

Quarterly Report

September 30, 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

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Our Branch Network

Currently, SBL has a network of 37 branches located in 10 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
DHA Tauheed Commercial

Lahore

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

Islamabad

Jinnah Avenue
F-11
F-7
DHA Phase II

Rawalpindi

Saddar
Bahria Town
Wah - Cantt

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 & CEO/Executive Director

Mr. Antoine Mojabber*	Non-Executive Director
Mr. Beji Tak-Tak	Non-Executive Director
Mr. Humayun Murad	Independent Director
Mr. Javed Iqbal	Non-Executive Director
Mr. Nadeem Babar	Independent Director
Ms. Ranya Nashar	Non-Executive Director
Mr. Shahbaz Haider Agha**	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

Mr. Nadeem Babar	Chairman
Mr. Humayun Murad	Member
Ms. Ranya Nashar	Member

President & Chief Executive Officer

Mr. Shahid Sattar

Company Secretary

Syed Zia-ul-Husnain Shamsi

Chief Financial Officer

Mr. Rashid Jahangir

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

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)

** w.e.f. Oct' 26, 2016

Directors' Report

On behalf of the Board of Directors, I am pleased to present the financial results of the Bank for the nine months ended September 30, 2016.

Financial Results and Overview

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

Rupees (million)	
Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2015
730.64	585.61
259.94	298.61
470.40	287.00
0.47	0.28

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

Rupees (million)	
September 30, 2016	December 31, 2015
91,134	80,166
51,145	44,726
24,518	24,187
49,880	38,844
11,668	11,198
830	647

Amidst stabilizing macroeconomic indicators, the operating environment for the small and medium banks remained challenging during the period under review. The Bank adopted a result driven strategy to derive solid performance despite shrinking spreads, subdued deposits growth mobilization, lack of quality lending avenues and rising cost of doing business. These efforts resulted in strong financial performance with profit before tax for the current nine months period of Rs. 730.64 million compared to Rs. 585.61 million for the corresponding period of last year reflecting a growth of 25%.

Despite depleting margins on the earning assets, net interest income of the Bank in the current period under review remained at the same level of similar period last year. However, the non-markup income registered significant growth of 57% during the period under review as compared to similar period last year.

The Bank has also managed to recover Rs. 74.65 million from legacy loans during the period under review, demonstrating consistent remedial management. Specific provision of Rs. 242.03 million against non-performing portfolio was made as per requirements of Prudential Regulations during period ended September 30, 2016. In order to safeguard its assets against credit risk, the Bank adopted prudent approach and charged general provision of Rs. 91.67 million during the current period against its corporate and commercial loans portfolio.

Consistent with its strategy, the Bank continued to invest for deployment of world class technology based solutions, IT infrastructure, opening of new / relocation of branches / offices; and other promotional, upgrading, and efficiency enhancing activities. The Bank's recurring operating costs were well managed through operational efficiencies and disciplined spending.

Balance sheet size of the Bank has grown to Rs. 91,134 million as on current reporting date as compared to Rs. 80,166 million as of December 31, 2015, demonstrating growth of 14%. Investments rose to the tune of Rs. 51,144 million, showing an increase of Rs. 6,418 million (14%) over December 31, 2015. Customer deposits grew by 28% to reach at Rs. 49,880 million as of September 30, 2016 as compared to Rs. 38,844 million at December 31, 2015.

Credit Rating

JCR-VIS, a premier rating agency of the country, has reaffirmed 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

Banking sector in the country is facing multifaceted challenges owing to low benchmark rates and taxation regulation for non-filers of tax returns affecting deposit growth. Despite these challenges, the improvements in economic environment of Pakistan are commended by the autonomous international organizations, further complemented by boosting confidence of investors in Pakistani markets. The Bank, with the support of its parent and sponsors, continues to pursue its multi-dimensional strategic objectives and goals. While monitoring the prevailing economic conditions, the main focus of the Bank would be to steadily build its earning assets; effectively manage the associated risks; and reducing its cost of funds through continued improvement in its deposit mix backed by increase in customer base. 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 opened 3 new branches during the year and will continue to do so in future.

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

October 26, 2016
Karachi

ڈائریکٹر رپورٹ

بورڈ آف ڈائریکٹرز کی ایما پر، 30 ستمبر 2016 کو تیسری سہ ماہی کے اختتام پر مجھے بینک کے مالی نتائج پیش کرتے ہوئے دلی مسرت ہو رہی ہے۔

مالیاتی نتائج اور جائزہ

روپے (ملین میں)

نومادہ مختتمہ 30 ستمبر 2015	نومادہ مختتمہ 30 ستمبر 2016
585.61	730.64
298.61	259.94
287.00	470.40
0.28	0.47

قبل از محصولات منافع
محصولات (ٹیکسیشن)
بعد از محصولات منافع
فی حصص آمدنی۔ (روپیہ)

