

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

# CORE VALUES

## 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

## 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



## Equal Opportunity

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

## 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



# COMPANY INFORMATION

## Board of Directors

Dr. Shujaat Nadeem  
Mr. Shahid Sattar  
Mr. Alman Gusti  
Mr. Humayun Murad  
Mr. Hussein Eld  
Mr. Tilmour Pasha  
Hafiz Mohammad Yousaf  
Mr. Tariq Javed  
Ms. Zeeba Ansar

Chairman/Non-Executive Director  
President & CEO/Executive Director  
Non-Executive Director  
Non-Executive Director  
Non-Executive Director  
Non-Executive Director  
Independent Director  
Independent Director  
Independent Director

## Board Audit Committee

Hafiz Mohammad Yousaf  
Mr. Alman Gusti  
Mr. Hussein Eld

Chairman  
Member  
Member

## Board Risk Committee

Mr. Tilmour Pasha  
Mr. Humayun Murad  
Ms. Zeeba Ansar  
Mr. Shahid Sattar

Chairman  
Member  
Member  
Member

## Board Nomination & Remuneration Committee

Hafiz Mohammad Yousaf  
Dr. Shujaat Nadeem  
Mr. Hussein Eld

Chairman  
Member  
Member

## Board IT Committee

Dr. Shujaat Nadeem  
Mr. Alman Gusti  
Mr. Tariq Javed

Chairman  
Member  
Member

## President & Chief Executive Officer

Mr. Shahid Sattar

## Company Secretary

Syed Zia-ul-Husnain Shamsi

## Chief Financial Officer

Mr. Rashid Jahangir

## Auditors

KPMG Taseer Hadli & 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

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

## Website

[www.samba.com.pk](http://www.samba.com.pk)

## Helpline

0800 - SAMBA (72622)

## Credit Rating by VIS

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



# OUR BRANCH NETWORK

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

## Karachi

I.I. Chundrigar Road  
Clifton, Park Towers  
Rashid Minhas  
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

## Jhelum

Jhelum Cantt.

## Nowshera

Rashakai

## Rawalpindi

Murre Road  
Bahria Town  
Wah Cantt.

## Faisalabad

Liaquat Road  
Susan Road

## Gujranwala

G.T. Road

## Multan

Nusrat Road

## Sialkot

Paris Road

## Peshawar

Islamia Road

## Quetta

M.A. Jinnah Road

## Gawadar

Airport Road

## AJK - Bagh

Bagh





# BOARD OF DIRECTORS



**Dr. Shujaat Nadeem**  
Chairman/Non Executive  
Director

Dr. Shujaat Nadeem serves as Group Head- International in Saudi National Bank, reporting to the Board of SNB Group, KSA. Prior to that he was Deputy CEO for Business for Samba Financial Group (SFG). He also holds the position of Chairman of Board of Directors of Samba Pakistan since 2013 and Chairman of the Board Risk Committee for SNB Capital, an Investment Bank subsidiary of SNB. Dr. Nadeem also serves on the Board of Turkiye Finance (TKFB), the Turkish subsidiary of SNB.

Dr. Nadeem joined Samba Financial group in Oct. 2003 as 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. PEN is today responsible for educating over 70,000 under privileged children in Pakistan.

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



**Mr. Hussein Eid**  
Non-Executive Director

Mr. Hussein Eid possesses professional career of more than 16 years including 13 years in banking industry. Currently he is holding the position of Deputy Group Chief Financial Officer ("CFO") and CFO for Wholesale Bank at the Saudi National Bank ("SNB"), KSA. He joined National Commercial Bank ("NCB"), KSA in May 2008 and worked in majority of the functions within Finance Group including Financial Control and analytics for Corporate, Treasury & Retail, External and Internal Financial & Management/Performance Reporting and analytics, Regulatory Reporting, Accounting Policies, ECL & IFRS 9, Technical Accounting & Financial Systems, Accounting & Finance Operations including Tax/Zakat/VAT, payments and GL, Performance, Forecasting, Planning and Budgeting. Before joining NCB, Mr. Hussein was associated with Saudi Economic & Development Company (SEDCO HOLDING), Jeddah KSA, for a period of about 3 years and worked in the Finance Division.

Mr. Hussein holds a Bachelor degree in Accounting from King Fahd University of Petroleum & Minerals, KSA and Master of Professional Accounting (MPA) from King Abdul Aziz University, KSA. He is also a Certified Public Accountant (CPA) from Colorado State Board of Accountancy, Certified Management Accountant (CMA) from the Institute of Certified Management Accountants, USA, Chartered Global Management Accountant (CGMA) from American Institute of Certified Public Accountants (AICPA) and holds the Diploma in International Financial Reporting Standards from the Association of Chartered Certified Accountants (ACCA), UK.

Mr. Hussein Eid also is a board member in ORYX regional private equity fund company in Bahrain and member of the executive committee of SIJIL Company in Saudi Arabia.



**Shahid Sattar**  
President & CEO/  
Executive Director

Mr. Shahid Sattar joined SBL in August 2013 and brings 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 and 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.



**Aliman Gusti**  
Non-Executive Director

Mr. Aliman Gusti possesses more than 30 years of banking experience. He started his banking career in 1991 with Samba Financial Group (SFG) KSA. Mr. Gusti has retired recently. His last position was Head of Service Management Group since August 2020. Prior to that, he was the Chief Internal Auditor of Samba Financial Group since 2017 after spending 4 years as manager of the Internal Audit Program for the Treasury, Investment, and Financial Markets. He has held several positions at Treasury departments of the National Commercial Bank, Al-Inma Bank and Saudi American Bank.

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





**Tariq Javed**  
Independent Director

Mr. Tariq Javed has thirty-three (33) years' experience as a Central Banker, Banking Supervisor and Senior Adviser in SAMA (the Saudi Central Bank). His major contributions included the development of national policies and reforms of the banking sector and the development of financial laws and regulations. He was a key contributor in 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 played 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.

After leaving SAMA in 2019, he founded Carlyle Square Consultancy that serves the Middle East Financial Sector by providing a range of perspectives to spark change through leading edge management consulting as well as technology, design and digital ventures.

Prior to SAMA, Mr. Tariq Javed had 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. Before this, he worked for 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.



**Humayun Murad**  
Non-Executive  
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. Concurrently, he was 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 held 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 Hall Holding, Abu Dhabi, UAE.

In 2007 he was awarded Sitara-e-Imtiaz by the Government of Pakistan for his services to the leasing industry.



**Timour Pasha**  
Non-Executive  
Director

Mr. Timour Pasha is a senior corporate banking professional with over 30 years of banking experience. Over 13 years with Samba Financial Group (which recently merged with National Commercial Bank and renamed Saudi National Bank). Prior to this he spent 17 years with Citigroup. Mr. Pasha is currently holding the position in Saudi National Bank as Senior Credit Officer (under the Wholesale bank Risk architecture) for international, financial institutions and Treasury.

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 banking 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.



**Ms. Zeeba Ansar**  
Independent Director

Ms. Zeeba Ansar possesses over 27 years of diverse experience in the Corporate & Banking sectors that includes aggressive business development, client coverage, marketing of corporate products, setting up of early warning systems and strategizing/structuring facilities for Non-Performing Loans and instituting strong and diligent recovery drives.

Ms. Zeeba was with NIB Bank Limited, where she served as Group Head, Corporate & Investment Banking Group for two years and prior to that she worked in United Bank Limited for more than nine years where her last role was as Regional Corporate Head. She was also associated with Faysal Bank Limited for about five years where she progressed to the position of Corporate Head (Southern Region) and before that, she was with Deutsche Bank Limited, where she worked for almost eight years. She started her career from Shell Pakistan Limited, where she worked for over 4 years in their Planning department. She holds an MBA Degree from the Institute of Business Administration, Karachi.

Currently, Ms. Zeeba is also on the Boards of Gul Ahmed Textile Mills Limited and Cherat Cement Company Limited, holding the position as Independent Director.





**Hafiz Mohammad Yousaf**  
Independent 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) besides being member of many other renowned international professional institutions.

Mr. Yousaf possesses over three decades of diversified post qualification experience as a Chartered Accountant in various specialized fields, having served on various leadership positions with key governmental, public and corporate entities (including two decades at a Big 4 professional accounting firm as Partner in Pakistan) which covers corporate compliance and regulations, governance and oversight, accounting and auditing standards setting, assurance and audits, corporate finance and restructuring, consulting and financial advisory services, etc.

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 a unique and versatile exposure of having served Pakistan's top regulators including State Bank of Pakistan (Central Bank of the country) and Securities and Exchange Commission of Pakistan (SECP) as a board member and chairman of audit and oversight committees respectively besides being President of the Institute of Chartered Accountants of Pakistan (ICAP).

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), Asian Oceania Standards Setters Group (AOSSG), CA Worldwide (CAW) and South Asian Federation of Accountants for many years on different meetings and conferences.

Currently he is serving as a Board Member of some leading corporate entities of the country including SAMBA Bank Limited, Kot Addu Power Company Limited, Pakistan Security Printing Corporation and Security Papers Limited where he is also the Chairman of various important committees of the respective boards.

In recognition of his credentials, Mr. Yousaf is appointed by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), as a member of its very prestigious forum Public Interest Monitoring Consultative Committee (PIMCC) to represent Pakistan. The seven-member PIMCC shall have an oversight on the functioning of the AAOIFI Accounting Board (AAB) and AAOIFI Governance and Ethics Board (AGEB) to ensure public interest is duly served.

# BOARD COMMITTEES

## BOARD AUDIT COMMITTEE (BAC)

### CONSTITUTION

Hafiz Mohammad Yousaf

Mr. Hussain Eld

Mr. Alman Gusti

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

Ms. Zeeba Ansar

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. In addition, Compliance risks are also reviewed, as presented by the Compliance Function. 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

Dr. Shujaat Nadeem

Mr. Hussain Eld

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.

## BOARD IT COMMITTEE (BITC)

### CONSTITUTION

Dr. Shujaat Nadeem

Mr. Alman Gusti

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 2021.

In 2021, we have witnessed a broad based economic revival as the world has slowly started resumption to normal after Covid lockdowns. However, this year had its own challenges, in form of Delta & Omicron variants of Covid, supply chain disruptions which pushed the global commodity prices and inflation rates higher. Pakistan also witnessed rising inflation and lately, higher Covid cases. Despite these challenges, I am pleased to inform you that Samba Bank has performed well, which is evident from 16.4% increase in operating income over 2020. Despite posting slightly lower net profit for the year, due to a full amount reserve taken on the single obligor. The Board has announced 6% dividend, which shows our commitment towards our shareholders who have trusted us over the years.

## Digital Initiatives

As part of the Samba Bank's digital strategy and vision to offer customer centric digital products and services, a separate digital vertical within the Bank was created. A dedicated Digital Banking Lab has been set-up in Karachi. A state of the art digital platform has been procured which is planned to go live this year and will enable customers to open accounts remotely, access funds digitally, invest in insurance and mutual funds, avail digital loans and a whole set of other digital services. The Digital Lab is the ideation center where innovative products and services are being created. Customer experience is at the heart of all re-thinking and re-designing of existing products and services. During the year we have attracted the best talent from the market and also moved existing resources to create a stellar team to take the digital initiatives to fruition.



## Corporate and Investment Banking Group (CIBG)

The year 2021 witnessed improvement in the earlier depressed economic conditions that were exacerbated by the COVID-19 pandemic shutdown in 2020. The CIBG team focused on general portfolio management, resulting in close monitoring of the asset portfolio. A corporate customer, which later became an industry wide default, was classified as Loss whereas remaining asset portfolio remained regular. Significant improvement in assets' yields was achieved through higher spreads and the replacement of lower-yielding/higher risk assets with new bookings. CIBG deposit volumes also increased as businesses generally revived post easing of lockdown conditions. Trade and FX volumes showed remarkable traction, as both imports and exports improved significantly due to uptick of local and export business hence substantial increase in NFI income was recorded. Cash management played a pivotal role as a cross-selling tool for CIBG, with volumes reaching a new peak, crossing over the PKR 125 billion threshold in 2021. This was achieved by adding new mandates, deepening relationships with our existing clientele, and the onboarding of digital products.

## Retail & Consumer Banking Group (RBG)

The Consumer Banking continued its focus towards persistent customer growth through its branch banking, consumer assets and digital outreach. During 2021, the Consumer Banking business grew its account holder base by 9,074 accounts which is 36% higher than the new onboarding for previous year (6,667 accounts - year 2020). The business achieved record cost-free deposit mobility to close the year with a current account growth of PKR 2.5 Bn. Stable year on year current account growth from all regions of the network represents the success of the bank's distribution strategy to focus on mass-market businesses and house-hold customers and growing the portfolio with clientele which offers the bank with maximum potential to cross-sell.

Being the founding member of the State Bank of Pakistan's NRP initiative (Roshan Digital Account - RDA), the Consumer Banking business continued its penetration into the digital banking products as services. The bank remained focused at growing and launched gateways for the cross-sale of Personal Loan and Home Loan for Non-Resident Pakistani diaspora. The business also launched the mass-market home loan / mortgage facility which has successfully reached the level of

PKR 0.85 Bn within its first year of launch. The consumer assets business has also successfully ventured in to digital instant advance salary loan which will allow the bank to access a wide assortment of salaried base and catapult the business's ability to better market its payroll onboarding proposition. The business witnessed consistent growth in the retail assets book in the year 2021 with book closing at PKR 4.3 Bn, translating in an annualized growth of 42%.

The business foresees digital onboarding as the new order of banking in Pakistan. Samba Bank Limited, during the year 2021 has also launched the full bouquet of digital onboarding tools for the Resident Pakistanis and foresees the resident Pakistani's digital onboarding paradigm to grow even further during the year 2022 with the launch of various investment and consumer financing products selling through virtual channels, thus eliminating the difference between brick & mortar and an ordinal - digitally advanced banking service provider, which remains the business's unrivalled aspiration.

## Global Markets (GM)

Pakistan's economy posted a strong recovery in 2021 post pandemic, however, an increasing current account deficit and higher inflation in the second half of calendar year backed by soaring commodity prices led SBP to increase the benchmark interest rates. Global Markets seized the opportunity which resulted in 35% rise in non-interest income above the budget. A timely built up of fixed income and equity portfolio, together with active FX trading helped in achieving this feat.

## Commercial Banking Group (CMBG)

Commercial Banking is offering a full array of financial services and products (including short term/working capital products and long term facilities in addition to advisory services) to the customers which are competitive and holistic in nature. The geographic presence for the segment is in all major metropolis of the country. The focus of the business team was on providing tailored financial solutions to its customers under these initiatives for Samba Bank customers in order to mitigate the effects of the pandemic. Despite tough economic conditions Commercial Banking generated more than PKR 575 million in total revenues during the year. Trade Business volumes exceeded PKR 30Bn, which was one of the main reasons for the booking of non-funded income of PKR 160 MM in addition to income through cross sell. Asset portfolio of the segment is stable and well diversified with non-reliance on any particular segment of the industry.

Additionally, the segment not only participated in the SBP initiative of "Housing and Construction" but was also an instrumental player for the bank in ensuring that SBP's targets are achieved with relative ease. Going forward the aim is to participate in additional SBP initiatives (FPSS, LTFF, ERF etc) as well which are a source of greater yield on relationships.

## Small & Medium Enterprise Banking (SMEG)

SMEs play a major role in Pakistan's economy and generate substantial yields. In an earnest endeavor to expand growth SME segment is a step in the right direction, the segment has become a stable revenue generating stream for the bank, earning more than PKR 163 million in total revenues for the year 2021. In 2022 we intent to promote SBP initiatives/products specially bring ease for female entrepreneurs to be benefited from SBP products which may add value to the society.

## Corporate Social Responsibility (CSR)

Over the years, Samba Bank Limited has stood firm with its commitment of uplifting the society through a well-defined Corporate Social Responsibility framework. Our objective of being a socially responsible organization resonates our mission of benefitting the communities in which we operate. The year-round activities carried out in this ambit are governed by an approved CSR policy.

The primary focus of our CSR initiatives during the preceding year was provision of quality education, and healthcare. The purpose of these activities was to support marginalized communities that lack access to essential facilities. Samba Bank Limited's support towards renowned non-profit organizations such as Indus Hospital, The Citizens Foundations, Pink Ribbon Pakistan, Progressive Education Network, Kiran Foundation, Special Olympics Pakistan etc. is a testament to its aim of addressing diverse social welfare concerns.

In addition to the regular organizations supported by the Bank every year, few new organizations such as Lady Dufferin Hospital, Zindagi Trust, Empowering Communities for Change and Government Fatima Jinnah Graduate College for Women were also considered.

## 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 2021, 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.

## 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.

**Dr. Shujaat Nadeem**  
Chairman



# THE EXECUTIVE TEAM



**Shahid Sattar**  
President & CEO



**Samina Hamid Khan**  
Chief Risk Officer



**Rashid Jahangir**  
Chief Financial Officer



**Sitwat Rasool Qadri**  
Chief Internal Auditor



**Muhammad  
Arshad Mehmood**  
Group Head Human Resources,  
Training & Administration



**Talal Javed**  
Group Head  
Consumer Banking



**Ahmad Tariq Azam**  
Group Head Corporate,  
Investment Banking &  
Cash Management



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



**Zeeshan Kaiser**  
Chief Technology Officer



**Syed Ghazanfar Agha**  
Group Head Compliance



**Arif Raza**  
Group Head Global  
Markets (Treasurer)



**Ghufraan Ahmed**  
Group Head Commercial and  
SME Banking



**Imran Kazim**  
Group Head Operations



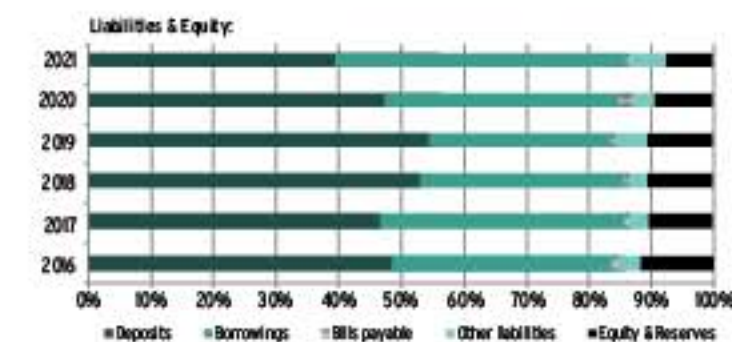
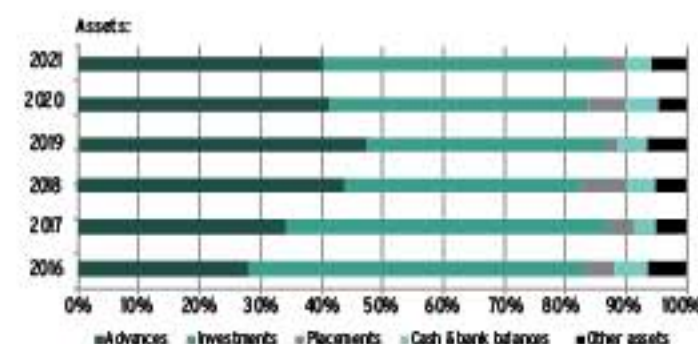
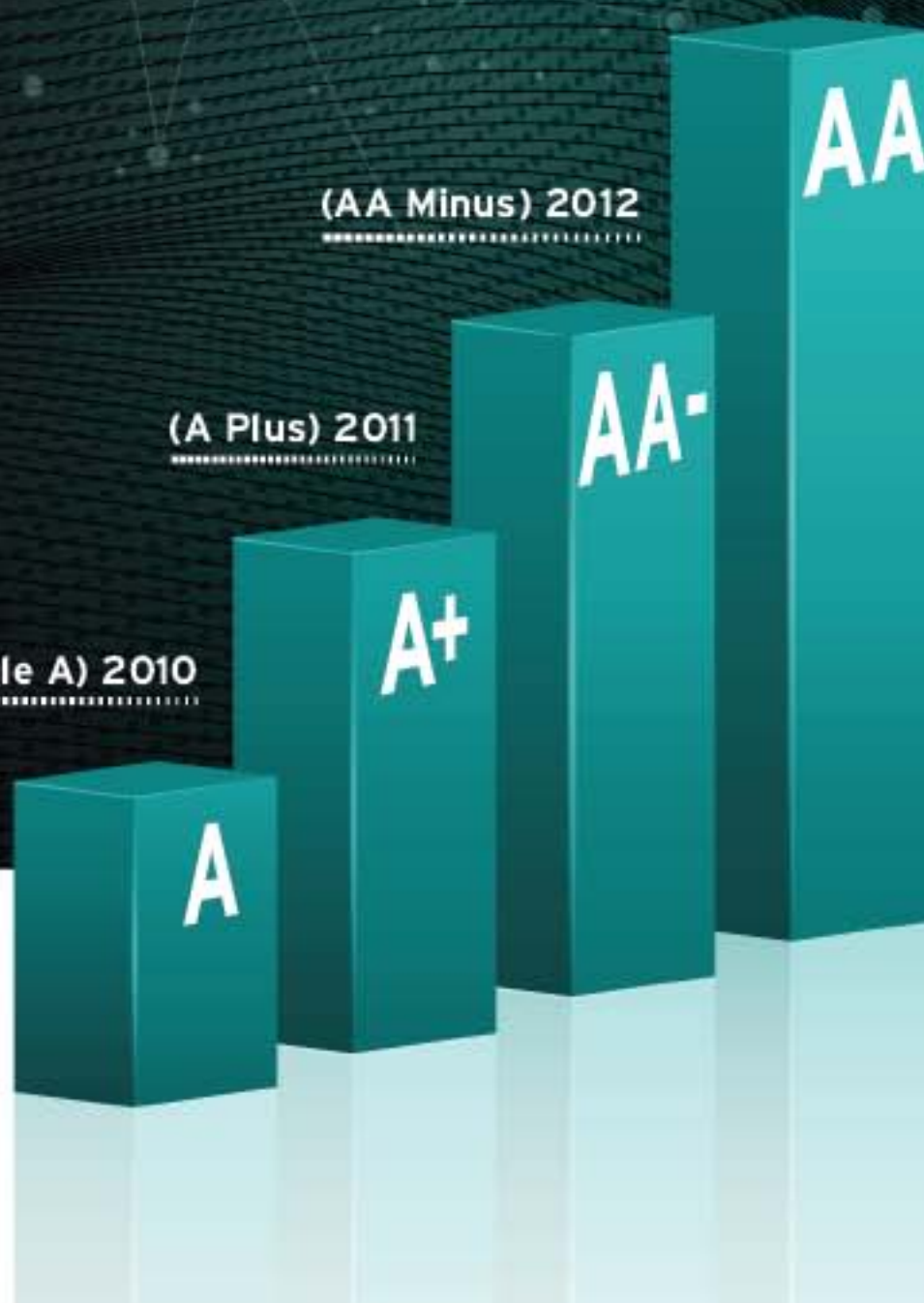
# PERFORMANCE HIGHLIGHTS

2021 (Retained from 2015)

(AA Minus) 2012

(A Plus) 2011

(Single A) 2010



	2016	2017	2018	2019	2020	2021
<b>Assets:</b>						
Advances	28%	34%	44%	47%	41%	40%
Investments	56%	53%	39%	40%	43%	47%
Placements	5%	4%	8%	2%	6%	3%
Cash & bank balances	5%	3%	5%	5%	5%	4%
Other assets	6%	5%	5%	6%	4%	6%
<b>Liabilities &amp; Equity:</b>						
Customer Deposits	49%	46%	53%	55%	49%	39%
Borrowings	35%	39%	32%	28%	35%	46%
Bills payable	1%	1%	1%	1%	2%	0%
Other liabilities	4%	3%	3%	5%	4%	6%
Equity & Reserves	12%	11%	10%	11%	10%	8%





# SAUDI NATIONAL BANK AWARDS 2021

**Best Corporate and Investment Bank - Saudi Arabia** by Asiamoney Middle East's Best Bank Awards 2021  
**Best Online Cash Management Services - Saudi Arabia** by Global Finance World's Best Digital Banks Awards 2021  
**Best Corporate/Institutional Digital Bank - Saudi Arabia** by Global Finance World's Best Digital Banks Awards 2021  
**Best Trade Finance Services - Saudi Arabia** by Global Finance World's Best Digital Banks Awards 2021  
**Best Online Portal - Saudi Arabia** by Global Finance World's Best Digital Banks Awards 2021  
**Best Mobile Banking App - Saudi Arabia** by Global Finance World's Best Digital Banks Awards 2021  
**Best Open Banking APIs - Saudi Arabia** by Global Finance World's Best Digital Banks Awards 2021  
**Best Financing Entity Award for Residential Units Under Construction - Sakani**  
**Best Retail Bank - Saudi Arabia** by Retail Banker International  
**Best Private Bank in KSA - PWM/The Banker Global Private Banking Awards 2021**  
**Safest Bank in Saudi Arabia - Global Finance World's Safest Bank Rankings 2021**  
**Third among the Top 100 Companies in the Middle East - Forbes Middle East**  
**Second in Middle East by Tier 1 Capital - The Banker Top 1000 World Banks 2021**  
**KSA Most Innovative Trade Finance Bank 2021** by Saudi Bank Awards



## DIRECTORS' 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, 2021. The Board has proposed a final cash dividend of Rs. 0.60 per share (i.e. 6.0%). The operating results and appropriations, as recommended by the Board are included in the table below.

