

Samba Bank Limited

Half Yearly Report June 30, 2022



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World class banking solutions
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samba bank  سامبا بینک

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OUR BRANCH NETWORK

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

Karachi

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

Lahore

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

Islamabad

Jinnah Avenue
F-11
F-7
DHA Phase II

Rawalpindi

Murre Road
Bahria Town

Wah Cantt.

Wah Cantt.

Gujranwala

G.T Road

Faisalabad

Liaquat Road
Susan Road

Multan

Nusrat Road

Sialkot

Paris Road

Peshawar

Peshawar Cantt.

Quetta

M.A Jinnah Road

Gwadar

Airport Road

AJK - Bagh

Bagh

Jhelum

Jhelum Cantt.

Nowshera

Rashakai

COMPANY INFORMATION

Board of Directors

Dr. Shujaat Nadeem
Mr. Ahmad Tariq Azam*
Mr. Shahid Sattar**
Mr. Aiman Gusti
Mr. Humayun Murad
Mr. Hussein Eid
Mr. Timour Pasha
Hafiz Mohammad Yousaf
Mr. Tariq Javed***
Ms. Zeeba Ansar

Chairman/Non-Executive Director
Acting President & CEO/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. Aiman Gusti
Mr. Hussein Eid

Chairman
Member
Member

Board Risk Committee

Mr. Timour Pasha
Mr. Humayun Murad
Ms. Zeeba Ansar
Mr. Shahid Sattar**
Mr. Ahmad Tariq Azam*

Chairman
Member
Member
Member
Member

Board Nomination & Remuneration Committee

Hafiz Mohammad Yousaf
Dr. Shujaat Nadeem
Mr. Hussein Eid

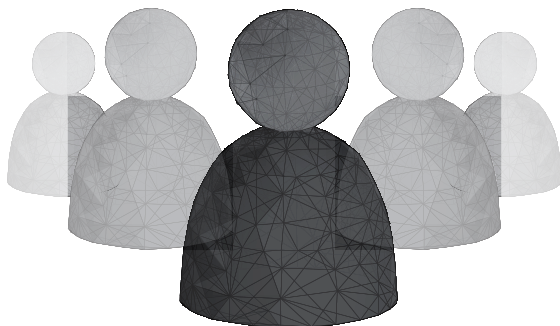
Chairman
Member
Member

Board IT Committee

Dr. Shujaat Nadeem
Mr. Aiman Gusti
Mr. Tariq Javed***

Chairman
Member
Member

* Appointed w.e.f. August 1, 2022
** Retired w.e.f. July 31, 2022
*** Resigned w.e.f. July 31, 2022



President & Chief Executive Officer

Mr. Ahmad Tariq Azam* (Acting)

Company Secretary

Syed Zia-ul-Husnain Shamsi

Chief Financial Officer

Mr. Rashid Jahangir

Auditors

KPMG Taseer Hadi & Co. Chartered Accountants

Legal Advisors

Mohsin Tayebaly & Co. Advocates & Legal Consultants

Head Office

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

Registered Office

1st Floor, 19-Saleem Plaza, Blue Area, Jinnah Avenue,
Islamabad - Pakistan.

Share Registrar

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

Website

www.samba.com.pk

Helpline

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

Credit Rating by VIS

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

DIRECTORS' REPORT

On behalf of the Board of Directors, we are pleased to present the financial results of the Bank for the half year ended June 30, 2022.

Economic Highlights

Pakistan economy during the fiscal year 2022 posted a real GDP growth of 5.97% which was supported by robust growth in agriculture, industry and services by 4.4%, 7.2% and 6.2% respectively.

On the external front, current account posted a deficit of \$17.4 billion for FY 2022 as against deficit of \$2.8 billion in last year. Deficit has broadened due to constantly growing import volumes of both energy and non-energy commodities. Exports of goods and services increased by 25% to reach at US\$ 39.42 billion as against US\$ 31.58 billion in corresponding period last year which was over shadowed by increased Imports of goods and services by 34%.

Similarly the head line inflation surged to 21.3% (YoY) in June 2022 from 12.3% (YoY) in December 2021. The significant rise in inflation is due to withdrawal of subsidies on fuel, electricity, as well as global commodity prices and rapidly depreciation of PKR against USD. In light of above State Bank of Pakistan has cumulatively raised its policy rate by 5.25% to 15% to moderate demand at viable pace.

Operating profit
Provisions
Profit before taxation
Taxation charge
Profit after taxation
Earnings per share - PKR

(Rupees in millions)	
Six months ended 2022	Six months ended 2021
887	1,236
(273)	(1,033)
614	203
(275)	(82)
339	121
0.34	0.12

During the period under review, Net Interest Income increased by 2% over the corresponding period of last year. The growth in markup income was subdued primarily due to increase in markup expense on liabilities as a result of Policy Rate hike whereas lagged increase in markup income on earning assets due to inherent nature of lending operations. In non-interest Income, FX income registered growth of ~2.5x over similar period last year and closed at Rs. 629 million, however this growth was partially offset by capital loss on disposal of shares due to persistent decline in stock exchange. Operating expenses for six months ended June 2022 were higher by 18% over similar period last year. This increase is in line with inflation, devaluation of rupee and expenses incurred on new initiatives such as Digital banking, Islamic banking and Agriculture Finance etc.

The bank is continuously right sizing the strategic mix of earning assets vis-à-vis credit risk, deposits and low cost borrowings. In the wake of rising interest rate scenario momentum has shifted towards mobilization of low cost deposit and reduction in borrowing. Assets base of the bank grew by Rs. 4.40 billion (i.e. 2%) over December 31, 2021 position and stood at Rs. 205.54 billion as at June 30, 2022. Investments decreased by Rs. 3.52 billion (i.e. -4%) whereas, Advances increased by Rs. 4.70 billion (i.e. 6%) over year end position.

Deposits book continued the growth momentum and closed at Rs. 86.24 billion registering an increase of 9% over December 2021 position. The Bank has continued its efforts to improve low cost deposit mix by mobilizing medium to small ticket deposits. Accordingly, CASA mix has improved from 53.3% on December 31, 2021 to 56.4% on June 30, 2022. Despite increase of 400bps in policy rate, cost of deposits has been restricted at 7.01%.

Credit Rating

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

SNB's Strategic Review

In September 2021, SNB announced to conduct strategic review of its investment in the Bank, that included potential merger, acquisition, divestment or restructuring. Consequently, on October 05, 2021 SNB intimated its intention for divestment of its shareholding in the Bank. On November 30, 2021, the State Bank of Pakistan granted approval to SNB and its advisors, due diligence team, to undertake due diligence of the Bank, subject to compliance with applicable laws, rules and regulations. During the period on May 18, 2022, SNB announced that following the completion of due diligence and an exploration of the sale of its shareholding in the Bank, the parent company is terminating the process of sale of SNB's equity stake in Samba Bank Limited.

Future outlook

International Monetary Fund (IMF) and Pakistan authorities have entered into staff level agreement on policies to complete the ongoing EFF (Extended Fund Facility) review for USD\$ 1.17 billion, bringing total disbursements under the program to USD\$ 4.2 billion. The agreement is subject to approval by the IMF's executive board. Deposits from friendly countries and revival of IMF program will certainly boost forex reserves. Pakistan Economy needs to address macro-economic and fiscal imbalances which might result in curtailment of GDP growth. World bank has also downgraded projected growth rate to 4% in FY 2023.

Acknowledgement


The Board wishes to place on record its sincerest appreciation for Bank's retiring President & CEO Mr. Shahid Sattar, whose leadership, commitment and work ethic took the Bank to new heights and turned it around into a stable and profitable franchise.