روپے (ملین میں)

31 دسمبر 2015	30 ستمبر 2016
80,166	91,134
44,726	51,145
24,187	24,518
38,844	49,880
11,198	11,668
647	830

کل اثاثہ جات
سرمایہ کاری۔ خالص
قرضہ جات۔ خالص
ڈپازٹس
اداشدہ سرمایہ کاری کے ذخائر
اثاثہ جات کی ری ویلیویشن پر سرپلس۔ بعد از محصولات

مستحکم میکرو اکنامک علامات کے باوجود چھوٹے اور درمیانے درجے کے بینکوں کیلئے زیر جائزہ مدت کے دوران سخت مقابلے کا ماحول رہا۔ ٹیکوٹے ہوئے سپر ہیڈ، ڈپازٹس کی نمونیں کمی، قرض کے محدود مواقع اور کاروباری معاملات کو چلانے کی بڑھتی ہوئی لاگت کے باوجود بینک نے مستحکم کارکردگی جاری رکھنے کیلئے نتائج پر مبنی حکمت عملی کو اپنایا۔ ان کوششوں کے نتیجے میں مضبوط معاشی کارکردگی کے ساتھ موجودہ نو (9) ماہ کی مدت کیلئے قبل از محصولات منافع، گزشتہ سال اسی مدت کے دوران 585.61 ملین روپے کے مقابلے 25 فیصد اضافے کے ساتھ 730.64 ملین روپے رہا۔

منافع بخش اثاثہ جات پر گھٹتے ہوئے مارجن کے باوجود موجودہ نو ماہ میں بینک کی گنل سودی آمدنی گزشتہ سال کے مقابلے اسی سطح پر رہی۔ جبکہ زیر نظر دورانیہ میں غیر سودی آمدنی میں گزشتہ سال کے مقابلے 57 فیصد کا اہم اضافہ ہوا۔

بینک نے متواتر انتظامی اصلاحات کے ذریعے زیر نظر دورانیہ میں 74.65 ملین روپے مالیت کے موروثی قرضوں (legacy loans) کی وصولیائی کی ہے۔ 30 ستمبر 2016 کو ختم ہونے والے دور میں پروڈیٹسٹیل ریگولیشنز کے ضوابط کے مطابق غیر فعال قرضہ جات کی مد میں 242.03 ملین روپے منقص کیے گئے ہیں۔ 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 رواں سال 91.67 ملین روپے منقص کیے ہیں۔

اپنی حکمت عملی کے مطابق بینک نے بین الاقوامی معیار کے ٹیکنالوجی پر مبنی سولیوشنز، آئی ٹی انفراسٹرکچر، نئی برانچوں / دفاتر کی منتقلی / افتتاح، اور دیگر تشہیری، اپ گریڈنگ اور کارکردگی بڑھانے کی سرگرمیوں میں خرچ کرنے کا سلسلہ جاری رکھا ہے۔ بینک کی آپریشنل لاگت انتظامی استعداد اور منظم اخراجات کی بدولت بہتر طریقے سے منتظم (manage) کی گئی۔

بینک کی بیلنس شیٹ پر کل اثاثہ جات بڑھ کر 91,134 ملین ہو گئے ہیں جو کہ 31 دسمبر 2015 کے اختتام پر 80,166 ملین روپے تھے، ان میں 14 فیصد کا اضافہ دیکھا گیا۔ سرمایہ کاری بڑھ کر 51,144 ملین روپے ہو گئی ہے، جو 31 دسمبر 2015 کے مقابلے میں 44,726 ملین روپے (14 فیصد) کے اضافے کو ظاہر کرتی ہے۔ 30 ستمبر 2016 تک کسٹمر کے ڈپازٹس 28 فیصد اضافے کے ساتھ 49,880 ملین روپے تک پہنچ گئے جو 31 دسمبر 2015 تک 38,844 ملین روپے تھے۔

کریڈٹ ریٹنگ

ملک کی ممتاز ریٹنگ ایجنسی JCR-VIS نے بینک کو درمیانے سے لے کر طویل المدت اداریاتی درجہ بندی میں 'AA' (ڈبل اے) اور قلیل المدت درجہ بندی میں 'A-1' (ایون) درجے کی توثیق کی ہے۔ یہ درجات ادارے کے مستحکم ہونے کی دلیل ہیں۔ یہ طویل اور قلیل المدت درجات موزوں حفاظتی عنصر کے ساتھ اعلیٰ قرضہ جاتی معیار اور مضبوط مسابقتی مقام کی وجہ سے تمام تر مالیاتی قرضوں کی بروقت ادائیگی کی عمدہ صلاحیت کی نشاندہی کرتے ہیں۔

