

Half Yearly Report | 2009  
June 30,

# Samba Bank Limited

(formerly Crescent Commercial Bank Limited)



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## Company Information

### Board of Directors

Syed Sajjad Razvi	Chairman
Mr. Beji Tak - Tak	Executive Director
Mr. Farhat Abbas Mirza	Independent Director
Mr. Javed Iqbal	Independent Director
Mr. Mubashar Hanif Khokhar	Independent Director
Dr. Shujaat Nadeem	Executive Director
Mr. Zaki Abdul Mohsen Al-Mousa	Executive Director
Mr. Zahid Zaheer	Independent Director
Mr. Tawfiq A. Husain	President & CEO

### Audit Committee

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

### Board Credit Committee

Syed Sajjad Razvi	Member
Mr. Tawfiq A. Husain	Member
Mr. Beji Tak - Tak	Member
Mr. Zahid Zaheer	Member

### Company Secretary

Mrs. Mehnaz Ikram \*  
Syed Ali Azfar Naqvi \*\*

### Auditors

A. F. Ferguson & Co. Chartered Accountants

### Legal Advisors

Mohsin Tayebaly & Co. Advocates & Legal Consultants  
Hassan & Hassan Advocates

### Head Office & Registered Office

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

### Share Registrar

Femco Associates (Pvt.) Limited  
4th Floor, State Life Building No. 2-A, I.I. Chundrigar Road, Karachi.

### Samba Phone Banking

11 11 SAMBA (72622)

### Website

www.samba.com.pk

### Credit Rating by JCR-VIS

Long Term Credit Rating	A (single A)
Short Term Rating	A-1 (A-One)

\* Resigned w.e.f. June 30, 2009.

\*\* Appointed as Acting Company Secretary w.e.f. July 1, 2009.

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# Samba Bank Limited *(Formerly Crescent Commercial Bank Limited)*

## Directors' Review

For the half year ended June 30, 2009

I wish to present, on behalf of the Board of Directors, the Directors' review of the Samba Bank Limited along with the financial statements and auditors' review report thereon for the half year ended June 30, 2009.

### Financial Results

The financials of your bank for the half year ended June 30, 2009 under review are summarized below.

	For the half year ended June 30, 2009	For the half year ended June 30, 2008
	Rupees in million	
Loss before taxation	(472)	(250)
Taxation (including deferred)	41	122
Loss after taxation	(431)	(128)
Loss per share - in Rupees	(0.49)	(0.15)

	June 30, 2009	Dec 31, 2008
	Rupees in million	
Total assets	18,187	16,487
Investments	4,100	3,829
Advances	6,954	6,163
Deposits	10,014	9,860
Paid up capital & reserves (before revaluation reserve)	5,046	5,476
Surplus / (deficit) on revaluation of securities - net of tax	1	(14)

### Financial Overview

Samba Bank Limited (SBL) posted a loss before tax amounting to Rs. 472 million for the six months period ended on June 30, 2009. The loss is higher than the corresponding period of the last year primarily owing to increased operational costs and provisions.

Major reason for the increase in operational cost are additional expenses incurred on new branches being fully operational this year, one time cost of strategic initiatives, and high inflationary pressures. Bank also recorded provision amounting to Rs. 95 million, 106% more as compared to the corresponding period, largely due to the legacy portfolio.

On the balance sheet side, total assets of the bank grew by 10% as compared to December 31, 2008. This growth is mainly in placements, investments and corporate lending. Despite the asset growth, bank witnessed reduction in the net markup income mainly due to the reduction in the higher yielding consumer loan portfolio. Bank improved its deposit base and showed an increase of Rs. 154 million, compared to December 31, 2008, but, most importantly, changed the composition of its deposit base by growing the stable low cost deposits as per the bank's strategy.

