

The **journey**  
continues  
Quarterly Report September 30, 2013



samba  سامبا



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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. Shahid Sattar	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. Shahid Sattar	Member

## Board Nomination & Remuneration Committee

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

## President & Chief Executive Officer

Mr. Shahid Sattar

## Company Secretary

Syed Zia -ul- Husnain Shamsi \*

## 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, I.I. 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)

\* Appointed as Company Secretary w.e.f. October 21, 2013

# 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  
SMCHS  
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  
Jinnah Avenue  
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 interim condensed financial statements for the nine months period ended September 30, 2013.

## Financial Results and Overview

The financial highlights of your bank for the period ended September 30, 2013 are summarized below:

	For the period ended September 30, 2013	For the period ended September 30, 2012
	Rupees in Million	
Profit before taxation	37.034	160.662
Taxation (including deferred)	(5.324)	(83.570)
Profit after taxation	42.358	244.230
Earnings per share - in Rupees	0.03	0.17

	September 30, 2013	December 31, 2012
	Rupees in Million	
Total assets	45,581	34,854
Investments	24,020	8,895
Advances	15,448	15,445
Deposits	21,194	22,754
Paid up capital & reserves (including advance against issue of right shares)	10,130	8,474
Surplus on revaluation of securities - net of tax	(29)	42

During the period, your bank registered profit after tax of Rs. 42.36 million as compared to Rs. 244.23 million for the corresponding period of last year, reflecting a decrease of 82.66%, which was mainly due to one-off major reversal of provisions and tax refunds in the corresponding period of last year.

Net mark-up income for the nine months ended September 30, 2013 marginally declined to Rs. 999.15 million from Rs. 1,027.50 million in the corresponding period of last year, largely due to the impact of reduction in the discount rate by SBP during the two comparable periods and increase in minimum rate to be paid on saving accounts.

Non mark-up income registered an increase of 21% over the corresponding period of last year, mainly due to higher FX income by Rs. 22.77 million and fee and commission income by Rs. 19.43 million. This increase reflects the bank's focus on cross selling to generate non-interest income, especially when the banking sector is facing the challenge of spread compression due to declining interest rates and increase in the minimum savings/deposit rate as directed by SBP.

Due to effective recovery efforts, your bank was able to make recoveries from the legacy bad loan portfolio, resulting in the net reversal of provision and recoveries of Rs. 44.95 million during the period under review.

Despite growth in business and continuing inflationary pressures, the administrative expenses have been efficiently managed and increased to Rs. 1,132 million in the current period against Rs. 1,085.85 million in the corresponding period of last year registering marginal increase of 4.25%.



On the Balance Sheet, your Bank's loan book, due to weak credit off take, remained almost flat at Rs. 15.45 billion, compared to Rs. 15.44 billion as of December 31, 2012. Although, customer deposits declined by 6.85% to Rs. 21.19 billion as at September 30, 2013 from Rs. 22.75 billion as at December 31, 2012 due to attrition of higher cost fixed deposits, the overall mix of customer deposits significantly improved. Stable and low cost CASA (Current Accounts Savings Accounts) grew by 13.66% to Rs. 12.84 billion from Rs. 11.30 billion on December 31, 2012 and mix of CASA improved from 49.62% of total customer deposits on December 31, 2012 to 60.57% on September 30, 2013.

#### **Capital Restructuring**

SBP has stipulated minimum capital requirement (MCR) for December 2013 at Rs. 10 billion. Your bank has started the process of capital restructuring, which involves capital reduction and issuance of right shares in order to meet the MCR. In this context, it has already received Rs. 1.61 billion as advance against share subscription money from the parent, Samba Financial Group. SBP has permitted the bank to treat this advance share subscription money of Rs. 1.61 billion as share capital for meeting the minimum capital requirement of the bank. Therefore, your bank is fully compliant with SBP's MCR. Recently, your bank has also received the favorable court orders to proceed with the capital reduction. Honorable High Court has also allowed the bank to dispense with the words "and reduced" from its name. Bank has also received the acknowledgement of filing from SECP to proceed with the capital reduction exercise and book closure period has also been announced by the bank accordingly.

