Total
Cash and balances with treasury banks	7,422,652	-	7,422,652	5,544,027	-	5,544,027
Balances with other banks	1,396,188	-	1,396,188	1,154,197	-	1,154,197
Lendings to financial institutions	9,935,566	-	9,935,566	2,274,405	-	2,274,405
Investments - net	5,326,842	62,562,861	67,889,703	6,746,015	44,532,014	51,278,029
Advances - net	65,635,390	-	65,635,390	61,356,143	-	61,356,143
Fixed assets	1,939,123	-	1,939,123	1,896,507	-	1,896,507
Intangible assets	141,901	-	141,901	133,464	-	133,464
Deferred tax assets - net	364,747	-	364,747	327,484	-	327,484
Other assets - net	4,271,133	-	4,271,133	5,613,151	-	5,613,151
	96,433,542	62,562,861	158,996,403	85,045,393	44,532,014	129,577,407

43.2.11 Foreign Exchange Risk

The Foreign exchange risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The risk is managed through State Bank of Pakistan's forward covers and other hedging instruments. Overall foreign exchange risk is managed by dealing in authorised currencies, devising separate authority matrices for different types of foreign currency transactions and assigning the ceilings of exposures to parties. Foreign exchange open and mismatch positions are controlled through internal limits and are marked to market on a daily basis to contain forward exposures.

	(Rupees in '000)			
	2020			
	Assets	Liabilities	Off-balance sheet items	exposure
Pakistan Rupee	154,865,784	(132,463,847)	(6,625,333)	15,776,604
United States Dollar	3,591,071	(10,360,650)	6,183,059	(586,520)
Great Britain Pound Sterling	271,144	(621,665)	442,274	91,753
Euro	54,084	(47,436)	-	6,648
Japanese Yen	506	-	-	506
Other currencies	213,814	(185,832)	-	27,982
	158,996,403	(143,679,430)	-	15,316,973

	(Rupees in '000)			
	2019			
	Assets	Liabilities	Off-balance sheet items	exposure
Pakistan Rupee	125,169,234	(106,646,449)	(4,174,833)	14,347,952
United States Dollar	4,054,621	(8,181,134)	3,983,269	(143,244)
Great Britain Pound Sterling	180,518	(388,627)	216,424	8,315
Euro	67,718	(45,791)	(13,264)	8,663
Japanese Yen	3,282	-	-	3,282
Other currencies	102,034	(135,919)	(11,596)	(45,481)
	129,577,407	(115,397,920)	-	14,179,487

	(Rupees in '000)			
	2020		2019	
	Banking Book	Trading Book	Banking Book	Trading Book
Impact of -1% change in foreign exchange rates on				
- Profit and loss account	(5,865)	-	(1,432)	-
- Other comprehensive income	-	-	-	-

43.2.12 Equity position Risk

Equity position risk in Trading Book arises due to changes in prices of individual stocks or levels of equity indices. Currently, the Bank's equity investments comprises of Available for Sale (AFS). The AFS portfolio is maintained with a medium-term view of capital gains and dividend income.

	(Rupees in '000)			
	2020		2019	
	Banking Book	Trading Book	Banking Book	Trading Book
Impact of -5% change in equity prices on				
- Profit and loss account	-	12,400	-	2,942
- Other comprehensive income	-	78,232	-	76,463

43.2.13 Yield / Interest Rate Risk in the Banking Book (IRRBB)-Basel II Specific

Yield risk is the risk of decline in earnings due to adverse movement of the yield curve. Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Bank is exposed to interest rate risk as a result of mismatches or gaps in the amounts of assets and liabilities and off-balance sheet instruments that mature or re-price in a given period. The Bank monitors this risk and manages it by repricing of assets and liabilities with the objective of limiting the potential adverse effects on the profitability of the Bank.

	(Rupees in '000)			
	2020		2019	
	Banking Book	Trading Book	Banking Book	Trading Book
Impact of -1% change in interest rates on				
- Profit and loss account	520,368	-	(483,594)	-
- Other comprehensive income	-	(2,389,012)	-	(263,808)

43.2.14 Mismatch of Interest Rate Sensitive Assets and Liabilities

Bank's interest rate sensitivity position based on the earlier of contractual repricing or maturity date is as follows:

(Rupees in '000)											
2020											
Effective yield/ interest rate %	Total	Exposed to yield / interest rate risk									Non-interest bearing financial instruments
		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	
On-balance sheet financial instruments											
Assets											
Cash and balances with treasury banks	-	7,422,652	-	-	-	-	-	-	-	-	7,422,652
Balances with other banks	5.68%	1,396,188	-	-	-	-	-	-	-	-	1,396,188
Lending to financial institutions	8.53%	9,935,566	9,935,566	-	-	-	-	-	-	-	-
Investments - net	10.31%	67,889,703	12,078,918	15,752,209	18,589,888	-	11,772,188	637,109	6,930,641	316,104	1,812,646
Advances - net	10.45%	65,635,390	8,035,276	35,342,245	9,460,984	4,564,512	3,329,366	939,963	2,350,231	1,612,813	-
Other assets - net		4,271,133	-	-	-	-	-	-	-	-	4,271,133
		156,550,632	30,049,760	51,094,454	28,050,872	4,564,512	15,101,554	1,577,072	9,280,872	1,928,917	14,902,619
Liabilities											
Bills payable		3,358,345	-	-	-	-	-	-	-	-	3,358,345
Borrowings	9.42%	56,197,092	12,086,988	25,012,776	6,147,047	7,249,309	2,843,608	64,269	659,846	2,110,913	22,336
Deposits and other accounts	6.70%	78,425,557	9,883,196	12,362,456	24,829,969	13,104,618	71,120	38,776	75,300	-	18,060,122
Liabilities against assets subject to finance lease		-	-	-	-	-	-	-	-	-	-
Subordinated debt		-	-	-	-	-	-	-	-	-	-
Other liabilities		5,698,436	-	-	-	-	-	-	-	-	5,698,436
		143,679,430	21,970,184	37,375,232	30,977,016	20,353,927	2,914,728	103,045	735,146	2,110,913	27,139,239
On-balance sheet gap		12,871,202	8,079,576	13,719,222	(2,926,144)	(15,789,415)	12,186,826	1,474,027	8,545,726	(181,996)	(12,236,620)
Off-balance sheet financial instruments											
Documentary credits and short-term trade-related transactions		9,575,999	-	-	-	-	-	-	-	-	9,575,999
Commitments in respect of:											
- forward foreign exchange contracts		92,334,452	-	-	-	-	-	-	-	-	92,334,452
- forward government securities transactions		1,494,438	-	-	-	-	-	-	-	-	1,494,438
Off-balance sheet gap		103,404,889	-	-	-	-	-	-	-	-	103,404,889
Total Yield/Interest Risk Sensitivity Gap		8,079,576	13,719,222	(2,926,144)	(15,789,415)	12,186,826	1,474,027	8,545,726	(181,996)	-	91,168,269
Cumulative Yield/Interest Risk Sensitivity Gap		8,079,576	21,798,798	18,872,654	3,083,239	15,270,065	16,744,092	25,289,818	25,107,822	25,107,822	116,276,091