مستقبل کا نقطہ نظر

ملک میں شعبہ بینکاری کو کم بیچ مارک ریٹس اور ڈپازٹ میں اضافے پر اثر انداز نان فائلرز پر لاگو ٹیکس ضوابط جیسی کثیر الجہت مشکلات کا سامنا ہے۔ ان مشکلات کے باوجود پاکستان کے معاشی ماحول میں بہتری کو خود مختار بین الاقوامی اداروں نے سراہا، جس سے پاکستانی مارکیٹس میں سرمایہ کار کے اعتماد میں بھی مزید اضافہ ہوا۔ بینک اپنے آبائی ادارہ اور سرمایہ داران کے تعاون سے اپنی حکمت عملی اور مقاصد کا حصول جاری رکھے گا۔ موجودہ معاشی حالات کے تناظر میں بینک کی بنیادی توجہ اکائیوں کو صحیح طور پر استعمال کرتے ہوئے بتدریج منافع بخش اثاثہ جات کی بڑھوتری، لاحق خطرات کی موثر انتظام کاری اور صارفین کی تعداد میں اضافے کے ساتھ ڈپازٹس میں مسلسل بہتری کے ذریعے فنڈز کی لاگت میں کمی کرنے پر ہے۔ یہ مقاصد جدید بینکاری مصنوعات متعارف کروا کر اور ان کے فروغ کے ذریعے بینک کے قابل قدر صارفین کو عالمی معیار کی بینکاری سہولیات فراہم کر کے حاصل ہو سکیں گے۔ بینکنگ نیٹ ورک میں وسعت کیلئے رواں سال بینک نے 3 نئی برانچز کا افتتاح کیا ہے اور مستقبل میں بھی یہ سلسلہ جاری رہے گا۔

اظہار تشکر

میں اپنے صارفین، کاروباری شراکت داران اور حصص یافتگان کی سرپرستی اور بھروسے کا تہ دل سے شکریہ ادا کرتا ہوں۔ ہمارے بورڈ آف ڈائریکٹرز اور انتظامیہ بھی بینک دولت پاکستان اور دیگر ضوابطی اداروں کی رہنمائی اور تعاون کے شکریہ ادا کرتا ہوں۔ میں بینک کے ملازمین، جن کی لگن، عزم اور ایم ورک نے بینک کو کامیاب ادارے میں تبدیل کر دیا ہے ان کی انتھک محنت کی بھی تہ دل سے حوصلہ افزائی کرتا ہوں۔

منجانب بورڈ آف ڈائریکٹرز

شاہد ستار

پریزیڈنٹ اور چیف ایگزیکٹو آفیسر

26 اکتوبر 2016

کراچی

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2016

		(Rupees in '000)	
		(Un-audited)	(Audited)
Note	September 30, 2016	December 31, 2015	
ASSETS			
	Cash and balances with treasury banks	4,185,016	3,258,421
	Balances with other banks	640,267	1,071,112
	Lendings to financial institutions	9 7,211,525	2,000,000
	Investments - net	10 51,144,957	44,726,421
	Advances - net	11 24,517,537	24,187,038
	Operating fixed assets	12 1,450,175	1,323,670
	Deferred tax assets - net	349,905	657,592
	Other assets - net	1,634,877	2,942,082
		91,134,259	80,166,336
LIABILITIES			
	Bills payable	393,483	492,159
	Borrowings from financial institutions	13 26,531,553	27,325,753
	Deposits and other accounts	14 49,879,535	38,844,291
	Sub-ordinated loans	-	-
	Liabilities against assets subject to finance lease	-	-
	Deferred tax liabilities - net	-	-
	Other liabilities	1,830,833	1,659,914
		78,635,404	68,322,117
NET ASSETS		12,498,855	11,844,219
REPRESENTED BY:			
	Share capital	10,082,387	10,082,387
	Reserves	392,901	298,760
	Unappropriated profit	1,193,001	816,439
		11,668,289	11,197,586
	Surplus on revaluation of assets - net of tax	830,566	646,633
		12,498,855	11,844,219

CONTINGENCIES AND COMMITMENTS

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

President & Chief Executive Officer

Chairman

Director

Director

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)

FOR THE QUARTER AND NINE MONTHS ENDED SEPTEMBER 30, 2016

(Rupees in '000)

