

Quarterly Report
March 31,
2010



Reflections of Commitment - the SambaWay

Samba Phone Banking 11 11 SAMBA (72622)

www.samba.com.pk

World Class Banking

Samba Bank Limited

samba  سامبا

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Board of Directors

Syed Sajjad Razvi	Chairman
Mr. Beji Tak - Tak	Executive Director
Mr. Farhat Abbas Mirza	Independent Director
Mr. Humayun Murad	Independent Director
Mr. Javed Iqbal	Independent Director
Dr. Shujaat Nadeem	Executive Director
Mr. Zaki Abdulmohsen 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

Mr. Beji Tak - Tak	Chairman
Syed Sajjad Razvi	Member
Mr. Tawfiq A. Husain	Member
Mr. Humayun Murad	Member

Company Secretary

Syed Ali Azfar Naqvi

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 & Registered Office

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

Share Register

Femco Associates (Pvt.) Limited
1st Floor, State Life Building No. 1-A, U. 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)

KARACHI

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



LAHORE

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



ISLAMABAD / RAWALPINDI

Razia Sharif Plaza
F-10
F-7
Saddar, Rawalpindi Cantt.



GUJRANWALA

G.T. Road



FAISALABAD

Liaquat Road



MULTAN

Nusrat Road



SIALKOT

Paris Road



PESHAWAR

Saddar Road



On behalf of the Board of Directors, I would like to present the Director's Review of Samba Bank Limited along with the interim condensed financial statements for the quarter ended March 31, 2010.

Financial Results

The financials highlights of your bank for the period ended March 31, 2010 are:

	(Rupees in million)	
	For the period ended	For the period ended
	Mar 31, 2010	Mar 31, 2009
Loss before taxation	(61)	(206)
Taxation (including deferred)	(3)	41
Loss after taxation	(64)	(165)
Loss per share - in Rupees	(0.07)	(0.19)

	(Rupees in million)	
	Mar 31, 2010	Dec 31, 2009
	Total assets	22,235
Investments	5,677	5,808
Advances	10,193	9,723
Deposits	11,679	12,521
Paid up capital & reserves (before revaluation reserve)	6,978	7,073
Surplus / (deficit) on revaluation of securities - net of tax	1	3

Financial Overview

During the first quarter of 2010, your bank registered after tax loss of Rs. 64 million, 61% less than the corresponding period of 2009. Net mark-up income amounts to Rs.253 million, registering the growth of 60% over the corresponding period of last year. This is indicative of the management efforts to reduce the cost of fund and its focused approach in building good quality corporate loan portfolio. At the same time, the risk profile of your bank was effectively managed and provisions were reduced by 96% compared to the first quarter of the last year. Similarly, operating expenses were lower by 6% against the corresponding period of the previous year.

Balance sheet size of your bank was marginally lower by 6% as compared to December 31, 2009, primarily due to reduction in interbank lending by 42% on the asset side whereas deposits dipped by about 7%.

Credit Rating

Your bank maintained its long term credit rating of A (single A) depicting adequate credit quality with reasonable protection, where as due to the strong capacity for timely payment of its financial commitment, your bank's short term rating remained A-1 (A One). These credit ratings are issued by JCR-VIS Credit Rating Agency.

Future Outlook

Your bank will remain focused on growing its deposit base and managing its cost of fund by improving its deposit mix and steadily building its earning assets base, while effectively managing the associated risks. During 2010, your bank expects to build on the momentum of first quarter performance and to show a significant improvement over 2009.

Acknowledgment

On behalf of Board of Directors and Management, I would like to express sincere gratitude to our customer, business partners and shareholders for their patronage and trust in us and our parent, Samba Financial Group, for their unwavering support. I also like to thank State Bank of Pakistan and other regulatory authorities for their continuous guidance. On behalf of Board of Directors and Management, I wish to thank our employees for their continued commitment, dedication and team work.

On behalf of Board of Directors,

Tawfiq A. Husain
President & Chief Executive Officer

April 27, 2010.

Condensed Interim Balance Sheet

As at March 31, 2010

Note	(Rupees in '000)		
	(Un-audited)	(Audited)	
	March 31, 2010	December 31, 2009	
ASSETS			
Cash and balances with treasury banks	915,819	961,280	
Balances with other banks	184,331	707,912	
Lendings to financial institutions	1,818,741	3,123,377	
Investments - net	6	5,676,804	5,807,829
Advances - net	7	10,193,083	9,723,411
Operating fixed assets	1,078,300	1,112,169	
Deferred tax assets - net	1,550,335	1,550,008	
Other assets	817,388	748,140	
	22,234,801	23,734,126	
LIABILITIES			
Bills payable	97,766	78,127	
Borrowings from financial institutions	8	2,535,921	3,141,284
Deposits and other accounts	9	11,679,254	12,520,633
Sub-ordinated loans	-	-	
Liabilities against assets subject to finance lease	279	279	
Deferred tax liabilities	-	-	
Other liabilities	942,231	918,143	
	15,255,451	16,658,466	
NET ASSETS REPRESENTED BY:	6,979,350	7,075,660	
Share capital	8,769,517	8,769,517	
Reserves	43,080	43,080	
Advance share subscription money received against proposed issue of right shares	2,189,440	2,189,440	
Accumulated loss	(4,023,621)	(3,929,320)	
	6,978,416	7,072,717	
(Deficit) / surplus on revaluation of assets - net of tax	934	2,943	
	6,979,350	7,075,660	
CONTINGENCIES AND COMMITMENTS	10		

The annexed notes 1 to 15 form an integral part of these interim condensed financial statements.

President & Chief Executive Officer

Chairman

Director

Director

Condensed Interim Profit and Loss Account (Un-audited)

For The Quarter Ended March 31, 2010

Note	(Rupees in '000)	
	Quarter ended	Quarter ended
	March 31, 2010	March 31, 2009
Mark-up / return / interest earned	555,287	456,871
Mark-up / return / interest expensed	302,613	298,548
Net mark-up / return / interest income	252,674	158,323
(Reversal) / Provision against loans and advances - net	(1,051)	47,583
Provision for diminution in the value of investments - net	11,794	-
Bad debts written-off directly / (recoveries against debts written-off)	(905)	(1,074)
	9,838	46,509
Net mark-up / return / interest income after provisions	242,836	111,814
Non mark-up / interest income		
Fee, commission and brokerage income	20,469	15,962
Dividend income	8	-
Income from dealing in foreign currencies	(11,270)	6,388
Gain / (loss) on sale of securities	8	2,249
Gain / (loss) on revaluation of investments classified as held for trading	-	(437)
Other income	1,816	4,703
Total non mark-up / interest income	11,031	28,865
	253,867	140,679
Non mark-up / interest expenses		
Administrative expenses	323,157	342,140
Other provisions / write offs - net	(8,000)	4,745
Other charges	107	-
Total non mark-up / interest expenses	315,264	346,885
	(61,397)	(206,206)
Extraordinary items	-	-
Loss before taxation	(61,397)	(206,206)
Taxation - Current year	2,904	-
- Prior years	-	-
- Deferred	-	(40,722)
	2,904	(40,722)
Loss after taxation	(64,301)	(165,484)
Accumulated loss brought forward	(3,929,320)	(3,336,267)
Share issue cost	(30,000)	-
Accumulated loss carried forward	(4,023,621)	(3,501,751)
Basic / diluted loss per share (Rupees)	(0.07)	(0.19)
	11	

The annexed notes 1 to 15 form an integral part of these interim condensed financial statements.

President & Chief Executive Officer

Chairman

Director

Director

Condensed Interim Statement of Comprehensive Income

For The Quarter Ended March 31, 2010

	(Rupees in '000)	
	Quarter ended March 31, 2010	Quarter ended March 31, 2009
Loss for the period	(64,301)	(165,484)
Items relating to other comprehensive income*	-	-
Total comprehensive income for the period	(64,301)	(165,484)

* Surplus / deficit on revaluation of 'Available for Sale' investments is required to be shown separately below equity as 'surplus / deficit on revaluation of assets' in accordance with the requirements specified by the State Bank of Pakistan. Accordingly, it has not been included in the Condensed Interim Statement of Comprehensive Income.

The annexed notes 1 to 15 form an integral part of these interim condensed financial statements.

Condensed Interim Cash Flow Statement (Un-audited)

For The Quarter Ended March 31, 2010

	(Rupees in '000)	
	Quarter ended March 31, 2010	Quarter ended March 31, 2009
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	(61,397)	(206,206)
Less: Dividend income	(8)	-
	(61,405)	(206,206)
Adjustments for non-cash charges:		
Depreciation and amortization	39,870	38,173
(Reversal) / Provision against loans and advances - net	(1,051)	47,583
Surplus on revaluation of investment held for trading	-	437
(Reversal) / Provision for diminution in the value of investment	11,794	-
Gain on sale of operating fixed assets	(1,799)	(4,666)
Gain on sale of securities	(8)	(2,249)
Other provisions / write offs-net	-	4,745
	48,806	84,023
	(12,599)	(122,184)
(Increase) / decrease in operating assets		
Lendings to financial institutions	1,304,637	(1,945,302)
Held for trading securities	-	(1,313,037)
Advances	(468,621)	(837,559)
Other assets (excluding advance & current taxation)	(71,950)	26,367
	764,066	(4,069,531)
Increase/ (decrease) in operating liabilities		
Bills payable	19,639	13,659
Borrowings from financial institutions	(605,363)	5,696,732
Deposits and other accounts	(841,379)	(704,295)
Other liabilities	17,349	68,401
	(1,409,754)	5,074,497
	(658,287)	882,782
Income tax paid	(203)	(1,020)
Net cash from operating activities	(658,490)	881,763
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in securities	116,903	(1,073,488)
Dividend received	8	-
Investment in operating fixed assets	(9,847)	(17,278)
Proceeds from sale of fixed assets	5,645	10,071
Net cash inflow from / (outflow on) investing activities	112,709	(1,080,695)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	-	-
Cost incurred on issuance of shares	(23,261)	-
Net cash used in financing activities	(23,261)	-
Increase / (Decrease) in cash and cash equivalents	(569,042)	(198,932)
Cash and cash equivalents at beginning of the period	1,669,192	1,105,776
Cash and cash equivalents at end of the period	1,100,150	906,844
Cash and cash equivalents		
Cash and balances with treasury banks	915,819	636,039
Balances with other banks	184,331	270,805
	1,100,150	906,844

The annexed notes 1 to 15 form an integral part of these interim condensed financial statements.