#### **Credit Rating**

JCR-VIS has reaffirmed your bank's long-term rating of AA- (Double A minus) and short term rating of A-1 (A-One). These ratings reflect strong liquidity position, low credit risk due to adequate credit quality with reasonable safeguard and strong capability for timely payment of all financial obligations.

#### **Appointment of new Chief Executive Officer**

The Board designated Mr. Shahid Sattar as the new President and Chief Executive Officer with effect from 1st August, 2013 and he assumed his responsibilities effecting from 7th September, 2013 as Mr. Tawfiq A. Husain retired on 6th September, 2013. The Board placed on record their appreciation for the contribution of Tawfiq A. Husain and wished the new President and CEO Mr. Shahid Sattar success in his new role.

#### **Appointment of new Company Secretary**

The Board has appointed new Company Secretary Syed Zia-ul-Husnain Shamsi with effect from October 21, 2013. We wish him a fulfilling career with Samba Bank Limited.

#### **Future Outlook**

Your bank will remain focused on its strategy of stable and sustained growth by widening the customer base through the acquisition of "new to bank" customers and deepening the existing relationships, offering and cross selling new value-added products, ensuring robust risk management and control processes, optimizing operational efficiencies and by constantly improving service quality standards.

#### **Acknowledgment**

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 to become a strong and stable bank.

On behalf of Board of Directors,

Shahid Sattar  
President & Chief Executive Officer  
October 23, 2013



# Financial Statements

For the Quarter And Nine Months Ended September 30, 2013







## CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2013

(Rupees in '000)

	Note	September 30, 2013	December 31, 2012
<b>ASSETS</b>			
Cash and balances with treasury banks		1,963,120	2,052,832
Balances with other banks		98,269	2,289,653
Lendings to financial institutions		490,420	2,777,162
Investments - net	9	24,020,226	8,894,957
Advances - net	10	15,447,936	15,444,776
Operating fixed assets	11	843,744	832,375
Deferred tax assets - net		1,479,553	1,409,372
Other assets		1,237,962	1,152,710
		45,581,230	34,853,837
<b>LIABILITIES</b>			
Bills payable		865,175	250,709
Borrowings from financial institutions	12	12,520,810	2,477,466
Deposits and other accounts	13	21,194,190	22,753,644
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities		900,766	856,135
		35,480,941	26,337,954
<b>NET ASSETS</b>		<b>10,100,289</b>	<b>8,515,883</b>
<b>REPRESENTED BY:</b>			
Share capital		14,334,734	14,334,734
Advance against issue of right shares		1,613,502	-
Reserves		159,033	150,561
Accumulated losses		(5,977,753)	(6,011,639)
		10,129,516	8,473,656
(Deficit) / surplus on revaluation of assets - net of tax		(29,227)	42,227
		10,100,289	8,515,883

### CONTINGENCIES AND COMMITMENTS

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The annexed notes 1 to 19 form an integral part of this condensed interim financial information.

\_\_\_\_\_  
President and Chief Executive Officer

\_\_\_\_\_  
Chairman

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

## CONDENSED INTERIM PROFIT AND LOSS ACCOUNT

FOR THE QUARTER AND NINE MONTHS ENDED SEPTEMBER 30, 2013

(Rupees in '000)