		(Rupees in '000)										
		2019										
Effective yield/ interest rate %	Total	Exposed to yield / interest rate risk									Non-interest bearing financial instruments	
		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		
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	0.70%	5,544,027	-	-	1,292,668	-	-	-	-	-	-	4,251,359
Balances with other banks	11.25%	1,154,197	-	-	-	-	-	-	-	-	-	1,154,197
Lending to financial institutions	11.04%	2,274,405	1,274,405	1,000,000	-	-	-	-	-	-	-	-
Investments - net	11.08%	51,278,029	1,044,584	21,881,043	10,026,710	-	4,289,933	6,315,393	4,281,671	1,850,633	-	1,588,062
Advances - net	13.14%	61,356,143	7,240,123	31,108,166	14,200,834	3,458,339	413,578	911,874	1,674,862	2,191,704	-	156,663
Other assets - net		5,613,151	-	-	-	-	-	-	-	-	-	5,613,151
		127,219,952	9,559,112	53,989,209	25,520,212	3,458,339	4,703,511	7,227,267	5,956,533	4,042,337	-	12,763,432
Liabilities												
Bills payable		783,478	-	-	-	-	-	-	-	-	-	783,478
Borrowings	12.72%	36,114,488	25,346,522	1,764,389	7,091,934	-	9,533	49,001	319,082	1,511,691	-	22,336
Deposits and other accounts	7.58%	71,881,880	7,419,097	14,495,238	22,368,519	9,700,504	308,526	39,490	96,943	-	-	17,453,563
Liabilities against assets subject to finance lease		-	-	-	-	-	-	-	-	-	-	-
Subordinated debt		-	-	-	-	-	-	-	-	-	-	-
Other liabilities		6,618,074	-	17,801	13,139	5,054	8,440	54,758	354,709	259,633	20,731	5,883,809
		115,397,920	32,765,619	16,277,428	29,473,592	9,705,558	326,499	143,249	770,734	1,771,324	20,731	24,143,186
On-balance sheet gap		11,822,032	(23,206,507)	37,711,781	(3,953,380)	(6,247,219)	4,377,012	7,084,018	5,185,799	2,271,013	(20,731)	(11,379,754)
Off-balance sheet financial instruments												
Documentary credits and short-term trade-related transactions		5,709,594	-	-	-	-	-	-	-	-	-	5,709,594
Commitments in respect of:												
- forward foreign exchange contracts		107,057,142	-	-	-	-	-	-	-	-	-	107,057,142
- forward government securities transactions		4,134,130	-	-	-	-	-	-	-	-	-	4,134,130
Off-balance sheet gap		116,900,866	-	-	-	-	-	-	-	-	-	116,900,866
Total Yield/Interest Risk Sensitivity Gap			(23,206,507)	37,711,781	(3,953,380)	(6,247,219)	4,377,012	7,084,018	5,185,799	2,271,013	(20,731)	105,521,112
Cumulative Yield/Interest Risk Sensitivity Gap			(23,206,507)	14,505,274	10,551,894	4,304,675	8,681,687	15,765,705	20,951,504	23,222,517	23,201,786	128,722,898

Reconciliation to total assets	December 31, 2020	December 31, 2019
Total assets as per balance sheet	158,996,403	129,577,407
Less: Non financial assets		
Fixed assets	1,939,123	1,896,507
Intangible assets	141,901	133,464
Deferred tax assets - net	364,747	327,484
	2,445,771	2,357,455
Total financial assets	156,550,632	127,219,952

43.3 Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, errors or mistakes or frauds committed by people, inadequate systems and from external events. The Bank has an Operational Risk Framework duly approved by the Board which is reviewed after every three years. The Bank has a well developed Operational Risk System as defined under the Operational Risk Framework, which is aligned to international best practices. The Bank is using Key Risk Indicators, Risk & Control Self - Assessment, capturing operational incidents and conducting Quality Assurance Reviews as tools for identification, monitoring, measuring and management of operational risk. Key Risk Indicators and operational loss incidents are captured in the Operational Risk System.

A sound internal governance structure enhances the effectiveness of the Bank's Operational Risk Management and is accomplished at the enterprise level through formal oversight by the Board, the Chief Risk Officer, the Operational Risk Head and Risk Management committees.

