

Half Yearly Report
June 30,
2014

AIMING FOR NEW
heights



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

www.samba.com.pk

World Class Banking

Samba Bank Limited

samba سامبا

samba سامبا



Contents

Company Information	01
Branch Network	02
Directors' Review	03
Auditors' Review Report	05
Statement of Financial Position	07
Profit and Loss Account	08
Statement of Comprehensive Income	09
Cash Flow Statement	10
Statement of Changes in Equity	11
Notes to the Financial Information	12

All trademarks and logos referred to and used in this document are registered trademarks of and owned by Samba Financial Group.



Company Information

Board of Directors

Dr. Shujaat Nadeem	Chairman/Non Executive Director
Mr. Medhat Fareed Abbas Tawfik	Non Executive Director
Mr. Antoine Mojabber	Non Executive Director
Mr. Beji Tak-Tak	Non Executive Director
Mr. Zahid Zaheer	Independent Director
Mr. Farhat Abbas Mirza	Independent Director
Mr. Humayun Murad	Independent Director
Mr. Javed Iqbal	Independent Director
Mr. Shahid Sattar	President & CEO/Executive Director

Board Audit Committee

Mr. Javed Iqbal	Chairman
Mr. Medhat Fareed Abbas Tawfik	Member
Mr. Zahid Zaheer	Member

Board Risk Committee

Mr. Beji Tak-Tak	Chairman
Mr. Shahid Sattar	Member
Mr. Antoine Mojabber	Member
Mr. Humayun Murad	Member

Board Nomination & Remuneration Committee

Dr. Shujaat Nadeem	Chairman
Mr. Medhat Fareed Abbas Tawfik	Member
Mr. Humayun Murad	Member

President & Chief Executive Officer

Mr. Shahid Sattar

Company Secretary

Syed Zia-ul-Husnain Shamsi

Chief Financial Officer

Mr. Imran Butt (Acting)

Auditors

A. F. Ferguson & Co. Chartered Accountants

Legal Advisors

Mohsin Tayebaly & Co. Advocates & Legal Consultants

Head Office

6th Floor, Sidco Avenue Centre, M.D.M. Wafai Road, Karachi - Pakistan

Registered Office

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

Share Registrar

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

Website

www.samba.com.pk

Help Line

11 11 SAMBA (72622)

Credit Rating by JCR-VIS

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

Our Branch Network

KARACHI

Bahria Complex 1
DHA Phase VI
Clifton
Bahadurabad
SMCHS
Fountain
Rashid Minhas
Shahra-e-Faisal
Gulshan-e-Iqbal
Hyderi
DHA Ittehad

LAHORE

Mall Road
DHA Lahore
Cavalry Road
New Garden Town
Sarwar Road
Gulberg
Johar Town
Allama Iqbal Town

ISLAMABAD / RAWALPINDI

Jinnah Avenue
F11
F7
Rawalpindi Cantt.

GUJRANWALA

G.T. Road

FAISALABAD

Liaquat Road

SIALKOT

Paris Road

MULTAN

Nusrat Road

PESHAWAR

Saddar Road



Directors' Review

On behalf of the Board of Directors, I wish to present the half yearly report of our Bank along with the interim condensed financial information and auditors' review report thereon for the half year ended June 30, 2014.

Financial Results & Overview

The highlights of financials of the Bank for the six month period ended June 30, 2014 are summarized below:

	Rupees in million	
	For the six month period ended June 30, 2014	For the six month period ended June 30, 2013
Profit before taxation	192,238	35,935
Taxation (including deferred)	(66,978)	1,424
Profit after taxation	125,260	37,359
Earnings per share - in Rupees	0.14	0.05

	Rupees in million	
	June 30, 2014	December 31, 2013
Total assets	49,697	40,002
Investments	18,704	13,991
Advances	19,746	18,269
Deposits	30,117	24,633
Paid up capital & reserves (including advance against right issue)	10,666	10,154
Deficit on revaluation of assets - net of tax	19	23

Continuing from previous quarter, the Bank's operational performance is on continuous improving path. Bank generated profit before tax of Rs. 192.24 million for the half year ended June 30, 2014, as compared to a profit before tax of Rs. 35.94 million for the corresponding period of last year. Despite the challenging economic and business conditions, your Bank managed the turnaround through improved yields on earning assets and operational efficiencies.