Note	Quarter ended		Nine Months ended	
	September 30, 2013	September 30, 2012	September 30, 2013	September 30, 2012
Mark-up / return / interest earned	837,254	794,203	2,355,700	2,314,343
Mark-up / return / interest expensed	484,994	451,651	1,356,550	1,286,840
Net mark-up / return / interest income	352,260	342,552	999,150	1,027,503
(Reversal) / Provision against loans and advances - net	(3,828)	(4,182)	(46,097)	(47,253)
Provision for diminution in the value of investments- net	-	(10,000)	-	(10,000)
Recoveries against debts written-off / (Bad debts written-off directly)	(177)	(412)	(686)	(3,834)
	(4,005)	(14,594)	(46,783)	(61,087)
Net mark-up / return / interest income after provisions	356,265	357,146	1,045,933	1,088,590
<b>Non mark-up / interest income</b>				
Fee, commission and brokerage income	17,577	15,633	72,876	53,448
Dividend income	959	-	2,268	-
Income from dealing in foreign currencies	16,011	17,566	47,480	24,707
(Loss) / gain on sale of securities	(2,889)	19,578	(3,499)	22,211
Gain / (loss) on revaluation of investments classified as held for trading	(220)	(226)	577	(516)
Other income	1,440	954	5,994	4,003
Total non mark-up / interest income	32,878	53,505	125,696	103,853
	389,143	410,651	1,171,629	1,192,443
<b>Non mark-up / interest expenses</b>				
Administrative expenses	388,722	369,132	1,132,023	1,085,850
Other provisions / write offs- net	(402)	8	1,836	(55,957)
Workers' welfare fund	(276)	(961)	736	830
Other charges	-	157	-	1,058
Total non mark-up / interest expenses	388,044	368,336	1,134,595	1,031,781
	1,099	42,315	37,034	160,662
Extraordinary items	-	-	-	-
<b>Profit before taxation</b>	1,099	42,315	37,034	160,662
Taxation				
- Current year	8,686	(3,609)	24,713	12,057
- Prior years	-	(165,892)	-	(165,892)
- Deferred	(12,586)	27,254	(30,037)	70,265
	(3,900)	(142,247)	(5,324)	(83,570)
<b>Profit after taxation</b>	4,999	184,562	42,358	244,230
<b>Earnings per share - Basic &amp; Diluted (Rupees)</b>	0.003	0.13	0.03	0.17

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The annexed notes 1 to 19 form an integral part of this condensed interim financial information.

President and Chief Executive Officer

Chairman

Director

Director

## CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

FOR THE QUARTER AND NINE MONTHS ENDED SEPTEMBER 30, 2013

(Rupees in '000)

	Quarter ended		Nine months ended	
	September 30, 2013	September 30, 2012	September 30, 2013	September 30, 2012
Profit for the period	4,999	184,562	42,358	244,230
Other Comprehensive income	-	-	-	-
Comprehensive income transferred to condensed interim statement of changes in equity	4,999	184,562	42,358	244,230
Components of comprehensive income / (loss) not reflected in equity				
(Deficit) / surplus on revaluation of available for sale financial assets - net of tax	(80,831)	43,190	(71,454)	34,828
Total comprehensive income / (loss) for the period	(75,832)	227,752	(29,096)	279,058

The annexed notes 1 to 19 form an integral part of this condensed interim financial information.

\_\_\_\_\_  
President and Chief Executive Officer

\_\_\_\_\_  
Chairman

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

## CONDENSED INTERIM CASH FLOW STATEMENT

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2013

(Rupees in '000)

### CASH FLOWS FROM OPERATING ACTIVITIES

Profit before taxation  
Less: Dividend income

#### Adjustments for non-cash charges:

Depreciation  
Amortization  
Reversal against loans and advances - net  
Surplus / (Deficit) on revaluation of investment held for trading  
Adjustment / written off of operating fixed assets  
Tangible / Intangible assets written off  
Gain on sale of operating fixed assets  
Gain / (Loss) on sale of securities  
Reversal of provisions for diminution in the value of investment  
Other provisions / write offs- net

#### (Increase) / decrease in operating assets

Lendings to financial institutions  
Held for trading securities  
Advances  
Other assets (excluding advance & current taxation)

#### Increase / (decrease) in operating liabilities

Bills payable  
Borrowings from financial institutions  
Deposits and other accounts  
Other liabilities

Income tax paid  
Net cash flows from operating activities

### CASH FLOWS FROM INVESTING ACTIVITIES

Net investments in securities  
Dividend received  
Investment in operating fixed assets  
Proceeds from sale of fixed assets  
Net cash flows from investing activities

### CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from issue of shares  
Cost incurred on issuance of shares  
Net cash flows from financing activities

#### Increase / (Decrease) in cash and cash equivalents

Cash and cash equivalents at beginning of the period  
Cash and cash equivalents at end of the period