The Bank has set up an Operational Risk Management Department (ORMD), housed within the Risk Management Group which is entrusted with managing controls and processes in an efficient and effective manner. The Operational Risk Management Department (ORMD) oversees the processes for sound Operational Risk Management and also serves as an escalation point for critical Operational Risk matters within the Bank. The ORMD reports Operational Risk activities to the Board Risk Committee, Country Risk and Compliance Committee (CRCC) and Bank's Integrated Risk Management Committee (IRMC) that reviews all risk areas of the Bank, on a holistic basis. The main activities of ORMD include:

- Operational Risk Management
- Fraud Risk Management
- Quality Assurance Reviews
- Whistle Blowing Unit

With respect to Basel III for Operational Risk, the bank currently uses the Basic Indicator Approach (BIA) for determining the Operational charge for MCR calculation purposes.

43.3.1 Green Banking

Green Banking Guidelines, issued by the State Bank of Pakistan, support the initiative to improve the understanding and implementation of environmental protection laws in the country, by incorporating the concept in the banking system. To comply with the guidelines, the Bank has established a Green Banking Office housed under Operational Risk Management. In light of these regulatory guidelines and being a responsible corporate citizen, SBL's Green Banking Policy has been developed and rolled out for implementation in 2019. Main components of the Green Banking-GB Policy are Environmental Risk Management, Green Business Facilitation and Own Impact Reduction.

The Bank has designed an EnvRM system to incorporate procedures for evaluation and management of environmental risks in current as well as future decision making process for financing/investments. GB Policy requires each non-consumer credit portfolio obligor to be reviewed on the basis of Environmental Due Diligence (EnvDD), as part of EnvRM regime by assigning Environmental Risk Rating, as part of the credit approval process.

The Bank has an approved Green Asset side product under the SME PPM pertaining to financing solar power solutions, based on SBP concessionary re-financing scheme.

"Regular trainings and awareness sessions are also conducted for staff members to ensure understanding of the GB Policy, the importance of environmental protection and the effective role that the Bank can play in this important area. Accordingly, various Environmental Days, in line with global practices, are observed to support conservation of the environment, raise environmental awareness amongst staff and to highlight critical environmental issues.

In addition to the above, institution wide Operational Risk, Fraud Risk, Green Banking and Whistle Blow awareness and trainings are being undertaken through regular communications and trainings.

43.4 Information and Cyber Security

Information and Cyber Security in all aspects remains a critical area of importance to safeguard Bank's critical information assets. To strength the Information Security controls for Bank's information assets, SBL has taken layered approach wherein multiple layers of controls encompassing technical controls, administrative controls and physical security controls have been deployed. SBL is PCI DSS compliant and conducts robust Penetration Testing and Vulnerability Scanning to identify any gap and implements recommended countermeasure(s). All applications and any technology enhancements are reviewed by IS through a detailed Information Security Risk Assessment process. SBL IS has established Security Operations Center (SOC) to monitor and tackle any emerging or active cyber threat/attack. The Bank's staff are also regularly trained on Information and Cyber Security aspects through a comprehensive security awareness program using different methodologies of delivery

Business Continuity Management Program is aligned with industry best practices and regulatory guidelines, reviewed and tested to ensure the readiness and effectiveness of alternate sites' arrangements during uncertain situations. BCM awareness training sessions and testing drills are also conducted for critical staff members to ensure that they are fully aware of their key roles and responsibilities in case of any disastrous situation.

43.5 Liquidity Risk

Liquidity Risk is the potential for loss to an institution arising from either its inability to meet its obligations or to fund increase in assets as they fall due without incurring unacceptable cost or losses.

Liquidity risk is being monitored through the following:

(a) Gap Analysis: Market Access Report (MAR)

Market Access Report is a key tool in monitoring the current liquidity position of the Bank and it measures the 'gaps' over various time horizons, based on a business-as-usual assumption that the asset levels remain constant. MAR quantifies the daily and cumulative gap in a business-as-usual environment. The gap for any given tenor bucket represents the borrowings from, or placements to, the markets (internal or external), required to replace maturing liabilities or assets. MAR limits establish a boundary for how much incremental funding is appropriate, relative to the size of statement of financial position and market capacity.

(b) Stress Scenario

Stress test is intended to quantify the likely impact of an event on the balance sheet and the net potential cumulative gap over a 3-month period, and to ascertain what incremental funding may be required under the defined stress scenario. The scenario is proposed by the Market Risk Management at a minimum on an annual basis, endorsed by the treasurer, and approved by the Board of Directors.

(c) Scope and nature of Risk Reporting

- It is the policy of the Bank that the comprehensive set of liquidity risk data, generated through the businesses' risk-taking activities, is identified and communicated throughout the applicable business, treasury and senior management.
- Market Risk is responsible to construct and maintain an independent liquidity risk-reporting framework that effectively, consistently and meaningfully communicates risks and risk appetite.
- Treasurer is responsible to ensure the completeness and integrity of the liquidity risk data, and that the data can be effectively reported into the independent risk systems.
- ALCO, the Treasurer and the market risk managers are responsible for assisting in the quality control process by reviewing the reports for reasonableness, consistency and completeness.

