

# Samba Bank Limited

Quarterly Report September 30, 2015



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

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# Company Information

## Board of Directors

Dr. Shujaat Nadeem Mr. Shahid Sattar	Chairman/Non Executive Director President & 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. Zahid Zaheer	Independent Director

\* Names are in alphabetical order

## Board Audit Committee

Mr. Javed Iqbal	Chairman
Ms. Ranya Nashar	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

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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## Legal Advisors

Mohsin Tayebaly & Co.	Advocates & Legal Consultants
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## Head Office

6<sup>th</sup> Floor, Sidco Avenue Centre, M.D.M. Wafai Road,  
Karachi - Pakistan

## Registered Office

2<sup>nd</sup> 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](http://www.samba.com.pk)

## Help Line

11 11 SAMBA (72622)

## Credit Rating by JCR-VIS

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

\*\* Appointed w.e.f. August 19, 2015

# Our Branch Network

Currently, SBL has a network of 31 branches located in 9 major cities across the country.

- **KARACHI**  
Bahria I  
Shahra-e-Faisal  
Rashid Minhas  
Clifton  
Bahadurabad  
Gulshan-e-Iqbal  
SMCHS  
Khayaban-e-Ittehad  
DHA Karachi  
Fountain, Saddar  
Hyderi

- **LAHORE**  
Mall Road  
DHA Phase-3  
Gulberg  
Sarwar Road  
Cavalry Ground  
Allama Iqbal Town  
New Garden Town  
Johar Town  
Faisal Town  
DHA Phase-5

- **ISLAMABAD / RAWALPINDI**  
F-11  
F-7  
Jinnah Avenue  
Rawalpindi Cantt.  
Bahria Town
- **GUJRANWALA**  
G.T. Road
- **FAISALABAD**  
Liaquat Road

- **MULTAN**  
Nusrat Road
- **SIALKOT**  
Paris Road
- **PESHAWAR**  
Saddar



We would like to present the Directors' Review along with the interim condensed financial information for the nine months ended September 30, 2015.

#### Financial Results and Overview

The financial highlights of your Bank for the nine months ended September 30, 2015 are summarised below:

	Rupees in million	
	Nine Months Ended September 30, 2015	Nine Months Ended September 30, 2014
Profit before taxation	585.61	313.47
Taxation (including deferred)	298.61	112.29
Profit after taxation	287.00	201.17
Earnings per share - Rupees	0.28	0.21

	Rupees in million	
	September 30, 2015	December 31, 2014
Total assets	78,658	50,581
Investments	46,517	19,953
Advances	20,821	21,812
Deposits	36,399	31,642
Paid-up capital & reserves	11,054	10,767
Surplus on revaluation of securities - net of tax	635	488



# Directors' Review



Your Bank achieved profit before tax for the current nine months of Rs. 585.61 million compared to the last year's nine-month profit of Rs. 313.47 million showing an increase of 87%. The nine-monthly result shows a steady growth and your Bank continues to explore various business opportunities without compromising on the quality of assets.

Net mark-up/interest income of the Bank has risen from Rs. 1,283.84 million in nine months of 2014 to Rs. 1,617.02 million in the current nine months of 2015, showing an increase of 26% in spite of the reduction in discount rate by 300bps from comparative period last year. Non mark-up/interest income posted a 322% increase during the nine months of 2015 over corresponding period of last year, contributed by sustainable diversified growth in all areas of non-funded income including fee, commission, foreign-currency dealing, and trading in debt and equity securities.

Due to successful recovery efforts, your Bank recovered Rs. 94.63 million from legacy loans, depicting consistent and focussed remedial management. In order to safeguard its assets against credit risk, your Bank has booked Rs. 50.00 million as general provision against its Corporate Advances portfolio to maintain a prudent approach.

In order to be fit for rapid future business growth, the operating costs for the current nine months includes non-recurring administrative expenses amounting to Rs. 404.43 million, ancillary to the investments being made by your Bank in improving its IT infrastructure, including new core banking system to be implemented in 2016; opening of new/relocation of branches; and other promotional, upgrading, and efficiency enhancing activities. Other than the above mentioned one-off costs, the Bank managed well its recurring operating costs, which increased by 7.6% over the corresponding period of last year.

