



Samba Bank Limited

Quarterly Report March 31, 2016

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World class banking solutions
for the most important things in life

Samba Bank Limited - Subsidiary of Samba Financial Group, Saudi Arabia

samba  سامبا



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Our Branch Network

Currently, SBL has a network of 34 branches located in 9 major cities across the country.

Karachi

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

Lahore

Gulberg
Mall
Allama Iqbal Town
Johar Town
DHA Lahore
New Garden Town
Tufail Sarwar Road
Cavalry Ground
Faisal Town
DHA Phase V Lahore

Islamabad

Jinnah Avenue
F-11
F-7
DHA Phase II

Rawalpindi

Saddar Branch
Bahria Town

Gujranwala

G.T. Road

Faisalabad

Liaquat Road

Multan

Nusrat Road

Sialkot

Paris Road

Peshawar

Saddar

AJK - BAGH

Bagh



Company Information

Board of Directors

Dr. Shujaat Nadeem	Chairman/Non-Executive Director
Mr. Shahid Sattar	President and CEO/Executive Director

Mr. Antoine Mojabber*	Non-Executive Director
Mr. Beji Tak-Tak	Non-Executive Director
Mr. Farhat Abbas Mirza**	Independent Director
Mr. Humayun Murad	Independent Director
Mr. Javed Iqbal	Independent Director
Ms. Ranya Nashar	Non-Executive Director
Mr. Nadeem Babar***	Independent Director

* Names are in alphabetical order

Board Audit Committee

Mr. Humayun Murad****	Chairman
Ms. Ranya Nashar	Member
Mr. Javed Iqbal	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

Ms. Ranya Nashar	Chairperson
Mr. Antoine Mojabber	Member
Mr. Humayun Murad	Member
Mr. Shahid Sattar	Member

President & Chief Executive Officer

Mr. Shahid Sattar

Company Secretary

Syed Zia-ul-Husnain Shamsi

Auditors

A. F. Ferguson & Co.	Chartered Accountants
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**Resigned w.e.f April 21, 2016

***w.e.f March 21, 2016

****w.e.f April 20, 2016

Legal Advisors

Mohsin Tayebaly & Co.	Advocates & Legal Consultants
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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)
Short Term Rating	A-1 (A-One)

Directors' Report

On behalf of the Board of Directors, I am pleased to present the Directors' Report along with the interim condensed financial statements for the first quarter ended March 31, 2016.

Financial Results and Overview

The financial highlights of the Bank for the period ended March 31, 2016 are summarized below:

Profit before taxation
Taxation
Profit after taxation
Earnings per share - (Rupee)

Rupees (million)	
Quarter ended March 31, 2016	Quarter ended March 31, 2015
281	180
103	84
178	96
0.18	0.10

Total assets
Investments
Advances
Deposits
Paid-up capital & reserves
Surplus on revaluation of securities - net of tax

Rupees (million)	
March 31, 2016	December 31, 2015
78,882	80,166
47,180	44,726
20,269	24,187
41,187	38,844
11,376	11,198
943	647

Despite the challenging environment for small and medium sized banks, the Bank achieved profit before tax for Q1' 2016 of Rs. 280.78 million compared to the corresponding Q1' 2015 profit of Rs. 180.22 million reflecting a rise of 56%. The quarterly results posted by the Bank are sustainable and the Bank continues to exploit various business opportunities with superior quality of assets.

Net mark-up / interest income of the Bank rose from Rs. 495.86 million in Q1' 2015 to Rs. 560.82 million in Q1' 2016, showing an increase of 13%. Non mark-up / interest income registered a 220% growth during Q1' 2016 over corresponding Q1' 2015 on behest of capital gains from sale of securities.

The Bank also managed to recover Rs. 19 million from legacy loans during Q1' 2016, demonstrating consistent remedial management. In order to safeguard its assets against credit risk, the Bank has adopted a prudent approach and made a general provision of Rs. 30 million during Q1' 2016 against its corporate and commercial loans portfolio.

Consistent with its strategy, the Bank continued to spend on improving IT infrastructure, including implementation of new core banking software, opening of new / relocation of branches / offices; and other promotional, upgrading, and efficiency enhancing activities. Other than these one off expenses of Rs. 204 million, the overall operating cost of the Bank (Rs. 481 million) remained consistent with Q1' 2015 levels (Rs. 491 million).

Total assets of the Bank remained at Rs. 78.88 billion at close of Q1' 2016 as compared to Rs. 80.17 billion at Dec '2015. This decrease is mainly due to repayment of costly borrowings without denting the earnings. Investments rose to Rs. 47.18 billion, showing a modest increase of Rs. 2.45 billion over Dec 2015. Customer deposits have grown to Rs. 41.19 billion at close of Q1' 2016 as against Rs. 38.84 billion at Dec 2015.