### Credit Rating

Bank retained its long term credit rating as A (Single A) and short term rating as A-1 (A-One) as issued by the JCR-VIS Credit Rating Agency. These long and short term ratings, respectively, denote the low credit risk due to adequate credit quality with reasonable protection and strong capacity for timely payment of the financial commitments.

#### **Future Outlook**

Post global financial crises & challenges in the local business environment, overall growth of the banking sector remained slow. Weaker revenue and increasing non performing loans pose major challenges for the banks. However, with the continued support of Samba Financial Group, your bank remained focused on its strategic objectives of providing quality service to its customers by offering world class banking products, improving operational efficiencies, steadily improving its core revenues by reducing the blended cost of deposits and effective risk management.

Having accomplished its objectives of streamlining its operations and processes and changing the structure and mix of its deposit base, your bank is steadily increasing its corporate lending, while also finalizing the rolling out of some new and innovative specific products to meet the needs of its growing customer base and also to broaden a sustainable revenue base. These are key ingredients for the building of a successful franchise and creating long term value for the shareholders.

#### **Acknowledgment**

On behalf of the Board of Directors, I wish to express sincere thanks and gratitude to our customers, business partners and shareholders for their patronage and trust. Equally importantly, I want to thank State Bank of Pakistan, Securities and Exchange Commission of Pakistan and other regulators for their guidance and support. Finally, I want to thank our staff for its unwavering commitment, dedication, hard work and teamwork.

On behalf of the Board,

**Tawfiq A. Husain**  
President and Chief Executive

Karachi  
August 19, 2009

## Independent Auditors Report on Review of

Condensed Interim Financial Information to the Members

### Introduction

We have reviewed the accompanying condensed interim balance sheet of Samba Bank Limited (Formerly Crescent Commercial bank Limited) as at June 30, 2009 and the related condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity (here-in-after referred to as the "condensed interim financial information"), for the half year then ended. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan. 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 for the quarters ended June 30, 2009 and 2008 have not been reviewed, as we are required to review only the cumulative figures for the half year ended June 30, 2009.

### 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 condensed 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, 2009 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

A. F. Ferguson & Co.  
Chartered Accountants  
Engagement Partner: Salman Hussain

Date : August 20, 2009  
Karachi

Samba Bank Limited (Formerly Crescent Commercial Bank Limited)

**Condensed Interim Balance Sheet**

As At June 30, 2009

	Note	June 30, 2009 (Un-audited)	December 31, 2008 (Audited)
(Rupees in '000)			
<b>ASSETS</b>			
Cash and balances with treasury banks		753,408	774,575
Balances with other banks		150,118	331,201
Lendings to financial institutions		3,139,976	2,313,308
Investments - net	6	4,099,913	3,829,354
Advances - net	7	6,954,261	6,163,008
Operating fixed assets		1,162,361	1,157,689
Deferred tax asset - net		1,111,539	1,080,273
Other assets		815,721	837,928
		18,187,297	16,487,336
<b>LIABILITIES</b>			
Bills payable		73,772	55,349
Borrowings from financial institutions	8	2,241,926	437,949
Deposits and other accounts	9	10,013,628	9,859,537
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		420	420
Deferred tax liabilities		-	-
Other liabilities		811,240	671,927
		13,140,986	11,025,182
<b>NET ASSETS</b>		<u>5,046,311</u>	<u>5,462,154</u>
<b>REPRESENTED BY:</b>			
Share capital		8,769,517	8,769,517
Reserves		43,080	43,080
Accumulated loss		(3,767,091)	(3,336,267)
		5,045,506	5,476,330
Surplus / (deficit) on revaluation of assets - net of tax		805	(14,176)
		<u>5,046,311</u>	<u>5,462,154</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	10		
The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.			
<hr/> President and CEO	<hr/> Chairman	<hr/> Director	<hr/> Director



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Samba Bank Limited *(Formerly Crescent Commercial Bank Limited)*

