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continues
Half Yearly Report June 30, 2013

Samba Phone Banking 11 11 SAMBA (72622)

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World Class Banking

Samba Bank Limited

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Company Information

Board of Directors

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

Board Audit Committee

Mr. Javed Iqbal	Chairman
Mr. Beji Tak - Tak	Member
Mr. Zahid Zaheer	Member

Board Risk Committee

Mr. Beji Tak - Tak	Chairman
Mr. Antoine Mojabber	Member
Mr. Humayun Murad	Member
Mr. Tawfiq A. Husain	Member

Board Nomination & Remuneration Committee

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

President & Chief Executive Officer

Mr. Tawfiq A. Husain

Company Secretary

Ms. Saima Rasheed Khan*

Auditors

A. F. Ferguson & Co.
Chartered Accountants

Legal Advisors

Mohsin Tayebaly & Co.
Advocates & Legal Consultants

Head Office & Registered Office

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

Share Registrar

Famco Associates (Pvt.) Limited
1st Floor, State Life Building No. 1-A, II. Chundrigar Road, Karachi - 74000

Help Line

11 11 SAMBA (72622)

Website

www.samba.com.pk

Credit Rating by JCR-VIS

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

* Appointed as Acting Company Secretary w.e.f. July 1, 2013

Our Branch Network |

Currently, SBL has a network of 28 branches located in 8 major cities across the country.

KARACHI

Bahria
Bahadurabad
Clifton
DHA Ittehad
DHA Phase VI
Fountain
Gulshan-e-Iqbal
Hyderi
Rashid Minhas
S.I.T.E.
Shahra-e-Faisal

LAHORE

Mall Road
DHA
Gulberg
Johar Town
Allama Iqbal Town
Sarwar Road
Cavalry Ground
Garden Town

ISLAMABAD / RAWALPINDI

F-10
F-7
Jinnah Avenue
Rawalpindi Cantt.

GUJRANWALA

G.T. Road

FAISALABAD

Liaquat Road

MULTAN

Nusrat Road

SIALKOT

Paris Road

PESHAWAR

Saddar Road

Directors' Report

On behalf of the Board of Directors, I would like to present the Directors' Review along with the financial statements for the six months period ended June 30, 2013.

Financial Results and Overview

The financial highlights of your bank for the period ended June 30, 2013 are summarized below:

	For the Period Ended June 30, 2013	For the Period Ended June 30, 2012
	Rupees in Million	
Profit before taxation	35.935	118.344
Taxation (including deferred)	(1.424)	58.678
Profit after taxation	37.359	59.666
Earnings per share - in Rupees	0.03	0.04

	June 30, 2013	December 31, 2012
	Rupees in Million	
Total assets	46,016	34,854
Investments	22,584	8,895
Advances	15,366	15,445
Deposits	21,648	22,754
Paid up capital & reserves (including advance against issue of right shares)	10,125	8,474
Surplus on revaluation of securities - net of tax	52	42

During the period, your bank registered post - tax profit of Rs. 37.36 million as compared to Rs. 59.67 million for the corresponding period of last year, reflecting a decrease of 37.39%.

Net mark-up income for the half year ended June 30, 2013 slightly declined to Rs 646.89 million from Rs. 684.95 million in the corresponding period of last year, largely due to the impact of a cut in SBP discount rate by 3% during the two comparable periods.

Non mark-up income registered an increase of 84.36% over the corresponding period of last year, mainly due to higher FX income by Rs. 24.328 million and fee and commission income by Rs. 17.485 million. This increase reflects the bank's focus on cross selling to generate non-interest income, especially when the banking sector is facing the challenge of spread compression due to declining interest rates and minimum savings rate as directed by SBP.

Due to effective recovery efforts, your bank was able to make recoveries from the legacy bad loan portfolio, resulting in the net reversal of provision and recoveries of Rs. 40.54 million.

Despite growth in business and continuing inflationary pressures, the administrative expenses have been efficiently managed and registered a marginal increase of 3.8% to Rs. 743.30 million against Rs. 716.04 million during the corresponding period of last year.

