

Samba Bank Limited

Quarterly Report September 30, 2022




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CONTENTS

- 
- 02** Branch Network
 - 03** Company Information
 - 04** Directors' Report
 - 10** Condensed Interim Statement of Financial Position
 - 11** Condensed Interim Profit and Loss Account
 - 12** Condensed Interim Statement of Comprehensive Income
 - 13** Condensed Interim Cash Flow Statement
 - 14** Condensed Interim Statement of Changes in Equity
 - 15** Notes to and Forming Part of the Condensed Interim Financial Statements

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
Shahra-e-Faisal
Gulshan-e-Iqbal
Bahadurabad
DHA Phase VI
DHA Phase VIII
DHA Ittehad
DHA Saba Avenue
DHA Tauheed Commercial

Lahore

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

Islamabad

F-7
F-11
Jinnah Avenue
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

Mr. Mustafa Ilyas*	Chairman/Non-Executive Director
Mr. Ali Muhammad Mahoon*	Non-Executive Director
Mr. Nasser Al-Fraih*	Non-Executive Director
Dr. Shujaat Nadeem**	Chairman/Non-Executive Director
Mr. Aiman Gusti**	Non-Executive Director
Mr. Humayun Murad**	Non-Executive Director
Mr. Hussein Eid	Non-Executive Director
Mr. Timour Pasha	Non-Executive Director
Hafiz Mohammad Yousaf	Independent Director
Ms. Zeeba Ansar	Independent Director

Board Audit Committee

Hafiz Mohammad Yousaf	Chairman
Mr. Aiman Gusti**	Member
Mr. Hussein Eid	Member

Board Risk Committee

Mr. Timour Pasha	Chairman
Mr. Humayun Murad**	Member
Ms. Zeeba Ansar	Member
Mr. Ahmad Tariq Azam	Member

Board Nominations & Remuneration Committee

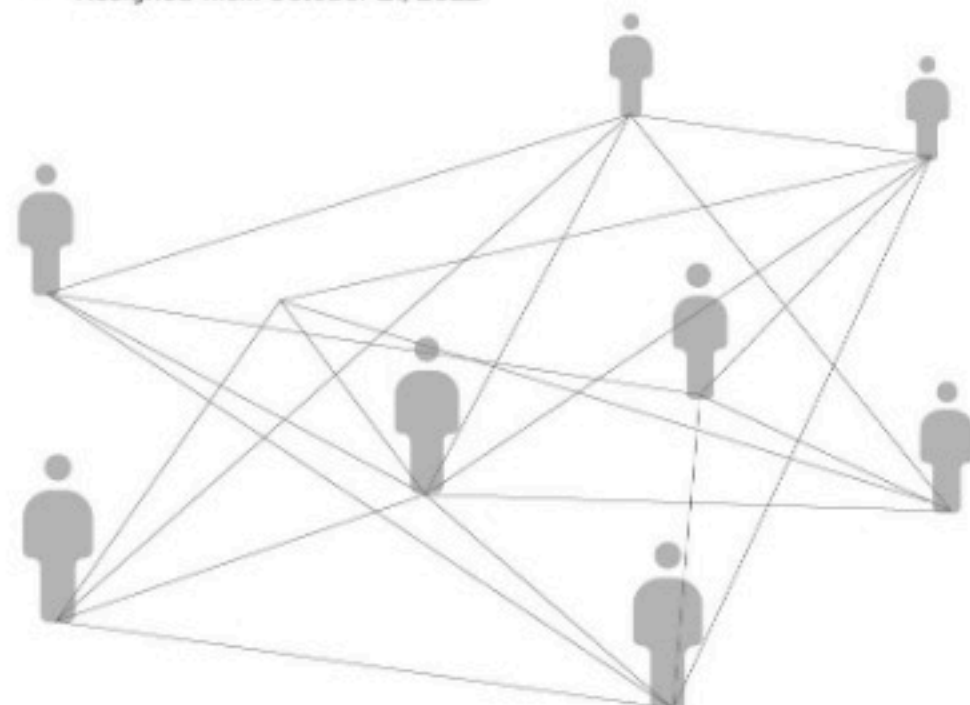
Hafiz Mohammad Yousaf	Chairman
Dr. Shujaat Nadeem**	Member
Mr. Hussein Eid	Member

Board IT Committee

Dr. Shujaat Nadeem**	Chairman
Mr. Aiman Gusti**	Member

* Appointed w.e.f. October 21, 2022
(Mr. Mustafa Ilyas Chairman w.e.f. October 27, 2022)

** Resigned w.e.f. October 21, 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 nine months ended September 30, 2022.

Economic Highlights

The Executive Board of the International Monetary Fund (IMF) has completed the combined seventh and eighth reviews under the Extended Fund Facility (EFF) for Pakistan, allowing the authorities to draw the equivalent of SDR 894 million (about US\$1.1 billion).

Pakistan is at a challenging economic juncture. A difficult external environment combined with procyclical domestic policies fueled domestic demand to unsustainable levels. The resultant economic overheating led to large fiscal and external deficits in FY22, contributed to rising inflation, and eroded reserve buffers. The tightening of monetary conditions through higher policy rates was a necessary step to contain inflation. Going forward, continued tight monetary policy would help to reduce inflation and help address external imbalances.

Current account posted a deficit of \$1,918 million during the first two months of current fiscal year 2023 as against a deficit of \$2,374 million for comparative period last year. The decrease was on account of contraction in imports and increase in exports. Trade deficit during the first two months was recorded at US\$ 6,614 million as against deficit of US\$ 7,439 million during the similar period last year. The CAD has put pressure on foreign exchange reserves due to which PKR depreciated against USD.

Bank's Operating Results and Financial Review

	(Rupees in millions)	
	Nine Months Ended September 30, 2022 (Un-Audited)	Nine Months Ended September 30, 2021 (Un-Audited)
Operating profit	1,301	1,863
Provisions	(676)	(1,059)
Profit before taxation	625	804
Taxation charge	(256)	(326)
Profit after taxation	369	478
Earnings per share - PKR	0.37	0.47

During the period under review, Net Interest Income increased by 0.3% over the corresponding period of last year. The growth in markup income was subdued due to similar 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. FX income on the other hand registered a healthy growth over similar period last year and closed at Rs. 918 million, however, due to persistent decline in stock market, the Bank incurred a capital loss of Rs. 194 million on its equity portfolio. Operating expenses for nine months ended September 30, 2022 were higher by 20% over comparative period. This increase is in line with inflation, devaluation of rupee and expenses incurred on certain initiatives.