September 30, 2013	September 30, 2012
37,034	160,662
(2,268)	-
34,766	160,662
83,172	82,539
5,940	4,443
(46,097)	(47,253)
(577)	516
-	-
-	3,711
(5,992)	(2,562)
3,499	(22,211)
-	(10,000)
1,836	(55,957)
41,781	(46,774)
76,547	113,888
2,286,742	(2,141,528)
(7,822,386)	(2,940,533)
42,938	2,148,395
(106,845)	(74,222)
(5,599,551)	(3,007,888)
614,466	(289,544)
10,043,344	(1,909,266)
(1,559,454)	3,220,564
49,619	211,315
9,147,975	1,233,069
3,624,971	(1,660,931)
(9,884)	(7,461)
3,615,087	(1,668,392)
(7,417,403)	1,993,920
2,268	-
(106,110)	(52,050)
11,560	6,081
(7,509,685)	1,947,951
1,613,502	-
-	-
1,613,502	-
(2,281,096)	279,559
4,342,485	1,522,690
2,061,389	1,802,249

The annexed notes 1 to 19 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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2013

	(Rupees in '000)					
	Share capital	Capital reserve	Statutory reserve	Advance against proposed issue of right shares	Accumulated losses	Total
<b>Balance as at January 01, 2012</b>	14,334,734	20,935	69,448	-	(6,252,347)	8,172,770
Comprehensive income for the period ended September 30, 2012	-	-	-	-	244,230	244,230
Transfer to statutory reserve	-	-	48,845	-	(48,845)	-
<b>Balance as at September 30, 2012</b>	14,334,734	20,935	118,293	-	(6,056,962)	8,417,000
Comprehensive income for the Quarter ended December 31, 2012	-	-	-	-	56,656	56,656
Transfer to statutory reserve	-	-	11,333	-	(11,333)	-
<b>Balance as at December 31, 2012</b>	14,334,734	20,935	129,626	-	(6,011,639)	8,473,656
Comprehensive income for the period ended September 30, 2013	-	-	-	-	42,358	42,358
Advance share subscription money received against proposed issue of right shares	-	-	-	1,613,502	-	1,613,502
Transfer to Statutory Reserve	-	-	8,472	-	(8,472)	-
<b>Balance as at September 30, 2013</b>	14,334,734	20,935	138,098	1,613,502	(5,977,753)	10,129,516

The annexed notes 1 to 19 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

### FOR THE NINE MONTHS ENDED SEPTEMBER 30, 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% shares of the Bank as at September 30, 2013 (2012: 80.68%). The Bank operates 28 branches (December 31, 2012: 28 branches) inside Pakistan.

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

#### 2 BASIS OF PRESENTATION

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

#### 3 STATEMENT OF COMPLIANCE

- 3.1 This condensed interim financial information has been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and the directives issued by the Securities and Exchange Commission of Pakistan (SECP) and the State Bank of Pakistan (SBP). Wherever the requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962, or the directives issued by the SECP and the SBP differ with the requirements of IFRS, the requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and the requirements of the said directives prevail.
- 3.2 The SBP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and International Accounting Standard (IAS) 40, 'Investment Property' for Banking Companies through BSD Circular Letter No. 10 dated August 26, 2002 till further instructions. Further, the SECP has deferred the applicability of International Financial Reporting Standard (IFRS) 7 'Financial Instruments: Disclosures' through its notification S.R.O 411(I)/2008 dated April 28, 2008. Accordingly, the requirements of these standards have not been considered in the preparation of this condensed interim financial information. However, investments have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars.
- 3.3 SBP vide its BSD Circular No. 07 dated April 20, 2010 has clarified that for the purpose of preparation of financial statements in accordance with International Accounting Standard - 1 (Revised) 'Presentation of Financial Statements', two statement approach shall be adopted i.e. separate 'Profit and Loss Account' and 'Statement of Comprehensive Income' shall be presented, and Balance Sheet shall be renamed as 'Statement of Financial Position'. Furthermore, 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 and commitments in respect of foreign exchange contracts and derivative financial instruments have been marked to market and are carried at fair value.