(d) Mitigating Liquidity risk and processes for continuous monitoring

The following tools are being used in order to monitor the liquidity risk:

- Market Access Report (MAR)
- Stress Scenario
- Liquidity Ratios
- Significant Funding Sources (large funds providers)
- Contingency Funding Plans

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

(Rupees in '000)													
2020													
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
Assets													
Cash and balances with treasury banks	7,422,652	-	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	1,396,188	-	-	-	-	-	-	-	-	-	-	-	-
Lending to financial institutions	9935,566	6,469,131	-	3,000,000	-	466,435	-	-	-	-	-	-	-
Investments - net	67889,703	248,006	-	-	-	-	-	-	1,564,639	12,284,059	12,599,293	9,621,861	31,571,845
Advances - net	65,635,390	20,227,361	364,602	2,283,879	5,490,056	7,828,520	9,468,879	2,068,431	2,412,493	4,387,763	3,061,214	4,739,231	3,106,788
Fixed assets	1,939,123	5,371	-	-	377	458	4,203	-	7,721	45,763	127,140	26,468	1,721,622
Intangible assets	141,901	-	-	-	133	-	-	-	1,794	1,739	59,563	31,163	47,509
Deferred tax assets - net	364,747	-	-	-	-	-	-	-	102,990	168,590	-	53,659	39,508
Other assets - net	4,271,133	-	-	3,766,076	-	121,956	76,346	-	147,958	12,407	17,787	128,603	-
	158,996,403	29,299,578	6,665,304	9,049,955	5,490,566	8,417,369	9,549,428	2,068,431	4,237,595	16,900,321	15,864,997	14,600,985	36,487,272
Liabilities													
Bills payable	3,358,345	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	56,197,092	5,000,000	-	7,086,988	4,348,828	20,663,948	6,147,047	-	7,249,309	2,843,608	64,269	692,675	2,100,420
Deposits and other accounts	78,425,557	1,247,916	2,926,394	5,696,886	5,256,243	7,121,365	5,387,789	3,503,227	9,601,390	71,120	38,776	75,300	-
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-	-	-	-
Subordinated debt	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	5,698,436	-	-	1,058,309	-	2,414,957	421,645	-	384,670	-	-	1,418,855	-
	143,679,430	40,857,496	6,247,916	13,842,183	9,605,071	30,200,270	11,956,481	3,503,227	17,235,369	2,914,728	103,045	2,186,830	2,100,420
Net assets	15,316,973	(11,557,918)	417,388	(4,792,228)	(4,114,505)	(21,782,901)	(2,407,053)	(1,434,796)	(12,997,774)	13,985,593	15,761,952	12,414,155	34,386,852
Share capital													
Reserves	10,082,387												
Unappropriated profit	1,031,623												
Surplus on revaluation of assets	3,747,887												
	455,076												
	15,316,973												

[illegible]

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

(Rupees in '000)									
2020									
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
Assets									
Cash and balances with treasury banks	7,422,652	3,070,970	1,448,114	679,591	1,022,205	303,878	302,152	595,742	-
Balances with other banks	1,396,188	1,396,188	-	-	-	-	-	-	-
Lending to financial institutions	9,935,566	9,469,131	466,435	-	-	-	-	-	-
Investments - net	67,889,703	247,999	-	-	1,564,639	12,284,059	12,599,293	9,621,867	31,571,846
Advances - net	65,635,390	9,472,837	15,836,942	10,979,899	14,050,716	4,387,763	3,061,214	4,739,231	3,106,788
Fixed assets	1,939,123	5,372	3,507	4,203	11,174	59,175	165,085	410,684	517,156
Intangible assets	141,901	-	133	-	1,794	1,739	60,023	68,631	9,581
Deferred tax assets - net	364,747	-	-	-	102,990	168,590	-	53,659	39,508
Other assets - net	4,271,133	3,766,080	121,956	76,346	263,701	12,407	17,787	12,856	-
	158,996,403	27,428,577	17,877,087	11,740,039	17,017,219	17,217,611	16,205,554	15,502,670	35,244,879
									762,767
Liabilities									
Bills payable	3,358,345	3,358,345	-	-	-	-	-	-	-
Borrowings	56,197,092	12,086,988	25,012,776	6,147,047	7,249,309	2,843,608	64,269	692,675	2,100,420
Deposits and other accounts	78,425,557	20,062,768	18,975,063	9,748,926	15,757,420	3,495,166	3,462,822	6,923,392	-
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-
Subordinated debt	-	-	-	-	-	-	-	-	-
Deferred tax liabilities	-	-	-	-	-	-	-	-	-
Other liabilities	5,698,436	1,259,863	2,429,337	642,008	502,041	117,371	84,183	577,022	84,183
	143,679,430	36,767,964	46,417,176	16,537,981	23,508,770	6,456,145	3,611,274	8,193,089	2,184,603
									2,428
Net assets									
	15,316,973	(9,339,387)	(28,540,089)	(4,797,942)	(6,491,551)	10,761,466	12,594,280	7,309,581	33,060,276
									760,339
Share capital									
Share capital	10,082,387								
Reserves	1,031,623								
Unappropriated / Unremitted profit	3,747,887								
Surplus on revaluation of assets	455,076								
	15,316,973								

(Rupees in '000)									
2019									
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

Assets

Cash and balances with treasury banks	5,544,027	2,086,027	1,032,292	507,544	657,401	335,707	325,278	599,778	-	-
Balances with other banks	1,154,197	1,154,197	-	-	-	-	-	-	-	-
Lending to financial institutions	2,274,405	1,274,405	1,000,000	-	-	-	-	-	-	-
Investments - net	51,278,029	-	6,026,010	-	1,529,262	4,535,792	6,994,690	5,025,777	27,166,498	-
Advances - net	61,356,143	12,677,945	12,272,173	13,371,636	12,776,155	752,434	2,602,528	3,720,591	3,182,681	-
Fixed assets	1,896,507	190	950	3,410	18,191	74,564	47,355	302,804	243,671	1,205,372
Intangible assets	133,464	14	67	240	1,280	5,247	3,333	21,309	17,148	84,826
Deferred tax assets - net	327,484	-	-	-	59,573	68,336	49,803	72,681	77,091	-
Other assets - net	5,613,151	5,338,974	72,349	143,334	25,729	15,167	14,397	3,201	-	-
	129,577,407	22,531,752	20,403,841	14,026,164	15,067,591	5,787,247	10,037,384	9,746,141	30,687,089	1,290,198