### Economic Highlights

Pakistan economy has shown signs of recovery after better performance at coping with COVID 19 pandemic and resulting constraints. On the industrial front, there was a significant rebound in economic activities, as Large Scale Manufacturing (LSM) gained traction. The industrial sector has witnessed a remarkable turnaround largely because of accommodative policies by the government in the form of industrial support packages. Despite myriad of challenges, Pakistan's economy is progressing well and has posted a revised Gross Domestic Product (GDP) growth of 5.37% for FY 2021.

Consumer price Index under new base methodology has indicated rise in inflation to 12.3% for (YoY) December 2021, food price inflation and nonfood inflation remained elevated at 11.7% and 13.4% due to global supply chain disruptions and rising commodity prices.

On the external front, growth momentum in imports leading to trade deficit was curtailed by increasing exports and improved worker's remittances. The State Bank of Pakistan (SBP) proactively managed its monetary policy stance against rising imports, increase in commodity prices and rising Current account deficit, leading to a cumulative increase of 275 bps in policy rate during the year to reach 9.75% at end December 2021.

### Bank's Operating Results and Financial Review

Operating profit  
 Provisions  
 Profit before taxation  
 Taxation charge  
 Profit after taxation  
 Earnings per share - PKR  
 Final cash dividend per share - PKR (proposed)

(Rupees in million)	
2021	2020
2,353	2,022
1,049	354
1,304	1,668
515	656
789	1,012
0.78	1.00
0.60	0.75



Total Revenues of the Bank for the year ended 2021 have increased by 14.6% over comparative period of last year. This increase was attributable to increase in markup income by 16.4% and non-markup income by 9.7% on account of increase in earning assets, improved transactional volumes, trade activities and credit related fees. Non markup expense increased by 13.4% which is in line with inflation and resumption of normal business activities after Covid-19 lock downs. Bank recorded operating profit of Rs. 2,353 million for the year ended December 31, 2021 which represents 16.4% increase against operating profit of similar period last year.

The Bank has strategically increased mix of earning assets vis-à-vis credit risk, low cost of borrowings and deposits. The asset base of the bank has registered a 27% growth and closed at Rs. 201,139 million as at December 31, 2021. Investments and advances of the bank have shown encouraging growth of 38.4% and 23.7%, against last year and closed at Rs. 93,975 million and Rs. 81,177 million respectively. The Bank has continued its efforts to improve low cost deposit mix by mobilizing medium to small ticket deposit. Accordingly, CASA mix has improved from 47.8% to 53.3% in December 31, 2021. Despite increase in policy rate, cost of deposits has been restricted at 4.9%.

## New developments during the year

During the year the Bank initiated digital customer on-boarding services for resident Pakistanis. This has allowed the local residents to open digital accounts remotely and has also opened up the possibility for them to digitally invest in Stock market. The Bank also launched the FX portal for trade and remittance transactions, enabling corporate and individual customers to electronically submit FX transactions for SBP approvals. Roshan Apna Ghar and Roshan Apni car initiatives for non-Resident Pakistanis have also been launched. The underlying IT Infrastructure, security and capacity to support new technologies were enhanced accordingly. The Bank also set up a Digital Banking Lab to lead the digital initiatives for the launch of brand new products and services for customers.

## Credit Rating

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

## 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 2021, 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 Saudi National Bank (formerly SAMBA Financial Group) of Saudi Arabia, which holds 84.51% shares of the Bank as at December 31, 2021 (2020: 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, 2021 is annexed;
- The book value of investments of Staff Provident Fund is PKR 356m as per the audited financial statements for the year ended December 31, 2020;
- There are no statutory payments on account of taxes, duties, levies and charges which are outstanding as of December 31, 2021, 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 2022;
- 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 comprise of three independent directors, five non-executive directors and one executive director;
- 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 adopt 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

Six (6) 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
<b>Number of meetings held</b>	6	4	4	3	5
<b>Number of meetings attended:</b>					
Dr. Shujaat Nadeem	6	-	-	3	5
Mr. Shahid Sattar	6	-	4	-	-
Mr. Aiman Gusti	6	4	2	-	5
Mr. Arjumand Ahmed Minai*	3	2	-	-	-
Mr. Humayun Murad	6	-	4	2	-
Hafiz Mohammad Yousaf	6	4	-	3	3
Mr. Tariq Javed	6	-	-	-	5
Mr. Timour Pasha	6	-	4	-	-
Mr. Hussein Eid	3	2	-	1	-
Ms. Zeeba Ansar**	3	-	2	-	-

\* Resigned on 28 April 2021

\*\* Appointed on 16 June 2021 to fill casual vacancy

## 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 ten million shares of the bank and three directors namely Hafiz Mohammad Yousaf, Mr. Tariq Javed and Ms. Zeeba Ansar have individually purchased one million, fifty-three thousand and one thousand shares of the Bank respectively. Furthermore, the spouses of the executives namely Mr. Muhammad Yousuf and Mr. Khalid Zafar have individually purchased two thousand and fifty-five thousand shares of the Bank respectively.

## Statement under Revised Guidelines on Remuneration Practices

The Bank, in line with State Bank of Pakistan (SBP) 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, attracting, retaining and motivating highly qualified employees.

The policy defines the inclusion criteria for determination of MRTs & MRCs whose goal setting, performance measurement processes are based on a balanced scorecard approach linking financial performance evaluation with associated risks. MRT/MRC inclusion criteria takes into account both qualitative i.e. President & CEO, Direct Reports of the President & CEO, Board & Board Committees, members of critical management committees and heads of critical functions responsible for managing business, risks and controls as well as quantitative criteria covering all major risks e.g. Credit Risk, Market Risk, Operational Risk, Liquidity Risk, financial expenditure approval authority thresholds etc. MRTs and MRCs performance is measured through risk-adjusted balanced scorecards for ensuring correlation & alignment of risks and rewards, incorporating financial,

non-financial and qualitative as well as 'risk-adjusting' factors. Each category within the scorecards includes multiple factors /KPIs for performance assessment based on appropriate benchmarks and targets.

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.

A certain portion of the eligible MRTs and MRCs variable compensation is deferred for a defined period (three years) to align employee and stakeholders' 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, ranging from 20% to 30%. Deferred remuneration is paid proportionately over a period of three years through yearly installments following the year of the award. Malus provisions provide for cancellation or reduction of the unvested compensation award due to specific crystallized risk, behavior and 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 2021 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 28.3 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 2021 is disclosed in Note 28.4 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.



## SNB's Strategic Review

The Board has taken note of strategic review initiated by Bank's parent, The Saudi National Bank ("SNB"). We understand, from correspondence with SNB's management that SNB has decided to divest its shares in Samba Bank Limited ("SBL"), pursuant to which, the SNB will commence an orderly and well-managed divestment of SBL subject to final board evaluation of the offers received. In this regard, the SNB has appointed advisors to assist the SBL management with this process and as necessary, will provide consultancy to the management of the Bank on engagements with the regulators in Pakistan.

The Bank is working closely with the SNB's management to develop action plan regarding the above noted strategic decision. The Board of Directors and senior management of SBL remain fully committed towards its shareholders, customers and employees. We believe that SBL is well placed to manage its business successfully and is expected to continue to generate positive results for the foreseeable future despite the possible changes in its majority shareholding.

## Future Outlook

The economic activity accelerated after signs of recovery from pandemic is expected to continue on account of strong growth in agriculture and manufacturing sector. According to IMF Pakistan GDP is expected to grow in range of 4%-5% in FY 2022. However, there are greater uncertainty for the resurgence of the pandemic owing to latest variant omicron. At the moment, spread of omicron has forced economists across the globe to cast a shadow of doubt on the ongoing global economic growth recovery. The new variant coupled with global inflationary pressure are the key concerns and making the economic outlook more difficult.

Pakistan and IMF have reached an agreement on policies and reforms needed to complete the sixth review owing to implementation of prior actions, notably on fiscal and institutional reforms under the extended fund facility (EFF) program and is expected to resume in 2022.

2022 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 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.

## 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*

**Shahid Sattar**  
President and Chief Executive Officer  
February 03, 2022  
Karachi

*Zeeba Ansar*

**Zeeba Ansar**  
Director



## ڈائریکٹرز کی رپورٹ:

بورڈ آف ڈائریکٹرز کی جانب سے ہم سال مختصر 31 دسمبر 2021ء کی سالانہ رپورٹ بشمول پرنٹال شدہ مالیاتی گوشواروں اور آڈیٹرز کی رپورٹ، پیش کرنے میں نہایت مسرت محسوس کر رہے ہیں۔ بورڈ نے 0.6 روپے فی حصص (6 فیصد) کے حتمی کیش ڈیویڈنڈ کو تجویز کیا ہے۔ بورڈ کی جانب سے منظور شدہ کاروباری نتائج اور تخصیص مندرجہ ذیل جدول میں شامل ہے۔

### معاشی جھلکیاں:

پاکستان کی معیشت، کووڈ-19 کی عالمگیر وبا اور اس کے مضمرات سے مؤثر طور پر نبرد آزما ہونے کے بعد، بحالی کے اشاریے ظاہر کر رہی ہے۔ بڑے پیمانے کی پیداواری صنعتوں کے بھرپور ترقیک پکڑنے سے صنعتی محاذ پر معاشی سرگرمیوں میں نمایاں بحالی کے آثار ہیں۔ صنعتی شعبہ میں دیکھی جانے والی اس قابل قدر بحالی کی بنیادی وجہ حکومت کی جانب سے صنعتی لمدادی چیلنجز کی شکل میں مفادماندہ پالیسیاں ہیں۔ ان گنت چیلنجز کے باوجود، پاکستان کی معیشت کی ترقی کی رفتار بہتری کی جانب گامزن ہے اور مالی سال 2021ء کے لیے اس کی تخمینہ فوشدہ شرح کل داخلی پیداوار (جی ڈی پی) 5.37 فیصد پر تعین کی گئی ہے۔

نئے بنیادی طریقہ کار (New Base Methodology) کے تحت کنزیومر پرائس انڈیکس نے افراط زر کی شرح میں اضافے کو ظاہر کیا ہے جس کی شرح دسمبر 2021ء تک (سال بہ سال کی بنیاد پر) 12.3 فیصد پر درج ہوئی۔ جبکہ عالمی رسد کی رکاوٹوں اور اشیاء کی قیمتوں میں اضافے کے باعث اشیاء خورد و نوش کی قیمتوں کے افراط زر اور دیگر (نان فوڈ) اشیاء کی قیمتوں کے افراط زر کی شرحیں بھی بلندی کے درمیان کے ساتھ ہاتھ تھپ 11.7 فیصد اور 13.4 فیصد پر تعین کی گئیں۔

بیرونی محاذ پر درآمدات میں تیز بڑھوتری کے باعث ہونے والے تجارتی خسارے کو برآمدات کے اضافے اور بہتر ہوتی افرادی ترسیلات زر کی مدد سے محدود رکھا گیا۔ بینک دولت پاکستان نے بڑھتی درآمدات، اشیاء کی قیمتوں میں اضافے اور بڑھتے کرنٹ اکاؤنٹ خسارے کے درمیان ہونے کے سبب اپنے مالیاتی پالیسی پیلے کا پیش قدمی سے انتظام کیا جس کی بدولت سال کے دوران پالیسی ریٹ میں مجموعی طور پر 275 بی پی ایس کا اضافہ کیا گیا جو کہ دسمبر 2021ء تک 9.75 فیصد تک جا پہنچا۔



## بینک کی کارکردگی کے نتائج اور مالیاتی جائزہ:

(رقم رقم ملین روپے میں)

2020	2021
2,022	2,353
354	1,049
1,668	1,304
656	515
1,012	789
1.00	0.78
0.75	0.60

کاروباری منافع  
پروڈیٹس (اخراجات)  
منافع قبل از محصولات  
محصولات (ٹیکسٹیشن)  
منافع بعد از محصولات  
فی حصص (شیر) آمدنی (روپے)  
مجوزہ حتمی کیش ڈیویڈنڈ فی حصص (روپے)

2021ء کے اختتام پر سال کے لیے بینک کی کل آمدنی میں گزشتہ سال کی تقابلی مدت کی نسبت 14.6 فیصد کا اضافہ ہوا۔ اس اضافے کی بنیادی وجہ پیداواری اثاثہ جات کی بڑھتی، لین دین کی مقدار میں بہتری، تجارتی سرگرمیوں اور قرضہ جات سے متعلق فیس میں اضافے کے باعث مارک اپ آمدنی میں 16.4 فیصد کی نمو اور غیر مارک اپ آمدنی میں 9.7 فیصد کی ترقی رہی۔ غیر مارک اپ اخراجات میں 13.4 فیصد کا اضافہ ہوا جو کہ اخراجات کی شرح اور کوڈ - 19 کے لاک ڈاؤن کے بعد عام کاروباری سرگرمیوں کی بحالی کی مطابقت میں ہے۔ بینک نے 31 دسمبر 2021ء کو اختتام پر سال کے لیے 2,353 ملین روپے کا کاروباری منافع حاصل کیا جو کہ گزشتہ سال کی مماثلہ مدت کے حاصل کردہ کاروباری منافع سے 16.4 فیصد کے اضافے کو ظاہر کرتا ہے۔

بینک نے قرضہ جات اور ڈیپازٹس کی کم لاگت کے دانشمندانہ انتظام کے ساتھ اپنے پیداواری اثاثہ جات کی ترکیب میں اضافہ کیا۔ بینک کے اثاثہ جات کی اساس 27 فیصد کے اضافے کا اندراج کرتے ہوئے 31 دسمبر 2021ء تک 201,139 ملین روپے پر جا پہنچی۔ بینک کی سرمایہ کاری اور قرضہ جات میں گزشتہ سال کی نسبت بالترتیب 38.4 فیصد اور 23.7 کی حوصلہ افزاء نمود بھی گئی جو کہ بالترتیب 93,975 ملین روپے اور 81,177 ملین روپے کے حجم پر بند ہوئی۔ بینک درمیانی اور قلیل مدت کے ڈیپازٹس کے فروغ کے ذریعے اپنے کم لاگت کے ڈیپازٹس کی ترکیب کی بہتری کے لیے اپنی کادشوں کو جاری رکھے ہوئے ہے۔ چنانچہ کاسا (CASA) کی ترکیب 31 دسمبر 2021ء تک 47.8 فیصد سے بہتر ہوتے ہوئے 53.3 فیصد پر جا پہنچی۔ پالیسی ریٹ میں اضافے کے باوجود ڈیپازٹس کی لاگت کو 4.9 فیصد تک محدود رکھا گیا۔

## سال کے دوران نئی پیش رفت:

سال کے دوران بینک نے ریزیڈنٹ (رہائشی) پاکستانیوں کے لئے صارفین کی ڈیجیٹل شمولیت کی خدمات کا آغاز کیا ہے۔ اس سہولت سے ملک میں رہنے والے تمام ریزیڈنٹس، بینک میں اپنے اکاؤنٹس خود کار طریقے سے کھول سکیں گے اور اسٹاک مارکیٹ میں ڈیجیٹل سرمایہ کاری کے مواقع سے مستفید ہو سکیں گے۔ بینک نے تجارتی اور ترسیلات کے لین دین کے لیے ایف ایکس (FX) پورٹل کا بھی آغاز کیا ہے جس سے کارپوریٹ اور انفرادی صارفین اپنی غیر ملکی کرنسیوں کے لین دین کو اسٹیٹ بینک آف پاکستان کی منظوری کے لیے ایکسٹرنل ٹریڈ طریقے سے جمع کروا سکیں گے۔ نان ریزیڈنٹ (دوسرے ملکوں میں رہائش پذیر) پاکستانیوں کے لیے روشن اپنا گھر اور روشن اپنی کاریکیوں کا بھی اجراء کیا گیا۔ ان نئی ٹیکنالوجیز کی معاونت کے لیے متعلقہ آئی ٹی کے بنیادی ڈھانچے، سکیورٹی اور صلاحیت کو بھی اسی مناسبت میں بڑھایا گیا۔ بینک نے ڈیجیٹل اقدامات کی پیش قدمی کے لیے ایک ڈیجیٹل بینکنگ لیپ کی بھی تشکیل کی ہے تاکہ صارفین کے لیے جدید ترین پراڈکٹس اور خدمات کا اجراء کیا جاسکے۔

## کریڈٹ ریٹنگ:

معروف کریڈٹ ایجنسی، وی آئی ایس کریڈٹ ریٹنگ کمپنی لمیٹڈ نے بینک کی پیش بینی پر نظر ثانی کرتے ہوئے اس کو 'مستحکم' سے 'ثابت' کی سطح پر ترقی دینے اور بینکنگ کو (A-1 / AA) ڈبل اے / اے دن کے درجے پر برقرار رکھنا تاہم مستقبل میں بنیادی شیئر ہولڈر کی تبدیلی کے پیش نظر اس سے منسلک امکانات کو 'Rating Watch - Developing' پر ترقی کر دیا گیا ہے۔ یہ طویل اور قلیل المدتی وجہ بندیاں بینک کے اعلیٰ قرضہ جاتی معیار اور اس کے ساتھ اس کے مناسب محافظت کے عوامل اور اپنی مضبوط سیال پزیری (لیکویڈیٹی) کی بدولت اپنی تمام تر مالیاتی ذمہ داریوں کی بروقت ادائیگی کی خوش صلاحیت کی مظہر ہیں۔

## اندرونی انضباط (انٹرنل کنٹرول) کا بیانیہ:

بورڈ اندرونی انضباط (انٹرنل کنٹرول) کی قدرتی (جائزہ) سے متعلق انتظامیہ کے تجویز، جو اس سالانہ رپورٹ میں شامل ہے، کی بخوشی توثیق کرتا ہے۔

## خداشات کے تذراک کا نظام (رہنہ منجمنٹ فریم ورک):

مؤثر رہنہ منجمنٹ (خداشات کے تذراک کا نظام) ہمارے کاروباری مقاصد کے حصول کا ایک بنیادی جزو ہے لہذا یہ بینک کی پالیسیوں (حکمت عملیوں) کا کلیدی مطلع نظر ہے۔ رہنہ منجمنٹ کے مؤثر 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 رہنہ منجمنٹ کا نظام موجود ہے جو کہ رہنہ منجمنٹ کے اصول، رہنمائی اور انتظامی اسلوب کا تعین کرتا ہے۔ اس نظام کے تحت بہت سی کمیٹیوں کی تشکیل کی گئی ہے، جو کہ بورڈ آف ڈائریکٹرز اور سینئر انتظامیہ کی جانب سے مختلف اقسام کے رہنہ (خداشات) بشمول قرض (کریڈٹ)، منڈیوں (مارکیٹ)، کارکردگی اور سیال پزیری (لیکویڈیٹی) سے متعلق خداشات کی مؤثر 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۔

رہنہ منجمنٹ کے نظام کے تحت بورڈ کی طرف سے منظور شدہ دائرہ کار میں رہتے ہوئے پورے بینک کے رسک (خداشات) کا انتظام، رہنہ منجمنٹ کے عنصر کے مطابق ڈھالے گئے گوشواروں (ریٹرنز) کے فروغ کے مقاصد کو پورا کرتے ہوئے کیا جاتا ہے۔ بینک کے رہنہ منجمنٹ کا نظام آزادانہ رہنہ منجمنٹ کے طے شدہ اصولوں سے مزین منظم (کارپوریٹ) نظم و نسق کو متوازن کرنے کیلئے بنایا گیا ہے۔ 2021ء کے مکمل سال کے دوران، بورڈ کی رہنہ منجمنٹ کی تشکیل کردہ رہنمائی کے اصولوں کی بنیاد پر، مجموعی رہنہ منجمنٹ کے نظم و ضبط میں بہتری اور مدد 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 سعودی پیٹل بینک (سائبر سامان فنانشل گروپ) کا ذیلی ادارہ ہے 31 دسمبر 2021ء تک بینک کے 84.51 فیصد حصص کی ملکیت رکھتا ہے (84.51 فیصد - 2020)
- کمپنی کے انتظامی معاملات / اقدامات کی موزونیت اور بینک کی مجموعی کارپوریٹ حکمت عملی کی نگرانی کے لیے ویژن 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 ضابطہ قوانین موجود ہیں جن سے بینک میں اخلاقی تہذیب و تمدن کے فروغ اور مفادات کے تحفظ سے بچا جاسکے جو بطور بورڈ کے ارکان، 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۔
- غیر اخلاقی ضابطہ عمل سے پیدا ہونے والی کسی بھی شکایت کی نشاندہی اور اسکے ازالے کے لیے مناسب سسٹم (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 (معتدلانہ جائزہ)، اس کی 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 فنانشل رپورٹنگ سٹینڈرڈز) 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 حدود و خال 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 روگردانی نہیں کی گئی۔
- پچھلے 6 سال کی اہم کارکردگی اور مالیاتی مواد (ڈیٹا) کا خلاصہ سالانہ رپورٹ میں شامل ہے۔
- 31 دسمبر 2021ء تک بینک کے حصص یافتگان کی ترتیب کے نمونے پر مشتمل گوشوارہ منسلک ہے۔
- بینک کے شاف پروڈیٹس کی مالیت پر تاج شدہ مالیاتی گوشواروں کے مطابق سالانہ 31 دسمبر 2020 کو 356 ملین روپے رہی۔
- پر تاج شدہ مالیاتی گوشواروں کے مطابق سالانہ 31 دسمبر 2021 تک کوئی بھی قانونی ادائیگی، ٹیکس کی مدد یا ڈیویڈنڈ، لیوی (عائد شدہ) یا کوئی اور خرچ واجب الادا نہیں ماسوائے ان کے جن کی وضاحت مالیاتی گوشواروں میں کردی گئی ہے۔



## ڈائریکٹرز اور ایگزیکٹوز کے حصص کا حصول:

حصص کی ملکیت کی ترتیب اور حصص کی ملکیت کی ترتیب سے متعلق اضافی معلومات ملحدہ سے منسلک ہیں۔ اس سال کے دوران، ڈائریکٹر شجاعت عظیم، جنیئر مین بورڈ، نے بینک کے 10 ملین حصص خریدے اور تین ڈائریکٹرز حافظ محمد یوسف، جناب طارق جاوید اور محترمہ زینب انصاری نے انفرادی طور پر بالترتیب بینک کے ملین، تین ہزار اور ایک ہزار حصص خریدے ہیں۔ علاوہ ازیں، بینک کے دو ایگزیکٹوز جناب محمد یوسف اور جناب خالد ظفر کی ازواج نے انفرادی طور پر بالترتیب بینک کے دو ہزار اور پچیس ہزار 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 راہنمائی اور اظہار کے اصولوں کی روشنی میں بینک نے ایک پالیسی ترتیب اور نافذ کی جو خاص طور پر ان ملازمین سے تعلق رکھتی ہیں جو خدمات کو اختیار یا اس کی نگرانی کے عمل کے ذمہ دار ہیں، مثلاً، میٹرل رسک ٹیکرز (ایم آر ٹی) اور میٹرل رسک کنٹرولرز (ایم آر سی) [Material Risk Controllers (MRCs) and Material Risk Takers (MRTs)]۔ اس پالیسی کے بنیادی مقاصد میں خدمات کے مدارک کے لیے موزوں اور مضبوط انتظام کا فروغ، طویل المدت کارکردگی کی حوصلہ افزائی و تعاون اور داخلی قابلیت کے حامل ملازمین کی دلچسپی، کام کو جاری اور متحرک رکھنے، جیسے عوامل شامل ہیں۔

یہ پالیسی، جس میں جانچنے کا طریقہ کار شامل ہے، ایم آر ٹی اور ایم آر سی (MRTs & MRCs) کی درجہ بندی کرتی ہے جن کے اہداف کا تعین، کارکردگی کی جانچ اور ان کے کام کی بجا آوری کو پرکھنے کے طریقہ کار کو ایک متوازن سکور کارڈ (score card) کی سوچ کے محور پر اخذ کیا گیا ہے، جس کا تعلق مالیاتی کارکردگی کے جائزے اور بینک میں مجموعی طور پر اس سے جوئے خدمات کی بنیاد پر ہوتا ہے۔ ایم آر ٹی / ایم آر سی کی شمولیت کے معیار اصول میں دونوں پہلوؤں کو مد نظر رکھا جاتا ہے جس کے معیاری پہلو میں پریزنٹ اور سی ای او (CEO)، پریزنٹ اور سی ای او اور بورڈ کی کمیٹیوں کو براہ راست جوابدہ، ناگزیر مینجمنٹ کمیٹیوں کے ممبران اور تمام اہم شعبہ جات کے سربراہان، جو کاروبار، اسکے خدمات اور ان پر قابو پانے اور اس کے ساتھ ساتھ معیاری معیار کے پہلوؤں جس میں تمام اہم خدمات کا احاطہ کیا گیا ہو، مثلاً کریڈٹ رسک، آپریشنل رسک، لیکویڈیٹی رسک اور مالیاتی اخراجات کی منظوری کے لیے ضروری اقدامات کرتے ہیں، شامل ہیں۔ تمام ایم آر ٹی / ایم آر سی کی کارکردگی کی جانچ خدمات کی مطابقت کے متوازن سکور کارڈ کے ذریعے کی جاتی ہے جس میں مالیاتی اور غیر مالیاتی کے ساتھ معیاری اور اس کے ساتھ ساتھ خدمات کی مطابقت کے عوامل شامل ہیں، جو خدمات اور ان کی طاقی میں ہم آہنگی قائم کرتے ہوں۔ سکور کارڈ میں موجود ہر طبقہ میں مختلف عوامل موزوں بیچ مارک اور اہداف کی بنیاد پر کارکردگی کی جانچ کے لیے کی پی آئی (KPIs) شامل ہیں۔