We wish to express 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,


Ahmad Iqbal Azam
President & Chief Executive Officer (Acting)

August 22, 2022
Karachi


Hafiz Mohammad Yousaf
Director

مستقبل کا جائزہ :

عالمی مالیاتی فنڈ (آئی ایم ایف) اور پاکستانی حکام کے مابین سٹاف لیول کا معاہدہ طے پا گیا ہے۔ جس کے تحت 1.17 بلین امریکی ڈالر کے جاری شدہ ایکسٹینڈڈ فنڈ فیسیلیٹی (Extended Fund Facility-EFF) کے جائزے کی تکمیل کے لیے پالیسوں پر اتفاق کیا گیا۔ جس سے اس پروگرام کے تحت وصول شدہ رقم کا کل حجم 4.2 بلین امریکی ڈالر تک پہنچ جائے گا۔ یہ معاہدہ آئی ایم ایف کے ایگزیکٹو بورڈ کی منظوری سے مشروط ہے۔ دوست ممالک سے وصول ہونے والی رقوم اور آئی ایم ایف کے پروگرام کی بحالی سے زرمبادلہ کے ذخائر کو یقینی طور پر تقویت ملے گی۔ پاکستانی کی معیشت کو اپنے وسیع معاشی اور مالی عدم توازن کو درست کرنے کی ضرورت ہے جس سے جی ڈی پی کی نمو میں تخفیف بھی ہو سکتی ہے۔ عالمی بینک نے بھی سال 2023ء کے لیے جی ڈی پی کی متوقع ترقی کا تخمینہ 4 فیصد لگایا ہے۔

اظہار تشکر

بورڈ اس امر کو ریکارڈ کا حصہ بنانا چاہتا ہے کہ وہ، بینک کے ریٹائر ہونے والے پریزیڈنٹ اور چیف ایگزیکٹو آفیسر جناب شاہد ستار کی خدمات کا صدق دل سے معترف ہے جن کی قیادت، عزم اور کام کے معیار و لگن نے بینک کو نئی بلندیوں کی طرف گامزن کر دیا اور اس کو ایک مستحکم اور منافع بخش ادارے میں تبدیل کر دیا۔

ہم اپنے صارفین و کاروباری شراکت داروں اور حصص یافتگان کے اعتماد اور خلوص پر ان کے نہایت مشکور ہیں۔ بورڈ آف ڈائریکٹرز اور بینک کی انتظامیہ بینک دولت پاکستان، فیڈرل بورڈ آف ریونیو، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور دیگر ضابطہ جاتی اداروں کی رہنمائی اور تعاون پر ان کے شکر گزار ہیں۔ اس کے علاوہ

ہم اپنے بینک کے تمام ملازمین کی تہہ دل سے حوصلہ افزائی کرتے ہیں جن کی لگن، عزم اور ٹیم ورک نے بینک کو ایک کامیاب ادارے میں تبدیل کر دیا ہے۔

بورڈ آف ڈائریکٹرز کی جانب سے



حافظ محمد یوسف
ڈائریکٹر



احمد طارق اعظم
پریزیڈنٹ اور چیف ایگزیکٹو آفیسر

22 اگست 2022ء

کراچی

اس زیر تجزیہ مدت کے دوران، خالص انٹرسٹ آمدنی میں گزشتہ سال کے تقابلی عرصہ سے 2 فیصد کا اضافہ دیکھا گیا۔ مارک اپ آمدنی میں نمک و اجبات سے متعلقہ مارک اپ اخراجات پالیسی ریٹ کے بڑھنے کے سبب ہونے والے اضافے نے ماند کر دیا۔ جبکہ پیداواری اثاثہ جات سے حاصل ہونے والی آمدنی میں قرض کے کاروبار کی فطری نوعیت کی بدولت قدرے سست روی دیکھی گئی۔ غیر مارک اپ آمدنی میں، غیر ملکی زرمبادلہ کی آمدنی گزشتہ سال کے مماثلتی عرصہ سے 2.5 گنا کے اضافے کے ساتھ 629 ملین روپے رہی۔ تاہم، اسٹاک ایکسچینج میں جاری مسلسل تنزلی کے باعث حصص کی فروخت سے ہونے والے کیپٹل نقصان نے آمدنی میں اضافے کے عمل کو کسی قدر زائل کر دیا۔ کاروباری اخراجات، گزشتہ سال کے تقابلی عرصہ سے جون 2022ء کو اختتام پذیر ششماہی تک 18 فیصد کی شرح سے بڑھ گئے۔ یہ اضافہ افراط زر، روپے کی قدر میں تنزلی اور ڈیجیٹل بینکنگ، اسلامک بینکنگ اور زرعی قرضہ جات کے فروغ کے لیے اٹھائے گئے اقدامات کے باعث ہوا۔

بینک اپنے پیداواری اثاثہ جات کی دانشمندانہ ترکیب اور اس کے ساتھ کریڈٹ خدشات اور کم لاگت کے قرضہ جات کے حجم کو مسلسل موزوں بنا رہا ہے۔ بڑھتے انٹرسٹ ریٹ کی صورت حال کے تناظر میں کم لاگت کے ڈیپازٹس اور حاصل شدہ قرضہ جات میں کمی کے رجحان کے باعث اثاثہ جات کی اساس 31 دسمبر 2021ء کی صورت حال سے 4.40 بلین روپے (تقریباً 2 فیصد) کے اضافے کے ساتھ 30 جون 2022ء تک 205.54 بلین روپے تک جا پہنچی۔ سرمایہ کاری میں 3.52 بلین روپے (یعنی 4 فیصد) کی کمی ہوئی جبکہ قرضہ جات سال کی اختتامی پوزیشن سے 4.70 بلین روپے کے اضافے کے ساتھ (یعنی 6 فیصد) پر شمار کیے گئے۔ ڈیپازٹس میں اضافے کی تحریک کا تسلسل برقرار رہا جو کہ دسمبر 2021ء کی پوزیشن سے 9 فیصد کے اضافے کے ساتھ 86.24 بلین روپے پر درج کیے گئے۔ بینک نے ڈیپازٹس کے چھوٹے حجم کے فروغ کے ذریعہ کم لاگت کے ڈیپازٹس کی ترکیب کو بہتر بنانے کا عمل بھی جاری رکھا۔ چنانچہ، (CASA) کی ترکیب 31 دسمبر 2021ء 53.3 فیصد سے بہتر ہو کر 30 جون 2022ء تک 56.4 فیصد پر پہنچ گئی۔ پالیسی ریٹ میں 400 بی پی ایس کے اضافے کے باوجود ڈیپازٹس کی لاگت کو 7.01 فیصد پر محدود رکھا گیا۔

کریڈٹ ریٹنگ

معروف کریڈٹ ایجنسی، وی آئی ایس کریڈٹ ریٹنگ کمپنی لمیٹڈ نے بینک کو مستحکم پیش بینی کے ساتھ، (A-1/AA) ڈبل اے کے درجہ پر برقرار رکھا ہے۔ یہ طویل اور قلیل المدتی درجہ بندیاں بینک کے اعلیٰ قرضہ جاتی معیار اور اس کے ساتھ اس کے مناسب محافظت کے عوامل اور اپنی مضبوط سیال پذیری (لیکوڈیٹی) کی بدولت اپنی تمام تر مالیاتی ذمہ داریوں کی بروقت انجام دہی کی ٹھوس صلاحیت کا مظہر ہیں۔

سعودی نیشنل بینک (ایس این بی) کا اسٹریٹجک تجزیہ

ستمبر 2021ء کے دوران سعودی نیشنل بینک نے اپنی سرمایہ کاری کا اسٹریٹجک جائزہ لیا۔ جس میں ممکنہ انضمام، حصول، سرمایہ کاری کے اختتام اور تنظیم نو جیسے عوامل شامل تھے۔ چنانچہ، 05 اکتوبر 2021ء کو سعودی نیشنل بینک نے بینک کے حصص میں اپنی سرمایہ کاری کی واپسی کا عندیہ دیا۔ 30 نومبر 2021ء کو اسٹیٹ بینک آف پاکستان نے بینک اور اس کے مشیران، ڈیوڈ پلیننس (Due Diligence) ٹیم کو تمام مطلقہ قوانین، شرائط و ضوابط کی منظوری سے مشروط، بینک کی ڈیوڈ پلیننس کے عمل کو اختیار کرنے کی اجازت دی۔ اسی اثناء میں 18 مئی 2022ء کو سعودی نیشنل بینک نے اس امر کا اعلان کیا کہ ڈیوڈ پلیننس کے مکمل ہونے اور بینک میں اپنے حصص کی فروخت کا موقع جانچنے کے بعد ملکیتی کمپنی نے سامبا بینک لمیٹڈ میں سعودی نیشنل بینک کے موجود حصص کی فروخت کے عمل کو منسوخ کر دیا ہے۔