Credit Rating

JCR-VIS, a premier rating agency of the country, has assigned the medium to long term entity ratings of the Bank at 'AA' (Double A) and its short term rating at 'A-1' (A-one). Outlook on the assigned ratings is 'Stable'. 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.

Future Outlook

Macroeconomic environment looks positive due to reduction in oil prices and lower inflation. The Bank, with the support of its parent and sponsors, continues to pursue its strategic objectives and goals. While monitoring the prevailing economic conditions, the main focus of the Bank would be to leverage on the building blocks put into place; steadily build up its earning assets; effectively manage the associated risks; and reducing its cost of funds through continued improvement in its deposit mix. This would be facilitated by delivery of world class banking services to the Bank's valued customers and by developing and introducing innovative banking products. In order to enhance its footprint, the Bank has received requisite approvals from State Bank of Pakistan for opening six new branches in 2016.

Acknowledgment

I wish to express sincere gratitude to our customers, business partners and shareholders for their patronage and trust. The Board of Directors and the management would like to thank the State Bank of Pakistan and other regulatory bodies for their guidance and support. I also sincerely appreciate the dedication, commitment and team work of all employees of the Bank, who worked very hard to transform the Bank into a successful franchise.

On behalf of the Board of Directors,

Shahid Sattar
President & Chief Executive Officer

April 27, 2016
Karachi

سال 2016 پہلی سہ ماہی کے اختتام پر بینک کے کل اثاثے 78.88 بلین روپے قرار پائے ہیں جو کہ دسمبر 2015 کے اختتام پر 80.17 بلین روپے تھے۔ یہ کمی خاص طور پر منجھے قرضوں (Borrowings) کی واپسی کے سلسلے میں کی گئی ادائیگیوں کی وجہ سے ہے تاہم اس سے آمدنی پر کوئی زد نہیں پڑی ہے۔ سرمایہ کاری بڑھ کر 47.18 بلین روپے ہو گئی ہے، جو دسمبر 2015 کے مقابلے میں 2.45 بلین روپے کے معمولی اضافے کو ظاہر کرتی ہے۔ 2016 پہلی سہ ماہی کے اختتام پر کسٹمر کے ڈپازٹس 41.19 بلین روپے تک بڑھ گئے جو دسمبر 2015 کے اختتام پر 38.84 بلین روپے تھے۔

قرضی ساکھ کی درجہ بندی

ملک کی ایک ممتاز ریٹنگ ایجنسی JCR-VIS نے بینک کو درمیانے سے لے کر طویل المیعاد ادارے کی درجہ بندی میں 'AA' (ڈبل اے) اور قلیل المیعاد درجہ بندی میں 'A-1' (ای او) (تقویس کیا ہے۔ یہ درجہ ادارے کے مستحکم ہونے کی دلیل ہیں۔ یہ طویل اور قلیل المیعاد درجات موزوں حفاظتی عنصر کے ساتھ اعلیٰ قرضہ جاتی معیار اور مضبوط مسابقتی مقام کی وجہ سے تمام تر مالیاتی قرضوں (Borrowings/Deposits) کی بروقت ادائیگی کی عمدہ صلاحیت کی نشاندہی کرتی ہے۔

مستقبل کا منظر نامہ

خام تیل کی قیمتوں اور افراط زر میں کمی کے سبب معاشی ماحول (میکرو اکنامک انوائرنمنٹ) مثبت دکھائی دیتا ہے۔ اپنی موجود اور ضامن ادارے (پیئرٹ کمپنی اور اسپانسرز) کی مدد سے بینک اپنی حکمت عملی اور مقاصد کا حصول جاری رکھے گا۔ موجودہ معاشی حالات کے تناظر میں بینک کی بنیادی توجہ کامرکز اکائیوں کو صحیح طور پر استعمال کرتے ہوئے بتدریج اثاثوں کی آمدنی، لاحق خطرات کے لئے موثر حفاظتی تدابیر اور ڈپازٹ مکس میں مسلسل بہتری کے ذریعے فنڈز کی قیمتوں میں کمی کرنا ہے۔ جدید بینکاری مصنوعات متعارف کرواتے ہوئے اس کے فروغ کے ذریعے بینک کے اہم کسٹمرز کو عالمی معیار کی بینکاری سہولت فراہم کی جائے گی۔ بینک کی وسعت میں اضافے کیلئے سال 2016 میں بینک دولت پاکستان کی جانب سے 6 نئی برانچوں کے قیام کی مطلوبہ منظوری موصول ہو چکی ہے۔