### Condensed Interim Profit and Loss Account (Un-audited)

For The Quarter And Half Year Ended June 30, 2009

	Note	Quarter ended	Quarter ended	Half year ended	Half year ended
		June 30, 2009	June 30, 2008	June 30, 2009	June 30, 2008
(Rupees in '000)					
Mark-up / return / interest earned		494,476	406,102	951,347	841,626
Mark-up / return / interest expensed		341,223	234,754	639,771	496,989
Net mark-up / return / interest income		153,253	171,348	311,576	344,637
(Provision) against loans and advances - net		(17,624)	(61,612)	(64,133)	(45,855)
(Provision) / reversal of provision for diminution in the value of investments - net		-	(10,385)	-	258
Bad debts written-off directly		-	-	-	-
		(17,624)	(71,997)	(64,133)	(45,597)
Net mark-up / return / interest income after provisions		135,629	99,351	247,443	299,040
<b>Non mark-up / interest income</b>					
Fee, commission and brokerage income		7,968	8,612	19,087	18,199
Dividend income		-	-	-	8,169
Income from dealing in foreign currencies		8,425	3,417	14,813	5,938
Gain on sale of securities		823	-	3,072	5,186
Gain on revaluation of investments classified as held-for-trading		437	71	-	73
Other income		9,425	6,967	18,971	34,770
Total non mark-up / interest income		27,078	19,067	55,943	72,335
		162,707	118,418	303,386	371,375
<b>Non mark-up / interest expenses</b>					
Administrative expenses		374,556	317,353	716,696	621,253
Other provisions / write offs - net		26,329	(31)	31,074	(38)
Other charges		27,162	20	27,162	66
Total non mark-up / interest expenses		428,047	317,342	774,932	621,281
		(265,340)	(198,924)	(471,546)	(249,906)
Extraordinary items		-	-	-	-
<b>Loss before taxation</b>		(265,340)	(198,924)	(471,546)	(249,906)
Taxation - Current year		-	2,400	-	-
- Prior years		-	-	-	-
- Deferred		-	121,854	40,722	121,854
		-	124,254	40,722	121,854
<b>Loss after taxation</b>		(265,340)	(74,670)	(430,824)	(128,052)
Accumulated loss brought forward		(3,501,751)	(2,647,338)	(3,336,267)	(2,593,956)
<b>Accumulated loss carried forward</b>		(3,767,091)	(2,722,008)	(3,767,091)	(2,722,008)
<b>Loss per share (Rupees)</b>	11	(0.30)	(0.09)	(0.49)	(0.15)

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.