On the balance sheet, your bank's loan book, due to weak credit off take, remained almost flat at Rs. 15.37 billion, compared to Rs. 15.44 billion as of December 31, 2012. Although, customer deposits declined by 4.84% to Rs. 21.65 billion as at June 30, 2013 due to attrition of higher cost fixed deposits, the overall mix of customer deposits significantly improved as the stable and low cost CASA (Current Accounts Savings Accounts) grew by 10% to Rs. 12.45 billion and were 58% of total customer deposits. Equally importantly, CA grew to Rs. 5.87 billion on June 30, 2013.

Capital Restructuring

SBP has stipulated minimum capital requirement (MCR) for December 2013 at Rs. 10 billion. Your bank has started the process of capital restructuring, where it will also issue right shares in order to meet the MCR. In this context, it has already received Rs. 1.61 billion as advance against share subscription money from the parent, Samba Financial Group. SBP has permitted the bank to treat this advance share subscription money of Rs. 1.61 billion as share capital for meeting the minimum capital requirement of the bank. Therefore, your bank is fully compliant with SBP's MCR. Currently, your bank is in the process of completing all legal and regulatory formalities and requirements from the authorities.

Credit Rating

JCR-VIS has reaffirmed your bank's long-term rating of AA- (Double A minus) and short term rating of A-1 (A-One). These ratings reflect strong liquidity position, low credit risk due to adequate credit quality with reasonable safeguard and strong capability for timely payment of all financial obligations.

Future Outlook

Your bank will continue to focus on its strategy of stable and sustainable growth. This will be achieved by growing the customer franchise by acquiring new customers and deepening the existing relationships, offering and cross selling new value-added products, ensuring robust risk management and control processes, optimizing operational efficiencies and by constantly improving service quality standards.

Acknowledgment

I wish to thank our customers for their continuing patronage, State Bank of Pakistan and other regulatory authorities for their guidance and Samba Financial Group for their commitment and support. I also thank all our staff members for their hard work and dedication which has enabled SBL to achieve a sustainable turnaround and to become a strong and stable bank.

On behalf of Board of Directors,

Tawfiq A. Husain
President & Chief Executive Officer

July 31, 2013



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, 2013 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, 2013 and 2012 have not been reviewed, as we are required to review only the cumulative figures for the half year ended June 30, 2013.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial 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, 2013 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 12, 2013
Karachi

Financial Statements

For the six months period ended June 30, 2013

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2013

		(Rupees in '000)	
		(Un-audited)	(Audited)
Note		June 30, 2013	December 31, 2012
ASSETS			
Cash and balances with treasury banks		2,362,143	2,052,832
Balances with other banks		104,263	2,289,653
Lendings to financial institutions	9	1,940,780	2,777,162
Investments - net	10	22,583,586	8,894,957
Advances - net	11	15,365,629	15,444,776
Operating fixed assets	12	836,868	832,375
Deferred tax assets - net	13	1,423,050	1,409,372
Other assets		1,399,933	1,152,710
		46,016,252	34,853,837
LIABILITIES			
Bills payable		983,024	250,709
Borrowings from financial institutions	14	12,346,752	2,477,466
Deposits and other accounts	15	21,648,050	22,753,644
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities - net		-	-
Other liabilities		862,305	856,135
		35,840,131	26,337,954
NET ASSETS		10,176,121	8,515,883
REPRESENTED BY:			
Share capital		14,334,734	14,334,734
Advance against issue of right shares		1,613,502	-
Reserves		158,032	150,561
Accumulated losses		(5,981,751)	(6,011,639)
		10,124,517	8,473,656
Surplus on revaluation of assets - net of tax		51,604	42,227
		10,176,121	8,515,883

CONTINGENCIES AND COMMITMENTS

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

President and Chief Executive Officer

Chairman

Director

Director

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)

FOR THE QUARTER AND HALF YEAR ENDED JUNE 30, 2013

(Rupees in '000)

