SAMBA BANK LIMITED

CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE HALF YEAR ENDED JUNE 30, 2014

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A. F. FERGUSON & CO.

The Board of Directors
Samba Bank Limited
6th Floor, Sidco Avenue Centre
Maulana Deen Muhammad Wafai Road
Karachi- 74200

August 12, 2014

C 0049

Dear Sirs

DRAFT CONDENSED INTERIM FINANCIAL INFORMATION FOR THE HALF YEAR ENDED JUNE 30, 2014

We have pleasure in enclosing five copies of the draft condensed interim financial information of the Bank for the half year ended June 30, 2014 with our draft review report thereon. We shall be pleased to sign our draft report in its present or amended form after:

(a) this draft condensed interim financial information has been approved and signed in accordance with the requirements of section 34(2)(a) of the Banking Companies Ordinance, 1962;

(b) we have received the specific approval of the Board of Directors for the items listed in Annexure A to this letter;

(c) we have received details of 'other information' as defined in Paragraph 4 of International Standard on Auditing 720 'Other Information in Documents containing Audited Financial Statements'; and

(d) we have received an appropriately signed 'representation letter' along the lines of the draft provided to the Chief Financial Officer.

We take this opportunity to draw your attention to certain accounting and related matters which are set forth in the following paragraphs:

2. DEFERRED TAXATION ON UNABSORBED TAX LOSSES

The Bank has unabsorbed tax losses (including unabsorbed depreciation and amortisation) amounting to Rs 2,827 million as at June 30, 2014 on which the available deferred tax benefit amounts to Rs 989 million. However, the management has recognised deferred tax debit balance of only Rs 810 million based on 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 computed based on the financial projections of the Bank prepared by the management for the five years (2014-2018) which have been approved by the Board of Directors.

3. SYNDICATE LOAN FACILITY TO POWER HOLDING (PRIVATE) LIMITED

The energy sector (specifically companies owned / controlled by the Government and their suppliers and customers) faced severe liquidity problems due to the circular debt issue caused by volatility in international energy prices and delay in receipt of subsidies / price differentials from the Government of Pakistan (GoP). As part of the measures undertaken by the GoP to resolve the circular debt issue, an amount in excess of Rs. 300 billion was released to various energy companies last year.

The GoP also took several measures in prior years to off-set the receivables / payables of the energy sector companies. Power Holding (Private) Limited is a government backed company and was formed to remove the circular debt from the books of the energy sector companies and to park this onto the books of this special purpose company. The debt liabilities of the companies in the energy sector to

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financial institutions for funding their working capital requirements were consolidated and transferred to Power Holding (Private) Limited in the form of a long-term loan.

In an attempt to reduce the liquidity crunch, Power Holding (Private) Limited also obtained fresh financing from various banks amounting to Rs 136.454 billion which is secured by an irrevocable and unconditional guarantee from the GoP. The funds raised through the syndicate were then released to power generation companies. The Bank's share in this financing amounted to Rs 800 million. First principal installment was due on May 21, 2014 which has not yet been paid. In this context, relaxation was allowed by the SBP vide its letter No. BPRD/BRD (Policy) / 2014-10336 dated June 12, 2014 to the syndicate banks from classification and reporting requirements only, of the Prudential Regulation 8 of Corporate/Commercial Banking, till June 30, 2014 for their Syndicated Term Finance Facility amounting to Rs. 136.454 billion extended to PHPL.

The company is not a commercial entity and will not generate cash flows to service its debt liability. The exposure carries mark-up at 3 Months KIBOR + 1%. The company is paying the amount of interest due as mentioned in the table below:

Quarter	Amount (Rupees)	Due date	Received date
March 2014	21.657 million	February 21, 2014	June 23, 2014
June 2014	21.575 million	May 21, 2014	Not yet received

Subsequently, Power Holding (Private) Limited has approached the syndicate with a request to re-structure the debt by allowing extension in the repayment period from 5 years to 7 years and extension in grace period from 2 years to 4 years. This request has support from the Ministry of Finance (MoF). The Bank has approved Power Holding (Private) Limited's request of restructuring the loan facility and the matter is expected to be resolved prior to the due date of the next installment date i.e. August 20th, 2014. However, other syndicate members are in the process of obtaining their respective approvals. In the meanwhile, Power Holding (Private) Limited has also paid-off long outstanding markup differential (over and above the 1% spread being accrued on the loan) due since August 2012 – November 2013 to the syndicate i.e. Rs 2 billion (SBL: Rs 12 million).