ڈائریکٹرز کی رپورٹ

بورڈ آف ڈائریکٹرز کی جانب سے ہم، بینک کے 30 جون 2022ء کو اختتام پذیر ششماہی کے مالیاتی نتائج پیش کرتے ہوئے، نہایت مسرت محسوس کر رہے ہیں۔

معاشی جھلکیاں :

مالی سال 2022ء کے دوران پاکستان کی معیشت نے زراعت، صنعت اور خدمات کے شعبوں میں بالترتیب 4.4 فیصد، 7.2 فیصد اور 6.2 فیصد کی مضبوط ترقی کے بل پر، جی ڈی پی کے 5.9 فیصد کی حقیقی نمو کا اندراج کیا۔

بیرونی محاذ پر، کرنٹ اکاؤنٹ کا خسارہ گزشتہ سال کے 2.8 بلین امریکی ڈالر کی نسبت مالی سال 2022 تک 17.4 بلین امریکی ڈالر ز پر درج کیا گیا۔ خسارے میں اس اضافے کی وجہ توانائی و ایندھن اور غیر توانائی سے متعلقہ اشیاء کی درآمدات کے حجم میں اضافہ تھی۔ اشیاء و خدمات کی برآمدات گزشتہ سال کے 31.58 بلین امریکی ڈالر سے 25 فیصد کے اضافے کا اندراج کرتے ہوئے 39.42 بلین امریکی ڈالر پر جا پہنچیں۔ تاہم اشیاء و خدمات کی درآمدات میں 34 فیصد کے اضافے نے برآمدات میں ہونے والی اس مثبت پیش رفت کے اثر کو زائل کر دیا۔

اسی مناسبت سے نمایاں افراط زر، دسمبر 2021ء کی 12.3 فیصد کی شرح سے بڑھ کر جون 2022ء تک 21.3 فیصد کی شرح پر پہنچ گیا۔ افراط زر میں اس نمایاں اضافے کی وجہ تیل اور بجلی کی قیمتوں میں مراعات کا خاتمہ اور اشیاء کی عالمی قیمتیں اور اس کے ساتھ ساتھ ڈالر کے مقابلے میں روپے کی قدر میں فرسودگی تھی۔ ان عوامل کے پیش نظر، اسٹیٹ بینک آف پاکستان نے طلب کی رفتار کو معتدل رکھنے کے لیے اپنے پالیسی ریٹ کو مجموعی طور پر بڑھا کر اس کی شرح 5.25 فیصد سے 15 فیصد پر مقرر کی ہے۔

بینک کے کاروباری نتائج اور مالیاتی تجزیہ

بلین روپے	
ششماہی ختم شدہ 2021	ششماہی ختم شدہ 2022
1,236	887
(1,033)	(273)
203	614
(82)	(275)
121	339
0.12	0.340

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

Independent Auditor's Review Report

To the members of Samba Bank Limited

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Samba Bank Limited ("the Bank") as at 30 June 2022 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, condensed interim statement of cash flows, and notes to the condensed interim financial statements for the half year ended (here-in-after referred to as the "condensed interim financial statements"). Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of review

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

Conclusion

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

Other matters

The figures for the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended 30 June 2022 and 30 June 2021 have not been reviewed by us and we do not express a conclusion on them.

The engagement partner on the engagement resulting in this independent auditors' review report is Aryn Malik.

Karachi
Date: 24 August 2022
UDIN: RR202210096ReKz5Dmlr


KPMG Taseer Hadi & Co.
Chartered Accountants

Condensed Interim Statement of Financial Position

AS AT JUNE 30, 2022

	Note	(Rupees in '000)	
		June 30, 2022	December 31, 2021
		(Un-audited)	(Audited)
ASSETS			
Cash and balances with treasury banks	6	7,027,633	7,839,066
Balances with other banks	7	1,338,649	1,070,975
Lendings to financial institutions	8	5,247,493	5,907,587
Investments	9	90,455,584	93,975,403
Advances	10	85,876,074	81,177,176
Fixed assets	11	2,899,216	2,981,656
Intangible assets	12	613,058	592,247
Deferred tax assets	13	1,438,269	1,218,277
Other assets	14	10,644,060	6,377,129
		205,540,036	201,139,516
LIABILITIES			
Bills payable	15	1,433,239	903,059
Borrowings	16	87,384,438	93,019,209
Deposits and other accounts	17	86,239,635	79,267,272
Liabilities against assets subject to finance lease		-	-
Subordinated debt	18	4,998,000	4,999,000
Deferred tax liabilities		-	-
Other liabilities	19	10,379,925	7,050,550
		190,435,237	185,239,090
NET ASSETS		15,104,799	15,900,426
REPRESENTED BY:			
Share capital		10,082,387	10,082,387
Reserves		2,797,757	2,729,919
Deficit on revaluation of assets	20	(1,064,645)	(534,770)
Unappropriated profit		3,289,300	3,622,890
		15,104,799	15,900,426
CONTINGENCIES AND COMMITMENTS			
	21		

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


Chief Financial Officer


President & Chief Executive Officer


Director


Director


Chairman

Condensed Interim Profit and Loss Account (Un-Audited)

FOR THE QUARTER AND HALF YEAR ENDED JUNE 30, 2022

		(Rupees in '000)			
		Quarter ended		Half Year ended	
Note		June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Mark-up / Return / Interest Earned	22	5,163,726	3,356,847	9,603,441	6,393,858
Mark-up / Return / Interest Expensed	23	4,145,625	2,238,560	7,499,304	4,336,993
Net Mark-up/ Interest Income		1,018,101	1,118,287	2,104,137	2,056,865
Non Mark-up / Interest Income					
Fee and commission income	24	111,331	119,232	215,153	238,711
Dividend income		8,085	13,935	29,063	35,535
Foreign exchange income		442,854	73,098	629,258	182,805
Income / (loss) from derivatives		-	-	-	-
(Loss) /gain on securities	25	(189,580)	252,425	(172,097)	358,467
Other income	26	1,865	78	5,972	100
Total non-markup / interest Income		374,555	458,768	707,349	815,618
Total Income		1,392,656	1,577,055	2,811,486	2,872,483
Non Mark-Up / Interest Expenses					
Operating expenses	27	968,528	817,273	1,910,239	1,621,587
Workers' Welfare Fund		4,000	14,500	12,800	14,500
Other charges	28	-	330	1,303	520
Total non-markup / interest expenses		972,528	832,103	1,924,342	1,636,607
Profit Before Provisions		420,128	744,952	887,144	1,235,876
(Provisions) / reversal and write offs - net	29	(211,604)	7,231	(273,274)	(1,032,986)
Extra ordinary / unusual items		-	-	-	-
Profit Before Taxation		208,524	752,183	613,870	202,890
Taxation	30	(113,340)	(295,077)	(274,679)	(81,506)
Profit After Taxation		95,184	457,106	339,191	121,384
		(Rupees)			
Earnings per share - basic and diluted	31	0.09	0.45	0.34	0.12

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


Chief Financial Officer


President & Chief Executive Officer


Director


Director


Chairman

Condensed Interim Statement of Comprehensive Income (Un-Audited)

FOR THE QUARTER AND HALF YEAR ENDED JUNE 30, 2022

	(Rupees in '000)			
	Quarter ended		Half Year ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Profit after taxation for the period	95,184	457,106	339,191	121,384
Other comprehensive income / (loss)				
Items that may be reclassified to profit and loss account in subsequent periods:				
Movement in (deficit) / surplus on revaluation of investments - net of tax	(363,790)	15,897	(529,875)	(256,633)
Total comprehensive (loss) / income	<u>(268,606)</u>	<u>473,003</u>	<u>(190,684)</u>	<u>(135,249)</u>

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


Chief Financial Officer


President & Chief Executive Officer


Director


Director


Chairman

Condensed Interim Cash Flow Statement (Un-Audited)