Net mark-up income registered growth of Rs. 165.56 million, or 26% over the corresponding period of last year. This was achieved by management's efforts to build better yielding assets portfolio while rationalization of the costs. Non mark-up interest income also registered growth of 6% over the corresponding period of last year. During the current quarter, Bank also started new equity investment business. Total gains on sale of equity and money market securities rose to 21.99 million as compared to loss of Rs. 0.61 million in corresponding period of last year. Similarly focus was also placed on achieving operational efficiencies, whereby the Bank managed to contain the incremental operational expenses to within 3%. Additionally, owing to higher recoveries against the Legacy NPL portfolio, Bank posted the reversal of provisions amounting to Rs. 56.29 million against the recovery of Rs. 42.78 million for the corresponding period of 2013.

Investments of the Bank also grew to Rs. 18.70 billion as against to Rs. 13.99 billion as of December 31, 2013 showing a healthy growth of 34%. Loan book also grew to Rs. 19.75 billion showing a growth of 8% compared to December 31, 2013. On the funding side, the growth was achieved by increasing deposits by Rs. 5.49 billion from Rs. 24.63 billion to Rs. 30.12 billion, showing healthy 22% growth over December 31, 2013. Overall balance sheet of your Bank rose at Rs. 49.70 billion, compared to Rs. 40.00 billion, showing an increase of 24% over December 31, 2013.

Credit Rating

JCR-VIS Credit Rating Company Ltd has reaffirmed the medium to long term entity ratings of Bank at 'AA-' (AA minus) and its short term rating at 'A-1' (A-One). Outlook on the assigned ratings is 'Stable'. These short and long term ratings of the Bank denote high credit quality with adequate protection factor and high certainty for timely payments to all financial commitment owing to strong liquidity position.

The current ratings are a testament to Bank's capitalization and sound asset quality leading to stable financial performance, with continued growth in its Consumer Banking, Corporate & Investment Banking, and Global Market businesses.

Future Outlook

Despite the challenges of the prevailing economic and business environment, the Management of the Bank is focused on growing the franchise in a sustainable manner by enhancing the revenue and managing its expenses, thereby increasing the profits. The last two quarters consistent growth in profits shows an encouraging trend line and demonstrates a satisfactory momentum and sustainable profitability. Offering new innovative products and services, acquiring new to bank customers and deepening the existing relationships will ensure consistent business and revenue growth in future as well.

Acknowledgment

On behalf of Board of Directors, I would like to thank our customers, business partners and shareholders for their patronage and trust and our parent, Samba Financial Group, for their unwavering support. The Board and Management thank State Bank of Pakistan and other regulatory authorities for their continuous guidance and support. Lastly, but most importantly, I wish to thank our employees for their commitment, dedication and team work.

On behalf of Board of Directors,

Shahid Sattar
President & Chief Executive Officer

August 21, 2014

INDEPENDENT AUDITORS' REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION TO THE MEMBERS

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Samba Bank Limited as at June 30, 2014 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the accounts for the half year then ended (here-in-after referred to as the "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended June 30, 2014 and 2013 have not been reviewed, as we are required to review only the cumulative figures for the half year ended June 30, 2014.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information 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 information as of and for the half year ended June 30, 2014 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

A. F. Ferguson & Co.

Chartered Accountants
Engagement Partner: **Rashid A. Jafer**

Dated: August 27, 2014

Karachi

Financial Statements

For the half year ended June 30, 2014



Condensed Interim Statement of Financial Position

AS AT JUNE 30, 2014

	Note	(Rupees in '000)	
		(Un-audited)	(Audited)
		June 30, 2014	December 31, 2013
ASSETS			
Cash and balances with treasury banks		2,425,221	2,795,889
Balances with other banks		51,448	117,483
Lendings to financial institutions	9	4,353,003	790,672
Investments - net	10	18,704,096	13,991,462
Advances - net	11	19,746,217	18,269,396
Operating fixed assets	12	934,860	861,709
Deferred tax asset - net	13	1,432,866	1,483,569
Other assets		2,049,420	1,691,360
		49,697,131	40,001,540
LIABILITIES			
Bills payable		397,181	918,662
Borrowings from financial institutions	14	7,254,220	2,987,399
Deposits and other accounts	15	30,117,054	24,632,610
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities - net		-	-
Other liabilities		1,281,771	1,331,691
		39,050,226	29,870,362
NET ASSETS		10,646,905	10,131,178
REPRESENTED BY:			
Share capital		10,082,386	8,082,387
Advance against issue of right shares		-	1,613,502
Reserves		192,476	167,424
Unappropriated profits		391,299	291,091
		10,666,161	10,154,404
Deficit on revaluation of assets - net of tax		(19,256)	(23,226)
		10,646,905	10,131,178
CONTINGENCIES AND COMMITMENTS			
	16		

The accompanying notes 1 to 21 form an integral part of this condensed interim financial information.