پالیسی کے تحت ازالہ جات کے معاوضوں کا ڈھانچہ مندرجہ ذیل پر مشتمل ہے۔

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

ب۔ خفیہ معاوضہ۔ جس میں کارکردگی کی بنیاد پر سالانہ بونس (معیاری فوگ) کی شکل میں معاوضوں کی ادائیگی شامل ہے۔

معین معاوضوں کی ترتیب ایک انفرادی ملازم کے کام اور عہدہ، پیشہ وارانہ قابلیت، بنیاد، تعلیم، ذمہ داری، کام کی پیچیدگی، داخلی مارکیٹ کے حالات وغیرہ پر منحصر ہوتی ہے۔ جبکہ خفیہ معاوضوں میں بینک کے، گروپ کے، کاروبار یا یونٹ کے شعبہ کے اور انفرادی کارکردگی کے جائزے کو ادائیگیوں کے تعین کے لیے استعمال کیا جاتا ہے۔

تمام اہل ایم آر ٹی / ایم آر سی کی خفیہ معاوضوں کے ایک مخصوص حصے کو ملازمین اور دیگر اسٹیک ہولڈرز (stake holders) کے مفاد میں ایک مخصوص مدت (تین سال) کے لیے مؤخر کیا جاتا ہے اور اس کا تعلق ان کی طویل مدت پائیدار کارکردگی سے جوڑا جاتا ہے۔ مؤخر رقم کے حصے کا تعین، جس کی حد 20 فیصد سے 30 فیصد ہے، متعلقہ ایم آر ٹی اور ایم آر سی کی درجہ بندی کی بنیاد پر ہوتا ہے جس میں پریزنٹ اور سی ای او، سینئر انتظامیہ اور دیگر ایم آر ٹی / ایم آر سی شامل ہیں۔ مؤخر شدہ معاوضے، اعلان شدہ متعلقہ سال سے اگلے کے تین سال کی مدت کے منسلکیتی تناسب میں رکھے جاتے ہیں اور ملازمین کو مطلوبہ تناسب میں سالانہ قسطوں میں ادا کئے جاتے ہیں۔ چند مخصوص شفاف خدمات، روئے اور چال چلن یا کارکردگی کے نتائج کے باعث غیر حاصل شدہ معاوضوں میں کی یا ان کی منسوخی کے سدباب کے لیے ضروری اخراجات (پروویژن) کا اندراج کیا جاتا ہے۔ ضوابطی شعبوں جن میں رسک مینجمنٹ، کریڈٹ، کمپلائنس، انٹرنل آڈٹ، فنانسئل کنٹرول، ایگل وغیرہ شامل ہیں، کے معاوضات کا تعین ان کے ذریعہ جائزہ کاروباری شعبوں سے آزادانہ کیا جاتا ہے۔ کسی بھی بونس کی یقین دہانی منور ہے۔

• کوڈ آف کارپوریٹ گورننس کے تحت بیانیہ منسلک ہے۔

• بینک کے مالیاتی گوشواروں کو بینک کے آڈیٹر میسرز کے پی ایم جی (KPMG) تاخیر ہادی ایگزیکٹو چارٹرڈ اکاؤنٹنٹس نے بغیر کسی اعتراض کے آڈٹ کیا ہے۔

• ڈائریکٹرز کے پروفائٹرز اور دیگر اداروں میں ان کی بطور ڈائریکٹرز حیثیت کے بارے میں معلومات اس سالانہ رپورٹ کے ملحدہ سیکشن میں فراہم کی گئی ہیں۔

• بورڈ کی کمیٹیوں کی ترتیب اور ان کے کام کے طریقہ کار (ٹرمز آف ریفرنس) کا خلاصہ اس سالانہ رپورٹ کے ملحدہ سیکشن میں فراہم کیا گیا ہے۔

• بینک کے زیادہ تر ڈائریکٹرز نے اپنے ترقیاتی پروگرام قانون کے ضوابط / شرائط کے مطابق پورے کئے ہیں۔ بورڈ سال 2022ء کے دوران، باقی ماندہ ڈائریکٹرز کی فرینک کے لیے انتظامات کرے گا۔

• ڈائریکٹرز کی فیس کی ادائیگی بورڈ کی منظور شدہ ریوژیشن (معاوضوں) پالیسی کے تحت کی جاتی ہے جو کہ کمپنیز ایکٹ 2017 اور کوڈ آف کارپوریٹ گورننس (سی سی جی) کی مطابقت میں ہے۔

• سی سی جی کی مطابقت کے مطابق بینک آزاد اور غیر انتظامی ڈائریکٹرز کی فیس کی حوصلہ افزائی کرتا ہے۔ فی الوقت بینک کا بورڈ آف ڈائریکٹرز تین آزاد ڈائریکٹرز، پانچ غیر انتظامی ڈائریکٹرز اور ایک انتظامی ڈائریکٹر پر مشتمل ہے۔

• بورڈ اپنی کارکردگی بینک کی مجموعی کارکردگی سے جانچتا ہے۔ ڈائریکٹرز بورڈ کے اجلاس باقاعدگی سے شرکت کرتے ہیں اور ان کی کاروائی میں بھرپور کردار ادا کرتے ہیں۔ بورڈ اس امر کو یقینی بناتا ہے کہ بینک اپنی کارکردگی کے تمام شعبوں میں کارپوریٹ گورننس 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 دہانی کے جاری عمل کو یقینی بنایا جاسکے۔

## بورڈ کے اجلاس:

اس ذریعہ سے بورڈ کے چھ (6) اجلاس اور اس کے ساتھ بورڈ کی ذیلی کمیٹیوں کے سولہ (16) اجلاس منعقد ہوئے۔ بورڈ ان ڈائریکٹرز کو حاضری سے استثناء عطا کرتا ہے جنہوں نے اجلاس میں شرکت نہیں کی۔ منعقد شدہ 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	نامزدگی اور معاوضہ کمیٹی کے اجلاس	آئی ٹی کمیٹی کے اجلاس
منعقد شدہ اجلاس کی تعداد	6	4	4	3
اجلاس میں شرکت کی تعداد	5	4	3	5
ڈائریکٹر شجاعت عظیم	6	-	-	5
جناب شاد ستار	6	4	-	-
جناب ایم نسی	6	4	2	5
جناب ارجمند احمد بیانی*	3	2	-	-
جناب ہمایوں مراد	6	4	2	-
حافظ محمد یوسف	6	4	3	3
جناب طارق جاوید	6	-	-	5
جناب تیمور پاشا	6	4	-	-
جناب حسین عید	3	2	1	-
محترمہ زینب انصاری**	3	2	-	-

\* 28 اپریل 2021ء کو مستعفی

\*\* 16 جون 2021ء عام دیکھنی کو پورا کرنے کے لئے تعینات



ضوابطی مطلوبات کے عین مطابق بینک کے پاس غیر انتظامی ڈائریکٹرز پر مشتمل اور ایک آڈیٹریکٹری سربراہی میں ایک بورڈ نوٹیشن اینڈ ریمونریشن کمیٹی (بی این آری) Board Nomination & Remuneration Committee (BNRC) موجود ہے۔ اگرچہ بورڈ آف ڈائریکٹرز پورے بینک پر محیط معاونوں کی ادائیگیوں کے نظام کے نفاذ کے تجربے، منظوری اور نگرانی کے مجموعی طور پر ذمہ دار ہیں تاہم بی این آری (BNRC) بینک کے معاونوں کی ادائیگی کے مجموعی خدوخال اور دیگر یکھ کی ذمہ دار ہے۔ بی این آری (BNRC) بورڈ کی منظوری کے لیے سیکرٹری نظامیہ کے لیے سالانہ کارکردگی کے ایوارڈ کو منظور / تجویز بھی 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 ہوتی ہیں۔ 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 کے متعلقہ سرگرمیوں کیلئے 2021ء 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، یکمل اور سماجی ترقی سے متعلق شعبوں میں کام کرتے ہیں۔ اس سال کے دوران، اس میں دیے جانے والے عطیات / شراکت کی تفصیل مالیاتی گوشواروں کے نوٹ نمبر 28.3 میں درج کی گئی ہیں۔

#### آڈیٹرز:

بینک کے بیرونی (ایکسٹرنل) آڈیٹرز میسرز کے پی ایم جی (KPMG) ٹاھیر ہادی اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس نے اہلیت کی بناء پر اپنی دوبارہ ترقی کی پیشکش کی ہے۔ بورڈ آف ڈائریکٹرز، آڈٹ کمیٹی کی تجویز پر میسرز کے پی ایم جی (KPMG) ٹاھیر ہادی اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس (جو کہ پی ایم جی (KPMG) انٹرنیشنل کی ممبر فرم ہے) کو اگلے سال کے تقرر کیلئے تجویز کرتا ہے جس کی فیص مشاوری طور پر طے کی جائے گی۔ سال 2021ء کے لیے آڈیٹرز کے معاونوں کا ذکر مالیاتی گوشواروں کے ساتھ منسلک نوٹ نمبر 28.4 میں کیا گیا ہے۔

#### میجر ایہ (پینلٹس شیٹ) کی تاریخ کے بعد کے واقعات:

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

#### ایس این بی۔ حکمت عملی کا جائزہ:

بینک نے اپنے موجودہ ادارے سعودی بینک (ایس این بی) کی جانب سے جاری کردہ حکمت عملی کے جائزے کا بغور مشاہدہ کیا ہے۔ ایس این بی کی انتظامیہ سے خط و کتابت سے ہم سمجھتے ہیں کہ ایس این بی نے، سامبا بینک لمیٹڈ (ایس بی ایل) میں اپنے حصص کی فروخت کا فیصلہ کیا ہے جس پر عمل کرتے ہوئے ایس این بی، سامبا بینک لمیٹڈ سے اپنی سرمایہ کاری کے خروج کے لیے تمام دستیاب پیشکشوں کے لیے، بورڈ سے حتمی منظوری کے بعد، ایک منظم اور مربوط طریقہ کار کو اختیار کرے گا۔ اس بارے میں ایس این بی نے سامبا بینک کی انتظامیہ کی اس طریقہ کار میں معاونت کے لیے مشیران کا تقرر کیا ہے جو کہ ضرورت پڑنے پر بینک کی انتظامیہ کو پاکستان میں تمام ضوابطی اداروں سے درپیش معاملات سے نمٹنے کے لیے تھابوز اور مشورے بھی فراہم کر سکیں گے۔

بینک، ایس این بی کی انتظامیہ کے ساتھ عمل طور پر مشاورت جاری رکھے ہوئے تاکہ اس مندرجہ بالا اہم اسٹریٹجک فیصلے کو عملی جامہ پہنانے کے لیے ایکشن پلان مرتب کیا جا سکے۔ سامبا بینک لمیٹڈ کے بورڈ آف ڈائریکٹرز اور انتظامیہ اپنے حصص یا فنانس اور صارفین کے لیے پر عزم اور متخلص ہیں۔ ہم پر اعتماد ہیں کہ سامبا بینک لمیٹڈ اپنے کاروبار کو احسن طریقے سے چلانے کی مکمل اہلیت رکھتا ہے اور اپنے حصص کی اکثریت کی تبدیلی کے باوجود، قابل قیاس مستحقین میں متوقع طور پر مثبت اور بہتر نتائج دینے کے عمل کو جاری رکھے گا۔

#### مستقبل کی پیش بینی:

عالمگیر وباء سے بحالی کے بعد معاشی سرگرمیوں میں ہونے والی تیزی، صنعتی اور زراعت کے شعبوں میں وقوع پزیر مضبوط نمونے مل بوتے پر اسدہ بھی جاری رہنے کی توقع ہے۔ آئی ایم ایف کے مطابق مالی سال 2022ء کے لیے پاکستان کے جی ڈی پی کی متوقع ترقی کی شرح 4 فیصد سے 5 فیصد تک رہے گی۔ تاہم، عالمگیر وباء کی تازہ ترین شکل ادوی کروں کے ظہور سے غیر یقینی کی صورتحال بھی درپیش ہے۔ فی الوقت، ادوی کروں کے پھیلاؤ نے پوری دنیا کے ماہرین معاشیات کو جاری شدہ عالمی معاشی صوکی بحالی میں لاحق خدشات کے بارے میں سوچنے پر مجبور کر دیا ہے۔ وائرس کی یہ نئی شکل اور عالمی افراتفر کا دباؤ نمایاں طور پر تشویش کے عوامل ہیں جو کہ معاشی پیش بینی کے تعین کو مزید مشکل بنا رہے ہیں۔

پاکستان اور آئی ایم ایف کے مابین چھٹے تجربے کی تکمیل کے لیے پہلے سے طے شدہ اقدامات خاص طور پر ایکسپریڈ ڈیفنڈیشنل (EFF) پروگرام کے تحت مالیاتی اور ادارہ جاتی اصلاحات کے نفاذ کے لیے پالیسیوں اور اصلاحات کا معاہدہ طے پا گیا ہے اور اس کی بحالی سال 2022 میں متوقع ہے۔

سال 2022ء جہاں بینک اپنی توجہ، نئی برانچوں کے کھولنے، اپنی پراڈکٹس (مصنوعات) کی صف بندی کو 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 کئے ہوئے ہے، کنزیومر (صارف) بینکنگ کے شعبہ کے لیے ایک نہایت کامیاب سال تصور کیا جا رہا ہے۔ بینک اپنے پیداواری اثاثہ جات کی جامعیت پر خصوصی توجہ دیتے ہوئے اپنی ترقی اور نمو کے لیے تمام ناگزیر امور و موزوں اقدامات پر مسلسل عمل جاری رکھے گا۔

#### اظہار تشکر:

ہم اپنے صارفین اور کاروباری شراکت داران اور حصص یافتگان کے ان کے اعتماد اور غلوں پر نہایت مشکور ہیں۔ بورڈ آف ڈائریکٹرز اور بینک کی انتظامیہ، بینک دولیب پاکستان، سیکورٹیز 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 تہذیب 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

  
زیا انصار  
ڈائریکٹر

  
شاہد ستار  
پریذیڈنٹ اور چیف ایگزیکٹو آفیسر  
03 فروری 2022  
کراچی



## Six Years' Performance Highlights

December 31	2021	2020	2019	2018	2017	2016
Rs. in Millions						
<b>Statement of Financial Position</b>						
<b>Assets</b>						
Advances - gross	85,256	68,573	64,043	55,892	42,503	30,988
Investments - gross	94,188	68,199	51,510	48,139	62,936	57,272
Lending to financial institutions	5,908	9,936	2,274	9,449	5,193	5,277
Cash and balances with treasury and other banks	8,910	8,743	6,698	5,651	4,015	5,540
Fixed assets	2,982	1,939	1,897	1,065	1,113	1,290
Intangible assets	592	142	133	121	133	169
Deferred tax asset - net	1,218	365	327	701	437	410
Other assets - gross	6,537	4,508	5,774	4,338	4,406	4,562
<b>Total assets - gross of provisions</b>	<b>205,991</b>	<b>162,404</b>	<b>132,657</b>	<b>125,355</b>	<b>120,736</b>	<b>105,507</b>
Provision against advances - specific and general	(4,079)	(2,938)	(2,687)	(2,300)	(2,320)	(2,198)
Provision for diminution in the value of investments	(213)	(309)	(232)	(118)	(18)	(35)
Provision held against bad and doubtful other assets	(160)	(160)	(160)	(173)	(173)	(175)
<b>Total assets - net of provisions</b>	<b>201,539</b>	<b>158,996</b>	<b>129,577</b>	<b>122,765</b>	<b>118,234</b>	<b>103,100</b>
<b>Liabilities</b>						
Customer deposits and other accounts	79,267	78,426	71,882	65,225	54,901	50,307
Borrowings	93,019	56,197	36,114	39,781	46,201	35,847
Bills payable	903	3,358	783	877	687	915
Subordinated debt	4,999	-	-	-	-	-
Other liabilities	7,051	5,698	6,618	4,098	3,726	3,711
<b>Total liabilities</b>	<b>185,239</b>	<b>143,679</b>	<b>115,398</b>	<b>109,981</b>	<b>105,515</b>	<b>90,780</b>
<b>Net assets</b>	<b>15,900</b>	<b>15,317</b>	<b>14,179</b>	<b>12,784</b>	<b>12,708</b>	<b>12,320</b>
Share capital	10,082	10,082	10,082	10,082	10,082	10,082
Advance against proposed issue of shares	-	-	-	-	-	-
Reserves	2,730	1,032	829	692	555	408
Unappropriated profit / (accumulated losses)	3,623	3,748	2,939	2,399	1,843	1,252
Equity	16,435	14,862	13,850	13,164	12,481	11,743
(Deficit) / surplus on revaluation of assets - net of tax	(535)	455	329	(380)	227	577
	15,900	15,317	14,179	12,784	12,708	12,320
<b>Profit &amp; Loss Account</b>						
Mark-up / return / interest earned	13,983	13,575	12,791	7,556	7,256	5,682
Mark-up / return / interest expensed	(9,676)	(9,876)	(9,272)	(4,847)	(4,897)	(3,576)
<b>Net mark-up / interest income</b>	<b>4,306</b>	<b>3,699</b>	<b>3,519</b>	<b>2,708</b>	<b>2,359</b>	<b>2,106</b>
Fee, commission, brokerage and income from dealing in foreign currencies	859	809	764	508	349	317
Dividend income and gain on sales of securities - net	581	523	83	258	139	739
Other income	31	10	(0)	5	227	23
<b>Non mark-up / interest income</b>	<b>1,471</b>	<b>1,341</b>	<b>846</b>	<b>772</b>	<b>715</b>	<b>1,079</b>
<b>Revenue</b>	<b>5,777</b>	<b>5,040</b>	<b>4,365</b>	<b>3,480</b>	<b>3,074</b>	<b>3,185</b>
Non mark-up / interest expenses	(3,424)	(3,018)	(2,763)	(2,302)	(2,042)	(1,993)
(Charge) / reversal / recovery of provision / against write-offs	(1,049)	(354)	(502)	(68)	(100)	(265)
<b>Profit / (Loss) before taxation</b>	<b>1,304</b>	<b>1,668</b>	<b>1,100</b>	<b>1,110</b>	<b>931</b>	<b>926</b>
Taxation	(515)	(657)	(414)	(427)	(192)	(382)
<b>Profit / (Loss) after taxation</b>	<b>789</b>	<b>1,012</b>	<b>686</b>	<b>683</b>	<b>739</b>	<b>545</b>
<b>Other Information</b>						
Return on equity (RoE)	5.2%	6.6%	5.2%	5.4%	5.9%	4.4%
Return on assets (RoA)	0.4%	0.7%	0.6%	0.6%	0.6%	0.6%
Profit before tax to revenue ratio	22.6%	33.1%	25.2%	31.9%	30.3%	29.1%
Advances to deposits ratio (ADR) *	85.9%	70.9%	78.3%	76.1%	67.5%	52.0%
Efficiency ratio (cost to revenue)	59.3%	59.9%	63.3%	66.2%	66.5%	62.6%
Earning Per Share (EPS)	0.78	1.00	0.68	0.68	0.73	0.54
Market value per share - rupees	12.45	7.50	8.00	8.04	6.96	7.26
Number of employees	990	939	905	837	747	680
Number of branches	44	40	40	37	37	37

\*ADR = (Advances (net) - SBP Refinance) / Total Deposits

## 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 2020 to the SBP after sign off from the Board's Audit Committee whereas the assessment for 2021 will be completed 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*

Shahid Sattar  
President & Chief Executive Officer  
February 03, 2022  
Karachi



## Complaint Handling Mechanism

Customer care & Service Quality has taken on a new meaning since the outbreak of the pandemic. Meeting the expectations of our customers has always been our top priority. The key emphasis during COVID-19 has been on encouraging our customers to use digital channels and providing them with a safe and secure banking experience.

Our motto - World Class Banking, reflects our mindset where effective complaint management and handling has been our driving force to enhance the overall customer experience where every complaint is treated in line with the Fair Treatment of Customers guideline and Consumer Grievance Handling Mechanism (CGHM) issued by the State Bank of Pakistan.

Samba Bank continues to increase customer awareness about logging their complaint via the following touchpoints;

SambaPhone	Samba Branches
Surface Mail / Fax	Website / Email
Social Media (Facebook, Twitter, Instagram, LinkedIn)	SMS

The Customer Care & Service Quality team regularly conducts a complaint trend analysis meeting with departments regarding complaints registered to understand the root cause and bring about a permanent resolution of the complaints thus, ensuring that the quality resolution of complaint is met as per regulatory standards.

Regular service trainings are conducted by the Customer Care & Service Quality team for our frontline staff in order to reinforce the culture of break-through service in our branches and call center.

Over 3808 complaints were recorded in the year and the average complaint resolution time was 4 working days.

## 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 2021 in accordance with the requirements of Regulation No. 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 a part of our audit of the 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 2021.

Karachi  
Date: 07<sup>th</sup> February 2022

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	Ms. Zeeba Ansar 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 Mr. Hussein Eid

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 have 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)
  - Mr. Shahid Sattar, President & CEO (Executive Director)
  - Hafiz Mohammad Yousaf (Independent Director)
  - Ms. Zeeba Ansar (Independent Director)

Presently, four (4) 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

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

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

- (i) Hafiz Mohammad Yousaf (Chairman & Independent Director)
- (ii) Dr. Shujaat Nadeem (Member & Non-Executive Director)
- (iii) Mr. Hussein Eid (Member & Non-Executive Director)

### c) Board Risk Committee

- (i) Mr. Timour Pasha (Chairman & Non-Executive Director)
- (ii) Mr. Humayun Murad (Member & Non-Executive Director)
- (iii) Ms. Zeeba Ansar (Member & Independent Director)
- (iv) Mr. Shahid Sattar (Member & Executive Director)

### d) Board IT committee

- (i) Dr. Shujaat Nadeem (Chairman & Non-Executive Director)
- (ii) Mr. Aiman Gusti (Member & Non-Executive Director)
- (iii) 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, 2021.
  - b) Board Nomination & Remuneration Committee: 3 meetings were held during the financial year ended December 31, 2021.
  - c) Board Risk Committee: 4 meetings were held during the financial year ended December 31, 2021.
  - d) Board IT Committee: 5 meeting was held during the financial year ended December 31, 2021.
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.

Mr. Shahid Sattar  
President & CEO

Dr. Shujaat Nadeem  
Chairman

February 3, 2022

## Notice of The 19<sup>th</sup> (Nineteenth) Annual General Meeting

Notice is hereby given that the 19th (Nineteenth) Annual General Meeting of Samba Bank Limited (the "Bank") will be held on Monday, February 28, 2022 at 1:00 p.m. ("PST") at the Hotel Serena, Islamabad - Pakistan to transact the following business.

### Ordinary Business

- To confirm the minutes of the 18th Annual General Meeting held on March 29, 2021.
- To receive, consider and adopt the Annual Audited Accounts of the Bank for the year ended December 31, 2021, together with the Reports of the Directors and Auditors thereon.
- To appoint Auditors and to fix their remuneration 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.
- To elect eight Directors of the Bank, as fixed by the Board under the provisions of section 159 of the Companies Act, 2017 for a period of 3 years commencing from February 28, 2022.

The names of the retiring Directors are:

- Dr. Shujaat Nadeem
- Mr. Humayun Murad
- Mr. Timour Pasha
- Mr. Tariq Javed

- Mr. Aiman Gusti
- Mr. Hussein Eid
- Hafiz Mohammad Yousaf
- Ms. Zeeba Ansar

- To approve, as recommended by the Board of Directors, payment of final cash dividend for the year ended December 31, 2021 at the rate of Rs. 0.60 per share i.e. 6%.

### Any Other Business

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

February 7, 2022  
Karachi

By the Order of the Board

Zia-ul-Husnain Shamsi  
Company Secretary



## NOTES:

- Share Transfer Books of the Bank will remain closed from 22-02-2022 to 28-02-2022 (both days inclusive). Transfer received in order at Bank's Registrar, M/s. Famco Associates (Pvt.) Ltd., 8-F, near to Hotel Faran, Nursery, Block-6, P.E.C.H.S, Shahr-e-Faisal, Karachi, upto close of business on 21-02-2022 will be considered in time and to be entitled to attend and vote.
- Copies of the minutes of the 18th Annual General Meeting dated March 29, 2021 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 18th AGM may send his/her request via email at [zia.shamsi@samba.com.pk](mailto:zia.shamsi@samba.com.pk)
- Any member desirous to contest the Election of Directors shall file the following with the Company Secretary of the Bank not later than February 14, 2022 i.e. fourteen days before the day of the above said meeting:

- His/her intention to offer himself/herself for the election in terms of section 159 (3) of the Companies Act 2017. He/she should confirm that:
  - He/she is not ineligible to become a director of the Bank under any applicable laws and regulations (including Listing Regulations of Pakistan Stock Exchange).
  - Neither he/she nor his/her spouse is engaged in the business of brokerage or is a sponsor, director or officer of a corporate brokerage house.
  - He/she is not serving as a director in more than seven listed companies simultaneously. Provided that this limit shall not include the directorships in the listed subsidiaries of a listed holding company.
- Consent to act as director in Form 28 under Section 167 of the Companies Act 2017.
- Fit and Proper Test Proforma, Affidavit, Declarations, Annexure and Questionnaire as required in terms of State Bank of Pakistan's BPRD Circular No. 05 dated November 22, 2021.

A copy of the relevant documents may be downloaded from the websites of the Securities & Exchange Commission of Pakistan ("SECP") and State Bank of Pakistan ("SBP") or may be obtained from the office of the Company Secretary of the Bank.

- Shareholders are requested to notify any change in their addresses to the Bank's Shares Registrar, M/s. Famco Associates (Pvt.) Ltd., 8-F, near to Hotel Faran, Nursery, Block-6, P.E.C.H.S, Shahr-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.
- 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:

- 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.
- 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.
- 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.