اظہار تشکر

میں اپنے کسٹمرز، کاروباری شراکت دار اور شیر ہولڈرز کی سرپرستی اور بھروسے کا تہہ دل سے شکریہ ادا کرتا ہوں۔ ہمارے بورڈ آف ڈائریکٹرز اور انتظامیہ بھی بینک دولت پاکستان اور دیگر قانونی اداروں کی رہنمائی اور تعاون کے شکرگزار ہیں۔ میں بینک کے ملازمین، جن کی لگن، عزم اور ٹیم ورک نے بینک کو کامیاب فریچائز میں تبدیل کر دیا ہے ان کی انتھک محنت کی بھی تہہ دل سے حوصلہ افزائی کرتا ہوں۔

منجانب بورڈ آف ڈائریکٹرز

شاہد ستار

پریزیڈنٹ اور چیف ایگزیکٹو آفیسر

27 اپریل 2016

کراچی

ڈائریکٹرز رپورٹ

بورڈ آف ڈائریکٹرز کی ایما پر، 31 مارچ 2016 کو پہلی سہ ماہی کے اختتام پر مجھے یہ ڈائریکٹرز رپورٹ ہمراہ عبوری مختصر مالی گوشوارے پیش کرتے ہوئے دی مسرت ہو رہی ہے۔

مالیاتی نتائج اور جائزہ
31 مارچ 2016 کو اختتام پذیر ہونے والی مدت کی مالیاتی جھلکیاں ذیل میں مختصر بیان کی جارہی ہیں۔

روپے (ملین میں)

سہ ماہی مختتمہ 31 مارچ 2015	سہ ماہی مختتمہ 31 مارچ 2016
180	281
84	103
96	178
0.10	0.18

قبل از ٹیکس منافع
ٹیکس
بعد از ٹیکس منافع
منافع فی شخص۔ (روپیہ)

روپے (ملین میں)

31 دسمبر 2015	31 مارچ 2016
80,166	78,882
44,726	47,180
24,187	20,269
38,844	41,187
11,198	11,376
647	943

کل اثاثے
سرمایہ کاری
قرضہ جات
ڈپازٹس
اداشدہ سرمایہ کاری کے ذخائر
تمسکات کی ری ویلیویشن پر سرپلس۔ بعد از ٹیکس

چھوٹے اور درمیانے درجے کے بینکوں کیلئے ایک سخت مقابلے کے ماحول کے باوجود بینک نے سال 2015 پہلی سہ ماہی، جس کا منافع 180.22 ملین روپے تھا، کے مقابلے میں 280.78 ملین روپے منافع حاصل کیا جو 56 فیصد اضافے کو ظاہر کرتا ہے۔ بینک کے اعلامیہ سہ ماہی نتائج متواتر ہیں اور اثاثوں کے اعلیٰ معیار کے ساتھ کاروبار کیلئے مختلف مواقعوں کو بروئے کار لانے کے تسلسل کو ظاہر کرتے ہیں۔

بینک کی خالص آمدنی 2015 پہلی سہ ماہی میں 495.86 ملین روپے سے بڑھ کر 2016 پہلی سہ ماہی میں 560.82 ملین روپے ہو گئی ہے، جو 13 فیصد اضافے کو ظاہر کرتی ہے۔ تسمکات کی فروخت سے حاصل ہونے والے منافع کے حصول کی مد میں غیر خالص آمدنی میں 2015 پہلی سہ ماہی کے مقابلے میں 2016 پہلی سہ ماہی کے دوران 220 فیصد اضافہ ہوا ہے۔

بینک نے متواتر انتظامی اصلاحات کے ذریعے 2016 پہلی سہ ماہی میں 19 ملین روپے مالیت کے میراث قرضوں (legacy loans) کی وصولیابی کی ہے۔ قرضہ جات سے منسلک خطرات کے پیش نظر اپنے اثاثوں کو تحفظ فراہم کرنے کے لیے بینک نے محتاط انداز اختیار کرتے ہوئے اپنے کارپوریٹ اور کمرشل قرضوں کے سلسلے میں اس سال پہلی سہ ماہی میں 30 ملین روپے مختص کیے ہیں۔

اپنی حکمت عملی کے تحت بینک نے اپنے انفارمیشن ٹیکنالوجی کے انفراسٹرکچر کی بہتری بشمول نئے اہم بینکنگ سوٹ ویز کے نفاذ، نئی برانچوں/دفاتر کی منتقلی/افتتاح، اور دیگر تشہیری، اپ گریڈنگ اور کارکردگی بڑھانے کی سرگرمیوں میں خرچ کرنے کا سلسلہ جاری رکھا ہے 2016 ملین روپے کے اس قسم کے اخراجات کے علاوہ بینک کی تمام تر آپریننگ لاگت (481 ملین روپے) اسی سطح پر ہے جو 2015 پہلی سہ ماہی میں (491 ملین روپے) تھی۔