Note	Quarter ended		Nine Months ended	
	September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015
Mark-up / return / interest earned	1,369,168	1,389,814	4,215,161	4,031,260
Mark-up / return / interest expensed	902,164	793,309	2,621,615	2,414,234
Net mark-up / return / interest income	467,004	596,505	1,593,546	1,617,026
(Provision) / reversal against loans and advances - net	(188,847)	(29,608)	(258,156)	41,609
Reversal of provision for diminution in the value of investments - net	40,753	-	62,686	-
Recoveries against debts written - off	1,566	1,349	4,709	3,025
	(146,528)	(28,259)	(190,761)	44,634
Net mark-up / return / interest income after provisions	320,476	568,246	1,402,785	1,661,660
Non mark-up / interest income				
Fee, commission and brokerage income	45,802	34,972	121,271	87,034
Dividend income	8,604	6,738	17,607	15,172
Income from dealing in foreign currencies	38,375	21,129	106,663	43,845
Gain on sale of securities	73,873	166,573	690,960	451,948
Unrealized (loss) / gain on revaluation of investments classified as held for trading	(1,300)	3,694	(1,064)	6,120
Other income	581	-	22,133	4,379
Total non mark-up / interest income	165,935	233,106	957,570	608,498
	486,411	801,352	2,360,355	2,270,158
Non mark-up / interest expenses				
Administrative expenses	352,475	597,217	1,608,891	1,672,124
Other provisions / write offs - net	-	(1,871)	-	(210)
Workers welfare fund	7,064	4,277	15,055	12,111
Other charges	1,410	1	5,766	520
Total non mark-up / interest expenses	360,949	599,624	1,629,712	1,684,545
	125,462	201,728	730,643	585,613
Extraordinary items	-	-	-	-
Profit before taxation	125,462	201,728	730,643	585,613
Taxation - Current year	(15,289)	(28,775)	(51,292)	(59,555)
- Prior years	-	-	(26,468)	(14,200)
- Deferred	(28,623)	(84,372)	(182,180)	(224,857)
	(43,912)	(113,147)	(259,940)	(298,612)
Profit after taxation	81,550	88,581	470,703	287,001
Unappropriated profit brought forward	1,127,761	630,692	816,439	471,956
Transfer to statutory reserve	(16,310)	(17,716)	(94,141)	(57,400)
Unappropriated profit carried forward	1,193,001	701,557	1,193,001	701,557
Earnings per share - Basic & Diluted (Rupee)	0.08	0.09	0.47	0.28

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

President & Chief Executive Officer

Chairman

Director

Director

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

FOR THE QUARTER AND NINE MONTHS ENDED SEPTEMBER 30, 2016

(Rupees in '000)

Profit for the period

Other Comprehensive income

Total comprehensive income for the period transferred to equity

Components of comprehensive income not reflected in equity

Items that may be reclassified to profit or loss account
in subsequent periods

Surplus / (deficit) on revaluation of available for sale
financial assets - net of tax

Quarter ended		Nine Months ended	
September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015
81,550	88,581	470,703	287,001
-	-	-	-
81,550	88,581	470,703	287,001
(169,544)	125,953	183,933	147,244
(87,994)	214,534	654,636	434,245

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

President & Chief Executive Officer

Chairman

Director

Director

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016

	(Rupees in '000)	
	Nine Months ended	
	September 30, 2016	September 30, 2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	730,643	585,613
Less: Dividend income	(17,607)	(15,172)
	713,036	570,441
Adjustments for non-cash charges and other items:		
Depreciation	110,855	75,543
Amortization of intangible assets	10,384	9,509
Provision / (reversal) against loans and advances - net	258,156	(41,609)
Deficit / (surplus) on revaluation of investment held for trading	1,064	(6,120)
Operating fixed assets written off / adjusted	22,681	-
Reversal of provision for diminution in the value of investments - net	(62,686)	-
Gain on sale of operating fixed assets	(22,133)	(4,379)
Gain on sale of securities	(690,960)	(451,948)
Other provisions / write offs - net	-	210
	(372,639)	(418,794)
	340,397	151,647
(Increase) / decrease in operating assets		
Lendings to financial institutions	(5,211,525)	(2,743,112)
Investments - held for trading	(725,088)	(1,387,904)
Advances	(588,654)	1,032,789
Other assets (excluding advance & current taxation)	1,259,918	427,885
	(5,265,349)	(2,670,343)
Increase / (decrease) in operating liabilities		
Bills payable	(98,676)	59,036
Borrowings from financial institutions	(794,200)	22,426,605
Deposits and other accounts	11,035,244	4,756,706
Other liabilities	170,889	400,383
	10,313,257	27,642,730
Income tax paid	5,388,305	25,124,034
	(4,005)	(1,960)
Net cash flows generated from operating activities	5,384,300	25,122,074
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investments in available for sale and held to maturity securities	(4,657,861)	(24,485,646)
Dividend received	17,607	15,172
Investment in operating fixed assets	(393,445)	(392,703)
Proceeds from sale of fixed assets	145,149	9,653
Net cash flows used in investing activities	(4,888,550)	(24,853,524)
Increase in cash and cash equivalents	495,750	268,550
Cash and cash equivalents at beginning of the period	4,329,533	2,605,127
Cash and cash equivalents at end of the period	4,825,283	2,873,677