## B. Participation in AGM Through Electronic Means:

In light of the continuing threats posed due to COVID-19 pandemic and to protect wellbeing of the Shareholders, the Securities & Exchange Commission of Pakistan ("SECP") vide its Circular No. 4 of 2021 dated 15th February, 2021 directed the listed companies to hold general meetings through video link, webinar, zooming etc. in addition to the requirements of holding physical meeting.

The entitled shareholders whose names appear in the Books of the Bank by the close of business on February 21, 2022 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](mailto: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 via 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 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](mailto:zia.shamsi@samba.com.pk) or WhatsApp at +92(307) 3278728.

## C. Requirements for Appointing Proxies:

- 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.
- The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- Attested copies of the CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- The proxy shall produce his/her original CNIC or original passport at the time of the Annual General Meeting ("AGM").

## 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(I)/2014, dated September 8, 2014 and SRO 470(I)/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](http://www.samba.com.pk)) and send us to the Company address.

## E. Submission of CNIC (Mandatory):

- 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 February 15, 2022. 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.
- 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.
- 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/CDC 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](http://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](mailto:info.shares@famco.com.pk) latest by February 19, 2022. 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 February 19, 2022 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 notarized 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](http://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.

## اطلاع برائے انیسواں سالانہ اجلاس عام

نوٹس ہذا کے ذریعے آگاہ کیا جاتا ہے کہ سامبا بینک لمیٹڈ (بینک) کے 19 ویں سالانہ عام اجلاس کا انعقاد 28 فروری 2022، بروز پیر بوقت 1:00 بجے دوپہر بمقام ہوٹل سیرینا، اسلام آباد، پاکستان، میں درج ذیل امور کی انجام دہی کیلئے کیا جا رہا ہے۔

## عمومی امور

1۔ 29 مارچ 2021ء کو منعقد شدہ 18 ویں عام اجلاس کے منٹس کی تائید و منظوری۔

2۔ بینک کے سالانہ آڈیٹڈ اکاؤنٹس بشمول ڈائریکٹرز اور آڈیٹرز 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 آڈیٹرز کا تقرر۔ میسرز کے پی ایم جی (KPMG) ٹاٹیر ہادی اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس نے اہلیت کی بنیاد پر اپنے دوبارہ تقرر کی پیشکش کی ہے۔

4۔ کمپنیز ایکٹ 2017 کے سیکشن 159 کی شرائط کے تحت 28 فروری 2022 کو بینک کے آٹھ ڈائریکٹرز کو 3 سال کے لئے منتخب کیا جائے گا۔

ریٹائر ہونے والے ڈائریکٹرز کے نام درج ذیل ہیں:

- 1۔ ڈاکٹر شجاعت ندیم
- 2۔ جناب ایمن گسٹی
- 3۔ جناب ہمایوں مراد
- 4۔ جناب حسین عید
- 5۔ جناب تیمور پاشا
- 6۔ جناب طارق جاوید
- 7۔ محترمہ زیبا انصار
- 8۔ حافظ محمد یوسف

5۔ بورڈ آف ڈائریکٹرز کی جانب سے تجویز کردہ 3 دسمبر 2021 کو اختتام پر سال کیلئے 0.60 روپے فی شیئر (6%) کے حتمی کیش ڈیویڈنڈ کی منظوری۔

## دیگر امور

چیرمین کی منظوری سے دیگر کسی بھی امور کو زیر غور لانا۔

7 فروری، 2022

محکمہ بورڈ  
نساء امین شمس  
کمپنی سیکریٹری



## نوٹس:

1- بینک کی شیئرز اسفیکس 22 فروری 2022ء سے 28 فروری 2022ء تک (بشمول دونوں ایام) بند رہیں گی۔ جو اسفیکس آرڈر 21 فروری 2022ء کو کاروباری اختتام تک بینک کے رجسٹرار میسرز فیکو ایسوی ایش (پرائیویٹ) لمیٹڈ کے دفتر بمقام 8-F، نزد قاروان ہوٹل، نرسری، بلاک 6، پی ای سی ایچ ایس، شاہراہ فیصل، کراچی میں موصول ہونگے، ان کو اجلاس میں حاضری اور ووٹ کے لیے بروقت اور اہل تصور کیا جائے گا۔

2- کمپنیز ایکٹ 2017ء کے سیکشن 152 کے تحت 29 مارچ 2021ء کو منعقد ہونے والے سالانہ عام اجلاس کے منس 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 19 ویں اے جی ایم کے منس کا جائزہ لینا چاہتے ہیں تو وہ zia.shamsi@samba.com.pk پر ای میل کے ذریعے اپنی درخواست بھیج سکتے ہیں۔

3- ڈائریکٹرز کے انکیشن میں حصہ لینے کیلئے کوئی بھی خواہشمند ممبر 14 فروری 2022ء تک، یعنی مذکورہ اجلاس کے انعقاد سے 14 دن قبل بینک کے کمپنی سیکریٹری کو درج ذیل دستاویزات جمع کراویں:

- a- کمپنیز ایکٹ 2017ء کے سیکشن (3) 159 کے تحت انکیشن میں حصہ لینے کیلئے خود کو پیش کرنے کی رضامندی۔ اسے تصدیق کرنا ہوگی کہ:
  - وہ کسی بھی قبلی اطلاق قوانین و قواعد (بشمول پاکستان اسٹاک ایکسچینج کے موجودہ ضوابط) کے تحت بینک کا/کی ڈائریکٹر بننے کیلئے عدم اہلیت نہیں رکھتا/رکھتی۔
  - وہ یا اس کی/کا شریک حیات حصص کا کاروبار نہیں کرتا/کرتی اور نہ ہی اسے اسپانسر کرتا/کرتی ہے، اور نہ ہی کسی بروکرینج ہاؤس کا/کی ڈائریکٹر یا آفیسر ہے۔
  - بیک وقت 7 سے زائد کمپنیز کا/کی ڈائریکٹر نہیں ہے۔ اس شرط میں سڈ ہولڈنگ کمپنی کی ذیلی کمپنیز کی ڈائریکٹر شپ شامل نہیں ہیں۔

b- کمپنیز ایکٹ 2017ء کے سیکشن 167 کے تحت فارم-28 میں بحیثیت ڈائریکٹر کام کرنے کا اجازت نامہ۔

c- اسٹیٹ بینک آف پاکستان کے بی پی آر ڈی سرکیر نمبر 5 بتاریخ 22 نومبر 2021ء کی شرائط کے تحت مخصوص ٹیسٹ پر فورما۔ حلف نامہ، اقرار نامہ، مسئلہ دستاویز اور سوال نامہ موجود ہو۔

متعلقہ دستاویزات کی کاپی سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان یا اسٹیٹ بینک آف پاکستان کی ویب سائٹ سے ڈاؤن لوڈ یا بینک کے کمپنی سیکریٹری کے آفس سے بھی حاصل کئے جاسکتے ہیں۔

4- معزز حصص یافتگان سے درخواست ہے کہ وہ اپنے ایڈریس میں ہونے والی کسی تبدیلی کی بابت بینک کے شیئرز رجسٹرار میسرز فیکو ایسوی ایش (پرائیویٹ) لمیٹڈ، 8-F، نزد قاروان ہوٹل، نرسری، بلاک 6، پی ای سی ایچ ایس، شاہراہ فیصل، کراچی کو فوری طور پر مطلع کریں۔ ایسے حصص یافتگان جو سی ڈی سی (CDC) کے ساتھ الیکٹرونک شیئرز رکھتے ہیں وہ اپنے ایڈریس کی کوئی تبدیلی اپنے شراکت داروں یا سی ڈی سی انویسٹر اکاؤنٹ سروسز، جہاں وہ اپنے شیئرز رکھتے ہیں، کے ذریعے کریں گے۔

5- 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 کارپوریٹن صرف کسی ایسے شخص کو اپنا پراکسی بنا سکے گی جو کہ پہلے سے ممبر نہ ہو بلکہ کارپوریٹن کی جانب سے باقاعدہ مجاز کیا گیا ہو۔ پراکسی فارم بینک کے رجسٹرار آفس میں سالانہ عام اجلاس کے شروع ہونے سے کم از کم 48 گھنٹے پہلے وصول ہونا لازمی ہیں۔

A۔ 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 کپورٹائزڈ قومی شناختی کارڈ (CNIC) یا اصل پاسپورٹ کے ذریعے، سالانہ عام اجلاس میں حاضری شرکت کے وقت پیش کر کے، اپنی شناخت کراویں گے۔

(ii) سی ڈی سی اکاؤنٹ ہولڈر کے لیے ضروری ہے کہ وہ اجلاس میں شرکت کے لیے سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے سرکیر نمبر 01 بتاریخ 26 جنوری 2020ء 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۔

B۔ سالانہ عام اجلاس میں الیکٹرونک ذرائع سے شرکت کرنے کے قواعد:

COVID-19، کورونا وائرس کے مسلسل خطرات کے پیش نظر اور حصص یافتگان کے بہتر مفاد کیلئے سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان نے سکیورٹیز نمبر 4 بتاریخ 15 فروری 2021ء کے ذریعے سڈ کمپنیز کو ہدایات جاری کی ہیں کہ وہ اجلاس عام ویڈیو لنک، ویپنار، ڈوم لنک وغیرہ کے ذریعے منعقد کریں۔ اس کے ساتھ فزیکل اجلاس کے انعقاد کی درکار ضروریات بھی واضح کیں۔

تمام اہل شیئرز ہولڈرز، جن کے نام بینک کی بکس میں 21 فروری 2022ء کو کام کے اختتام تک، موجود ہوں اور وہ اے جی ایم (AGM) میں آن لائن پلیٹ فارم کے ذریعے شرکت کے متقاضی ہوں، ان سے درخواست ہے کہ وہ کمپنی سیکریٹری 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۔

شیئرز ہولڈر کا نام	سی این آئی سی نمبر	سی ڈی سی اکاؤنٹ نمبر / فوٹو 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 شیئرز ہولڈرز اپنے کسی بھی سمارٹ فون، لیپ ٹاپ، ٹیبلٹ یا کمپیوٹر پر، اپنی کسی بھی سہولت کی جگہ سے، لاگ ان ہو 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 شیئرز ہولڈرز جو مندرجہ بالا طریقہ کار کے مطابق خود کو رجسٹر کر چکے ہوں گے، صرف وہی 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 ڈس ایپ نمبر 92 (307) + 3278728 پر ارسال کر سکتے ہیں۔

C۔ پراکسی (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 کراویں 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 بشپٹل اونرز اور متبادل (پراکسی) کے سی این آئی سی یا پاسپورٹ کی مصدقہ نقول، پراکسی فارم کے ساتھ مہیا کی جائیں گی۔

(iv) متبادل پراکسی 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 ایڈریس یا سی ڈی سی ایڈریس کی دیگر میڈیا کے ذریعے سرکولیشن:

سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے 2014 / SRO 787 (1) بتاریخ 8 ستمبر 2014ء اور 2016 / SRO 470 (1) مورخہ 31 مئی 2016ء کے ذریعے دی گئی ہدایات کے مطابق کمپنیوں کو اپنے سالانہ آڈٹ شدہ اکاؤنٹس (مثلاً سالانہ بیلنس شیٹ، نفع و نقصان کے اکاؤنٹس، مجموعی آمدنی کی اسٹیٹمنٹس، کیش فلو اسٹیٹمنٹ،



فنانشل نوٹس، آڈیٹرز کی اسٹیمٹس اور ڈائریکٹرز کی رپورٹ) اپنے ممبران کو بذریعہ ڈی ایم ایس بی ڈی وی ڈی یا کسی دیگر الیکٹرانک میڈیا کے ذریعے، ان کے رجسٹرڈ چوں پر ارسال کرنے کی اجازت ہے۔

ایسے تمام شیئر ہولڈرز، جو مالیاتی اسٹیمٹس کی ہارڈ کاپی حاصل کرنے کے خواہشمند ہیں، کو ایک اسٹینڈرڈ فارم کو (جو کہ کمپنی کی ویب سائٹ [www.samba.com.pk](http://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، انکو ایک مرتبہ پھر یاد دہانی کروائی جاتی ہے کہ وہ یہ دستاویز 15 فروری 2022ء تک ارسال کر دیں۔ سی این آئی سی نمبر این آئی سی کی تفصیل ایک لازمی امر ہے اور فیڈرل بورڈ آف ریونیو (ایف بی آر) کی جانب سے وفاقی جاری کردہ ایکٹو ٹیکس سسٹم (اے ٹی ایل) میں شیئر ہولڈرز کے ٹیکس اسٹیمٹس کو دیکھنا بھی ضروری ہے۔

(ii) انفرادی شیئر ہولڈرز (شامل تمام جو انٹ (ہولڈرز)، جن کے پاس بینک کے اصل شیئر رجسٹر 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 نقول بینک یا اس کے شیئر رجسٹر کو مہیا کر دیں۔ سی این آئی سی بھیجے وقت تمام شیئر ہولڈرز اپنا متعلقہ فوئیو نمبر لازمی طور پر تحریر کریں۔

(iii) فعال سی این آئی سی کی نقول 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 ای میل ایڈریس کی تبدیلی:

شیئر ہولڈرز، جو کہ اصل (فزیکل) شیئر 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 رجسٹر 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 اسی ایڈریس پر نوٹیفکیشن اکاؤنٹ سروسز میں اپنے چوں کو اپ ڈیٹ کر لیں۔

G۔ کیش ڈیوڈینڈ کی الیکٹرونک ادائیگی۔ آئی بی 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 ٹرانزیکشنل 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 زاصل 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](http://www.samba.com.pk/samba/overviews/notices) پر دستیاب "الیکٹرونک کریڈٹ مینڈیٹ فارم" کو پُر کر کے اپنے فعال سی این آئی سی کی نقول کے ساتھ کمپنی کے شیئر رجسٹرار کو [info.shares@famco.com.pk](mailto:info.shares@famco.com.pk) پر 19 فروری 2022ء تک ارسال فرمائیں۔ شیئر ہولڈرز جن کے سی ڈی سی اکاؤنٹ ہیں وہ اپنا مینڈیٹ اپنے متعلقہ شراکت دار یا سی ڈی سی نوٹیفکیشن اکاؤنٹ سروسز کو مہیا کریں۔

H۔ ڈیوڈینڈ زپر دو ہولڈنگ ٹیکس:

شیئر ہولڈرز کو مطلع کیا جاتا ہے کہ انکم ٹیکس آرڈیننس 2001ء کے سیکشن 150 کے تحت کمپنیوں کی ڈیوڈینڈ کی ادائیگی پر مختلف ٹیکس ریش کا اطلاق ہوتا ہے۔ ریڈیٹنٹ شیئر ہولڈرز پر موجود 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، فاکٹر 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 کلوشر (Book Closure) کے پہلے دن سے قبل اپنے نام اور فعال سی این آئی سی این آئی سی 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 آئی اینز (NTNs) اپنے متعلقہ سی ڈی سی شراکت داروں یا سی ڈی سی اکاؤنٹ سروسز کو فراہم کریں۔ جبکہ ایسے کارپوریٹ شیئر ہولڈرز جن کے پاس اصل شیئر رجسٹر موجود ہیں، وہ اپنا این آئی این سرٹیفکیٹ بینک کے شیئر رجسٹرار کو ارسال کریں۔

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

ایسے شیئر ہولڈرز جن کے پاس ایف بی آر کا جاری کردہ فعال ایگزیمپشن 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 کردی جائے گی۔

(i) 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 فاکٹر یا نان فاکٹر کے طور پر پرکھا 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 شیئر کی ملکیت کے تناسب سے بینک کے رجسٹرار کو 19 فروری 2022ء سے پہلے ذیل میں درج کوائف کے ساتھ مطلع کریں۔

کمپنی کا نام	فوئیو ای 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
			شیئر کی تعداد	شیئر کی تعداد

J۔ ذکوۃ کی کٹوتی:

ذکوۃ کی لازمی کٹوتی سے استثناء حاصل کرنے کے لیے شیئر ہولڈرز سے درخواست کی جاتی ہے کہ وہ 50 روپے کے نان جوڈیشل اسٹیمپ بھیجے یا اپنے ذکوۃ ڈیکلریشن فارم CZ - 50 کی نقول کو فوری پبلک سے تصدیق کروا کر شیئر رجسٹرار کو ارسال کر دیں۔



K۔ ای ونگ:

کمپنیز ایکٹ کے سیکشن 145 - 143 اوکٹینز (پوسٹل بیلٹ) ریگولیشنز 2018ء کی متعلقہ شقوں کے تحت ممبر اپنے پول (POLL) کی طلب کے حق کو، اجلاس کی مطلوبات کے تابع رکھتے ہوئے، اختیار کر سکتا ہے

L۔ ان گھنٹہ ڈیویڈنڈ اسٹیرز کمپنیز ایکٹ 2017 کے سیکشن 244 کے تحت:

کمپنی کے غیر دعویٰ شدہ (ان گھنٹہ) ڈیویڈنڈ یا شئرز جو کہ اپنی قابل ادا تاریخ سے 3 سال کی مدت تک ان گھنٹہ یا بغیر ادائیگی کے طور پر برقرار ہیں، کی تازہ ترین فہرست بینک کی ویب سائٹ [www.samba.com.pk/samba/overviews/notices](http://www.samba.com.pk/samba/overviews/notices) پر دستیاب ہے

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

# FINANCIAL STATEMENTS





# 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 2021 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 thirteen 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 2021 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><b>Provision against Advances</b></p> <p>(Refer Note 10.4 to the Financial Statements)</p> <p>The Bank makes provision against advances on a time-based criteria that involves ensuring all nonperforming loans and advances are classified in accordance with the ageing criteria specified in the Prudential Regulations (PRs) issued by the State Bank of Pakistan (SBP).</p> <p>In addition to the above time based criteria the PRs require a subjective evaluation of the credit worthiness of borrowers to determine the classification of advances.</p> <p>The PRs also require the creation of general provision for the consumer portfolio.</p> <p>The Bank has recognized a net provision against advances amounting to Rs. 1,141.39 million in the profit and loss account in the current year. As at 31 December 2021, the Bank holds a provision of Rs. 4,078.53 million against advances.</p> <p>The determination of provision against advances based on the above criteria remains a significant area of judgement and estimation. Because of the significance of the impact of these judgements / estimations and the materiality of advances relative to the overall statement of financial position of the Bank, we considered the area of provision against advances</p>	<p>Our audit procedures to verify provision against advances, amongst others, included the following:</p> <ul style="list-style-type: none"><li>• Reviewed the design and tested the operating effectiveness of key controls established by the Bank to identify loss events and for determining the extent of provisioning required against non-performing loans.</li></ul> <p>The testing of controls included testing of:</p> <ul style="list-style-type: none"><li>• automated (IT system based) controls over correct classification of non-performing advances on time based criteria;</li><li>• controls over monitoring of advances with higher risk of default and correct classification of non-performing advances on subjective criteria;</li><li>• controls over accurate computation and recording of provisions; and</li><li>• controls over the governance and approval process related to provisions, including continuous reassessment by the management.</li></ul> <p>In accordance with the regulatory requirement, we sampled and tested at least sixty percent of the total advances portfolio</p>



S.No.	Key Audit Matters	How the matter was addressed in our audit
	as a key audit matter.	<p>and performed the following substantive procedures for sample loan accounts:</p> <ul style="list-style-type: none"> <li>• verified repayments of loan / markup installments and checked that non-performing loans have been correctly classified and categorized based on the number of days overdue;</li> <li>• examined watch list accounts and, based on review of the individual facts and circumstances, discussions with management and our assessment of financial conditions of the borrowers, formed a judgement as to whether classification of these accounts as performing was appropriate;</li> <li>• Checked the accuracy of specific provision made against non performing advances and of general provision made against consumer finance by recomputing the provision amount after considering the benefit of forced sales value, if any, in accordance with the criteria prescribed under the PRs; and</li> <li>• Where the management has not identified indicators displaying impairment, reviewed the credit history, account movement, financial ratios and challenged the management's assessment based on our view of the credit from the review of credit file.</li> </ul>
2	<p><b>Valuation of Investments (Refer note 9.3 to the financial statements)</b></p> <p>The carrying value of investments held by the Bank amounted to Rs.93,975.403 million, which constitutes 46.72% of the Bank's total assets as at 31 December 2021.</p> <p>The significant portion of the investments comprise of federal government, equity and debt securities. Investments are carried at cost or fair value in accordance with the Bank's accounting policy relating to their recognition and measurement. Provision against investments is made based on impairment policy of the Bank which includes both objective and subjective factors.</p> <p>We identified assessing the carrying value of the investment 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 judgment.</p>	<p>Our audit procedures to verify valuation of investments, amongst others, included the following:</p> <ul style="list-style-type: none"> <li>• Assessed the design and tested operating effectiveness of the relevant controls in place relating to valuation of investments;</li> <li>• Checked on a test 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;</li> <li>• Obtained independent confirmations for verifying the existence of the investment portfolio as at 31 December 2021 and reconciled it with the books and records of the Bank. Where such confirmations were not available, alternate procedures were performed;</li> <li>• Evaluated the Bank's assessment of available for sale financial assets for any additional impairment in accordance with the relevant accounting standards as applicable in Pakistan and performed an independent assessment of the assumptions and conclusions; and</li> <li>• Considered the Bank's disclosures of investments, such as the fair value hierarchy, to the requirements of the accounting standards.</li> </ul>

#### 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 and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were in accordance with the objects and powers of the Bank and the transactions of the Bank which have come to our notice have been within the powers of the Bank; and
- d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Bank and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

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

The engagement partner on the audit resulting in this independent auditor's report is Mr. Aryn Malik.

**Karachi**

**Dated: February 07, 2022**

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**KPMG Taseer Hadi & Co.**  
**Chartered Accountants**



# Statement of Financial Position

AS AT DECEMBER 31, 2021

## ASSETS

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

## LIABILITIES

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

## NET ASSETS

## REPRESENTED BY:

Share capital  
Reserves  
(Deficit) / surplus on revaluation of assets  
Unappropriated profit

## CONTINGENCIES AND COMMITMENTS

Note	(Rupees in '000)	
	2021	2020
6	7,839,066	7,422,652
7	1,070,975	1,320,136
8	5,907,587	9,935,566
9	93,975,403	67,889,703
10	81,177,176	65,635,390
11	2,981,656	1,939,123
12	592,247	141,901
13	1,218,277	364,747
14	6,377,129	4,347,185
	201,139,516	158,996,403
15	903,059	3,358,345
16	93,019,209	56,197,092
17	79,267,272	78,425,557
	-	-
18	4,999,000	-
	-	-
19	7,050,550	5,698,436
	185,239,090	143,679,430
	15,900,426	15,316,973
20	10,082,387	10,082,387
	2,729,919	1,031,623
21	(534,770)	455,076
	3,622,890	3,747,887
	15,900,426	15,316,973

22

The annexed notes 1 to 45 and Annexures I and II form an integral part of these financial statements.



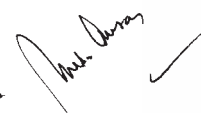
Chief Financial Officer



President & Chief Executive Officer



Director



Director



Chairman



# Profit and Loss Account

## FOR THE YEAR ENDED DECEMBER 31, 2021

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 / (loss) 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 45 and Annexures I and II form an integral part of these financial statements.

Note	(Rupees in '000)	
	2021	2020
23	13,982,612	13,574,834
24	9,676,467	9,876,082
	4,306,145	3,698,752
25	463,087	304,965
	66,140	44,415
	396,039	503,558
26	515,145	478,382
27	30,584	10,142
	1,470,995	1,341,462
	5,777,140	5,040,214
28	3,378,580	2,984,228
29	37,000	34,117
30	8,671	10
	3,424,251	3,018,355
	2,352,889	2,021,859
31	(1,048,793)	(353,644)
	1,304,096	1,668,215
32	(515,118)	(656,546)
	788,978	1,011,669
	(Rupees)	
33	0.783	1.003

Chief Financial Officer

President & Chief Executive Officer

Director

Director

Chairman



# Statement of Comprehensive Income

FOR THE YEAR ENDED DECEMBER 31, 2021

	(Rupees in '000)	
	2021	2020
Profit after taxation for the year	788,978	1,011,669
<b>Other comprehensive income</b>		
<b>Items that may be reclassified to profit and loss account in subsequent periods:</b>		
Movement in (deficit) / surplus on revaluation of investments - net of tax	(989,846)	125,817
<b>Total comprehensive income for the year</b>	<b>(200,868)</b>	<b>1,137,486</b>

The annexed notes 1 to 45 and Annexures I and II form an integral part of these financial statements.