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, asset base of the bank grew by Rs. 3.3 billion (i.e. 1.6%) over December 31, 2021 position and stood at Rs. 204.4 billion as at September 30, 2022. Investments decreased by Rs. 0.56 billion (i.e. -0.6%) whereas, Loans & Advances increased by Rs. 1.9 billion (i.e. 2.3%) over year end position. Deposits book continued the growth momentum and closed at Rs. 92.8 billion registering an increase of 17.1% 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% to 55.5% in September 30, 2022. Despite increase of 525bps in policy rate, cost of deposits has been restricted at 7.6%.

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. 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 re-affirming its commitment to Pakistan market.

Future outlook

Inflationary pressures are likely to continue in the context of the recent floods, which are expected to disrupt the supply of critical household and agricultural goods, disproportionately impacting the most vulnerable. International Monetary Fund (IMF) completed the seventh and eighth review under the extended fund facility (EFF), bringing total disbursements under the program to USD\$4.2 billion. The EFF structural reform program maintains focus on energy sector reforms, including financial sector and fiscal measures. The Staff Level Agreement also included an extension of the EFF until end-June 2023 and increases access to a total of about USD7 billion. The Government is projecting a GDP growth rate of 4% for FY 2023.

Acknowledgement

The Board wishes to thank the Management team and the bank's retiring President & CEO Mr. Shahid Sattar.

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 Tariq Azam
President & Chief Executive Officer (Acting)

October 27, 2022
Karachi



Hafiz Mohammad Yousaf
Director

مستقبل کی پیش بینی

حالیہ سیلاب کے تناظر میں افراط زر کا دباؤ برقرار رہنے کا امکان ہے جس سے گھریلو استعمال اور زراعت کی اشیاء کی رسد میں رکاوٹوں کی توقع ہے جو کہ معاشرے کے کمزور طبقے کو شدید اور غیر متناسب طور پر متاثر کریں گی۔ عالمی مالیاتی فنڈ نے ایکسٹینڈڈ فنڈ فیسلٹی (ای ایف ایف) کے تحت اپنا سا تو اں اور آٹھواں تجزیہ مکمل کر لیا ہے۔ جس سے اس پروگرام کے تحت حاصل ہونے والی کل وصولیاں 4.2 بلین امریکی ڈالرز پر پہنچ گئیں۔ ای ایف ایف کے اس اصلاحاتی ڈھانچے کے پروگرام کی خصوصی توجہ توانائی کے شعبے کی اصلاحات بشمول مالیاتی شعبے اور انضباطی اقدامات پر برقرار رہی۔ اسٹاف لیول کے معاہدے میں ای ایف ایف میں جون 2023ء تک کی توسیع بھی شامل ہے جس سے اس کی رسائی کا حجم بڑھ کر 7 بلین امریکی ڈالرز پہنچ جائے گا۔ حکومت نے سال 2023ء کے لئے جی ڈی پی کی نمو کا تخمینہ 4 فیصد پر تعین کیا ہے۔

اظہار تشکر

بورڈ اپنی میجمنٹ ٹیم اور بینک کے ریٹائر ہونے والے پریذیڈنٹ اور چیف ایگزیکٹو آفیسر جناب شاہد ستار کا شکریہ ادا کرنا چاہتا ہے۔

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

بورڈ آف ڈائریکٹرز کی جانب سے



حافظ محمد یوسف
ڈائریکٹر



احمد طارق اعظم
پریذیڈنٹ اور چیف ایگزیکٹو آفیسر (قائم مقام)

27 اکتوبر 2022ء

کراچی

اس زیر تجزیہ مدت کے دوران، خالص انٹرسٹ آمدنی میں گزشتہ سال کے تقابلی عرصہ سے 0.3 فیصد کا اضافہ دیکھا گیا۔ پالیسی ریٹ کے بڑھنے کے سبب مارک اپ آمدنی میں نمو کو واجبات سے متعلقہ مارک اپ کے مماثلٹی اخراجات میں 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۔ دوسری طرف غیر ملکی زرمبادلہ کی آمدنی گزشتہ سال کے مماثلٹی عرصہ سے قابل قدر اضافے کے اندراج کے ساتھ 918 ملین روپے رہی۔ تاہم، اسٹاک مارکیٹ میں جاری مسلسل تنزلی کے باعث بینک کو اپنے ایکویٹی پورٹ فولیو پر 194 ملین روپے کا کپٹل نقصان ہوا۔ کاروباری اخراجات، اپنے تقابلی عرصہ کی نسبت ستمبر 2022ء کو اختتام پذیر نو ماہ کی مدت تک 20 فیصد کی شرح سے بڑھ گئے۔ یہ اضافہ افراط زر، روپے کی قدر میں تنزلی اور دیگر اٹھائے گئے چند 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 صورتحال کے تناظر میں کم لاگت کے ڈیپازٹس اور حاصل شدہ قرضہ جات میں کمی کے رجحان کے باعث اثاثہ جات کی اساس 31 دسمبر 2022ء کی صورتحال سے 3.3 بلین روپے (تقریباً 1.6 فیصد) کے اضافے کے ساتھ 30 ستمبر 2022ء تک 204.4 بلین روپے پر جا پہنچی۔ سرمایہ کاری میں 0.56 بلین روپے (یعنی 0.6 فیصد) کی کمی ہوئی جبکہ قرضہ جات سال کی اختتامی پوزیشن سے 1.9 بلین روپے کے اضافے کے ساتھ (یعنی 2.3 فیصد) پر شمار ہوئے۔ ڈیپازٹس میں بڑھوتی کی تحریک کا تسلسل برقرار رہا جو کہ دسمبر 2021ء کی پوزیشن سے 17.1 فیصد کے اضافے کے ساتھ 92.8 بلین روپے پر درج کیے گئے۔ بینک نے ڈیپازٹس کے چھوٹے حجم کے فروغ کے ذریعے کم لاگت کے ڈیپازٹس کی ترکیب کو بہتر بنانے کے عمل کو بھی جاری رکھا۔ چنانچہ، کاسا کی ترکیب 53.3 فیصد سے بہتر ہو کر 30 ستمبر 2022ء تک 55.5 فیصد پر پہنچ گئی۔ پالیسی ریٹ میں 525 بی پی ایس کے اضافے کے باوجود ڈیپازٹس کی لاگت کو 7.6 فیصد پر محدود رکھا گیا۔