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

For The Quarter Ended March 31, 2010

	(Rupees in '000)					Total
	Share capital	Capital reserve	Statutory reserve	Advance share subscription money received against proposed issue of right shares	Accumulated loss	
Balance as at January 01, 2009	8,769,517	20,935	22,145	-	(3,336,267)	5,476,330
Loss after taxation for the quarter ended March 31, 2009	-	-	-	-	(165,484)	(165,484)
Balance as at March 31, 2009	8,769,517	20,935	22,145	-	(3,501,751)	5,310,846
Loss after taxation for the nine months period ended December 31, 2009	-	-	-	-	(427,569)	(427,569)
Advance share subscription money received against proposed issue of right shares	-	-	-	2,189,440	-	2,189,440
Balance as at December 31, 2009	8,769,517	20,935	22,145	2,189,440	(3,929,320)	7,072,717
Loss after taxation for the quarter ended March 31, 2010	-	-	-	-	(64,301)	(64,301)
Share issue cost	-	-	-	-	(30,000)	(30,000)
Balance as at March 31, 2010	8,769,517	20,935	22,145	2,189,440	(4,023,621)	(6,978,416)

The annexed notes 1 to 15 form an integral part of these interim condensed financial statements.

Notes to The Condensed Interim Financial Statements (Un-audited)

For The Quarter Ended March 31, 2010

1 STATUS AND NATURE OF BUSINESS

Samba Bank Limited 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 (December 31, 2009: 28) branches inside Pakistan.

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

- (a) These financial statements have 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, Banking Companies Ordinance, 1962 or 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 IFRS, the requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 or the requirements of the said directives prevail.
- (b) The SBP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and International Accounting Standard (IAS) 40, 'Investment Property' for Banking Companies through BSD Circular Letter No. 10 dated August 26, 2002 till further instructions. Further, the SECP has deferred the applicability of International Financial Reporting Standard (IFRS) 7 'Financial Instruments: Disclosures' through its notification S.R.O 411(i)/2008 dated April 28, 2008. Accordingly, the requirements of these standards have not been considered in the preparation of these condensed interim financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars.
- (c) The disclosures made in these 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, 2009.

4 BASIS OF MEASUREMENT

These financial statements have 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 SUMMARY OF 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, 2009.

6. INVESTMENTS

(Rupees in '000)

Note	March 31, 2010			December 31, 2009		
	Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total
Available for sale securities	5,226,790	189,886	5,416,676	3,997,331	1,535,053	5,532,384
Held to maturity securities	318,883	-	318,883	320,071	-	320,071
Associates / Associated companies	371,470	-	371,470	371,470	-	371,470
	5,917,143	189,886	6,107,029	4,688,872	1,535,053	6,223,925
Provision for diminution in the value of investments	(428,218)	-	(428,218)	(406,424)	-	(406,424)
Deficit on revaluation of available for sale securities	(1,912)	(95)	(2,007)	(759)	1,087	328
Investments-net	5,487,013	189,791	5,676,804	4,271,689	1,536,140	5,807,829
6.1 Available-for-sale securities						
Market Treasury Bills	4,901,987	189,886	5,091,873	3,672,991	1,535,053	5,208,044
Pakistan Investment Bonds	115,687	-	115,687	115,224	-	115,224
Sukuk Bond	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
	5,226,790	189,886	5,416,676	3,997,331	1,535,053	5,532,384
6.2 Held-to-maturity securities						
Pakistan Investment Bonds	318,883	-	318,883	320,071	-	320,071
6.3 Associates						
Ordinary shares - listed	371,470	-	371,470	371,470	-	371,470

7. ADVANCES - NET

(Rupees in '000)

Note	March 31, 2010	December 31, 2009
Loans, cash credits, running finances, etc. - in Pakistan	11,994,924	11,605,399
Net Investment in finance lease in - Pakistan	541,420	567,821
Bills discounted and purchased (excluding government treasury bills)	270,228	170,140
Advances gross	12,806,572	12,343,360
Less: Provision for loans and advances		
- Specific provision	(2,542,241)	(2,544,717)
- General provision	(71,248)	(75,232)
	(2,613,489)	(2,619,949)
	10,193,083	9,723,411

7.1 Advances include Rs 2,668.8 million which have been placed under non-performing status as detailed below:

(Rupees in '000)

Category of classification	March 31, 2010				
	Classified Advances Domestic	Overseas	Total	Provision required	Provision held
Substandard	76,825	-	76,825	18,878	18,878
Doubtful	4,684	-	4,684	2,342	2,342
Loss	2,587,369	-	2,587,369	2,521,021	2,521,021
	2,668,878	-	2,668,878	2,542,241	2,542,241

7.2 The general provision includes a provision amounting to Rs 48.648 million against consumer financing portfolio as required by the Prudential Regulations issued by the SBP. General provision also includes a provision of Rs 22.600 million made in respect of potential loan losses present in the portfolio but not specifically identified and has been determined on the basis of management best estimate.

8. BORROWINGS FROM FINANCIAL INSTITUTION

(Rupees in '000)

	March 31, 2010	December 31, 2009
Secured		
Borrowings from SBP under export refinance scheme	1,453,935	1,286,716
Repurchase agreement borrowings	189,650	1,532,232
	1,643,585	2,818,948
Unsecured		
Call money borrowing	870,000	300,000
Bankers Equity Limited (under liquidation)	22,336	22,336
	892,336	322,336
	2,535,921	3,141,284
9 DEPOSITS AND OTHER ACCOUNTS		
Customers		
Fixed deposits	5,463,782	5,980,945
Savings deposits	2,985,884	2,621,126
Current accounts - non-remunerative	3,022,576	2,757,072
Others - non-remunerative	12,305	12,364
	11,484,547	11,371,507
Banks and Financial Institutions		
Remunerative deposits	146,096	1,102,999
Non-remunerative deposits	48,611	46,127
	194,707	1,149,126
	11,679,254	12,520,633
10 CONTINGENCIES AND COMMITMENTS		
10.1 Direct credit substitutes		
Favouring others	559,392	421,003
	559,392	421,003
10.2 Transaction-related contingent liabilities / commitments		
Contingent liabilities in respect of performance bonds, bid bonds, warranties, etc. given favouring		
- Government	965,810	955,835
- Others	204,792	196,792
	1,170,602	1,152,627
10.3 Trade-related contingent liabilities		
Favouring others	280,045	607,890
	280,045	607,890

10.4 Contingencies in respect of taxation

The Income tax department had raised an aggregate 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 782.63 million for assessment years 1995-96, 1998-99 to assessment year 2002-03 on account of taxability of investment bank as banking companies, 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 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 1,209.417 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.

(Rupees in '000)

	March 31, 2010	December 31, 2009
Purchase	3,663,283	3,751,883
Sale	2,807,686	3,724,147

10.6 Commitments in respect of forward foreign exchange contracts

Purchase

10.7 Capital Commitments

Commitments for capital expenditure as at March 31, 2010 amounted to Rs. 5.5 million (December 31, 2009: Rs. 7.4 million).

(Rupees in '000)

	March 31, 2010	March 31, 2009
Loss after taxation attributable to ordinary shareholders	(64,300)	(165,484)

Number of shares

Weighted average number of shares outstanding during the period

	876,951,675	876,951,675
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Rupees

Loss per share - Basic & diluted

	(0.07)	(0.19)
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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.

Contribution to staff retirement benefit plan is 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 Chief Executive and Directors to be key management personnel.

Details of transactions with related parties are given below:

(Rupees in '000)

	March 31, 2010			December 31, 2009		
	Key management personnel	Associates	Others	Key management personnel	Associates	Others
BALANCE OUTSTANDING - GROSS						
Advances						
At January 01	54,636	45,500	-	62,961	45,500	-
Given during the period	616	-	-	12,489	-	-
Repaid during the period	(1,732)	-	-	(20,814)	-	-
Adjustments	860	-	-	-	-	-
At March 31 / December 31	54,380	45,500	-	54,636	45,500	-
Provision held against advances	-	45,500	-	-	45,500	-
Deposits						
At January 01	102,926	3,222	92,650	58,609	15,934	57,961
Received during the period	63,389	-	15,295	251,792	162,313	300,818
Withdrawn during the period	(71,774)	-	(7,794)	(205,633)	(175,025)	(266,129)
Adjustments	6,387	-	-	(1,842)	-	-
At March 31 / December 31	100,928	3,222	100,151	102,926	3,222	92,650
Others						
Guarantees	-	42,196	-	-	42,196	-
Provision against guarantees	-	3,733	-	-	3,733	-
Balances in nostro accounts	-	3,005	-	-	4,237	-
Investment in shares	-	371,470	-	-	371,470	-
Sundry receivables	-	32,791	-	-	32,791	-
Sundry payable	-	117,861	-	-	113,989	-
Group service cost	-	100,000	-	-	70,000	-
Balances in vostro accounts	-	19,531	-	-	11,531	-
Advance share subscription money received against proposed issue of right shares	-	2,189,440	-	-	2,189,440	-
Provision against diminution in the value of investments	-	256,555	-	-	256,555	-

(Rupees in '000)