Balance sheet size of your Bank has also grown to Rs. 78.65 billion in these nine months compared to Rs. 50.58 billion as of December 31, 2014, demonstrating growth of 55%. Investments rose to Rs. 46.51 billion, showing an increase of Rs. 26.56 billion from December 31, 2014. Your Bank's private sector loan book is stable at Rs. 20.82 billion. Customer deposits reached Rs. 36.39 billion as against Rs. 31.64 billion as of December 31, 2014, a growth of over 15%.

## Credit Rating

JCR-VIS, a premier rating agency of the country, has **upgraded** the medium to long term entity ratings of the Bank from 'AA-' (AA minus) to 'AA' and has maintained its short term rating at 'A-1' (A-one). The outlook on the assigned ratings has also been confirmed as 'Stable'. These short- and long-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. Your 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 reduce 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. During the period, your Bank has successfully launched a new segment to target local Corporate and high-end Commercial entities, which would diversify the Advances portfolio of the Bank. In order to enhance its footprint, your Bank has also received requisite approvals for opening up six new branches in 2015. Currently, three new branches are functional and the remaining are in process of opening up in the last quarter of 2015.

## Acknowledgment

We 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 agencies for their guidance and support. We also sincerely appreciate the dedication, commitment and team work of all employees of the Bank who worked very hard to transform the Bank into a successful franchise.

On behalf of the Board of Directors,

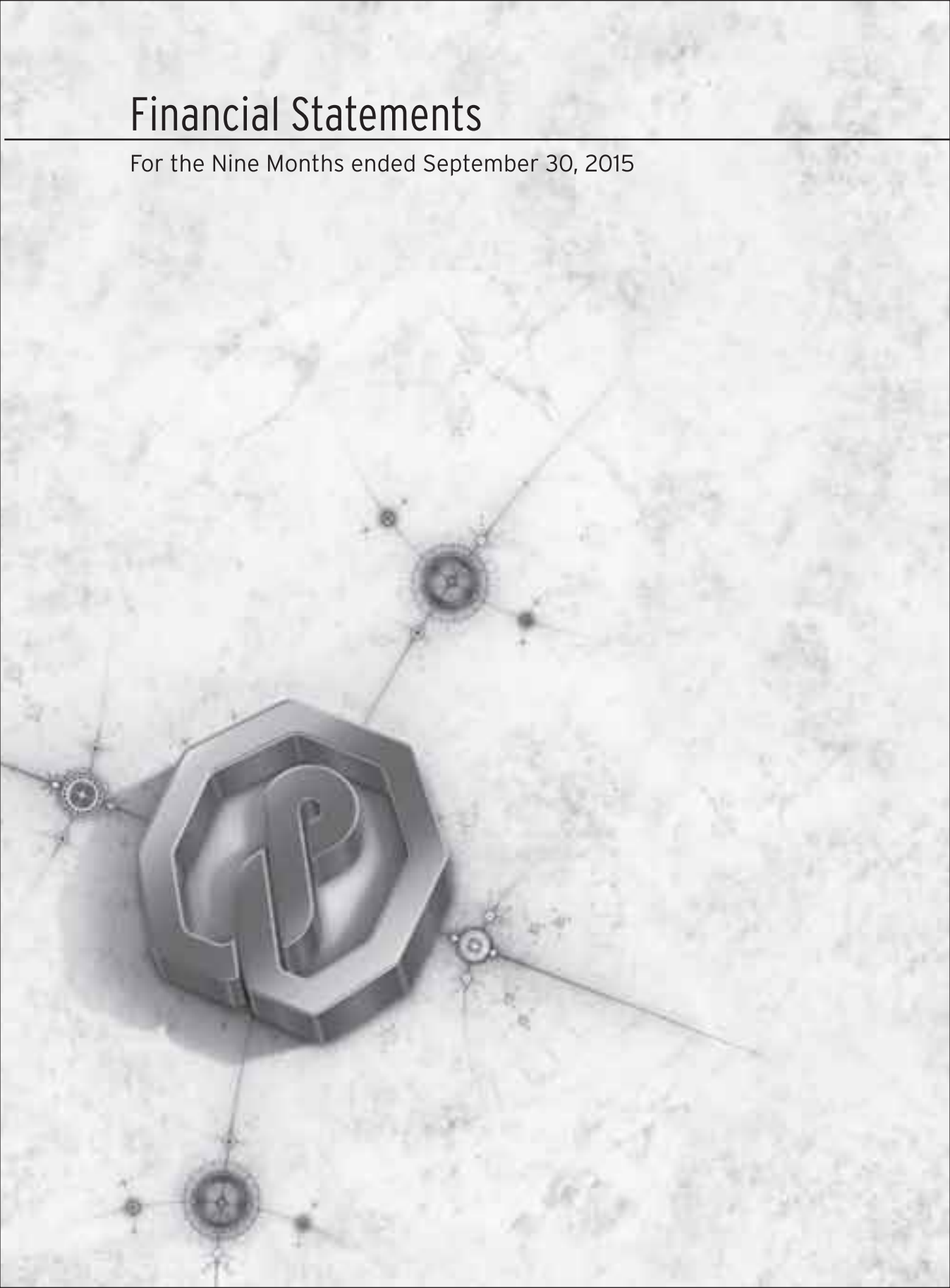
Shahid Sattar  
President & Chief Executive Officer