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

President & Chief Executive Officer

Chairman

Director

Director

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016

(Rupees in '000)				
Share capital	Capital reserve	Statutory reserve	Unappropriated profit	Total
10,082,387	20,935	191,705	471,956	10,766,983
-	-	-	287,001	287,001
-	-	57,400	(57,400)	-
10,082,387	20,935	249,105	701,557	11,053,984
-	-	-	143,602	143,602
-	-	28,720	(28,720)	-
10,082,387	20,935	277,825	816,439	11,197,586
-	-	-	470,703	470,703
-	-	94,141	(94,141)	-
10,082,387	20,935	371,966	1,193,001	11,668,289

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

President & Chief Executive Officer

Chairman

Director

Director

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016 (UN-AUDITED)

1 STATUS AND NATURE OF BUSINESS

- 1.1 Samba Bank Limited (the Bank) is a banking company incorporated in Pakistan and is engaged in commercial banking and related services. The Bank is listed on the Pakistan Stock Exchange Limited. Its principal office is located at 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 September 30, 2016 (December 31, 2015: 84.51%). The Bank operates 37 branches (December 31, 2015: 34 branches) in Pakistan.
- 1.2 JCR-VIS has determined the Bank's medium to 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 this condensed interim financial information 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 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 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 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, 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, 2015.
- 3.5 **New and amended standards and interpretations that are effective in the current year:**

The Bank has adopted the following amendments and annual improvements to IFRSs, which became effective for the current period:

- Amendments to IAS 38 - Intangible Assets and IAS 16 - Property, Plant and Equipment
- Amendments to IFRS 10 - Consolidated Financial Statements and IAS 28 - Investments in Associates and Joint Ventures
- Amendments to IFRS 11 - Joint Arrangements
- Amendments to IAS 27 - Separate Financial Statements
- Amendments to IAS 16 - Property, Plant and Equipment and IAS 41 - Agriculture
- Annual Improvements to IFRSs 2012-2014 Cycle

The adoption of above amendments and improvements did not have any effect on the financial statements.

4 BASIS OF MEASUREMENT

This condensed interim financial information 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 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, 2015.

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 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 LENDINGS TO FINANCIAL INSTITUTIONS

		(Rupees in '000)	
	Note	September 30, 2016 (Un-audited)	December 31, 2015 (Audited)
Call money lendings	9.2	4,000,000	-
Repurchase agreement lendings (reverse repo)	9.3	3,211,525	2,000,000
		7,211,525	2,000,000

9.1 All lendings to financial institutions are in local currency.

9.2 These represent lendings to commercial banks in the inter bank money market. These lendings carry mark-up at rates ranging from 5.80% to 6.15% (December 31, 2015: Nil) and will mature latest by November 17, 2016 (December 31, 2015: Nil).

9.3 This represent short-term lendings to financial institutions against investments securities. These carry mark-up at the rates ranging from 5.85% to 6.00% per annum (December 31, 2015: 6.50% per annum) and will mature latest by October 3, 2016 (December 31, 2015: January 26, 2016).

10 INVESTMENTS - NET

(Rupees in '000)

Note	September 30, 2016 (Un-audited)			December 31, 2015 (Audited)			
	Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total	
Held for trading securities	10.1	1,661,337	-	1,661,337	779,380	113,668	893,048
Available for sale securities	10.2	25,881,979	17,700,836	43,582,815	15,370,486	16,562,822	31,933,308
Held to maturity securities	10.3	4,663,388	-	4,663,388	11,006,107	-	11,006,107
		32,206,704	17,700,836	49,907,540	27,155,973	16,676,490	43,832,463
Provision for diminution in the value of investments		(39,141)	-	(39,141)	(102,031)	-	(102,031)
Surplus on revaluation of held for trading securities - net		(1,235)	-	(1,235)	(112)	1,281	1,169
Surplus on revaluation of available for sale securities - net		539,282	738,511	1,277,793	375,311	619,509	994,820
Investments - net		32,705,610	18,439,347	51,144,957	27,429,141	17,297,280	44,726,421
10.1 Held for trading securities							
Market Treasury Bills		1,319,952	-	1,319,952	-	-	-
Pakistan Investment Bonds		318,294	-	318,294	768,545	113,668	882,213
Ordinary Shares - Listed		23,091	-	23,091	10,835	-	10,835
		1,661,337	-	1,661,337	779,380	113,668	893,048
10.2 Available for sale securities							
Market Treasury Bills		9,326,208	476,421	9,802,629	6,819,459	1,686,632	8,506,091
Pakistan Investment Bonds		15,617,634	17,224,415	32,842,049	8,011,728	14,876,190	22,887,918
Ordinary shares and certificates - listed		917,637	-	917,637	486,953	-	486,953
Ordinary shares - unlisted		20,500	-	20,500	52,346	-	52,346
		25,881,979	17,700,836	43,582,815	15,370,486	16,562,822	31,933,308
10.3 Held to maturity securities							
Pakistan Investment Bonds		4,663,388	-	4,663,388	11,006,107	-	11,006,107

11 ADVANCES - NET

(Rupees in '000)