	January-March 31, 2010			January-March 31, 2009		
	Key management personnel	Associates	Others	Key management personnel	Associates	Others
Transactions for the period						
Remuneration and benefits	25,768	-	-	27,282	-	-
Directors fee	1,078	-	-	2,008	-	-
Commission on guarantee	-	50	-	-	-	-
Counter confirmation charges on guarantees	-	-	-	-	7,705	-
Provision against guarantees	-	-	-	-	3,733	-
Mark-up / return / interest expensed	1,768	-	3,292	1,035	109	573
Mark-up / return / interest income	551	-	-	652	-	-
Disposal of fixed assets	537	-	-	-	-	-

13 BUSINESS SEGMENTS

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

(Rupees in '000)

For the quarter ended March 31, 2010 (Un-audited)					
Particulars	Corporate finance	Trading & sales	Retail banking	Commercial banking	Total
Total income (net of interest expense and provisions)	1,000	24,277	72,036	164,554	261,867
Total operating expenses	(3,094)	(18,883)	(271,888)	(29,399)	(323,264)
Net loss (before tax)	(2,094)	5,394	(199,852)	135,155	(61,397)
For the quarter ended March 31, 2009 (Un-audited)					
Particulars	Corporate finance	Trading & sales	Retail banking	Commercial banking	Total
Total income (net of interest expense and provisions)	-	50,544	59,238	26,152	135,934
Total operating expenses	(6,628)	(29,771)	(257,461)	(48,280)	(342,140)
Net loss (before tax)	(6,628)	20,773	(198,223)	(22,128)	(206,206)
As at March 31, 2010 (Un-audited)					
Particulars	Corporate finance	Trading & sales	Retail banking	Commercial banking	Total
Segment assets	11,637	9,871,858	2,975,513	12,515,641	25,374,649
Segment non-performing loans	-	-	698,730	1,970,148	2,668,878
Segment provision held	-	433,873	664,625	2,041,350	3,139,848
Segment liabilities	160	1,134,132	9,834,983	4,286,176	15,255,451
As at December 31, 2009 (Audited)					
Particulars	Corporate finance	Trading & sales	Retail banking	Commercial banking	Total
Segment assets	6,408	12,302,708	3,102,413	11,465,111	26,876,640
Segment non-performing loans	-	7,096	714,070	2,005,129	2,726,295
Segment provision held	-	440,338	638,716	2,063,460	3,142,514
Segment liabilities	-	1,890,734	9,567,611	5,200,121	16,658,466

14 GENERAL

Corresponding figures have been re-arranged and reclassified, wherever necessary, to facilitate comparison. However, there are no material reclassifications to report in these condensed interim financial statements.

Figures have been rounded off to the nearest thousand rupees.

15 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on April 27, 2010 by the Board of Directors of the bank.

Half Yearly Report
June 30,
2010



Reflections of Commitment - the SambaWay

Samba Phone Banking 11 11 SAMBA (72622)

www.samba.com.pk

World Class Banking

Samba Bank Limited

samba  سامبا

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Board of Directors

Syed Sajjad Razvi	Chairman
Mr. Beji Tak - Tak	Executive Director
Mr. Farhat Abbas Mirza	Independent Director
Mr. Humayun Murad	Independent Director
Mr. Javed Iqbal	Independent Director
Dr. Shujaat Nadeem	Executive Director
Mr. Zaki Abdulmohsen 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

Mr. Beji Tak - Tak	Chairman
Syed Sajjad Razvi	Member
Mr. Tawfiq A. Husain	Member
Mr. Humayun Murad	Member

Company Secretary

Syed Ali Azfar Naqvi

Auditors

A. F. Ferguson & Co.	Chartered Accountants
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Legal Advisors

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

Head Office & Registered Office

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

Share Register

Femco Associates (Pvt.) Limited
1st Floor, State Life Building No. 1-A, LL 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)

KARACHI

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



LAHORE

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



ISLAMABAD / RAWALPINDI

Razia Sharif Plaza
F-10
F-7
Saddar, Rawalpindi Cantt.



GUJRANWALA

G.T. Road



FAISALABAD

Liaquat Road



MULTAN

Nusrat Road



SIALKOT

Paris Road



PESHAWAR

Saddar Road



On behalf of the Board of Directors, I would like to present the Director's Review of Samba Bank Limited along with the interim condensed financial statements and auditors' review report thereon for the half year ended June 30, 2010.

Financial Results

The financial highlights of your bank for the half year ended June 30, 2010 under review are summarized below:

	(Rupees in million)	
	For the half year ended	For the half year ended
	June 30, 2010	June 30, 2009
Loss before taxation	(96.45)	(471.54)
Taxation (including deferred)	(0.05)	40.72
Loss after taxation	(96.50)	(430.82)
Loss per share - in Rupees	(0.30)	(0.49)

	(Rupees in million)	
	June 30, 2010	December 31, 2009
	Total assets	27,003
Investments	7,347	5,808
Advances	10,019	9,723
Deposits	13,253	12,521
Paid up capital & reserves (before revaluation reserve)	7,959	7,073
(Deficit) / surplus on revaluation of securities - net of tax	(2)	3

Financial Overview

The economy of the country remained under stress during the first half of the financial year 2010. Despite the prevailing economic and business conditions, your bank reduced the after tax loss of Rs. 97 million during the first half of 2010, compared to Rs. 431 million of after tax loss in the corresponding period of last year. This translates into loss per share of Rs. 0.30 (IH-2009: Rs. 0.49). The results are a reflection of the bank's emphasis on improving operational efficiency, managing the cost of funds and accelerating the growth of its earning assets while keeping a close watch on the asset quality. Deposits of the bank stood at Rs. 13,253 million as at June 30, 2010, which grew by 32% over corresponding period of last year with Current Account Saving Account (CASA) mix increasing to 49% as against 43% and 42% as of December 31, 2009 and June 30, 2009, respectively.

Net mark-up income was Rs. 530 million, registering a growth of 70% over the corresponding period of last year. This is reflective of the success of the management to reduce the cost of funds and its focused approach to building good quality corporate loans. Similarly, provisions declined substantially due to the bank's prudent approach to risk taking in the prevailing lending environment and successful recoveries in the now discontinued consumer loans.

Additional Capital Injection

To comply with the minimum capital requirements prescribed by State Bank of Pakistan, your bank injected additional capital of Rs. 3.2 billion through issuance of right shares at the discounted price of Rs. 5.75 per share. With this issue, the bank's net capital stood at Rs.7.96 billion.

Credit Rating

Your bank maintained its long term credit rating of A (single A) depicting adequate credit quality with reasonable protection, whereas due to the strong capacity for timely payment of its financial commitment, your bank's short term rating remained A-1 (A One). These credit ratings are issued by JCR-VIS Credit Rating Agency.

Future Outlook

Security and power outages remained a challenge for the government and a cause of concern for economic stability. Currently, Pakistan is facing the worst floods of its history which have significantly destroyed its infrastructure which

is likely to have broad adverse impact on its economy. The second half of 2010 may witness dampened growth & larger fiscal and inflationary pressures which may have an adverse effect on the banking sector. Key challenges for the banking industry would be the rising cost of doing business and maintenance of asset quality.

Your bank will remain focused on managing its cost of funds by improving its deposit mix and steadily building its earning assets base, under rigorous risk management. During 2010, your bank expects to build on the strong momentum of the first half performance and deliver improved financial performance compared to 2009.

Acknowledgment

On behalf of Board of Directors and management, I would like to express sincere gratitude to our customers, business partners and shareholders for their patronage and trust in us and our parent Samba Financial Group for their unwavering support. I also like to thank State Bank of Pakistan and other regulatory authorities for their continuous guidance. Finally, I wish to thank our employees for their continued commitment, dedication and team work.

On behalf of Board of Directors,

Tawfiq A. Husain
President & Chief Executive Officer

August 25, 2010

Independent Auditors' Report on Review of The 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, 2010 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. 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, 2010 and 2009 have not been reviewed, as we are required to review only the cumulative figures for the half year ended June 30, 2010.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of 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, 2010 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

A.F. Fergusons & Co.
Chartered Accountants

Dated: August 26, 2010
Karachi



Condensed Interim Statement of Financial Position

As at June 30, 2010

Note	(Rupees in '000)	
	(Un-audited)	(Audited)
	June 30, 2010	December 31, 2009
ASSETS		
Cash and balances with treasury banks	1,075,364	961,280
Balances with other banks	35,861	707,912
Lendings to financial institutions	5,107,692	3,123,377
Investments - net	7,346,514	5,807,829
Advances - net	10,019,031	9,723,411
Operating fixed assets	1,053,647	1,112,169
Deferred tax assets - net	1,562,182	1,550,008
Other assets	802,228	748,140
	27,002,519	23,734,126
LIABILITIES		
Bills payable	114,278	78,127
Borrowings	4,726,194	3,141,284
Deposits and other accounts	13,253,262	12,520,633
Sub-ordinated loans	-	-
Liabilities against assets subject to finance lease	279	279
Deferred tax liabilities	-	-
Other liabilities	950,992	918,143
	19,045,005	16,658,466
NET ASSETS REPRESENTED BY:		
	7,957,514	7,075,660
Share capital	14,334,734	8,769,517
Discount on issue of right shares	(2,345,217)	-
Reserves	43,080	43,080
Advance share subscription money received against proposed issue of right shares	-	2,189,440
Accumulated loss	(4,053,248)	(3,929,320)
	7,959,349	7,072,717
(Deficit) / surplus on revaluation of assets - net of tax	(1,835)	2,943
	7,957,514	7,075,660

CONTINGENCIES AND COMMITMENTS

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

President & Chief Executive Officer

Chairman

Director

Director

Condensed Interim Profit and Loss Account (Un-audited)