President & Chief Executive Officer

Chairman

Director

Director

Condensed Interim Profit And Loss Account (Un-audited)

FOR THE QUARTER AND HALF YEAR ENDED JUNE 30, 2014

Note	(Rupees in '000)			
	Quarter ended		Half Year ended	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
Mark-up / return / interest earned	1,125,122	787,614	2,058,894	1,518,446
Mark-up / return / interest expensed	709,432	453,932	1,246,444	871,556
Net mark-up / return / interest income	415,690	333,682	812,450	646,890
Reversal of provision against loans and advances - net	(22,051)	(6,604)	(50,443)	(42,269)
Provision for diminution in the value of investments - net	-	-	-	-
Recoveries against debts written-off	(2,390)	(339)	(5,848)	(509)
	(24,441)	(6,943)	(56,291)	(42,778)
Net mark-up / return / interest income after provisions	440,131	340,625	868,741	689,668
Non mark-up / return / interest income				
Fee, commission and brokerage income	24,093	39,314	56,410	55,299
Dividend income	-	1,309	-	1,309
Income from dealing in foreign currencies	22,925	3,715	17,054	31,469
Gain / (loss) on sale of securities	12,992	(124)	21,994	(610)
Unrealised (loss) / gain on revaluation of investments classified as held for trading	(14,404)	1,005	(738)	797
Other income	-	3,299	3,546	4,554
Total non mark-up / return / interest income	45,606	48,518	98,266	92,818
	485,737	389,143	967,007	782,486
Non mark-up / return / interest expenses				
Administrative expenses	364,408	385,106	764,715	743,301
Other provisions / write offs - net	10,876	2,207	6,131	2,238
Workers welfare fund	2,058	312	3,923	1,012
Other charges	-	-	-	-
Total non mark-up / return / interest expenses	377,342	387,625	774,769	746,551
	108,395	1,518	192,238	35,935
Extraordinary items	-	-	-	-
Profit before taxation	108,395	1,518	192,238	35,935
Taxation - Current period	5,401	12,170	21,465	16,027
- Prior years	-	-	-	-
- Deferred	32,537	(21,824)	45,513	(17,451)
	37,938	(9,654)	66,978	(1,424)
Profit after taxation	70,457	11,172	125,260	37,359
Unappropriated profits / (accumulated losses) brought forward	334,933	(5,990,689)	291,091	(6,011,639)
Transfer to statutory reserve	(14,091)	(2,234)	(25,052)	(7,471)
Unappropriated profits / (accumulated losses) carried forward	391,299	(5,981,751)	391,299	(5,981,751)
Basic and diluted earnings per share (Rupees)	17	0.07	0.14	0.05

The accompanying notes 1 to 21 form an integral part of this condensed interim financial information.

President & Chief Executive Officer

Chairman

Director

Director

Condensed Interim Statement of Comprehensive Income (Un-audited)

FOR THE QUARTER AND HALF YEAR ENDED JUNE 30, 2014

(Rupees in '000)

	Quarter ended		Half Year ended	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
Profit for the period	70,457	11,172	125,260	37,359
Other comprehensive income	-	-	-	-
Total comprehensive income for the period transferred to equity	70,457	11,172	125,260	37,359
Components of comprehensive income / (loss) not reflected in equity				
(Deficit) / surplus on revaluation of available for sale financial assets - net of tax	(30,703)	33,426	3,970	9,377
Total comprehensive income for the period	39,754	44,598	129,230	46,736

The accompanying notes 1 to 21 form an integral part of this condensed interim financial information.

President & Chief Executive Officer

Chairman

Director

Director

Condensed Interim Cash Flow Statement (Un-audited)

FOR THE HALF YEAR ENDED JUNE 30, 2014

(Rupees in '000)