کریڈٹ ریٹنگ

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

سعودی نیشنل بینک (ایس این بی) کا اسٹریٹجک تجزیہ

ستمبر 2021ء کے دوران سعودی نیشنل بینک نے اپنی سرمایہ کاری کا اسٹریٹجک جائزہ لینے کا اعلان کیا۔ جس میں ممکنہ انضمام، حصول، سرمایہ کاری کے اختتام اور تنظیم نو جیسے عوامل شامل تھے۔ 18 مئی 2022ء کی مدت کے دوران سعودی نیشنل بینک نے اس امر کا اعلان کیا کہ ڈیوڈ پیچنس کے مکمل ہونے اور بینک میں اپنے حصص کی فروخت کے موقعے کو جانچنے کے بعد ملکیتی کمپنی نے سما بینک لمیٹڈ میں سعودی نیشنل بینک کے موجود حصص کی فروخت کے عمل کو منسوخ کرتے پاکستان کی مارکیٹ میں اپنی موجودگی کے عمل کو برقرار رکھنے کا اعادہ کیا۔

ڈائریکٹرز کی رپورٹ

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

معاشی جھلکیاں

عالمی مالیاتی فنڈ (آئی ایم ایف) کے ایگزیکٹو بورڈ نے پاکستان کے لئے، ایکسٹینڈڈ فنڈ فیسیلیٹی کے تحت، ساتویں اور آٹھویں تجزیے کو مشترکہ طور پر مکمل کرتے ہوئے کے مجاز اداروں کو 894 ملین کے مساوی اسپیشل ڈرائنگ رائٹس، (تقریباً 1.1 ملین امریکی ڈالرز) وصول کرنے کی اجازت دی۔

پاکستان ایک مشکل معاشی موڑ پر کھڑا ہے۔ ایک کٹھن بیرونی ماحول اور اس کے ساتھ ساتھ اندرونی پالیسیوں کے رجحانات نے داخلی طلب کو ناقابل برداشت سطح پر پہنچا دیا ہے۔ اس کے نتیجے میں پیدا ہونے والی معاشی پیش مالی سال 2022ء کے دوران بیرونی اور مالی خسارے میں اضافے کا باعث بنی، جس سے افراط زر میں بڑھوتی اور زرمبادلہ کے ذخائر میں کمی واقع ہوئی۔ پالیسی ریٹ کی بلند شرح کے ذریعے کڑی مالیاتی شرائط، افراط زر پر قابو پانے کے ناگزیر اقدام ہیں۔ مستقبل میں کڑے مالیاتی بیانیے سے، افراط زر پر قابو پانے اور بیرونی عدم توازن درست کرنے میں مدد حاصل ہوگی۔

کرنٹ اکاؤنٹ میں گزشتہ سال کے تقابلی عرصہ کے 2,374 ملین امریکی ڈالرز کے خسارے کی نسبت مالی سال 2023ء کے پہلے دو مہینوں کے دوران 1,918 ملین امریکی ڈالرز کا خسارہ درج کیا گیا۔ اس کمی کی وجوہات میں درآمدات پر پابندی اور برآمدات میں اضافہ رہا۔ پہلے دو مہینوں کے دوران تجارتی خسارہ گزشتہ سال کی مماثلہ مدت کے دوران کے 7,439 ملین امریکی ڈالرز کے خسارے کی نسبت 6,614 ملین امریکی ڈالرز پر رپکارڈ کیا گیا۔ کرنٹ اکاؤنٹ خسارے کے باعث غیر ملکی زرمبادلہ کے ذخائر پر دباؤ دیکھا گیا جس کے باعث امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں فرسودگی رونما ہوئی۔

بینک کے کاروباری نتائج اور مالیاتی تجزیہ

ملین روپے	
نومہ مہینہ 30 ستمبر 2021ء (غیر آڈٹ شدہ)	نومہ مہینہ 30 ستمبر 2022ء (غیر آڈٹ شدہ)
1,863	1,301
(1,059)	(676)
804	(625)
(326)	(256)
478	369
0.47	0.37

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

Condensed Interim Statement of Financial Position

AS AT SEPTEMBER 30, 2022

		(Rupees in '000)	
		September 30, 2022	December 31, 2021
		(Un-audited)	(Audited)
ASSETS			
Cash and balances with treasury banks	6	5,793,419	7,839,066
Balances with other banks	7	673,772	1,070,975
Lendings to financial institutions	8	5,433,770	5,907,587
Investments	9	93,414,192	93,975,403
Advances	10	83,044,415	81,177,176
Fixed assets	11	2,828,181	2,981,656
Intangible assets	12	628,391	592,247
Deferred tax assets	13	1,759,259	1,218,277
Other assets	14	10,847,810	6,377,129
		204,423,209	201,139,516
LIABILITIES			
Bills payable	15	839,633	903,059
Borrowings	16	79,591,286	93,019,209
Deposits and other accounts	17	92,794,142	79,267,272
Liabilities against assets subject to finance lease		-	-
Subordinated debt	18	4,997,000	4,999,000
Deferred tax liabilities	13	-	-
Other liabilities	19	10,972,252	7,050,550
		189,194,313	185,239,090
NET ASSETS			
		15,228,896	15,900,426
REPRESENTED BY:			
Share capital		10,082,387	10,082,387
Reserves		2,803,790	2,729,919
Deficit on revaluation of assets	20	(970,710)	(534,770)
Unappropriated profit		3,313,429	3,622,890
		15,228,896	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 (Acting)


Director


Director


Chairman

Condensed Interim Statement of Comprehensive Income (Un-Audited)

FOR THE QUARTER AND NINE MONTHS ENDED SEPTEMBER 30, 2022

	(Rupees in '000)			
	Quarter ended		Nine Months ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Profit after taxation for the period	30,162	356,557	369,353	477,941
Other comprehensive income / (loss)				
Items that may be reclassified to profit and loss account in subsequent periods:				
Movement in surplus / (deficit) on revaluation of investments - net of tax	93,935	(169,428)	(435,940)	(426,061)
Total comprehensive income / (loss)	<u>124,097</u>	<u>187,129</u>	<u>(66,587)</u>	<u>51,880</u>

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


Chief Financial Officer


President & Chief Executive Officer (Acting)


Director


Director


Chairman

Condensed Interim Cash Flow Statement (Un-Audited)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

