

Quarterly Report
September 30 | 2009

Samba Bank Limited

(formerly Crescent Commercial Bank Limited)



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Company Information

Board of Directors

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

Audit Committee

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

Board Credit Committee

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

Company Secretary

Syed Ali Azfar Naqvi *

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

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Auditors

A. F. Ferguson & Co.

Chartered Accountants

Legal Advisors

Mohsin Tayebaly & Co.
Hassan & Hassan Advocates

Advocates & Legal Consultants

Head Office & Registered Office

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

Share Registrar

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

Samba Phone Banking

11 11 SAMBA (72622)

Website

www.samba.com.pk

Credit Rating by JCR-VIS

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

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

Directors' Review

For the period ended September 30, 2009

I wish to present, on behalf of the Board of Directors, the Directors' Review of Samba Bank Limited along with the interim condensed financial statements for the period ended September 30, 2009.

Financial Results

The financials highlights of your bank for the period ended September 30, 2009 are:

	For the period ended September 30, 2009	For the period ended September 30, 2008
	Rupees in million	
Loss before taxation	(796)	(470)
Taxation (including deferred)	41	137
Loss after taxation	(755)	(333)
Loss per share - in Rupees	(0.86)	(0.38)

	September 30, 2009	December 31, 2008
	Rupees in million	
Total assets	17,580	16,487
Investments	5,671	3,829
Advances	6,113	6,163
Deposits	10,166	9,860
Paid up capital & reserves (before revaluation reserve)	4,721	5,476
Surplus / (deficit) on revaluation of securities - net of tax	11	(14)

Financial Overview

Samba Bank Limited (SBL) posted a loss after tax amounting to Rs. 755 million for the nine months period ended on September 30, 2009. Increased operational costs, narrow spreads, higher provisions and lower recovery of the legacy bad loan portfolio are the major factors for the higher loss in the current period, compared to corresponding period of the last year.

Operational costs increased as the bank incurred additional expenses on the new branches and because of higher IT related charges. Additionally, one time rightsizing cost and inflationary pressures have unfavorably impacted the operational costs for the period. The bank also recorded provision amounting to Rs. 223 million, 80% more as compared to the corresponding period, largely due to the legacy portfolio and to the consumer loans portfolio.

On the balance sheet side, total assets of the bank grew by 7% as compared to December 31, 2008, contributed by investments and corporate lending. Likewise, the bank grew its deposit base by Rs. 306 million, compared to December 31, 2008 and improved its deposit mix by increasing the low cost and stable current & saving accounts base by 104%. During the July-September quarter, your bank also introduced a new current account product, "Samba Sehel Account" which offers additional features and convenience for its customers.

Credit Rating

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

Future Outlook

Challenging business environment is effecting the banking sector growth. Weaker revenue and increasing non performing loans are the major challenges for the banks. In the midst of all this, your bank has remained focused on its strategic objectives of providing quality service to its customers by offering world class banking products, improving operational efficiencies, steadily widening and increasing its core revenues, reducing the blended cost of deposits and effective risk management. The revenue growth will come with increase in low cost deposits, steady increase in corporate lending and roll out of new and innovative products.

Acknowledgment

On behalf of the Board of Directors and management, I would like to express sincere gratitude to our customers, business partners and shareholders for their patronage and trust, State Bank of Pakistan, Securities and Exchange Commission of Pakistan and other regulators for their guidance and support, and the staff for their commitment, dedication, and teamwork.

On behalf of Board,

Tawfiq A. Husain
President and Chief Executive
Karachi
October 26, 2009

Samba Bank Limited (Formerly Crescent Commercial Bank Limited)