Note	September 30, 2016 (Un-audited)	December 31, 2015 (Audited)
Loans, cash credits, running finances, etc.	25,731,982	25,817,621
- In Pakistan		
Net Investment in finance lease	345,543	352,350
- In Pakistan		
Bills discounted and purchased (excluding government treasury bills)	568,803	74,143
- Payable in Pakistan	9,941	15,527
- Payable outside Pakistan		
Advances - Gross	26,656,269	26,259,641
Less: Provision for loans and advances		
- Specific provision	(1,907,864)	(1,932,522)
- General provision	(230,868)	(140,081)
	(2,138,732)	(2,072,603)
	24,517,537	24,187,038

- 11.1 Advances include Rs. 2,409,996 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	September 30, 2016 (Un-audited)				
	Classified Advances		Total	Provision required	Provision held
	Domestic	Overseas			
Substandard	451,737	-	451,737	112,933	112,933
Doubtful	249,961	-	249,961	124,980	124,980
Loss	1,708,298	-	1,708,298	1,669,951	1,669,951
	2,409,996	-	2,409,996	1,907,864	1,907,864

(Rupees in '000)

Category of classification	December 31, 2015 (Audited)				
	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

- 11.2 General provision includes provision of Rs. 1,201 million (December 31, 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. 229,667 million (December 31, 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.

12 OPERATING FIXED ASSETS

(Rupees in '000)

Additions during the period - at cost

Disposals / write - off during the period - at cost

Nine Months ended	
September 30, 2016 (Un-audited)	September 30, 2015 (Un-audited)
393,445	392,703
387,990	41,494

13 BORROWINGS FROM FINANCIAL INSTITUTIONS

(Rupees in '000)

	Note	September 30, 2016 (Un-audited)	December 31, 2015 (Audited)
Secured			
Borrowings from SBP under export refinance scheme		2,262,000	1,956,762
Borrowings from SBP under LTFF		98,016	-
Repurchase agreement borrowings		18,047,924	18,508,084
		20,407,940	20,464,846
Unsecured			
Call money borrowings		6,101,277	4,220,046
Foreign currency borrowings	13.1	-	2,618,525
Bankers Equity Limited (under liquidation)		22,336	22,336
		6,123,613	6,860,907
		26,531,553	27,325,753
13.1 This includes borrowing of Nil (December 31, 2015: Rs. 2,095 million) from Samba Financial Group (SFG).			
14 DEPOSITS AND OTHER ACCOUNTS			
Customers			
Fixed deposits		23,667,314	15,738,230
Savings deposits		15,555,601	11,453,530
Current accounts - non-remunerative		7,463,983	7,125,203
Others - non-remunerative		50,440	17,266
		46,737,338	34,334,229
Financial Institutions			
Remunerative deposits		2,836,794	4,171,269
Non-remunerative deposits		305,403	338,793
		3,142,197	4,510,062
		49,879,535	38,844,291
15 CONTINGENCIES AND COMMITMENTS			
15.1 Direct credit substitutes			
Favouring Banks and other financial institutions		2,032,820	508,832
Favouring others		-	262,354
		2,032,820	771,186
15.2 Transaction-related contingent liabilities / commitments			
Contingent liabilities in respect of performance bonds, guarantees, bid bonds, warranties, etc. given favouring			
- Government		1,675,794	1,953,356
- Others		1,290,800	80,144
		2,966,594	2,033,500
15.3 Trade-related contingent liabilities			
Favouring others		3,852,699	4,769,881
		3,852,699	4,769,881
15.4 Other contingencies			
Claims against the Bank not acknowledged as debt		125,456	125,456

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, management believes that the possibility of any outcome against the Bank is remote and accordingly no provision has been made in this condensed interim financial information.

15.5 Contingencies in respect of taxation

The income tax department has raised a demand of Rs. 426.787 million (December 31, 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 (December 31, 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 (December 31, 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 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 the Bank's 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 (December 31, 2015: Rs. 1,145.766 million) raised by the income tax authorities.

15.6 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.

15.7 Commitments in respect of forward foreign exchange contracts

	(Rupees in '000)	
	September 30, 2016 (Un-audited)	December 31, 2015 (Audited)
Purchase	15,342,042	21,285,553
Sale	13,729,518	18,977,675

15.8 Capital Commitments

Commitments for capital expenditure as at September 30, 2016 amounted to Rs. 76.514 million (December 31, 2015: Rs. 94.96 million).

16 EARNINGS PER SHARE - Basic & Diluted

	(Rupees in '000) (Un-audited)			
	Quarter ended		Nine Months ended	
	September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015
Profit after taxation attributable to ordinary shareholders	81,550	88,581	470,703	287,001
Weighted average number of shares outstanding during the period	1,008,238,648	1,008,238,648	1,008,238,648	1,008,238,648
Earnings per share - Basic & Diluted	0.08	0.09	0.47	0.28

17 RELATED PARTY TRANSACTIONS

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

Banking transactions with the related parties are executed substantially on the same terms, including mark-up rates and collateral, as those prevailing at the time for comparable transactions with unrelated parties and do not involve more than a normal risk. Transactions with the executives are undertaken at terms in accordance with employment agreements and services rules and include 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 to be key management personnel.

