

The **journey**
continues
Quarterly Report March 31, 2013





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Company Information

Board of Directors

Dr. Shujaat Nadeem	Chairman/ Non Executive Director
Mr. Antoine Mojabber	Non Executive Director
Mr. Beji Tak-Tak	Non Executive Director
Mr. Medhat Fareed Abbas Tawfik	Non Executive Director
Mr. Farhat Abbas Mirza	Independent Director
Mr. Humayun Murad	Independent Director
Mr. Javed Iqbal	Independent Director
Mr. Zahid Zaheer	Independent Director
Mr. Tawfiq A. Husain	President & CEO/ Executive Director

Board Audit Committee

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

Board Risk Committee

Mr. Beji Tak - Tak	Chairman
Mr. Antoine Mojabber	Member
Mr. Humayun Murad	Member
Mr. Tawfiq A. Husain	Member

Board Nomination & Remuneration Committee

Dr. Shujaat Nadeem	Chairman
Mr. Medhat Fareed Abbas Tawfik	Member
Mr. Humayun Murad	Member

President & Chief Executive Officer

Mr. Tawfiq A. Husain

Company Secretary

Ms. Saima Kamila Khan

Auditors

A. F. Ferguson & Co.
Chartered Accountants

Legal Advisors

Mohsin Tayebaly & Co.
Advocates & Legal Consultants

Head Office & Registered Office

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

Share Registrar

Famco Associates (Pvt.) Limited
1st Floor, State Life Building No. 1-A, II. Chundrigar Road, Karachi - 74000

Help Line

11 11 SAMBA (72622)

Website

www.samba.com.pk

Credit Rating by JCR-VIS

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

Our Branch Network |

Currently, SBL has a network of 28 branches located in 8 major cities across the country.

KARACHI

Bahria
Bahadurabad
Clifton
DHA Ittehad
DHA Phase VI
Fountain
Gulshan-e-Iqbal
Hyderi
Rashid Minhas
S.I.T.E.
Shahra-e-Faisal

LAHORE

Mall Road
DHA
Gulberg
Johar Town
Allama Iqbal Town
Sarwar Road
Cavalry Ground
Garden Town

ISLAMABAD / RAWALPINDI

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

GUJRANWALA

G.T. Road

FAISALABAD

Liaquat Road

MULTAN

Nusrat Road

SIALKOT

Paris Road

PESHAWAR

Saddar Road

Directors' Report

On behalf of the Board of Directors, I would like to present the Directors' Review along with the financial statements for the three months period ended March 31, 2013.

Financial Results and Overview

The financial highlights of your bank for the period ended March 31, 2013 are summarized below:

	For the Quarter Ended March 31, 2013	For the Quarter Ended March 31, 2012
	Rupees in Million	
Profit before taxation	34.417	33.039
Taxation (including deferred)	(8.230)	(16.940)
Profit after taxation	26.187	16.099
Earnings per share - in Rupees	0.02	0.01

	March 31, 2013	December 31, 2012
	Rupees in Million	
Total assets	37,831	34,854
Investments	14,072	8,895
Advances	15,799	15,445
Deposits	21,077	22,754
Paid up capital & reserves (including advance against issue of right shares)	10,113	8,474
Surplus on revaluation of securities - net of tax	18	42

During the first quarter of 2013, your bank registered post-tax profit of Rs. 26.18 million as compared to Rs. 16.09 million for the corresponding period of last year reflecting an increase of 62.7%.

Net mark-up income has shown a marginal decline of 6.9% to Rs. 313.21 million in the first quarter of 2013 from Rs. 336.46 million over the corresponding period of last year, owing to overall reduction in net spread due to cut in SBP discount rate by 2.5 % during these two comparable quarters. Non mark-up income registered an increase of 116.7% over the corresponding period of last year, mainly due to higher FX income by Rs. 24.69 million. Due to effective recovery efforts, your bank was able to make recoveries from the legacy bad loan portfolio, resulting in the reversal of provision and recoveries of Rs. 35.83 million, which is about the same as during the corresponding period of 2012. In spite of the growth in business and inflationary pressures, the administrative expenses have been efficiently managed and remain flat at Rs. 358.90 million against Rs. 359.56 million of the corresponding period of last year.