October 28, 2015  
Karachi



# Financial Statements

For the Nine Months ended September 30, 2015





# CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2015

		(Rupees in '000)	
		(Un-audited)	(Audited)
	Note	September 30, 2015	December 31, 2014
<b>ASSETS</b>			
Cash and balances with treasury banks		2,766,737	2,525,366
Balances with other banks		106,940	79,761
Lendings to financial institutions		4,643,112	1,900,000
Investments - net	9	46,517,012	19,953,205
Advances - net	10	20,820,994	21,812,172
Operating fixed assets	11	1,103,269	800,890
Deferred tax asset - net		734,107	1,058,113
Other assets		1,965,864	2,451,553
		78,658,035	50,581,060
<b>LIABILITIES</b>			
Bills payable		367,930	308,894
Borrowings from financial institutions	12	28,391,181	5,964,576
Deposits and other accounts	13	36,398,849	31,642,143
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities - net		-	-
Other liabilities		1,811,233	1,410,850
		66,969,193	39,326,463
<b>NET ASSETS</b>		<b>11,688,842</b>	<b>11,254,597</b>
<b>REPRESENTED BY:</b>			
Share capital		10,082,387	10,082,387
Reserves		270,040	212,640
Unappropriated profit		701,557	471,956
		11,053,984	10,766,983
Surplus on revaluation of assets - net of tax		634,858	487,614
		11,688,842	11,254,597
<b>CONTINGENCIES AND COMMITMENTS</b>			
	14		

The annexed notes 1 to 19 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 NINE MONTHS ENDED SEPTEMBER 30, 2015

(Rupees in '000)

Note	Quarter ended		Nine Months ended	
	September 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014
Mark-up / return / interest earned	1,389,814	1,219,800	4,031,260	3,278,694
Mark-up / return / interest expensed	793,309	748,409	2,414,234	1,994,853
Net mark-up / return / interest income	596,505	471,391	1,617,026	1,283,841
(Provision) / reversal against loans and advances - net	(29,608)	17,710	41,609	68,153
Provision for diminution in the value of investments - net	-	-	-	-
Recoveries against debts written - off	1,349	929	3,025	6,777
	(28,259)	18,639	44,634	74,930
Net mark-up / return / interest income after provisions	568,246	490,030	1,661,660	1,358,771
<b>Non mark-up / interest income</b>				
Fee, commission and brokerage income	34,972	21,437	87,034	77,847
Dividend income	6,738	2,751	15,172	2,751
Income from dealing in foreign currencies	21,129	8,937	43,845	25,991
Gain / (loss) on sale of securities	166,573	5,716	451,948	27,710
Gain / (loss) on revaluation of investments classified as held for trading	3,694	3,743	6,120	3,005
Other income	-	3,413	4,379	6,959
Total non mark-up / interest income	233,106	45,997	608,498	144,263
	801,352	536,027	2,270,158	1,503,034
<b>Non mark-up / interest expenses</b>				
Administrative expenses	601,494	411,701	1,684,235	1,180,339
Other provisions / write offs - net	(1,871)	(57)	(210)	6,074
Other charges	1	3,151	520	3,151
Total non mark-up / interest expenses	599,624	414,795	1,684,545	1,189,564
	201,728	121,232	585,613	313,470
Extraordinary items	-	-	-	-
<b>Profit before taxation</b>	201,728	121,232	585,613	313,470
Taxation - Current year	28,775	12,543	59,555	34,008
- Prior years	-	-	14,200	-
- Deferred	84,372	32,774	224,857	78,287
	113,147	45,317	298,612	112,295
<b>Profit after taxation</b>	88,581	75,915	287,001	201,175
Unappropriated profit brought forward	630,692	391,299	471,956	291,091
Transfer to statutory reserve	(17,716)	(15,183)	(57,400)	(40,235)
<b>Unappropriated profit carried forward</b>	701,557	452,031	701,557	452,031
<b>Earnings per share - Basic &amp; Diluted (Rupees)</b>	<b>0.08</b>	<b>0.08</b>	<b>0.28</b>	<b>0.21</b>