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2016

		(Rupees in '000)	
		(Un-audited)	(Audited)
Note		March 31, 2016	December 31, 2015
ASSETS			
	Cash and balances with treasury banks	3,592,191	3,258,421
	Balances with other banks	486,681	1,071,112
	Lendings to financial institutions	3,575,000	2,000,000
9	Investments - net	47,180,064	44,726,421
10	Advances - net	20,269,129	24,187,038
11	Operating fixed assets	1,406,851	1,323,670
	Deferred tax assets - net	411,334	657,592
	Other assets	1,961,038	2,942,082
		78,882,288	80,166,336
LIABILITIES			
	Bills payable	396,108	492,159
12	Borrowings from financial institutions	23,187,684	27,325,753
13	Deposits and other accounts	41,187,061	38,844,291
	Sub-ordinated loans	-	-
	Liabilities against assets subject to finance lease	-	-
	Deferred tax liabilities	-	-
	Other liabilities	1,792,516	1,659,914
		66,563,369	68,322,117
NET ASSETS		12,318,919	11,844,219
REPRESENTED BY:			
	Share capital	10,082,387	10,082,387
	Reserves	334,418	298,760
	Unappropriated profit	959,071	816,439
		11,375,876	11,197,586
	Surplus on revaluation of assets - net of tax	943,043	646,633
		12,318,919	11,844,219
CONTINGENCIES AND COMMITMENTS			

The annexed notes 1 to 19 form an integral part of these condensed interim financial statements.

President & Chief Executive Officer

Chairman

Director

Director

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT

FOR THE QUARTER ENDED MARCH 31, 2016

	Note	(Rupees in '000)	
		Quarter ended March 31, 2016	Quarter ended March 31, 2015
Mark-up / return / interest earned		1,462,171	1,345,398
Mark-up / return / interest expensed		901,350	849,543
Net mark-up / return / interest income		560,821	495,855
Charge / (reversal) of provision against loans and advances - net		12,035	(49,372)
(Reversal) of provision for diminution in the value of investments - net		(11,189)	-
Recoveries against debts written - off		(1,689)	(503)
		(843)	(49,875)
Net mark-up / return / interest income after provisions / reversals		561,664	545,730
Non mark-up / interest income			
Fee, commission and brokerage income		39,366	25,605
Dividend income		5,303	3,843
Income from dealing in foreign currencies		27,311	13,834
Gain on sale of securities		297,228	70,681
Unrealised Gain on revaluation of investments classified as held for trading		16,639	12,300
Other income		18,137	-
Total non mark-up / interest income		403,984	126,263
		965,648	671,993
Non mark-up / interest expenses			
Administrative expenses		680,534	491,770
Other provisions / write offs - net		-	-
Other charges		4,338	1
Total non mark-up / interest expenses		684,872	491,771
		280,776	180,222
Extraordinary items		-	-
Profit before taxation		280,776	180,222
Taxation - Current year		15,832	14,981
- Deferred		86,654	69,110
		102,486	84,091
Profit after taxation		178,290	96,131
Unappropriated profit brought forward		816,439	471,956
Transfer to statutory reserve		(35,658)	(19,226)
Unappropriated profit carried forward		959,071	548,861
Earnings per share - Basic & Diluted (Rupee)	15	0.18	0.10

The annexed notes 1 to 19 form an integral part of these condensed interim financial statements.

President & Chief Executive Officer

Chairman

Director

Director

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

FOR THE QUARTER ENDED MARCH 31, 2016

(Rupees in '000)

Profit for the period

Other Comprehensive income

Total comprehensive income for the period

Components of comprehensive income / (loss) not reflected in equity

(Deficit) / surplus on revaluation of available for sale financial assets - net of tax

Total comprehensive income for the period

Quarter ended March 31, 2016	Quarter ended March 31, 2015
178,290	96,131
-	-
178,290	96,131
296,410	245,865
474,700	341,996

The annexed notes 1 to 19 form an integral part of these condensed interim financial statements.