	Half Year ended	
	June 30, 2014	June 30, 2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	192,238	35,935
Less: Dividend income	-	(1,309)
	192,238	34,626
Adjustments for non-cash charges and other items:		
Depreciation	37,894	56,083
Amortisation of intangible assets	4,125	3,776
Reversal against loans and advances - net	(50,443)	(42,269)
Loss / (gain) on revaluation of investments held for trading	738	(797)
Gain on sale of operating fixed assets	(3,546)	(4,549)
Loss on sale of securities	-	610
Other provisions / write offs - net	6,131	2,238
	(5,101)	15,092
	187,137	49,718
Increase in operating assets		
Lendings to financial institutions	(3,562,331)	836,382
Held for trading securities	1,123,666	(1,781,520)
Advances	(1,426,378)	121,416
Other assets (excluding advance & current taxation)	(385,954)	(262,879)
	(4,250,997)	(1,086,601)
Increase in operating liabilities		
Bills payable	(521,481)	732,315
Borrowings from financial institutions	4,266,821	9,869,286
Deposits and other accounts	5,484,444	(1,105,594)
Other liabilities	(45,175)	11,170
	9,184,609	9,507,177
Income tax paid	5,120,749	8,470,294
	(3,502)	(7,549)
Net cash flows from operating activities	5,117,247	8,462,745
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investments in securities	(5,827,880)	(11,893,773)
Dividend received	-	1,309
Investment in operating fixed assets	(119,720)	(67,649)
Proceeds from sale of fixed assets	7,153	7,787
Net cash flows from investing activities	(5,940,447)	(11,952,326)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	386,497	1,613,502
Cost incurred on issuance of shares	-	-
Net cash flows from financing activities	386,497	1,613,502
Decrease in cash and cash equivalents	(436,703)	(1,876,079)
Cash and cash equivalents at beginning of the period	2,913,372	4,342,485
Cash and cash equivalents at end of the period	2,476,669	2,466,406

The accompanying notes 1 to 21 form an integral part of this condensed interim financial information.

President & Chief Executive Officer

Chairman

Director

Director

Condensed Interim Statement of Changes In Equity (Un-audited)

FOR THE HALF YEAR ENDED JUNE 30, 2014

	(Rupees in '000)					
	Share capital	Advance against proposed issue of right shares	Capital reserve	Statutory reserve	Unappropriated profits / (Accumulated losses)	Total
Balance as at January 01, 2013	14,334,734	-	20,935	129,626	(6,011,639)	8,473,656
Advance share subscription money received against proposed issue of right shares	-	1,613,502	-	-	-	1,613,502
Profit after taxation for the half year ended June 30, 2013	-	-	-	-	37,359	37,359
Transfer to statutory reserve	-	-	-	7,471	(7,471)	-
Balance as at June 30, 2013	14,334,734	1,613,502	20,935	137,097	(5,981,751)	10,124,517
Profit after taxation for the half year ended December 31, 2013	-	-	-	-	46,954	46,954
Transfer to statutory reserve	-	-	-	9,392	(9,392)	-
Accumulated losses adjusted against reduction of share capital	(6,252,347)	-	-	-	6,252,347	-
Capital Reduction and right shares issuance cost	-	-	-	-	(17,067)	(17,067)
Balance as at December 31, 2013	8,082,387	1,613,502	20,935	146,489	291,091	10,154,404
Profit after taxation for the half year ended June 30, 2014	-	-	-	-	125,260	125,260
Transfer to statutory reserve	-	-	-	25,052	(25,052)	-
Transfer of advance subscription to share capital	1,613,502	(1,613,502)	-	-	-	-
Issue of right shares	386,497	-	-	-	-	386,497
Balance as at June 30, 2014	10,082,386	-	20,935	171,541	391,299	10,666,161

The accompanying notes 1 to 21 form an integral part of this condensed interim financial information.

President & Chief Executive Officer

Chairman

Director

Director

Notes to and forming part of the Condensed Interim Financial Information (Un-audited)

FOR THE HALF YEAR ENDED JUNE 30, 2014

1 STATUS AND NATURE OF BUSINESS

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 all the stock exchanges of Pakistan. Its principal office is located at 6th Floor, Sidco Avenue Centre, Maulana Deen Muhammad Wafai Road, Karachi; however, the registered office of the Bank is located at 2nd floor, Building No. 13-T, F-7 Markaz, near Post Mall, Islamabad. The Bank is a subsidiary of SAMBA Financial Group of Saudi Arabia, which holds 84.51% shares of the Bank as at June 30, 2014 (2013: 80.68%). The Bank operates 28 branches (December 31, 2013: 28 branches) inside Pakistan.

JCR-VIS has determined the Bank's long-term rating as AA- (stable outlook) and the short-term rating as A-1.

2 BASIS OF PRESENTATION

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

3 STATEMENT OF COMPLIANCE

3.1 This condensed financial information has been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and the directives issued by the Securities and Exchange Commission of Pakistan (SECP) and the State Bank of Pakistan (SBP). Wherever the requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962, or the directives issued by the SECP and the SBP differ with the requirements of IFRS, the requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and the requirements of the said directives prevail.

3.2 The SBP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and International Accounting Standard (IAS) 40, 'Investment Property' for Banking Companies through BSD Circular Letter No. 10 dated August 26, 2002 till further instructions. Further, the SECP has deferred the applicability of International Financial Reporting Standard (IFRS) 7 'Financial Instruments: Disclosures' through its notification S.R.O 411(I)/2008 dated April 28, 2008. Accordingly, the requirements of these standards have not been considered in the preparation of this condensed interim financial information. However, investments have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars.