Condensed Interim Balance Sheet

As At September 30, 2009

	Note	September 30, 2009 (Un-audited)	December 31, 2008 (Audited)
(Rupees in '000)			
ASSETS			
Cash and balances with treasury banks		852,900	774,575
Balances with other banks		30,869	331,201
Lendings to financial institutions		1,905,559	2,313,308
Investments - net	6	5,670,903	3,829,354
Advances - net	7	6,112,808	6,163,008
Operating fixed assets		1,130,807	1,157,689
Deferred tax assets - net		1,114,546	1,080,273
Other assets		762,000	837,928
		17,580,392	16,487,336
LIABILITIES			
Bills payable		81,237	55,349
Borrowings from financial institutions	8	1,787,274	437,949
Deposits and other accounts	9	10,165,819	9,859,537
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		420	420
Other liabilities		813,637	671,927
Deferred tax liabilities		-	-
		12,848,387	11,025,182
NET ASSETS		<u>4,732,005</u>	<u>5,462,154</u>
REPRESENTED BY:			
Share capital		8,769,517	8,769,517
Reserves		43,080	43,080
Accumulated loss		(4,091,278)	(3,336,267)
		4,721,319	5,476,330
(Deficit) / surplus on revaluation of assets - net of tax		10,686	(14,176)
		<u>4,732,005</u>	<u>5,462,154</u>
CONTINGENCIES AND COMMITMENTS	10		
The annexed notes 1 to 15 form an integral part of these interim condensed financial statements.			
President and CEO	Chairman	Director	Director

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

Condensed Interim Profit and Loss Account (Un-audited)

For The Quarter and Nine Months Period Ended September 30, 2009

Note	Quarter ended September 30, 2009	Quarter ended September 30, 2008	Nine Months ended September 30, 2009	Nine Months ended September 30, 2008
	(Rupees in '000)			
Mark-up / return / interest earned	435,832	474,651	1,387,179	1,316,277
Mark-up / return / interest expensed	(263,458)	(298,816)	(903,229)	(795,805)
Net mark-up / return / interest income	172,374	175,835	483,950	520,472
Reversal / (Provision) against loans and advances - net	(101,354)	(87,787)	(165,487)	(133,642)
Reversal / (Provision) for diminution in the value of investments- net	-	688	-	946
Bad debts written-off directly	-	-	-	-
	(101,354)	(87,099)	(165,487)	(132,696)
Net mark-up / return / interest income after provisions	71,020	88,736	318,463	387,776
Non mark-up / interest income				
Fee, commission and brokerage income	7,367	7,066	26,454	25,265
Dividend income	-	-	-	8,169
Income from dealing in foreign currencies	(10,824)	9,148	3,989	15,086
Gain / (loss) on sale of securities	113	173	3,185	5,359
Gain / (loss) on revaluation of investments classified as held for trading	-	(73)	-	-
Other income	9,204	9,139	28,175	43,909
Total non mark-up / interest income	5,860	25,453	61,803	97,788
	76,880	114,189	380,266	485,564
Non mark-up / interest expenses				
Administrative expenses	(374,686)	(344,238)	(1,091,382)	(965,491)
Other provisions / write offs- net	(26,381)	10,026	(57,455)	10,064
Other charges	-	(82)	(27,162)	(148)
Total non mark-up / interest expenses	(401,067)	(334,294)	(1,175,999)	(955,575)
	(324,187)	(220,105)	(795,733)	(470,011)
Extraordinary items	-	-	-	-
Loss before taxation	(324,187)	(220,105)	(795,733)	(470,011)
Taxation - Current year	-	-	-	-
- Prior years	-	-	-	-
- Deferred	-	15,582	40,722	137,436
	-	15,582	40,722	137,436
Loss after taxation	(324,187)	(204,523)	(755,011)	(332,575)
Accumulated loss brought forward	(3,767,091)	(2,722,008)	(3,336,267)	(2,593,956)
Accumulated loss carried forward	(4,091,278)	(2,926,531)	(4,091,278)	(2,926,531)
Basic / diluted loss per share (Rupees)	11 (0.37)	(0.23)	(0.86)	(0.38)

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

President and CEO

Chairman

Director

Director

Samba Bank Limited (Formerly Crescent Commercial Bank Limited)

Condensed Interim Cash Flow Statement (Un-audited)