On the balance sheet, your bank's loan book slightly increased to Rs. 15.80 billion, compared to Rs. 15.44 billion as of December 31, 2012 i.e. by 2.3%. Customer deposits have shown a decline of 7.3% from Rs. 22.75 billion as at December 31, 2012 to Rs. 21.08 billion as at March 31, 2013 mainly due to attrition of some higher cost fixed deposits.

SBP has stipulated the minimum capital requirement (MCR) for December 2013 at Rs. 10 billion. Your bank has started the process of capital restructuring where it will also issue right shares in order to meet the MCR. In this context, it has already received Rs. 161 billion as advance against share subscription money from the parent, Samba Financial Group. SBP has also permitted the Bank to treat this advance share subscription money of Rs. 161 billion as share capital for meeting the minimum capital requirement of the Bank. Therefore, your bank is fully compliant with SBP's MCR.

Election of Directors

The Board of Directors of the Bank was elected at the 10th Annual General Meeting held on March 27, 2013. The Board welcomed Dr. Shujaat Nadeem as the Chairman and the newly elected members Mr. Medhat Fareed Abbas Tawfik and Mr. Antoine Mojabber. The board thanked the previous Chairman Syed Sajjad Razvi and non-executive Director Mr. Zaki Abdulmohsen Al-Mousa for their valuable contributions, as Board members, to the transformation and turnaround of Samba Bank Limited.

Credit Rating

Bank's long-term rating of AA- (Double A minus) and short term rating of A-1 (A-One), by JCR-VIS, reflects its strong liquidity position, low credit risk due to adequate credit quality with reasonable safeguard and strong capability for timely payment of all financial obligations.

Future Outlook

The prevailing economic and business challenges are expected to continue during 2013. However, the management of your bank is confident that by continuing to focus on its board approved strategy of growing the customer franchise by acquiring new customers and deepening the existing relationships, offering and cross selling new value-added products, optimizing the balance sheet and effectively managing risk, will ensure that the growth momentum and profitability achieved in previous years will also be maintained in 2013.

Acknowledgment

Finally, I wish to thank our customers for their continuing patronage, State Bank of Pakistan and other regulatory authorities for their guidance and Samba Financial Group for their commitment and support. I also thank all our staff members for their hard work and dedication which has enabled SBL to achieve a sustainable turnaround and maintain a growth trajectory for the future.

On behalf of Board of Directors,

Tawfiq A. Husain
President & Chief Executive Officer

April 24, 2013

Condensed Interim Statement of Financial Position

AS AT MARCH 31, 2013

		(Rupees in '000)	
		(Un-audited)	(Audited)
	Note	March 31, 2013	December 31, 2012
ASSETS			
Cash and balances with treasury banks		1,733,154	2,052,832
Balances with other banks		76,812	2,289,653
Lendings to financial institutions		2,745,576	2,777,162
Investments - net	9	14,072,238	8,894,957
Advances - net	10	15,798,869	15,444,776
Operating fixed assets	11	824,931	832,375
Deferred tax assets - net		1,418,044	1,409,372
Other assets		1,161,836	1,152,710
		37,831,460	34,853,837
LIABILITIES			
Bills payable		327,367	250,709
Borrowings from financial institutions	12	5,386,114	2,477,466
Deposits and other accounts	13	21,076,599	22,753,644
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities		909,857	856,135
		27,699,937	26,337,954
NET ASSETS		10,131,523	8,515,883
REPRESENTED BY:			
Share capital		14,334,734	14,334,734
Advance against issue of right shares	14	1,613,502	-
Reserves		155,798	150,561
Accumulated losses		(5,990,689)	(6,011,639)
		10,113,345	8,473,656
Surplus on revaluation of assets - net of tax		18,178	42,227
		10,131,523	8,515,883
CONTINGENCIES AND COMMITMENTS		15	

The annexed notes 1 to 20 form an integral part of this condensed interim financial information.