Liabilities

Bills payable	783,478	783,478	-	-	-	-	-	-	-	-
Borrowings	36,114,488	25,346,521	1,764,389	7,091,934	-	9,533	49,001	341,418	1,511,692	-
Deposits and other accounts	71,881,880	14,717,010	19,141,910	9,140,162	11,842,243	4,457,425	4,188,389	8,394,741	-	-
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-
Subordinated debt	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-
Other liabilities	6,618,074	2,417,904	2,000,879	582,840	367,717	24,822	57,009	786,539	380,364	-
	115,397,920	43,264,913	22,907,178	16,814,936	12,209,960	4,491,780	4,294,399	9,522,698	1,892,056	-

Net assets

	14,179,487	(20,733,161)	(2,503,337)	(2,788,772)	2,857,631	1,295,467	5,742,985	223,443	28,795,033	1,290,198
Share capital	10,082,387									
Reserves	829,289									
Unappropriated / Unremitted profit	2,938,552									
Surplus on revaluation of assets	329,259									
	14,179,487									

43.5.2.1 This includes maturity analysis of lease liabilities based on contractual maturities which is shown below:

(Rupees in '000)										
Total	Upto one 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	
Liabilities										
Lease liability against right-of-use assets										
2020	926,016	-	-	-	4,889	40,892	61,471	388,903	408,126	21,735
2019	834,264	-	17,801	13,139	5,054	8,440	54,758	354,709	380,363	-

44 IMPACT OF COVID-19 ON THE FINANCIAL STATEMENTS

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

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

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

44.1 Financial Impact due to Covid

Covid related restrictions have impacted the Bank in the form of reduced fee income due to free of cost services offerings and increase in overall credit risk pertaining to loans and advances portfolio. However, the regulatory relief measures introduced by the SBP in form of policy rate cuts and relaxation in prudential regulations have resulted in increase in markup income, increase in capital gains and increase in carrying value of investments.

44.2 Credit Risk Management

The Risk Management function of the Bank is regularly conducting the assessment of the credit portfolio to identify obligors most likely to get affected due to changes in the business and economic environment resulting from the COVID-19 outbreak. The Bank is continuously strengthening its credit review procedures. Since some of the obligors have also availed the SBP enabled deferment, restructuring and rescheduling relief, the full potential effect of the economic stress is difficult to predict. However, as a matter of prudence, the Bank has created a general provision of Rs. 260 million (December 31, 2019: Nil) against corporate, commercial and SME advances. This provision is based on management's best estimate for potential losses present in the portfolio.

44.3 Liquidity Risk Management

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

44.4 Operational Risk

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

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

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

44.5 Capital Adequacy Ratio (CAR)

The SBP has relaxed CAR requirements for all Tiers by reducing the Capital Conversion Buffer (CCB) from 2.5% to 1.5%. The initiative will encourage banks to extend lending despite probable reduction in profits and increased credit risk. The Bank's CAR as at December 31, 2020 stands at a sound level of 18.18%, providing ample cushion to absorb any unexpected shocks.

45 GENERAL

45.1 The Board of Directors of the Bank in its meeting held on February 25, 2021 has proposed a final cash dividend of Rs. 0.75 per share, i.e. 7.5% per share (2019: Nil) for the year ended December 31, 2020. This appropriation will be approved in the forthcoming Annual General Meeting. The financial statements of the Bank for the year ended December 31, 2020 do not include the effect of this appropriation which will be accounted for in the financial statements for the year ending December 31, 2021.

45.2 The Board of Directors of the Bank approved issuance of listed Term Finance Certificates (TFCs) amounting to Rs. 5,000 million in the meeting held on October 02, 2020 which was subject to the approval of the State Bank of Pakistan (SBP). Subsequent to the year end, on January 19, 2021 SBP approved the said issuance. Accordingly the Bank is in process of issuance of the said TFCs.

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

46 DATE OF AUTHORISATION

These financial statements were approved and authorised for issue on February 25, 2021 by the Board of Directors of the Bank.

Chief Financial Officer

President & Chief Executive Officer

Director

Director

Chairman

STATEMENT SHOWING WRITTEN-OFF LOANS OR ANY OTHER FINANCIAL RELIEF OF RUPEES FIVE HUNDRED THOUSAND OR ABOVE PROVIDED

DURING THE YEAR ENDED DECEMBER 31, 2020

ANNEXURE - I

S.No.	Name and address of the borrower	Name of the individuals / partners / directors with CNIC	Father's / Husband's name	Outstanding liabilities at the beginning of the year				Interest / Mark-up written off / waived		Other financial relief provided	Total (9+10+11)
				Principal	Interest / Mark-up	Other than Interest / Mark-up	Total	Principal	Interest / Mark-up written off / waived		
1		3	4	5	6	7	8	9	10	11	12
							(Rupees in '000)				
1	Taj Textile Mills Ltd 1st Floor K, 1-K, Commercial Zone, K-Block, Model Town, Lahore.	Mr. Jahangir Elahi CNIC# 35202-2561094-5 Mr. Tanvir Elahi CNIC# 35202-5522225-3 Mr. Amir Jhangir CNIC# 35202-0676798-7 Mr. Shahrukh Elahi CNIC# 35202-6374883-5 Sh. Muhammad Ashraf CNIC# 35202-9135980-9 Mr. Tariq Latif CNIC# 35201-8390613-3 Mr. Ashfaq Nadeem CNIC# 35202-5269188-9	Mian Ehsan Elahi Mian Ehsan Elahi Jahangir Elahi Tanvir Elahi Sh. Nasir ud din Abdul Latif Muhammad Bahir	15,351	21,141	1	36,493	13,479	21,141	55,080	89,700
2.	Syed Taqi Raza, 2nd Floor, Room No. 304, New Minister Block, Near Civil Secretariat, Lahore, Pakistan.	Syed Taqi Raza CNIC# 32403-5574357-7	Muzammil Hussain	504	80	-	584	504	80	-	584
			TOTAL	15,855	21,221	1	37,077	13,983	21,221	55,080	90,284

* Relief includes amounts which would be due to the Bank under contractual arrangements whether or not accrued in the books.