For The Nine Months Period Ended September 30, 2009

	Nine Months ended September 30, 2009	Nine Months ended September 30, 2008
	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	(795,733)	(470,011)
Less: Dividend income	-	(8,169)
	(795,733)	(478,180)
Adjustments for non-cash charges:		
Depreciation	114,342	75,278
Amortization of intangible assets	4,065	4,811
(Reversal) / Provision against loans and advances - net	165,487	133,642
(Reversal) / Provision for diminution in the value of investment	-	(946)
Finance charges on leased assets	-	893
Gain on sale of operating fixed assets	(9,167)	(1,591)
Gain on sale of securities	(3,185)	(5,359)
Other provisions / write offs-net	57,455	(38)
	328,997	206,690
	(466,736)	(271,490)
(Increase) / decrease in operating assets		
Lendings to financial institutions	407,749	3,022,535
Held for trading securities	2,429,297	-
Advances	(115,288)	(1,472,589)
Other assets (excluding advance & current taxation)	69,317	(102,625)
	2,791,075	1,447,321
Increase/ (decrease) in operating liabilities		
Bills payable	25,888	(982,235)
Borrowings from financial institutions	1,349,325	2,044,611
Deposits and other accounts	306,282	(3,358,066)
Other liabilities	43,986	9,397
	1,725,481	(2,286,293)
Income tax paid	4,049,820	(1,110,462)
	(5,930)	(2,193)
Net cash from operating activities	4,043,890	(1,112,655)
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in securities	(4,236,349)	1,359,450
Dividend received	-	8,169
Investment in operating fixed assets	(51,047)	(324,278)
Proceeds from sale of fixed assets	21,499	6,077
Net cash inflow from / (outflow on) investing activities	(4,265,897)	1,049,418
CASH FLOW FROM FINANCING ACTIVITIES		
Payments of obligations under finance lease	-	(3,876)
Proceeds from issue of shares	-	-
Cost incurred on issuance of shares	-	-
Net cash used in financing activities	-	(3,876)
Increase / (Decrease) in cash and cash equivalents	(222,007)	(67,113)
Cash and cash equivalents at beginning of the period	1,105,776	1,066,959
Cash and cash equivalents at end of the period	883,769	999,846
Cash and cash equivalents		
Cash and balances with treasury banks	852,900	928,962
Balances with other banks	30,869	70,884
	883,769	999,846
The annexed notes 1 to 15 form an integral part of these interim condensed financial statements.		
President and CEO	Chairman	Director
		Director

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

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

For The Nine Months Period Ended September 30, 2009

	Share capital	Capital reserve	Statutory reserve	Revenue reserve	(Accumulated loss)	Total
(Rupees in '000)						
Balance as at January 01, 2008	8,769,517	20,935	22,145	-	(2,593,956)	6,218,641
Loss after taxation for the period ended September 30, 2008	-	-	-	-	(332,575)	(332,575)
Balance as at September 30, 2008	8,769,517	20,935	22,145	-	(2,926,531)	5,886,066
Loss after taxation for the quarter ended December 31, 2008	-	-	-	-	(409,736)	(409,736)
Balance as at December 31, 2008	8,769,517	20,935	22,145	-	(3,336,267)	5,476,330
Loss after taxation 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

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

President and CEO

Chairman

Director

Director

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

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

For The Quarter and Nine Months Period Ended September 30, 2009

1 STATUS AND NATURE OF BUSINESS

Samba Bank Limited (formerly Crescent Commercial 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, 2008: 28) branches inside Pakistan.

- 1.1 The State Bank of Pakistan vide BSD Circular No. 19 dated September 5, 2008 and BSD Circular No. 7 dated April 15, 2009 has specified minimum capital requirements for banks operating in Pakistan. As per the SBP requirements, all banks were required to achieve a minimum capital (net of losses) of Rs 5 billion by December 31, 2008 and are required to increase it to a minimum of Rs 6 billion by December 31, 2009. The paid up capital (net of losses) of the bank as at September 30, 2009 was Rs 4.721 billion. The bank is currently working with its holding company, SAMBA Financial Group Saudi Arabia for enhancement of its capital in order to ensure compliance with the minimum capital requirement as at December 31, 2009.