	(Rupees in '000)	
	Nine Months ended September 30, 2022	Nine Months ended September 30, 2021
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	625,362	804,228
Less: Dividend income	(38,597)	(48,570)
	586,765	755,658
Adjustments:		
Depreciation	318,404	99,412
Amortisation of intangible assets	54,609	38,108
Provision and write-offs	676,524	1,058,770
Gain on sale of fixed assets	(6,193)	(22,165)
Interest expensed on lease liability against right of use assets	110,782	97,071
Interest expensed on debt securities	455,014	263,376
Loss / (gain) on sale of investment - net	165,886	(501,610)
Unrealized (gain) / loss on revaluation of investments classified as held for trading	(6,771)	4,220
	1,768,255	1,037,182
	2,355,020	1,792,840
(Increase) / decrease in operating assets		
Lendings to financial institutions	473,817	(4,719,803)
Investments - held for trading securities	(3,149,820)	(2,046,474)
Advances	(2,738,692)	(14,038,573)
Others assets (excluding advance taxation)	(4,339,505)	(829,618)
	(9,754,200)	(21,634,468)
Increase / (decrease) in operating liabilities		
Bills Payable	(63,426)	(1,845,082)
Borrowings from financial institutions	(13,427,923)	30,555,299
Deposits and other accounts	13,526,870	8,331,009
Other liabilities (excluding current taxation)	4,193,408	1,285,336
	4,228,929	38,326,562
Income tax paid	(622,904)	(583,790)
Net cash flow generated from / (used in) operating activities	(3,793,155)	17,901,144
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in securities	2,920,517	(23,985,812)
Dividends income	35,191	45,110
Investments in fixed assets and intangible assets	(206,674)	(974,056)
Proceeds from sale of fixed assets	5,036	771
Net cash flow from / (used in) investing activities	2,754,070	(24,913,987)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issuance of debt securities	-	5,000,000
Contribution from share holder	-	1,540,500
Principal repayment of debt securities	(2,000)	(1,000)
Markup payment on debt securities	(603,557)	(226,849)
Dividend paid	(592,568)	(740,276)
Payments of lease liability against right of use assets	(205,640)	(189,956)
	(1,403,765)	5,382,419
Increase / (Decrease) in cash and cash equivalents during the period	(2,442,850)	(1,630,424)
Cash and cash equivalents at the beginning of the period	8,910,041	8,742,788
Cash and cash equivalents at the end of the period	6,467,191	7,112,364

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


Chief Financial Officer


President & Chief Executive Officer (Acting)


Director


Director


Chairman

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

FOR THE NINE MONTHS ENDED SEPTEMBER 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 nine months ended September 30, 2021	-	-	-	-	477,941	477,941
Other comprehensive loss						
Movement in (deficit) on revaluation of investments - net of tax	-	-	-	(426,061)	-	(426,061)
Contribution from shareholder	-	1,540,500	-	-	-	1,540,500
Transfer to statutory reserve	-	-	95,588	-	(95,588)	-
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 September 30, 2021	10,082,387	1,561,435	1,106,276	29,015	3,374,061	16,153,174
Comprehensive income for the period						
Profit after taxation for the three months ended December 31, 2021	-	-	-	-	311,037	311,037
Other comprehensive loss						
Movement in (deficit) on revaluation of investments - net of tax	-	-	-	(563,785)	-	(563,785)
Transfer to statutory reserve	-	-	62,208	-	(62,208)	-
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 nine months ended September 30, 2022	-	-	-	-	369,353	369,353
Other comprehensive loss						
Movement in (deficit) on revaluation of investments - net of tax	-	-	-	(435,940)	-	(435,940)
Transfer to statutory reserve	-	-	73,871	-	(73,871)	-
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 September 30, 2022	10,082,387	1,561,435	1,242,355	(970,710)	3,313,429	15,228,896

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


Chief Financial Officer


President & Chief Executive Officer (Acting)


Director


Director


Chairman

Notes to and Forming Part of the Financial Statements

FOR THE NINE MONTHS ENDED SEPTEMBER 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 the Ground Floor, Arif Habib Centre, M.T. Khan Road, Karachi, whereas, the registered office of the Bank is located at the 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 September 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 stake in the Bank. On November 30, 2021, the State Bank of Pakistan granted approval to SNB and its advisors, due diligence team (DD) team, to undertake Due Diligence of SBL, subject to compliance with applicable laws, rules and regulations. During the year on May 18, 2022, SNB announced that following the completion of due diligence and an exploration of the sale of its shares in the Bank, the parent company is terminating the process of sale of SNB's equity stake in Samba Bank Limited.

- 1.2** VIS Credit Rating Company has maintained the Bank's medium to long-term rating as 'AA' 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 certain investments, foreign currency balances, commitments in respect of foreign exchange contracts and derivative financial instruments have been marked to market and are carried at fair value.

3 SIGNIFICANT ACCOUNTING POLICIES

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

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

IFRS 9 'Financial Instruments' - the effective date of the standard had been extended to annual periods beginning on or after 1 January 2024 vide SBP BPRD Circular Letter no. 3 dated 5 July 2022. IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. The aforementioned circular letter contained application instructions and parallel reporting requirements for SBP only.

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

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

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

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

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

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

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

5 FINANCIAL RISK MANAGEMENT

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

		(Rupees in '000)	
		September 30, 2022	December 31, 2021
		(Un-audited)	(Audited)
6	CASH AND BALANCES WITH TREASURY BANKS		
	In hand		
	Local currency	917,182	839,959
	Foreign currency	311,386	563,251
		1,228,568	1,403,210
	With State Bank of Pakistan in		
	Local currency current account	3,554,976	4,442,485
	Foreign currency current account (Foreign currencies Settlement Account)	310,076	271,486
	Foreign currency current account (cash reserve account)	689,240	567,491
	Foreign currency deposit account (Special Cash Reserve Account)	-	1,134,805
		4,554,292	6,416,267
	With National Bank of Pakistan in		
	Local currency current account	10,482	15,091
	National Prize Bonds	77	4,498
		5,793,419	7,839,066
7	BALANCES WITH OTHER BANKS		
	In Pakistan		
	In current account	33,877	38,385
	In deposit account	19	18
		33,896	38,403
	Outside Pakistan		
	In current account	639,876	1,032,572
		673,772	1,070,975
7.1	This includes balance of Rs. 164.681 million (December 31, 2021: Rs. 91.857 million) with Saudi National Bank - a related party		
8	LENDINGS TO FINANCIAL INSTITUTIONS		
	Repurchase agreement lendings (Reverse Repo)	1,496,357	4,980,038
	Other lending (Naya Pakistan Certificates)	3,937,413	927,549
		5,433,770	5,907,587