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

(Rupees in '000)

	September 30, 2016 (Un-audited)				December 31, 2015 (Audited)			
	Directors	Key management personnel	Parent Company	Others	Directors	Key management personnel	Parent Company	Others
BALANCE OUTSTANDING - GROSS								
Advances								
At January 01	-	107,403	-	-	-	66,341	-	-
Given during the period / year	-	54,499	-	-	-	74,638	-	-
Repaid / adjusted during the period / year	-	(19,671)	-	-	-	(33,576)	-	-
At September 30 / December 31	-	142,231	-	-	-	107,403	-	-
Deposits								
At January 01	15,700	23,546	-	1,767	7,220	31,457	-	6,072
Received during the period / year	583,174	299,017	-	178,583	178,526	488,609	-	95,473
Withdrawn / adjusted during the period / year	(572,337)	(288,869)	-	(166,207)	(170,046)	(496,520)	-	(99,778)
At September 30 / December 31	26,537	33,694	-	14,143	15,700	23,546	-	1,767
Others								
Guarantees	-	-	11,144	-	-	-	20,948	-
Balances in nostro accounts	-	-	-	-	-	-	9,736	-
Sundry payable (including Group Shared Service cost)	-	-	(2,008)	-	-	-	99,223	-
Balances in vostro accounts	-	-	158,662	-	-	-	263,062	-
Borrowings (Including markup payable)	-	-	-	-	-	-	2,136,425	-

(Rupees in '000)

	Nine Months Ended September 30, 2016 (Un-audited)				Nine Months Ended September 30, 2015 (Un-audited)			
	Directors	Key management personnel	Parent Company	Others	Directors	Key management personnel	Parent Company	Others
Transactions for the period								
Remuneration and benefits	-	184,770	-	-	-	167,740	-	-
Directors fee	6,027	-	-	-	7,121	-	-	-
Commission income on guarantees	-	-	-	-	-	-	1,156	-
Mark-up / return / interest expensed	12	360	-	461	-	776	30,486	237
Mark-up / return / interest income	-	4,920	-	-	-	2,581	-	-
Group Services cost (including foreign exchange revaluation impact)	-	-	104,084	-	-	-	26,661	-
Sale of government securities	-	-	-	-	-	51,037	-	7,702
Purchase of government securities	-	-	-	-	-	-	-	27,698

Forex transactions during the period (January - September 2016) - Samba Financial Group (Un-audited)

(Currency in '000)

2016				
Currency	READY / SPOT / TOM		Forward	
	Buy	Sell	Buy	Sell
AED	1,520	-	-	-
CAD	1,421	1,416	-	-
CHF	50	-	-	-
EUR	13,210	10,400	4,000	2,350
GBP	6,000	20,760	11,300	2,990
JPY	14,100	-	-	-
SAR	74,625	86,525	13,128	2,251
SGD	25	-	-	-
USD	102,896	44,509	7,426	23,942
PKR	-	3,954,175	-	-

Forex deals outstanding as at September 30, 2016 - Samba Financial Group (Un-audited)

(Currency in '000)

2016				
Currency	READY / SPOT / TOM		Forward	
	Buy	Sell	Buy	Sell
EUR	-	-	-	-
GBP	-	-	-	-
USD	-	-	-	-

Forex transactions during the period (January - September 2015) - Samba Financial Group (Un-audited)

(Currency in '000)

2015				
Currency	READY / SPOT / TOM		Forward	
	Buy	Sell	Buy	Sell
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 December 31, 2015 - Samba Financial Group (Audited)

(Currency in '000)

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

18 BUSINESS SEGMENTS

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

(Rupees in '000)						
For the nine months ended September 30, 2016 (Un-audited)						
Particulars	Corporate Banking	Global Markets	Retail Banking	Commercial Banking	Senoff	Total
Total income						
(net of interest expense and provisions)	65,506	1,302,744	538,813	49,141	404,151	2,360,355
Total operating expenses	(284,057)	(129,420)	(860,565)	(20,241)	(335,429)	(1,629,712)
Net (loss) / income (before tax)	(218,551)	1,173,324	(321,752)	28,900	68,722	730,643
Depreciation of fixed assets	1,140	606	66,195	103	42,811	110,855
Amortisation of intangible assets	72	1,075	1,825	-	7,412	10,384