President & Chief Executive Officer

Chairman

Director

Director

CONDENSED INTERIM CASH FLOW STATEMENT

FOR THE QUARTER ENDED MARCH 31, 2016

(Rupees in '000)

CASH FLOWS FROM OPERATING ACTIVITIES

Profit before taxation

Adjustments for non-cash charges:

Depreciation
Amortization
Charge / (reversal) against loans and advances - net
(Gain) on revaluation of investment held for trading
Other written off
(Gain) on sale of operating fixed assets
(Gain) on sale of securities

(Increase) / decrease in operating assets

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

Increase / (decrease) in operating liabilities

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

Income tax paid

Net cash flows from operating activities

CASH FLOWS FROM INVESTING ACTIVITIES

Net investments in available for sale and held to maturity securities
Investment in operating fixed assets
Proceeds from sale of fixed assets
Net cash flows from investing activities

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from issue of shares
Cost incurred on issuance of shares
Net cash flows from financing activities

Increase / (Decrease) in cash and cash equivalents

Cash and cash equivalents at beginning of the period

Cash and cash equivalents at end of the period

Quarter ended March 31, 2016	Quarter ended March 31, 2015
280,776	180,222
31,956	22,471
2,504	2,953
12,035	(49,372)
(16,639)	(12,300)
3,544	-
(18,137)	-
(297,228)	(70,681)
(281,966)	(106,929)
(1,190)	73,293
(1,575,000)	900,000
(117,342)	(1,213,084)
3,929,944	(778,029)
964,280	210,932
3,201,883	(880,181)
(96,051)	216,756
(4,138,069)	10,014,922
2,342,770	466,777
132,602	85,787
(1,758,748)	10,784,242
1,441,945	9,977,354
(1,138)	(986)
1,440,807	9,976,368
(1,588,416)	(9,912,068)
(257,423)	(20,800)
154,372	4,052
(1,691,467)	(9,928,816)
-	-
-	-
-	-
(250,661)	47,552
4,329,533	2,605,127
4,078,872	2,652,679

The annexed notes 1 to 19 form an integral part of these condensed interim financial statements.

President & Chief Executive Officer

Chairman

Director

Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE QUARTER ENDED MARCH 31, 2016

(Rupees in '000)				
Share capital	Capital reserve	Statutory reserve	Unappropriated Profit	Total

Balance as at January 01, 2015

Comprehensive Income

Comprehensive income for the period ended
March 31, 2015

Other comprehensive income - net of tax

Transfer to statutory reserve

Balance as at March 31, 2015

Comprehensive Income

Comprehensive income for the nine months ended
December 31, 2015

Other comprehensive income - net of tax

Transfer to statutory reserve

Balance as at December 31, 2015

Comprehensive Income

Comprehensive income for the period ended
March 31, 2016

Other comprehensive income - net of tax

Transfer to statutory reserve

Balance as at March 31, 2016

10,082,387	20,935	191,705	471,956	10,766,983
-	-	-	96,131	96,131
-	-	-	-	-
-	-	-	96,131	96,131
-	-	19,226	(19,226)	-
10,082,387	20,935	210,931	548,861	10,863,114
-	-	-	334,472	334,472
-	-	-	-	-
-	-	-	334,472	334,472
-	-	66,894	(66,894)	-
10,082,387	20,935	277,825	816,439	11,197,586
-	-	-	178,290	178,290
-	-	-	-	-
-	-	-	178,290	178,290
-	-	35,658	(35,658)	-
10,082,387	20,935	313,483	959,071	11,375,876

The annexed notes 1 to 19 form an integral part of these condensed interim financial statements.

President & Chief Executive Officer

Chairman

Director

Director

Notes to the Condensed Interim Financial Information

FOR THE QUARTER ENDED MARCH 31, 2016

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 the Pakistan Stock Exchange Limited (formerly Karachi Stock Exchange Limited into which the Islamabad Stock Exchange Limited and the Lahore Stock Exchange Limited have merged). Its principal office is located at 6th Floor, Sidco Avenue Centre, Maulana Deen Muhammad Wafai Road, Karachi, whereas, the registered office of the Bank is located at 2nd floor, Building No. 13-T, F-7 Markaz, near Post Mall, Islamabad. The Bank is a subsidiary of SAMBA Financial Group of Saudi Arabia, which holds 84.51% shares of the Bank as at March 31, 2016 (December 31, 2015: 84.51%). The Bank operates 34 branches (December 31, 2015: 34 branches) inside Pakistan.

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

2 BASIS OF PRESENTATION

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 These condensed interim financial statements have been prepared in accordance with the 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, Banking Companies Ordinance, 1962 or the directives issued by the SECP and SBP differ with the requirements of IFRSs, 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 the 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 these condensed interim financial statements. 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, 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 these condensed interim financial statements.
- 3.4 The disclosures made in these condensed interim financial statements 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 full annual financial statements, and should be read in conjunction with the financial statements of the Bank for the year ended December 31, 2015.