The annexed notes 1 to 19 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 NINE MONTHS ENDED SEPTEMBER 30, 2015

(Rupees in '000)

	Quarter ended		Nine Months ended	
	September 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014
Profit for the period	88,581	75,915	287,001	201,175
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>88,581</b>	<b>75,915</b>	<b>287,001</b>	<b>201,175</b>
<b>Components of comprehensive income / (loss) not reflected in equity</b>				
Surplus / (deficit) on revaluation of available for sale financial assets - net of tax	125,953	(6,098)	147,244	(2,128)
	<b>214,535</b>	<b>69,817</b>	<b>434,245</b>	<b>199,047</b>

The annexed notes 1 to 19 form an integral part of this condensed interim financial information.

\_\_\_\_\_  
President & Chief Executive Officer

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Chairman

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Director

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Director

# CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015

(Rupees in '000)

	Nine Months ended September 30, 2015	Nine Months ended September 30, 2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	585,613	313,470
Less: Dividend income	(15,172)	(2,751)
	570,441	310,719
Adjustments for non-cash charges:		
Depreciation	75,543	58,352
Amortization	9,509	6,613
Reversal against loans and advances - net	(41,609)	(68,153)
Surplus on revaluation of investment held for trading	(6,120)	(3,005)
Adjustment / written off of operating fixed assets	-	939
Gain on sale of operating fixed assets	(4,379)	(6,959)
Gain on sale of securities	(451,948)	(27,710)
Other provisions / write offs - net	210	5,255
	(418,794)	(34,668)
	151,647	276,051
(Increase) / decrease in operating assets		
Lendings to financial institutions	(2,743,112)	(5,101,809)
Held for trading securities	(1,387,904)	1,044,613
Advances	1,032,789	(2,088,899)
Other assets (excluding advance & current taxation)	427,885	(61,281)
	(2,670,343)	(6,207,376)
Increase / (decrease) in operating liabilities		
Bills payable	59,036	(570,667)
Borrowings from financial institutions	22,426,605	4,384,580
Deposits and other accounts	4,756,706	7,427,423
Other liabilities	400,383	(22,865)
	27,642,730	11,218,471
	25,124,034	5,287,146
Income tax paid	(1,960)	(5,221)
Net cash flows from operating activities	25,122,037	5,281,925
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net investments in securities	(24,485,646)	(6,349,475)
Dividend received	15,172	2,751
Investment in operating fixed assets	(392,703)	(256,445)
Proceeds from sale of fixed assets	9,653	229,153
Net cash flows from investing activities	(24,853,523)	(6,374,016)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of shares	-	386,498
Cost incurred on issuance of shares	-	-
Net cash flows from financing activities	-	386,498
Increase / (Decrease) in cash and cash equivalents	268,550	(705,593)
Cash and cash equivalents at beginning of the period	2,605,127	2,913,372
Cash and cash equivalents at end of the period	2,873,677	2,207,779

The annexed notes 1 to 19 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 NINE MONTHS ENDED SEPTEMBER 30, 2015