President and Chief Executive Officer

Chairman

Director

Director

Condensed Interim Profit And Loss Account (Un-audited)

FOR THE QUARTER ENDED MARCH 31, 2013

	(Rupees in '000)	
Note	March 31, 2013	March 31, 2012
Mark-up / return / interest earned	730,832	773,468
Mark-up / return / interest expensed	417,624	437,013
Net mark-up / return / interest income	313,208	336,455
(Reversal) / Provision against loans and advances - net	(35,665)	(32,542)
Provision for diminution in the value of investments- net	-	-
Recoveries against debts written-off	(170)	(3,153)
	(35,835)	(35,695)
Net mark-up / return / interest income after provisions	349,043	372,150
Non mark-up / interest income		
Fee, commission and brokerage income	15,985	15,929
Dividend income	-	-
Income from dealing in foreign currencies	27,754	3,061
Gain / (loss) on sale of securities	(486)	1,522
Gain / (loss) on revaluation of investments classified as held for trading	(208)	189
Other income	1,255	(255)
Total non mark-up / interest income	44,300	20,446
	393,343	392,596
Non mark-up / interest expenses		
Administrative expenses	358,895	359,556
Other provisions / write offs- net	31	-
Other charges	-	1
Total non mark-up / interest expenses	358,926	359,557
	34,417	33,039
Extraordinary items	-	-
Profit before taxation	34,417	33,039
Taxation - Current year	3,857	7,933
- Prior years	-	-
- Deferred	4,373	9,007
	8,230	16,940
Profit after taxation	26,187	16,099
Accumulated losses brought forward	(6,011,639)	(6,252,347)
Transfer to statutory reserve	(5,237)	(3,220)
Accumulated losses carried forward	(5,990,689)	(6,239,468)

(Rupees)

Earnings per share - Basic & Diluted

16

0.02

0.01

The annexed notes 1 to 20 form an integral part of this condensed interim financial information.

President and Chief Executive Officer

Chairman

Director

Director

Condensed Interim Statement of Comprehensive Income (Un-audited)

FOR THE QUARTER ENDED MARCH 31, 2013

	(Rupees in '000)	
	March 31, 2013	March 31, 2012
Profit for the period	26,187	16,099
Other comprehensive income	-	-
Total comprehensive income for the period	26,187	16,099
Components of comprehensive income / (loss) not reflected in equity		
(Deficit) / surplus on revaluation of available for sale financial assets - net of tax	(24,049)	(6,623)
Total comprehensive income for the period	2,138	9,476

The annexed notes 1 to 20 form an integral part of this condensed interim financial information.

President and Chief Executive Officer

Chairman

Director

Director

Condensed Interim Cash Flow Statement (Un-audited)

FOR THE QUARTER ENDED MARCH 31, 2013

(Rupees in '000)