4. GROUP SHARED SERVICE COST

An agreement was entered into between Samba Bank Limited and SFG during the year ended December 31, 2010 in respect of sharing of certain costs.

The purpose of the Agreement was to authorise SFG to defray certain expenses for and on behalf of the Bank (referred to as the 'Reimbursable expenses') in accordance with the terms as set out in the agreement.

According to the agreement:

- SFG undertakes to determine, account for and allocate reasonably such cost as is attributable to the Bank as reimbursable expenses on the basis of actual costs defrayed by it. Such cost defrayed by SFG on account of reimbursable expenses shall be accounted for appropriately in separately identifiable manner.

- SFG agrees to send reimbursable expenses advice either monthly, quarterly or annually, as the case may be, based on quantum of reimbursable expenses or as may be mutually agreed between SFG and the bank from time to time.

- The Bank agrees to pay the amount stated in the reimbursable expenses advice within one month after seeking the required approvals from the concerned regulators in Pakistan.

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A. F. FERGUSON & CO.

Letter C 0049
dated August 12, 2014

During the period, the Bank has made payments to SFG amounting to SAR 4.792 million, in respect of the years 2009, 2010 and 2011. For this purpose, the Bank obtained required approvals for remittance from the SBP. Due to the payment the accrual as at December 31, 2013 of SAR 10.6 million has gone down to SAR 5.8 million as at June 30, 2014, pertaining to the years 2012 and 2013. We have been given to understand by the management that efforts are now being made to obtain approvals for remittance of the remaining balance in the near future.

During the half-year ended June 30, 2014 the Bank has recorded an expense amounting to Rs 45.081 million (SAR 1.7 million) on account of Group Shared Service cost, after which the total amount accrued in respect of Group Shared Services is Rs 216.064 million (SAR 7.5 million).

5. CONTINGENCIES AND COMMITMENTS AND RELATED PARTY TRANSACTIONS

We have been informed by the management that there were no other contingencies and commitments as on the date of the condensed interim financial information and there were no other transactions with associated undertakings / related parties, except for those already disclosed in the condensed interim financial information.

We wish to place on record our appreciation of the co-operation and courtesy extended to us during the course of our review.

Yours truly

AF Ferguson & Co

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A. F. FERGUSON & CO.

ANNEXURE 'A'

SAMBA BANK LIMITED

LIST OF ITEMS REQUIRING SPECIFIC APPROVAL OF THE BOARD OF DIRECTORS AS REFERRED TO IN PARAGRAPH 1(B) OF OUR LETTER C 0049 DATED AUGUST 12, 2014

	Rupees in '000
Fixed capital expenditure	119,720
Disposal of fixed assets having a net book value of Rs 3,607 thousand for	7,153
Other provisions / write offs – net of reversals	6,131
Reversal of specific provision against advances made during the period	50,236
Reversal of general provision against advances made during the period	206
Loans and advances written off against provision	14,939
Current period charge for Management Bonus	30,000
Transactions with related parties as disclosed in note 18 to the condensed interim financial information	

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A. F. FERGUSON & CO.

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

Introduction

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

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the half year ended June 30, 2014 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

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Chartered Accountants

Engagement Partner: **Rashid A. Jafer**

Dated:

Karachi

SAMBA BANK LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2014

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

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

President and Chief Executive Officer	Chairman	Director	Director

SAMBA BANK LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER AND HALF YEAR ENDED JUNE 30, 2014