	(Rupees in '000)					
	Share capital	Capital reserve	Statutory reserve	Advance against proposed issue of right shares	Unappropriated profit	Total
Balance as at January 01, 2014	8,082,387	20,935	146,489	1,613,502	291,091	10,154,404
Transfer of advance subscription to share capital	1,613,502	-	-	(1,613,502)	-	-
Issue of right shares	386,498	-	-	-	-	386,498
Comprehensive income for the period ended September 30, 2014	-	-	-	-	201,175	201,175
Transfer to statutory reserve	-	-	40,235	-	(40,235)	-
Balance as at September 30, 2014	10,082,387	20,935	186,724	-	452,031	10,742,077
Comprehensive income for the quarter ended December 31, 2014	-	-	-	-	24,906	24,906
Transfer to statutory reserve	-	-	4,981	-	(4,981)	-
Balance as at December 31, 2014	10,082,387	20,935	191,705	-	471,956	10,766,983
Comprehensive income for the period ended September 30, 2015	-	-	-	-	287,001	287,001
Transfer to statutory reserve	-	-	57,400	-	(57,400)	-
<b>Balance as at September 30, 2015</b>	<b>10,082,387</b>	<b>20,935</b>	<b>249,105</b>	<b>-</b>	<b>701,557</b>	<b>11,053,984</b>

The annexed notes 1 to 19 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 NINE MONTHS ENDED SEPTEMBER 30, 2015

## 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 September 30, 2015 (2014: 84.51%). The Bank operates 30 branches (December 31, 2014: 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 interim 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, the Surplus / (Deficit) on Revaluation of Available for Sale (AFS) Securities only, 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 full annual financial statements, and should be read in conjunction with the financial statements of the Bank for the year ended December 31, 2014.

## 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, 2014.

## 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, 2014.

## 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, 2014.

## 9 INVESTMENTS

		(Rupees in '000)						
		(Un-audited)			(Audited)			
		September 30, 2015			December 31, 2014			
Note		Held by Bank	Given as collateral	Total	Held by Bank	Given as collateral	Total	
	Held for trading securities	9.1	1,985,651	1,054,916	3,040,567	946,266	633,759	1,580,025
	Available for sale securities	9.2	18,064,945	13,537,285	31,602,229	7,403,147	861,593	8,264,740
	Held to maturity securities	9.3	10,993,423	-	10,993,423	9,452,267	-	9,452,267
			31,044,018	14,592,200	45,636,219	17,801,680	1,495,352	19,297,032
	Provision for diminution in the value of investments		(102,031)	-	(102,031)	(102,031)	-	(102,031)
	(Deficit) / surplus on revaluation of held for trading securities		3,400	2,720	6,120	1,455	12,234	13,689
	(Deficit) / surplus on revaluation of available for sale securities		64,784	911,920	976,704	714,023	30,492	744,515
	Investments - net		31,010,171	15,506,840	46,517,012	18,415,127	1,538,078	19,953,205
9.1	Held-for-trading securities							
	Market Treasury Bills		1,515,150	942,155	2,457,305	922,709	-	922,709
	Pakistan Investment Bonds		470,501	112,761	583,262	-	633,759	633,759
	Ordinary shares and certificates - listed		-	-	-	23,557	-	23,557
			1,985,651	1,054,916	3,040,567	946,266	633,759	1,580,025
9.2	Available-for-sale securities							
	Market Treasury Bills		10,893,051	1,361,352	12,254,403	555,206	-	555,206
	Pakistan Investment Bonds		6,480,041	12,175,933	18,655,974	6,557,918	861,593	7,419,511
	Ordinary shares and certificates - listed		639,507	-	639,507	237,677	-	237,677
	Ordinary shares - unlisted		52,346	-	52,346	52,346	-	52,346
			18,064,945	13,537,285	31,602,230	7,403,147	861,593	8,264,740
9.3	Held-to-maturity securities							
	Pakistan Investment Bonds		10,993,423	-	10,993,423	9,452,267	-	9,452,267
			10,993,423	-	10,993,423	9,452,267	-	9,452,267

# 10 ADVANCES - NET

		(Rupees in '000)	
		(Un-audited)	(Audited)
Note		September 30, 2015	December 31, 2014
	Loans, cash credits, running finances, etc.		
	- In Pakistan	22,362,256	23,496,302
	Net Investment in finance lease		
	- In Pakistan	354,175	372,119
	Bills discounted and purchased (excluding government treasury bills)		
	- Payable in Pakistan	56,498	40,932
	- Payable outside Pakistan	52,488	7,010
	Advances gross	22,825,417	23,916,363
	Less: Provision for loans and advances		
	- Specific provision	(1,951,424)	(2,100,866)
10.1	- General provision	(52,999)	(3,325)
10.2		(2,004,423)	(2,104,191)
		20,820,994	21,812,172