Note	March 31, 2013	March 31, 2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	34,417	33,039
Adjustments for non-cash charges and other items		
Depreciation	28,084	29,575
Amortisation	1,748	1,342
Reversal against loans and advances - net	(35,665)	(32,542)
Loss / (Gain) on revaluation of investment held for trading	208	(189)
(Gain) / Loss on sale of operating fixed assets	(1,255)	255
Loss / (Gain) on sale of securities	486	(1,522)
Other provisions / write offs- net	31	-
	(6,363)	(3,081)
	28,054	29,958
(Increase) / decrease in operating assets		
Lendings to financial institutions	31,586	(3,028,383)
Held for trading securities	(5,131,345)	(546,224)
Advances	(318,427)	170,064
Other assets (excluding advance & current taxation)	(11,764)	126,115
	(5,429,950)	(3,278,428)
Increase / (decrease) in operating liabilities		
Bills payable	76,658	(281,962)
Borrowings from financial institutions	2,908,648	(1,874,026)
Deposits and other accounts	(1,677,045)	347,811
Other liabilities	53,722	(29,545)
	1,361,983	(1,837,722)
	(4,039,913)	(5,086,192)
	(1,221)	(1,017)
Income tax paid		
Net cash flows from operating activities	(4,041,134)	(5,087,209)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investments in securities	(83,723)	5,038,205
Investment in operating fixed assets	(22,813)	(10,974)
Proceeds from sale of fixed assets	1,649	291
Net cash flows from investing activities	(104,887)	5,027,522
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	1,613,502	-
Cost incurred on issuance of shares	-	-
Net cash flows from financing activities	1,613,502	-
Increase/ (decrease) in cash and cash equivalents	(2,532,519)	(59,687)
Cash and cash equivalents at beginning of the period	4,342,485	1,522,690
Cash and cash equivalents at the end of the period	1,809,966	1,463,003

The annexed notes 1 to 20 form an integral part of this condensed interim financial information.

President and Chief Executive Officer

Chairman

Director

Director

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

FOR THE QUARTER ENDED MARCH 31, 2013

	(Rupees in '000)					
	Share capital	Capital reserve	Statutory reserve	Advance against proposed issue of right shares	Accumulated losses	Total
Balance as at January 01, 2012	14,334,734	20,935	69,448	-	(6,252,347)	8,172,770
Comprehensive income for the period ended March 31, 2012	-	-	-	-	16,099	16,099
Transfer to statutory reserve	-	-	3,220	-	(3,220)	-
Balance as at March 31, 2012	14,334,734	20,935	72,668	-	(6,239,468)	8,188,869
Comprehensive income for the nine months ended December 31, 2012	-	-	-	-	284,787	284,787
Transfer to statutory reserve	-	-	56,958	-	(56,958)	-
Balance as at December 31, 2012	14,334,734	20,935	129,626	-	(6,011,639)	8,473,656
Comprehensive income for the period ended March 31, 2013	-	-	-	-	26,187	26,187
Advance share subscription money received against proposed issue of right shares	-	-	-	1,613,502	-	1,613,502
Transfer to Statutory Reserve	-	-	5,237	-	(5,237)	-
Balance as at March 31, 2013	14,334,734	20,935	134,863	1,613,502	(5,990,689)	10,113,345

The annexed notes 1 to 20 form an integral part of this condensed interim financial information.

President and Chief Executive Officer

Chairman

Director

Director

Notes to the Condensed Interim Financial Information (Un-audited)

FOR THE QUARTER ENDED MARCH 31, 2013

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% (2012: 80.68%) shares of the Bank as at March 31, 2013. The Bank operates 28 branches (December 31, 2012: 28 branches) inside Pakistan.

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

2 BASIS OF PRESENTATION

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

3 STATEMENT OF COMPLIANCE

- 3.1 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, the Banking Companies Ordinance, 1962 and the directives issued by the Securities and Exchange Commission of Pakistan (SECP) and the State Bank of Pakistan (SBP). Wherever the requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962, or the directives issued by the SECP and the SBP differ with the requirements of IFRS, the requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and the requirements of the said directives prevail.
- 3.2 The SBP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and International Accounting Standard (IAS) 40, 'Investment Property' for Banking Companies through BSD Circular Letter No. 10 dated August 26, 2002 till further instructions. Further, the SECP has deferred the applicability of International Financial Reporting Standard (IFRS) 7 'Financial Instruments: Disclosures' through its notification S.R.O 411(I)/2008 dated April 28, 2008. Accordingly, the requirements of these standards have not been considered in the preparation of these financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars.
- 3.3 SBP vide its BSD Circular No. 07 dated April 20, 2010 has clarified that for the purpose of preparation of financial statements in accordance with International Accounting Standard -1 (Revised) 'Presentation of Financial Statements', two statement approach shall be adopted i.e. separate 'Profit and Loss Account' and 'Statement of Comprehensive Income' shall be presented, and Balance Sheet shall be renamed as 'Statement of Financial Position'. Furthermore, the Surplus / (Deficit) on Revaluation of Available for sale (AFS) Securities only, may be included in the 'Statement of Comprehensive Income'. Accordingly, the above requirements have been adopted in the preparation of this condensed interim financial information.
- 3.4 The disclosures made in this condensed interim financial information have been limited based on the format prescribed by the State Bank of Pakistan vide BSD Circular Letter No. 2 dated May 12, 2004 and International Accounting Standard 34, 'Interim Financial Reporting'. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the financial statements of the Bank for the year ended December 31, 2012.