\_\_\_\_\_  
President and CEO

\_\_\_\_\_  
Chairman

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

# Samba Bank Limited *(Formerly Crescent Commercial Bank Limited)*

## Condensed Interim Cash Flow Statement (Un-audited)

For The Half Year Ended June 30, 2009

	Half year ended June 30, 2009	Half yearended June 30, 2008
(Rupees in '000)		
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(471,546)	(249,906)
Dividend income	-	(8,169)
	(471,546)	(258,075)
<b>Adjustments for non-cash and other items:</b>		
Depreciation	74,502	39,774
Amortisation of intangible assets	2,735	3,180
Provision against loans and advances - net	64,133	45,855
Reversal of provision for diminution in the value of investments - net	-	(258)
Unrealised (gain)/ loss on revaluation of investments classified as held-for-trading	-	(73)
Finance charges on leased assets	-	893
Gain on sale of operating fixed assets	(5,541)	(467)
Gain on sale of securities	(3,072)	(5,186)
Other provisions / reversal of provision against other assets	31,074	(38)
	163,831	83,680
	(307,715)	(174,395)
<b>(Increase) / decrease in operating assets</b>		
Lendings to financial institutions	(826,668)	3,635,571
Held-for-trading securities	2,427,240	(495,460)
Advances - net	(855,386)	(1,052,974)
Others assets (excluding advance taxation)	11,924	(182,046)
	757,110	1,905,091
<b>Increase / (decrease) in operating liabilities</b>		
Bills payable	18,423	(952,308)
Borrowings from financial institutions	1,803,977	1,336,527
Deposits and other accounts	154,091	(2,421,386)
Other liabilities (excluding current taxation)	67,960	(15,835)
	2,044,451	(2,053,002)
	2,493,846	(322,306)
	(2,249)	(3,973)
	2,491,597	(326,279)
Income tax (paid) / refunds - net		
Net cash (outflow on) / inflow from operating activities		
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Net investments in securities	(2,670,290)	519,892
Dividend income	-	8,169
Investment in operating fixed assets	(35,019)	(90,711)
Sale proceeds of property and equipment disposed-off	11,462	3,199
Net cash inflow from / (outflow on) investing activities	(2,693,847)	440,549
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Payments of lease obligations	-	(3,876)
Proceeds from issue of shares - net	-	-
Net cash (outflow) on / inflow from financing activities	-	(3,876)
<b>Increase in cash and cash equivalents</b>	(202,250)	110,394
Cash and cash equivalents at beginning of the period	1,105,776	1,066,959
<b>Cash and cash equivalents at end of the period</b>	903,526	1,177,353

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.

\_\_\_\_\_  
President and CEO

\_\_\_\_\_  
Chairman

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

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Samba Bank Limited *(Formerly Crescent Commercial Bank Limited)*

### Condensed Interim Statement of Changes in Equity (Un-audited)

For The Half Year Ended June 30, 2009

	Share capital	Capital reserve	Statutory reserve	Revenue reserve	(Accumulated loss)	Total
(Rupees in '000)						
Balance as at January 01, 2008	8,769,517	20,935	22,145	-	(2,593,956)	6,218,641
Loss after taxation for the half year ended June 30, 2008	-	-	-	-	(128,052)	(128,052)
Balance as at June 30, 2008	8,769,517	20,935	22,145	-	(2,722,008)	6,090,589
Loss after taxation for the half year ended December 31, 2008	-	-	-	-	(614,259)	(614,259)
<b>Balance as at December 31, 2008</b>	8,769,517	20,935	22,145	-	(3,336,267)	5,476,330
Loss after taxation for the half year ended June 30, 2009	-	-	-	-	(430,824)	(430,824)
<b>Balance as at June 30, 2009</b>	8,769,517	20,935	22,145	-	(3,767,091)	5,045,506

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.

\_\_\_\_\_  
President and CEO

\_\_\_\_\_  
Chairman

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

# Samba Bank Limited *(Formerly Crescent Commercial Bank Limited)*

## Notes to the Condensed Interim Financial Statements (Un-audited)

For The Half Year Ended June 30, 2009

### 1 STATUS AND NATURE OF BUSINESS

- 1.1 Samba Bank Limited (formerly Crescent Commercial Bank Limited) (the bank) is a banking company incorporated in Pakistan and is engaged in commercial banking and related services. The bank is listed on all the stock exchanges of Pakistan. Its principal and registered office is located at 6th Floor, Sidco Avenue Centre, Maulana Deen Muhammad Wafai Road, Karachi. The bank is a subsidiary of SAMBA Financial Group of Saudi Arabia, holding 68.42% shares of the bank. The bank operates 28 branches (December 31, 2008: 28 branches) inside Pakistan.
- 1.2 The State Bank of Pakistan vide BSD Circular No. 19 dated September 5, 2008 and BSD Circular No. 7 dated April 15, 2009 has specified minimum capital requirements for banks operating in Pakistan. As per the SBP requirements, all banks were required to achieve a minimum capital (net of losses) of Rs 5 billion by December 31, 2008 and are required to increase it to a minimum of Rs 6 billion by December 31, 2009. The paid up capital (net of losses) of the bank as at June 30, 2009 was Rs 5.046 billion. The bank is currently working with its holding company, SAMBA Financial Group Saudi Arabia for enhancement of its capital in order to ensure compliance with the minimum capital requirement as at December 31, 2009.