11.3 Disposal of fixed assets

ANNEXURE - II

Details of disposal of fixed assets to executives and other persons are given below:

Description	Cost	Accumulated depreciation	Book Value	Sale proceeds	Gain / (loss)	Mode of disposal	Particulars of buyers / issuers
(Rupees in '000)							
Owned Vehicles							
3 Motor Bikes (Kemari Warehouse Karachi)	138	91	47	47	-	Auction	Tayyab Traders Corporation
Furniture and fixtures							
ATM Signs, Branch Fascia signage & Samba Logo	28,814	19,848	8,965	-	(8,965)	Write Off	
Badami Bagh Lahore branch relocate to Model Town Lahore	8,648	6,951	1,697	-	(1,697)	Write Off	
Immovable items Write off	1,999	1,993	6	196	190	Auction	Tayyab Traders Corporation
Chairs, tables & rackets etc. (Kemari Warehouse, Karachi)	39,461	28,792	10,668	196	(10,472)		
Electrical, office and computer equipment							
Biometric devices, laptops, printers, scanners (Kemari Warehouse, Karachi)	12,147	12,084	63	593	530	Auction	Tayyab Traders Corporation
Right of use of assets							
Lease termination	53,513	11,106	42,407	51,818	9,411		
2020	105,259	52,073	53,185	52,654	(531)		
2019	69,586	64,231	5,355	5,477	122		

Assets sold to Related Parties

During the year no assets were sold to the chief executive, directors, executives or to a shareholder holding not less than ten percent of the voting shares of the Bank other than disclosed above.

Pattern of Shareholding

As At December 31, 2020

Number of Shareholders	Shareholding		Total Shares
	From	To	
1,483	1	100	65,701
1,866	101	500	492,722
756	501	1,000	553,377
776	1,001	5,000	1,727,878
151	5,001	10,000	1,073,684
63	10,001	15,000	784,688
27	15,001	20,000	476,296
19	20,001	25,000	422,209
20	25,001	30,000	553,660
7	30,001	35,000	227,176
8	35,001	40,000	303,309
12	40,001	45,000	522,437
8	45,001	50,000	391,560
3	50,001	55,000	155,781
8	55,001	60,000	456,520
2	60,001	65,000	129,106
1	75,001	80,000	77,526
1	85,001	90,000	88,585
3	90,001	95,000	272,576
1	95,001	100,000	100,000
5	100,001	105,000	511,485
1	105,001	110,000	108,000
2	110,001	115,000	225,532
1	115,001	120,000	120,000
1	120,001	125,000	124,500
1	125,001	130,000	129,962
1	130,001	135,000	132,000
1	145,001	150,000	148,157
1	160,001	165,000	160,596
1	170,001	175,000	173,848
1	175,001	180,000	175,915
1	190,001	195,000	191,476
3	195,001	200,000	595,858
1	210,001	215,000	211,437
1	215,001	220,000	218,500
1	220,001	225,000	225,000
1	230,001	235,000	230,720
1	235,001	240,000	235,163
1	245,001	250,000	250,000
1	250,001	255,000	253,843
1	280,001	285,000	281,916
1	295,001	300,000	295,664
1	300,001	305,000	300,100
1	305,001	310,000	308,379
1	320,001	325,000	321,500
1	355,001	360,000	360,000
1	405,001	410,000	409,818
1	415,001	420,000	419,326
1	425,001	430,000	429,290
2	475,001	480,000	955,271
1	560,001	565,000	563,832
1	620,001	625,000	622,532
1	925,001	930,000	927,000
1	940,001	945,000	941,599
1	995,001	1,000,000	1,000,000
1	1,150,001	1,155,000	1,154,800
1	1,200,001	1,205,000	1,205,000
1	1,625,001	1,630,000	1,629,304
1	1,650,001	1,655,000	1,652,306
1	1,690,001	1,695,000	1,690,620
1	2,350,001	2,355,000	2,353,784
1	2,635,001	2,640,000	2,635,899
1	2,760,001	2,765,000	2,764,113
1	9,515,001	9,520,000	9,517,939
1	9,935,001	9,940,000	9,936,420
1	12,500,001	12,505,000	12,500,500
1	13,995,001	14,000,000	14,000,000
1	17,100,001	17,105,000	17,103,000
1	20,785,001	20,790,000	20,788,998
1	35,830,001	35,835,000	35,832,424
1	852,040,001	852,045,000	852,040,531
5,274			1,008,238,648

Category of Shareholding

As At December 31, 2020

S. No.	Shareholding	Number of Shareholders	Number of Shares	%
1	Directors, Chief Executive Officer, and their spouse and minor children	7	50,990,005	5.06
2	Associated Companies, Undertakings and related Parties	1	852,040,531	84.51
3	NIT and ICP	2	25,297	0.00
4	Banks, Development Financial Institutions, Non Banking Financial Institutions	20	28,336	0.00
5	Insurance Companies	5	2,637,190	0.26
6	Modarabas and Mutual Funds	20	3,002,481	0.30
7	Share holders holding 10%	1	852,040,531	84.51
8	General Public :			
	a. Local	5,095	29,635,286	2.94
	b .Foreign	1	196	0.00
9	Others	123	69,879,326	6.93
Total (excluding shareholders holding 10%)		5,274	1,008,238,648	100.00

Additional Disclosure on Board of Directors under Revised Guidelines on Remuneration Practices