3.3 SBP vide its BSD Circular No. 07 dated April 20, 2010 has clarified that for the purpose of preparation of financial statements in accordance with International Accounting Standard - 1 (Revised) 'Presentation of Financial Statements', two statement approach shall be adopted i.e. separate 'Profit and Loss Account' and 'Statement of Comprehensive Income' shall be presented, and Balance Sheet shall be renamed as 'Statement of Financial Position'. Furthermore, only the Surplus / (Deficit) on Revaluation of Available for sale (AFS) Securities may be included in the 'Statement of Comprehensive Income'. Accordingly, the above requirements have been adopted in the preparation of this condensed interim financial information.

3.4 The disclosures made in this condensed interim financial information have been limited based on the format prescribed by the State Bank of Pakistan vide BSD Circular Letter No. 2 dated May 12, 2004 and International Accounting Standard 34, 'Interim Financial Reporting'. They do not include all of the information required for a full set of annual financial statements, and should be read in conjunction with the financial statements of the Bank for the year ended December 31, 2013.

4 BASIS OF MEASUREMENT

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

5 FUNCTIONAL AND PRESENTATIONAL CURRENCY

Items included in this condensed interim financial information are measured using the currency of the primary economic environment in which the Bank operates. This condensed interim financial information is presented in Pakistani Rupees, which is the Bank's functional and presentational currency.

6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation of balances adopted in the preparation of this condensed interim financial information are same as those applied in the preparation of the annual financial statements of the Bank for the year ended December 31, 2013.

7 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The basis and the methods used for critical accounting estimates and judgments adopted in this condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the Bank for the year ended December 31, 2013.



8 FINANCIAL RISK MANAGEMENT

The Bank's Financial Risk Management objectives and policies are consistent with those disclosed in the annual financial statements for the year ended December 31, 2013.

9 LENDINGS TO FINANCIAL INSTITUTIONS

(Rupees in '000)	
(Un-audited)	(Audited)
June 30, 2014	December 31, 2013
Call money lendings	100,000
Repurchase agreement lendings (reverse repo)	690,672
4,353,003	790,672

9.1 All lendings to financial institutions are in local currency.

9.2 These represent lendings to various commercial banks in the inter bank money market. These lendings carry mark-up at rate of 7.5% to 10.25% per annum (2013: 9.5% to 10.4% per annum) having maturity period of upto two months from the date of lending (2013: maturity period of upto two months from the date of lending).

10 INVESTMENTS

		(Rupees in '000)					
		(Un-audited)			(Audited)		
		June 30, 2014			December 31, 2013		
Note		Held by Bank	Given as collateral	Total	Held by Bank	Given as collateral	Total
	Held for trading securities	1,783,913	-	1,783,913	2,414,194	493,386	2,907,580
	Available for sale securities	7,649,321	591,453	8,240,774	7,224,563	-	7,224,563
	Held to maturity securities	8,815,200	-	8,815,200	4,014,414	-	4,014,414
		18,248,434	591,453	18,839,887	13,653,171	493,386	14,146,557
	Provision for diminution in the value of investments	(102,031)	-	(102,031)	(112,914)	-	(112,914)
	Deficit on revaluation on held for trading securities	(1,827)	-	(1,827)	(838)	(251)	(1,089)
	(Deficit) / Surplus on revaluation on available for sale securities	(32,413)	480	(31,933)	(41,092)	-	(41,092)
	Investments-net	18,112,163	591,933	18,704,096	13,498,327	493,135	13,991,462
	10.1 Held-for-trading securities						
	Market Treasury Bills	1,655,986	-	1,655,986	2,414,194	493,386	2,907,580
	Pakistan Investment Bonds	104,357	-	104,357	-	-	-
	Ordinary shares and certificates - listed	23,570	-	23,570	-	-	-
		1,783,913	-	1,783,913	2,414,194	493,386	2,907,580
	10.2 Available-for-sale securities						
	Market Treasury Bills	462,106	-	462,106	4,754,303	-	4,754,303
	Pakistan Investment Bonds	7,063,383	591,453	7,654,836	2,333,302	-	2,333,302
	Ordinary shares and certificates - listed	62,404	-	62,404	75,530	-	75,530
	Ordinary shares - unlisted	52,346	-	52,346	52,346	-	52,346
	Units of open ended mutual funds	9,082	-	9,082	9,082	-	9,082
		7,649,321	591,453	8,240,774	7,224,563	-	7,224,563
	10.3 Held-to-maturity securities						
	Market Treasury Bills	-	-	-	59,200	-	59,200
	Pakistan Investment Bonds	8,815,200	-	8,815,200	3,955,214	-	3,955,214
		8,815,200	-	8,815,200	4,014,414	-	4,014,414