4 BASIS OF MEASUREMENT

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

5 FUNCTIONAL AND PRESENTATIONAL CURRENCY

Items included in these condensed interim financial statements are measured using the currency of the primary economic environment in which the Bank operates. These condensed interim financial statements are 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 these condensed interim financial statements are same as those applied in the preparation of the annual financial statements of the Bank for the year ended December 31, 2015.

7 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The basis and the methods used for critical accounting estimates and judgments adopted in these condensed interim financial statements are same as those applied in the preparation of the annual financial statements of the Bank for the year ended December 31, 2015.

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, 2015.

9 INVESTMENTS

(Rupees in '000)

	Note	March 31, 2016			December 31, 2015		
		Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total
Held for trading securities	9.1	902,302	96,986	999,288	779,380	113,668	893,048
Available for sale securities	9.2	16,525,369	16,111,418	32,636,787	15,370,486	16,562,822	31,933,308
Held to maturity securities	9.3	12,167,267	-	12,167,267	11,006,107	-	11,006,107
		29,594,937	16,208,405	45,803,342	27,155,973	16,676,490	43,832,463
Provision for diminution in the value of investments		(90,752)	-	(90,752)	(102,031)	-	(102,031)
Surplus / (Deficit) on revaluation of held for trading securities		16,572	66	16,638	(112)	1,281	1,169
Surplus / (Deficit) on revaluation of available for sale securities		952,746	498,090	1,450,836	375,311	619,509	994,820
Investments-net		30,473,504	16,706,560	47,180,064	27,429,141	17,297,280	44,726,421
9.1 Held for trading securities							
Market Treasury Bills		49,890	-	49,890	-	-	-
Pakistan Investment Bonds		852,412	96,986	949,398	768,545	113,668	882,213
Ordinary Shares - listed		-	-	-	10,835	-	10,835
		902,302	96,986	999,288	779,380	113,668	893,048
9.2 Available for sale securities							
Market Treasury Bills		4,139,229	800,089	4,939,318	6,819,459	1,686,632	8,506,091
Pakistan Investment Bonds		11,950,380	15,311,329	27,261,709	8,011,728	14,876,190	22,887,918
Ordinary shares and certificates - listed		383,414	-	383,414	486,953	-	486,953
Ordinary shares - unlisted		52,346	-	52,346	52,346	-	52,346
		16,525,369	16,111,418	32,636,787	15,370,486	16,562,822	31,933,308
9.3 Held to maturity securities							
Pakistan Investment Bonds		12,167,267	-	12,167,267	11,006,107	-	11,006,107

10 ADVANCES - NET

		(Rupees in '000)	
	Note	March 31, 2016	December 31, 2015
Loans, cash credits, running finances, etc.			
- In Pakistan		21,942,442	25,817,621
Net Investment in finance lease			
- In Pakistan		354,207	352,350
Bills discounted and purchased (excluding government treasury bills)			
- Payable in Pakistan		36,053	74,143
- Payable outside Pakistan		19,540	15,527
Advances - gross		22,352,242	26,259,641
Less: Provision for loans and advances			
- Specific provision		(1,913,264)	(1,932,522)
- General provision	10.2	(169,849)	(140,081)
		(2,083,113)	(2,072,603)
		20,269,129	24,187,038

10.1 Advances include Rs. 1,953,946 million (December 31, 2015: Rs. 1,973,975 million) which have been placed under non-performing status as detailed below:

(Rupees in '000)					
Category of classification	March 31, 2016				
	Classified Advances		Total	Provision required	Provision held
	Domestic	Overseas			
Substandard	715	-	715	177	177
Doubtful	-	-	-	-	-
Loss	1,953,231	-	1,953,231	1,913,087	1,913,087
	1,953,946	-	1,953,946	1,913,264	1,913,264

(Rupees in '000)					
Category of classification	December 31, 2015				
	Classified Advances		Total	Provision required	Provision held
	Domestic	Overseas			
Substandard	1,677	-	1,677	419	419
Doubtful	-	-	-	-	-
Loss	1,972,298	-	1,972,298	1,932,103	1,932,103
	1,973,975	-	1,973,975	1,932,522	1,932,522

10.2 General provision includes provision of Rs. 1,849 million (2015: Rs. 2,081 million) held against consumer finance portfolio as required by the Prudential Regulations issued by the State Bank of Pakistan. In addition, the Bank is maintaining a general provision of Rs. 168 million (Dec 2015: Rs. 138 million) against corporate and commercial advances for potential losses present in the portfolio. This provision is based on management's best estimate and is approved by the Board of Directors of the Bank.