### 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 condensed interim 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

- (a) These condensed interim financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) 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 or the directives issued by the Securities and Exchange Commission of Pakistan and the State Bank of Pakistan. Wherever the requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 or directives issued by the Securities and Exchange Commission of Pakistan and the State Bank of Pakistan differ with the requirements of IFRS, the requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 or the requirements of the said directives prevail.
- (b) The State Bank of Pakistan 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. Accordingly, the requirements of these standards have not been considered in the preparation of these condensed interim financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the State Bank of Pakistan through various circulars.
- (c) The disclosures made in these condensed interim financial statements have, however 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, 2008.

### 4 BASIS OF MEASUREMENT

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

### 5 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the bank for the year ended December 31, 2008.

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### 6 INVESTMENTS - NET

	Note	June 30, 2009			December 31, 2008		
		Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total
----- (Rupees in '000) -----							
Held for trading securities	6.1	-	-	-	2,427,240	-	2,427,240
Available for sale securities	6.2	2,662,061	1,144,146	3,806,207	931,881	197,784	1,129,665
Held to maturity securities	6.3	322,478	-	322,478	324,786	-	324,786
Associates / Associated companies	6.4	371,470	-	371,470	371,470	-	371,470
Investments at book value		3,356,009	1,144,146	4,500,155	4,055,377	197,784	4,253,161
Less: Provision for diminution in the value of investments		(402,252)	-	(402,252)	(402,252)	-	(402,252)
Investments - net of provisions		2,953,757	1,144,146	4,097,903	3,653,125	197,784	3,850,909
Surplus on revaluation of Held-for-trading securities		-	-	-	872	-	872
(Deficit) / surplus on revaluation of Available-for-sale securities		(691)	2,701	2,010	(21,698)	(729)	(22,427)
Total investments at market value - net of provisions		2,953,066	1,146,847	4,099,913	3,632,299	197,055	3,829,354
<b>6.1 Held for trading securities</b>							
Market Treasury Bills		-	-	-	2,427,240	-	2,427,240
<b>6.2 Available-for-sale securities</b>							
Market Treasury Bills		2,338,603	1,144,146	3,482,749	599,251	197,784	797,035
Pakistan Investment Bonds		114,342	-	114,342	113,514	-	113,514
Sukuk Bonds		10,000	-	10,000	10,000	-	10,000
Ordinary shares and certificates - listed		123,707	-	123,707	123,707	-	123,707
Ordinary shares - unlisted		65,409	-	65,409	65,409	-	65,409
Preference shares - listed		10,000	-	10,000	10,000	-	10,000
Units of open-end mutual fund - listed		-	-	-	10,000	-	10,000
		2,662,061	1,144,146	3,806,207	931,881	197,784	1,129,665
<b>6.3 Held-to-maturity securities</b>							
Pakistan Investment Bonds		322,478	-	322,478	324,786	-	324,786
<b>6.4 Associates / Associated companies</b>							
Ordinary shares and certificates - listed		371,470	-	371,470	371,470	-	371,470

	Note	June 30, 2009	December 31, 2008
(Rupees in '000)			
<b>7 ADVANCES - NET</b>			
<b>Loans, cash credits, running finances, etc</b>			
- In Pakistan		8,631,232	7,766,435
<b>Net Investment in finance lease</b>			
- In Pakistan		633,388	705,510
<b>Bills discounted and purchased (excluding government treasury bills)</b>			
- Payable in Pakistan		133,944	133,944
- Payable outside Pakistan		57,252	-
		191,196	133,944
		9,455,816	8,605,889
<b>Less: Provision for loans and advances</b>			
- Specific provision	7.1	(2,411,629)	(2,319,334)
- General provision	7.2	(89,926)	(123,547)
		(2,501,555)	(2,442,881)
		6,954,261	6,163,008