	Note	Quarter ended		Half Year ended	
		June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
		(Rupees in '000)			
Mark-up / return / interest earned		1,125,122	787,614	2,058,894	1,518,446
Mark-up / return / interest expensed		709,432	453,932	1,246,444	871,556
Net mark-up / return / interest income		415,690	333,682	812,450	646,890
Reversal of provision against loans and advances - net		(22,051)	(6,604)	(50,443)	(42,269)
Provision for diminution in the value of investments - net		-	-	-	-
Recoveries against debts written-off		(2,390)	(339)	(5,848)	(509)
		(24,441)	(6,943)	(56,291)	(42,778)
Net mark-up / return / interest income after provisions		440,131	340,625	868,741	689,668
Non mark-up / return / interest income					
Fee, commission and brokerage income		24,093	39,314	56,410	55,299
Dividend income		-	1,309	-	1,309
Income from dealing in foreign currencies		22,925	3,715	17,054	31,469
Gain / (loss) on sale of securities		12,992	(124)	21,994	(610)
Unrealised (loss) / gain on revaluation of investments classified as held for trading		(14,404)	1,005	(738)	797
Other income		-	3,299	3,546	4,554
Total non mark-up / return / interest income		45,606	48,518	98,266	92,818
		485,737	389,143	967,007	782,486
Non mark-up / return / interest expenses					
Administrative expenses		364,408	385,106	764,715	743,301
Other provisions / write offs - net		10,876	2,207	6,131	2,238
Workers welfare fund		2,058	312	3,923	1,012
Other charges		-	-	-	-
Total non mark-up / return / interest expenses		377,342	387,625	774,769	746,551
		108,395	1,518	192,238	35,935
Extraordinary items		-	-	-	-
Profit before taxation		108,395	1,518	192,238	35,935
Taxation - Current period		5,401	12,170	21,465	16,027
- Prior years		-	-	-	-
- Deferred		32,537	(21,824)	45,513	(17,451)
		37,938	(9,654)	66,978	(1,424)
Profit after taxation		70,457	11,172	125,260	37,359
Unappropriated profits / (accumulated losses) brought forward		334,933	(5,990,689)	291,091	(6,011,639)
Transfer to statutory reserve		(14,091)	(2,234)	(25,052)	(7,471)
Unappropriated profits / (accumulated losses) carried forward		391,299	(5,981,751)	391,299	(5,981,751)
Basic and diluted earnings per share (Rupees)	17	0.07	0.01	0.14	0.05

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

President and Chief Executive Officer | **Chairman** | **Director** | **Director**

SAMBA BANK LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER AND HALF YEAR ENDED JUNE 30, 2014

	Quarter ended		Half year ended	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
	(Rupees in '000)			
Profit for the period	70,457	11,172	125,260	37,359
Other comprehensive income	-	-	-	-
Total comprehensive income for the period transferred to equity	70,457	11,172	125,260	37,359
Components of comprehensive income / (loss) not reflected in equity				
(Deficit) / surplus on revaluation of available for sale financial assets - net of tax	(30,703)	33,426	3,970	9,377
Total comprehensive income for the period	39,754	44,598	129,230	46,736

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

President and Chief Executive Officer

Chairman

Director

Director

SAMBA BANK LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2014

	Half year ended June 30, 2014	Half year ended June 30, 2013
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	192,238	35,935
Less: Dividend income	-	(1,309)
	192,238	34,626
Adjustments for non-cash charges and other items:		
Depreciation	37,894	56,083
Amortisation of intangible assets	4,125	3,776
Reversal against loans and advances - net	(50,443)	(42,269)
Loss / (gain) on revaluation of investments held for trading	738	(797)
Gain on sale of operating fixed assets	(3,546)	(4,549)
Loss on sale of securities	-	610
Other provisions / write offs - net	6,131	2,238
	(5,101)	15,092
	187,137	49,718
Increase in operating assets		
Lendings to financial institutions	(3,562,331)	836,382
Held for trading securities	1,123,666	(1,781,520)
Advances	(1,426,378)	121,416
Other assets (excluding advance & current taxation)	(385,954)	(262,879)
	(4,250,997)	(1,086,601)
Increase in operating liabilities		
Bills payable	(521,481)	732,315
Borrowings from financial institutions	4,266,821	9,869,286
Deposits and other accounts	5,484,444	(1,105,594)
Other liabilities	(45,175)	11,170
	9,184,609	9,507,177
	5,120,749	8,470,294
Income tax paid	(3,502)	(7,549)
Net cash flows from operating activities	5,117,247	8,462,745
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investments in securities	(5,827,880)	(11,893,773)
Dividend received	-	1,309
Investment in operating fixed assets	(119,720)	(67,649)
Proceeds from sale of fixed assets	7,153	7,787
Net cash flows from investing activities	(5,940,447)	(11,952,326)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	386,497	1,613,502
Cost incurred on issuance of shares	-	-
Net cash flows from financing activities	386,497	1,613,502
Decrease in cash and cash equivalents	(436,703)	(1,876,079)
Cash and cash equivalents at beginning of the period	2,913,372	4,342,485
Cash and cash equivalents at end of the period	2,476,669	2,466,406