11 OPERATING FIXED ASSETS

		(Rupees in '000)	
		Quarter ended	
		March 31, 2016	March 31, 2015
Additions during the period (at cost)		257,423	20,800
Disposals / Write off during the period (at cost)		139,778	21,438

12 BORROWINGS FROM FINANCIAL INSTITUTIONS

(Rupees in '000)

Secured

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

Unsecured

Call money borrowings
FCY borrowings
Bankers Equity Limited (under liquidation)

Note

March 31, 2016	December 31, 2015
1,979,262	1,956,762
98,016	-
16,551,270	18,508,084
18,628,548	20,464,846
4,536,800	4,220,046
-	2,618,525
22,336	22,336
4,559,136	6,860,907
23,187,684	27,325,753
16,850,887	15,738,230
13,736,075	11,453,530
7,086,568	7,125,203
11,670	17,266
37,685,200	34,334,229
3,402,654	4,171,269
99,207	338,793
3,501,861	4,510,062
41,187,061	38,844,291
1,412,619	508,832
262,388	262,354
1,675,006	771,186
1,699,579	1,953,356
83,383	80,144
1,782,961	2,033,500
3,612,054	4,769,881
3,612,054	4,769,881
125,456	125,456

13 DEPOSITS AND OTHER ACCOUNTS

Customers

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

Banks and Financial Institutions

Remunerative deposits
Non-remunerative deposits

14 CONTINGENCIES AND COMMITMENTS

14.1 Direct credit substitutes

Favouring banks and other financial institutions
Favouring others

14.2 Transaction-related contingent liabilities / commitments

Contingent liabilities in respect of guarantees favouring

- Government
- Others

14.2.1

14.2.1 Rs. 20.951 million (2015: Rs. 20.948 million) have been given on behalf of Samba Financial Group - a related party.

14.3 Trade-related contingent liabilities

Favouring others

14.4 Other contingencies

Claims against the Bank not acknowledged as debt

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 condensed interim financial statements.

14.5 Contingencies in respect of taxation

The Income tax department has raised a demand of Rs. 426.787 million (2015: 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 (2015: 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, tax department has raised demand of Rs. 29.052 million (2015: 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. 16.480 million and Rs. 28.110 million on account of monitoring of withholding taxes for the tax years 2014 and 2012 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 of Rs. 1,145.766 million (2015: Rs. 1,145.766 million) raised by the income tax authorities.

14.6 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.

14.7 Capital Commitments

Commitments for capital expenditure as at March 31, 2016 amounted to Rs. 126.981 million (December 31, 2015: Rs. 94.96 million).

14.8 Commitments in respect of forward foreign exchange contracts

	(Rupees in '000)	
	March 31, 2016	December 31, 2015
Purchase	19,441,608	21,285,553
Sale	17,699,925	18,977,675

15 EARNINGS PER SHARE - Basic & Diluted

	(Rupees in '000)	
	March 31, 2016	March 31, 2015
Profit after taxation attributable to ordinary shareholders	178,290	96,131
	(Number of Shares)	
Weighted average number of shares outstanding during the period	1,008,238,648	1,008,238,648
	(Rupee)	
Earnings per share - Basic & Diluted	0.18	0.10

16 RELATED PARTY TRANSACTIONS

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

Banking transactions with related parties are entered into 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 key management personnel 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 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)

BALANCE OUTSTANDING - GROSS

Advances

At January 01	107,403	-	-
Given during the period / year	45,408	-	-
Repaid during the period / year	(2,956)	-	-
Adjustments	(10,655)	-	-
At March 31 / December 31	139,200	-	-

Deposits

At January 01	40,385	-	629
Received during the period / year	141,745	-	26,024
Withdrawn during the period / year	(9,233)	-	(25,369)
Adjustments	135	-	-
At March 31 / December 31	173,032	-	1,284

Others

Guarantees	-	20,951	-
Balances in nostro accounts	-	23,518	-
Sundry payable (including Group Shared Service cost)	-	141,449	-
Balances in vostro accounts	-	65,429	-
Borrowings (Including markup payable)	-	-	-

December 31, 2015		
Key management personnel	Parent Company	Others
66,341	-	-
74,638	-	-
(6,147)	-	-
(27,429)	-	-
107,403	-	-
39,480	-	5,269
668,497	-	94,111
(669,478)	-	(98,751)
1,886	-	-
40,385	-	629
-	20,948	-
-	9,736	-
-	99,223	-
-	263,062	-
-	2,136,425	-

(Rupees in '000)

Transactions for the period

Remuneration and benefits	106,850	-	-
Directors fee	2,096	-	-
Mark-up / return / interest expensed	43	-	100
Mark-up / return / interest income	1,495	-	-
Group Services cost	-	42,252	-
Sale of government securities	-	-	-
Purchase of government securities	-	-	-

For the Quarter ended March 31, 2015		
Key management personnel	Parent Company	Others
31,420	-	-
1,778	-	-
109	-	50
1,820	-	-
-	25,635	-
51,037	-	4,581
-	-	13,733