#### 5 FUNCTIONAL AND PRESENTATIONAL CURRENCY

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

## 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)

	Note	September 30, 2013			December 31, 2012		
		Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total
Held for trading securities	9.1	3,388,108	4,468,081	7,856,189	33,803	-	33,803
Available for sale securities	9.2	7,736,065	5,770,125	13,506,190	8,613,010	-	8,613,010
Held to maturity securities	9.3	2,824,818	-	2,824,818	304,094	-	304,094
		<u>13,948,991</u>	<u>10,238,206</u>	<u>24,187,197</u>	<u>8,950,907</u>	<u>-</u>	<u>8,950,907</u>
Provision for diminution in the value of investments		(118,078)	-	(118,078)	(118,078)	-	(118,078)
Surplus / (Deficit) on revaluation of held for trading securities		642	(55)	587	9	-	9
(Deficit) / surplus on revaluation of available for sale securities		(43,625)	(5,855)	(49,480)	62,119	-	62,119
Investments-net		<u>13,787,930</u>	<u>10,232,296</u>	<u>24,020,226</u>	<u>8,894,957</u>	<u>-</u>	<u>8,894,957</u>
<b>9.1 Held-for-trading securities</b>							
Market Treasury Bills		3,388,108	4,468,081	7,856,189	33,803	-	33,803
Pakistan Investment Bonds		-	-	-	-	-	-
		<u>3,388,108</u>	<u>4,468,081</u>	<u>7,856,189</u>	<u>33,803</u>	<u>-</u>	<u>33,803</u>
<b>9.2 Available-for-sale securities</b>							
Market Treasury Bills		5,260,952	5,770,125	11,031,077	6,766,775	-	6,766,775
Pakistan Investment Bonds		2,338,155	-	2,338,155	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		-	-	-	-	-	-
		<u>7,736,065</u>	<u>5,770,125</u>	<u>13,506,190</u>	<u>8,613,010</u>	<u>-</u>	<u>8,613,010</u>
<b>9.3 Held-to-maturity securities</b>							
Pakistan Investment Bonds		2,824,818	-	2,824,818	304,094	-	304,094

9.4 Particulars of provision for diminution in the value of investments

		(Rupees in '000)	
		September 30, 2013	December 31, 2012
Opening balance	Note	118,078	234,676
Charge for the period / year		-	-
Reversals on disposal made during the period / year		-	-
Amounts written off		-	(116,598)
Closing balance		118,078	118,078
<b>10 ADVANCES - NET</b>			
Loans, cash credits, running finances, etc.			
- In Pakistan		16,836,036	17,232,494
Net Investment in finance lease			
- In Pakistan		454,935	461,122
Bills discounted and purchased (excluding government treasury bills)			
- Payable in Pakistan		159,431	128,429
- Payable outside Pakistan		332,720	20,890
Advances gross		17,783,122	17,842,935
Less: Provision for loans and advances			
- Specific provision		(2,330,923)	(2,393,465)
- General provision	10.2	(4,263)	(4,694)
		(2,335,186)	(2,398,159)
		15,447,936	15,444,776

10.1 Advances include Rs 2,384.630 million (December 31, 2012: Rs. 2,451.481 million) which have been placed under non-performing status as detailed below:

		(Rupees in '000)			
		September 30, 2013			
Category of classification		Classified Advances		Total	Provision required
		Domestic	Overseas		
Substandard		2,329	-	2,329	582
Doubtful		-	-	-	-
Loss		2,382,301	-	2,382,301	2,330,341
		2,384,630	-	2,384,630	2,330,923

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

	September 30, 2013	September 30, 2012
Additions during the period ended - including transfers from capital work-in-progress (at cost)	91,557	64,360
Disposals during the period ended (at cost)	34,667	6,031

## 12 BORROWINGS FROM FINANCIAL INSTITUTIONS

(Rupees in '000)

	September 30, 2013	December 31, 2012
<b>Secured</b>		
Borrowings from SBP under export refinance scheme	2,230,431	2,405,931
Borrowings from SBP under LTFF	41,664	49,199
Repurchase agreement borrowings	10,226,379	-
	12,498,474	2,455,130
<b>Unsecured</b>		
Call money borrowings	-	-
Bankers Equity Limited (under liquidation)	22,336	22,336
	22,336	22,336
	12,520,810	2,477,466