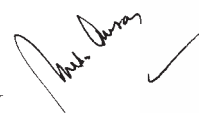
Chief Financial Officer



President & Chief Executive Officer



Director



Director



Chairman



# Cash Flow Statement

FOR THE YEAR ENDED DECEMBER 31, 2021

## CASH FLOW FROM OPERATING ACTIVITIES

Profit before taxation  
Less: dividend income

### Adjustments:

Depreciation  
Amortisation  
(Reversal) / provision for diminution in the value of investments  
Provision against loans and advances - net  
Bad debts written off directly  
Fixed assets written-off  
Surplus on revaluation of investments held for trading  
Gain on sale of available for sale investments - net  
Interest expense on lease liability against right of use assets  
Interest expense on subordinated debt  
Gain on sale of fixed assets

Note	(Rupees in '000)	
	2021	2020
	1,304,096	1,668,215
	(66,140)	(44,415)
	1,237,956	1,623,800
11.2	354,444	341,079
12.2	48,737	40,807
31	(96,630)	77,494
31	1,141,392	265,081
31	2,992	1,415
	1,039	10,662
	-	369
	(486,562)	(432,765)
24	135,754	110,500
24	375,392	-
	(30,550)	(10,131)
	1,446,008	404,511
	2,683,964	2,028,311
	4,027,979	(7,661,161)
	248,007	(189,541)
	(16,686,169)	(4,545,743)
	(2,030,995)	1,221,801
	(14,441,178)	(11,174,644)
	(2,455,286)	2,574,867
	36,822,117	20,082,604
	841,715	6,543,677
	898,270	(1,152,314)
	36,106,816	28,048,834
	24,349,602	18,902,501
	(786,862)	(588,106)
	(226,849)	-
	23,335,891	18,314,395
	(27,373,213)	(15,860,974)
	67,190	43,365
	(1,423,303)	(190,377)
	9,754	837
	(28,719,572)	(16,007,149)
	5,000,000	-
	1,540,500	-
	(1,000)	-
	(740,302)	-
	(248,264)	(262,682)
	5,550,934	(262,682)
	167,253	2,044,564
	8,742,788	6,698,224
34	8,910,041	8,742,788

### (Increase) / decrease in operating assets

Lendings to financial institutions  
Held-for-trading securities  
Advances  
Other assets (excluding current and advance taxation)

### Increase in operating liabilities

Bills payable  
Borrowings from financial institutions  
Deposits and other accounts  
Other liabilities

Income tax paid  
Markup payment on debt securities  
Net cash flows generated from operating activities

## CASH FLOW FROM INVESTING ACTIVITIES

Net investments in securities  
Dividend income received  
Investments in fixed and intangible assets  
Proceeds from sale of fixed assets  
Net cash flows used in investing activities

## CASH FLOW FROM FINANCING ACTIVITIES

Proceeds from issuance of debt securities  
Contribution from Shareholder  
Principal repayment of debt securities  
Dividend Paid  
Payments of lease liability against right of use assets  
Net cash flows generated from / (used in) financing activities

### Increase in cash and cash equivalents during the year

Cash and cash equivalents at the beginning of the year

### Cash and cash equivalents at the end of the year

The annexed notes 1 to 45 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, 2021

	(Rupees in '000)					
	Share capital	Capital reserve (a)	Statutory reserve (b)	(Deficit) / Surplus on revaluation of investments	Unappropriated profit	Total
Balance as at January 1, 2020	10,082,387	20,935	808,354	329,259	2,938,552	14,179,487
Comprehensive income for the year						
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
Transfer to statutory reserve	-	-	-	125,817	1,011,669	1,137,486
	-	-	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
Comprehensive income for the year						
Profit after taxation for the year ended December 31, 2021	-	-	-	-	788,978	788,978
Other comprehensive income						
Movement in deficit on revaluation of investments - net of tax	-	-	-	(989,846)	-	(989,846)
Transfer to statutory reserve	-	-	-	(989,846)	788,978	(200,868)
	-	-	157,796	-	(157,796)	-
Transactions with owners recognized directly in equity						
Cash dividend for the year ended December 31, 2020 (Rs. 0.75 per ordinary share)	-	-	-	-	(756,179)	(756,179)
Contribution from shareholder	-	1,540,500	-	-	-	1,540,500
Balance as at December 31, 2021	10,082,387	1,561,435	1,168,484	(534,770)	3,622,890	15,900,426

(a) This represents amount received by the Banking amounting to USD 10 million from its parent company - Samba Financial Group (now Saudi National Bank) in Q1 2021 for rebranding / marketing and to setup the digital banking roadmap, to launch digital product / services such as credit cards etc. The amount is non refundable and therefore has been classified as transactions with owners in equity.

(b) This represents the reserve created under section 21 (i) (a) of the Banking Companies Ordinance, 1962.

The annexed notes 1 to 45 and Annexures I and II form an integral part of these financial statements.



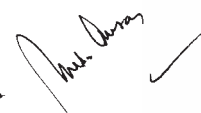
Chief Financial Officer



President & Chief Executive Officer



Director



Director



Chairman



# Notes to and forming part of the Financial Statements

For The Year Ended December 31, 2021

## 1 STATUS AND NATURE OF BUSINESS

- 1.1 Samba Bank Limited (the Bank) is a banking company incorporated in Pakistan and is engaged in commercial banking and related services. The Bank is listed on the Pakistan Stock Exchange Limited. Its principal office is located at Ground Floor, Arif Habib Centre, M.T. Khan Road, Karachi, whereas, the registered office of the Bank is located at 2nd floor, Building No. 13-T, F-7 Markaz, near Post Mall, Islamabad. The Bank operates 44 branches (December 31, 2020: 40 branches) inside Pakistan.

The Bank is a subsidiary of Saudi National Bank (formerly SAMBA Financial Group), the Parent entity, which holds 84.51% shares of the Bank as at December 31, 2021 (December 31, 2020: 84.51%). During the previous year, Samba Financial Group ("SFG") (of the Kingdom of Saudi Arabia) entered into a legally binding merger agreement with The National Commercial Bank ("NCB") (of the Kingdom of Saudi Arabia) dated October 11, 2020. During the year, pursuant to the said agreement, SFG merged with and into NCB, with effect from April 01, 2021 (the effective date of merger), in accordance with the applicable laws of the Kingdom of Saudi Arabia, and NCB has also been renamed as The Saudi National Bank ("SNB") from the effective date of merger. Consequent to merger, all the assets and liabilities of SFG (including its shareholding in the Bank) stand vested in SNB by operation of law and SFG ceased to exist from the effective date of merger. On November 30, 2021, the State Bank of Pakistan has granted approval to SNB and its advisors, due diligence team (DD) team, to undertake Due Diligence of SBL, subject to compliance with applicable laws, rules and regulations. The details of interested buyers has been disclosed in note 44.2 to the financial statements. These financial statements have been prepared on a going concern basis as any potential sale of banking business in Pakistan would be as "running as a normal business".

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

## 2 BASIS OF PRESENTATION

- 2.1 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 approved 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 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.

IFRS 9 'Financial Instruments' and amendment - Prepayment Features with Negative Compensation - the effective date of the standard had been extended to annual periods beginning on or after 1 January 2022 vide SBP BPRD Circular Letter no. 5 dated 5 July 2021. IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. The 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.



### 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 1, 2022:

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual periods beginning on or after January 1, 2022 amends IAS 1 by mainly adding paragraphs which clarifies what comprises 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 following annual improvements to IFRS Standards 2018-2020 are effective for annual reporting periods beginning on or after January 1, 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.

Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for annual periods beginning on or after January 1, 2022 clarifies that sales proceeds and costs 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.

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 1, 2022. Earlier application is permitted if at the same time or earlier an entity also applies all the amendments made by Amendments to References to the Conceptual Framework in IFRS Standards, issued in March 2018.

Classification of liabilities as current or non-current (Amendments to IAS 1) amendments apply retrospectively for the annual periods beginning on or after January 1, 2023. 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.

Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) - the Board has issued amendments on the application of materiality to disclosure of accounting policies and to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:

- requiring companies to disclose their material accounting policies rather than their significant accounting policies;
- clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
- clarifying that not all accounting policies that relate to material transactions, Other events or conditions are themselves material to a company's financial statements.

The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.



Definition of Accounting Estimates (Amendments to IAS 8) - The amendments introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective for periods beginning on or after January 1, 2023 and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) - The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognize a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognized from the beginning of the earliest comparative period presented, with any cumulative effect recognized as an adjustment to retained earnings or other components of equity at that date. The amendments are effective for annual reporting periods beginning on or after January 1, 2023 with earlier application permitted.

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.

As per State Bank of Pakistan (SBP)' BPRD circular letter no. 24 of 2021, IFRS 9 'Financial Instruments' is applicable to banks/DFIs/MFBs effective January 1, 2022. The aforementioned circular letter contained instructions for quarterly parallel reporting purposes to the SBP only and it was stated that final instructions will be issued based on the results of parallel reporting. However, banks have submitted their reservations on instructions issued for parallel reporting through the Pakistan Banks Association (PBA) and requested that they are addressed in the final instructions to be issued. The reservations are pervasive and points of contention inter alia include, retaining some relaxations given presently in the Prudential Regulations, prescription of macro-economic variables, retaining local regulatory requirements related to IFRS 9 related areas on overseas branches, impact on capital adequacy ratio, adequacy of significant increase in credit risk criteria, future tax impact of any reversals, recording of expected credit loss on local currency denominated Government securities, further clarifications required in certain areas etc.

Due to the fact that final instructions have not yet been issued and the large number of reservations over the draft instructions, the banks are collectively of the opinion that impact on initial application of IFRS 9 cannot be determined as required under IAS 8.

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

There are certain other new standards and interpretations of and amendments to existing accounting standards that have become applicable to the Bank for accounting periods beginning on or after January 1, 2021. These are considered either to not be relevant or not to have any significant impact on the Bank's 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 follow

- i) classification and provisioning against investments (notes 5.3 and 9);
- ii) classification and provisioning against loans and advances (notes 5.4 and 10);
- iii) current and deferred taxation (notes 5.8, 13, and 22.3.1);
- iv) depreciation, amortisation methods and useful lives of fixed assets and intangibles (notes 5.5, 5.6, 11 and 12);
- v) right of use assets and related lease liabilities (note 5.5, 11 and 19);
- vi) impairment of assets (note 5.7); and
- vii) provisions and contingent liabilities (notes 5.9 and 22);

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

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

The significant accounting policies applied in the preparation of these financial statements are set out below. The Bank has consistently applied the following accounting policies to all periods presented in these financial statements.

### **5.1 Cash and cash equivalents**

Cash and cash equivalents for the purpose of cash flow statement represent cash in hand and balances with treasury banks, balances with other banks in current and deposit accounts, national prize bonds, if any.

### **5.2 Lendings to / borrowings from financial institutions**

The Bank enters into repurchase agreements (repo) and reverse repurchase agreements (reverse repo) at contracted rates for a specified period of time. These are recorded as under:

#### **(a) Sale of securities under repurchase agreements**

Securities sold 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 underlying security is not recognised as a separate asset in the financial statements. The difference between the contracted price and resale price is recognised 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.

#### **(d) Call lendings / placements**

Call lendings / placements with financial institutions are stated net of provision. Return on such lending is accrued to the profit and loss account on a time proportion basis except for mark-up on impaired / delinquent lendings, which is recognized on receipt basis.

#### **(e) Borrowings**

These are recorded at the proceeds received. Mark-up on such borrowings is charged on a time proportion basis to the profit and loss account over the period of borrowings.

### **5.3 Investments**

#### **5.3.1 Classification**

The Bank classifies its investments as follows:

##### **(a) Held for trading**

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



#### **(b) Held to maturity**

These are securities with fixed or determinable payments and fixed maturities, which 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 regulations 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) Tangible Assets - owned

Fixed assets (other than land and building) are stated at cost less accumulated depreciation and accumulated impairment losses, if any, except for capital work-in-progress and freehold land.

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 reporting 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 credited / charged to the profit and loss account in the period in which they arise.

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

At inception of a contract, the Bank assesses whether a contract is, or contains, a lease. A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Bank uses the definition of a lease in IFRS 16.

The Bank acts as a lessee and applies a single recognition and measurement approach for all the leases except for short-term leases and leases of low value assets (if any). The Bank recognises lease liability to make lease payments and right-of-use assets representing the right to use the underlying assets. At commencement or on modification of a contract that contains a lease component, the Bank allocates the consideration in the contract to each lease component on the basis of its relative stand alone prices.

The Bank recognises right-of-use asset (ROU asset) and its related lease liability at the commencement date of the lease .

#### 1) Right-of-use asset

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

The right of use asset is subsequently depreciated using the straight line method from the commencement date to the end of the lease term, unless the lessee transfers ownership of the underlying asset to the Bank by the end of the lease term or the cost of the right of use asset reflects that the Bank will exercise a purchase option. In that case the right of use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.



The Bank present right-of-use asset that do not meet the definition of investment property in property and equipment .

## **2) Lease Liability**

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Bank's incremental borrowing rate. Generally, the Bank uses its incremental borrowing rate as the discount rate.

The Bank determines its incremental borrowing rate by obtaining interest rates from various external financing source and makes certain adjustments, if needed to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Bank is reasonably certain to exercise, lease payments in an optional renewal period if the Bank is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Bank is reasonably certain not to terminate early.

### **(iii) 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 / development period are carried under this head. These are transferred to specific assets as and when assets become available for use.

## **5.6 Intangible assets and amortisation**

Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses. Intangible assets are amortised on a straight-line basis in profit and loss account over their estimated useful life, from the month in which it is available for use while no amortisation is charged for the month in which the asset is disposed off. The estimated useful life of intangible assets for the current and comparative year is specified in note 12 to these financial statements. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

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 expenditure is recognised in profit and loss account as it is incurred.

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 credit / charged 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 non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

Impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

## **5.8 Taxation**

Income tax expense comprises current and deferred tax. It is recognised in profit and loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

### **(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 amount of current tax payable is the best estimate of the tax amount expected to be paid that reflects uncertainty related to income taxes, if any. The charge for current tax also includes adjustments, where considered necessary relating to prior years, which arises from assessments / developments made during the year. Current tax assets and liabilities are offset only if certain criteria are met.



#### **(b) Deferred**

Deferred tax is recognised using the balance sheet liability method on all 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 reporting 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) "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.

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 reporting date and are adjusted to reflect the current best estimate.

### **5.10 Staff retirement benefits**

#### **(a) Defined contribution plan**

The Bank operates an approved contributory provident fund for all eligible employees. Equal monthly contributions are made to the fund, both by the Bank and the employees. The Bank has no further payment obligations once the contributions have been paid. Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

#### **(b) Compensated absences**

The provision in respect of compensated absences of employees on unavailed leave balances is accounted for in the period in which the leave is earned.

### **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 segments reported below are consistent to those 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. Income and expense items of such assets and liabilities are also off-set and the net amount is reported in the financial statements.

**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 bills of exchange drawn on customers. The Bank expects most acceptances to be simultaneously settled with the reimbursement from the customers. As required by the State Bank of Pakistan through the amended format for financial statements for Banks, acceptances are accounted for as on-balance sheet transactions and are reported in "other assets" and "other liabilities" simultaneously.

**5.20 Sub-ordinated debt**

Sub-ordinated debt is initially recorded at the amount of proceeds received. Mark-up on sub-ordinated debt is charged to the profit and loss account over the period on an accrual basis and is recognised as part of other liabilities.



## 6. CASH AND BALANCES WITH TREASURY BANKS

		(Rupees in '000)	
Note		2021	2020
<b>In hand</b>			
Local currency		839,959	738,251
Foreign currencies		563,251	450,652
		1,403,210	1,188,903
<b>With State Bank of Pakistan in</b>			
Local currency current account	6.1	4,442,485	4,344,860
Foreign currency current account (cash reserve account)	6.2	567,491	567,252
Foreign currency deposit account (USD settlement account)		271,486	152,642
Foreign currency deposit account (special cash reserve account)	6.2	1,134,805	1,134,345
		6,416,267	6,199,099
<b>With National Bank of Pakistan in</b>			
Local currency current account		15,091	11,628
<b>National Prize Bonds</b>			
		4,498	23,022
		7,839,066	7,422,652

**6.1** The local currency current 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 (2020: nil) per annum.

## 7. BALANCES WITH OTHER BANKS

		(Rupees in '000)	
Note		2021	2020
<b>In Pakistan</b>			
In current accounts		38,385	32,581
In deposit accounts	7.1	18	18
		38,403	32,599
<b>Outside Pakistan</b>			
In current accounts	7.2	1,032,572	1,287,537
		1,070,975	1,320,136

**7.1** These carry mark-up at the rate of 8.25% (2020: 5.68%) per annum.

**7.2** The above amount includes balance with Saudi National Bank (a related party) amounting to Rs. 91.857 million (2020: Rs. 81.136 million)



## 8. LENDINGS TO FINANCIAL INSTITUTIONS

	Note	(Rupees in '000)	
		2021	2020
Call money lendings	8.2.1	-	3,000,000
Repurchase agreement lendings (Reverse Repo)	8.2.2 & 8.2.4	4,980,038	6,469,131
Other lending with financial institutions	8.2.3	927,549	466,435
		<b>5,907,587</b>	9,935,566
Less: provision held against Lending to Financial Institutions		-	-
Lending to Financial Institutions - net of provision		<b>5,907,587</b>	9,935,566
<b>8.1 Particulars of lending</b>			
In local currency		<b>5,907,587</b>	9,935,566

## 8.2 Securities held as collateral against lending to financial institutions

	(Rupees in '000)					
	2021			2020		
	Held by bank	Further given as collateral	Total	Held by bank	Further given as collateral	Total
Market Treasury Bills	1,500,000	-	1,500,000	2,500,000	-	2,500,000
Pakistan Investment Bonds	3,500,000	-	3,500,000	3,000,000	-	3,000,000
<b>Total</b>	<b>5,000,000</b>	<b>-</b>	<b>5,000,000</b>	<b>5,500,000</b>	<b>-</b>	<b>5,500,000</b>

- 8.2.1** These represent lendings to commercial banks in the inter bank money market. These lendings carried mark-up at the rate 7.5% per annum and matured by January 04, 2021.
- 8.2.2** These represent short-term lendings to financial institution against investment securities. These carry mark-up at the rates ranging from 10.4% to 10.7% (2020: 6.15% to 7.30%) per annum and will mature latest by January 07, 2022 (2020: January 25, 2021 ).
- 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, USD, GBP and Euro to eligible investors. The Bank is acting as agent to facilitate the issuance of NPCs. These carry mark-up rates ranging from 8.24% to 8.26% (2020: 7.98% to 8.26%), 2.99% to 3.01% (2020: 2.99% to 3.04%), 2.49% to 2.51% and 1.74% to 1.76% for PKR, USD, GBP and Euro respectively with no fixed maturity.
- 8.2.4** The market value of securities held as collateral against repurchase agreement lendings amounted to Rs. 4,994.485 million (2020: Rs. 6,489.675 million).



## 9. INVESTMENTS

### 9.1 Investments by type

(Rupees in '000)							
2021				2020			
Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
<b>Held for trading securities</b>							
Shares	-	-	-	248,376	-	(369)	248,007
<b>Available for sale securities</b>							
Federal Government Securities	-	(706,068)	88,323,008	60,143,076	-	607,139	60,750,215
Shares	(212,715)	(153,208)	1,345,333	1,701,829	(309,345)	172,155	1,564,639
Non Government Debt Securities	-	(17,396)	1,248,675	2,254,798	-	(33,268)	2,221,530
<b>92,006,403</b>	<b>(212,715)</b>	<b>(876,672)</b>	<b>90,917,016</b>	<b>64,099,703</b>	<b>(309,345)</b>	<b>746,026</b>	<b>64,536,384</b>
<b>Held to maturity securities</b>							
Federal Government Securities	-	-	3,058,387	3,105,312	-	-	3,105,312
<b>95,064,790</b>	<b>(212,715)</b>	<b>(876,672)</b>	<b>93,975,403</b>	<b>67,453,391</b>	<b>(309,345)</b>	<b>745,657</b>	<b>67,889,703</b>

### 9.2 Investments by segment

(Rupees in '000)							
2021				2020			
Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
<b>Federal Government Securities</b>							
Pakistan Investment Bonds	-	(705,499)	90,090,703	61,049,567	-	607,133	61,656,700
Market Treasury Bills	-	(569)	1,290,692	-	-	-	-
Ijara Sukuk	-	-	-	2,198,821	-	6	2,198,827
<b>92,087,463</b>	<b>-</b>	<b>(706,068)</b>	<b>91,381,395</b>	<b>63,248,388</b>	<b>-</b>	<b>607,139</b>	<b>63,855,527</b>
<b>Shares</b>							
Listed Companies	(202,215)	(153,208)	1,345,333	1,939,705	(298,845)	171,786	1,812,646
Unlisted Companies	(10,500)	-	-	10,500	(10,500)	-	-
<b>1,711,256</b>	<b>(212,715)</b>	<b>(153,208)</b>	<b>1,345,333</b>	<b>1,950,205</b>	<b>(309,345)</b>	<b>171,786</b>	<b>1,812,646</b>
<b>Non Government Debt Securities</b>							
Listed	-	(17,396)	1,248,675	2,009,726	-	(8,977)	2,000,749
Unlisted	-	-	-	245,072	-	(24,291)	220,781
<b>1,266,071</b>	<b>-</b>	<b>(17,396)</b>	<b>1,248,675</b>	<b>2,254,798</b>	<b>-</b>	<b>(33,268)</b>	<b>2,221,530</b>
<b>95,064,790</b>	<b>(212,715)</b>	<b>(876,672)</b>	<b>93,975,403</b>	<b>67,453,391</b>	<b>(309,345)</b>	<b>745,657</b>	<b>67,889,703</b>

#### 9.2.1 Investments given as collateral

(Rupees in '000)	
2021	2020
Pakistan Investment Bonds	
<b>72,914,738</b>	38,891,371

### 9.3 Provision for diminution in value of investments

<b>9.3.1</b>	Opening balance	<b>309,345</b>	231,851
	Charge / (reversals)		
	Charge for the year	<b>40,492</b>	236,966
	Reversal on disposals for the year	<b>(137,122)</b>	(159,472)
		<b>(96,630)</b>	77,494
	Closing balance	<b>212,715</b>	309,345



**9.3.2** No provision was recognised against investment in debt securities as at December 31, 2021 (2020: Nil).

#### 9.4 Quality of Available for Sale Securities

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

##### Federal Government Securities - Government guaranteed

Pakistan Investment Bonds  
Market Treasury Bills  
Ijara Sukuks

##### Shares

##### Listed Companies - sector wise exposure

Automobile Assembler  
Automobile Parts & Accessories  
Cable & Electrical Goods  
Cement  
Chemical  
Commercial Banks  
Engineering  
Glass & Ceramics  
Investment Banks  
Insurance  
Modarabas  
Oil & Gas Exploration Companies  
Oil & Gas Marketing Companies  
Power Generation & Distribution  
Pharmaceuticals  
Real Estate Investment Trust  
Technology & Communication  
Textile Composite  
Transport

(Rupees in '000)	
2021	2020
Cost	
87,737,815	57,944,255
1,291,261	
-	2,198,821
89,029,076	60,143,076
-	60,428
111,456	44,386
96,250	27,426
256,808	277,591
21,533	124,773
308,234	320,622
146,419	53,901
22,771	41,140
285	285
-	50,666
104	104
89,939	85,865
200,454	124,545
241,783	288,143
11,799	-
-	55,262
79,907	13,934
32,948	122,246
80,066	12
1,700,756	1,691,329

##### Unlisted Companies\*

Crescent Industrial Chemical Limited  
Union Communication Private Limited

(Rupees in '000)			
2021	2020	2021	2020
Cost		Breakup value	
10,000	10,000	(540)	(540)
500	500	343	343
10,500	10,500	(197)	(197)

\*Fully provided in prior years

##### Non Government Debt Securities\*\*

##### Listed

Categorised based on long term rating by Credit Rating Agency

- AAA
- AA+, AA, AA-
- A+, A, A-

(Rupees in '000)	
2021	2020
Cost	
312,500	934,727
500,000	499,999
453,571	575,000
1,266,071	2,009,726
-	245,072

##### Unlisted

Categorised based on long term rating by Credit Rating Agency

- AA+, AA, AA-



**9.4.1** The Bank has no investment in foreign securities under Available for sale category as at December 31, 2021 (December 31, 2020: Nil).

\*\* No amount is past due as at December 31, 2021 (December 31, 2020: Nil)

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

**Federal Government Securities - Government guaranteed**

Pakistan Investment Bonds

(Rupees in '000)	
2021	2020
Cost	
3,058,387	3,105,312

**9.5.1** The Bank has no investment in foreign securities under Held to Maturity as at December 31, 2021 (December 31, 2020: Nil).

**9.5.2** The market value of securities classified as held-to-maturity as at December 31, 2021 amounted to Rs. 2,935.066 million (2020: Rs. 3,139.040 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.

**10. ADVANCES**

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

Advances - gross

Provision against advances

- Specific
- General

Advances - net of provision

(Rupees in '000)					
Note	Performing		Non Performing		Total
	2021	2020	2021	2020	2021
10.1	80,226,186	65,630,909	4,467,512	2,680,128	84,693,698
	546,515	246,734	15,494	15,494	562,009
	80,772,701	65,877,643	4,483,006	2,695,622	85,255,707
	-	-	(3,882,261)	(2,605,952)	(3,882,761)
	(195,770)	(331,923)	-	-	(195,770)
	(195,770)	(331,923)	(3,882,761)	(2,605,952)	(4,078,531)
	80,576,931	65,545,720	600,245	89,670	81,177,176

**10.1** Includes Net Investment in Finance Lease as disclosed below:

	(Rupees in '000)							
	2021				2020			
	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	170,253	-	-	170,253
Residual value	35,595	-	-	35,595	35,595	-	-	35,595
Minimum lease payments	205,848	-	-	205,848	205,848	-	-	205,848
Financial charges for future periods	(1,292)	-	-	(1,292)	(1,292)	-	-	(1,292)
Present value of minimum lease payments	204,556	-	-	204,556	204,556	-	-	204,556

**10.2 Particulars of advances (Gross)**

In local currency  
In foreign currencies

(Rupees in '000)	
2021	2020
83,967,770	68,095,932
1,287,937	477,333
85,255,707	68,573,265

**10.3** Advances include Rs. 4,483 million (2020: Rs. 2,696 million) which have been placed under non-performing status as detailed below:



Category of Classification	(Rupees in '000)			
	2021		2020	
	Non Performing Loans	Provision	Non Performing Loans	Provision
<b>Domestic</b>				
Other Assets Especially Mentioned*				
Substandard	562,474	140,619	76,476	18,371
Doubtful	250,000	112,000	-	-
Loss	3,670,532	3,630,142	2,619,146	2,587,581
	<b>4,483,006</b>	<b>3,882,761</b>	<b>2,695,622</b>	<b>2,605,952</b>

\* The Bank has non-funded exposure in this category, against which the Bank is of the view that specific provision is not required against the exposure.