7.1 Advances include Rs. 2,602.005 million (December 31, 2008 : Rs 1,961.143 million) which have been placed under non-performing status and Rs. Nil (December 31, 2008: Rs 533.161 million) placed under the special mention category as detailed below:

Category of classification	June 30, 2009				
	Classified Advances Domestic	Overseas	Total	Provision required	Provision held
	(Rupees in '000)				
Substandard	189,456	-	189,456	47,005	52,028
Doubtful	-	-	-	-	-
Loss	2,412,549	-	2,412,549	2,359,601	2,359,601
	2,602,005	-	2,602,005	2,406,606	2,411,629
Category of classification	December 31, 2008				
	Classified Advances Domestic	Overseas	Total	Provision required	Provision held
	(Rupees in '000)				
Substandard	174,607	-	174,607	55,646	55,646
Doubtful	464	-	464	231	231
Loss	1,786,072	-	1,786,072	1,730,296	1,730,296
	1,961,143	-	1,961,143	1,786,173	1,786,173
Special Mentioned Category	533,161	-	533,161	533,161	533,161
	2,494,304	-	2,494,304	2,319,334	2,319,334

7.2 General provision includes provision amounting to Rs. 77.174 million (December 31, 2008: Rs 113.795 million) against consumer financing portfolio as required by the Prudential Regulations issued by the State Bank of Pakistan. General provision also includes provision amounting to Rs 12.752 million (December 31, 2008: 9.752 million) made in respect of potential losses present in the portfolio but not specifically identified and has been determined on the basis of management best estimate.

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	Note	June 30, 2009	December 31, 2008
(Rupees in '000)			
<b>8</b>	<b>BORROWINGS FROM FINANCIAL INSTITUTIONS</b>		
	Secured		
	From the State Bank of Pakistan under export refinance scheme	999,300	224,000
	Repurchase agreement borrowings	1,120,290	191,613
		2,119,590	415,613
	Unsecured		
	Call money borrowings	100,000	-
	Bankers Equity Limited (under liquidation)	22,336	22,336
		122,336	22,336
		2,241,926	437,949
<b>9</b>	<b>DEPOSITS AND OTHER ACCOUNTS</b>		
	Customers		
	Fixed deposits	5,181,812	6,822,669
	Savings deposits	2,267,644	1,338,633
	Current accounts - non-remunerative	1,901,880	1,116,212
	Others - non-remunerative	12,742	34,757
		9,364,078	9,312,271
	Financial Institutions		
	Remunerative deposits	614,974	507,456
	Non-remunerative deposits	34,576	39,810
		649,550	547,266
		10,013,628	9,859,537
<b>10</b>	<b>CONTINGENCIES AND COMMITMENTS</b>		
<b>10.1</b>	<b>Direct credit substitutes</b>		
	Favouring government	-	800,000
	Favouring banks and financial institutions	-	-
	Favouring others	379,525	5,034,998
		379,525	5,834,998
<b>10.2</b>	<b>Transaction-related contingent liabilities /commitments</b>		
	Guarantees in favour of:		
	Government	3,614,490	375,139
	Banks and financial institutions	-	-
	Others	12,162	144
		3,626,652	375,283
<b>10.3</b>	<b>Trade-related contingent liabilities</b>		
	Favouring banks and financial institutions	-	-
	Favouring others	298,801	-
		298,801	-

#### 10.4 Contingencies in respect of taxation

The Income tax department has raised a demand of Rs 501.862 million for the assessment years 1995-96, 1996-97 and 1997-98 on account of non-deduction of tax on profit paid under portfolio management scheme and on interest paid on foreign currency certificates of investment. The department has also raised further demand of Rs 782.63 million for the assessment years 1995-96, 1998-99 to tax year 2003 on account of taxability of investment bank as a banking company, taxation of dividend income, add back relating to extra shift allowance, lease rentals received or receivable, lease key money and certain other items. The aforementioned demands and add backs include pending assessments of amalgamated entities namely Crescent Investment Bank Limited, Trust Investment Bank Limited, Fidelity Investment Bank Limited and Pakistan Industrial Leasing Corporation.