FOR THE HALF YEAR ENDED JUNE 30, 2022

	Note	(Rupees in '000)	
		Half Year ended June 30, 2022	Half Year ended June 30, 2021
CASH FLOW FROM OPERATING ACTIVITIES			
Profit / (Loss) before taxation		613,870	202,890
Less: Dividend income		(29,063)	(35,535)
		584,807	167,355
Adjustments:			
Depreciation	27	219,131	165,629
Amortisation of intangible assets	27	32,425	22,113
Provision and write-offs	29	273,274	1,032,986
Gain on sale of fixed assets	11.3	(5,967)	(77)
Interest expensed on lease liability against right of use assets	23	73,776	61,618
Interest expensed on debt securities	23	278,652	150,411
Gain on sale of securities - net	25	172,097	(359,574)
Unrealized (gain) / loss on revaluation of investments classified as held for trading	25	(396)	1,107
		1,042,992	1,074,213
		1,627,799	1,241,568
(Increase) / decrease in operating assets			
Lendings to financial institutions		660,094	(9,940,227)
Investments - held for trading securities		(348,143)	(3,457,579)
Advances		(5,167,101)	(8,843,425)
Others assets (excluding advance taxation)		(4,177,405)	(826,036)
		(9,032,555)	(23,067,267)
Increase / (decrease) in operating liabilities			
Bills Payable		530,180	(2,019,435)
Borrowings from financial institutions		(5,634,771)	22,052,392
Deposits and other accounts		6,972,363	3,315,177
Other liabilities (excluding current taxation)		3,397,690	1,594,465
		5,265,462	24,942,599
Income tax paid		(333,955)	(329,425)
Net cash flow generated from / (used in) operating activities		(2,473,249)	2,787,475
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments in securities		(3,022,542)	(8,858,970)
Dividends income		29,063	36,585
Investments in fixed assets and intangible assets		(157,759)	(206,482)
Proceeds from sale of fixed assets		7,441	86
Net cash flow from / (used in) investing activities		2,901,287	(9,028,781)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from issuance of debt securities		-	5,000,000
Contribution from share holder		-	-
Principal repayment of debt securities		(1,000)	-
Markup payment on debt securities		(220,379)	-
Dividend paid		(592,411)	(740,189)
Payments of lease liability against right of use assets		(158,007)	(129,631)
Net cash generated from / (used in) financing activities		(971,797)	4,130,180
Decrease in cash and cash equivalents during the period			
Cash and cash equivalents at beginning of the period		8,910,041	8,742,788
Cash and cash equivalents at end of the period			
		8,366,282	6,631,662

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


Chief Financial Officer


President & Chief Executive Officer


Director


Director


Chairman

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

FOR THE HALF YEAR ENDED JUNE 30, 2022

	(Rupees in '000)					
	Share Capital	Capital Reserve (a)	Statutory Reserve	Surplus/ (Deficit) on Revaluation of Investments	Unappropriated profit	Total
Balance as at December 31, 2020	10,082,387	20,935	1,010,688	455,076	3,747,887	15,316,973
Comprehensive income for the period						
Profit after taxation for the half year ended June 30, 2021	-	-	-	-	121,384	121,384
Other comprehensive loss						
Movement in (deficit) on revaluation of investments - net of tax	-	-	-	(256,633)	-	(256,633)
Transfer to statutory reserve	-	-	24,277	-	(24,277)	-
Transactions with owners recognized directly in equity						
Cash dividend for the year ended December 31, 2020 (Rs. 0.75 per ordinary share)	-	-	-	-	(756,179)	(756,179)
Balance as at June 30, 2021	10,082,387	20,935	1,034,965	198,443	3,088,815	14,425,545
Comprehensive income for the period						
Profit after taxation for the six months ended December 31, 2021	-	-	-	-	667,594	667,594
Other comprehensive loss						
Movement in (deficit) on revaluation of investments - net of tax	-	-	-	(733,213)	-	(733,213)
Transfer to statutory reserve	-	-	133,519	-	(133,519)	-
Contribution from shareholder (a)	-	1,540,500	-	-	-	1,540,500
Balance as at December 31, 2021	10,082,387	1,561,435	1,168,484	(534,770)	3,622,890	15,900,426
Comprehensive income for the period						
Profit after taxation for the period ended June 30, 2022	-	-	-	-	339,191	339,191
Other comprehensive loss						
Movement in (deficit) on revaluation of investments - net of tax	-	-	-	(529,875)	-	(529,875)
Transfer to statutory reserve	-	-	67,838	-	(67,838)	-
Transactions with owners recognized directly in equity						
Cash dividend for the year ended December 31, 2021 (Rs. 0.6 per ordinary share)	-	-	-	-	(604,943)	(604,943)
Balance as at June 30, 2022	10,082,387	1,561,435	1,236,322	(1,064,645)	3,289,300	15,104,799

(a) This represents amount received by the Bank 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.

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


Chief Financial Officer


President & Chief Executive Officer


Director


Director


Chairman

Notes to and Forming Part of the Financial Statements

FOR THE HALF YEAR ENDED JUNE 30, 2022

1 STATUS AND NATURE OF BUSINESS

- 1.1** Samba Bank Limited (the Bank) is a banking company incorporated in Pakistan and is engaged in commercial banking and related services. The Bank is listed on the Pakistan Stock Exchange Limited. Its principal office is located at Ground Floor, Arif Habib Centre, M.T. Khan Road, Karachi, whereas, the registered office of the Bank is located at 1st Floor, 19 - Saleem Plaza, Blue Area, Jinnah Avenue, Islamabad. The Bank operates 44 branches (December 31, 2021: 44 branches) inside Pakistan.

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

In September 2021, SNB announced to conduct strategic review of its investment in the Bank, that included potential merger, acquisition, divestment or restructuring. Consequently, on October 05, 2021 SNB intimated its intention for divestment of its shareholding in the Bank. On November 30, 2021, the State Bank of Pakistan granted approval to SNB and its advisors, due diligence team, to undertake due diligence of the Bank, subject to compliance with applicable laws, rules and regulations. During the period on May 18, 2022, SNB announced that following the completion of due diligence and an exploration of the sale of its shareholding in the Bank, the parent company is terminating the process of sale of SNB's equity stake in Samba Bank Limited due to the considerable uncertainty in current market conditions.

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

2 BASIS OF PRESENTATION

2.1 STATEMENT OF COMPLIANCE

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

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

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

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

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

As per the SBP's BPRD Circular no. 3 dated July 05, 2022, IFRS 9 - Financial Instruments has been made applicable to Banks in Pakistan for accounting periods beginning on or after:

- January 01, 2023 for banks having asset size of Rs. 500 billion or above as at 31 December 2021; and
- January 01, 2024 for all other banks.

The impact of the application of IFRS 9 in Pakistan on the Bank's financial statements is being assessed.

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

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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



5 FINANCIAL RISK MANAGEMENT

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

		(Rupees in '000)	
		June 30, 2022	December 31, 2021
		(Un-audited)	(Audited)
6 CASH AND BALANCES WITH TREASURY BANKS	Note		
In hand			
Local currency		1,242,301	839,959
Foreign currency		423,858	563,251
		1,666,159	1,403,210
With State Bank of Pakistan in			
Local currency current account		4,372,775	4,442,485
Foreign currency current account (Foreign currencies Settlement Account)		299,618	271,486
Foreign currency current account (cash reserve account)		660,426	567,491
Foreign currency deposit account (Special Cash Reserve Account) 6.1		90	1,134,805
		5,332,909	6,416,267
With National Bank of Pakistan in			
Local currency current account		27,600	15,091
National Prize Bonds		965	4,498
		7,027,633	7,839,066
6.1	The Bank has obtained relaxation from SBP in respect of SCRR requirement on FE - 25 (i.e 10%) to ease USD liquidity constrains. The aforesaid relaxation is granted from June 21, 2022 till October 2, 2022.		
7 BALANCES WITH OTHER BANKS			
In Pakistan			
In current account		24,037	38,385
In deposit account		19	18
		24,056	38,403
Outside Pakistan			
In current account		1,314,593	1,032,572
		1,338,649	1,070,975
8 LENDINGS TO FINANCIAL INSTITUTIONS			
Repurchase agreement lendings (Reverse Repo)		1,765,464	4,980,038
Other lending (Naya Pakistan Certificates)		3,482,029	927,549
		5,247,493	5,907,587