## 13 DEPOSITS AND OTHER ACCOUNTS

<b>Customers</b>		
Fixed deposits	8,354,722	10,904,220
Savings deposits	6,653,061	5,706,431
Current accounts - non-remunerative	5,704,918	5,333,684
Others - non-remunerative	101,652	49,731
	20,814,353	21,994,066
<b>Banks and Financial Institutions</b>		
Remunerative deposits	282,430	639,842
Non-remunerative deposits	97,407	119,736
	379,837	759,578
	21,194,190	22,753,644

## 14 CONTINGENCIES AND COMMITMENTS

### 14.1 Direct credit substitutes

Favouring government	-	-
Favouring Banks and other financial institutions	261,594	190,666
Favouring others	265,665	245,076
	527,259	435,742

### 14.2 Transaction-related contingent liabilities / commitments

Contingent liabilities in respect of performance bonds, bid bonds, warranties, etc. given favouring		
- Government	2,368,624	2,272,022
- Favouring Banks and other financial institutions	-	-
- Others	31,819	29,145
	2,400,443	2,301,167

#### 14.3 Trade-related contingent liabilities

Favouring Banks and other financial institutions  
Favouring others

#### 14.4 Other Contingencies

Claims against the Bank not acknowledged as debt

#### 14.5 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 & 2011 on account of Federal Excise Duty.

Presently, the bank is contesting these issues 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 this condensed interim financial information in respect of the above mentioned demands of Rs. 1,101.176 million raised by the income tax authorities.

#### 14.6 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.

#### 14.7 Commitments in respect of forward foreign exchange contracts

		(Rupees in '000)	
		September 30, 2013	December 31, 2012
Purchase		15,248,354	3,224,067
Sale		13,261,885	3,723,994

#### 14.8 Capital Commitments

Commitments for capital expenditure as at September 30, 2013 amounted to Rs. 26.003 million (December 31, 2012: Rs. 15.082 million).



## 15 EARNINGS PER SHARE - BASIC & DILUTED

	(Rupees in '000)			
	Quarter ended		Nine months ended	
	September 30, 2013	September 30, 2012	September 30, 2013	September 30, 2012
Profit after taxation attributable to ordinary shareholders	4,999	184,562	42,358	244,230
Weighted average number of shares outstanding during the period	1,433,473,414	1,433,473,414	1,433,473,414	1,433,473,414
Earnings per share - Basic & diluted	0.003	0.13	0.03	0.17

## 16 RELATED PARTY TRANSACTIONS

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

Banking transactions with the related parties are entered in the normal course of business. Remuneration to key management personnel is paid 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)							
	September 30, 2013				December 31, 2012			
	Key management personnel	Parent Company	Associates	Others	Key management personnel	Parent Company	Associates	Others
<b>BALANCE OUTSTANDING - GROSS</b>								
<b>Advances</b>								
At January 01	26,205	-	-	-	66,438	-	41,500	-
Given during the period / year	30,758	-	-	-	3,109	-	-	-
Repaid during the period / year	(3,242)	-	-	-	(29,808)	-	(23,000)	-
Adjustments	-	-	-	-	(13,534)	-	-	-
Written off during the year	-	-	-	-	-	-	(18,500)	-
At September 30 / December 31	53,721	-	-	-	26,205	-	-	-
<b>Deposits</b>								
At January 01	118,733	-	-	6,851	128,537	-	3,222	16,149
Received during the period / year	940,496	-	-	298,108	632,660	-	-	713,845
Withdrawn during the period / year	(918,993)	-	-	(302,892)	(643,700)	-	-	(723,143)
Adjustments	(57,420)	-	-	-	1,236	-	(3,222)	-
At September 30 / December 31	82,816	-	-	2,067	118,733	-	-	6,851

(Rupees in '000)

	September 30, 2013				December 31, 2012			
	Key management personnel	Parent Company	Associates	Others	Key management personnel	Parent Company	Associates	Others
Others								
Guarantees	-	52,507	-	-	-	15,385	-	-
Amount received against proposed right issue	-	1,613,502	-	-	-	-	-	-
Balances in nostro accounts	-	14,376	-	-	-	12,097	-	-
Reversal of provision against investments	-	-	-	-	-	-	98,383	-
Proceeds from sale of investments	-	-	-	-	-	-	7,000	-
Sundry payable (including Group Shared Service cost)	-	273,994	-	-	-	185,719	-	-
Balances in vostro accounts	-	84,081	-	-	-	94,727	-	-