2 BASIS OF PRESENTATION

In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, the State Bank of Pakistan has issued various circulars from time to time. Permissible forms of trade-related modes of financing include purchase of goods by banks from their customers and immediate resale to them at appropriate mark-up in price on deferred payment basis. The purchases and sales arising under these arrangements are not reflected in these 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 interim financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board, as are notified under the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 or the directives issued by the Securities and Exchange Commission of Pakistan and the State Bank of Pakistan. Wherever the requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 or directives issued by the Securities and Exchange Commission of Pakistan and the State Bank of Pakistan differ with the requirements of IFRS, the requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 or the requirements of the said directives prevail.
- (b) The State Bank of Pakistan has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and International Accounting Standard (IAS) 40, 'Investment Property' for Banking Companies through BSD Circular Letter No. 10 dated August 26, 2002. Accordingly, the requirements of these standards have not been considered in the preparation of these financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the State Bank of Pakistan through various circulars.
- (c) The disclosures made in these interim financial statements have, however been limited based on the format prescribed by the State Bank of Pakistan vide BSD Circular Letter No. 2 dated May 12, 2004 and International Accounting Standard 34, Interim Financial Reporting. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the financial statements of the bank for the year ended December 31, 2008.

4 BASIS OF MEASUREMENT

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

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

6 INVESTMENTS

	Note	(Un-audited) September 30, 2009			(Audited) December 31, 2008		
		Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total
		(Rupees in '000)					
Held for trading securities	6.1	-	-	-	2,427,240	-	2,427,240
Available for sale securities	6.2	4,706,111	665,378	5,371,489	931,881	197,784	1,129,665
Held to maturity securities	6.3	321,311	-	321,311	324,786	-	324,786
Associates / Associated companies	6.4	371,470	-	371,470	371,470	-	371,470
		5,398,892	665,378	6,064,270	4,055,377	197,784	4,253,161
Provision for diminution in the value of investments		(402,252)	-	(402,252)	(402,252)	-	(402,252)
		4,996,640	665,378	5,662,018	3,653,125	197,784	3,850,909
Surplus/(Deficit) on revaluation of held for trading securities		-	-	-	872	-	872
(Deficit) / Surplus on revaluation of available for sale securities		6,272	2,613	8,885	(21,698)	(729)	(22,427)
Investments-net		5,002,912	667,991	5,670,903	3,632,299	197,055	3,829,354
6.1 Held for trading securities							
Market Treasury Bills		-	-	-	2,427,240	-	2,427,240
6.2 Available-for-sale securities							
Market Treasury Bills		4,382,207	665,378	5,047,585	599,251	197,784	797,035
Pakistan Investment Bonds		114,789	-	114,789	113,514	-	113,514
Sukuk Bond		10,000	-	10,000	10,000	-	10,000
Ordinary shares and certificates - listed		123,706	-	123,706	123,707	-	123,707
Ordinary shares - unlisted		65,409	-	65,409	65,409	-	65,409
Preference shares - listed		10,000	-	10,000	10,000	-	10,000
Units of open-end mutual fund - listed		-	-	-	10,000	-	10,000
		4,706,111	665,378	5,371,489	931,881	197,784	1,129,665
6.3 Held-to-maturity securities							
Pakistan Investment Bonds		321,311	-	321,311	324,786	-	324,786
6.4 Associates / Associated companies							
Ordinary shares - listed		371,470	-	371,470	371,470	-	371,470

	Note	(Un-audited) September 30, 2009	(Audited) December 31, 2008
(Rupees in '000)			
7 ADVANCES - NET			
Loans, cash credits, running finances, etc. - in Pakistan		7,874,611	7,766,435
Net Investment in finance lease in - Pakistan		599,354	705,510
Bills discounted and purchased (excluding government treasury bills)			
- Payable in Pakistan		119,372	133,944
- Payable outside Pakistan		83,531	-
		202,903	133,944
Advances gross		8,676,868	8,605,889
Less: Provision for loans and advances			
- Specific provision	7.1	(2,474,134)	(2,319,334)
- General provision	7.2	(89,926)	(123,547)
		(2,564,060)	(2,442,881)
		6,112,808	6,163,008