S. No.	Name of Directors	Date of Joining the Board	Status of Director (Executive, Non-Executive, Independent)	Member of Board Committee	Other Directorships
1	Dr. Shujaat Nadeem	29-March-07	Chairman/ Non-Executive Director	• Board IT Committee • Board Nomination and Remuneration Committee	Deputy CEO • Samba Financial Group Director • Samba Global Markets Limited • Samba Capital • Co-investment Offshore Capital Limited • Investment Capital (Cayman) Limited • Access Co-Invest Limited • Samba Funding Limited • Tahbeer Limited Jafza UAE
2	Mr. Shahid Sattar	1-Aug-13	President & CEO / Executive Director	• Board Risk Committee	Director • Instaplast (Pvt) Ltd
3	Ms. Ranya Nashar (Resigned from the Board w.e.f. January 31, 2021)	6-Feb-15	Non-Executive Director	• Board Nomination and Remuneration Committee	CEO • Samba Financial Group Director • Samba Capital Investment Management Company • Samba Global Markets Limited-Cayman Islands • Samba Funding Limited
4	Mr. Aiman Gusti	27-Mar-19	Non-Executive Director	• Board Audit Committee • Board Risk Committee • Board IT Committee	None
5	Mr. Timour Pasha	27-Mar-19	Non-Executive Director	• Board Risk Committee	None
6	Mr. Humayun Murad	19-Marc-10	Non-Executive Director	• Board Nomination and Remuneration Committee • Board Risk Committee	• Pak Oman Asset Management Company Limited - Pakistan • Index Exchange Co. LLC, UAE • SAMA Finance SAE, Egypt
7	Mr. Arjumand Ahmed Minai	15-Dec-17	Independent Director	• Board audit Committee	Director • Marie Stopes Pakistan
8	Hafiz Mohammad Yousaf	20Aug-19	Independent Director	• Board Audit Committee • Board Nomination and Remuneration Committee • Board IT Committee	Director • Minky & Associates (Pvt.) Limited • Kot Addu Power Company Limited • Pakistan Security Printing Corporation (Pvt) Limited
9	Mr. Tariq Javed	27-Dec-19	Independent Director	• Board IT Committee	None

Information as required under Code of Corporate Governance

AS AT DECEMBER 31, 2020

Shareholders' category	Number of shares held	%
i. Associated Companies, Undertakings and Related Parties		
SAMBA FINANCIAL GROUP	852,040,531	84.51
ii. Mutual Funds		
CDC - TRUSTEE AKD OPPORTUNITY FUND	360,000	0.04
CDC - TRUSTEE MCB PAKISTAN ASSET ALLOCATION FUND	1,000,000	0.10
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1,629,304	0.16
M/S. ASIAN STOCKS FUND LIMITED	99	0.00
M/S. SAFEWAY FUND LIMITED	263	0.00
iii. Directors, CEO and Their Spouse(s) and minor children		
ARJUMAND AHMED MINAI	500	0.00
HAFIZ MOHAMMAD YOUSAF	500	0.00
HUMAYUN MURAD	1,281	0.00
SHAHID SATTAR	1,154,800	0.11
SHUJAAT NADEEM	49,832,424	4.94
TARIQ JAVED	500	0.00
iv. Executives*	14	0.00
v. Public Sector Companies and Corporations	2,635,899	0.26
vi. Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Takaful, Modaraba and Pension Funds	664,974	0.07
vii. NIT & ICP	25,297	0.00
viii. General Public		
a. Local	29,635,272	2.94
b. Foreign	196	0.00
ix. Others	69,256,794	6.87
	<u>1,008,238,648</u>	<u>100.00</u>
x. Shareholders Holding five percent or more Voting Rights in the Listed Company		
SAMBA FINANCIAL GROUP	<u>852,040,531</u>	<u>84.51</u>

During the year, Dr. Shujaat Nadeem, Chairman - Board has purchased fourteen million shares of the bank and two directors namely Hafiz Muhammad Yousaf and Mr. Tariq Javed have individually purchased five hundred shares (qualifying shares) of the Bank.

*Executives of the Bank








Employees having the cadre of Vice President ("VP") and above are determined as "Executives".










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Samba Bank Limited

Form of Proxy

18th Annual General Meeting

I / We, _____ of _____ being member(s) of Samba Bank Limited (the Bank) holding _____ ordinary shares hereby appoint _____ of _____ or failing him / her _____ of _____ who is / are also member(s) of Samba Bank Limited as my / our proxy in my / our absence to attend and vote for me / us and on my / our behalf at the Annual General Meeting of the Bank to be held at 12:00 noon, on Monday, the 29th March, 2021, at 2nd Floor, Building # 13-T, F-7 Markaz, Near Post Mall, Islamabad and at any adjournment thereof.

As witness my / our hand / seal this _____ day of _____ 2021.

Signed by the said _____

in the presence of 1. _____
2. _____

Folio / CDC Account No.

Please affix here Revenue
Stamp of Rs. 5/-

Important:

1. This Proxy Form, duly completed and signed, must be received at the Registered Office of the Bank, 2nd Floor Building # 13-T, F-7 Markaz, near to Post Mall, Islamabad, not less than 48 hours before the time of holding the meeting.
2. No person shall act as proxy unless he himself is a member of the Bank, except that a corporation may appoint a person who is not a member.
3. If a member appoints more than one proxy and more than one instruments of proxy are deposited by a member with the Bank, all such instruments of proxy shall be rendered invalid.

For CDC Account Holders / Corporate Entities:

In addition to the above the following requirements have to be met:

- i) The proxy form shall be witnessed by the persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- ii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- iii) The proxy shall produce his original CNIC or original passport at the time of the meeting.
- iv) In case of corporate entity, the Board of Directors resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) alongwith proxy form to the company.