For The Quarter And Half Year Ended June 30, 2010

Note	(Rupees in '000)		(Rupees in '000)	
	Quarter ended		Half Year ended	
	June 30, 2010	June 30, 2009	June 30, 2010	June 30, 2009
Mark-up / return / interest earned	583,352	494,476	1,138,639	951,347
Mark-up / return / interest expensed	306,059	341,223	608,672	639,771
Net mark-up / return / interest income	277,293	153,253	529,967	311,576
Provision against non performing loans and advances - net	2,643	16,550	1,592	64,133
Provision for diminution in the value of investments- net	-	-	11,794	-
Recoveries against debts written-off	(1,457)	(1,545)	(2,362)	(2,619)
	1,186	15,005	11,024	61,514
Net mark-up / return / interest income after provisions	276,107	138,248	518,943	250,062
Non mark-up / interest income				
Fee, commission and brokerage income	18,839	13,905	39,308	29,867
Dividend income	-	-	8	-
(Loss) / income from dealing in foreign currencies	(11,429)	8,425	(22,699)	14,813
Gain on sale of securities	848	823	856	3,072
Unrealised (loss) / gain on revaluation of investments classified as held for trading	(39)	437	(39)	-
Other income	2,876	869	4,692	5,572
Total non mark-up / interest income	11,095	24,459	22,126	53,324
	287,202	162,707	541,069	303,386
Non mark-up / interest expenses				
Administrative expenses	350,417	374,556	673,574	716,696
(Reversal of provisions) / other provisions / write offs- net	(19,462)	26,329	(27,462)	31,074
(Reversal of charges) / other charges	(8,700)	27,162	(8,593)	27,162
Total non mark-up / interest expenses	322,255	428,047	637,519	774,932
	(35,053)	(265,340)	(96,450)	(471,546)
Extraordinary items	-	-	-	-
Loss before taxation	(35,053)	(265,340)	(96,450)	(471,546)
Taxation - Current year	8,911	-	11,815	-
- Prior years	-	-	-	-
- Deferred	(11,765)	-	(11,765)	(40,722)
	(2,854)	-	50	(40,722)
Loss after taxation	(32,199)	(265,340)	(96,500)	(430,824)
Basic / diluted loss per share (Rupees)	(0.03)	(0.30)	(0.10)	(0.49)

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

President & Chief Executive Officer

Chairman

Director

Director

Condensed Interim Statement of Comprehensive Income (Un-audited)

For The Quarter And Half Year Ended June 30, 2010

	(Rupees in '000)		(Rupees in '000)	
	Quarter ended		Half Year ended	
	June 30, 2010	June 30, 2009	June 30, 2010	June 30, 2009
Loss for the period	(32,199)	(265,340)	(96,500)	(430,824)
Other comprehensive income	-	-	-	-
Comprehensive income transferred to condensed interim statement of changes in equity	(32,199)	(265,340)	(96,500)	(430,824)
Components of comprehensive income not reflected in equity				
(Deficit) / surplus on revaluation of available for sale financial assets - net of tax	(2,769)	1,579	(4,778)	14,981
Total comprehensive income for the period	(34,968)	(263,761)	(101,278)	(415,843)

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

President & Chief Executive Officer

Chairman

Director

Director

Condensed Interim Cash Flow Statement (Un-audited)

For The Half Year Ended June 30, 2010

	(Rupees in '000)	
	Half year ended	Half year ended
	June 30, 2010	June 30, 2009
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	(96,450)	(471,546)
Less: Dividend income	(8)	-
	(96,458)	(471,546)
Adjustments for non-cash and other items:		
Depreciation	80,370	74,502
Amortisation	3,129	2,735
Provision against non-performing loans and advances - net	1,592	64,133
Provision for diminution in the value of investments	11,794	-
Gain on sale of operating fixed assets	(1,799)	(5,541)
Intangible assets written off	1,126	-
Gain on sale of securities	(856)	(3,072)
Unrealised loss on revaluation of investments classified as held for trading (Reversals) / other provisions / write offs - net	39	-
	(28,500)	31,074
	66,895	163,831
	(29,563)	(307,715)
(Increase) / decrease in operating assets		
Lendings to financial institutions	(1,984,315)	(826,668)
Held for trading securities	(246,640)	2,427,240
Loans and advances - net	(297,212)	(855,386)
Other assets (excluding advance taxation)	(61,170)	11,924
	(2,589,337)	757,110
Increase/ (decrease) in operating liabilities		
Bills payable	36,151	18,423
Borrowings from financial institutions	1,584,910	1,803,977
Deposits and other accounts	732,629	154,091
Other liabilities	54,349	67,960
	2,408,039	2,044,451
	(210,861)	2,493,846
	2,267	(2,249)
Net cash (outflow on) / inflow from operating activities	(208,594)	2,491,597
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in securities	(1,308,209)	(2,670,290)
Dividend received	8	-
Investment in operating fixed assets	(29,949)	(35,019)
Sale proceeds from disposals of property and equipment	5,645	11,462
Net cash outflow on investing activities	(1,332,505)	(2,693,847)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of right shares	1,010,560	-
Cost incurred on issuance of shares	(27,428)	-
Net cash inflow from financing activities	983,132	-
Decrease in cash and cash equivalents	(557,967)	(202,250)
Cash and cash equivalents at beginning of the period	1,669,192	1,105,776
Cash and cash equivalents at end of the period	1,111,225	903,526

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

President & Chief Executive Officer

Chairman

Director

Director

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

For The Half Year Ended June 30, 2010

	(Rupees in '000)						
	Share capital	Discount on issue of right shares	Capital reserve	Statutory reserve	Advance share subscription money received against proposed issue of right shares	Accumulated loss	Total
Balance as at January 01, 2009	8,769,517	-	20,935	22,145	-	(3,336,267)	5,476,330
Comprehensive income for the half year ended June 30, 2009	-	-	-	-	-	(430,824)	(430,824)
Balance as at June 30, 2009	8,769,517	-	20,935	22,145	-	(3,767,091)	5,045,506
Comprehensive income for the half year ended December 31, 2009	-	-	-	-	-	(162,229)	(162,229)
Advance share subscription money received against proposed issue of right shares	-	-	-	-	2,189,440	-	2,189,440
Balance as at December 31, 2009	8,769,517	-	20,935	22,145	2,189,440	(3,929,320)	7,072,717
Comprehensive income for the half year ended June 30, 2010	-	-	-	-	-	(96,500)	(96,500)
Issue of Right Shares	5,565,217	-	-	-	(2,189,440)	-	3,375,777
Discount on issue of right shares	-	(2,365,217)	-	-	-	-	(2,365,217)
Share issue cost	-	-	-	-	-	(27,428)	(27,428)
Balance as at June 30, 2010	14,334,734	(2,365,217)	20,935	22,145	-	(4,053,248)	7,959,349

Transaction costs incurred in connection with the issue of shares has been accounted for as a deduction from equity, in accordance with paragraph 37 of IAS 32 'Financial Instruments: Presentation'.

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

President & Chief Executive Officer

Chairman

Director

Director

Notes to and Forming Part of the Condensed Interim Financial Statements (Un-audited)

For The Half Year Ended June 30, 2010

1 STATUS AND NATURE OF BUSINESS

Samba Bank Limited (the bank) is a banking company incorporated in Pakistan and is engaged in commercial banking and related services. The bank is listed on all the stock exchanges of Pakistan. Its principal and registered office is located at 6th Floor, Sidco Avenue Centre, Maulana Deen Muhammad Wafal Road, Karachi. The bank is a subsidiary of SAMBA Financial Group of Saudi Arabia which holds 80.68% (December 31, 2009: 68.42%) shares of the bank. The bank operates 28 (December 31, 2009: 28) branches inside Pakistan.

In order to comply with the minimum paid-up capital requirements prescribed by the State Bank of Pakistan (SBP) the bank issued 556,522 million ordinary shares (par value of Rs 10 per share) at a discounted subscription price of Rs 5.75 per share during the year. The issue of shares was approved in the extraordinary general meeting of the bank held on December 30, 2009. The issue of capital at discount was approved by the SBP and the Securities and Exchange Commission of Pakistan (SECP) vide their letters BSD/BIA-2/201/90/2009 dated September 19, 2009 and LMO/CI/36/2009/70 dated January 20, 2010 respectively. The shareholding of SAMBA Financial Group of Saudi Arabia after the allotment of right shares (including unsubscribed right shares underwritten by SAMBA Financial Group) has increased to 80.68% as at June 30, 2010 from 68.42% 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 financial statements as such but are restricted to the amount of facility actually utilised and appropriate portion of mark-up thereon.

3 STATEMENT OF COMPLIANCE

- (a) These condensed interim financial statements have 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, Banking Companies Ordinance, 1962 or 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 IFRS, the requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 or the requirements of the said directives prevail.
- (b) 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 4110/2008 dated April 28, 2008. 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 SBP through various circulars.
- (c) SBP through 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 Securities (AFS) only, may be included in the 'Statement of Comprehensive Income'. Accordingly, the above requirements have been adopted in the preparation of these condensed interim financial statements.
- (d) The disclosures made in these condensed interim financial statements have been limited based on the format prescribed by the State Bank of Pakistan vide BSD Circular Letter No. 2 dated May 12, 2004 and International Accounting Standard 34, Interim Financial Reporting. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the financial statements of the bank for the year ended December 31, 2009.

4 BASIS OF MEASUREMENT

These condensed interim financial statements have 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are same as those applied in the preparation of the annual financial statements of the Bank for the year ended December 31, 2009.