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

**10.4 Particulars of provision against advances**

	Note	(Rupees in '000)				
		2021			2020	
		Specific	General	Total	Specific	General
Opening balance		2,605,952	331,923	2,937,875	2,623,969	63,518
Charge for the year		1,375,142	21,510	1,412,299	69,139	272,221
Reversals during the year		(97,597)	(157,663)	(270,907)	(72,463)	(3,816)
		1,277,545	(136,153)	1,141,392	(3,324)	268,405
Amounts written off	10.5	(736)	-	(736)	(14,420)	-
Closing Balance		3,882,761	195,770	4,078,531	2,605,952	331,923

**10.4.1 Particulars of provision against advances**

	(Rupees in '000)				
	2021			2020	
	Specific	General	Total	Specific	General
In local currency	3,882,761	195,770	4,078,531	2,605,952	331,923

**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. However, the Bank has availed the benefit of cash collateral.

**10.4.3** General provision as at December 31, 2021 includes provision of Rs. 93.433 million (December 31, 2020: Rs. 71.923 million) held against consumer finance portfolio as required by the Prudential Regulations issued by the State Bank of Pakistan. In addition, the Bank has created a general provision of Rs. 102.337 million (December 31, 2020: 260 million) against corporate, commercial and SME advances due to deferrals/restructuring by borrowers after the outbreak of COVID-19 in 2020, the Bank had recognized a general provision on its entire performing portfolio on prudent basis.

**10.5 Particulars of write offs:**

	Note	(Rupees in '000)	
		2021	2020
<b>10.5.1</b> Against provisions	10.4	736	14,420
Directly charged to the profit and loss account		2,992	1,415
		3,728	15,835
<b>10.5.2</b> Write offs of Rs. 500,000 and above	10.6	635	13,983
Write offs of below Rs. 500,000		3,093	1,852
		3,728	15,835



#### 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, 2021 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)	
	2021	2020
11.1	259,030	3,855
11.2	2,722,626	1,935,268
	2,981,656	1,939,123
11.1	120,756	3,855
	138,274	-
	-	-
	259,030	3,855

#### 11.1 Capital work-in-progress

Civil works  
Equipment  
Advances to suppliers



## 11.2 Property and Equipment

### At January 1, 2021

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

### Year ended December 2021

Opening net book value	502,240	65,707	275,308	133,881	65,035	893,097	1,935,268
Additions	208,000	219,321	37,792	155,227	48,705	604,594	1,273,639
Disposals / write-offs (Note 11.6)	-	-	(4,524)	(283)	(2,279)	(124,751)	(131,837)
Depreciation charge	-	(8,059)	(54,963)	(81,108)	(14,289)	(196,025)	(354,444)
Closing net book value	710,240	276,969	253,613	207,717	97,172	1,176,915	2,722,626

### At December 31, 2021

Cost	710,240	390,514	748,088	1,016,052	132,332	1,738,274	4,735,500
Accumulated depreciation	-	(113,545)	(494,475)	(808,335)	(35,160)	(561,359)	(2,012,874)
Net book value	710,240	276,969	253,613	207,717	97,172	1,176,915	2,722,626
Rate of depreciation (percentage)	-	5	10/20/33	20/33/50	20	7-50	

### 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	

## 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 (if any) 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 the SBP's BSD Circular No. 4 dated February 17, 2006 is also given in Annexure "II".

		(Rupees in '000)	
		2021	2020
<b>11.4</b>	Carrying amount of temporarily idle property	-	-
<b>11.5</b>	The gross carrying amount (cost) of fully depreciated assets that are still in use:		
	Building on land	57,556	32,428
	Electrical, office and computer equipments	620,951	567,943
	Furniture and fixtures	302,776	264,624
	Vehicles	14,394	15,116
		<b>995,677</b>	<b>880,111</b>

**11.6** This includes write off of beach hut during the year. The lease agreement of the beach hut with the Karachi Port Trust expired in 2018, and had not been renewed since then. Further details of the write off are mentioned in Annexure-II.

		(Rupees in '000)	
		2021	2020
<b>12</b>	<b>INTANGIBLE ASSETS</b>		
	Capital work-in-progress	417,041	21,580
	Intangible assets	175,206	120,321
		<b>592,247</b>	<b>141,901</b>
<b>12.1</b>	<b>Capital work-in-progress</b>		
	Advances to suppliers	417,041	21,580
<b>12.2</b>	<b>Intangible assets</b>		
	<b>At January 1</b>		
	Cost	344,421	299,246
	Accumulated amortisation	(224,100)	(183,293)
	Net book value	<b>120,321</b>	<b>115,953</b>
	<b>Year ended December 31</b>		
	Opening net book value	120,321	115,953
	Additions:		
	- directly purchased	103,622	45,175
	Amortisation charge	(48,737)	(40,807)
	Closing net book value	<b>175,206</b>	<b>120,321</b>
	<b>At December 31</b>		
	Cost	448,043	344,421
	Accumulated amortisation	(272,837)	(224,100)
	Net book value	<b>175,206</b>	<b>120,321</b>
	Rate of amortisation (percentage)	<b>20 / 14.28</b>	<b>20 / 14.28</b>
	Useful life	<b>5 / 7</b>	<b>5 / 7</b>

**12.3** Intangible assets include licensing cost of bank's core banking system having a carrying value of Rs. 32.024 million (2020: Rs. 53.615 million). The remaining amortisation period of this asset is 2 years (2020: 3 years).



- 12.4** The gross carrying amount (cost) of fully amortised assets that are still in use:  
Intangible assets

(Rupees in '000)	
2020	2019
130,144	118,001

**13. DEFERRED TAX ASSETS**

Deductible temporary differences on:  
- Revaluation of investments  
- Accelerated tax depreciation  
- Provision against advances, off balance sheet etc.

Taxable temporary differences on:  
- Net investment in finance lease

(Rupees in '000)			
2021			
At January 1, 2021	Recognised in profit and loss account	Recognised in OCI	At December 31, 2021
(290,950)	-	632,852	341,902
31,928	10,503	-	42,431
699,370	210,801	-	910,171
440,348	221,304	632,852	1,294,504
(75,601)	(626)	-	(76,227)
364,747	220,678	632,852	1,218,277

Deductible temporary differences on:  
- Revaluation of investments  
- Accelerated tax depreciation  
- Provision against advances, off balance sheet etc.

Taxable temporary differences on:  
- Net investment in finance lease

(Rupees in '000)			
2020			
At January 1, 2020	Recognised in profit and loss account	Recognised in OCI	At December 31, 2020
(210,510)	-	(80,440)	(290,950)
38,986	(7,058)	-	31,928
585,012	114,358	-	699,370
413,488	107,300	(80,440)	440,348
(86,004)	10,403	-	(75,601)
327,484	117,703	(80,440)	364,747

**14 OTHER ASSETS**

Income / mark-up accrued in local currency  
Income / mark-up accrued in foreign currencies  
Advances, deposits, advance rent and other prepayments  
Mark to market gain on forward foreign exchange contracts  
Acceptances  
Others

Less: provision held against other assets' others  
Other assets (net of provision)

		(Rupees in '000)	
Note		2021	2020
		3,313,762	2,411,791
		31,457	1,605
		151,078	102,879
		1,264,661	637,193
19		1,537,573	1,067,425
14.1 & 14.2		239,272	286,966
		6,537,803	4,507,859
14.2		(160,674)	(160,674)
		6,377,129	4,347,185

**14.1 This includes:**

- (a) an amount of Rs 32.389 million (2020: Rs 32.389 million) receivable from InterAsia Leasing Limited.  
(b) an amount of Rs 1.593 million (2020: Rs 1.568 million) receivable from Saudi National Bank - a related party.

		(Rupees in '000)	
Note		2021	2020
<b>14.2 Provision held against other assets</b>			
Fee, commission and other receivables		80,343	80,343
Fraud and forgery		80,331	80,331
		<b>160,674</b>	160,674
<b>14.2.1 Movement in provision held against other assets</b>			
Opening balance		160,674	160,866
Write off during the year		-	(192)
Closing balance		<b>160,674</b>	160,674
<b>15. BILLS PAYABLE</b>			
In Pakistan		<b>903,059</b>	3,358,345
<b>16. BORROWINGS</b>			
<b>Secured</b>			
Borrowings from the State Bank of Pakistan			
Under export refinance scheme	16.1	4,584,800	4,339,452
Under long term financing facilities	16.2	8,463,009	5,681,809
		<b>13,047,809</b>	10,021,261
Bai muajjal borrowing	16.3	4,951,908	7,249,309
Repurchase agreement borrowings	16.4	67,883,857	31,674,785
<b>Total secured</b>		<b>85,883,574</b>	48,945,355
<b>Unsecured</b>			
Bai muajjal borrowing	16.3	7,113,299	7,229,401
Bankers Equity Limited (under liquidation)	16.5	22,336	22,336
<b>Total unsecured</b>		<b>7,135,635</b>	7,251,737
		<b>93,019,209</b>	56,197,092

- 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% (2020: ranging from 1.0% to 2.0%) per annum, and have maturity period of upto six months from deal date (2020: six months).
- 16.2** These represent borrowing from the SBP to provide refinance to customers and carries markup at the rate ranging from 1% to 3.5% (2020: ranging from 1% to 3.5%) per annum and will mature latest by December 23, 2031 (2020: September 30, 2030).
- 16.3** These represent funds borrowed against government securities and carries mark up at the rate ranging from 7.25% to 7.35% (2020: ranging from 6.75% to 7.10%) per annum and will mature latest by January 28, 2022 (2020: November 09, 2021 ).
- 16.4** These represent funds borrowed from interbank market against Government securities and carries mark up at the rate ranging from 10.10% to 10.70% (2020: ranging from 7.05% to 7.20%) per annum and will mature by March 04, 2022 (2020: April 19, 2021 ).
- 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)	
2021	2020
93,019,209	56,197,092
-	-
93,019,209	56,197,092

**17 DEPOSITS AND OTHER ACCOUNTS**

		(Rupees in '000)					
Note	2021			2020			
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total	
<b>Customers</b>							
Current deposits	16,461,229	5,099,298	21,560,527	12,171,830	4,797,138	16,968,968	
Savings deposits	14,304,664	3,538,418	17,843,082	15,478,486	3,105,109	18,583,595	
Term deposits	34,779,264	1,707,989	36,487,253	37,105,814	3,273,228	40,379,042	
Others - margin and call deposits	763,271	-	763,271	786,443	-	786,443	
	66,308,428	10,345,705	76,654,133	65,542,573	11,175,475	76,718,048	
<b>Financial institutions</b>							
Current deposits	68,377	-	68,377	196,601	1,569	198,170	
Savings deposits	1,339,456	-	1,339,456	858,590	-	858,590	
Term deposits	550,000	-	550,000	560,000	-	560,000	
Others - call deposits	655,306	-	655,306	90,749	-	90,749	
	2,613,139	-	2,613,139	1,705,940	1,569	1,707,509	
	68,921,567	10,345,705	79,267,272	67,248,513	11,177,044	78,425,557	

**17.1 Composition of deposits**

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

		(Rupees in '000)	
Note		2021	2020
		30,858,040	29,306,040
		19,324,856	16,176,055
		4,830,230	5,507,109
17.1		655,306	90,749
		1,957,833	1,616,760
		21,641,007	25,728,844
17.2		79,267,272	78,425,557

**17.1.1** This includes deposit amounting to Rs. 655.306 million (2020: Rs. 90.749 million) from Saudi National Bank - a related party.

**17.2** This includes eligible deposits covered under insurance arrangements amounting to Rs. 29,069 million (2020: Rs. 26,804 million).

**18 SUBORDINATED DEBT**

Term Finance Certificates (TFCs) - Unsecured

		(Rupees in '000)	
Note		2021	2020
18.1		4,999,000	-

### 18.1 Term Finance Certificates (TFCs) - Unsecured

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

		(Rupees in '000)	
		2021	2020
<b>19 OTHER LIABILITIES</b>			
Mark-up / return / interest payable			
- in local currency		1,821,556	1,512,199
- in foreign currencies		3,682	12,435
Accrued expenses		686,454	735,317
Acceptances	14	1,537,573	1,067,425
Dividends payable		15,877	-
Unclaimed dividends		3,351	3,351
Taxation		89,858	140,924
Mark to market loss on forward foreign exchange contracts		1,234,323	779,918
Provision against off-balance sheet obligations	19.1	172,746	172,746
Security deposits against lease		34,946	34,946
Lease liability against right-of-use assets		1,266,506	926,016
Others		183,678	313,159
		<b>7,050,550</b>	<b>5,698,436</b>

		(Rupees in '000)	
		2021	2020
<b>19.1 Provision against off-balance sheet obligations</b>			
Opening balance		172,746	172,746
Reversal during the year		-	-
Closing balance	19.1.1	<b>172,746</b>	<b>172,746</b>

#### 19.1.1 This includes:

- A provision of Rs 71.134 million (2020: 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 (2020: 71.134 million) was made by the amalgamated entity, in respect of this matter, which is being maintained.
- A 50% provision is maintained amounting to Rs 52.762 million (2020: 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 (2020: Rs 52.762 million) is being maintained.



- c) A provision of Rs. 48 million (2020: 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.

## 20 SHARE CAPITAL

### 20.1 Authorised capital

(Number of shares)	
2021	2020
1,500,000,000	1,500,000,000

Ordinary shares of Rs. 10 each

(Rupees in '000)	
2021	2020
15,000,000	15,000,000

### 20.2 Issued, subscribed and paid-up capital

(Number of shares)		
2021	2020	
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)	
2021	2020
8,833,175	8,833,175
1,249,212	1,249,212
10,082,387	10,082,387

#### 20.2.1 Shares held by related parties of the Bank

##### Directors, their spouses and minor children

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

(Number of shares)	
2021	2020
59,832,424	49,832,424
1,154,800	1,154,800
1,000,500	500
53,500	500
1,281	1,281
1,000	-
-	500
62,043,505	50,990,005
852,040,531	852,040,531
914,084,036	903,030,536

##### Associated Companies, undertakings and related parties

Saudi National Bank(SNB)

20.2.2 All the ordinary shares carry one vote per share and right to dividend.

## 21 (DEFICIT) / SURPLUS ON REVALUATION OF ASSETS

##### (Deficit) / Surplus on revaluation of

- Available for sale securities

##### Deferred tax on (deficit) / surplus on revaluation of:

- Available for sale securities

Note

(Rupees in '000)	
2021	2020
(876,672)	746,026
341,902	(290,950)
(534,770)	455,076

## 22 CONTINGENCIES AND COMMITMENTS

- Guarantees
- Commitments
- Other contingent liabilities

22.1  
22.2  
22.3

(Rupees in '000)

2021

2020

7,249,258

174,942,158

1,611,056

183,802,472

6,157,229

103,819,121

1,535,817

111,512,167

### 22.1 Guarantees

- Financial guarantees
- Performance guarantees
- Other guarantees

1,679,657

5,023,147

546,454

7,249,258

1,679,657

3,626,500

851,072

6,157,229

### 22.2 Commitments

#### Documentary credits and short-term trade-related transactions

- letters of credit

10,911,755

9,575,999

#### Commitments in respect of:

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

22.2.1  
22.2.2  
22.2.3

162,938,155

492,275

5,733

163,436,163

92,334,452

1,494,438

3,561

93,832,451

#### Commitments for acquisition of:

- operating fixed assets
- intangible assets

47,065

104,391

151,456

442,784

174,942,158

41,445

29,585

71,030

339,641

103,819,121

#### Other commitments

22.2.4

### 22.2.1 Commitments in respect of forward foreign exchange contracts

- Purchase
- Sale

83,574,137

79,364,018

162,938,155

49,506,392

42,828,060

92,334,452

### 22.2.2 Commitments in respect of forward government securities transactions

- Purchase
- Sale

492,275

-

492,275

1,494,438

-

1,494,438

### 22.2.3 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

5,733

-

-

5,733

3,561

-

-

3,561

(Rupees in '000)

2021

2020



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.

#### 22.2.4 Other commitments

Claims against the Bank not acknowledged as debt

(Rupees in '000)	
2021	2020
442,784	339,641

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.

#### 22.3 Other contingent liabilities

(Rupees in '000)	
2021	2020
1,611,056	1,535,817

**22.3.1** The Income tax department has raised a demand of Rs. 426.787 million (December 31, 2020: 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, 2020: 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, 2020: 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, 2020: Rs. 28.110 million) and Rs. 5.498 million (December 31, 2020: nil) on account of monitoring of withholding taxes for the tax years 2012 and 2014, respectively. Tax authorities have also issued orders under Sindh Sales Tax on Services Act, 2011 and Punjab Sales Tax on Services Act, 2012 thereby creating arbitrary aggregate demand amounting to Rs 35.391 million (December 31, 2020: Rs. 35.391 million) for the years 2012 to 2017 and Rs. 15.380 million (December 31, 2020: Rs. 15.380) for the year 2016 respectively. Federal Board of Revenue has issued orders to amend assessments for tax years 2014, 2015, 2018, 2019 and 2020 raising demands of Rs. 45.268 million (December 31, 2020: Rs. 45.268 million), Rs. 64.945 million (December 31, 2020: nil), Rs. 133.374 million (December 31, 2020: Rs. 133.374 million), Rs. 177.117 million (December 31, 2020: Rs. 177.117 million) and Rs. 4.794 million (December 31, 2020: Nil), respectively.

Presently, the Bank is contesting these issues at various appellate forums. The disallowances in respect of a number of assessment years have been decided / set aside by various appellate authorities for re-assessment while the Bank's appeal in respect of the remaining assessment years are currently pending. Based on the professional advice received from tax advisors, the management is confident that the eventual outcome of the aforementioned matters will be in favor of the Bank. Accordingly, no provision has been made in these financial statements in respect of the above mentioned demands aggregating Rs. 1,611.056 million (December 31, 2020: Rs. 1,535.817 million) raised by the income tax authorities.

#### 23 MARK-UP / RETURN / INTEREST EARNED

On:

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

(Rupees in '000)	
2021	2020
6,210,306	6,371,811
7,015,349	6,841,501
724,298	359,070
507	2,452
32,152	-
13,982,612	13,574,834

**24 MARK-UP / RETURN / INTEREST EXPENSED**

On:

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

(Rupees in '000)	
2021	2020
4,054,771	4,920,263
4,618,619	4,310,584
135,754	110,500
491,931	534,735
375,392	-
9,676,467	9,876,082

**25 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
- Commission on Naya Pakistan Certificates
- Others

(Rupees in '000)	
2021	2020
44,607	36,088
26,300	21,281
62,066	37,126
7,930	6,620
-	-
139,875	73,264
66,386	39,029
14,199	16,005
59,674	55,361
17,112	15,870
21,406	-
3,532	4,321
463,087	304,965

**26 GAIN / (LOSS) ON SECURITIES**

- Realised gain
- Unrealised loss on held for trading securities

Note

26.1  
9.1

(Rupees in '000)	
2021	2020
515,145	478,751
-	(369)
515,145	478,382

**26.1 Realised gain / (loss) on:**

- Federal Government Securities
- Shares
- Non Government Debt Securities

316,526	348,221
197,182	131,419
1,437	(889)
515,145	478,751

**27 OTHER INCOME**

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

3,707	721
26,843	9,410
34	11
30,584	10,142



## 28 OPERATING EXPENSES

### Total compensation expense

Note

(Rupees in '000)

2021

2020

1,807,237

1,573,357

### Property expense

Rent and taxes

129,077

86,050

Insurance

1,955

2,128

Utilities cost

84,818

66,760

Security (including guards)

65,038

53,697

Repair and maintenance (including janitorial charges)

63,807

57,156

Depreciation on owned fixed assets

8,059

7,612

Depreciation on right-of-use assets

196,025

184,101

548,779

457,504

### Information technology expenses

Software maintenance

126,434

123,171

Hardware maintenance

41,033

49,563

Depreciation

62,115

45,951

Amortisation

48,737

40,807

Network charges

123,946

105,476

Insurance

571

800

402,836

365,768

### Other operating expenses

Directors' fees and allowances

44,105

41,424

Legal and professional charges

22,590

58,445

Outsourced services costs

3,452

3,719

Travelling, conveyance and official entertainment

47,937

66,867

Charges paid to Central Depository Company of Pakistan Limited and NIFT

25,172

22,698

Depreciation

88,245

103,415

Training and development

3,762

4,157

Postage and courier charges

11,076

12,567

Communication

13,626

10,698

Stationery and printing

36,755

36,598

Repair and maintenance

50,989

39,322

Insurance

57,994

47,893

Marketing, advertisement and publicity

61,878

46,432

Fee commission and brokerage paid

99,412

63,977

Donations

14,617

11,000

Auditors' remuneration

8,121

7,410

Others

29,997

10,977

619,728

587,599

3,378,580

2,984,228

**28.1 Total compensation expense**

	(Rupees in '000)	
	2021	2020
Fees and allowances etc		
Managerial remuneration		
i) Fixed	670,803	589,706
ii) Variable		
of which;		
a) Cash bonus / awards etc.	295,000	245,000
b) Incentive payments	56,547	46,262
Contribution to defined contribution plan	51,842	46,783
Rent & house maintenance	302,334	265,370
Utilities	67,185	58,971
Medical	67,186	58,971
Conveyance / fuel / other allowances	192,397	166,939
Staff insurance	24,653	25,150
Club membership	6,843	9,151
Other support staff salaries	69,508	57,619
Leave fare assistance	2,939	2,672
Others	-	763
Total	1,807,237	1,573,357

**28.2** This represents cost of material outsourcing arrangement with Avanza Solutions (Private) Limited, amounting to Rs. 3.452 million (2020: Rs. 3.719 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.

**28.3 Donations made during the year were as follows:**

	(Rupees in '000)	
	2021	2020
Progressive Education Network (PEN)	5,021	6,000
The Indus Hospital	1,500	1,000
The Citizens Foundation	1,500	1,000
Patients Aid Foundation	1,000	500
Zindagi Trust	966	-
Kiran Foundation	780	500
Sharmeen Khan Memorial Foundation	560	500
The Hunar Foundation	540	-
Special Olympics Pakistan	500	200
Pink Ribbon Pakistan	500	200
Govt Fatima Jinnah Graduate College	450	-
Empowering Communities for Change (ECC)	300	-
Karachi Down Syndrome Program (KDSP)	300	-
National Institute of Child Health	250	300
Behbud Association	250	-
Lady Dufferin Hospital	200	-
Cancer Foundation Hospital	-	200
Bilquis & Abdul Razzaq Dawood Foundation	-	300
The Kidney Center	-	300
	14,617	11,000

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

**28.4 Auditors' remuneration**

	(Rupees in '000)	
	2021	2020
Statutory audit fee	2,703	2,575
Fee for annual group reporting	-	1,006
Fee for review of the half year financial statements	569	542
Special certifications and others	3,880	2,363
Out-of-pocket expenses	969	921
	8,121	7,410



## 29 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.

## 30 OTHER CHARGES

Penalties imposed by the State Bank of Pakistan

(Rupees in '000)	
2021	2020
8,671	10

## 31 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

		(Rupees in '000)	
		2021	2020
	9.3.1	96,630	(77,494)
	10.4	(1,141,392)	(265,081)
		(1,039)	(10,662)
	10.5	(2,992)	(1,415)
		-	1,008
		(1,048,793)	(353,644)

## 32 TAXATION

Current  
Prior years  
Deferred

(Rupees in '000)	
2021	2020
(722,399)	(772,220)
(13,397)	(2,029)
220,678	117,703
(515,118)	(656,546)

### 32.1 Relationship between tax expense and accounting profit

Profit before taxation

Effects of:

- Tax calculated at the applicable rate of 39% (2020: 39%)
- Prior year charge
- Permanent differences
- Others

Tax charge for the year

1,304,096	1,668,215
508,597	650,604
13,397	2,029
3,382	3,913
(10,258)	-
515,118	656,546

**33 EARNINGS PER SHARE - BASIC & DILUTED**

Profit for the year

**788,978**

1,011,669

(Rupees in '000)

**2021****2020**

(Number of Shares)

Weighted average number of ordinary shares

**1,008,238,648**

1,008,238,648

(Rupees)

Basic earnings per share

**0.783**

1.003

(Rupees in '000)

**2021****2020****33.1 Diluted Earnings Per Share**

Profit for the year

**788,978**

1,011,669

(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

**0.783**

1.003

(Rupees in '000)

**2021****2020**

Note

**34 CASH AND CASH EQUIVALENTS**

Cash and balances with treasury banks

6

**7,839,066**

7,422,652

Balances with other banks

7

**1,070,975**

1,320,136

**8,910,041**

8,742,788



### 34.1 Reconciliation of movement of liabilities to cash flows arising from financing activities

(Rupees in '000)						
2021						
Liabilities		Equity				
Sub-ordinated loan	Other liabilities	Share Capital	Reserves	Un-appropriated profit	Total	
<b>Balance as at January 01</b>	- 5,698,436	10,082,387	1,486,699	3,747,887	21,015,409	
<b>Changes from Financing cash flows</b>						
Issuance of Subordinated loan	5,000,000	-	-	-	5,000,000	
Contribution from shareholder	-	-	1,540,500	-	1,540,500	
Principal repayment of debt securities	(1,000)	-	-	-	(1,000)	
Payment of lease liability against Right-of-use-assets	- (248,264)	-	-	-	(248,264)	
Dividend paid	-	-	-	(740,302)	(740,302)	
<b>Total changes from financing cash flows</b>	<b>4,999,000</b>	<b>(248,264)</b>	<b>-</b>	<b>1,540,500</b>	<b>(740,302)</b>	<b>5,550,934</b>
<b>Liability related</b>						
<b>Changes in Other liabilities</b>						
- Cash based	- 898,270	-	-	-	898,270	
- Dividend payable	- 15,877	-	-	(15,877)	-	
- Non cash based	- 686,231	-	-	-	686,231	
<b>Total liability related other changes</b>	<b>- 1,600,378</b>	<b>-</b>	<b>-</b>	<b>(15,877)</b>	<b>1,584,501</b>	
<b>Total equity related other changes</b>	<b>-</b>	<b>-</b>	<b>(832,050)</b>	<b>631,182</b>	<b>(200,868)</b>	
<b>Balance as at December 31</b>	<b>4,999,000</b>	<b>7,050,550</b>	<b>10,082,387</b>	<b>2,195,149</b>	<b>3,622,890</b>	<b>27,949,976</b>

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

### 35 STAFF STRENGTH

Permanent	670	618
Contractual	187	199
Bank's own staff strength at the end of the year	857	817

(Numbers)	
2021	2020

**35.1** In addition to the above, 133 (2020: 122) 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.

### 36 DEFINED CONTRIBUTION PLAN

The Bank operates a contributory provident fund plan for 747 employees (2020: 713 employees). Both employer and employees contribute 8.33% (2020: 8.33%) of the basic salaries to the fund every month. The expense charged in respect of this benefit is disclosed in note 28 to these financial statements.