9 INVESTMENTS

9.1 Investments by type:

(Rupees in '000)							
September 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							
3,062,963	-	2,403	3,065,366	-	-	-	-
80,086	-	4,368	84,454	-	-	-	-
3,143,049	-	6,771	3,149,820	-	-	-	-
Available-for-sale securities							
Federal Government Securities							
Shares							
87,307,714	-	(1,272,273)	86,035,441	89,029,076	-	(706,068)	88,323,008
1,652,325	(17,786)	(412,138)	1,222,401	1,711,256	(212,715)	(153,208)	1,345,333
946,429	-	(18,589)	927,840	1,266,071	-	(17,396)	1,248,675
89,906,468	(17,786)	(1,703,000)	88,185,682	92,006,403	(212,715)	(876,672)	90,917,016
Held-to-maturity securities							
Federal Government Securities							
2,078,690	-	-	2,078,690	3,058,387	-	-	3,058,387
Total Investments	(17,786)	(1,696,229)	93,414,192	95,064,790	(212,715)	(876,672)	93,975,403

9.1.1 Investments given as collateral

(Rupees in '000)	
September 30, 2022 (Un-audited)	December 31, 2021 (Audited)
Market Treasury Bills	-
Pakistan Investment Bonds	72,914,738
64,653,768	72,914,738

9.2 Provision for diminution in value of investments

	September 30, 2022 (Un-audited)	December 31, 2021 (Audited)
Opening balance	212,715	309,345
Charge / (reversals)		
Charge for the period / year	5,884	40,492
Reversal	(200,813)	(137,122)
Net (reversals) / charge	(194,929)	(96,630)
Closing Balance	17,786	212,715

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

9.3 The market value of securities classified as held-to-maturity as at September 30, 2022 amounted to Rs.1,906.455 million (December 31, 2021: Rs. 2,935.066 million).

10 ADVANCES

	(Rupees in '000)					
	Performing		Non-Performing		Total	
	September 30, 2022 (Un-audited)	December 31, 2021 (Audited)	September 30, 2022 (Un-audited)	December 31, 2021 (Audited)	September 30, 2022 (Un-audited)	December 31, 2021 (Audited)
Loans, cash credits, running finances, etc.	81,775,562	80,226,186	5,249,051	4,467,512	87,024,613	84,693,698
Bills discounted and purchased	910,999	546,515	15,494	15,494	926,493	562,009
Advances - gross	82,686,561	80,772,701	5,264,545	4,483,006	87,951,106	85,255,707
Provision against advances						
- Specific	-	-	(4,539,128)	(3,882,761)	(4,539,128)	(3,882,761)
- General	(367,563)	(195,770)	-	-	(367,563)	(195,770)
	(367,563)	(195,770)	(4,539,128)	(3,882,761)	(4,906,691)	(4,078,531)
Advances - net of provision	82,318,998	80,576,931	725,417	600,245	83,044,415	81,177,176

10.1 Particulars of advances (Gross)

	(Rupees in '000)	
	September 30, 2022 (Un-audited)	December 31, 2021 (Audited)
In local currency	86,966,935	83,967,770
In foreign currencies	984,171	1,287,937
	87,951,106	85,255,707

10.2 Advances include Rs. 5,265 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)			
	September 30, 2022 (Un-audited)		December 31, 2021 (Audited)	
	Non Performing Loans	Provision	Non Performing Loans	Provision
Domestic				
Substandard	486,616	133,903	562,474	140,619
Doubtful	673,856	332,522	250,000	112,000
Loss	4,104,073	4,072,703	3,670,532	3,630,142
	5,264,545	4,539,128	4,483,006	3,882,761

10.3 Particulars of provision against advances

	(Rupees in '000)					
	September 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	761,228	171,793	933,021	1,375,142	21,510	1,396,652
Reversals	(67,581)	-	(67,581)	(97,597)	(157,663)	(255,260)
	693,647	171,793	865,440	1,277,545	(136,153)	1,141,392
Amounts written off	(37,280)	-	(37,280)	(736)	-	(736)
Closing balance	4,539,128	367,563	4,906,691	3,882,761	195,770	4,078,531

10.4 General provision as at September 30, 2022 includes provision of Rs. 97.665 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 due to deferrals / restructuring by borrowers after the outbreak of COVID-19 in 2020, the Bank had recognized a general provision on its entire performing portfolio on prudent basis.

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

11 FIXED ASSETS

	Note	(Rupees in '000)	
		September 30, 2022 (Un-audited)	December 31, 2021 (Audited)
Capital work-in-progress	11.1	210,387	259,030
Property and equipment	11.2 & 11.3	1,554,834	1,545,711
Right of use assets		1,062,960	1,176,915
		2,828,181	2,981,656
11.1 Capital work-in-progress			
Civil works		44,678	120,756
Equipment		165,709	138,274
Advances to suppliers		-	-
		210,387	259,030

	Nine months ended (Rupees in '000)	
	September 30, 2022 (Un-audited)	September 30, 2021 (Un-audited)
11.2 Additions to fixed assets		
The following additions have been made to fixed assets during the period:		
Capital work-in-progress	90,317	262,303
Property and equipment		
Freehold land	-	208,000
Building on freehold land	-	28,000
Furniture and fixture	4,713	10,873
Electrical office and computer equipment	29,838	75,065
Vehicles	83	44,774
	34,634	366,712
Total	124,951	629,015

11.3 Disposal of fixed assets

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

Furniture and fixture	-	2
Electrical office and computer equipment	1,148	38
Vehicles	8,053	64
Total	9,201	104

		(Rupees in '000)	
		September 30, 2022	December 31, 2021
		(Un-audited)	(Audited)
12	INTANGIBLE ASSETS		
	Intangible assets	268,422	175,206
	Capital work-in-progress	359,969	417,041
		628,391	592,247

Note

12.1 Additions to intangible assets

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

		Nine months ended	
		(Rupees in '000)	
		September 30, 2022	September 30, 2021
		(Un-audited)	(Un-audited)
	Capital work-in-progress	87,219	472,687
	Directly purchased	3,535	19,642
	Total	90,754	492,329