6. INVESTMENTS

(Rupees in '000)

Note	June 30, 2010			December 31, 2009		
	Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total
Held for trading securities	246,640	-	246,640	-	-	-
Available for sale securities	4,977,875	1,866,027	6,843,902	3,997,331	1,535,053	5,532,384
Held to maturity securities	37,618	-	37,618	320,071	-	320,071
Associates	37,470	-	37,470	37,470	-	37,470
	5,933,603	1,866,027	7,799,630	4,688,872	1,535,053	6,223,925
Provision for diminution in the value of investments	(428,218)	-	(428,218)	(416,424)	-	(416,424)
Deficit on revaluation of held for trading securities	(39)	-	(39)	-	-	-
Deficit on revaluation of available for sale securities	(5,031)	172	(4,859)	(759)	1,087	328
Investments-net	5,480,315	1,866,199	7,346,514	4,271,689	1,536,140	5,807,829
6.1 Held for trading securities						
Market Treasury Bills	246,640	-	246,640	-	-	-
6.2 Available-for-sale securities						
Market Treasury Bills	4,652,619	1,866,027	6,518,646	3,672,991	1,535,053	5,208,044
Pakistan Investment Bonds	16,140	-	16,140	15,224	-	15,224
Sukuk Bond	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
	4,977,875	1,866,027	6,843,902	3,997,331	1,535,053	5,532,384
6.3 Held-to-maturity securities						
Pakistan Investment Bonds	37,618	-	37,618	320,071	-	320,071
6.4 Associates						
Ordinary shares - listed	37,470	-	37,470	37,470	-	37,470

7. ADVANCES - NET

(Rupees in '000)

Note	June 30, 2010	December 31, 2009
Loans, cash credits, running finances, etc. - In Pakistan	11,911,727	11,605,399
Net investment in finance lease - In Pakistan	521,721	567,821
Bills discounted and purchased (excluding government treasury bills) - Payable in Pakistan	119,195	119,372
- Payable outside Pakistan	77,645	50,768
Advances gross	12,630,288	12,343,360
Less: Provision for loans and advances		
- Specific provision	(2,546,365)	(2,544,717)
- General provision	(64,892)	(75,232)
	(2,611,257)	(2,619,949)
Advances - net of provision	10,019,031	9,723,411

7.1 Advances include Rs 2,669.731 million (December 31, 2009: 2,726.295 million) which have been placed under non-performing status as detailed below:

(Rupees in '000)

Category of classification	June 30, 2010				
	Classified Advances		Total	Provision required	Provision held
	Domestic	Overseas			
Substandard	69,617	-	69,617	17,404	17,404
Doubtful	669	-	669	335	335
Loss	2,599,445	-	2,599,445	2,528,626	2,528,626
	2,669,731	-	2,669,731	2,546,365	2,546,365

(Rupees in '000)

Category of classification	December 31, 2009				
	Classified Advances		Total	Provision required	Provision held
	Domestic	Overseas			
Substandard	158,112	-	158,112	38,177	38,177
Doubtful	9,341	-	9,341	4,671	4,671
Loss	2,558,842	-	2,558,842	2,501,869	2,501,869
	2,726,295	-	2,726,295	2,544,717	2,544,717

7.2 The general provision includes a provision amounting to Rs 42.342 million (December 31, 2009: 54.415 million) against consumer financing portfolio as required by the Prudential Regulations issued by the SBP. General provision also includes a provision of Rs 22.550 million (December 31, 2009: Rs 20.817 million) made in respect of potential loan losses present in the portfolio but not specifically identified and has been determined on the basis of management best estimate.

8. DEFERRED TAX ASSET - NET

The bank has unabsorbed tax losses amounting to Rs 2,824.514 million as at June 30, 2010. The aforementioned unabsorbed losses have been determined after taking into account assessments finalised during the year. The bank has contented certain add backs made by the taxation authorities in finalising these assessments. However, out of this amount, the management has recognised deferred tax debit balance of Rs 806.583 million on losses amounting to Rs 2,304.523 million. The deferred tax debit balance recognised in the special purpose condensed interim financial statements represents the management's best estimate of the potential benefit which is expected to be realised in future years in the form of reduced tax liability as the bank would be able to set off the profits earned in these years against losses carried forward from prior years. The amount of this benefit has been determined based on the projections of the bank for the next five years.

(Rupees in '000)

9. BORROWINGS FROM FINANCIAL INSTITUTIONS

	June 30, 2010	December 31, 2009
Secured		
Borrowings from State Bank of Pakistan under export refinance scheme	1,003,934	1,286,716
Repurchase agreement borrowings	2,949,924	1,532,232
	3,953,858	2,818,948
Unsecured		
Call money borrowing	750,000	300,000
Bankers Equity Limited (under liquidation)	22,336	22,336
	772,336	322,336
	4,726,194	3,141,284

10. DEPOSITS AND OTHER ACCOUNTS

	June 30, 2010	December 31, 2009
Customers		
Fixed deposits	6,590,149	5,980,945
Savings deposits	3,560,314	2,621,126
Current accounts - non-remunerative	2,900,938	2,757,072
Others - non-remunerative	11,824	12,364
	13,063,225	11,371,507
Financial Institutions		
Remunerative deposits	138,493	1,102,999
Non-remunerative deposits	51,544	46,127
	190,037	1,149,126
	13,253,262	12,520,633

(Rupees in '000)

	June 30, 2010	December 31, 2009
11 CONTINGENCIES AND COMMITMENTS		
11.1 Direct credit substitutes		
Favouring others	455,648	421,003
	455,648	421,003
11.2 Transaction-related contingent liabilities / commitments		
Contingent liabilities in respect of performance bonds, bid bonds, warranties, etc. given favouring		
- Government	1,028,639	955,835
- Others	204,792	196,792
	1,233,431	1,152,627
11.3 Trade-related contingent liabilities		
Favouring others	2,791,566	607,890
	2,791,566	607,890
11.4 Other contingencies		
Claims against the Bank not acknowledged as debts	97,966	96,766
11.5 Contingencies in respect of taxation		

The Income tax department had raised an aggregate 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 demand of Rs 782.63 million for assessment years 1995-96, 1998-99 to assessment year 2002-03 on account of taxability of investment bank as banking companies, taxation of dividend income, add back relating to extra shift allowance, lease rentals received or receivable, lease key money and certain other items. The department has raised a further demand of Rs 0.632 million for the tax year 2006 in respect of addition on account of restriction of depreciation, apportionment of expenses and bad debts written off. 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 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 1,210.049 million raised by the income tax authorities.

11.6 Commitments to extend credit

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

11.7 Commitments in respect of forward foreign exchange contracts

(Rupees in '000)

	June 30, 2010	December 31, 2009
Purchase	4,526,648	3,751,883
Sale	2,937,447	3,724,147

11.8 Capital Commitments

Commitments for capital expenditure as at June 30, 2010 amounted to Rs. 1,974 million (December 31, 2009: Rs. 7,442 million).

(Rupees in '000)

	June 30, 2010	June 30, 2009
12 LOSS PER SHARE		
Loss after taxation	(96,500)	(430,824)

Number of shares

Weighted average number of shares outstanding during the period

	June 30, 2010	June 30, 2009
	1,015,313,433	876,951,675

Rupees

Loss per share

	(0.00)	(0.49)
--	--------	--------

12.1 Diluted earnings per share has not been presented as the bank does not have any convertible instruments in issue at June 30, 2009 and 2010 which would have any effect on the loss per share if the option to convert is exercised.

13 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 includes provision of advances on terms softer than those offered to the customers of the bank.

Contribution to staff retirement benefit plan is 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 Chief Executive and Directors to be key management personnel.

Details of transactions with related parties are given below:

(Rupees in '000)

	June 30, 2010			December 31, 2009		
	Key management personnel	Associates / Holding Company	Others	Key management personnel	Associates / Holding Company	Others
BALANCE OUTSTANDING - GROSS						
Advances						
At January 01	65,129	45,500	-	62,961	45,500	-
Given during the period	616	-	-	23,313	-	-
Repaid during the period	(3,317)	-	-	(21,145)	-	-
Adjustments	43	-	-	-	-	-
At June 30 / December 31	62,471	45,500	-	65,129	45,500	-
Provision held against advances	-	45,500	-	-	45,500	-
Deposits						
At January 01	102,926	3,222	92,650	58,609	15,934	57,961
Received during the period	198,291	-	26,954	251,792	162,313	300,818
Withdrawn the period	(180,551)	-	(12,461)	(205,633)	(175,025)	(266,129)
Adjustments	6,913	-	-	(1,842)	-	-
At June 30 / December 31	127,579	3,222	107,143	102,926	3,222	92,650
Others						
Guarantees	-	42,196	-	-	42,196	-
Provision against guarantees	-	3,733	-	-	3,733	-
Balances in nostro accounts	-	1,193	-	-	4,237	-
Investment in shares	-	371,470	-	-	371,470	-

(Rupees in '000)

	June 30, 2010			December 31, 2009		
	Key management personnel	Associates / Holding Company	Others	Key management personnel	Associates / Holding Company	Others
Sundry receivables	-	32,791	-	-	32,791	-
Sundry payable	-	126,578	-	-	113,989	-
Group service cost	-	100,000	-	-	70,000	-
Other Liabilities	-	5,000	-	-	5,000	-
Balances in vostro accounts	-	11,919	-	-	11,531	-
Advance share subscription money received against proposed issue of right shares	-	-	-	-	2,189,440	-
Provision against diminution in the value of investments	-	256,555	-	-	256,555	-

(Rupees in '000)

	Half year ended June 30, 2010			Half year ended June 30, 2009		
	Key management personnel	Associates / Holding Company	Others	Key management personnel	Associates / Holding Company	Others
Transactions for the period						
Remuneration and benefits	5,130	-	-	5,130	-	-
Directors fee	3,189	-	-	3,019	-	-
Commission on guarantee	-	50	-	-	-	-
Counter confirmation charges on guarantees	-	4,363	-	-	12,662	-
Provision against guarantees	-	-	-	-	3,733	-
Mark-up / return / interest expensed	3,400	-	4,745	2,622	2,396	2,509
Mark-up / return / interest income	1,282	-	-	1,252	-	-
Disposal of fixed assets	537	-	-	-	-	-
Group service cost	-	30,000	-	-	-	-
Received against unsubscribed portion of right issue	-	1,010,384	-	-	-	-
Share capital issued (net of discount)	-	3,199,624	-	-	-	-