Presently, the bank is contesting these add backs / demands 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 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 condensed interim financial statements in respect of the above mentioned demands of Rs 1,284.492 million raised by the income tax authorities.

#### 10.5 Commitments in respect of forward lending

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.

#### 10.6 Commitments in respect of forward exchange contracts

Purchase

Sale

June 30, 2009	December 31, 2008
(Rupees in '000)	
3,929,050	804,200
3,441,008	804,215

#### 10.7 Capital Commitments

Commitments for capital expenditure as at June 30, 2009 amounted to Rs 5.1 million (December 31, 2008: Rs 18.76 million).

#### 11 LOSS PER SHARE

Loss after taxation

Weighted average number of ordinary shares

Loss per share

Half year ended June 30, 2009	Half year ended June 30, 2008
(Rupees in '000)	
(430,824)	(128,052)
Number of Shares	
876,951,675	876,951,675
(Rupees)	
(0.49)	(0.15)

11.1 Diluted earnings per share has not been presented as the bank does not have any convertible instruments in issue at June 30, 2008 and 2009 which would have any effect on the loss per share if the option to convert is exercised.



**12 RELATED PARTY TRANSACTIONS**

The bank has related party relationship with its 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.

Contributions to the contributory provident scheme are made in accordance with the terms of the contribution plan. Remuneration to the executives are determined in accordance with the terms of their 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 member of their management team, including the Chief Executive and Directors to be key management personnel.

Details of transactions with related parties are given below:

	June 30, 2009			December 31, 2008		
	Key management personnel	Associates	Others	Key management personnel	Associates	Others
----- (Rupees in '000) -----						
<b>BALANCE OUTSTANDING - GROSS</b>						
<b>Advances</b>						
At January 01	62,961	45,500	-	45,701	45,500	-
Given during the period	9,434	-	-	44,546	-	-
Repaid during the period	(15,922)	-	-	(14,363)	-	-
Adjustments *	-	-	-	(12,923)	-	-
At June 30 / December 31	56,473	45,500	-	62,961	45,500	-
<b>Provision held against advances</b>	-	45,500	-	-	45,500	-
<b>Deposits</b>						
At January 01	58,609	15,934	57,961	24,405	14,443	15,288
Received during the period	128,756	162,313	226,090	362,197	358,000	87,851
Withdrawn during the period	(119,203)	(175,025)	(204,932)	(311,724)	(355,146)	(45,178)
Adjustments *	(2,127)	-	-	(16,269)	(1,363)	-
At June 30 / December 31	66,035	3,222	79,119	58,609	15,934	57,961
<b>Others</b>						
Guarantees	-	42,196	-	-	42,196	-
Provision against guarantees	-	3,733	-	-	-	-
Balances in nostro accounts	-	2,721	-	-	1,053	-
Investment in shares	-	371,470	-	-	371,470	-
Sundry receivables	-	32,791	-	-	32,791	-
Sundry payable	-	63,641	-	-	25,000	-
Balances in vostro accounts	-	7,231	-	-	12,787	-
<b>Provision against diminution in the value of investments</b>	-	242,383	-	-	242,383	-

	Half year ended June 30, 2009			Half year ended June 30, 2008		
	Key management personnel	Associates	Others	Key management personnel	Associates	Others
----- (Rupees in '000) -----						
<b>Transactions during the period</b>						
Remuneration and benefits	54,110	-	-	76,903	-	-
Directors fee	3,019	-	-	3,157	-	-
Commission on guarantees	-	-	-	-	259	-
Counter confirmation charges on guarantees	-	12,662	-	-	-	-
Letters of guarantee issued	-	-	-	-	38,463	-
Provision against guarantees	-	3,733	-	-	-	-
Mark-up / return / interest expensed	2,622	2,396	2,509	1,062	221	268
Mark-up / return / interest income	1,252	-	-	1,315	-	-
Disposal of fixed assets	-	-	-	459	-	-

\* Primarily relates to those key management personnel and associates who are no longer related parties or have become related parties of the bank as at June 30, 2009.