13 DEFERRED TAX ASSETS / (LIABILITIES)

Deductible Temporary Differences on:

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

		(Rupees in '000)	
		September 30, 2022	December 31, 2021
		(Un-audited)	(Audited)
		732,289	341,902
		58,962	42,431
		1,051,690	910,171
		1,842,941	1,294,504

Taxable Temporary Differences on:

- Surplus on revaluation of investments
- Net investment in finance lease

		-	-
		(83,682)	(76,227)
		(83,682)	(76,227)
		1,759,259	1,218,277

14 OTHER ASSETS

	Income / mark-up accrued in local currency	4,778,253	3,313,762
	Income / mark-up accrued in foreign currencies	46,957	31,457
	Advances, deposits, advance rent and other prepayments	250,074	151,078
	Advance taxation (payments less provisions)	126,442	-
	Mark to market gain on forward foreign exchange & arbitrage contracts	4,709,835	1,264,661
	Acceptances	973,712	1,537,573
	Others	119,696	239,272
		11,004,969	6,537,803
	Less: Provision held against other assets	(157,159)	(160,674)
	Other Assets - net	10,847,810	6,377,129

- 14.1** This includes an amount of Rs. 1.731 million (December 31, 2021: Rs. 1.593 million) receivable from Saudi National Bank - a related party.

14.2 Provisions held against other assets

Fee, commission and other receivables
 Fraud and forgery

(Rupees in '000)	
September 30, 2022 (Un-audited)	December 31, 2021 (Audited)
80,278	80,343
76,881	80,331
157,159	160,674

15. BILLS PAYABLE

In Pakistan

839,633	903,059
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16. BORROWINGS**Secured**

Borrowings from State Bank of Pakistan

- Under export refinance scheme
- Under Long Term Finance Facility

2,901,849	4,584,800
8,393,604	8,463,009
11,295,453	13,047,809

Bai muajjal borrowing

Repurchase agreement borrowings

-	4,951,908
66,273,497	67,883,857

Total secured

77,568,950	85,883,574
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Unsecured

Call borrowings

Bai muajjal borrowing

Bankers Equity Limited (under liquidation)

2,000,000	-
-	7,113,299
22,336	22,336
2,022,336	7,135,635

Total unsecured

79,591,286	93,019,209
------------	------------

17. DEPOSITS AND OTHER ACCOUNTS

Note	(Rupees in '000)					
	September 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	16,941,842	5,600,393	22,542,235	16,461,229	5,099,298	21,560,527
Savings deposits	16,712,413	3,412,793	20,125,206	14,304,664	3,538,418	17,843,082
Term deposits	36,793,847	3,954,008	40,747,855	34,779,264	1,707,989	36,487,253
Others-margin and call deposits	991,398	-	991,398	763,271	-	763,271
	71,439,500	12,967,194	84,406,694	66,308,428	10,345,705	76,654,133
Financial Institutions						
Current deposits	91,173	2,243	93,416	68,377	-	68,377
Savings deposits	6,715,627	-	6,715,627	1,339,456	-	1,339,456
Term deposits	500,000	-	500,000	550,000	-	550,000
Others-call deposits	1,078,405	-	1,078,405	655,306	-	655,306
	8,385,205	2,243	8,387,448	2,613,139	-	2,613,139
	79,824,705	12,969,437	92,794,142	68,921,567	10,345,705	79,267,272

17.1 This includes deposits amounting to Rs. 1,078.405 million (December 31, 2021: Rs. 655.306 million) from Saudi National Bank - a related party.

		(Rupees in '000)	
		September 30, 2022	December 31, 2021
		(Un-audited)	(Audited)
18	SUBORDINATED DEBT		
	Term Finance Certificates (TFCs) - Unsecured	4,997,000	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)	
		September 30, 2022	December 31, 2021
		(Un-audited)	(Audited)
19	OTHER LIABILITIES		
	Mark-up / Return/ Interest payable in local currency	2,084,264	1,821,556
	Mark-up / Return/ Interest payable in foreign currencies	24,289	3,682
	Accrued expenses	539,861	686,454
	Acceptances	973,712	1,537,573
	Taxation (payments less provisions)	-	89,858
	Dividends payable	28,252	15,877
	Unclaimed dividends	3,351	3,351
	Mark to market loss on forward foreign exchange contracts	5,523,876	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	1,220,826	1,266,506
	Others	366,321	183,678
		10,972,252	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)	
		September 30, 2022	December 31, 2021
		(Un-audited)	(Audited)
20	DEFICIT ON REVALUATION OF ASSETS		
	Deficit on revaluation of		
	- Available for sale securities	9.1 (1,703,000)	(876,672)
	Deferred tax on deficit on revaluation of:		
	- Available for sale securities	13 732,290	341,902
		(970,710)	(534,770)
21	CONTINGENCIES AND COMMITMENTS		
	- Guarantees	21.1 7,631,119	7,249,258
	- Commitments	21.2 219,803,676	174,942,158
	- Other contingent liabilities	21.3 1,841,903	1,611,056
		229,276,698	183,802,472
21.1	Guarantees:		
	Financial guarantees	1,679,657	1,679,657
	Performance guarantees	4,806,629	5,023,147
	Other guarantees	1,144,833	546,454
		7,631,119	7,249,258
21.2	Commitments:		
	Documentary credits and short-term trade-related transactions		
	- letters of credit	6,048,300	10,911,755
	Commitments in respect of:		
	- forward foreign exchange contracts	21.2.1 212,250,004	162,938,155
	- forward government securities sale / purchase transactions	21.2.2 974,600	492,275
	- forward equity securities sale transactions	21.2.3 -	-
	- operating leases	21.2.4 100	5,733
	Commitments for acquisition of:		
	- operating fixed assets	123,742	47,065
	- intangible assets	3,227	104,391
	Other commitments	21.2.5 403,703	442,784
		219,803,676	174,942,158
21.2.1	Commitments in respect of forward foreign exchange contracts		
	Purchase	109,257,188	83,574,137
	Sale	102,992,816	79,364,018
		212,250,004	162,938,155

	(Rupees in '000)	
	September 30, 2022	December 31, 2021
	(Un-audited)	(Audited)
21.2.2 Commitments in respect of forward government securities transactions		
Purchase	974,600	492,275
Sale	-	-
	974,600	492,275
21.2.3 Commitments in respect of forward equity securities		
Sale	-	-
21.2.4 Commitments in respect of operating leases		
Not later than one year	100	5,733
Later than one year and not later than five years	-	-
Later than five years	-	-
	100	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.