Note	Quarter ended		Half Year ended	
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012
Mark-up / return / interest earned	787,614	746,670	1,518,446	1,520,138
Mark-up / return / interest expensed	453,932	398,175	871,556	835,188
Net mark-up / return / interest income	333,682	348,495	646,890	684,950
Reversal of provision against loans and advances - net	(6,604)	(10,529)	(42,269)	(43,071)
Provision for diminution in the value of investments - net	-	-	-	-
Recoveries against debts written-off	(339)	(269)	(509)	(3,422)
	(6,943)	(10,798)	(42,778)	(46,493)
Net mark-up / return / interest income after provisions	340,625	359,293	689,668	731,443
Non mark-up / return / interest income				
Fee, commission and brokerage income	39,314	21,885	55,299	37,814
Dividend income	1,309	-	1,309	-
Income from dealing in foreign currencies	3,715	4,080	31,469	7,141
(Loss) / gain on sale of securities	(124)	1,111	(610)	2,633
Unrealised gain / (loss) on revaluation of investments classified as held for trading	1,005	(480)	797	(291)
Other income	3,299	3,304	4,554	3,049
Total non mark-up / return / interest income	48,518	29,900	92,818	50,346
	389,143	389,193	782,486	781,789
Non mark-up / return / interest expenses				
Administrative expenses	385,106	357,162	743,301	716,044
Other provisions / write offs - net / (reversal of provisions)	2,207	(55,965)	2,238	(55,965)
Workers welfare fund	312	1,791	1,012	2,465
Other charges	-	900	-	901
Total non mark-up / return / interest expenses	387,625	303,888	746,551	663,445
	1,518	85,305	35,935	118,344
Extraordinary / unusual items	-	-	-	-
Profit before taxation	1,518	85,305	35,935	118,344
Taxation - Current	12,170	7,733	16,027	15,666
- Prior years	-	-	-	-
- Deferred	(21,824)	34,005	(17,451)	43,012
	(9,654)	41,738	(1,424)	58,678
Profit after taxation	11,172	43,567	37,359	59,666
Basic and diluted earnings per share (Rupees)	0.01	0.03	0.03	0.04

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

President and Chief Executive Officer

Chairman

Director

Director

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

FOR THE QUARTER AND HALF YEAR ENDED JUNE 30, 2013

(Rupees in '000)

	Quarter ended		Half Year ended	
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012
Profit after taxation for the period	11,172	43,567	37,359	59,666
Other comprehensive income	-	-	-	-
Comprehensive income transferred to condensed interim statement of changes in equity	11,172	43,567	37,359	59,666
Components of comprehensive income / (loss) not reflected in equity				
Surplus / (deficit) on revaluation of 'available for sale' financial assets - net of tax	33,426	(1,739)	9,377	(8,362)
Total comprehensive income for the period	44,598	41,828	46,736	51,304

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

President and Chief Executive Officer

Chairman

Director

Director

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

FOR THE HALF YEAR ENDED JUNE 30, 2013

(Rupees in '000)

CASH FLOWS FROM OPERATING ACTIVITIES

Profit before taxation

Less: Dividend income

Adjustments for non-cash charges and other items:

Depreciation

Amortisation of intangible assets

Reversal against loans and advances - net

(Gain) / loss on revaluation of investment held for trading

Intangible assets written off

Gain on sale of operating fixed assets

Loss / (gain) on sale of securities

Reversal of provisions against bad and doubtful other assets

Other provisions / write offs / (reversals) - net

(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 securities

Dividend received

Investment in operating fixed assets

Proceeds from sale of fixed assets

Net cash flows from investing activities

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds in relation to the proposed issue of shares

Cost incurred on issuance of shares

Net cash flows from financing activities

(Decrease) / Increase in cash and cash equivalents

Cash and cash equivalents at beginning of the period

Cash and cash equivalents at end of the period

	June 30, 2013	June 30, 2012
Profit before taxation	35,935	118,344
Less: Dividend income	(1,309)	-
	34,626	118,344
Depreciation	56,083	57,125
Amortisation of intangible assets	3,776	2,827
Reversal against loans and advances - net	(42,269)	(43,071)
(Gain) / loss on revaluation of investment held for trading	(797)	291
Intangible assets written off	-	-
Gain on sale of operating fixed assets	(4,549)	(2,014)
Loss / (gain) on sale of securities	610	(2,633)
Reversal of provisions against bad and doubtful other assets	-	-
Other provisions / write offs / (reversals) - net	2,238	(55,965)
	15,092	(43,440)
	49,718	74,904
Lendings to financial institutions	836,382	(3,873,229)
Held for trading securities	(1,781,520)	(4,757,864)
Advances	121,416	2,155,702
Other assets (excluding advance & current taxation)	(262,879)	(13,896)
	(1,086,601)	(6,489,287)
Bills payable	732,315	(78,472)
Borrowings from financial institutions	9,869,286	(1,599,426)
Deposits and other accounts	(1,105,594)	2,807,910
Other liabilities	11,170	(13,182)
	9,507,177	1,116,830
Income tax paid	8,470,294	(5,297,553)
Net cash flows from operating activities	8,462,745	(5,304,213)
Net investments in securities	(11,893,773)	5,441,465
Dividend received	1,309	-
Investment in operating fixed assets	(67,649)	(30,462)
Proceeds from sale of fixed assets	7,787	4,866
Net cash flows from investing activities	(11,952,326)	5,415,869
Proceeds in relation to the proposed issue of shares	1,613,502	-
Cost incurred on issuance of shares	-	-
Net cash flows from financing activities	1,613,502	-
(Decrease) / Increase in cash and cash equivalents	(1,876,079)	111,656
Cash and cash equivalents at beginning of the period	4,342,485	1,522,690
Cash and cash equivalents at end of the period	2,466,406	1,634,346