14 SEGMENTS DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

(Rupees in '000)

Particulars	For the half year ended June 30, 2010 (Un-audited)				
	Corporate finance	Trading & sales	Retail banking	Commercial banking	Total
Total income (net of interest expense and provisions)	2,000	68,793	198,026	299,712	568,531
Total operating expenses	(5,994)	(60,689)	(483,278)	(115,020)	(664,981)
Net loss (before tax)	(3,994)	8,104	(285,252)	184,692	(96,450)

Particulars	For the half year ended June 30, 2009 (Un-audited)				
	Corporate finance	Trading & sales	Retail banking	Commercial banking	Total
Total income (net of interest expense and provisions)	784	73,524	19,716	78,288	272,312
Total operating expenses	(12,711)	(61,823)	(511,929)	(157,395)	(743,858)
Net loss (before tax)	(11,927)	1,701	(392,213)	(79,107)	(471,546)

(Rupees in '000)

Particulars	As at June 30, 2010 (Un-audited)				
	Corporate finance	Trading & sales	Retail banking	Commercial banking	Total
Segment assets	13,545	15,091,206	2,809,890	12,226,295	30,140,936
Segment non-performing loans	-	-	73,184	1,956,547	2,669,731
Segment provision held	-	433,876	674,113	2,030,428	3,138,417
Segment liabilities	168	3,806,424	11,229,740	4,108,673	19,045,005

(Rupees in '000)

Particulars	As at December 31, 2009 (Audited)				
	Corporate finance	Trading & sales	Retail banking	Commercial banking	Total
Segment assets	6,408	12,302,708	3,102,413	11,465,111	26,876,640
Segment non-performing loans	-	7,096	74,070	2,005,129	2,726,295
Segment provision held	-	440,338	638,716	2,063,460	3,142,514
Segment liabilities	-	1,890,734	9,567,611	5,200,121	16,658,466

15 GENERAL

Corresponding figures have been re-arranged and reclassified, wherever necessary, to facilitate comparison. Significant reclassifications include following:

- An amount of Rs 2.619 million for the half year ended June 30, 2009 has been reclassified from other income to recoveries against debts written off.
- An amount of Rs 10,780 million for the half year ended June 30, 2009 has been reclassified from other income to fee, commission and brokerage income.
- An amount of Rs 4.843 million for the quarter ended June 30, 2009 has been reclassified from other income to fee, commission and brokerage income.
- Figures have been rounded off to the nearest thousand rupees.

16 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on August 25, 2010 by the Board of Directors of the bank.

President & Chief Executive Officer

Chairman

Director

Director

Quarterly Report
September 30,
2010



Reflections of Commitment - the SambaWay

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Board of Directors

Syed Sajjad Razvi	Chairman
Mr. Beji Tak - Tak	Executive Director
Mr. Farhat Abbas Mirza	Independent Director
Mr. Humayun Murad	Independent Director
Mr. Javed Iqbal	Independent Director
Dr. Shujaat Nadeem	Executive Director
Mr. Zaki Abdulmohsen 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

Mr. Beji Tak - Tak	Chairman
Syed Sajjad Razvi	Member
Mr. Tawfiq A. Husain	Member
Mr. Humayun Murad	Member

Company Secretary

Syed Ali Azfar Naqvi	(Acting)*
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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 & Registered Office

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

Share Register

Femco Associates (Pvt.) Limited
1st Floor, State Life Building No. 1-A, LL 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)

* Ms. Saima Khan appointed as new Company Secretary, effective from October 25, 2010.

KARACHI

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

**LAHORE**

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

**ISLAMABAD / RAWALPINDI**

Razia Sharif Plaza
F-10
F-7
Saddar, Rawalpindi Cantt.

**GUJRANWALA**

G.T. Road

**FAISALABAD**

Liaquat Road

**MULTAN**

Nusrat Road

**SIALKOT**

Paris Road

**PESHAWAR**

Saddar Road



On behalf of the Board of Directors, I would like to present the Director's Review of Samba Bank Limited along with the interim condensed financial statements for the 9 months period ended September 30, 2010.

Financial Results

The financial highlights of your bank for the 9 months period ended September 30, 2010 are summarized below:

	(Rupees in million)	
	For the 9 months period ended	For the 9 months period ended
	September 30, 2010	September 30, 2009
Loss before taxation	(123.3)	(795.7)
Taxation (including deferred)	(8.2)	40.7
Loss after taxation	(131.5)	(755.0)
Loss per share - in Rupees	(0.11)	(0.86)

	(Rupees in million)	
	September 30, 2010	December 31, 2009
	Total assets	25,828
Investments	3,261	5,808
Advances	9,909	9,723
Deposits	15,253	12,521
Paid up capital & reserves (before revaluation reserve)	7,924	7,073
(Deficit) / surplus on revaluation of securities - net of tax	(14)	3

Financial Overview

In spite of the stress on the economy and the challenging business environment, primarily due to the unprecedented floods faced by the country, your bank was successful in reducing its after tax loss to Rs. 131.5 million during nine months ended September 30, 2010, which is Rs.623 million lower than Rs.755 million losses incurred in the corresponding period of last year. Your bank's management remained focused on growing its low cost and stable deposits and building its corporate loan book, while ensuring good asset quality. Provision for credit losses also declined by 84%, as compared to the corresponding period of last year. This is indicative of the bank's prudent approach to risk taking in the prevailing lending environment and the successful recoveries in the now discontinued consumer loans.

Net mark-up income registered a growth of about 71% over the corresponding period of last year. Also, in spite of the prevailing high inflation, the management was successful in reducing its operating expenses to Rs.995 million from Rs.1,118 million in the corresponding period of 2009. This was achieved by effectively managing the expense base and extracting operational efficiencies.

As of September 30, 2010, your bank's deposit and loan portfolio grew by approximately 22% and 2%, respectively, over December 31, 2009. Overall balance sheet of your bank stood at Rs.26 billion, showing an increase of about 9% over December 31, 2009.

Credit Rating

JCR-VIS Credit Rating Agency maintained the bank's long term credit rating of A (single A) and short term rating A-1 (A One). These long and short term ratings, respectively, denote adequate credit quality with reasonable protection and strong capacity for timely payment of its financial commitments.

Future Outlook

Pakistan's economy will remain challenged by the devastation caused by the recent floods, in general, and twin deficits, imbalances and inflation, in particular. Security and power shortfall remain a cause for concern for 2010-11.

Your bank will remain focused on growing and widening its revenue base by building quality assets, growing its deposits, constantly improving its deposit mix, reducing its cost of funds and introducing new products and services. The management will be relentless in optimizing its operational efficiencies to effectively mitigate the adverse effects of the rising cost of doing business.

Acknowledgment

On behalf of Board of Directors and management, I would like to thank our customers, business partners and shareholders for their patronage and trust and our parent, Samba Financial Group, for their unwavering support. I would also like to express sincere gratitude to State Bank of Pakistan and other regulatory authorities for their continuous guidance. On behalf of the Board of Directors and management, I wish to thank our employees for their continued commitment, dedication and team work during our franchise building journey.

On behalf of Board of Directors,

Tawfiq A. Husain
President & Chief Executive Officer

October 20, 2010

Condensed Interim Statement of Financial Position

As at September 30, 2010

	Note	(Rupees in '000)	
		(Un-audited)	(Audited)
		September 30, 2010	December 31, 2009
ASSETS			
Cash and balances with treasury banks		1,210,628	961,280
Balances with other banks		24,884	707,912
Lendings to financial institutions		8,035,324	3,123,377
Investments - net	6	3,261,763	5,807,829
Advances - net	7	9,909,117	9,723,411
Operating fixed assets		1,027,894	1,112,169
Deferred tax assets - net		1,563,146	1,550,008
Other assets		795,599	748,140
		<u>25,828,355</u>	<u>23,734,126</u>
LIABILITIES			
Bills payable		114,010	78,127
Borrowings	8	1,591,829	3,141,284
Deposits and other accounts	9	15,252,932	12,520,633
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		279	279
Deferred tax liabilities		-	-
Other liabilities		959,353	918,143
		<u>17,918,403</u>	<u>16,658,466</u>
NET ASSETS REPRESENTED BY:			
Share capital		14,334,734	8,769,517
Discount on issue of right shares		(2,365,217)	-
Reserves		43,080	43,080
Advance share subscription money received against proposed issue of right shares		-	2,189,440
Accumulated loss		(4,088,299)	(3,929,320)
		<u>7,924,298</u>	<u>7,072,717</u>
(Deficit) / surplus on revaluation of assets - net of tax		(14,346)	2,943
		<u>7,909,952</u>	<u>7,075,660</u>

CONTINGENCIES AND COMMITMENTS

10

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

President & Chief Executive Officer

Chairman

Director

Director

Condensed Interim Profit and Loss Account (Un-audited)