Forex transactions during the period (Jan - Mar 2016) - Samba Financial Group

(Currency in '000)

2016				
Currency	READY / SPOT / TOM		Forward	
	Buy	Sell	Buy	Sell
AED	100	-	-	-
CAD	1,421	1,416	-	-
EUR	1,790,000	2,200,000	750	1,850
GBP	1,290	5,650	4,900	1,290
JPY	11,000	-	-	-
SAR	21,000	31,900	-	-
SGD	25	-	-	-
USD	33,228	10,573	3,897	7,803

Forex deals outstanding as at the period end March 31, 2016 - Samba Financial Group

(Currency in '000)

2016				
Currency	READY / SPOT / TOM		Forward	
	Buy	Sell	Buy	Sell
GBP	-	-	900	100
USD	-	-	143	1,282

Forex transactions during the period (Jan - Mar 2015) - Samba Financial Group

(Currency in '000)

2015				
Currency	READY / SPOT / TOM		Forward	
	Buy	Sell	Buy	Sell
AUD	19	8	-	-
CAD	-	35	-	-
CHF	30	37	25	-
EUR	3,200	4,025	2,775	3,650
GBP	800	880	380	950
HKD	-	3	-	-
JPY	-	3,014	-	-
SAR	50	-	-	-
SEK	-	36	-	-
SGD	-	12	-	-
USD	20,255	4,857	5,524	3,757

Forex deals outstanding as at the year end December 31, 2015 - Samba Financial Group

(Currency in '000)

2015				
Currency	READY / SPOT / TOM		Forward	
	Buy	Sell	Buy	Sell
EUR	-	-	700	-
GBP	-	-	1,700	-
USD	-	-	-	3,313

17 BUSINESS SEGMENTS

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

(Rupees in '000)						
For the Quarter ended March 31, 2016						
Particular	Corporate Banking	Global Markets	Retail Banking	Commercial Banking	Senoff	Total
Total income						
(net of interest expense and provisions)	111,708	507,605	175,488	7,755	163,092	965,648
Total operating expenses	(93,820)	(37,522)	(273,567)	(5,822)	(274,140)	(684,872)
Net (loss) / income (before tax)	17,887	470,082	(98,079)	1,933	(111,047)	(280,776)
Depreciation of Fixed Assets	577	214	20,952	19	10,195	31,956
Amortisation of Intangible Assets	17	290	414	-	1,783	2,504

(Rupees in '000) (Restated)						
For the Quarter ended March 31, 2015						
Particular	Corporate Banking	Global Markets	Retail Banking	Commercial Banking	Senoff	Total
Total income						
(net of interest expense and provisions)	93,056	79,535	267,124	-	232,278	671,993
Total operating expenses	(85,306)	(36,746)	(232,859)	-	(136,860)	(491,771)
Net (loss) / income (before tax)	7,750	42,789	34,265	-	95,418	180,222
Depreciation of Fixed Assets	1,035	413	12,140	-	8,883	22,471
Amortisation of Intangible Assets	2	258	146	-	2,547	2,953

(Rupees in '000)						
As at March 31, 2016						
Particular	Corporate Banking	Global Markets	Retail Banking	Commercial Banking	Senoff	Total
Segment assets - Gross	19,680,290	54,709,378	2,579,878	1,364,642	2,897,945	81,232,133
Segment non-performing loans	1,409,801	-	544,145	-	-	1,953,946
Segment provision held	(1,499,492)	(90,752)	(426,234)	-	(333,367)	(2,349,845)
Segment liabilities	9,805,544	21,199,885	34,237,931	10,314	1,309,695	66,563,369

(Rupees in '000)						
As at December 31, 2015						
Particular	Corporate Banking	Global Markets	Retail Banking	Commercial Banking	Senoff	Total
Segment assets - Gross	24,498,772	52,191,541	2,356,653	587,099	2,882,904	82,516,969
Segment non-performing loans	1,422,086	-	551,889	-	-	1,973,975
Segment provision held	(1,511,914)	(102,031)	(433,321)	-	(303,367)	(2,350,633)
Segment liabilities	7,483,937	25,578,408	34,184,330	86,572	988,870	68,322,117

18 GENERAL

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

18.2 Figures as of and for the period ended March 31, 2016 and March 31, 2015, wherever used in these condensed interim financial statements are unaudited figures; however figures as of and for the period relating to December 31, 2015 used in these condensed interim financial statements are audited figures.

19 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on April 27, 2016 by the Board of Directors of the Bank.

President & Chief Executive Officer

Chairman

Director

Director

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Samba Bank Limited

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