4 BASIS OF MEASUREMENT

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

5 FUNCTIONAL AND PRESENTATION CURRENCY

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

6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation of balances adopted in the preparation of this condensed interim financial information are same as those applied in the preparation of the annual financial statements of the Bank for the year ended December 31, 2012.

7 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The basis and the methods used for critical accounting estimates and judgments adopted in this condensed interim financial information are same as those applied in the preparation of the annual financial statements of the Bank for the year ended December 31, 2012.

8 FINANCIAL RISK MANAGEMENT

The Bank's Financial Risk Management objectives and policies are consistent with those disclosed in the annual financial statements for the year ended December 31, 2012.

9 INVESTMENTS

		(Rupees in '000)					
		(Un-audited)			(Audited)		
Note	March 31, 2013			December 31, 2012			
	Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total	
Held for trading securities	9.1	5,165,148	-	5,165,148	33,803	-	33,803
Available for sale securities	9.2	8,697,679	-	8,697,679	8,613,010	-	8,613,010
Held to maturity securities	9.3	302,663	-	302,663	304,094	-	304,094
		14,165,490	-	14,165,490	8,950,907	-	8,950,907
Provision for diminution in the value of investments		(118,078)	-	(118,078)	(118,078)	-	(118,078)
(Deficit) / Surplus on revaluation held for trading securities		(199)	-	(199)	9	-	9
Surplus on revaluation of available for sale securities		25,025	-	25,025	62,119	-	62,119
Investments-net		14,072,238	-	14,072,238	8,894,957	-	8,894,957
9.1 Held for trading securities							
Market Treasury Bills		5,165,148	-	5,165,148	33,803	-	33,803
9.2 Available-for-sale securities							
Market Treasury Bills		7,027,334	-	7,027,334	6,766,775	-	6,766,775
Pakistan Investment Bonds		1,533,387	-	1,533,387	1,709,277	-	1,709,277
Ordinary shares and certificates - listed		84,612	-	84,612	84,612	-	84,612
Ordinary shares - unlisted		52,346	-	52,346	52,346	-	52,346
Preference shares - listed		-	-	-	-	-	-
		8,697,679	-	8,697,679	8,613,010	-	8,613,010
9.3 Held-to-maturity securities							
Pakistan Investment Bonds		302,663	-	302,663	304,094	-	304,094

9.4 Particulars of provision for diminution in the value of investments

		(Rupees in '000)	
		(Un-audited)	(Audited)
		March 31, 2013	December 31, 2012
Opening balance		118,078	234,676
Charge for the period / year		-	-
Reversals on disposal made during the period / year		-	-
Provision written off during the period / Year		-	(116,598)
Closing balance		118,078	118,078

10 ADVANCES - NET

	Note	(Rupees in '000)	
		(Un-audited)	(Audited)
		March 31, 2013	December 31, 2012
Loans, cash credits, running finances, etc.			
- In Pakistan		17,471,792	17,232,494
Net Investment in finance lease			
- In Pakistan		459,359	461,122
Bills discounted and purchased (excluding government treasury bills)			
- Payable in Pakistan		149,965	128,429
- Payable outside Pakistan		67,109	20,890
Advances gross		18,148,225	17,842,935
Less: Provision for loans and advances			
- Specific provision		(2,345,813)	(2,393,465)
- General provision	10.2	(3,543)	(4,694)
		(2,349,356)	(2,398,159)
		15,798,869	15,444,776