For The Quarter and Nine Months Period Ended September 30, 2010

Note	(Rupees in '000)		(Rupees in '000)	
	Quarter ended		Nine Months ended	
	Sep 30, 2010	Sep 30, 2009	Sep 30, 2010	Sep 30, 2009
Mark-up / return / interest earned	611,200	435,832	1,749,839	1,387,179
Mark-up / return / interest expensed	315,018	263,458	923,690	903,229
Net mark-up / return / interest income	296,182	172,374	826,149	483,950
(Reversal) / Provision against loans and advances - net	24,711	101,354	26,303	165,487
Provision for diminution in the value of investments- net	-	-	11,794	-
Bad debts written-off directly / (recoveries against debts written-off)	(550)	-	(2,913)	-
	24,160	101,354	35,184	165,487
Net mark-up / return / interest income after provisions	272,022	71,020	790,965	318,463
Non mark-up / interest income				
Fee, commission and brokerage income	10,231	7,367	49,539	26,454
Dividend income	-	-	8	-
Income from dealing in foreign currencies	(15,508)	(10,824)	(38,207)	3,989
Gain / (loss) on sale of securities	9,867	113	10,723	3,185
Gain / (loss) on revaluation of investments classified as held for trading	39	-	-	-
Other income	26,508	9,204	31,200	28,175
Total non mark-up / interest income	31,137	5,860	53,263	61,803
	303,159	76,880	844,228	380,266
Non mark-up / interest expenses				
Administrative expenses	330,015	374,686	1,003,589	1,091,382
Other provisions / write offs- net	-	26,381	(27,462)	57,455
Other charges	-	-	(8,593)	27,162
Total non mark-up / interest expenses	330,015	401,067	967,534	1,175,999
	(26,856)	(324,187)	(123,306)	(795,733)
Extraordinary items	-	-	-	-
Loss before taxation	(26,856)	(324,187)	(123,306)	(795,733)
Taxation - Current year	6,539	-	18,354	-
- Prior years	-	-	-	-
- Deferred	1,656	-	(10,109)	(40,722)
	8,195	-	8,245	(40,722)
Loss after taxation	(35,051)	(324,187)	(131,551)	(755,011)
Basic / diluted loss per share (Rupees)	(0.02)	(0.37)	(0.11)	(0.86)

11

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

President & Chief Executive Officer

Chairman

Director

Director

Condensed Interim Statement of Comprehensive Income (Un-audited)

For The Quarter And Nine Months Period Ended September 30, 2010

	(Rupees in '000)		(Rupees in '000)	
	Quarter ended		Nine Months ended	
	Sep 30, 2010	Sep 30, 2009	Sep 30, 2010	Sep 30, 2009
Loss for the period	(35,051)	(324,187)	(131,551)	(755,011)
Other comprehensive income	-	-	-	-
Comprehensive income transferred to condensed interim statement of changes in equity	(35,051)	(324,187)	(131,551)	(755,011)
Components of comprehensive income not reflected in equity				
(Deficit) / surplus on revaluation of available for sale financial assets - net of tax	(12,511)	9,881	(17,289)	24,862
Total comprehensive income for the period	(47,563)	(314,306)	(148,840)	(730,149)

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

Condensed Interim Cash Flow Statement (Un-audited)

For The Nine Months Period Ended September 30, 2010

	(Rupees in '000)	
	Nine Months ended	Nine Months ended
	September 30, 2010	September 30, 2009
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	(123,306)	(795,733)
Less: Dividend income	(8)	-
	(123,314)	795,733
Adjustments for non-cash charges:		
Depreciation and amortization	122,880	118,407
Provision against loans and advances - net	26,303	165,487
Provision for diminution in the value of investment	11,794	-
Gain on sale of operating fixed assets	(28,242)	(9,167)
Write offs intangible assets	1,125	-
Gain on sale of securities	(10,723)	(3,185)
Other provisions / write offs-net	(28,500)	57,455
	94,637	328,997
	(28,677)	(466,736)
(Increase) / decrease in operating assets		
Lendings to financial institutions	(4,911,947)	407,749
Held for trading securities	-	2,429,297
Advances	(212,008)	(115,288)
Other assets (excluding advance & current taxation)	(59,734)	69,317
	(5,183,689)	2,791,075
Increase/ (decrease) in operating liabilities		
Bills payable	35,883	25,888
Borrowings from financial institutions	(1,549,455)	1,349,325
Deposits and other accounts	2,732,299	306,282
Other liabilities	62,707	43,986
	1,281,434	1,725,481
	(3,930,932)	4,049,820
Income tax refunds / (paid) - net	922	(5,930)
Net cash (outflow on) / inflow from operating activities	(3,930,010)	4,043,890
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in securities	2,524,678	(4,236,349)
Dividend received	8	-
Investment in operating fixed assets	(47,082)	(51,047)
Proceeds from sale of fixed assets	35,594	21,499
Net cash outflow on investing activities	2,513,198	(4,265,897)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of right shares	1,010,560	-
Cost incurred on issuance of shares	(27,428)	-
Net cash used in financing activities	983,132	-
Increase / (Decrease) in cash and cash equivalents	(433,680)	(222,007)
Cash and cash equivalents at beginning of the period	1,669,192	1,105,776
Cash and cash equivalents at end of the period	1,235,512	883,769

The annexed notes 1 to 15 form an integral part of these interim condensed financial statements.

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

For The Nine Months Period Ended September 30, 2010

	(Rupees in '000)						
	Share capital	Discount on issue of right shares	Capital reserve	Statutory reserve	Advance share subscription money received against proposed issue of right shares	Accumulated loss	Total
Balance as at January 01, 2009	8,769,517	-	20,935	22,145	-	(3,336,267)	5,476,330
Comprehensive income for the period ended September 30, 2009	-	-	-	-	-	(755,011)	(755,011)
Balance as at September 30, 2009	8,769,517	-	20,935	22,145	-	(4,091,278)	4,721,319
Comprehensive income for the quarter ended December 31, 2009	-	-	-	-	-	161,958	161,958
Advance share subscription money received against proposed issue of right shares	-	-	-	-	2,189,440	-	2,189,440
Balance as at December 31, 2009	8,769,517	-	20,935	22,145	2,189,440	(3,929,320)	7,072,717
Comprehensive income for the period ended September 30, 2010	-	-	-	-	-	(131,551)	(131,551)
Issue of Right Shares	5,565,217	-	-	-	(2,189,440)	-	3,375,777
Discount on issue of right shares	-	(2,365,217)	-	-	-	-	(2,365,217)
Share issue cost	-	-	-	-	-	(27,428)	(27,428)
Balance as at September 30, 2010	14,334,734	(2,365,217)	20,935	22,145	-	(4,088,299)	7,924,298

Transaction costs incurred in connection with the issue of shares has been accounted for as a deduction from equity, in accordance with paragraph 37 of IAS 32 'Financial Instruments: Presentation'.

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

President & Chief Executive Officer

Chairman

Director

Director

Notes to and Forming Part of the Condensed Interim Financial Statements (Un-audited)

For The Nine Months Period Ended September 30, 2010

1 STATUS AND NATURE OF BUSINESS

Samba Bank Limited (the bank) is a banking company incorporated in Pakistan and is engaged in commercial banking and related services. The bank is listed on all the stock exchanges of Pakistan. Its principal and registered office is located at 6th Floor, Sidco Avenue Centre, Maulana Deen Muhammad Wafai Road, Karachi. The bank is a subsidiary of SAMBA Financial Group of Saudi Arabia which holds 80.68% (December 31, 2009: 68.42%) shares of the bank. The bank operates 28 (December 31, 2009: 28) branches inside Pakistan.

In order to comply with the minimum paid-up capital requirements prescribed by the State Bank of Pakistan (SBP) the bank issued 556,522 million ordinary shares (par value of Rs 10 per share) at a discounted subscription price of Rs 5.75 per share during the period. The issue of shares was approved in the extraordinary general meeting of the bank held on December 30, 2009. The issue of capital at discount was approved by the SBP and the Securities and Exchange Commission of Pakistan (SECP) vide their letters BSD/BIA-2/201/901/2009 dated September 19, 2009 and EMD/CI/36/2009/70 dated January 20, 2010 respectively. The shareholding of SAMBA Financial Group of Saudi Arabia after the allotment of right shares (including unsubscribed right shares underwritten by SAMBA Financial Group) has increased to 80.68% as at September 30, 2010 from 68.42% 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 financial statements as such but are restricted to the amount of facility actually utilised and appropriate portion of mark-up thereon.

3 STATEMENT OF COMPLIANCE

- These condensed interim financial statements have 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, Banking Companies Ordinance, 1962 or 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 IFRS, the requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 or the requirements of the said directives prevail.
- The SBP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and International Accounting Standard (IAS) 40, 'Investment Property' for Banking Companies through BSD Circular Letter No. 10 dated August 26, 2002 till further instructions. Further, the SECP has deferred the applicability of International Financial Reporting Standard (IFRS) 7 'Financial Instruments: Disclosures' through its notification S.R.O 411(I)/2008 dated April 28, 2008. Accordingly, the requirements of these standards have not been considered in the preparation of these condensed interim financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars.
- The disclosures made in these condensed interim financial statements have been limited based on the format prescribed by the State Bank of Pakistan vide BSD Circular Letter No. 2 dated May 12, 2004 and International Accounting Standard 34, Interim Financial Reporting. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the financial statements of the bank for the year ended December 31, 2009.

4 BASIS OF MEASUREMENT

These condensed interim financial statements have 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 SUMMARY OF 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, 2009.