11 ADVANCES - NET

		(Rupees in '000)	
		(Un-audited)	(Audited)
Note		June 30, 2014	December 31, 2013
	Loans, cash credits, running finances, etc.		
	- In Pakistan	21,304,684	19,484,574
	Net Investment in finance lease		
	- In Pakistan	418,861	452,650
	Bills discounted and purchased (excluding treasury bills)		
	- Payable in Pakistan	206,917	102,302
	- Payable outside Pakistan	42,851	522,348
	Advances gross	21,973,313	20,561,874
	Less: Provision for loans and advances		
	- Specific provision	(2,223,161)	(2,288,336)
	- General provision	(3,935)	(4,142)
11.2		(2,227,096)	(2,292,478)
		19,746,217	18,269,396

11.1 Advances include Rs 2,268.848 million (December 31, 2013: Rs. 2,340.626 million) which have been placed under non-performing status as detailed below:

		(Rupees in '000)				
		June 30, 2014 (Un-audited)		Total	Provision required	Provision held
Category of classification		Classified Advances				
		Domestic	Overseas			
	Substandard	599	-	599	150	150
	Doubtful	-	-	-	-	-
	Loss	2,268,249	-	2,268,249	2,223,011	2,223,011
		2,268,848	-	2,268,848	2,223,161	2,223,161

		(Rupees in '000)				
		December 31, 2013 (Audited)		Total	Provision required	Provision held
Category of classification		Classified Advances				
		Domestic	Overseas			
	Substandard	1,292	-	1,292	323	323
	Doubtful	-	-	-	-	-
	Loss	2,339,334	-	2,339,334	2,288,013	2,288,013
		2,340,626	-	2,340,626	2,288,336	2,288,336

11.2 General provision as at June 30, 2014 represents provision against consumer finance portfolio as required by the Prudential Regulations issued by the State Bank of Pakistan.

12 OPERATING FIXED ASSETS

Additions during the period (at cost)
Disposals / write off during the period (at cost)

(Rupees in '000)	
(Un-audited)	(Un-audited)
June 30, 2014	June 30, 2013
119,720	36,376
23,001	27,740

13 DEFERRED TAX ASSET - NET

This includes deferred tax asset recognised on unabsorbed tax losses. The Bank has unabsorbed tax losses (including unabsorbed depreciation and amortisation) amounting to Rs 2,827 million (December 31, 2013: Rs 2,984 million) as at June 30, 2014. Based on this, the management has recognised deferred tax debit balance of Rs 810 million (December 31, 2013: Rs 865 million) against the total available tax benefit of Rs 989 million (December 31, 2013: Rs 1,044 million). The amount of this benefit has been determined based on the projected financial statements for the future periods. The determination of future taxable profit is most sensitive to certain key assumptions such as cost to income ratio of the Bank, deposit composition, kibar rates, growth of deposits and advances, investment returns, product mix of advances, potential provision against assets and branch expansion plan. Any significant change in the key assumptions may have an effect on the realisability of the deferred tax asset.

14 BORROWINGS FROM FINANCIAL INSTITUTION

Secured
Borrowings from SBP under export refinance scheme
Borrowings from SBP under LTFF
Repurchase agreement borrowings

Unsecured
Call money borrowings
Bankers Equity Limited (under liquidation)

(Rupees in '000)	
(Un-audited)	(Audited)
June 30, 2014	December 31, 2013
1,911,931	2,430,431
655,618	41,664
589,421	492,968
3,156,970	2,965,063
4,074,914	-
22,336	22,336
4,097,250	22,336
7,254,220	2,987,399

Note

15 DEPOSITS AND OTHER ACCOUNTS

Customers
Fixed deposits
Savings deposits
Current accounts - non-remunerative
Others - non-remunerative

Financial Institutions
Remunerative deposits
Non-remunerative deposits

13,559,022	10,448,161
8,320,300	9,052,421
7,636,731	4,834,168
67,335	53,840
29,583,388	24,388,590
368,028	72,482
165,638	171,538
533,666	244,020
30,117,054	24,632,610

16 CONTINGENCIES AND COMMITMENTS

16.1 Direct credit substitutes

Favouring government
Favouring Banks and other financial institutions
Favouring others