10.1 Advances include Rs 2,402.857 million (December 31, 2012: Rs. 2451.481 million) which have been placed under non-performing status as detailed below:

Category of classification	(Rupees in '000)				
	March 31, 2013 (Un-audited)				
	Classified Advances		Total	Provision required	Provision held
	Domestic	Overseas			
Substandard	5,356	-	5,356	1,264	1,264
Doubtful	-	-	-	-	-
Loss	2,397,501	-	2,397,501	2,344,549	2,344,549
	2,402,857	-	2,402,857	2,345,813	2,345,813

Category of classification	(Rupees in '000)				
	December 31, 2012 (Audited)				
	Classified Advances		Total	Provision required	Provision held
	Domestic	Overseas			
Substandard	5,046	-	5,046	1,182	1,182
Doubtful	-	-	-	-	-
Loss	2,446,435	-	2,446,435	2,392,283	2,392,283
	2,451,481	-	2,451,481	2,393,465	2,393,465

10.2 The general provision has been made against consumer financing portfolio as required by the Prudential Regulations issued by the SBP.

11 OPERATING FIXED ASSETS

	(Rupees in '000)	
	(Un-audited)	(Un-audited)
	March 31, 2013	March 31, 2012
Additions during the period - including transfers from capital work-in-progress (at cost)	20,220	27,315
Disposals during the period (at cost)	8,973	1,712

12 BORROWINGS FROM FINANCIAL INSTITUTIONS

	(Rupees in '000)	
	(Un-audited)	(Audited)
	March 31, 2013	December 31, 2012
Secured		
Borrowings from SBP under export refinance scheme	2,405,931	2,405,931
Borrowings from SBP under LTFF	51,504	49,199
Repurchase agreement borrowings	2,906,343	-
	5,363,778	2,455,130
Unsecured		
Bankers Equity Limited (under liquidation)	22,336	22,336
	5,386,114	2,477,466

13 DEPOSITS AND OTHER ACCOUNTS

Customers		
Fixed deposits	10,181,520	10,904,220
Savings deposits	5,778,400	5,706,431
Current accounts - non-remunerative	4,973,002	5,333,684
Others - non-remunerative	49,070	49,731
	20,981,992	21,994,066
Banks and Financial Institutions		
Remunerative deposits	57,956	639,842
Non-remunerative deposits	36,651	119,736
	94,607	759,578
	21,076,599	22,753,644

14 ADVANCE AGAINST ISSUE OF RIGHT SHARES

This represents share subscription money received from Samba Financial Group (the holding company of the bank) against proposed issue of right shares. The SBP has permitted the Bank to treat this advance share subscription money of Rs. 1,613,502 thousand as share capital for meeting the minimum capital requirement of the Bank.

15 CONTINGENCIES AND COMMITMENTS

	(Rupees in '000)	
	(Un-audited)	(Audited)
	March 31, 2013	December 31, 2012
15.1 Direct credit substitutes		
Favouring government	-	-
Favouring Banks and other financial institutions	160,644	190,666
Favouring others	246,571	245,076
	407,215	435,742
15.2 Transaction-related contingent liabilities /commitments		
Contingent liabilities in respect of performance bonds, bid bonds, warranties, etc. given favouring		
- Government	2,325,138	2,272,022
- Others	29,532	29,145
	2,354,670	2,301,167
15.3 Trade-related contingent liabilities		
Favouring Banks and other financial institutions	-	-
Favouring others	4,825,239	4,712,774
	4,825,239	4,712,774
15.4 Other Contingencies		
Claims against the Bank not acknowledged as debt	161,733	161,733

These represent various cases filed against the Bank for recovery of damages / settlement of deposit balances by various parties. Based on the legal advice, management believes that the possibility of any outcome against the Bank is remote and accordingly no provision has been made in this condensed interim financial information.