6. INVESTMENTS

(Rupees in '000)

Note	September 30, 2010			December 31, 2009			
	Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total	
Held for trading securities	61	-	-	-	-	-	
Available for sale securities	62	2,524,001	468,805	2,992,806	3,997,331	1,535,053	5,532,384
Held to maturity securities	63	316,377	-	316,377	320,071	-	320,071
Associates / Associated companies	64	371,470	-	371,470	371,470	-	371,470
		3,211,848	468,805	3,680,653	4,688,872	1,535,053	6,223,925
Provision for diminution in the value of investments		(398,900)	-	(398,900)	(416,424)	-	(416,424)
Deficit on revaluation of held for trading securities		-	-	-	-	-	-
Deficit on revaluation of available for sale securities		(17,620)	(2,369)	(19,989)	(759)	1,087	328
Investments-net		2,795,327	466,436	3,261,763	4,271,689	1,536,140	5,807,829
6.1 Held for trading securities							
Market Treasury Bills		-	-	-	-	-	-
6.2 Available-for-sale securities							
Market Treasury Bills		2,236,141	468,805	2,704,946	3,672,991	1,535,053	5,208,044
Pakistan Investment Bonds		116,633	-	116,633	116,224	-	116,224
Sukuk Bond		10,000	-	10,000	10,000	-	10,000
Ordinary shares and certificates - listed		85,818	-	85,818	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
		2,524,001	468,805	2,992,806	3,997,331	1,535,053	5,532,384
6.3 Held-to-maturity securities							
Pakistan Investment Bonds		316,377	-	316,377	320,071	-	320,071
6.4 Associates							
Ordinary shares - listed		371,470	-	371,470	371,470	-	371,470

7. ADVANCES - NET

(Rupees in '000)

Note	September 30, 2010	December 31, 2009
Loans, cash credits, running finances, etc. - in Pakistan	11,863,523	11,605,399
Net Investment in finance lease in - Pakistan	507,599	567,821
Bills discounted and purchased (excluding government treasury bills)	171,133	170,140
Advances gross	12,542,255	12,343,360
Less: Provision for loans and advances		
- Specific provision	(2,576,788)	(2,544,717)
- General provision	(56,350)	(75,232)
	(2,633,138)	(2,619,949)
	9,909,117	9,723,411

71 Advances include Rs 2,716.5 million which have been placed under non-performing status as detailed below:

(Rupees in '000)

Category of classification	September 30, 2010			
	Classified Advances		Total	Provision held
	Domestic	Overseas		required
Substandard	102,428	-	102,428	25,093
Doubtful	377	-	377	189
Loss	2,613,696	-	2,613,696	2,551,506
	2,716,501	-	2,716,501	2,576,788

72 The general provision includes a provision amounting to Rs 33,750 million against consumer financing portfolio as required by the Prudential Regulations issued by the SBP. General provision also includes a provision of Rs 22,600 million made in respect of potential loan losses present in the portfolio but not specifically identified and has been determined on the basis of management best estimate.

(Rupees in '000)

	September 30, 2010	December 31, 2009
8 BORROWINGS		
Secured		
Borrowings from SBP under export refinance scheme	903,935	1,286,716
Repurchase agreement borrowings	465,558	1,532,232
	1,369,493	2,818,948
Unsecured		
Call money borrowing	200,000	300,000
Bankers Equity Limited (under liquidation)	22,336	22,336
	222,336	322,336
	1,591,829	3,141,284
9 DEPOSITS AND OTHER ACCOUNTS		
Customers		
Fixed deposits	6,603,332	5,980,945
Savings deposits	3,743,984	2,621,126
Current accounts - non-remunerative	4,746,363	2,757,072
Others - non-remunerative	11,604	12,364
	15,105,283	11,371,507
Banks and Financial Institutions		
Remunerative deposits	126,378	1,102,999
Non-remunerative deposits	21,271	46,127
	147,649	1,149,126
	15,252,932	12,520,633
10 CONTINGENCIES AND COMMITMENTS		
10.1 Direct credit substitutes		
Favouring others	472,859	421,003
	472,859	421,003
10.2 Transaction-related contingent liabilities / commitments		
Contingent liabilities in respect of performance bonds, bid bonds, warranties, etc. given favouring		
- Government	1,016,918	955,835
- Others	204,792	196,792
	1,221,710	1,152,627
10.3 Trade-related contingent liabilities		
Favouring others	296,119	607,890
	296,119	607,890
10.4 Other contingencies		
Claim against the bank not acknowledged as debt	177,933	96,766

10.5 Contingencies in respect of taxation

The Income tax department had raised an aggregate 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 demand of Rs 782.63 million for assessment years 1995-96, 1998-99 to assessment year 2002-03 on account of taxability of investment bank as banking companies, taxation of dividend income, add back relating to extra shift allowance, lease rentals received or receivable, lease key money and certain other items. The department has raised a further demand of Rs 0.632 million for the tax year 2006 in respect of addition on account of restriction of depreciation, apportionment of expenses and bad debts written off. 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 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 1,210.049 million raised by the income tax authorities.

10.6 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.

10.7 Commitments in respect of forward foreign exchange contracts

Purchase

Sale

(Rupees in '000)	
(Un-audited)	(Audited)
September 30, 2010	December 31, 2009
11,049,426	3,751,883
10,203,849	3,724,147

10.8 Capital Commitments

Commitments for capital expenditure as at September 30, 2010 amounted to Rs. 5.79 million (December 31, 2009: Rs. 7.4 million).

11 LOSS PER SHARE - Basic & Diluted

Loss after taxation attributable to ordinary shareholders

Weighted average number of shares outstanding during the period

Loss per share - Basic & diluted

(Rupees in '000)	
(Un-audited)	(Un-audited)
September 30, 2010	September 30, 2009
(131,551)	(755,011)
Number of Shares	
1,156,231,815	876,951,675
(Rupees)	
(0.11)	(0.86)

11.1 Diluted earnings per share has not been presented as the bank does not have any convertible instruments in issue at September 30, 2010 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.

Contribution to staff retirement benefit plan is 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 Chief Executive and Directors to be key management personnel.

Details of transactions with related parties are given below:

(Rupees in '000)

	September 30, 2010			December 31, 2009		
	Key management personnel	Associates / Holding Company	Others	Key management personnel	Associates / Holding Company	Others
BALANCE OUTSTANDING - GROSS						
Advances						
At January 01	65,129	45,500	-	62,961	45,500	-
Given during the period	15,595	-	-	23,313	-	-
Repaid during the period	(6,378)	-	-	(21,145)	-	-
Adjustments	43	-	-	-	-	-
At September 30 / December 31	74,389	45,500	-	65,129	45,500	-
Provision held against advances	-	45,500	-	-	45,500	-
Deposits						
At January 01	102,926	3,222	92,650	58,609	15,934	57,961
Received during the period	309,224	-	43,035	251,792	162,313	300,818
Withdrawn during the period	(296,846)	-	(19,301)	(205,633)	(175,025)	(266,129)
Adjustments	7,174	-	-	(1,842)	-	-
At September 30 / December 31	122,478	3,222	116,384	102,926	3,222	92,650
Others						
Guarantees	-	42,196	-	-	42,196	-
Provision against guarantees	-	3,733	-	-	3,733	-
Balances in nostro accounts	-	7,826	-	-	4,237	-
Investment in shares	-	371,470	-	-	371,470	-
Sundry receivables	-	32,791	-	-	32,791	-
Sundry payable	-	134,439	-	-	113,989	-
Group service cost	-	100,000	-	-	70,000	-
Other Liabilities	-	5,000	-	-	5,000	-
Balances in vostro accounts	-	11,961	-	-	11,531	-
Advance share subscription money received against proposed issue of right shares	-	-	-	-	2,189,440	-
Provision against diminution in the value of investments	-	256,555	-	-	256,555	-

(Rupees in '000)

	(Un-audited)			(Audited)		
	January - September 2010			January - September 2009		
	Key management personnel	Associates / Holding Company	Others	Key management personnel	Associates / Holding Company	Others
Transactions for the period						
Remuneration and benefits	103,758	-	-	100,289	-	-
Directors fee	4,476	-	-	3,845	-	-
Commission on guarantee	-	50	-	-	54	-
Counter confirmation charges on guarantees	-	8,886	-	-	16,690	-
Provision against guarantees	-	-	-	-	3,733	-
Mark-up / return / interest expensed	5,576	-	7,987	3,995	2,396	3,079
Mark-up / return / interest income	1,906	-	-	1,853	-	-
Disposal of fixed assets	537	-	-	-	-	-
Group Services cost	-	30,000	-	-	-	-
Received against unsubscribed portion of right issue	-	1,010,184	-	-	-	-
Share capital issued (net of discount)	-	3,199,624	-	-	-	-

13 BUSINESS SEGMENTS

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

(Rupees in '000)

For the nine months period ended September 30, 2010 (Un-audited)

Particulars	Corporate finance	Trading & sales	Retail banking	Commercial banking	Total
Total income (net of interest expense and provisions)	13,144	213,630	293,481	351,435	871,690
Total operating expenses	(9,152)	(92,683)	(72,436)	(171,725)	(994,996)
Net loss (before tax)	3,992	120,947	(427,955)	179,710	(123,306)

(Rupees in '000)

For the nine months period ended September 30, 2009 (Un-audited)

Particulars	Corporate finance	Trading & sales	Retail banking	Commercial banking	Total
Total income (net of interest expense and provisions)	784	98,983	36,402	186,642	322,811
Total operating expenses	(18,059)	(94,614)	(750,064)	(255,807)	(1,118,544)
Net loss (before tax)	(17,275)	4,369	(713,662)	(69,165)	(795,733)

(Rupees in '000)

As at September 30, 2010 (Un-audited)

Particulars	Corporate finance	Trading & sales	Retail banking	Commercial banking	Total
Segment assets	13,979	13,926,496	2,748,947	12,269,914	28,959,336
Segment non-performing loans	-	-	761,421	1,955,080	2,716,501
Segment provision held	-	404,184	697,276	2,029,521	3,130,981
Segment liabilities	5	727,090	11,849,083	5,342,225	17,918,403

(Rupees in '000)

As at December 31, 2009 (Audited)

Particulars	Corporate finance	Trading & sales	Retail banking	Commercial banking	Total
Segment assets	6,408	12,302,708	3,102,483	1,465,111	26,876,640
Segment non-performing loans	-	7,096	74,070	2,005,029	2,726,295
Segment provision held	-	440,338	638,716	2,063,460	3,142,514
Segment liabilities	-	1,890,734	9,567,681	5,200,021	16,658,466

14 GENERAL

Corresponding figures have been re-arranged and reclassified, wherever necessary, to facilitate comparison. However, there are no material reclassifications to report in these condensed interim financial statements.

Figures have been rounded off to the nearest thousand rupees.

15 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on October 20, 2010 by the Board of Directors of the bank.

President & Chief Executive Officer

Chairman

Director

Director