(Rupees in '000) (Restated)						
For the nine months ended September 30, 2015 (Un-audited)						
Particulars	Corporate Banking	Global Markets	Retail Banking	Commercial Banking	Senoff	Total
Total income						
(net of interest expense and provisions)	376,524	924,630	487,232	8	481,764	2,270,158
Total operating expenses	(258,832)	(103,185)	(754,239)	(1,159)	(567,130)	(1,684,545)
Net (loss) / income (before tax)	117,692	821,445	(267,007)	(1,151)	(85,366)	585,613
Depreciation of fixed assets	2,998	1,265	39,564	-	31,716	75,543
Amortisation of intangible assets	7	774	972	-	7,756	9,509

(Rupees in '000)						
As at September 30, 2016 (Un-audited)						
Particulars	Corporate Banking	Global Markets	Retail Banking	Commercial Banking	Senoff	Total
Segment assets - Gross	22,657,530	62,753,631	2,469,628	2,944,620	2,662,641	93,488,050
Segment non-performing loans	1,877,232	-	532,764	-	-	2,409,996
Segment provision held	(1,504,274)	(39,141)	(415,342)	-	(395,034)	(2,353,791)
Segment liabilities	14,375,063	24,421,201	38,580,359	149,155	1,109,626	78,635,404

(Rupees in '000)						
As at December 31, 2015 (Audited)						
Particulars	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

19 FAIR VALUE OF FINANCIAL INSTRUMENTS AND DERIVATIVE INSTRUMENTS

19.1 On-balance sheet financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

The fair value of traded investments is based on quoted market prices, except for tradeable securities classified as 'held to maturity' which are carried at amortised cost in order to comply with the requirements specified by the State Bank of Pakistan.

Fair value of fixed term loans, other assets, other liabilities and fixed term deposits cannot be calculated with sufficient reliability due to absence of current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments. The provision for impairment in respect of loans and advances has been calculated in accordance with the Bank's accounting policy as stated in note 5.4 to the financial statements of the Bank for the year ended December 31, 2015.

In the opinion of the management, the fair value of the remaining financial assets and liabilities are not significantly different from their carrying values, since these assets and liabilities are either short-term in nature or, in the case of financing and deposits, are periodically repriced.

The table below analyses the traded investments, except for tradeable securities classified as held to maturity by their respective valuation methods. Valuation of investments is carried out as per guidelines specified by the State Bank of Pakistan.

The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and
- Inputs for the assets or liabilities that are not based on observable market data (that is unobservable inputs e.g. estimated future cash flows) (level 3).

INVESTMENTS - NET RECURRING FAIR VALUE MEASUREMENT

Held for trading Securities

Pakistan Investment Bonds

Market Treasury Bills

Fully paid-up ordinary shares

Available for sale Securities

Pakistan Investment Bonds

Market Treasury Bills

Fully paid-up ordinary shares - listed

Total

(Rupees in '000)

As at September 30, 2016 (Un-audited)

Level 1	Level 2	Level 3	Total
-	317,013	-	317,013
-	1,319,827	-	1,319,827
23,262	-	-	23,262
-	-	-	-
-	34,118,233	-	34,118,233
-	9,802,858	-	9,802,858
890,377	-	-	890,377
913,639	45,557,931	-	46,471,570

(Rupees in '000)

As at December 31, 2015 (Audited)

Level 1	Level 2	Level 3	Total
-	884,021	-	884,021
-	-	-	-
10,196	-	-	10,196
-	23,877,395	-	23,877,395
-	8,532,819	-	8,532,819
405,883	-	-	405,883
416,079	33,294,235	-	33,710,314

The Bank's policy is to recognise transfers into and out of the different fair value hierarchy levels at the date the event or change in circumstances that caused the transfer occurred. There were no transfers between levels 1 and 2 during the year.

(a) Financial instruments in level 1

Financial instruments included in level 1 comprise of investments in listed ordinary shares.

(b) Financial instruments in level 2

Financial instruments included in level 2 comprise of Market Treasury Bills and Pakistan Investment Bonds.

(c) Financial instruments in level 3

Currently, no financial instruments are classified in level 3.

Valuation techniques and inputs used in determination of fair values within level 1 and 2

Item	Valuation techniques and input used
Pakistan Investment Bonds / Market Treasury Bills	Fair values of Pakistan Investment Bonds and Treasury Bills are derived using the PKRV rates (Reuters page).
Fully paid-up listed ordinary shares	Fair values of investments in listed equity securities are valued on the basis of closing quoted market prices available at the stock exchange.

19.2 Off-balance sheet financial instruments

(Rupees in '000)

	As at September 30, 2016 (Un-audited)		As at December 31, 2015 (Audited)	
	Book value	Fair value	Book value	Fair value
Forward purchase of foreign exchange	15,342,042	15,255,915	21,285,553	21,209,970
Forward sale of foreign exchange	13,729,518	13,591,218	18,977,675	18,898,012

20 GENERAL

20.1 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 October 26, 2016 by the Board of Directors of the Bank.

President & Chief Executive Officer

Chairman

Director

Director





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