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

President and Chief Executive Officer

Chairman

Director

Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

FOR THE HALF YEAR ENDED JUNE 30, 2013

	(Rupees in '000)					
	Share capital	Advance against proposed issue of right shares	Capital reserve	Statutory reserve	Accumulated losses	Total
Balance as at January 01, 2012	14,334,734	-	20,935	69,448	(6,252,347)	8,172,770
Profit after taxation for the half year ended June 30, 2012	-	-	-	-	59,666	59,666
Transfer to statutory reserve	-	-	-	11,933	(11,933)	-
Balance as at June 30, 2012	14,334,734	-	20,935	81,381	(6,204,614)	8,232,436
Profit after taxation for the half year ended December 31, 2012	-	-	-	-	241,220	241,220
Transfer to statutory reserve	-	-	-	48,245	(48,245)	-
Balance as at December 31, 2012	14,334,734	-	20,935	129,626	(6,011,639)	8,473,656
Profit after taxation for the half year ended June 30, 2013	-	-	-	-	37,359	37,359
Advance share subscription money received against proposed issue of right shares	-	1,613,502	-	-	-	1,613,502
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

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

President and 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, 2013

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 and registered office is located at 6th Floor, Sidco Avenue Centre, Maulana Deen Muhammad Wafai Road, Karachi. The Bank is a subsidiary of SAMBA Financial Group of Saudi Arabia, which holds 80.68% shares of the Bank as at June 30, 2013 (2012: 80.68%). The Bank operates 28 branches (December 31, 2012: 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 these 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, 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, 2012.

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, 2012.

7 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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, 2012.

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, 2012.

9 LENDINGS TO FINANCIAL INSTITUTIONS

	(Rupees in '000)	
	(Un-audited)	(Audited)
	June 30, 2013	December 31, 2012
Call money lendings	-	1,300,000
Repurchase agreement lendings (reverse repo)	1,940,780	1,477,162
	<u>1,940,780</u>	<u>2,777,162</u>

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 8.75% per annum (2012: 8.50% to 9.75% per annum) and will mature on July 05, 2013 (2012: maturity period of upto three months from the date of lending).

10 INVESTMENTS

	Note	(Rupees in '000)					
		(Un-audited)			(Audited)		
		June 30, 2013			December 31, 2012		
		Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total
Held for trading securities	10.1	1,815,323	-	1,815,323	33,803	-	33,803
Available for sale securities	10.2	12,610,058	7,899,072	20,509,130	8,613,010	-	8,613,010
Held to maturity securities	10.3	301,137	-	301,137	304,094	-	304,094
		14,726,518	7,899,072	22,625,590	8,950,907	-	8,950,907
Provision for diminution in the value of investments	10.4	(118,078)	-	(118,078)	(118,078)	-	(118,078)
Surplus on revaluation on held for trading securities		806	-	806	9	-	9
Surplus on revaluation on available for sale securities		65,758	9,510	75,268	62,119	-	62,119
Investments-net		<u>14,675,004</u>	<u>7,908,582</u>	<u>22,583,586</u>	<u>8,894,957</u>	<u>-</u>	<u>8,894,957</u>
10.1 Held for trading securities							
Market Treasury Bills		1,763,216	-	1,763,216	33,803	-	33,803
Pakistan Investment Bonds		52,107	-	52,107	-	-	-
		<u>1,815,323</u>	<u>-</u>	<u>1,815,323</u>	<u>33,803</u>	<u>-</u>	<u>33,803</u>
10.2 Available for sale securities							
Market Treasury Bills		10,729,555	7,899,072	18,628,627	6,766,775	-	6,766,775
Pakistan Investment Bonds		1,743,545	-	1,743,545	1,709,277	-	1,709,277
Ordinary shares and certificates - listed		84,612	-	84,612	84,612	-	84,612
Ordinary shares - unlisted		52,346	-	52,346	52,346	-	52,346
		<u>12,610,058</u>	<u>7,899,072</u>	<u>20,509,130</u>	<u>8,613,010</u>	<u>-</u>	<u>8,613,010</u>
10.3 Held to maturity securities							
Pakistan Investment Bonds		<u>301,137</u>	<u>-</u>	<u>301,137</u>	<u>304,094</u>	<u>-</u>	<u>304,094</u>