### 37 COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

(Rupees in '000)						
2021						
Chairman	Executive Directors (other than CEO)	Non Executive Directors	President/ CEO	Key Management Personnel	Other Material Risk Takers / Controllers	
Fees and allowances etc.	6,240	-	36,000	-	-	-
Managerial remuneration						
i) Fixed	-	-	-	35,269	76,853	158,185
ii) Cash awards	-	-	-	57,500	75,250	60,684
Contribution to defined contribution plan	-	-	-	2,938	6,402	12,295
Rent and house maintenance	-	-	-	15,871	34,584	70,928
Utilities	-	-	-	3,527	7,685	15,762
Medical	-	-	-	3,527	7,685	15,762
Conveyance	-	-	-	-	6,384	21,953
Leave fare assistance	-	-	-	2,939	-	-
Car allowance	-	-	-	-	31,762	53,050
Total	6,240	-	36,000	121,571	246,605	408,619
Number of Persons	1	-	9	1	12	82

(Rupees in '000)						
2020						
Chairman	Executive Directors (other than CEO)	Non Executive Directors	President/ CEO	Key Management Personnel	Other Material Risk Takers / Controllers	
Fees and allowances etc.	4,088	-	34,292	-	-	-
Managerial remuneration						
i) Fixed	-	-	-	32,062	76,258	136,775
ii) Cash awards	-	-	-	52,500	72,300	52,585
Contribution to defined contribution plan	-	-	-	2,671	6,352	11,016
Rent and house maintenance	-	-	-	14,428	34,316	61,549
Utilities	-	-	-	3,206	7,626	13,678
Medical	-	-	-	3,206	7,626	13,678
Conveyance	-	-	-	-	5,574	17,047
Leave fare assistance	-	-	-	2,672	-	-
Car allowance	-	-	-	-	32,330	47,811
Total	4,088	-	34,292	110,745	242,382	354,139
Number of persons	1	-	7	1	12	72



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.

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

### 37.2 Remuneration paid to Directors for participation in Board and Committee Meetings

(Rupees in '000)								
2021								
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 Comittee	Risk Comittee	
1	Dr. Shujaat Nadeem	2,400	-	2,400	1,440	-	-	6,240
2	Mr. Humayun Murad	2,400	-	-	960	-	1,920	5,280
3	Mr. Arjumand Minai	1,440	-	-	-	960	-	2,400
4	Mr. Aiman Gusti	2,400	-	2,400	-	1,920	960	7,680
5	Mr. Tariq Javed	2,400	-	2,400	-	-	-	4,800
6	Mr. Timour Pasha	2,400	-	-	-	-	1,920	4,320
7	Hafiz Mohammad Yousaf	2,400	-	1,440	1,440	1,920	-	7,200
8	Mr. Hussein Eid	960	-	-	-	960	-	1,920
9	Ms. Zeeba Ansar	960	-	-	-	-	960	1,920
10	Ms. Ranya Nashar	-	-	-	480	-	-	480
Total Amount Paid		17,760	-	8,640	4,320	5,760	5,760	42,240

(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	Ms. 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 Mohammad Yousaf	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

## 38 FAIR VALUE MEASUREMENTS

The fair value of quoted securities other than those classified as held to maturity, is based on quoted market price. Quoted securities classified as held-to-maturity are carried at 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.

### 38.1 Fair value of financial assets

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

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

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

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

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

(Rupees in '000)				
2020				
	Level 1	Level 2	Level 3	Total
<b>On balance sheet financial instruments</b>				
<b>Financial assets - measured at fair value</b>				
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
<b>Financial assets - disclosed but not measured at fair value</b>				
Investments - Federal Government Securities	-	3,139,036	-	3,139,036
<b>Off-balance sheet financial instruments - measured at fair value</b>				
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	-	-	-	-



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.

**(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	The fair value of Market Treasury Bills and Pakistan Investment Bonds are derived using PKRV rates. Floating rate Pakistan Investment Bonds are revalued using PKFRV rates.
Fully Paid-up Listed ordinary shares	Fair value of investment in listed equity securities 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.
Non government debt securities	Investments in non-government debt securities denominated in Rupees are valued on the basis of rates announced by the Mutual Funds Association of Pakistan (MUFAP).

### 39 SEGMENT INFORMATION

39.1 The segment analysis with respect to business activities is as follows:

	(Rupees in '000)					
	2021					
	Corporate Banking	Global Markets	Retail Banking	Commercial Banking	Senoff*	Total
<b>Profit and loss account</b>						
Net mark-up / return / interest income	2,520,489	2,485,247	(2,426,696)	1,805,509	(78,404)	4,306,145
Inter segment revenue - net	(1,809,501)	(1,846,660)	3,964,655	(1,172,832)	864,338	-
Non mark-up / return / interest income	204,605	1,046,010	167,257	211,102	(157,979)	1,470,995
Total income	915,593	1,684,597	1,705,216	843,779	627,955	5,777,140
Segment direct expenses	(178,218)	(212,632)	(1,255,359)	(137,767)	(1,640,275)	(3,424,251)
Inter segment expense allocation	(350,707)	(167,390)	(784,313)	(337,865)	1,640,275	-
Total expenses	(528,925)	(380,022)	(2,039,672)	(475,632)	-	(3,424,251)
Provisions	(972,822)	96,630	(71,408)	(282,328)	181,135	(1,048,793)
Profit before tax	(586,154)	1,401,205	(405,864)	85,819	809,090	1,304,096
<b>Statement of Financial Position</b>						
Cash and bank balances	-	7,487,123	1,422,918	-	-	8,910,041
Investments - net	-	93,975,403	-	-	-	93,975,403
Net inter segment lending	-	-	58,039,938	-	12,230,691	70,270,629
Lendings to financial institutions	-	5,907,587	-	-	-	5,907,587
Advances - performing - net	43,786,054	1,109,823	4,107,989	30,199,816	1,373,249	80,576,931
Advances - non-performing - net	-	-	71,993	521,227	7,025	600,245
Others	696,474	3,657,970	429,792	537,463	5,847,610	11,169,309
<b>Total Assets</b>	<b>44,482,528</b>	<b>112,137,906</b>	<b>64,072,630</b>	<b>31,258,506</b>	<b>19,458,575</b>	<b>271,410,145</b>
Borrowings	8,370,291	79,971,399	-	4,677,519	-	93,019,209
Deposits and other accounts	9,239,224	680,548	62,790,179	6,557,321	-	79,267,272
Subordinated Debt	-	4,999,000	-	-	-	4,999,000
Net inter segment borrowing	25,986,579	24,493,170	-	19,790,880	-	70,270,629
Others	886,434	1,993,789	1,282,451	232,786	3,558,149	7,953,609
<b>Total liabilities</b>	<b>44,482,528</b>	<b>112,137,906</b>	<b>64,072,630</b>	<b>31,258,506</b>	<b>3,558,149</b>	<b>255,509,719</b>
Equity	-	-	-	-	15,900,426	15,900,426
<b>Total equity and liabilities</b>	<b>44,482,528</b>	<b>112,137,906</b>	<b>64,072,630</b>	<b>31,258,506</b>	<b>19,458,575</b>	<b>271,410,145</b>
<b>Contingencies and commitments</b>	<b>9,758,779</b>	<b>164,500,671</b>	<b>227,356</b>	<b>7,104,637</b>	<b>2,211,029</b>	<b>183,802,472</b>

\*Senoff segment represents certain corporate assets and liabilities which are not allocated to other business segments.



	(Rupees in '000)					
	2020					
	Corporate Banking	Global Markets	Retail Banking	Commercial Banking	Senoff	Total
<b>Profit and loss account</b>						
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
<b>Statement of Financial Position</b>						
Cash and bank balances	-	6,568,506	2,174,282	-	-	8,742,788
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	364,165	401,131	3,586,749	6,792,956
<b>Total Assets</b>	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
<b>Total liabilities</b>	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
<b>Total equity and liabilities</b>	37,919,126	87,631,768	67,705,925	23,695,595	18,333,241	235,285,655
<b>Contingencies and commitments</b>	9,781,420	94,199,753	52,035	5,475,363	2,003,596	111,512,167

### 39.2 Segment details with respect to geographical locations

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

## 40 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.

Category	(Rupees in '000)						
	2021	2020	2021			2020	
	Number of IPS Accounts		Securities Held (Face Value)				
			Market Treasury Bills	Pakistan Investment Bonds (Fixed and Floating)	Total	Market Treasury Bills	Pakistan Investment Bonds (Fixed)
Corporate	9	8	-	-	-	200,000	-
Insurance Companies	1	0	-	-	-	-	-
Employee Funds	22	22	-	562,600	562,600	-	178,900
Others	40	34	20,000	285,400	305,400	-	227,700
	72	64	20,000	848,000	868,000	200,000	406,600

#### 41 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 35 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.

##### 41.1 Details of transactions with related parties are given below:

(Rupees in '000)								
2021				2020				
Parent	Directors	Key Management personnel	Other related parties	Parent	Directors	Key Management personnel	Other related parties	
<b>Balances with other banks</b>								
In current accounts	91,857	-	-	-	81,136	-	-	-
<b>Advances</b>								
Opening balance	-	-	165,648	-	-	-	151,262	-
Addition during the year	-	-	80,863	-	-	-	93,675	-
Repaid during the year	-	-	(46,061)	-	-	-	(79,289)	-
Closing balance	-	-	200,450	-	-	-	165,648	-
<b>Other Assets</b>								
Other receivable	1,593	-	-	-	1,568	-	-	-
Mark to market gain on forward foreign exchange contracts	-	-	-	-	100,477	-	-	-
	1,593	-	-	-	102,045	-	-	-
<b>Other Liabilities</b>								
Mark-up payable	-	62	101	382	-	47	83	631
<b>Deposits and other accounts</b>								
Opening balance	90,749	34,597	22,424	25,312	117,834	29,411	19,335	73,692
Received during the year	40,391,171	511,984	490,297	759,535	5,646,610	221,453	579,967	467,637
Withdrawn during the year	(39,826,614)	(521,524)	(481,553)	(752,363)	(5,673,695)	(216,267)	(576,878)	(516,017)
Closing balance	655,306	25,057	31,168	32,484	90,749	34,597	22,424	25,312
<b>Contingencies and Commitments</b>								
Forward foreign exchange contracts (Notional) - outstanding	-	-	-	-	3,922,947	-	-	-
Guarantees	3,053,684	-	-	-	-	-	-	-
	3,053,684	-	-	-	3,922,947	-	-	-
<b>Income</b>								
Mark-up / return / interest earned	-	-	9,328	-	-	-	7,931	-
<b>Expense</b>								
Mark-up / return / interest paid	-	138	216	799	-	375	2,135	5,598
Remuneration and benefits	-	-	365,420	-	-	-	353,127	-
Directors fee	-	42,240	-	-	-	38,380	-	-
Operating expenses	-	-	-	750	-	-	-	-
Insurance premium paid	-	-	1,303	-	-	-	1,110	-
Insurance claims settled	-	-	522	-	-	-	724	-
	-	42,378	367,461	1,549	-	38,755	357,096	5,598



#### 41.2 Forex transactions during the year - Saudi National Bank (Formerly Samba Financial Group)

CURRENCY	(Currency in '000)			
	2021			
	READY / SPOT / TOM		FORWARD	
	Buy	Sell	Buy	Sell
AED	33,869	735	-	-
CHF	182	-	-	-
EUR	26,545	13,000	500	14,600
GBP	10,350	17,078	38,500	7,800
JPY	34,115	-	-	-
USD	65,288	54,484	28,325	53,952

#### Forex deals outstanding as at the year end - Saudi National Bank (Formerly Samba Financial Group)

CURRENCY	(Currency in '000)			
	2021			
	READY / SPOT / TOM		FORWARD	
	Buy	Sell	Buy	Sell
GBP	-	-	-	-
USD	-	-	-	-

#### Forex transactions during the year - Saudi National Bank (Formerly 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 end - Saudi National Bank (Formerly Samba Financial Group)

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

## 42 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	(Rupees in '000)	
	2021	2020
<b>Minimum Capital Requirement (MCR):</b>		
Paid-up capital (net of losses)	10,082,387	10,082,387
<b>Capital Adequacy Ratio (CAR):</b>		
Eligible Common Equity Tier 1 (CET 1) Capital	15,308,179	14,688,079
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	15,308,179	14,688,079
Eligible Tier 2 Capital	5,194,770	686,556
Total Eligible Capital (Tier 1 + Tier 2)	20,502,949	15,374,635
<b>Risk Weighted Assets (RWAs):</b>		
Credit Risk	83,436,422	68,092,629
Market Risk	9,187,601	8,852,755
Operational Risk	8,911,765	7,646,742
Total	101,535,788	84,592,126
Common Equity Tier 1 Capital Adequacy ratio	15.08%	17.36%
Tier 1 Capital Adequacy Ratio	15.08%	17.36%
Total Capital Adequacy Ratio	20.19%	18.18%

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 depositor's 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 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, 2021 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 11.5 percent of their risk weighted exposure. The Bank's CAR as at December 31, 2021 is 20.19 percent (2020: 18.18 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 prepares an annual budget and five year plan for 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 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)	
	2021	2020
<b>Leverage Ratio (LR):</b>		
Eligible Tier-1 Capital	15,308,179	14,741,579
Total Exposures	217,066,371	167,048,366
Leverage Ratio	7.05%	8.82%
<b>Liquidity Coverage Ratio (LCR):</b>		
Total High Quality Liquid Assets	46,359,075	30,708,906
Total Net Cash Outflow	18,299,161	15,492,433
Liquidity Coverage Ratio	253%	198%
<b>Net Stable Funding Ratio (NSFR):</b>		
Total Available Stable Funding	134,966,980	130,596,868
Total Required Stable Funding	70,328,798	69,434,073
Net Stable Funding Ratio	192%	188%

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

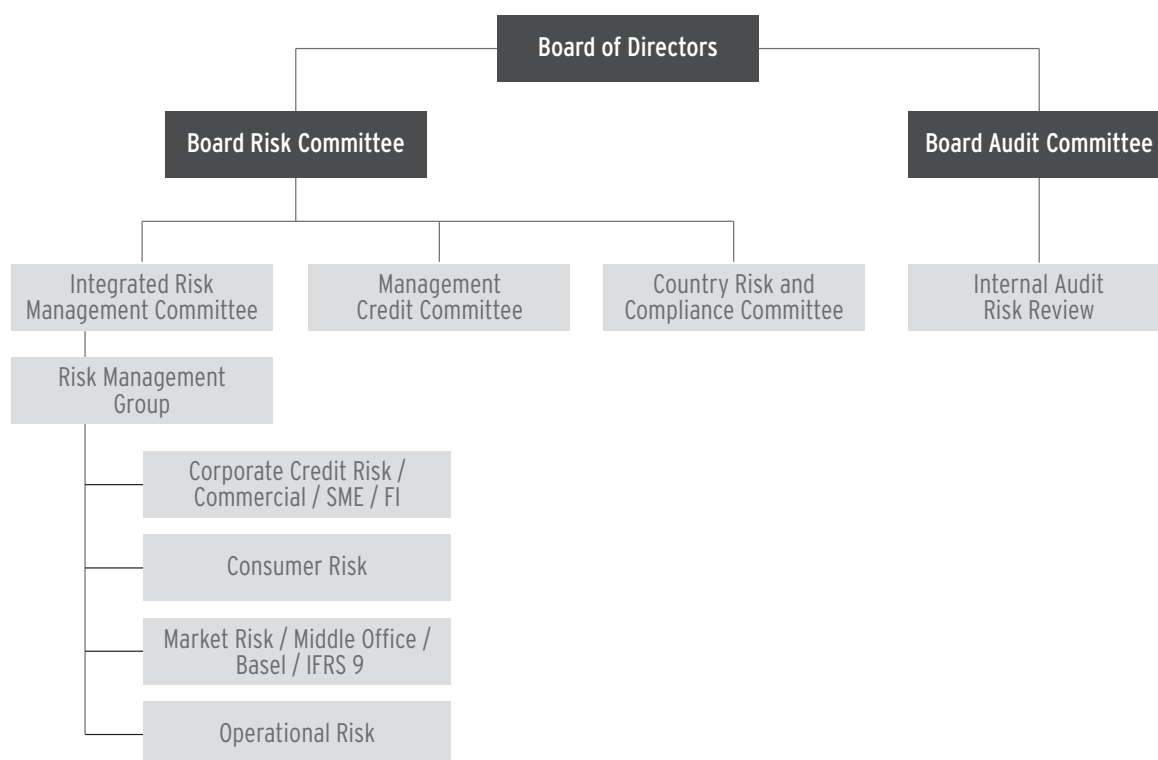
#### **43 RISK MANAGEMENT**

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), Investment Committee (IC), 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, Operational Risks and Compliance 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	
2021	2020	2021	2020	2021	2020
3,927,549	4,938,259	-	-	-	-
1,980,038	4,997,307	-	-	-	-
5,907,587	9,935,566	-	-	-	-

#### 43.1.2 Investment in debt securities

##### Credit risk by industry sector

Agriculture, forestry, hunting and fishing  
Mining and quarrying  
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  
Exports / imports  
Transport, storage and communication  
Financial  
Insurance  
Services  
Individuals  
Federal Government Securities  
Oil marketing and refinery  
Others

(Rupees in '000)					
Gross investments		Non-performing investments		Provision held	
2021	2020	2021	2020	2021	2020
-	-	-	-	-	-
-	-	-	-	-	-
428,571	500,000	-	-	-	-
25,000	75,000	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
500,000	1,242,298	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
92,087,463	63,248,388	-	-	-	-
312,500	437,500	-	-	-	-
-	-	-	-	-	-
93,353,534	65,503,186	-	-	-	-

##### Credit risk by public / private sector

Public / Government  
Private

(Rupees in '000)					
Gross investments		Non-performing investments		Provision held	
2021	2020	2021	2020	2021	2020
92,087,463	63,248,388	-	-	-	-
1,266,071	2,254,798	-	-	-	-
93,353,534	65,503,186	-	-	-	-

### 43.1.3 Advances

#### Credit risk by industry sector

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

(Rupees in '000)					
Gross advances		Non-performing advances		Provision held	
2021	2020	2021	2020	2021	2020
25,490,216	24,965,725	1,115,883	820,380	800,910	876,121
16,532,020	12,293,412	665,389	603,178	661,684	653,523
6,361,349	4,461,309	672,616	567,699	600,329	606,856
6,145,030	3,959,200	-	672	-	15,801
6,144,826	3,463,203	2,178	63,356	1,635	67,953
4,750,712	1,600,191	580,761	591,383	580,761	598,304
4,182,579	3,049,286	18,591	18,591	18,591	31,777
2,934,913	1,982,052	-	6,422	-	14,141
2,235,421	642,353	275,000	-	68,750	1,954
1,559,761	2,039,193	-	-	-	8,817
1,477,332	1,483,858	-	-	-	-
1,151,218	133,413	36,499	2,001	36,499	1,781
1,121,046	3,646,556	-	11,950	-	26,230
1,109,823	1,410,554	-	829	-	661
972,882	977,013	972,882	-	972,882	-
663,048	-	-	-	-	-
475,193	229,112	2,706	2,706	1,806	2,798
462,193	58,317	-	482	-	499
285,102	355,204	-	1,452	-	2,539
44,992	53,125	-	-	-	230
1,156,051	1,770,189	1,113,383	4,521	1,307,566	27,890
85,255,707	68,573,265	5,455,888	2,695,622	5,051,413	2,937,875

#### Credit risk by public / private sector

Public / Government
Private

(Rupees in '000)					
Gross advances		Non-performing advances		Provision held	
2021	2020	2021	2020	2021	2020
-	-	-	-	-	-
85,255,707	68,573,265	4,483,006	2,695,622	4,078,531	2,937,875
85,255,707	68,573,265	4,483,006	2,695,622	4,078,531	2,937,875

### 43.1.4 Contingencies and Commitments

#### Credit risk by industry sector

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

(Rupees in '000)	
2021	2020
163,070,612	92,462,385
3,100,089	2,641,203
2,560,384	792,729
1,626,085	2,289,838
1,170,016	254,006
976,514	1,279,503
1,039,881	1,350,215
1,800,739	892,462
692,074	1,760,716
400,000	619,447
222,278	285,642
208,228	212,562
204,411	534,535
160,008	397,193
132,561	10,800
23,256	582,498
89,953	1,015,909
1,721	-
3,383,035	364,653
2,940,627	3,765,871
183,802,472	111,512,167
-	-
183,802,472	111,512,167
183,802,472	111,512,167

#### Credit risk by public / private sector

Public / Governmen
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.13,906.743 million (2020: Rs.13,675.839 million) and are as following:

Funded  
Non Funded  
Total Exposure

(Rupees in '000)	
2021	2020
9,463,777	10,574,688
4,442,966	3,101,151
13,906,743	13,675,839

**43.1.5.2** The sanctioned limits against these top 10 exposures aggregated to Rs. 15,075.64 million (2020: Rs.14,459.48 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 and Utilisation

(Rupees in '000)							
2021							
Province / region	Disburse-ments	Utilization					
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
Punjab	88,608,244	85,368,546	-	-	-	3,239,698	-
Sindh	57,412,459	355,065	57,016,363	100	7,680	32,251	1,000
KPK including FATA	36,582	-	-	36,582	-	-	-
Balochistan	-	-	-	-	-	-	-
Islamabad	1,731,372	-	-	-	-	1,731,372	-
AJK including Gilgit-Baltistan	-	-	-	-	-	-	-
Total	147,788,657	85,723,611	57,016,363	36,682	7,680	5,003,321	1,000

(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

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 DVOI 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.