9 INVESTMENTS

9.1 Investments by type:

(Rupees in '000)							
June 30, 2022 (Un-audited)				December 31, 2021 (Audited)			
Cost/ Amortised cost	Provision for diminution	Surplus/ (Deficit)	Carrying Value	Cost/ Amortised cost	Provision for diminution	Surplus/ (Deficit)	Carrying Value
Held-for-trading securities							
Federal Government Securities							
Shares							
312,928	-	366	313,294	-	-	-	-
34,819	-	30	34,849	-	-	-	-
347,747	-	396	348,143	-	-	-	-
Available-for-sale securities							
Federal Government Securities							
Shares							
86,081,420	-	(1,327,864)	84,753,556	89,029,076	-	(706,068)	88,323,008
1,710,881	(17,786)	(398,689)	1,294,406	1,711,256	(212,715)	(153,208)	1,345,333
1,044,643	-	(18,767)	1,025,876	1,266,071	-	(17,396)	1,248,675
88,836,944	(17,786)	(1,745,320)	87,073,838	92,006,403	(212,715)	(876,672)	90,917,016
Held-to-maturity securities							
Federal Government Securities							
3,033,603	-	-	3,033,603	3,058,387	-	-	3,058,387
Total Investments	(17,786)	(1,744,924)	90,455,584	95,064,790	(212,715)	(876,672)	93,975,403

9.1.1 Investments given as collateral

(Rupees in '000)	
June 30, 2022 (Un-audited)	December 31, 2021 (Audited)
Pakistan Investment Bonds	
73,147,658	72,914,738

9.2 Provision for diminution in value of investments

Opening balance	212,715	309,345
Charge / (reversals)		
Charge for the period / year	5,884	40,492
Reversal on disposals for the period / year	(200,813)	(137,122)
Net (reversals)	(194,929)	(96,630)
Closing Balance	17,786	212,715

9.2.1 No provision was charged against investment in debt securities as at June 30, 2022 (December 31, 2021: Nil).

9.3 The market value of securities classified as held-to-maturity as at June 30, 2022 amounted to Rs. 2,846.473 million (December 31, 2021: Rs. 2,935.066 million).

10 ADVANCES

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

Provision against advances
- Specific
- General

Advances - net of provision

(Rupees in '000)					
Performing		Non-Performing		Total	
June 30, 2022 (Un-audited)	December 31, 2021 (Audited)	June 30, 2022 (Un-audited)	December 31, 2021 (Audited)	June 30, 2022 (Un-audited)	December 31, 2021 (Audited)
85,013,850	80,226,186	4,873,232	4,467,512	89,887,082	84,693,698
481,399	546,515	15,494	15,494	496,893	562,009
85,495,249	80,772,701	4,888,726	4,483,006	90,383,975	85,255,707
-	-	(4,139,329)	(3,882,761)	(4,139,329)	(3,882,761)
(368,572)	(195,770)	-	-	(368,572)	(195,770)
(368,572)	(195,770)	(4,139,329)	(3,882,761)	(4,507,901)	(4,078,531)
85,126,677	80,576,931	749,397	600,245	85,876,074	81,177,176

10.1 Particulars of advances (Gross)

In local currency
In foreign currencies

(Rupees in '000)	
June 30, 2022 (Un-audited)	December 31, 2021 (Audited)
89,705,229	83,967,770
678,746	1,287,937
90,383,975	85,255,707

10.2 Advances include Rs. 4,888 million (December 31, 2021: Rs. 4,483 million) which have been placed under non-performing status as detailed below:

Category of Classification	(Rupees in '000)			
	June 30, 2022 (Un-audited)		December 31, 2021 (Audited)	
	Non Performing Loans	Provision	Non Performing Loans	Provision
Domestic	-	-	-	-
Other Assets Especially Mentioned*	-	-	-	-
Substandard	771,680	199,977	562,474	140,619
Doubtful	275,000	137,500	250,000	112,000
Loss	3,842,046	3,801,852	3,670,532	3,630,142
	4,888,726	4,139,329	4,483,006	3,882,761

*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 Particulars of provision against advances

	(Rupees in '000)					
	June 30, 2022 (Un-audited)			December 31, 2021 (Audited)		
	Specific	General	Total	Specific	General	Total
Opening balance	3,882,761	195,770	4,078,531	2,605,952	331,923	2,937,875
Charge for the period	339,057	172,802	511,859	1,375,142	37,157	1,396,652
Reversals for the period	(45,233)	-	(45,233)	(97,597)	(173,310)	(255,260)
	293,824	172,802	466,626	1,277,545	(136,153)	1,141,392
Amounts written off	(37,256)	-	(37,256)	(736)	-	(736)
Closing balance	4,139,329	368,572	4,507,901	3,882,761	195,770	4,078,531

10.4 General provision as at June 30, 2022 includes provision of Rs. 98.674 million (December 31, 2021: Rs. 93.433 million) held against consumer finance portfolio as required by the Prudential Regulations issued by the State Bank of Pakistan. In addition, the Bank has created a general provision of Rs. 269.898 million (December 31, 2021: 102.337 million) against corporate, commercial and SME advances on prudent basis.

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

11 FIXED ASSETS

Note	(Rupees in '000)	
	June 30, 2022 (Un-audited)	December 31, 2022 (Audited)

Capital work-in-progress	11.1	195,561	259,030
Property and equipment	11.2 & 11.3	1,603,024	1,545,711
Right of use assets		1,100,631	1,176,915
		2,899,216	2,981,656

11.1 Capital work-in-progress

Civil works	29,852	120,756
Equipment	165,709	138,274
Advances to suppliers	-	-
	195,561	259,030

Six months ended

(Rupees in '000)

June 30, 2022 (Un-audited)	June 30, 2021 (Un-audited)
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11.2 Additions to fixed assets

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

Capital work-in-progress	74,464	104,472
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Property and equipment

Electrical office and computer equipment	25,324	19,853
Furniture and fixture	4,519	8,241
Vehicles	214	41,371
	30,057	69,465
Right-of-use assets	87,365	63,381
Total	191,886	237,318

11.3 Disposal of fixed assets

The net book value of fixed assets disposed off during the period is as follows:

Property and equipment

Vehicles	1,653	-
Electrical office and computer equipment	1,148	9
	2,801	9

Derecognition of right-of-use assets	52,936	-
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Total	55,737	9
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12 INTANGIBLE ASSETS

Intangible assets - computer software
Capital work-in-progress - computer software

Note

(Rupees in '000)	
June 30, 2022	December 31, 2021
(Un-audited)	(Audited)
182,768	175,206
430,290	417,041
613,058	592,247

12.1 Additions to intangible assets

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

Capital work-in-progress - computer software
Directly purchased - computer software
Total

Six months ended	
(Rupees in '000)	
June 30, 2022	June 30, 2021
(Un-audited)	(Un-audited)
52,372	13,443
864	19,105
53,236	32,548

13 DEFERRED TAX ASSETS / (LIABILITIES)**Deductible Temporary Differences on:**

- Revaluation of investments
- Accelerated tax depreciation and amortization
- Provision against advances, off balance sheet etc.

(Rupees in '000)	
June 30, 2022	December 31, 2021
(Un-audited)	(Audited)
680,675	341,902
44,984	42,431
789,104	910,171
1,514,763	1,294,504

Taxable Temporary Differences on:

- Net investment in finance lease

(76,494)	(76,227)
1,438,269	1,218,277

14 OTHER ASSETS

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

14.1 & 14.3

Less: Provision held against other assets
Other Assets

14.3

4,639,573	3,313,762
18,850	31,457
236,445	151,078
88,198	-
4,049,742	1,264,661
1,455,601	1,537,573
316,260	239,272
10,804,669	6,537,803
(160,609)	(160,674)
10,644,060	6,377,129

- 14.1** (a) an amount of Rs 32.389 million (December 31, 2021: Rs 32.389 million) receivable from InterAsia Leasing Limited.
(b) an amount of Rs 1.731 million (December 31, 2021: Rs 1.593 million) receivable from Saudi National Bank - a related party.