10.1 Advances include Rs. 1,992.865 million (December 31, 2014: Rs. 2,144.114 million) which have been placed under non-performing status as detailed below:

		(Rupees in '000)			
		September 30, 2015 (Un-audited)			
Category of classification	Classified Advances		Total	Provision required	Provision held
	Domestic	Overseas			
Substandard	1,244	-	1,244	311	311
Doubtful	-	-	-	-	-
Loss	1,991,621	-	1,991,621	1,951,113	1,951,113
	1,992,865	-	1,992,865	1,951,424	1,951,424

		(Rupees in '000)			
		December 31, 2014 (Audited)			
Category of classification	Classified Advances		Total	Provision required	Provision held
	Domestic	Overseas			
Substandard	310	-	310	78	78
Doubtful	-	-	-	-	-
Loss	2,143,804	-	2,143,804	2,100,788	2,100,788
	2,144,114	-	2,144,114	2,100,866	2,100,866

10.2 General provision as at September 30, 2015 represents provision against Consumer Advances portfolio as required by Prudential Regulations issued by the State Bank of Pakistan. In addition to that general provision has been maintained against Corporate Advances portfolio in line with the Bank's Accounting and Disclosure Policy.

# 11 OPERATING FIXED ASSETS

		(Rupees in '000)	
		(Un-audited)	
		Nine Months ended	
		September 30, 2015	September 30, 2014
Additions during the period (at cost)		392,703	256,445
Disposals / write-off during the period (at cost)		41,494	23,001

## 12 BORROWINGS FROM FINANCIAL INSTITUTIONS

(Rupees in '000)

	Note	(Un-audited) September 30, 2015	(Audited) December 31, 2014
<b>Secured</b>			
Borrowings from SBP under export refinance scheme		1,816,083	2,487,314
Borrowings from SBP under LTFF		206,121	644,260
Repurchase agreement borrowings		16,329,933	1,500,000
		18,352,137	4,631,574
<b>Unsecured</b>			
Call money borrowings		10,016,708	1,310,666
Bankers Equity Limited (under liquidation)		22,336	22,336
		10,039,044	1,333,002
		28,391,181	5,964,576
<b>13 DEPOSITS AND OTHER ACCOUNTS</b>			
<b>Customers</b>			
Fixed deposits		15,658,125	12,552,773
Savings deposits		9,968,045	11,694,983
Current accounts - non-remunerative		6,318,319	5,672,480
Others - non-remunerative		24,364	55,590
		31,968,853	29,975,826
<b>Banks and Financial Institutions</b>			
Remunerative deposits		4,299,894	1,545,540
Non-remunerative deposits		130,102	120,777
		4,429,996	1,666,317
		36,398,849	31,642,143
<b>14 CONTINGENCIES AND COMMITMENTS</b>			
<b>14.1 Direct credit substitutes</b>			
Favouring government		13,411	-
Favouring Banks and other financial institutions		996,883	707,009
Favouring others		261,779	251,689
		1,272,073	958,698
<b>14.2 Transaction-related contingent liabilities / commitments</b>			
Contingent liabilities in respect of performance bonds, bid bonds, warranties, etc. given favouring			
- Government		1,686,709	1,763,662
- Favouring Banks and other financial institutions		-	-
- Others		52,902	175,344
		1,739,611	1,939,006
<b>14.3 Trade-related contingent liabilities</b>			
Favouring Others		2,661,590	894,614
		2,661,590	894,614
<b>14.4 Other contingencies</b>			
Claims against the Bank not acknowledged as debt	14.4.1	125,456	45,489

14.4.1 These represent various cases filed against the Bank for recovery of damages / settlement of deposit balances by various parties. Based on the Banks'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.