### 13 BUSINESS SEGMENTS

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

Particulars	For the half year ended June 30, 2009 (Un-audited)				
	Corporate finance	Trading & sales	Retail banking	Commercial banking	Total
----- (Rupees in '000) -----					
Total income - net of interest expense and provisions	784	73,524	119,716	109,362	303,386
Total operating expenses	12,711	61,823	511,929	188,469	774,932
Net profit / (loss) - before tax	(11,927)	11,701	(392,213)	(79,107)	(471,546)

Particulars	For the half year ended June 30, 2008 (Un-audited)				
	Corporate finance	Trading & sales	Retail banking	Commercial banking	Total
----- (Rupees in '000) -----					
Total income - net of interest expense and provisions	-	99,574	43,386	228,415	371,375
Total operating expenses	6,933	78,977	395,654	139,717	621,281
Net profit / (loss) - before tax	(6,933)	20,597	(352,268)	88,698	(249,906)

Particulars	As at June 30, 2009 (Un-audited)				
	Corporate finance	Trading & sales	Retail banking	Commercial banking	Total
----- (Rupees in '000) -----					
Segment assets	4,792	9,647,692	3,410,698	8,158,312	21,221,494
Segment non-performing loans	-	4,055	527,125	2,070,825	2,602,005
Segment provision held	-	431,054	450,189	2,152,954	3,034,197
Segment liabilities	-	1,307,605	8,597,459	3,235,922	13,140,986

Particulars	As at December 31, 2008				
	Corporate finance	Trading & sales	Retail banking	Commercial banking	Total
	----- (Rupees in '000) -----				
Segment assets	-	8,963,915	3,828,431	6,670,624	19,462,970
Segment non-performing loans	-	-	396,234	1,564,909	1,961,143
Segment provision held	-	429,991	367,654	2,177,989	2,975,634
Segment liabilities	-	208,449	7,710,890	3,105,843	11,025,182

**14 CORRESPONDING FIGURES**

Corresponding figures have been reclassified and re-arranged, wherever necessary, to facilitate comparison. However, there are no material reclassifications to report.

**15 GENERAL**

Figures have been rounded off to the nearest thousand rupees unless otherwise specified.

**16 DATE OF AUTHORISATION FOR ISSUE**

These condensed interim financial statements were authorised for issue on August 19, 2009 by the Board of Directors of the bank.

_____ President and CEO	_____ Chairman	_____ Director	_____ Director
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## Branch Network

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### Karachi

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Fountain Branch Saddar  
North Karachi Branch  
S.I.T.E. Branch  
Rashid Minhas Road Branch  
DHA Phase VI Branch  
Bahria Complex Branch-1  
Bahria Complex Branch-2  
Shahrah-e-Faisal Branch  
Gulshan-e-Iqbal Branch  
Clifton Branch  
Bahadurabad Branch

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### Lahore

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DHA Branch  
Mall Road Branch  
Gulberg Branch  
Montgomery Road Branch  
Circular Road Branch  
Cavalry Ground Branch  
Garden Town Branch  
Sarwar Road Branch

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### Islamabad

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Razia Sharif Plaza Branch  
F-10 Branch  
F-7 Branch

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### Rawalpindi

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Sadar Bazar Branch

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### Multan

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Multan Branch

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### Sialkot

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Paris Road Branch

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### Peshawar

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Saddar Road Branch

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### Faisalabad

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Liaquat Road Branch

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### Gujranwala

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G.T Road Branch

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