- 14.2** The Bank holds various properties in its name which were transferred by operation of law. As per master agreement dated October 22, 2002 signed between M/s Mashreq Bank PSC. (UAE), M/s Crescent Investment Bank Limited and M/s International Housing Finance Limited, these properties were decreed in favor of M/s Mashreq Bank PSC and are held by the Bank as an agent of M/s Mashreq Bank PSC being pass through facilities. Any amount realized on disposal of these properties is to be remitted to Mashreq Bank PSC therefore not recorded in these condensed interim financial statement.

14.3 Provisions held against other assets

Fee, commission and other receivables
Fraud and forgery

(Rupees in '000)	
June 30, 2022 (Un-audited)	December 31, 2021 (Audited)
80,278	80,343
80,331	80,331
160,609	160,674

15. **BILLS PAYABLE**

In Pakistan

1,433,239	903,059
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16. **BORROWINGS**

Secured

Borrowings from State Bank of Pakistan

- Under long term financing facilities
- Under export refinance scheme

8,626,121	8,463,009
5,450,551	4,584,800
14,076,672	13,047,809

Bai muajjal borrowing

Repurchase agreement borrowings

-	4,951,908
73,285,430	67,883,857

Total secured

87,362,102	85,883,574
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Unsecured

Bai muajjal borrowing

Bankers Equity Limited (under liquidation)

-	7,113,299
22,336	22,336

Total unsecured

22,336	7,135,635
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87,384,438	93,019,209
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17 **DEPOSITS AND OTHER ACCOUNTS**

		(Rupees in '000)					
Note	June 30, 2022 (Un-audited)			December 31, 2021 (Audited)			
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total	
Customers							
Current deposits	15,869,683	5,838,315	21,707,998	16,461,229	5,099,298	21,560,527	
Savings deposits	18,507,738	4,278,522	22,786,260	14,304,664	3,538,418	17,843,082	
Term deposits	34,685,386	2,427,540	37,112,926	34,779,264	1,707,989	36,487,253	
Others-margin and call deposits	1,674,589	-	1,674,589	763,271	-	763,271	
	70,737,396	12,544,377	83,281,773	66,308,428	10,345,705	76,654,133	
Financial Institutions							
Current deposits	84,633	2,011	86,644	68,377	-	68,377	
Savings deposits	1,288,913	-	1,288,913	1,339,456	-	1,339,456	
Term deposits	500,000	-	500,000	550,000	-	550,000	
Others-call deposits	1,082,305	-	1,082,305	655,306	-	655,306	
	2,955,851	2,011	2,957,862	2,613,139	-	2,613,139	
	73,693,247	12,546,388	86,239,635	68,921,567	10,345,705	79,267,272	

17.1 This represents deposits from Saudi National Bank - a related party.

		(Rupees in '000)	
	Note	June 30, 2022	December 31, 2021
		(Un-audited)	(Audited)
18 SUBORDINATED DEBT			
Term Finance Certificates (TFCs) - Unsecured	18.1	4,998,000	4,999,000

18.1 Term Finance Certificates (TFCs) - Unsecured

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

		(Rupees in '000)	
	Note	June 30, 2022	December 31, 2021
		(Un-audited)	(Audited)
19 OTHER LIABILITIES			
Mark-up / Return/ Interest payable in local currency	19.1	2,493,264	1,821,556
Mark-up / Return/ Interest payable in foreign currencies		11,892	3,682
Accrued expenses		560,282	686,454
Acceptances	14	1,455,601	1,537,573
Taxation (payments less provisions)		-	89,858
Dividends payable		28,409	15,877
Unclaimed dividends		3,351	3,351
Mark to market loss on forward foreign exchange contracts		3,858,792	1,234,323
Provision against off-balance sheet obligations		172,746	172,746
Security deposits against lease		34,754	34,946
Lease liability against right of use assets		1,217,244	1,266,506
Others		543,590	183,678
		10,379,925	7,050,550

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

		(Rupees in '000)	
		June 30, 2022	December 31, 2021
		(Un-audited)	(Audited)
20	DEFICIT ON REVALUATION OF ASSETS		
	Deficit on revaluation of		
	- Available for sale securities	9.1 (1,745,320)	(876,672)
	Deferred tax on deficit on revaluation of:		
	- Available for sale securities	13 680,675	341,902
		(1,064,645)	(534,770)
21	CONTINGENCIES AND COMMITMENTS		
	- Guarantees	21.1 7,316,189	7,249,258
	- Commitments	21.2 200,856,594	174,942,158
	- Other contingent liabilities	21.3 1,841,903	1,611,056
		210,014,686	183,802,472
21.1	Guarantees:		
	Financial guarantees	1,679,657	1,679,657
	Performance guarantees	4,411,947	5,023,147
	Other guarantees	1,224,585	546,454
		7,316,189	7,249,258
21.2	Commitments:		
	Documentary credits and short-term trade-related transactions		
	- letters of credit	8,923,649	10,911,755
	Commitments in respect of:		
	- forward foreign exchange contracts	21.2.1 191,341,348	162,938,155
	- forward government securities sale / purchase transactions	21.2.2 -	492,275
	- operating leases	21.2.3 1,579	5,733
		191,342,927	163,436,163
	Commitments for acquisition of:		
	- operating fixed assets	42,287	47,065
	- intangible assets	144,028	104,391
		186,315	151,456
	Other commitments	21.2.4 403,703	442,784
		200,856,594	174,942,158
21.2.1	Commitments in respect of forward foreign exchange contracts		
	Purchase	98,368,722	83,574,137
	Sale	92,972,626	79,364,018
		191,341,348	162,938,155

21.2.2 Commitments in respect of forward government securities transactions

Purchase

(Rupees in '000)	
June 30, 2022	December 31, 2021
(Un-audited)	(Audited)

- 492,275

21.2.3 Commitments in respect of operating leases

Not later than one year

1,579 5,733

Later than five years

- -

1,579 5,733

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

21.2.4 Other commitments

Claims against the Bank not acknowledged as debt

(Rupees in '000)	
June 30, 2022	December 31, 2021
(Un-audited)	(Audited)

403,703 442,784

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

21.3 Other contingent liabilities

Note

(Rupees in '000)	
June 30, 2022	December 31, 2021
(Un-audited)	(Audited)

21.3.1 1,841,903 1,611,056

21.3.1 Contingencies in respect of taxation

The Income tax department has raised a demand of Rs. 426.787 million (December 31, 2021: Rs. 426.787 million) for the assessment years 1995-96, 1996-97, 1999-00, 2001-02, 2002-03 on account of non-deduction of tax on profit paid under portfolio management scheme, interest paid on foreign currency deposits and certificates of investment. The department has also raised further demand of Rs. 645.337 million (December 31, 2021: Rs. 645.337 million) for assessment years 1999-00, 2000-01 to assessment year 2002-03 and tax year 2006 on account of taxability of investment banks as banking companies and taxation of dividend income as normal banking income, and on account of lease rentals received or receivable, lease key money and certain other items. The aforementioned relates to pending assessments of the Bank and amalgamated entities namely Crescent Investment Bank Limited, Trust Investment Bank Limited and Pakistan Industrial Leasing Corporation. Tax department has also raised demand of Rs. 29.052 million (December 31, 2021: Rs. 29.052 million) for the assessment years 2009, 2010 & 2011 on account of Federal Excise Duty. Further, tax department has raised a demand of Rs. 28.110 million (December 31, 2021: Rs. 28.110 million), Rs. 5.498 million (December 31, 2021: Rs. 5.498 million) and Rs. 177.120 million (December 31, 2021: 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, 2021: Rs. 35.391 million) for the years 2012 to 2017 and Rs. 15.380 million (December 31, 2021: Rs. 15.380 million) for the year 2016 respectively. Federal Board of Revenue has issued orders to amend assessments for tax years 2014, 2015, 2016, 2018, 2019 and 2020 raising demands of Rs. 45.268 million (December 31, 2021: Rs. 45.268 million), Rs. 64.945 million (December 31, 2021: Rs. 64.945 million), Rs. 53.727 million (December 31, 2021: Nil), Rs. 133.374 million (December 31, 2021: Rs. 133.374 million), Rs. 177.117 million (December 31, 2021: Rs. 177.117 million) and Rs. 4.794 million (December 31, 2021: Rs. 4.794 million), respectively.