#### 14.5 Contingencies in respect of taxation

The Income tax department has 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. Tax department has also raised demand of Rs. 29.052 million for the assessment years 2009, 2010 & 2011 on account of Federal Excise. 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 2015 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 favour of the bank. Accordingly, no provision has been made in this condensed interim financial information in respect of the above mentioned demands aggregating 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 Commitments in respect of forward foreign exchange contracts

	(Rupees in '000)	
	(Un-audited)	(Audited)
	September 30, 2015	December 31, 2014
Purchase	18,660,717	13,151,038
Sale	14,272,445	11,964,868

#### 14.8 Capital commitments

Commitments for capital expenditure as at September 30, 2015 amounted to Rs. 142.09 million (December 31, 2014: Rs. 21.018 million).

### 15 INCOME AND EXPENSES

- 15.1 Administrative expenses include non-recurring costs amounting to Rs. 404.43 million and Rs. 163.67 million for the nine months and quarter ended September 30, 2015, respectively, ancillary to the investments being made by the Bank in improving its information technology infrastructure, including new core banking system to be implemented in 2016; opening of new/relocation of branches; and other promotional, upgrading, and efficiency enhancing activities.

#### 15.2 Earnings per share - Basic & Diluted

	(Rupees in '000)			
	(Un-audited)			
	Quarter ended		Nine Months ended	
	September 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014
Profit after taxation attributable to ordinary shareholders	88,581	75,915	287,001	201,175
	(Number of Shares)			
Weighted average number of shares outstanding during the period	1,008,238,648	1,008,238,648	1,008,238,648	943,037,183
	(Rupees)			
Earnings per share - Basic & Diluted	0.08	0.08	0.28	0.21



## 16 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 provided 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)			(Rupees in '000)		
	(Un-audited)			(Audited)		
	September 30, 2015			December 31, 2014		
	Key management personnel	Parent Company	Others	Key management personnel	Parent Company	Others
<b>BALANCE OUTSTANDING - GROSS</b>						
<b>Advances</b>						
At January 01	66,341	-	-	71,647	-	-
Given during the period / year	49,779	-	-	15,165	-	-
Repaid during the period / year	(4,613)	-	-	(6,973)	-	-
Adjustments	(25,404)	-	-	(13,498)	-	-
At September 30 / December 31	86,103	-	-	66,341	-	-
<b>Deposits</b>						
At January 01	39,480	-	5,269	79,639	-	3,104
Received during the period / year	462,214	-	63,088	1,612,054	-	168,086
Withdrawn during the period / year	(447,698)	-	(59,411)	(1,646,960)	-	(165,921)
Adjustments	646	-	-	(5,253)	-	-
At September 30 / December 31	54,642	-	8,946	39,480	-	5,269
<b>Others</b>						
Guarantees	-	20,902	-	-	-	-
Balances in nostro accounts	-	7,359	-	-	15,116	-
Sundry payable	-	-	-	-	-	-
(including Group Shared Service cost)	-	140,856	-	-	248,700	-
Balances in vostro accounts	-	79,537	-	-	108,693	-
Borrowings (including markup payable)	-	2,120,720	-	-	-	-

	(Rupees in '000)			(Rupees in '000)		
	(Un-audited)			(Un-audited)		
	Nine Months ended September 30, 2015			Nine Months ended September 30, 2014		
	Key management personnel	Parent Company	Others	Key management personnel	Parent Company	Others
<b>Transactions for the period</b>						
Remuneration and benefits	167,740	-	-	134,920	-	-
Directors fee	7,121	-	-	8,077	-	-
Comission income on guarantees	-	1,156	-	-	50	-
Counter confirmation charges on guarantees	-	-	-	-	624	-
Mark-up / return / interest expensed	811	30,486	202	3,401	-	310
Mark-up / return / interest income	2,581	-	-	1,808	-	-
Group Services cost	-	26,661	-	-	84,247	-
Sale of government securities	51,037	-	7,702	33,065	-	17,100
Purchase of government securities	-	-	27,698	128,472	-	107,354
Purchase of shares (number of shares)	-	-	-	2,593,500	-	-
Proceeds against issue of right shares	-	-	-	-	386,429	-

## Forex transactions during the period - Samba Financial Group

(Currency in '000)