	(Rupees in '000)	
	September 30, 2022	December 31, 2021
	(Un-audited)	(Audited)
21.2.5 Other commitments		
Claims against the Bank not acknowledged as debt	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.

	(Rupees in '000)	
	September 30, 2022	December 31, 2021
	(Un-audited)	(Audited)
21.3 Other contingent liabilities		
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 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.

	Nine months ended	
	(Rupees in '000)	
	September 30, 2022	September 30, 2021
	(Un-audited)	(Un-audited)
22 MARK-UP / RETURN / INTEREST EARNED		
On:		
a) Loans and advances	7,576,057	4,413,475
b) Investments	7,849,674	5,006,188
c) Lendings to financial institutions	277,149	573,623
d) Balances with banks	379	403
e) Others (on pool lending to Naya Pakistan Certificate)	66,510	24,634
	<u>15,769,769</u>	<u>10,018,323</u>
23 MARK-UP / RETURN / INTEREST EXPENSED		
On:		
a) Deposits	4,938,217	2,897,816
b) Borrowings	6,602,800	3,222,692
c) Finance cost on lease liability against right-of-use assets	110,782	97,071
d) Cost of foreign currency swaps against foreign currency deposits	486,465	369,530
e) Subordinated debt	455,014	263,376
	<u>12,593,278</u>	<u>6,850,485</u>
24 FEE & COMMISSION INCOME		
Branch banking customer fees	42,190	32,038
Consumer finance related fees	19,265	20,458
Debit card related fees	6,175	4,571
Credit related fees	34,327	55,067
Commission on trade	91,811	103,467
Commission on guarantees	34,324	52,301
Commission on cash management	12,162	10,312
Commission on remittances including home remittances	48,972	45,151
Commission on bancassurance	4,802	15,544
Commission on Naya Pakistan Certificates	4,857	18,881
Others	1,331	2,605
	<u>300,216</u>	<u>360,395</u>
25 GAIN / (LOSS ON SECURITIES)		
Realised	(166,282)	501,615
Unrealised - held for trading	6,771	(4,220)
	<u>(159,511)</u>	<u>497,395</u>
25.1 Realised gain on:		
Federal Government Securities	27,439	318,932
Shares	(193,721)	181,296
Non Government Debt Securities	-	1,387
	<u>(166,282)</u>	<u>501,615</u>

26. OTHER INCOME

Gain on sale of fixed assets-net
Others

Nine months ended (Rupees in '000)	
September 30, 2022 (Un-audited)	September 30, 2021 (Un-audited)
6,193	22,165
6,306	34
12,499	22,199

27. OPERATING EXPENSES**Total compensation expense**

1,593,227 1,343,768

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

88,600 91,146
1,175 1,095
93,333 53,150
55,494 45,695
53,511 46,913
12,915 5,260
163,133 144,875
468,161 388,134

Information technology expenses

Software maintenance
Hardware maintenance
Depreciation
Amortisation
Network charges
Insurance

144,876 92,163
40,265 28,257
53,865 38,108
54,609 32,447
112,811 87,536
471 330
406,897 278,841

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

31,519 35,359
24,180 12,869
7,195 3,164
65,927 42,371
13,888 18,982
88,491 64,118
1,907 -
3,407 8,750
4,535 11,195
26,648 27,556
54,426 36,004
51,404 42,183
68,090 27,195
29,534 89,168
10,807 4,446
8,127 8,160
11,721 22,101

501,806 453,621
2,970,091 2,464,364

	Note	Nine months ended	
		(Rupees in '000)	
		September 30, 2022 (Un-audited)	September 30, 2021 (Un-audited)
28 OTHER CHARGES			
Penalties imposed by State Bank of Pakistan		1,303	545
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	(865,440)	(1,154,925)
Fixed assets written-off		-	-
Reversal of off balance sheet obligation		-	-
Bad debts written off directly		(6,103)	(475)
Recoveries against debts written-off			
		(676,524)	(1,058,770)
30 TAXATION			
Current		(406,604)	(492,598)
Prior years		-	-
Deferred		150,595	166,311
		(256,009)	(326,287)
31. BASIC EARNINGS PER SHARE			
Profit for the period		369,353	477,941
		(Number of shares)	
Weighted average number of ordinary shares		1,008,238,648	1,008,238,648
		(Rupees)	
Basic earnings per share		0.37	0.47

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)				
September 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	-	89,100,807	-	89,100,807
Shares	1,306,855	-	-	1,306,855
Non-Government Debt Securities	-	927,840	-	927,840
Financial assets - disclosed but not measured at fair value				
Investments-Federal Government Securities	-	1,906,455	-	1,906,455
Off-balance sheet financial instruments- measured at fair value				
Forward purchase of foreign exchange	-	109,257,188	-	109,257,188
Forward sale of foreign exchange	-	102,992,816	-	102,992,816
Forward purchase of government securities	-	-	-	-
(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)					
	Nine months ended September 30, 2022 (un-audited)					
	Corporate Banking	Global Markets	Retail Banking	Commercial Banking	Senoff	Total
Profit & Loss						
Net mark-up / return / profit	3,060,266	868,979	(3,320,372)	2,608,812	(41,194)	3,176,491
Inter segment revenue - net	(2,298,017)	(1,303,915)	5,072,189	(2,120,858)	650,601	-
Non mark-up / return / interest income	210,678	850,967	247,822	215,600	(415,478)	1,109,589
Total Income	972,927	416,031	1,999,639	703,554	193,929	4,286,080
Segment direct expenses	(163,820)	(128,210)	(1,066,752)	(124,928)	(1,500,484)	(2,984,194)
Inter segment expense allocation	(323,855)	(153,110)	(717,276)	(306,243)	1,500,484	-
Total expenses	(487,675)	(281,320)	(1,784,028)	(431,171)	-	(2,984,194)
Provisions	(74,999)	194,929	(33,264)	(637,498)	(125,692)	(676,524)
Profit before tax	410,253	329,640	182,347	(365,115)	68,237	625,362
	(Rupees in '000)					
	As at September 30, 2022 (Un-audited)					
	Corporate Banking	Global Markets	Retail Banking	Commercial Banking	Senoff	Total
Balance Sheet						
Cash & Bank balances	-	5,227,701	1,239,490	-	-	6,467,191
Investments	-	93,414,192	-	-	-	93,414,192
Net inter segment lending	-	-	66,173,410	-	10,594,852	76,768,262
Lendings to financial institutions	-	5,433,770	-	-	-	5,433,770
Advances - performing - net	44,823,926	1,162,966	4,776,879	29,963,553	1,591,674	82,318,998
Advances - non-performing - net	224,998	-	54,203	439,384	6,832	725,417
Others	1,089,669	7,947,439	351,072	1,041,623	5,633,838	16,063,641
Total Assets	46,138,593	113,186,068	72,595,054	31,444,560	17,827,196	281,191,471
Borrowings	8,186,359	68,295,832	-	3,109,095	-	79,591,286
Subordinated debt	-	4,997,000	-	-	-	4,997,000
Deposits & other accounts	16,307,013	1,105,435	70,854,455	4,527,239	-	92,794,142
Net inter segment borrowing	20,668,957	32,464,780	-	23,634,525	-	76,768,262
Others	976,264	6,323,021	1,740,599	173,701	2,598,300	11,811,885
Total liabilities	46,138,593	113,186,068	72,595,054	31,444,560	2,598,300	265,962,575
Equity	-	-	-	-	15,228,896	15,228,896
Total Equity & liabilities	46,138,593	113,186,068	72,595,054	31,444,560	17,827,196	281,191,471
Contingencies & Commitments	8,348,519	214,024,604	239,887	4,106,868	2,556,819	229,276,698