AFFIX
CORRECT
POSTAGE

The Company Secretary

Samba Bank Limited

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

سامبا بینک لمیٹڈ

پراکسی فارم

اٹھارہواں سالانہ اجلاس عام

میں / ہم _____ کے _____ بطور سامبا بینک لمیٹڈ ممبر / ممبران
عمومی شیئر کیلئے _____ کو متعین کرتا ہے / کرتی ہے / کرتے ہیں
یا _____ کو مسترد کرتے ہیں۔

جو کہ / جو بھی سامبا بینک لمیٹڈ کے ممبر ہیں اور بطور میرے / ہمارے / ہمارے کسی میں میرے / ہمارے نہ آنے کی وجہ سے شرکت کریں گے اور میرے لیے / ہمارے لیے ووٹ ڈالیں گے
اور میری / ہماری جانب سے بینک کے سالانہ اجلاس عام میں شرکت کریں گے جو 12:00 بجے دوپہر، بروز پیر 29 مارچ 2021، بمقام 2nd فلور، بلڈنگ T-13، F-7
مرکز نزد پوسٹ مال، اسلام آباد میں منعقد کیا جا رہا ہے اور التوا کی صورت میں کہیں بھی منعقد کیا جائے۔

بطور گواہی میرے / ہمارے ہاتھ / یہ مہر _____ کے دن _____ 2021۔

بھیجنے والے کے دستخط :

ان افراد کی موجودگی میں :

1.

2.

فیو / سی ڈی سی اکاؤنٹ نمبر

برائے مہربانی یہاں 5 روپے والی
ریونیو مہر لگائیں

اہم اطلاع :

- 1۔ یہ پراکسی فارم، حسب ضابطہ مکمل اور دستخط شدہ اور بینک کے رجسٹرڈ آفس، سیکنڈ فلور، بلڈنگ نمبر 13-ٹی، ایف-7 مرکز، نزد پوسٹ مال، اسلام آباد کم از کم اجلاس سے 48 گھنٹے پہلے سے وصول کردہ ہو۔
- 2۔ کوئی بھی شخص تب تک بطور پراکسی کام کر سکتا ہے جب تک کہ وہ بذات خود بینک کا ممبر ہو، علاوہ اُس کے جس کو کارپوریشن نے خود ممبر نہ ہوتے ہوئے بھی مقرر کیا ہو۔
- 3۔ اگر کسی ممبر نے ایک سے زائد پراکسی مقرر کی ہو یا بینک کے کسی ممبر کی جانب سے ایک سے زائد دستاویز جمع کروائی گئی ہوں، ایسی تمام پراکسی تجاویز نا اہل ہوں گی۔

برائے سی ڈی سی اکاؤنٹ ہولڈرز / کارپوریٹ کے افراد:

اوپر بتائی گئی اضافی تفصیلات کے ساتھ درج ذیل دستاویز بھی ضروری ہیں

- i۔ پراکسی فارم ان افراد سے تصدیق شدہ ہوں جن کے نام، پتے اور کمپیوٹرائزڈ شناختی کارڈ نمبرز فارم پر درج ہوں۔
- ii۔ پراکسی کی یا بینفیشل اوٹورائزڈ شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ کاپی پراکسی فارم کے ساتھ منسلک کریں۔
- iii۔ اجلاس کے وقت پراکسی کو اپنا اصل کمپیوٹرائزڈ شناختی کارڈ یا اصل پاسپورٹ دکھانا ہوگا۔
- iv۔ کارپوریٹ کے تجویز کردہ ہونے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد / پاور آف اٹارنی نمونے کے طور پر دی گئی دستخط کے ساتھ (پہلے جمع نہ کروانے کی صورت میں) کمپنی کے فراہم کردہ پراکسی فارم کے ساتھ جمع کروانی ہوگی۔

ڈاک ٹکٹ
چسپاں
گریں

کمپنی سیکریٹری

سامبا بینک لمیٹڈ

سیکنڈ فلور، بلڈنگ نمبر T-13، F-7 مرکز،
نزد پوسٹ مال،
اسلام آباد۔

Samba Bank Limited

ANNUAL GENERAL MEETING

At 12:00 noon, March 29th, 2021
2nd Floor, Building # 13-T, F-7 Markaz,
near Post Mall, Islamabad

ADMISSION SLIP

Name _____

Folio No. (Non CDC) _____ Signature _____

CDC A/c. No. _____ Signature _____

No. of Shares held _____

Verified by: FAMCO Associates (Pvt.) Limited

Note:

- i) The signature of the shareholder must tally with the specimen signature on the Company's record.
- ii) Shareholders are requested to show the admission slip at the time of entrance in the meeting premises.

This Admission Slip is Not Transferable

سامبا بینک لمیٹڈ

سالانہ اجلاس عام

مورخہ 29 مارچ، 2021، دوپہر 12:00 بجے

بمقام 2nd فلور، بلڈنگ T-13، F-7

مرکز نزد پوسٹ مال، اسلام آباد

داخلہ سِلپ

نام	_____
فولیو نمبر (نان سی ڈی سی)	_____ دستخط _____
سی ڈی سی اکاؤنٹ نمبر	_____ دستخط _____
موجود حصص کی تعداد	_____

تصدیق کنندہ: فیمکو ایسوسی ایٹس (پرائیویٹ) لمیٹڈ

نوٹ:

- حصص یافتگان کے دستخط، کمپنی کے ریکارڈ میں موجود دستخط کے نمونے سے لازماً مشابہت رکھتے ہوں۔
- حصص یافتگان سے درخواست ہے کہ اجلاس میں شرکت کے لیے داخلے کے وقت یہ سِلپ دکھائیں۔

یہ داخلہ سِلپ قابل منتقل نہیں ہے