For the period ended September 30, 2015 (Un-audited)				
CURRENCY	READY / SPOT / TOM		FORWARD	
	BUY	SELL	BUY	SELL
AED	-	-	-	-
AUD	19	8	-	-
CAD	-	35	-	-
CHF	30	37	25	-
EUR	5,460	13,775	9,875	4,330
GBP	4,720	7,040	4,930	4,430
HKD	-	3	-	-
JPY	-	3,014	-	-
SAR	5,850	14,800	-	2,300
SEK	-	36	-	-
SGD	-	12	-	-
USD	73,387	14,185	12,260	18,626

## Forex deals outstanding as at the period end - Samba Financial Group

(Currency in '000)

As at September 30, 2015 (Un-audited)				
CURRENCY	READY / SPOT / TOM		FORWARD	
	BUY	SELL	BUY	SELL
EUR	-	-	1,150	-
GBP	-	-	800	160
SAR	-	-	-	-
USD	-	-	245	2,533

## Forex transactions during the period - Samba Financial Group

(Currency in '000)

For the period ended September 30, 2014 (Un-audited)				
CURRENCY	READY / SPOT / TOM		FORWARD	
	BUY	SELL	BUY	SELL
AED	3,050	-	-	-
CAD	20	-	-	-
CHF	90	-	-	-
EUR	5,455	2,616	4,360	950
GBP	3,080	2,925	3,270	410
JPY	149,810	-	-	-
SAR	10,250	10,000	10,000	-
SGD	25	-	-	-
USD	74,567	17,782	1,980	14,080

## Forex deals outstanding as at the year end - Samba Financial Group

(Currency in '000)

As at December 31, 2014 (Audited)				
CURRENCY	READY / SPOT / TOM		FORWARD	
	BUY	SELL	BUY	SELL
EUR	-	-	500	-
GBP	-	-	500	-
USD	-	-	-	1,400

## 17 BUSINESS SEGMENTS

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

Particulars	(Rupees in '000)				
	For the Nine Months ended September 30, 2015 (Un-audited)				
	Corporate finance	Trading & sales	Retail banking	Commercial banking	Total
Total income (net of interest expense and provisions)	-	850,743	800,782	618,843	2,270,368
Total operating expenses	(10,211)	(240,676)	(995,350)	(438,518)	(1,684,755)
Net (loss) / profit (before tax)	(10,211)	610,067	(194,568)	180,325	585,613

Particulars	(Rupees in '000)				
	For the Nine Months ended September 30, 2014 (Un-audited)				
	Corporate finance	Trading & sales	Retail banking	Commercial banking	Total
Total income (net of interest expense and provisions)	805	521,563	571,332	403,260	1,496,960
Total operating expenses	(9,946)	(104,083)	(806,820)	(262,641)	(1,183,490)
Net (loss) / profit (before tax)	(9,141)	417,480	(235,488)	140,619	313,470

Particulars	(Rupees in '000)				
	As at September 30, 2015 (Un-audited)				
	Corporate finance	Trading & sales	Retail banking	Commercial banking	Total
Segment assets	5,232	55,956,744	2,355,034	22,621,818	80,938,829
Segment non-performing loans	-	-	558,950	1,433,915	1,992,865
Segment provision held	-	(112,580)	(594,253)	(1,573,961)	(2,280,794)
Segment liabilities	158	27,066,650	33,947,515	5,954,868	66,969,192

Particulars	(Rupees in '000)				
	As at December 31, 2014 (Audited)				
	Corporate finance	Trading & sales	Retail banking	Commercial banking	Total
Segment assets	7,021	26,368,440	1,944,638	24,582,556	52,902,655
Segment non-performing loans	-	-	583,533	1,560,581	2,144,114
Segment provision held	-	(104,618)	(577,235)	(1,639,742)	(2,321,595)
Segment liabilities	734	3,136,993	27,874,212	8,314,524	39,326,463

## 18 GENERAL

18.1 Corresponding figures have been re-arranged and reclassified, wherever necessary, for the better presentation. However, there are no material reclassification to report in this condensed interim financial information.

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

18.3 Numbers as of and for the period ended September 30, 2015 and September 30, 2014, wherever used in this condensed interim financial information are unaudited numbers; however, numbers as of December 31, 2014 and for the period relating to 2014 used in this condensed interim financial information are audited numbers.

## 19 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on October 28, 2015 by the Board of Directors of the Bank.

\_\_\_\_\_  
President & Chief Executive Officer

\_\_\_\_\_  
Chairman

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

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