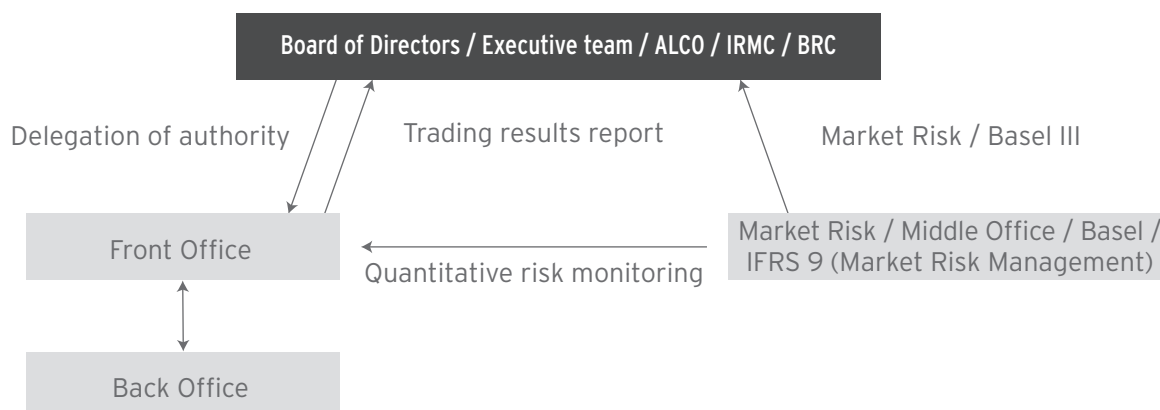
#### 43.2.7 Scope and nature of Risk Reporting

- 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)					
2021			2020		
Banking Book	Trading Book	Total	Banking Book	Trading Book	Total
Cash and balances with treasury banks					
7,839,066	-	7,839,066	7,422,652	-	7,422,652
Balances with other banks					
1,070,975	-	1,070,975	1,320,136	-	1,320,136
Lendings to financial institutions					
5,907,587	-	5,907,587	9,935,566	-	9,935,566
Investments					
4,307,062	89,668,341	93,975,403	5,326,842	62,562,861	67,889,703
Advances					
81,177,176	-	81,177,176	65,635,390	-	65,635,390
Fixed assets					
2,981,656	-	2,981,656	1,939,123	-	1,939,123
Intangible assets					
592,247	-	592,247	141,901	-	141,901
Deferred tax assets					
1,218,277	-	1,218,277	364,747	-	364,747
Other assets					
6,377,129	-	6,377,129	4,347,185	-	4,347,185
<b>111,471,175</b>	<b>89,668,341</b>	<b>201,139,516</b>	<b>96,433,542</b>	<b>62,562,861</b>	<b>158,996,403</b>

#### 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)			
	2021			
	Assets	Liabilities	Off-balance sheet items	exposure
Pakistan Rupee	195,414,955	(174,886,403)	(840,423)	19,688,129
United States Dollar	4,032,969	(9,349,101)	-	(5,316,132)
Great Britain Pound Sterling	658,296	(674,425)	410,654	394,525
Euro	550,863	(60,208)	-	490,655
Japanese Yen	30,107	-	429,769	459,876
Other currencies	452,326	(268,953)	-	183,373
	201,139,516	(185,239,090)	-	15,900,426



	(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)			
	2021		2020	
	Banking Book	Trading Book	Banking Book	Trading Book
Impact of -1% change in foreign exchange rates on				
- Profit and loss account	(2,532)	-	(5,865)	-
- 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)			
	2021		2020	
	Banking Book	Trading Book	Banking Book	Trading Book
Impact of -5% change in equity prices on				
- Profit and loss account	-	-	-	12,400
- Other comprehensive income	-	67,267	-	78,232

#### 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)			
	2021		2020	
	Banking Book	Trading Book	Banking Book	Trading Book
Impact of 1% change in interest rates				
- Profit and loss account	575,593	-	520,368	-
- Other comprehensive income	-	(2,722,160)	-	(2,389,012)

#### 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)											
2021											
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	-	7,839,066	-	-	-	-	-	-	-	-	7,839,066
Balances with other banks	8.25%	1,070,975	-	-	-	-	-	-	-	-	1,070,975
Lending to financial institutions	7.17%	5,907,587	4,980,038	927,549	-	-	-	-	-	-	-
Investments	8.41%	93,975,403	18,467,805	29,406,253	23,260,280	3,152,378	6,782,664	7,960,767	3,587,861	12,057	1,345,338
Advances	8.60%	81,177,176	9,096,285	39,394,074	14,841,660	4,583,046	862,715	1,159,913	5,592,847	5,214,673	431,963
Other assets		6,377,129	-	-	-	-	-	-	-	-	6,377,129
		196,347,336	32,544,128	69,727,876	38,101,940	7,735,424	7,645,379	9,120,680	9,180,708	5,226,730	431,963
											16,632,508
Liabilities											
Bills payable		903,059	-	-	-	-	-	-	-	-	903,059
Borrowings	7.30%	93,019,209	20,712,789	62,276,574	1,544,500	1,417,688	46,106	105,324	3,013,216	3,880,676	22,336
Deposits and other accounts	7.13%	79,267,272	6,483,964	6,551,599	26,134,927	16,970,457	32,153	45,870	821	-	23,047,481
Liabilities against assets subject to finance lease		-	-	-	-	-	-	-	-	-	-
Subordinated debt		4,999,000	-	-	-	-	-	-	4,999,000	-	-
Other liabilities		7,050,550	-	-	-	-	-	-	-	-	7,050,550
		185,239,090	27,196,753	68,828,173	27,679,427	18,388,145	78,259	151,194	3,014,037	8,879,676	-
											31,023,426
On-balance sheet gap											
		11,108,246	5,347,375	899,703	10,422,513	(10,652,721)	7,567,120	8,969,486	6,166,671	(3,652,946)	431,963
											(14,390,918)
Off-balance sheet financial instruments											
Documentary credits and short-term trade-related transactions		10,911,755	-	-	-	-	-	-	-	-	10,911,755
Commitments in respect of:											
- forward foreign exchange contracts		162,938,155	-	-	-	-	-	-	-	-	162,938,155
- forward government securities transactions		492,275	-	-	-	-	-	-	-	-	492,275
Off-balance sheet gap		174,342,185	-	-	-	-	-	-	-	-	174,342,185
Total Yield/Interest Risk Sensitivity Gap		5,347,375	899,703	10,422,513	(10,652,721)	7,567,120	8,969,486	6,166,671	(3,652,946)	431,963	159,951,267
Cumulative Yield/Interest Risk Sensitivity Gap		5,347,375	6,247,078	16,669,591	6,016,870	13,583,990	22,553,476	28,720,147	25,067,201	25,499,164	185,450,431



(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%	1,320,136	-	-	-	-	-	-	-	-	-	1,320,136
Lending to financial institutions	8.53%	9,935,566	9,935,566	-	-	-	-	-	-	-	-	-
Investments	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	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		4,347,185	-	-	-	-	-	-	-	-	-	4,347,185
		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)
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#### Off-balance sheet financial instruments

Documentary credits and short-term trade-related transactions	9,575,999	-	-	-	-	-	-	-	-	-	-	9,575,999
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#### 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
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#### 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
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#### 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
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#### Reconciliation to total assets

##### Total assets as per balance sheet

December 31, 2021	December 31, 2020
201,139,516	158,996,403

##### Less: Non financial assets

##### Fixed assets

##### Intangible assets

##### Deferred tax assets - net

2,981,656	1,939,123
592,247	141,901
1,218,277	364,747
4,792,180	2,445,771

##### Total financial assets

196,347,336	156,550,632
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### 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.

### 42.3.1 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 is 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 strengthen the Information Security controls for Bank's information assets, SBL has taken defense-in-depth 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, which is periodically 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.

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

(Rupees in '000)													
2021													
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	7,839,066	-	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	1,070,975	-	-	-	-	-	-	-	-	-	-	-	-
Lending to financial institutions	5,907,587	4,980,038	-	-	-	927,549	-	-	-	-	-	-	-
Investments	93,975,403	-	-	1,290,692	-	-	25,196	3,152,378	1,345,338	22,647,161	8,616,562	9,470,261	47,427,815
Advances	81,177,176	2,077,777	3,027,033	4,766,842	9,517,971	8,734,557	18,598,774	4,354,423	5,977,128	2,887,431	1,646,679	10,960,255	6,790,872
Fixed assets	2,981,656	-	-	579	1,053	1,053	9,926	12,388	12,388	94,309	142,137	453,518	2,254,305
Intangible assets	592,247	-	-	114	209	209	1,972	2,461	2,461	18,733	28,233	90,082	447,773
Deferred tax assets	1,218,277	-	-	-	-	-	-	-	346,110	557,218	-	178,067	136,882
Other assets	6,377,129	-	-	6,152,389	-	4,609	41,758	-	82,816	8,677	12,382	74,498	-
	201,139,516	10,747,475	7,057,815	12,210,616	9,519,233	9,667,977	18,677,626	7,521,650	7,766,241	26,213,529	10,445,993	21,226,681	57,057,647
Liabilities													
Bills payable	903,059	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	93,019,209	9,264,842	491,546	10,956,401	41,556,474	20,720,100	1,544,500	-	1,417,688	46,106	105,324	3,035,553	3,880,675
Deposits and other accounts	79,267,272	3,911,845	4,785,821	6,116,353	6,858,557	7,178,497	11,520,393	10,127,260	9,913,825	4,102,334	4,116,051	8,141,184	-
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-	-	-	-
Subordinated debt	4,999,000	-	-	-	-	-	-	-	-	-	-	-	4,999,000
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	7,050,550	-	-	3,150,019	-	2,111,060	138,600	-	474,850	-	-	1,176,021	-
	185,239,090	13,176,687	5,277,367	20,222,773	48,415,031	30,009,657	13,203,493	10,127,260	11,806,363	4,148,440	4,221,375	12,352,758	8,879,675
Net assets	15,900,426	7,349,264	(2,250,334)	(8,012,157)	(38,895,798)	(20,341,680)	5,474,133	(2,605,610)	(4,040,122)	22,065,089	6,224,618	8,873,923	48,177,972
Share capital													
Reserves	10,082,387												
Unappropriated profit	2,729,919												
(Deficit) / Surplus on revaluation of assets	3,622,890												
	(534,770)												
	15,900,426												



[illegible]

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

(Rupees in '000)									
2021									
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
<b>Assets</b>									
Cash and balances with treasury banks	7,839,066	3,106,838	1,143,089	812,594	1,287,732	368,649	369,412	750,752	-
Balances with other banks	1,070,975	1,070,975	-	-	-	-	-	-	-
Lending to financial institutions	5,907,587	4,980,038	927,549	-	-	-	-	-	-
Investments	93,975,403	1,290,692	-	25,196	4,497,716	22,647,161	8,616,562	9,470,261	47,427,815
Advances	81,177,176	11,709,086	18,252,528	18,598,774	10,331,551	2,887,431	1,646,679	10,960,255	6,357,215
Fixed assets	2,981,656	578	2,106	9,926	24,777	94,309	142,137	453,518	391,219
Intangible assets	592,247	115	418	1,972	4,921	18,733	28,233	90,082	77,708
Deferred tax assets	1,218,277	-	-	-	346,110	557,218	-	178,067	-
Other assets	6,377,129	6,152,389	4,609	41,758	82,816	8,677	12,382	74,498	-
	201,139,516	28,310,711	20,330,299	19,490,220	16,575,623	26,582,178	10,815,405	21,977,433	54,253,957
									2,803,690
<b>Liabilities</b>									
Bills payable	903,059	903,059	-	-	-	-	-	-	-
Borrowings	93,019,209	20,712,788	62,276,574	1,544,500	1,417,688	46,106	105,324	3,035,553	3,880,676
Deposits and other accounts	79,267,272	17,309,171	14,037,054	11,520,393	20,041,085	4,102,334	4,116,051	8,141,184	-
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-
Subordinated debt	4,999,000	-	-	-	-	-	-	4,999,000	-
Deferred tax liabilities	-	-	-	-	-	-	-	-	-
Other liabilities	7,050,550	3,150,019	2,111,060	138,600	474,850	-	-	1,176,021	-
	185,239,090	42,075,037	78,424,688	13,203,493	21,933,623	4,148,440	4,221,375	12,352,758	8,879,676
									--
<b>Net assets</b>									
	15,900,426	(13,764,326)	((58,094,389)	6,286,727	((5,358,000)	22,433,738	6,594,030	9,624,675	45,374,281
									2,803,690
<b>Share capital</b>									
Share capital	10,082,387								
Reserves	2,729,919								
Unappropriated / Unremitted profit	3,622,890								
(Deficit) / Surplus on revaluation of assets	(534,770)								
	15,900,426								



(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
<b>Assets</b>									
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	1,320,136	1,320,136	-	-	-	-	-	-	-
Lending to financial institutions	9,935,566	9,469,131	466,435	-	-	-	-	-	-
Investments	67,889,703	247,999	-	-	1,564,639	12,284,059	12,599,293	9,621,867	31,571,846
Advances	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	364,747	-	-	-	102,990	168,590	-	53,659	39,508
Other assets	4,347,185	3,842,132	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
<b>Liabilities</b>									
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
<b>Net assets</b>	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	10,082,387								
Reserves	1,031,623								
Unappropriated / Unremitted profit	3,747,887								
Surplus / (Deficit) on revaluation of assets	455,076								
	15,316,973								

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

(Rupees in '000)									
Liabilities	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	Above 10 years
Lease liability against right-of-use assets									
2021	1,266,506	-	-	15,969	7,120	46,176	209,829	150,060	837,352
2020	926,016	-	-	-	4,889	40,892	61,471	388,903	408,126
									21,735

#### 44 EVENTS AFTER THE REPORTING DATE

- 44.1** The Board of Directors of the Bank in its meeting held on February 3, 2022 has proposed a final cash dividend of Rs. 0.6 per share, i.e. 6% per share (2020: 0.75 per share, i.e. 7.5% per share) for the year ended December 31, 2021. This appropriation will be approved in the forthcoming Annual General Meeting. The financial statements of the Bank for the year ended December 31, 2021 do not include the effect of this appropriation which will be accounted for in the financial statements for the year ending December 31, 2022.
- 44.2** Subsequent to the year ended December 31, 2021, State Bank of Pakistan has granted in-principal approval to United Bank Limited (UBL) and Askari Bank Limited (AKBL) for conducting due diligence of Samba Bank Limited (SBL) in respect of acquisition of 84.51% shareholding of SBL, currently held by Saudi National Bank (SNB). The same has been communicated to the Pakistan Stock Exchange on January 26, 2022 and February 2, 2022 respectively. On December 21, 2021, SBL had received firm intention from consortium comprising the participating members of Management of Samba Bank Limited, Fatima Fertilizer Company Limited and Gulf Investment LLC, through its Manager to the Offer, Arif Habib Limited, to acquire 84.51% of paid up capital of SBL.

#### 45 DATE OF AUTHORISATION AND OTHERS

- 45.1** These financial statements were approved and authorised for issue on February 03, 2022 by the Board of Directors of the Bank.
- 45.2** Figures have been rounded off to the nearest thousand rupees.



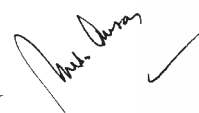
Chief Financial Officer



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, 2021

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				Principal written off	Interest / Mark-up written off / waived	Other financial relief provided	Total (9+10+11)
				Principal	Interest / Mark-up	Other than Interest / Mark-up	Total				
1	2	3	4	5	6	7	8	9	10	11	12
							(Rupees in '000)				
1	Haseeb Ahmed Qazi House # 2, ST # 16, Awais Garmi ST, New Pili Chaman Park, Fateh Garah, Lahore.	Haseeb Ahmad Qazi CNIC # 35201-3715975-3	Rasheed Ahmad Qazi	329	635	-	964	-	635	-	635
			TOTAL	329	635	-	964	-	635	-	635

### 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)							
<b>Owned Vehicles</b>							
Honda Civic AZC-901	2,452	1,618	834	1,873	1,040	Auction	Adnan Naseer Ahmed
Honda City BDN-813	1,541	1,022	519	1,470	951	Auction	Syed Sohail Wali
Honda Civic BBB-589	2,538	1,675	863	2,012	1,149	Auction	Syed Sohail Wali
Honda CD 70 Motor Cycle LZN-7610	68	45	23	23	-	Auction	Mubasher Khalid
Yamaha Motorcycle LRY-4559	62	41	21	21	-	Auction	Mubasher Khalid
Yamaha Motorcycle LZE 5604	59	39	20	20	-	Auction	Mubasher Khalid
	6,720	4,440	2,280	5,419	3,140		
<b>Furniture and fixtures</b>							
Sale of furniture from Multan Branch	605	603	2	12	10	Bidding	Sony Electronics
Sale of furniture from various branches and call center	1,277	1,277	-	101	101	Auction	Tayyab Traders Corporation
Sale of furniture from various branches	3,376	2,875	501	250	(251)	Bidding	Farhan & Company
Renovation work in Mall road branch (Branch relocate to Shadman, Lahore)	7,679	7,679	-	-	-	Write-off	Landlord of the Mall road branch
Renovation work at beach hut, Karachi	7,312	3,292	4,020	3,000	(1,020)	Settlement	Jubilee General Insurance
	20,249	15,726	4,523	3,363	(1,160)		
<b>Electrical, office and computer equipment / intangibles</b>							
Electrical Items - Multan Branch	326	326	-	51	51	Bidding	Sony Electronics
Donate Laptops to Progressive Education Network	250	229	21	21	-	Donation	Progressive Education Network
Electrical items-Variou branches	1,360	1,348	12	226	214	Disposal	Tayyab Traders Corporation
Electrical Items-Naqvi House Karachi	1,353	1,335	18	121	103	Auction	Tayyab Traders Corporation
Electrical Items-Gulberg branch Lahore	2,563	2,552	11	353	342	Auction	Mubasher Khaled
Electrical Items-Mall Road branch Lahore	567	564	3	1	(2)	Bidding	Farhan & Company
Electrical Items-Cavelry branch Lahore	623	623	-	-	-	Bidding	Farhan & Company
50 KVA Transformer sale to Owner of the Mall Road branch, Lahore	819	601	218	200	(18)	Disposal	Landlord of Mall road branch
	7,861	7,578	283	973	690		
<b>Land &amp; Building</b>							
Beach hut Karachi building Assets Write-off	2,042	2,042	-	-	-	Settlement of insurance Claim	Jubilee General Insurance
<b>Right of use of assets</b>							
Lease termination	179,233	60,635	118,598	145,441	26,843		
<b>2021</b>	<b>216,105</b>	<b>90,421</b>	<b>125,684</b>	<b>155,196</b>	<b>29,513</b>		
<b>2020</b>	<b>105,259</b>	<b>52,073</b>	<b>53,186</b>	<b>52,654</b>	<b>(531)</b>		

#### 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, 2021

Number of Shareholders	Shareholding		Total Shares
	From	To	
1,465	1	100	64,901
1,840	101	500	485,886
737	501	1,000	535,925
703	1,001	5,000	1,545,193
123	5,001	10,000	860,402
49	10,001	15,000	590,249
25	15,001	20,000	438,496
22	20,001	25,000	483,581
14	25,001	30,000	389,553
7	30,001	35,000	231,042
5	35,001	40,000	188,961
7	40,001	45,000	302,022
9	45,001	50,000	441,060
5	50,001	55,000	263,281
7	55,001	60,000	400,137
1	60,001	65,000	64,106
2	65,001	70,000	136,290
3	75,001	80,000	236,526
1	80,001	85,000	84,328
5	90,001	95,000	456,576
1	95,001	100,000	100,000
4	100,001	105,000	410,157
2	105,001	110,000	213,844
2	110,001	115,000	225,532
1	115,001	120,000	120,000
1	120,001	125,000	121,500
1	125,001	130,000	129,962
1	135,001	140,000	140,000
1	140,001	145,000	144,500
1	145,001	150,000	148,157
1	150,001	155,000	150,795
2	170,001	175,000	344,348
1	175,001	180,000	175,915
1	190,001	195,000	191,476
2	195,001	200,000	396,858
1	205,001	210,000	208,500
1	210,001	215,000	211,437
1	220,001	225,000	225,000
2	230,001	235,000	463,220
1	235,001	240,000	235,163
2	245,001	250,000	499,500
1	250,001	255,000	253,843
1	270,001	275,000	275,000
1	275,001	280,000	275,500
1	280,001	285,000	281,916
1	295,001	300,000	295,664
1	300,001	305,000	300,100
2	305,001	310,000	614,379
1	360,001	365,000	363,000
3	425,001	430,000	1,285,116
2	475,001	480,000	955,271
1	525,001	530,000	526,318
1	550,001	555,000	551,000
1	560,001	565,000	563,832
1	620,001	625,000	622,532
1	785,001	790,000	788,000
1	940,001	945,000	941,599
1	955,001	960,000	956,500
1	1,000,001	1,005,000	1,000,500
1	1,150,001	1,155,000	1,154,800
1	1,200,001	1,205,000	1,205,000
1	1,385,001	1,390,000	1,385,804
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	5,465,001	5,470,000	5,469,500
1	8,935,001	8,940,000	8,936,420
1	9,920,001	9,925,000	9,923,500
1	12,500,001	12,505,000	12,500,500
1	20,785,001	20,790,000	20,788,998
1	23,995,001	24,000,000	24,000,000
1	35,830,001	35,835,000	35,832,424
1	852,040,001	852,045,000	852,040,531
5,098			1,008,238,648



## Category of Shareholding

As At December 31, 2021

S. No.	Shareholding	Number of Shareholders	Number of Shares	%
1	Directors, Chief Executive Officer, and their spouse and minor children	7	62,043,505	6.15
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	19	1,673,981	0.17
7	Share holders holding 10%	1	852,040,531	84.51
8	General Public :			
	a. local	4,922	44,591,506	4.42
	b .Foreign	1	196	0.00
9	Others	121	45,198,106	4.48
Total (excluding shareholders holding 10%)		5,098	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	<b>Director</b> • Turkiye Finance Bank - Turkey • Tahbeer Limited Jafza, UAE
2	Mr. Shahid Sattar	1-Aug-13	President & CEO / Executive Director	• Board Risk Committee	<b>Director</b> • Instaplant (Pvt) Ltd - Pakistan
3	Mr. Aiman Gusti	27-Mar-19	Non-Executive Director	• Board Audit Committee • Board IT Committee	None
4	Mr. Humayun Murad	29-Mar-10	Non-Executive Director	• Board Risk Committee	<b>Director</b> • SAMAA Finance PSC, UAE • Index Exchange Co. LLC, UAE • SAMA Finance SAE, Egypt
5	Mr. Hussein Eid	21-May-21	Non-Executive Director	• Board Audit Committee • Board Nomination and Remuneration Committee	<b>Director</b> • ORYX Regional Private Equity Fund Company Kingdom of Bahrain • SIJIL Company - Kingdom of Saudi Arabia
6	Mr. Timour Pasha	27-Mar-19	Non-Executive Director	• Board Risk Committee	None
7	Hafiz Mohammad Yousaf	20-Aug-19	Independent Director	• Board Audit Committee • Board Nomination and Remuneration Committee	<b>Director</b> • Kot Addu Power Company Limited - Pakistan • Pakistan Security Printing Corporation - Pakistan • Security Papers Limited - Pakistan
8	Mr. Tariq Javed	27-Dec-19	Independent Director	• Board IT Committee	<b>CEO</b> • Carlyle Square Consultancy SPC/FZCO
9	Ms. Zeeba Ansar	16-Jun-21	Independent Director	• Board Risk Committee	<b>Director</b> • Cherat Cement Company Limited - Pakistan • Gul Ahmed Textile Mills Limited - Pakistan

# Information as required under Code of Corporate Governance

AS AT DECEMBER 31, 2021

Shareholders' category	Number of shares held	%
<b>i. Associated Companies, Undertakings and Related Parties</b>		
SAMBA FINANCIAL GROUP	852,040,531	84.51
<b>ii. Mutual Funds</b>		
M/S. ASIAN STOCKS FUND LIMITED	99	0.00
M/S. SAFEWAY FUND LIMITED	263	0.00
CDC - TRUSTEE AKD OPPORTUNITY FUND	275,000	0.03
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1,385,804	0.14
<b>iii. Directors, CEO and Their Spouse(s) and minor children</b>		
SOHAIL ANSAR /ZEEBA ANSAR	1,000	0.00
HUMAYUN MURAD	1,281	0.00
SHAHID SATTAR	1,154,800	0.11
SHUJAAT NADEEM	59,832,424	5.93
HAFIZ MOHAMMAD YOUSAF	1,000,500	0.10
TARIQ JAVED	53,500	0.01
<b>iv. Executives*</b>	57,014	0.01
<b>v. Public Sector Companies and Corporations</b>	2,635,899	0.26
<b>vi. Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Takaful, Modaraba and Pension Funds</b>	664,974	0.07
<b>vii. NIT &amp; ICP</b>	25,297	0.00
<b>viii. General Public</b>		
a. Local	44,534,492	4.42
b. Foreign	196	0.00
<b>ix. Others</b>	44,575,574	4.42
	<u>1,008,238,648</u>	<u>100.00</u>
<b>x. Shareholders Holding five percent or more Voting Rights in the Listed Company</b>		
SAMBA FINANCIAL GROUP	852,040,531	84.51
SHUJAAT NADEEM	59,832,494	5.93

During the year, Dr. Shujaat Nadeem, Chairman - Board has purchased ten million shares of the Bank and three directors namely Hafiz Mohammad Yousaf, Mr. Tariq Javed and Ms. Zeeba Ansar have individually purchased one million, fifty three thousand and one thousand shares of the Bank respectively. Furthermore, the spouses of the executives namely Mr. Muhammad Yousuf and Mr. Khalid Zafar have individually purchased two thousand and fifty five thousand shares of the Bank respectively.

## \*Executives of the Bank








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










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\*Mobile apps are also available for download for android and ios devices



# Samba Bank Limited

## Form of Proxy

### 19<sup>th</sup> 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 1:00 p.m. on Monday, the 28th February 2022, at Hotel Serena, Islamabad and at any adjournment thereof.

As witness my / our hand / seal this \_\_\_\_\_ day of \_\_\_\_\_ 2022.

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, 2<sup>nd</sup> 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

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

# سامبا بینک لمیٹڈ

## پراسی فارم

انیسواں 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 1:00 بجے دوپہر، بروز پیر 28 فروری 2022، بمقام سیرینا ہوٹل، 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 \_\_\_\_\_ 2022۔

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 پراسی 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 پراسی 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 پراسی مقرر کی ہو یا بینک کے کسی ممبر کی جانب سے ایک سے زائد دستاویز جمع کروائی گئی ہوں، ایسی تمام پراسی 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۔ پراسی فارم ان افراد سے تصدیق شدہ ہوں جن کے نام، پتے اور کمپیوٹرائزڈ شناختی کارڈ نمبرز فارم پر درج ہوں۔
- ii۔ پراسی کی یا بینفشل اونر کمپیوٹرائزڈ شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ کاپی پراسی فارم کے ساتھ منسلک کریں۔
- iii۔ اجلاس کے وقت پراسی 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 پراسی فارم کے ساتھ جمع کروانی ہوگی۔



ڈاک ٹکٹ  
چسپاں  
کریں

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 1:00 p.m, February 28<sup>th</sup>, 2022

Hotel Serena, 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 28 فروری، 2021، دوپہر 1:00 بجے  
بمقام سیرینا ہوٹل، 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