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)							
	September 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	164,681	-	-	-	91,857	-	-	-
Advances								
Opening balance	-	-	200,450	-	-	-	165,648	-
Addition during the period / year	-	-	108,080	-	-	-	80,863	-
Repaid during the period / year	-	-	(80,224)	-	-	-	(46,061)	-
Closing balance	-	-	228,306	-	-	-	200,450	-
Other Assets								
Other receivable	1,731	-	-	-	1,593	-	-	-
Mark to market gain on forward foreign exchange contracts	4,643	-	-	-	-	-	-	-
	6,374	-	-	-	1,593	-	-	-
Other Liabilities								
Mark-up payable	-	82	200	364	-	62	101	382
Mark to market loss on forward foreign exchange contracts	7,965	-	-	-	-	-	-	-
	7,965	82	200	364	-	62	101	382
Deposits and other accounts								
Opening balance	655,306	25,057	31,168	32,484	90,749	34,597	22,424	25,312
Received during the period / year	497,117	162,550	510,938	727,122	6,817,659	511,984	490,297	759,535
Withdrawn during the period / year	(74,018)	(174,114)	(514,093)	(710,272)	(6,253,102)	(521,524)	(481,553)	(752,363)
Closing Balance	1,078,405	13,493	28,013	49,334	655,306	25,057	31,168	32,484
Contingencies and Commitments								
Forward foreign exchange contracts								
(National) - outstanding	454,422	-	-	-	-	-	-	-
Guarantees	-	-	-	-	3,053,684	-	-	-

	(Rupees in '000)							
	Nine months ended September 30, 2022 (Un-audited)				Nine months ended September 30, 2021 (Unaudited)			
	Parent	Directors	Key management personnel	Others	Parent	Directors	Key management personnel	Others
Income								
Mark-up / return / interest earned	-	-	8,087	-	-	-	5,402	-
Expense								
Mark-up / return / interest paid	-	3,220	3,564	4,890	-	331	906	1,752
Remuneration and benefits	-	-	305,420	-	-	-	307,060	-
Directors fee	-	34,080	-	-	-	32,160	-	-
Insurance premium paid	-	-	1,120	-	-	-	976	-
Insurance claims settled	-	-	308	-	-	-	205	-
Other Transactions								
Forward exchange contracts matured during the period	3,456,124	-	-	-	25,667,608	-	-	-
Sale of federal government securities	-	-	-	58,731	-	-	-	-
Purchase of government securities	-	-	-	78,978	-	-	-	-

35. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

Minimum Capital Requirement (MCR):

Paid-up capital (net of losses)

(Rupees in '000)	
September 30, 2022	December 31, 2021
(Un-audited)	(Audited)
10,082,387	10,082,387

Capital Adequacy Ratio (CAR):

Eligible Common Equity Tier 1 (CET 1) Capital

14,301,297	15,308,179
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Eligible Additional Tier 1 (ADT 1) Capital

-	-
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Total Eligible Tier 1 Capital

14,301,297	15,308,179
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Eligible Tier 2 Capital

5,279,089	5,194,770
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Total Eligible Capital (Tier 1 + Tier 2)

19,580,386	20,502,949
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Risk Weighted Assets (RWAs):

Credit Risk

92,067,111	83,436,422
------------	------------

Market Risk

7,786,610	9,187,601
-----------	-----------

Operational Risk

8,911,765	8,911,765
-----------	-----------

Total

108,765,485	101,535,788
-------------	-------------

Common Equity Tier 1 Capital Adequacy ratio

13.15%	15.08%
--------	--------

Tier 1 Capital Adequacy Ratio

13.15%	15.08%
--------	--------

Total Capital Adequacy Ratio

18.00%	20.19%
--------	--------

Leverage Ratio (LR):

Eligible Tier-1 Capital

14,301,297	15,308,179
------------	------------

Total Exposures

221,665,524	217,066,371
-------------	-------------

Leverage Ratio

6.45%	7.05%
-------	-------

Liquidity Coverage Ratio (LCR):

Total High Quality Liquid Assets

29,436,984	46,359,075
------------	------------

Total Net Cash Outflow

18,507,637	18,299,161
------------	------------

Liquidity Coverage Ratio

159.05%	253.34%
---------	---------

Net Stable Funding Ratio (NSFR):

Total Available Stable Funding

131,367,552	134,966,980
-------------	-------------

Total Required Stable Funding

65,165,910	70,328,798
------------	------------

Net Stable Funding Ratio

201.59%	191.91%
---------	---------

36 GENERAL

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

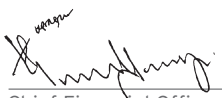
36.2 Figures as of and for the period ended September 30, 2022 and September 30, 2021, wherever used in these condensed interim financial statements are unaudited. However figures as of and for the period relating to December 31, 2021 used in these condensed interim financial statements are audited.

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 October 27, 2022 by the Board of Directors of the Bank.


Chief Financial Officer


President & Chief Executive Officer (Acting)


Director


Director









Chairman










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