		(Rupees in '000)	
		(Un-audited)	(Audited)
10.4	Particulars of provision for diminution in the value of investments	June 30, 2013	December 31, 2012
	Note		
	Opening balance	118,078	234,676
	Charge for the period / year	-	-
	Reversals on disposal made during the period / year	-	-
	Amounts written off	-	(116,598)
	Closing balance	118,078	118,078
11	ADVANCES - NET		
	Loans, cash credits, running finances, etc.		
	- In Pakistan	16,936,638	17,232,494
	Net Investment in finance lease		
	- In Pakistan	455,780	461,122
	Bills discounted and purchased (excluding treasury bills)		
	- Payable in Pakistan	151,103	128,429
	- Payable outside Pakistan	162,843	20,890
	Advances gross	17,706,364	17,842,935
	Less: Provision for loans and advances		
	- Specific provision	(2,336,900)	(2,393,465)
	- General provision	(3,835)	(4,694)
	11.2	(2,340,735)	(2,398,159)
		15,365,629	15,444,776

11.1 Advances include Rs 2,392.097 million (December 31, 2012: Rs. 2,451.481 million) which have been placed under non-performing status as detailed below:

		(Rupees in '000)			
		June 30, 2013 (Un-audited)			
Category of classification		Classified Advances		Total	Provision required
		Domestic	Overseas		Provision held
Substandard		3,960	-	3,960	915
Doubtful		-	-	-	-
Loss		2,388,137	-	2,388,137	2,335,985
		2,392,097	-	2,392,097	2,336,900

		(Rupees in '000)			
		December 31, 2012 (Audited)			
Category of classification		Classified Advances		Total	Provision required
		Domestic	Overseas		Provision held
Substandard		5,046	-	5,046	1,182
Doubtful		-	-	-	-
Loss		2,446,435	-	2,446,435	2,392,283
		2,451,481	-	2,451,481	2,393,465

- 11.2 The general provision has been made against consumer financing portfolio as required by the Prudential Regulations issued by the SBP.

12 OPERATING FIXED ASSETS

	(Rupees in '000)	
	(Un-audited)	(Un-audited)
	June 30, 2013	June 30, 2012
Additions during the period - including transfers from capital work-in-progress (at cost)	36,376	48,985
Disposals during the period (at cost)	27,740	9,569

13 DEFERRED TAX ASSET - NET

This includes deferred tax asset recognised on unabsorbed tax losses. The Bank has unabsorbed tax losses amounting to Rs 3,262.462 million (December 31, 2012: Rs 3,224.513 million) as at June 30, 2013. However, out of this amount, the management has recognised deferred tax debit balance of Rs 785.692 million (December 31, 2012: Rs 787.848 million) on losses amounting to Rs 2,244.834 million (December 31, 2012: Rs. 2,252.753 million). The deferred tax debit balance recognised in the condensed interim financial information represents the management's best estimate of the potential benefit which is expected to be realised in future years in the form of reduced tax liability as the Bank would be able to set off the profits earned in these years against losses carried forward from prior years. The amount of this benefit has been determined based on the projections of the Bank for the next five years.