15.5 Contingencies in respect of taxation

The Income tax department has raised a demand of Rs. 426.787 million for the assessment years 1995-96, 1996-97, 1999-00, 2001-02, 2002-03 on account of non-deduction of tax on profit paid under portfolio management scheme, interest paid on foreign currency deposits and certificates of investment. The department has also raised further demand of Rs. 645.337 million for assessment years 1999-00, 2000-01 to assessment year 2002-03 and tax year 2006 on account of taxability of investment banks as banking companies and taxation of dividend income as normal banking income, lease rentals received or receivable, lease key money and certain other items. The aforementioned relates to pending assessments of the Bank and amalgamated entities namely Crescent Investment Bank Limited, Trust Investment Bank Limited and Pakistan Industrial Leasing Corporation. Additionally, tax department has raised demand of Rs 29.052 million for the assessment years 2009, 2010 and 2011 on account of Federal Excise Duty.

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

15.6 Commitments to extend credit

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

15.7 Commitments in respect of forward foreign exchange contracts

	(Rupees in '000)	
	(Un-audited)	(Audited)
	March 31, 2013	December 31, 2012
Purchase	10,784,020	3,224,067
Sale	8,955,777	3,723,994

15.8 Capital Commitments

Commitments for capital expenditure as at March 31, 2013 amounted to Rs. 15.788 million (December 31, 2012: Rs. 15.082 million).

16 EARNINGS PER SHARE - Basic & Diluted

	(Rupees in '000)	
	(Un-audited)	(Un-audited)
	March 31, 2013	March 31, 2012
Profit after taxation attributable to ordinary shareholders	26,187	16,099
Weighted average number of shares outstanding during the period	1,433,473,414	1,433,473,414
Earnings per share - Basic & diluted	0.02	0.01

17 RELATED PARTY TRANSACTIONS

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

Banking transactions with the related parties are entered in the normal course of business. Remuneration to key management personnel is in accordance with employee agreements and service rules. Transactions with executives include disbursement of advances on terms softer than those offered to the customers of the Bank.

Contributions to the contributory provident fund scheme are made in accordance with the terms of the contribution plan.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the bank. The bank considers all members of their management team, including the Chief Executive Officer and Directors to be key management personnel.

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

(Rupees in '000)

	March 31, 2013 (Un-audited)				December 31, 2012 (Audited)			
	Key management personnel	Parent Company	Associates	Others	Key management personnel	Parent Company	Associates	Others
BALANCE OUTSTANDING - GROSS								
Advances								
At January 01	26,205	-	-	-	66,438	-	41,500	-
Given during the period / year	448	-	-	-	3,109	-	-	-
Repaid during the period / year	(1,059)	-	-	-	(29,808)	-	(23,000)	-
Adjustments	-	-	-	-	(13,534)	-	-	-
Written off during the year	-	-	-	-	-	-	(18,500)	-
At March 31 / December 31	25,594	-	-	-	26,205	-	-	-
Deposits								
At January 01	118,733	-	-	6,851	128,537	-	3,222	16,149
Received during the period / year	316,109	-	-	168,197	632,660	-	-	713,845
Withdrawn during the period / year	(290,018)	-	-	(170,384)	(643,700)	-	-	(723,143)
Adjustments	1,697	-	-	-	1,236	-	(3,222)	-
At March 31 / December 31	146,521	-	-	4,664	118,733	-	-	6,851
Others								
Guarantees	-	15,385	-	-	-	15,385	-	-
Amount received against proposed right issue	-	1,613,502	-	-	-	-	-	-
Balances in nostro accounts	-	13,279	-	-	-	12,097	-	-
Reversal of provision against investments	-	-	-	-	-	-	98,383	-
Proceeds from sale of investments	-	-	-	-	-	-	7,000	-
Sundry payable (including Group Shared Service cost)	-	207,651	-	-	-	185,719	-	-
Balances in vostro accounts	-	25,194	-	-	-	94,727	-	-