Presently, the Bank is contesting these issues at various appellate forums. The disallowances in respect of a number of assessment years have been decided / set aside by various appellate authorities for re-assessment while the Bank's appeal in respect of the remaining assessment years are currently pending. Based on the professional advice received from tax advisors, the management is confident that the eventual outcome of the aforementioned matters will be in favor of the Bank. Accordingly, no provision has been made in these financial statements in respect of the above mentioned demands aggregating Rs. 1,841.903 million (December 31, 2021: Rs. 1,611.056 million) raised by the income tax authorities.

22 MARK-UP / RETURN / INTEREST EARNED

On:

	June 30, 2022 (Un-audited)	June 30, 2021 (Un-audited)
a) Loans and advances	4,637,560	2,878,833
b) Investments	4,753,747	3,113,377
c) Lendings to financial institutions	182,708	385,247
d) Balances with banks	195	81
e) Others (on pool lending to Naya Pakistan Certificate)	29,231	16,320
	<u>9,603,441</u>	<u>6,393,858</u>

23 MARK-UP / RETURN / INTEREST EXPENSED

On:

a) Deposits	2,727,367	1,892,212
b) Borrowings	4,057,886	1,982,746
c) Finance cost on lease liability against right-of-use assets	73,776	61,618
d) Cost of foreign currency swaps against foreign currency deposits	361,623	250,006
e) Subordinated debt	278,652	150,411
	<u>7,499,304</u>	<u>4,336,993</u>

24 FEE & COMMISSION INCOME

Branch banking customer fees	26,885	20,350
Consumer finance related fees	12,893	13,444
Debit card related fees	4,731	3,148
Credit related fees	26,512	36,486
Commission on trade	66,905	64,555
Commission on guarantees	27,487	34,857
Commission on cash management	8,926	7,210
Commission on remittances including home remittances	31,586	30,847
Commission on bancassurance	3,758	10,469
Commission on Naya Pakistan Certificates	5,035	15,640
Others	435	1,705
	<u>215,153</u>	<u>238,711</u>

25 (LOSS) / GAIN ON SECURITIES

Realised	(172,493)	359,574
Unrealised - held for trading	396	(1,107)
	<u>(172,097)</u>	<u>358,467</u>

25.1 Realised (loss) / gain on:

Federal Government Securities	20,248	207,293
Shares	(192,741)	150,933
Non Government Debt Securities	-	1,348
	<u>(172,493)</u>	<u>359,574</u>

26. OTHER INCOME

Gain on sale of fixed assets-net
Others

Six months ended (Rupees in '000)	
June 30, 2022 (Un-audited)	June 30, 2021 (Un-audited)
5,967	77
5	23
5,972	100

27. OPERATING EXPENSES

Total compensation expense

1,044,484 885,444

Property expense

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

57,358 58,839
975 920
52,442 31,039
38,150 28,709
34,554 31,270
8,610 3,580
111,253 95,355
303,342 249,712

Information technology expenses

Software maintenance
Hardware maintenance
Depreciation
Amortisation
Network charges
Insurance

87,792 57,062
23,438 18,307
37,005 23,313
32,425 22,113
64,256 53,962
314 220
245,230 174,977

Other operating expenses

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

21,813 25,173
17,758 8,887
2,669 2,301
46,658 38,201
8,525 12,397
62,263 43,381
1,147 -
6,043 5,916
991 6,730
23,401 17,937
28,992 22,420
33,557 27,428
12,150 13,842
22,511 63,823
9,293 3,996
5,775 5,981
13,637 13,041
317,183 311,454
1,910,239 1,621,587

		Six months ended	
		(Rupees in '000)	
		June 30, 2022	June 30, 2021
		(Un-audited)	(Un-audited)
28 OTHER CHARGES			
Penalties imposed by State Bank of Pakistan		1,303	520
29 (PROVISIONS) / REVERSALS AND WRITEOFFS - NET			
Reversal for diminution in the value of investments	9.2	194,929	96,630
Provision against loans and advances - net	10.3	(466,629)	(1,129,616)
Bad debts written off directly		(1,577)	-
		(273,274)	(1,032,986)
30 TAXATION			
Current	30.2	(155,899)	(277,079)
Deferred		(118,780)	195,573
		(274,679)	(81,506)
30.1 Relationship between tax expense and accounting profit			
Profit before taxation		613,870	202,890
Applicable normal tax rate		39%	39%
Applicable super tax rate (refer note 30.2)		10%	-
Cumulative applicable tax rate		49%	39%
Tax calculated at the cumulative applicable tax rate		300,796	79,127
Tax effect of:			
- Permanent differences		586	203
- Others		(26,703)	2,176
Tax charge for the period		274,679	81,506

30.2 This includes super tax at the rate of 10 % of taxable profit for the current period .This new tax is applicable vide Finance Act 2022 for the tax year 2023

31. EARNINGS PER SHARE - BASIC AND DILUTED

Profit for the period	339,191	121,384
	(Number of shares)	
Weighted average number of ordinary shares	1,008,238,648	1,008,238,648
	(Rupees)	
Basic and diluted earnings per share	0.34	0.12

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

32 FAIR VALUE MEASUREMENTS

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

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

32.1 Fair value of financial assets

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

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

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

(Rupees in '000)				
June 30, 2022 (Un-audited)				
	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
Federal Government Securities	-	85,066,850	-	85,066,850
Shares	1,329,255	-	-	1,329,255
Non-Government Debt Securities	-	1,025,876	-	1,025,876
Financial assets - disclosed but not measured at fair value				
Investments-Federal Government Securities	-	2,846,473	-	2,846,473
Off-balance sheet financial instruments- measured at fair value				
Forward purchase of foreign exchange	-	98,368,722	-	98,368,722
Forward sale of foreign exchange	-	92,972,626	-	92,972,626

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

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



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

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

33. SEGMENT INFORMATION
33.1 Segment Details with respect to Business Activities

(Rupees in '000)						
Half year ended June 30, 2022 (un-audited)						
	Corporate Banking	Global Markets	Retail Banking	Commercial Banking	Senoff	Total
Profit & Loss						
Net mark-up / return / profit	2,001,284	370,773	(1,816,597)	1,579,765	(31,088)	2,104,137
Inter segment revenue - net	(1,537,008)	(678,774)	2,934,978	(1,234,204)	515,008	-
Non mark-up / return / interest income	135,034	522,729	189,262	150,412	(290,088)	707,349
Total Income	599,310	214,728	1,307,643	495,973	193,832	2,811,486
Segment direct expenses	(106,295)	(87,110)	(667,277)	(80,377)	(983,283)	(1,924,342)
Inter segment expense allocation	(212,848)	(100,336)	(469,218)	(200,881)	983,283	-
Total expenses	(319,143)	(187,446)	(1,136,495)	(281,258)	-	(1,924,342)
Provisions	-	194,929	(20,242)	(310,270)	137,691	(273,274)
Profit / (loss) before tax	280,167	222,211	150,906	(95,555)	56,141	613,870
(Rupees in '000)						
As at June 30, 2022 (Un-audited)						
	Corporate Banking	Global Markets	Retail Banking	Commercial Banking	Senoff	Total
Balance Sheet						
Cash & Bank balances	-	6,671,133	1,695,149	-	-	8,366,282
Investments	-	90,455,584	-	-	-	90,455,584
Net inter segment lending	-	-	62,312,378	-	10,939,210	73,251,588
Lendings to financial institutions	-	5,247,493	-	-	-	5,247,493
Advances - performing	46,880,334	1,027,276	4,781,492	30,829,515	1,608,060	85,126,677
Advances - non-performing	-	-	59,264	683,205	6,928	749,397
Others	1,022,356	7,421,335	564,693	846,695	5,739,524	15,594,603
Total Assets	47,902,690	110,822,821	69,412,976	32,359,415	18,293,722	278,791,624
Borrowings	9,610,745	73,307,765	-	4,465,928	-	87,384,438
Subordinated debt	-	4,998,000	-	-	-	4,998,000
Deposits & other accounts	12,856,013	1,188,960	66,865,814	5,328,848	-	86,239,635
Net inter segment borrowing	24,483,738	26,342,271	-	22,425,579	-	73,251,588
Others	952,194	4,985,825	2,547,162	139,060	3,188,923	11,813,164
Total liabilities	47,902,690	110,822,821	69,412,976	32,359,415	3,188,923	263,686,825
Equity	-	-	-	-	15,104,799	15,104,799
Total Equity & liabilities	47,902,690	110,822,821	69,412,976	32,359,415	18,293,722	278,791,624
Contingencies & Commitments	10,185,637	192,141,348	337,299	4,732,757	2,617,644	210,014,686