14 BORROWINGS FROM FINANCIAL INSTITUTIONS

	(Rupees in '000)	
	(Un-audited)	(Audited)
	June 30, 2013	December 31, 2012
Secured		
Borrowings from SBP under export refinance scheme	2,269,931	2,405,931
Borrowings from SBP under LTFF	51,504	49,199
Repurchase agreement borrowings	7,902,981	-
	10,224,416	2,455,130
Unsecured		
Call money borrowings	2,100,000	-
Bankers Equity Limited (under liquidation)	22,336	22,336
	2,122,336	22,336
	12,346,752	2,477,466

15 DEPOSITS AND OTHER ACCOUNTS

Customers		
Fixed deposits	9,189,349	10,904,220
Savings deposits	6,515,091	5,706,431
Current accounts - non-remunerative	5,680,230	5,333,684
Others - non-remunerative	48,864	49,731
	21,433,534	21,994,066
Financial Institutions		
Remunerative deposits	71,832	639,842
Non-remunerative deposits	142,684	119,736
	214,516	759,578
	21,648,050	22,753,644

16 CONTINGENCIES AND COMMITMENTS

16.1 Direct credit substitutes

Favouring government	-	-
Favouring Banks and other financial institutions	49,974	190,666
Favouring others	249,626	245,076
	299,600	435,742

		(Rupees in '000)	
		(Un-audited)	(Audited)
Note		June 30, 2013	December 31, 2012
16.2	Transaction-related contingent liabilities / commitments		
	Contingent liabilities in respect of performance bonds, bid bonds, warranties, etc. given favouring		
	- Government	2,360,018	2,272,022
	- Others	29,898	29,145
		<u>2,389,916</u>	<u>2,301,167</u>
16.3	Trade-related contingent liabilities		
	Favouring others	<u>5,601,140</u>	<u>4,712,774</u>
16.4	Other Contingencies		
	Claims against the Bank not acknowledged as debt	<u>156,590</u>	<u>161,733</u>

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 has 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, tax department had raised demand of Rs 29.052 million for the assessment years 2008-09, 2009-10 and 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

		(Rupees in '000)	
		(Un-audited)	(Audited)
		June 30, 2013	December 31, 2012
Purchase		7,158,195	3,224,067
Sale		<u>5,339,958</u>	<u>3,723,994</u>

16.8 Capital Commitments

Commitments for capital expenditure as at June 30, 2013 amounted to Rs. 12.820 million (December 31, 2012: Rs. 15.082 million).

17 BASIC / DILUTED EARNINGS PER SHARE

	(Rupees in '000)			
	Quarter ended Un-audited		Half year ended Un-audited	
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012
Profit after taxation attributable to ordinary shareholders	11,172	43,567	37,359	59,666
Weighted average number of shares outstanding during the period	1,433,473,414	1,433,473,414	1,433,473,414	1,433,473,414
	(Rupees)			
Basic and diluted earnings per share	0.01	0.03	0.03	0.04

17.1 There were no convertible dilutive potential ordinary shares in issue as at June 30, 2013 and 2012.

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)							
	June 30, 2013 (Un-audited)				December 31, 2012 (Audited)			
	Key management personnel	Parent Company	Associates	Others	Key management personnel	Parent Company	Associates	Others
BALANCE OUTSTANDING - GROSS								
Advances								
At January 1	26,205	-	-	-	66,438	-	41,500	-
Disbursement during the period	7,948	-	-	-	3,109	-	-	-
Repaid during the period	(2,130)	-	-	-	(29,808)	-	(23,000)	-
Adjustments	-	-	-	-	(13,534)	-	-	-
Written off during the year	-	-	-	-	-	-	(18,500)	-
At June 30 / December 31	32,023	-	-	-	26,205	-	-	-

(Rupees in '000)

	June 30, 2013 (Un-audited)				December 31, 2012 (Audited)			
	Key management personnel	Parent Company	Associates	Others	Key management personnel	Parent Company	Associates	Others
Provision held against advances	-	-	-	-	-	-	-	-
Deposits								
At January 1	118,733	-	-	6,851	128,537	-	3,222	16,149
Received during the period	683,652	-	-	263,414	632,660	-	-	713,845
Withdrawn during the period	(682,060)	-	-	(264,131)	(643,700)	-	-	(723,143)
Adjustments	(9,121)	-	-	-	1,236	-	(3,222)	-
At June 30 / December 31	111,204	-	-	6,134	118,733	-	-	6,851

(Rupees in '000)