(Rupees in '000)

	March 31, 2013 (Un-audited)				March 31, 2012 (Un-audited)			
	Key management personnel	Parent Company	Associates	Others	Key management personnel	Parent Company	Associates	Others
TRANSACTIONS FOR THE PERIOD								
Remuneration and benefits	27,229	-	-	-	30,572	-	-	-
Directors fee	1,731	-	-	-	1,380	-	-	-
Comission on guarantee	-	-	-	-	-	113	-	-
Counter confirmation charges on guarantees	-	-	-	-	-	4,579	-	-
Mark-up / return / interest expensed	1,266	-	-	61	2,155	-	-	-
Mark-up / return / interest income	2,089	-	-	-	546	-	-	-
Group Services cost	-	19,032	-	-	-	18,955	-	-

Forex transactions during the period - samba financial group

(Currency in '000)

CURRENCY	READY / SPOT / TOM		FORWARD	
	Buy	Sell	Buy	Sell
AED	1,150	-	-	-
CAD	1,430	1,030	-	-
CHF	20	-	-	-
EUR	1,300	3,590	1,730	1,000
GBP	1,500	2,725	1,400	-
JPY	4,429	-	-	-
USD	35,231	5,723	1,279	4,438

Forex deals outstanding as at the period end

(Currency in '000)

CURRENCY	READY / SPOT / TOM		FORWARD	
	Buy	Sell	Buy	Sell
EUR	-	-	550	1,000
GBP	-	-	550	-
USD	-	-	1,279	1,536

18 BUSINESS SEGMENTS

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

(Rupees in '000)

Particulars	For the quarter ended March 31, 2013 (Un-audited)				
	Corporate finance	Trading & sales	Retail banking	Commercial banking	Total
Total income (net of interest expense and provisions)	-	82,090	193,774	117,448	393,312
Total operating expenses	(3,361)	(26,862)	(262,727)	(65,945)	(358,895)
Net (loss) / income (before tax)	(3,361)	55,228	(68,953)	51,503	34,417

(Rupees in '000)

Particulars	For the quarter ended March 31, 2012 (Un-audited)				
	Corporate finance	Trading & sales	Retail banking	Commercial banking	Total
Total income (net of interest expense and provisions)	2,000	37,891	216,013	136,692	392,596
Total operating expenses	(2,962)	(26,420)	(260,417)	(69,758)	(359,557)
Net (loss) / income (before tax)	(962)	11,471	(44,404)	66,934	33,039

(Rupees in '000)

Particulars	As at March 31, 2013 (Un-audited)				
	Corporate finance	Trading & sales	Retail banking	Commercial banking	Total
Segment assets	9,886	19,484,616	2,177,932	18,797,871	40,470,305
Segment non-performing loans	-	-	635,211	1,767,646	2,402,857
Segment provision held	-	(123,221)	(634,266)	(1,881,357)	(2,638,844)
Segment liabilities	26	2,959,489	19,017,266	5,723,156	27,699,937

Particulars	(Rupees in '000)				
	As at December 31, 2012 (Audited)				
	Corporate finance	Trading & sales	Retail banking	Commercial banking	Total
Segment assets	15,221	16,787,764	2,227,454	18,511,045	37,541,484
Segment non-performing loans	-	-	647,434	1,804,047	2,451,481
Segment provision held	-	(123,123)	(647,268)	(1,917,256)	(2,687,647)
Segment liabilities	641	12,990	18,798,196	7,526,127	26,337,954

19 GENERAL

Figures have been rounded off to the nearest thousand rupees.

20 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on April, 24 2013 by the Board of Directors of the bank.

President and Chief Executive Officer

Chairman

Director

Director

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