Profit & Loss

Net mark-up / return / profit
Inter segment revenue - net
Non mark-up / return / interest income
Total Income

Segment direct expenses
Inter segment expense allocation
Total expenses
Provisions
Profit / (loss) before tax

(Rupees in '000)					
Half Year ended June 30, 2022 (Un-audited)					
Corporate Banking	Global Markets	Retail Banking	Commercial Banking	Senoff	Total
1,140,883	1,224,695	(1,131,548)	862,562	(39,727)	2,056,865
(815,957)	(852,334)	1,819,344	(579,897)	428,844	-
88,500	613,907	78,594	113,568	(78,951)	815,618
413,426	986,268	766,390	396,233	310,166	2,872,483
(83,959)	(105,550)	(597,911)	(68,367)	(780,820)	(1,636,607)
(168,145)	(79,675)	(371,691)	(161,309)	780,820	-
(252,104)	(185,225)	(969,602)	(229,676)	-	(1,636,607)
(972,821)	96,630	(25,277)	(53,643)	(77,875)	(1,032,986)
(811,499)	897,673	(228,489)	112,914	232,291	202,890

Balance Sheet

Cash & Bank balances
Investments
Net inter segment lending
Lendings to financial institutions
Advances - performing
Advances - non-performing
Others
Total Assets

Borrowings
Subordinated debt
Deposits & other accounts
Net inter segment borrowing
Others
Total liabilities
Equity
Total Equity & liabilities

Contingencies & Commitments

(Rupees in '000)					
As at December 31, 2021 (Audited)					
Corporate Banking	Global Markets	Retail Banking	Commercial Banking	Senoff	Total
-	7,487,123	1,422,918	-	-	8,910,041
-	93,975,403	-	-	-	93,975,403
-	-	58,039,938	-	12,230,691	70,270,629
-	5,907,587	-	-	-	5,907,587
43,786,054	1,109,823	4,107,989	30,199,816	1,373,249	80,576,931
-	-	71,993	521,227	7,025	600,245
696,474	3,657,970	429,792	537,463	5,847,610	11,169,309
44,482,528	112,137,906	64,072,630	31,258,506	19,458,575	271,410,145
8,370,291	79,971,399	-	4,677,519	-	93,019,209
-	4,999,000	-	-	-	4,999,000
9,239,224	680,548	62,790,179	6,557,321	-	79,267,272
25,986,579	24,493,170	-	19,790,880	-	70,270,629
886,434	1,993,789	1,282,451	232,786	3,558,149	7,953,609
44,482,528	112,137,906	64,072,630	31,258,506	3,558,149	255,509,719
-	-	-	-	15,900,426	15,900,426
44,482,528	112,137,906	64,072,630	31,258,506	19,458,575	271,410,145
9,758,779	164,500,671	227,356	7,104,637	2,211,029	183,802,472

33.2 Segment details with respect to geographical locations

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

34 RELATED PARTY TRANSACTIONS

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

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

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

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

Details of transactions with related parties are given below:

(Rupees in '000)							
June 30, 2022 (Un-audited)				December 31, 2021 (Audited)			
Parent	Directors	Key management personnel	Others	Parent	Directors	Key management personnel	Others
Balances with other banks							
In current accounts	303,380	-	-	91,857	-	-	-
Advances							
Opening balance	-	-	200,450	-	-	165,648	-
Addition during the period / year	-	-	97,499	-	-	80,863	-
Repaid during the period / year	-	-	(50,717)	-	-	(46,061)	-
Closing balance	-	-	247,232	-	-	200,450	-
Other Assets							
Other receivable	1,731	-	-	1,593	-	-	-
Other Liabilities							
Mark-up payable	-	80	192	-	62	101	382
Deposits and other accounts							
Opening balance	655,306	25,057	31,168	90,749	34,597	22,424	25,312
Received during the period / year	495,617	155,497	341,479	40,391,171	511,984	490,297	759,535
Withdrawn during the period / year	(68,617)	(46,789)	(342,316)	(39,826,614)	(521,524)	(481,553)	(752,363)
Closing Balance	1,082,306	133,765	30,331	655,306	25,057	31,168	32,484
Contingencies and Commitments							
Guarantees	-	-	-	3,053,684	-	-	-

	(Rupees in '000)							
	For the half year ended June 30, 2022 (Un-audited)				For the half year ended June 30, 2021 (Un-audited)			
	Parent	Directors	Key management personnel	Others	Parent	Directors	Key management personnel	Others
Income								
Mark-up / return / interest earned	-	-	5,174	-	-	-	4,462	35,987
Expense								
Mark-up / return / interest paid	-	286	710	3,660	-	207	559	1,338
Remuneration and benefits	-	-	286,870	-	-	-	248,830	-
Directors fee	-	25,440	-	-	-	20,160	-	-
Insurance premium paid	-	-	746	-	-	-	652	-
Insurance claims settled	-	-	148	-	-	-	205	-

35. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

Minimum Capital Requirement (MCR):

Paid-up capital (net of losses)

Capital Adequacy Ratio (CAR):

Eligible Common Equity Tier 1 (CET 1) Capital

Eligible Additional Tier 1 (ADT 1) Capital

Total Eligible Tier 1 Capital

Eligible Tier 2 Capital

Total Eligible Capital (Tier 1 + Tier 2)

Risk Weighted Assets (RWAs):

Credit Risk

Market Risk

Operational Risk

Total

Common Equity Tier 1 Capital Adequacy ratio

Tier 1 Capital Adequacy Ratio

Total Capital Adequacy Ratio

Leverage Ratio (LR):

Eligible Tier-1 Capital

Total Exposures

Leverage Ratio

Liquidity Coverage Ratio (LCR):

Total High Quality Liquid Assets

Total Net Cash Outflow

Liquidity Coverage Ratio

Net Stable Funding Ratio (NSFR):

Total Available Stable Funding

Total Required Stable Funding

Net Stable Funding Ratio

(Rupees in '000)	
June 30, 2022 (Un-audited)	December 31, 2021 (Audited)
10,082,387	10,082,387
14,491,741 -	15,308,179 -
14,491,741	15,308,179
5,366,572	5,194,770
19,858,313	20,502,949
92,526,977	83,436,422
9,352,516	9,187,601
8,911,765	8,911,765
110,791,258	101,535,788
13.08%	15.08%
13.08%	15.08%
17.92%	20.19%
14,491,741	15,308,179
215,421,973	217,066,371
6.73%	7.05%
20,052,466	46,359,075
16,491,966	18,299,161
121.59%	253.34%
133,403,346	134,966,980
68,907,354	70,328,798
193.60%	191.91%

36 GENERAL

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

36.2 Figures as of and for the period ended June 30, 2022 and June 30, 2021, wherever used in these condensed interim financial statements are unaudited. However figures as of and for the period relating to December 31, 2021 used in these condensed interim financial statements are audited.

37 NON-ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

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

38 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on August 22, 2022 by the Board of Directors of the Bank.


Chief Financial Officer


President & Chief Executive Officer


Director


Director


Chairman



















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