(Rupees in '000)

	September 30, 2013				September 30, 2012			
	Key management personnel	Parent Company	Associates	Others	Key management personnel	Parent Company	Associates	Others
Transactions for the period ended								
Remuneration and benefits	122,809	-	-	-	113,911	-	-	-
Directors fee	4,830	-	-	-	4,709	-	-	-
Commission on guarantee	-	403	-	-	-	177	-	-
Counter confirmation charges on guarantees	-	5,471	-	-	-	5,055	-	-
Mark-up / return / interest expensed	4,417	-	-	170	4,228	-	-	428
Mark-up / return / interest income	1,020	-	-	-	1,310	-	-	-
Disposal of fixed assets	-	-	-	-	1,100	-	-	-
Group Services cost								
(including exchange impact on revaluation)	-	68,314	-	-	-	61,967	-	-
Purchase of shares ( number of shares)	6,459,000	-	-	-	1,891,338	-	-	-
Sale of government securities	-	-	-	96,533	-	-	-	341,329
Purchase of government securities	-	-	-	153,181	-	-	-	338,734

## Forex transactions during the period - Samba Financial Group

(Currency in '000)

CURRENCY	READY / SPOT / TOM		FORWARD	
	BUY	SELL	BUY	SELL
AED	3,700	170	-	-
CAD	4,642	5,126	1,052	51
CHF	20	-	-	-
EUR	6,395	12,180	4,910	5,310
GBP	5,782	11,815	6,700	1,730
JPY	120,909	193,610	-	-
SAR	250	-	-	-
SEK	50	-	-	-
USD	90,477	24,090	9,715	17,874

## Forex deals outstanding as at the period end

(Currency in '000)

CURRENCY	READY / SPOT / TOM		FORWARD	
	BUY	SELL	BUY	SELL
EUR	-	-	-	-
GBP	-	-	-	802
USD	-	-	500	-

## 17 BUSINESS SEGMENTS

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

(Rupees in '000)

Particulars	For the Nine Months Ended September 30, 2013				
	Corporate finance	Trading & sales	Retail banking	Commercial banking	Total
Total income (net of interest expense and provisions)	19,819	195,158	604,169	350,647	1,169,793
Total operating expenses	(11,120)	(89,868)	(813,985)	(217,786)	(1,132,759)
Net profit / (loss) before tax	8,699	105,290	(209,816)	132,861	37,034

(Rupees in '000)

Particulars	For the Nine Months Ended September 30, 2012				
	Corporate finance	Trading & sales	Retail banking	Commercial banking	Total
Total income (net of interest expense and provisions)	3,500	143,322	642,516	459,062	1,248,400
Total operating expenses	(10,204)	(87,013)	(773,536)	(216,985)	(1,087,738)
Net profit / (loss) before tax	(6,704)	56,309	(131,020)	242,077	160,662

(Rupees in '000)

Particulars	As at September 30, 2013				
	Corporate finance	Trading & sales	Retail banking	Commercial banking	Total
Segment assets	8,318	27,912,050	2,072,426	18,219,590	48,212,384
Segment non-performing loans	-	-	619,626	1,765,004	2,384,630
Segment provision held	-	(123,554)	(623,919)	(1,883,681)	(2,631,154)
Segment liabilities	38	10,425,028	19,387,881	5,667,994	35,480,941

(Rupees in '000)

Particulars	As at December 31, 2012				
	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

## 18 GENERAL

18.1 Figures have been rounded off to the nearest thousand rupees.

18.2 Numbers as of and for the period ended September 30, 2013 and 2012, where ever used in this condensed interim financial information are unaudited numbers; however numbers as of and for the period relating to December 2012 used in this condensed interim financial information are audited numbers.

## 19 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on October 23, 2013 by the Board of Directors of the bank.

\_\_\_\_\_  
President and Chief Executive Officer

\_\_\_\_\_  
Chairman

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

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