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

Shahid Sattar

President and Chief Executive Officer | Chairman | Director | Director

SAMBA BANK LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2014

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

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

Shahid Sattar

President and Chief Executive Officer | **Chairman** | **Director** | **Director**

SAMBA BANK LIMITED
NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2014

1 STATUS AND NATURE OF BUSINESS

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

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

2 BASIS OF PRESENTATION

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

3 STATEMENT OF COMPLIANCE

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

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

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

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

4 BASIS OF MEASUREMENT

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

5 FUNCTIONAL AND PRESENTATIONAL CURRENCY

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

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6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

7 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

8 FINANCIAL RISK MANAGEMENT

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

9 LENDINGS TO FINANCIAL INSTITUTIONS	June 30, 2014 Un-audited	December 31, 2013 Audited
	-------(Rupees in '000)------	
Call money lendings	300,000	100,000
Repurchase agreement lendings (reverse repo)	4,053,003	690,672
	4,353,003	790,672

9.1 All lendings to financial institutions are in local currency.

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

10 INVESTMENTS

	Note	June 30, 2014 (Un-audited) Held by bank	Given as collateral	Total	December 31, 2013 (Audited) Held by bank	Given as collateral	Total
		---------- (Rupees in '000) ----------					
Held for trading securities	10.1	1,783,913	-	1,783,913	2,414,194	493,386	2,907,580
Available for sale securities	10.2	7,649,321	591,453	8,240,774	7,224,563	-	7,224,563
Held to maturity securities	10.3	8,815,200	-	8,815,200	4,014,414	-	4,014,414
		18,248,434	591,453	18,839,887	13,653,171	493,386	14,146,557
Provision for diminution in the value of investments		(102,031)	-	(102,031)	(112,914)	-	(112,914)
Deficit on revaluation on held for trading securities		(1,827)	-	(1,827)	(838)	(251)	(1,089)
(Deficit) / Surplus on revaluation on available for sale securities		(32,413)	480	(31,933)	(41,092)	-	(41,092)
Investments-net		18,112,163	591,933	18,704,096	13,498,327	493,135	13,991,462

10.1 Held for trading securities

Market Treasury Bills	1,655,986	-	1,655,986	2,414,194	493,386	2,907,580
Pakistan Investment Bonds	104,357	-	104,357	-	-	-
Ordinary shares and certificates - listed	23,570	-	23,570	-	-	-
	1,783,913	-	1,783,913	2,414,194	493,386	2,907,580

10.2 Available-for-sale securities

Market Treasury Bills	462,106	-	462,106	4,754,303	-	4,754,303
Pakistan Investment Bonds	7,063,383	591,453	7,654,836	2,333,302	-	2,333,302
Ordinary shares and certificates - listed	62,404	-	62,404	75,530	-	75,530
Ordinary shares - unlisted	52,346	-	52,346	52,346	-	52,346
Units of open ended mutual funds	9,082	-	9,082	9,082	-	9,082
	7,649,321	591,453	8,240,774	7,224,563	-	7,224,563

10.3 Held-to-maturity securities

Market Treasury Bills	-	-	-	59,200	-	59,200
Pakistan Investment Bonds	8,815,200	-	8,815,200	3,955,214	-	3,955,214
	8,815,200	-	8,815,200	4,014,414	-	4,014,414

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11 ADVANCES - NET

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

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

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

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

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

12 OPERATING FIXED ASSETS

	June 30, 2014	June 30, 2013
	Un-audited	
	Rupees in '000	
Additions during the period (at cost)	119,720	36,376
Disposals / write off during the period (at cost)	23,001	27,740