7.1 Advances include Rs 2,677 million which have been placed under non-performing status as detailed below:

Category of classification	September 30, 2009 (Un-audited)			
	Classified Advances		Provision required	Provision held
	Domestic	Overseas		
	(Rupees in '000)			
Substandard	205,343	-	50,156	55,564
Doubtful	984	-	492	492
Loss	2,471,035	-	2,418,078	2,418,078
	2,677,362	-	2,468,726	2,474,134

7.2 The general provision includes a provision amounting to Rs 77.174 million against consumer financing portfolio as required by the Prudential Regulations issued by the SBP. General provision also includes a provision of Rs 12.752 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.

	Note	(Un-audited) September 30, 2009	(Audited) December 31, 2008
(Rupees in '000)			
8 BORROWINGS FROM FINANCIAL INSTITUTIONS			
Secured			
Borrowings from SBP under export refinance scheme		998,000	224,000
Repurchase agreement borrowings		666,938	191,613
		1,664,938	415,613
Unsecured			
Bankers Equity Limited (under liquidation)		22,336	22,336
Call money borrowing		100,000	-
		122,336	22,336
		1,787,274	437,949

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	Note	(Un-audited) September 30, 2009	(Audited) December 31, 2008
		(Rupees in '000)	
9 DEPOSITS AND OTHER ACCOUNTS			
Customers			
Fixed deposits		4,910,184	6,822,669
Savings deposits		2,402,190	1,338,633
Current accounts - non-remunerative		2,645,652	1,116,212
Others - non-remunerative		11,787	34,757
		9,969,813	9,312,271
Banks and Financial Institutions			
Remunerative deposits		151,790	507,456
Non-remunerative deposits		44,216	39,810
		196,006	547,266
		10,165,819	9,859,537
10 CONTINGENCIES AND COMMITMENTS			
10.1 Direct credit substitutes			
Contingent liabilities in respect of guarantees given favouring			
- Government		-	800,000
- Banks and financial institutions		-	-
- Others		427,174	5,034,998
		427,174	5,834,998
10.2 Transaction-related contingent liabilities /commitments			
Contingent liabilities in respect of performance bonds, bid bonds, warranties, etc. given favouring			
- Government		1,088,249	375,139
- Banks and financial institutions		-	-
- Others		12,475	144
		1,100,724	375,283
10.3 Trade-related contingent liabilities			
Contingent liabilities in respect of letters of credit opened favouring			
- Government		-	-
- Banking companies and other financial institutions		-	-
- Others		367,275	-
		367,275	-

10.4 Contingencies in respect of taxation

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

Presently, the bank is contesting these add backs / demands at various appellate forums. The disallowances in respect of a number of assessment years have been decided / set aside by various appellate authorities for re-assessment while the bank's appeal in respect of the remaining assessment years are currently pending. Based on the professional advice received from the tax advisors, the management is confident that the eventual outcome of the aforementioned matters will be in favour of the bank. Accordingly, no provision has been made in these financial statements in respect of the above mentioned demands of Rs 1,284.492 million raised by the income tax authorities.

10.5 Commitments in respect of forward lending

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

10.6 Commitments in respect of forward foreign exchange contracts

Purchase

Sale

10.7 Capital Commitments

Commitments for capital expenditure as at September 30, 2009 amounted to Rs. 5.167 million (December 31, 2008: Rs. 18.76 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

(Un-audited) September 30, 2009	(Audited) December 31, 2008
(Rupees in '000)	

1,608,080	804,200
1,330,160	804,215

(Un-audited) September 30, 2009	(Un-audited) September 30, 2008
(Rupees in '000)	

(755,011)	(332,575)
Number of Shares	
876,951,675	876,951,675
(Rupees)	
(0.86)	(0.38)

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:

	September 30, 2009 (Un-audited)			December 31, 2008 (Audited)		
	Key management personnel	Associates	Others	Key management personnel	Associates	Others
	(Rupees in '000)					
BALANCE OUTSTANDING - GROSS						
Advances						
At January 01	62,961	45,500	-	45,701	45,500	-
Given during the period	9,434	-	-	44,546	-	-
Repaid during the period	(18,415)	-	-	(14,363)	-	-
Adjustments	-	-	-	(12,923)	-	-
At September 30 / December 31	53,980	45,500	-	62,961	45,500	-
Provision held against advances	-	45,500	-	-	45,500	-
Deposits						
At January 01	58,609	15,934	57,961	24,405	14,443	15,288
Received during the period	178,882	162,313	236,037	362,197	358,000	87,851
Withdrawn during the period	(156,961)	(175,025)	(209,241)	(311,724)	(355,146)	(45,178)
Adjustments	(2,128)	-	-	(16,269)	(1,363)	-
At September 30 / December 31	78,403	3,222	84,757	58,609	15,934	57,961
Others						
Guarantees	-	42,196	-	-	42,196	-
Provision against guarantees	-	3,733	-	-	-	-
Balances in nostro accounts	-	7,676	-	-	1,053	-
Investment in shares	-	371,470	-	-	371,470	-
Sundry receivables	-	32,791	-	-	32,791	-
Sundry payable	-	112,709	-	-	25,000	-
Balances in vostro accounts	-	19,635	-	-	12,787	-
Provision against diminution in the value of investments	-	242,383	-	-	242,383	-

	January - September 2009 (Un-audited)			January - September 2008 (Un-audited)		
	Key management personnel	Associates	Others	Key management personnel	Associates	Others
	(Rupees in '000)					
Transactions for the period						
Remuneration and benefits	100,289	-	-	109,367	-	-
Directors fee	3,845	-	-	3,260	-	-
Commission on guarantee	-	54	-	-	318	-
Counter confirmation charges on guarantees	-	16,690	-	-	-	-
Letter of guarantee issued	-	-	-	-	38,463	-
Provision against guarantees	-	3,733	-	-	-	-
Mark-up / return / interest expensed	3,995	2,396	3,019	1,740	368	600
Mark-up / return / interest income	1,853	-	-	1,767	-	-
Disposal of fixed assets	-	-	-	459	-	-

13 BUSINESS SEGMENTS

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

	For the nine months period ended September 30, 2009 (Un-audited)				
Particulars	Corporate finance	Trading & sales	Retail banking	Commercial banking	Total
	(Rupees in '000)				
Total income (net of interest expense and provisions)	784	98,983	36,402	244,097	380,266
Total operating expenses	18,059	94,614	750,064	313,262	1,175,999
Net loss (before tax)	(17,275)	4,369	(713,662)	(69,165)	(795,733)

	For the nine months period ended September 30, 2008 (Un-audited)				
Particulars	Corporate finance	Trading & sales	Retail banking	Commercial banking	Total
	(Rupees in '000)				
Total income (net of interest expense and provisions)	-	195,711	22,630	277,287	495,628
Total operating expenses	11,728	129,110	633,218	191,583	965,639
Net loss (before tax)	(11,728)	66,601	(610,588)	85,704	(470,011)

	As at September 30, 2009 (Un-audited)				
Particulars	Corporate finance	Trading & sales	Retail banking	Commercial banking	Total
	(Rupees in '000)				
Segment assets	6,550	10,009,516	3,284,970	7,338,609	20,639,645
Segment non-performing loans	-	4,313	652,592	2,020,457	2,677,362
Segment provision held	-	426,534	559,289	2,073,430	3,059,253
Segment liabilities	-	797,949	8,753,004	3,297,434	12,848,387

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

14 GENERAL

Figures have been rounded off to the nearest thousand rupees.

15 DATE OF AUTHORISATION FOR ISSUE

These interim condensed financial statements were authorised for issue on October 26, 2009 by the Board of Directors of the bank.

President and CEO

Chairman

Director

Director

Branch Network

Karachi

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

Lahore

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

Islamabad

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

Rawalpindi

Sadar Bazar Branch

Multan

Multan Branch

Sialkot

Paris Road Branch

Peshawar

Saddar Road Branch

Faisalabad

Liaquat Road Branch

Gujranwala

G.T Road Branch

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