	June 30, 2013 (Un-audited)				December 31, 2012 (Audited)			
	Key management personnel	Parent Company	Associates	Others	Key management personnel	Parent Company	Associates	Others
Others								
Guarantees	-	50,266	-	-	-	15,385	-	-
Amount received against proposed issue of shares	-	1,613,502	-	-	-	-	-	-
Provision against guarantees	-	-	-	-	-	-	-	-
Balances in nostro accounts	-	14,331	-	-	-	12,097	-	-
Investment in shares	-	-	-	-	-	-	-	-
Reversal of provision against investments	-	-	-	-	-	-	98,383	-
Proceeds from sale of investments	-	-	-	-	-	-	7,000	-
Sundry receivables	-	-	-	-	-	-	-	-
Mark-up income suspended	-	-	-	-	-	-	-	-
Sundry payable (including Group Shared Service cost)	-	233,248	-	-	-	185,719	-	-
Other liabilities	-	-	-	-	-	-	-	-
Balances in vostro accounts	-	129,788	-	-	-	94,727	-	-
Provision against diminution in the value of investments	-	-	-	-	-	-	-	-

(Rupees in '000)

	June 30, 2013 (Un-audited)				June 30, 2012 (Un-audited)			
	Key management personnel	Parent Company	Associates	Others	Key management personnel	Parent Company	Associates	Others
Transactions for the period ended								
Remuneration and benefits	78,866	-	-	-	87,953	-	-	-
Directors fee	3,241	-	-	-	2,815	-	-	-
Commission on guarantee	-	345	-	-	-	177	-	-
Counter confirmation charges on guarantees	-	-	-	-	-	4,579	-	-
Letter of guarantee issued	-	-	-	-	-	-	-	-
Provision against guarantees	-	-	-	-	-	-	-	-
Mark-up / return / interest expensed	2,673	-	-	105	3,046	-	-	-
Mark-up / return / interest income	564	-	-	-	976	-	-	-
Disposal of fixed assets	-	-	-	-	1,100	-	-	-
Group Services cost								
(including exchange impact on revaluation)	-	42,113	-	-	-	42,622	-	-
Sale of government securities	-	-	-	80,450	-	-	-	-
Purchase of government securities	-	-	-	153,181	-	-	-	163,246
Purchase of shares (number of shares)	6,400,000	-	-	-	1,891,338	-	-	-

Forex transactions during the period - Samba Financial Group

(Currency in '000)

CURRENCY	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	READY / SPOT / TOM		FORWARD	
	BUY	SELL	BUY	SELL
EUR	-	-	600	200
GBP	-	-	600	200
USD	-	-	576	1,743

19 BUSINESS SEGMENTS

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

(Rupees in '000)

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

(Rupees in '000)

Particulars	For the half year ended June 30, 2012 (Un-audited)				
	Corporate finance	Trading & sales	Retail banking	Commercial banking	Total
Total income (net of interest expense and provisions)	2,500	62,378	435,898	336,978	837,754
Total operating expenses	(6,444)	(58,491)	(508,181)	(146,294)	(719,410)
Net (loss) / profit (before tax)	(3,944)	3,887	(72,283)	190,684	118,344

(Rupees in '000)

Particulars	As at June 30, 2013 (Un-audited)				
	Corporate finance	Trading & sales	Retail banking	Commercial banking	Total
Segment assets	9,061	28,612,552	1,694,830	18,330,032	48,646,475
Segment non-performing loans	-	-	626,276	1,765,821	2,392,097
Segment provision held	-	(123,238)	(627,264)	(1,879,721)	(2,630,223)
Segment liabilities	35	10,147,338	20,275,169	5,417,589	35,840,131

Particulars	(Rupees in '000)				
	As at December 31, 2012 (Audited)				
	Corporate finance	Trading & sales	Retail banking	Commercial banking	Total
Segment assets	15,221	16,787,764	2,227,454	18,511,045	37,541,484
Segment non-performing loans	-	-	647,434	1,804,047	2,451,481
Segment provision held	-	(123,123)	(647,268)	(1,917,256)	(2,687,647)
Segment liabilities	641	12,990	18,798,196	7,526,127	26,337,954

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 July 31, 2013 by the Board of Directors of the Bank.

President and Chief Executive Officer

Chairman

Director

Director