-	-
395,131	111,080
247,484	263,816
642,615	374,896

16.2 Transaction-related contingent liabilities / commitments

Contingent liabilities in respect of performance bonds, bid bonds, warranties, etc. given favouring
- Government
- Others

2,126,386	2,369,085
81,728	83,099
2,208,114	2,452,184

16.3 Trade-related contingent liabilities

Favouring others

6,222,929	5,965,633
-----------	-----------

16.4 Other contingencies

Claims against the Bank not acknowledged as debt

16.4.1

125,456	156,590
---------	---------

16.4.1 These represent various cases filed against the Bank for recovery of damages / settlement of deposit balances by various parties. Based on the Bank's legal counsel's advice, the management is confident of a positive outcome and accordingly no provision has been made in this condensed interim financial information.

16.5 Contingencies in respect of taxation

The Income tax department had raised a demand of 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 had also raised further demand of 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, 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. Additionally, the tax department had also raised a demand of Rs. 29.052 million for the assessment years 2008-09, 2009-10 & 2010-11 on account of Federal Excise Duty.

Presently, the Bank is contesting these issues at various 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 its tax advisors, the management is confident that the eventual outcome of the aforementioned matters will be in favour of the Bank. Accordingly, no provision has been made in these financial statements in respect of the above mentioned demands of Rs. 1,101.176 million raised by the income tax authorities.

16.6 Commitments to extend credit

The Bank makes commitments to extend credit in the normal course of its business but these being revocable commitments do not attract any significant penalty or expense if the facility is unilaterally withdrawn.

16.7 Commitments in respect of forward foreign exchange contracts

Purchase
Sale

(Rupees in '000)	
(Un-audited)	(Audited)
June 30, 2014	December 31, 2013
13,125,079	21,281,001
11,595,214	19,703,449

16.8 Capital Commitments

Commitments for capital expenditure as at June 30, 2014 amounted to Rs. 25.721 million (December 31, 2013: Rs. 34.583 million).

17 BASIC / DILUTED EARNINGS PER SHARE

Profit after taxation attributable to ordinary shareholders

Weighted average number of shares outstanding during the period

Basic and diluted earnings per share

(Rupees in '000)			
(Un-audited)		(Un-audited)	
Quarter ended		Half Year ended	
June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
70,457	11,172	125,260	37,359
1,008,238,648	808,238,648	909,896,107	808,238,648
0.07	0.01	0.14	0.05

17.1 There were no convertible dilutive potential ordinary shares in issue as at June 30, 2014 and 2013.

18 RELATED PARTY TRANSACTIONS

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

Banking transactions with the related parties are entered in the normal course of business. Remuneration to key management personnel is in accordance with employee agreements and services rules. These agreements also provide for disbursement of advances on terms softer than those offered to the customers of the Bank.

Contributions to the contributory provident fund scheme are made in accordance with the terms of the contribution plan. Remuneration to the Chief Executive Officer is determined in accordance with the terms of the employment.

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 their management team, including the Chief Executive Officer and Directors to be key management personnel.

Details of transactions / balances with related parties are given below:

(Rupees in '000)

	(Un-audited)			(Audited)		
	June 30, 2014			December 31, 2013		
	Key management personnel	Parent Company	Others	Key management personnel	Parent Company	Others
BALANCE OUTSTANDING - GROSS						
Advances						
At January 1	71,647	-	-	26,205	-	-
Disbursement during the period	2,805	-	-	50,902	-	-
Repaid during the period	(5,730)	-	-	(5,460)	-	-
Adjustments	(10,626)	-	-	-	-	-
Written off during the year	-	-	-	-	-	-
At June 30 / December 31	58,096	-	-	71,647	-	-
Deposits						
At January 1	79,639	-	3,104	118,733	-	6,851
Received during the period	513,959	-	102,992	1,060,216	-	318,771
Withdrawn during the period	(512,977)	-	(103,110)	(1,021,294)	-	(322,518)
Adjustments	(1,453)	-	-	(78,016)	-	-
At June 30 / December 31	79,168	-	2,986	79,639	-	3,104
Others						
Guarantees	-	15,385	-	-	15,385	-
Balances in nostro accounts	-	9,264	-	-	14,703	-
Sundry payable (including Group Shared Service cost)	-	177,759	-	-	310,576	-
Balances in vostro accounts	-	126,728	-	-	158,964	-

(Rupees in '000)