13 DEFERRED TAX ASSET - NET

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

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		Note	June 30, 2014 Un-audited	December 31, 2013 Audited
			(Rupees in '000)	
14	**BORROWINGS FROM FINANCIAL INSTITUTIONS**			
	Secured			
	Borrowings from SBP under export refinance scheme		1,911,931	2,430,431
	Borrowings from SBP under LTFF		655,618	41,664
	Repurchase agreement borrowings		589,421	492,968
			3,156,970	2,965,063
	Unsecured			
	Call money borrowings		4,074,914	-
	Bankers Equity Limited (under liquidation)		22,336	22,336
			4,097,250	22,336
			7,254,220	2,987,399
15	**DEPOSITS AND OTHER ACCOUNTS**			
	Customers			
	Fixed deposits		13,559,022	10,448,161
	Savings deposits		8,320,300	9,052,421
	Current accounts - non-remunerative		7,636,731	4,834,168
	Others - non-remunerative		67,335	53,840
			29,583,388	24,388,590
	Financial Institutions			
	Remunerative deposits		368,028	72,482
	Non-remunerative deposits		165,638	171,538
			533,666	244,020
			30,117,054	24,632,610
16	**CONTINGENCIES AND COMMITMENTS**			
16.1	**Direct credit substitutes**			
	Favouring government		-	-
	Favouring Banks and other financial institutions		395,131	111,080
	Favouring others		247,484	263,816
			642,615	374,896
16.2	**Transaction-related contingent liabilities / commitments**			
	Contingent liabilities in respect of performance bonds, bid bonds, warranties, etc. given favouring			
	- Government		2,126,386	2,369,085
	- Others		81,728	83,099
			2,208,114	2,452,184
16.3	**Trade-related contingent liabilities**			
	Favouring others		6,222,929	5,965,633
16.4	**Other Contingencies**			
	Claims against the Bank not acknowledged as debt	16.4.1	125,456	156,590

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

16.5 Contingencies in respect of taxation

The Income tax department had raised a demand of Rs. 426.787 million for the assessment years 1995-96, 1996-97, 1999-00, 2001-02, 2002-03 on account of non-deduction of tax on profit paid under portfolio management scheme, interest paid on foreign currency deposits and certificates of investment. The department had also raised further demand of Rs. 645.337 million for assessment years 1999-00,2000-01 to assessment year 2002-03 and tax year 2006 on account of taxability of investment banks as banking companies and taxation of dividend income as normal banking income, lease rentals received or receivable, lease key money and certain other items. The aforementioned relates to pending assessments of the Bank and amalgamated entities namely Crescent Investment Bank Limited, Trust Investment Bank Limited and Pakistan Industrial Leasing Corporation. Additionally, the tax department had also raised a demand of Rs. 29.052 million for the assessment years 2008-09, 2009-10 & 2010-11 on account of Federal Excise Duty.

Presently, the Bank is contesting these issues at various forums. The disallowances in respect of a number of assessment years have been decided / set aside by various appellate authorities for re-assessment while the Bank's appeal in respect of the remaining assessment years are currently pending. Based on the professional advice received from its tax advisors, the management is confident that the eventual outcome of the aforementioned matters will be in favour of the Bank. Accordingly, no provision has been made in these financial statements in respect of the above mentioned demands of Rs. 1,101.176 million raised by the income tax authorities.

16.6 Commitments to extend credit

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

	June 30, 2014 Un-Audited	December 31, 2013 Audited
16.7 Commitments in respect of forward foreign exchange contracts	(Rupees in '000)	
Purchase	13,125,079	21,281,001
Sale	11,595,214	19,703,449

16.8 Capital Commitments

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

	Quarter ended		Half year ended	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
	(Un-audited)			
	(Rupees in '000)			
17 BASIC / DILUTED EARNINGS PER SHARE				
Profit after taxation attributable to ordinary shareholders	70,457	11,172	125,260	37,359
	Number of Shares			
Weighted average number of shares outstanding during the period	1,008,238,648	808,238,648	909,896,107	808,238,648
	(Rupees)			
Basic and diluted earnings per share	0.07	0.01	0.14	0.05

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

18 RELATED PARTY TRANSACTIONS

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

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

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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:

	June 30, 2014 (Un-audited)			December 31, 2013 (Audited)		
	Key management personnel	Parent Company	Others	Key management personnel	Parent Company	Others
	(Rupees in '000)					
BALANCE OUTSTANDING - GROSS						
Advances						
At January 1	71,647	-	-	26,205	-	-
Disbursment during the period	2,805	-	-	50,902	-	-
Repaid during the period	(5,730)	-	-	(5,460)	-	-
Adjustments	(10,626)	-	-	-	-	-
Written off during the year	-	-	-	-	-	-
At June 30 / December 31	58,096	-	-	71,647	-	-
Deposits						
At January 1	79,639	-	3,104	118,733	-	6,851
Received during the period	513,959	-	102,992	1,060,216	-	318,771
Withdrawn during the period	(512,977)	-	(103,110)	(1,021,294)	-	(322,518)
Adjustments	(1,453)	-	-	(78,016)	-	-
At June 30 / December 31	79,168	-	2,986	79,639	-	3,104
Others						
Guarantees	-	15,385	-	-	15,385	-
Balances in nostro accounts	-	9,264	-	-	14,703	-
Sundry payable (including Group Shared Service cost)	-	177,759	-	-	310,576	-
Balances in vostro accounts	-	126,728	-		158,964	-

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

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

Forex transactions during the period - Samba Financial Group

For the period ended June 30, 2014				
CURRENCY	READY / SPOT / TOM		FORWARD	
	BUY	SELL	BUY	SELL
	Currency in '000			
AED	1,500	-	-	-
CAD	20	-	-	-
CHF	30	-	-	-
EUR	5,205	1,696	3,540	950
GBP	3,080	2,535	2,920	410
JPY	108,770	-	-	-
SAR	10,150	-	-	-
SGD	25	-	-	-
USD	47,420	16,527	1,980	9,759

Forex deals outstanding as at the period end

As at June 30, 2014				
CURRENCY	READY / SPOT / TOM		FORWARD	
	BUY	SELL	BUY	SELL
	Currency in '000			
EUR	-	-	300	-
GBP	-	-	750	-
USD	-	-	-	1,680

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

For the period ended June 30, 2013				
CURRENCY	READY / SPOT / TOM		FORWARD	
	BUY	SELL	BUY	SELL
	Currency in '000			
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 year end December 31, 2013

As at December 31, 2013				
CURRENCY	READY / SPOT / TOM		FORWARD	
	BUY	SELL	BUY	SELL
	Currency in '000			
EUR	-	-	250	-
GBP	-	-	600	-
USD	-	-	-	1,320

19 **BUSINESS SEGMENTS**

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

	For the half year ended June 30, 2014 (Un-audited)				
Particulars	Corporate finance	Trading & sales	Retail banking	Commercial banking	Total
	Rupees in '000				
Total income (net of interest expense and provisions)	27	299,930	393,223	267,696	960,876
Total operating expenses	(6,563)	(68,253)	(525,855)	(167,967)	(768,638)
Net (loss) / profit (before tax)	(6,536)	231,677	(132,632)	99,729	192,238

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Particulars	For the half year ended June 30, 2013 (Un-audited)				
	Corporate finance	Trading & sales	Retail banking	Commercial banking	Total
	Rupees In '000				
Total income (net of interest expense and provisions)	19,819	125,853	397,301	237,275	780,248
Total operating expenses	(7,375)	(60,657)	(531,821)	(144,460)	(744,313)
Net (loss) / profit (before tax)	12,444	65,196	(134,520)	92,815	35,935

Particulars	As at June 30, 2014 (Un-audited)				
	Corporate finance	Trading & sales	Retail banking	Commercial banking	Total
	Rupees In '000				
Segment assets	7,002	27,420,125	1,962,793	22,813,660	52,203,580
Segment non-performing loans	-	-	597,204	1,671,644	2,268,848
Segment provision held	-	(107,010)	(603,845)	(1,795,594)	(2,506,449)
Segment liabilities	426	4,991,170	27,245,375	6,813,255	39,050,226

Particulars	As at December 31, 2013 (Audited)				
	Corporate finance	Trading & sales	Retail banking	Commercial banking	Total
	Rupees in '000				
Segment assets	7,347	19,179,565	1,903,730	21,494,150	42,584,792
Segment non-performing loans	-	-	612,337	1,728,289	2,340,626
Segment provision held	-	(118,252)	(617,967)	(1,847,033)	(2,583,252)
Segment liabilities	55	882,879	22,578,649	6,408,779	29,870,362

20 GENERAL

Figures have been rounded off to the nearest thousand rupees.

21 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on ____________ by the Board of Directors of the Bank.

President and Chief Executive Officer | Chairman | Director | Director