	(Un-audited)			(Un-audited)		
	June 30, 2014			June 30, 2013		
	Key management personnel	Parent Company	Others	Key management personnel	Parent Company	Others
Transactions for the period						
Remuneration and benefits*	103,630	-	-	78,866	-	-
Directors fee	6,323	-	-	3,241	-	-
Commission on guarantee	-	-	-	-	345	-
Counter confirmation charges on guarantees	-	624	-	-	-	-
Mark-up / return / interest expensed	2,548	-	135	2,673	-	105
Mark-up / return / interest income	1,199	-	-	564	-	-
Group Shared Services cost (including exchange impact on revaluation)	-	45,081	-	-	42,113	-
Sale of government securities	3,493	-	17,100	-	-	80,450
Purchase of government securities	91,391	-	61,536	-	-	153,181
Purchase of shares (number of shares)	1,500,000	-	-	6,400,000	-	-
Proceeds against issue of right shares	-	386,429	-	-	-	-

*This includes joining bonus to the CEO and the tax paid on his behalf.

Forex transactions during the period - Samba Financial Group

(Currency in '000)

CURRENCY	For the period ended June 30, 2014 (Un-audited)			
	READY / SPOT / TOM		FORWARD	
	BUY	SELL	BUY	SELL
AED	1,500	-	-	-
CAD	20	-	-	-
CHF	30	-	-	-
EUR	5,205	1,696	3,540	950
GBP	3,080	2,535	2,920	410
JPY	108,770	-	-	-
SAR	10,150	-	-	-
SGD	25	-	-	-
USD	47,420	16,527	1,980	9,759

Forex deals outstanding as at the period end

(Currency in '000)

CURRENCY	As at June 30, 2014 (Un-audited)			
	READY / SPOT / TOM		FORWARD	
	BUY	SELL	BUY	SELL
EUR	-	-	300	-
GBP	-	-	750	-
USD	-	-	-	1,680

Forex transactions during the period June 30, 2013 - Samba Financial Group

(Currency in '000)

CURRENCY	For the period ended June 30, 2013 (Un-audited)			
	READY / SPOT / TOM		FORWARD	
	BUY	SELL	BUY	SELL
AED	3,050	-	-	-
CAD	3,642	4,046	1,052	51
CHF	20	-	-	-
EUR	2,985	7,875	3,080	1,400
GBP	2,270	4,725	2,800	730
JPY	103,009	193,610	-	-
SAR	250	-	-	-
USD	61,497	12,837	2,967	9,391

Forex deals outstanding as at the period end

(Currency in '000)

CURRENCY	As at December 31, 2013 (Audited)			
	READY / SPOT / TOM		FORWARD	
	BUY	SELL	BUY	SELL
EUR	-	-	250	-
GBP	-	-	600	-
USD	-	-	-	1,320

19 BUSINESS SEGMENTS

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

Particulars	For the half year ended June 30, 2014 (Un-audited)				
	Corporate finance	Trading & sales	Retail banking	Commercial banking	Total
Total income (net of interest expense and provisions)	27	299,930	393,223	267,696	960,876
Total operating expenses	(6,563)	(68,253)	(525,855)	(167,967)	(768,638)
Net (loss) / profit (before tax)	(6,536)	231,677	(132,632)	99,729	192,238

Particulars	For the half year ended June 30, 2013 (Un-audited)				
	Corporate finance	Trading & sales	Retail banking	Commercial banking	Total
Total income (net of interest expense and provisions)	19,819	125,853	397,301	237,275	780,248
Total operating expenses	(7,375)	(60,657)	(531,821)	(144,460)	(744,313)
Net (loss) / profit (before tax)	12,444	65,196	(134,520)	92,815	35,935

Particulars	As at June 30, 2014 (Un-audited)				
	Corporate finance	Trading & sales	Retail banking	Commercial banking	Total
Segment assets	7,002	27,420,125	1,962,793	22,813,660	52,203,580
Segment non-performing loans	-	-	597,204	1,671,644	2,268,848
Segment provision held	-	(107,010)	(603,845)	(1,795,594)	(2,506,449)
Segment liabilities	426	4,991,170	27,245,375	6,813,255	39,050,226

Particulars	As at December 31, 2013 (Audited)				
	Corporate finance	Trading & sales	Retail banking	Commercial banking	Total
Segment assets	7,347	19,179,565	1,903,730	21,494,150	42,584,792
Segment non-performing loans	-	-	612,337	1,728,289	2,340,626
Segment provision held	-	(118,252)	(617,967)	(1,847,033)	(2,583,252)
Segment liabilities	55	882,879	22,578,649	6,408,779	29,870,362

20 GENERAL

Figures have been rounded off to the nearest thousand rupees.

21 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on August 21, 2014 by the Board of Directors of the Bank.

President & Chief Executive Officer

Chairman

Director

Director