

Samba Bank Limited
QUARTERLY REPORT
MARCH 31, 2011



SambaPhone Banking 11 11 SAMBA (72622)

www.samba.com.pk

Samba Bank Limited

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World Class Banking

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Company Information



Board of Directors	Syed Sajjad Razvi Mr. Zaki Abdulmohsen Al-Mousa Mr. Beji Tak - Tak Dr. Shujaat Nadeem Mr. Farhat Abbas Mirza Mr. Humayun Murad Mr. Javed Iqbal Mr. Zahid Zaheer Mr. Tawfiq A. Husain	Chairman Executive Director Executive Director Executive Director Independent Non Executive Director Independent Non Executive Director Independent Non Executive Director Independent Non Executive Director President & CEO
Audit Committee	Mr. Javed Iqbal Mr. Beji Tak - Tak Mr. Zahid Zaheer	Chairman Member Member
Board Risk Committee	Mr. Beji Tak - Tak Syed Sajjad Razvi Mr. Humayun Murad Mr. Tawfiq A. Husain	Chairman Member Member Member
President & Chief Executive Officer	Mr. Tawfiq A. Husain	
Company Secretary	Saima Kamila Khan	
Auditors	A. F. Ferguson & Co.	Chartered Accountants
Legal Advisors	Mohsin Tayebaly & Co.	Advocates & Legal Consultants
Head Office & Registered Office	6 th Floor, Sidco Avenue Centre, M.D.M. Wafai Road, Karachi	
Share Registrar	Famco Associates (Pvt.) Limited 1 st 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 Credit Rating Short Term Rating	A (single A) 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
- DHA Ittehad
- DHA Phase VI
- Rashid Minhas
- Clifton
- Hyderi
- Fountain
- S.I.T.E.
- Shahra-e-Faisal
- Bahadurabad
- Guishan-e-Iqbal



LAHORE

- Mail Road
- DHA
- Gulberg
- Circular Road
- Montgomery
- Sarwar Road
- Cavalry Ground
- Garden Town



ISLAMABAD / RAWALPINDI

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



SIALKOT

- Paris Road



MULTAN

- Nusrat Road



GUJRANWALA

- G.T. Road



FAISALABAD

- Liaquat Road



PESHAWER

- Saddar Road

Directors' Report



On behalf of the Board of Directors, I am pleased to present the interim condensed financial statements for the quarter ended March 31, 2011.

Financial Results and Highlights

The financials highlights of your bank for the period ended March 31, 2011 under review are summarized below:

	For the Period Ended Mar 31, 2011	For the Period Ended Mar 31, 2010
	(Rupees in million)	
Profit / (Loss) before taxation	48.031	(61.397)
Taxation (including deferred)	(25.647)	(2.904)
Profit / (Loss) after taxation	22.384	(64.301)
Profit / (Loss) per share - In Rupees	0.02	(0.07)

	Mar 31, 2011	Dec 31, 2010
	(Rupees in million)	
Total assets	29,394	30,511
Investments	8,633	11,091
Advances	12,701	12,138
Deposits	14,606	14,872
Paid up capital & reserves (before revaluation reserve)	7,959	7,936
(Deficit) / surplus on revaluation of securities - net of tax	(8)	(11)

Financial Overview

Despite the prevailing economic challenges, your bank registered, for the first time since 2003, an after tax profit for the quarter under

review. As compared to the loss after tax of Rs. 64.3 million incurred in the quarter ended March 31, 2010, your bank registered profit after tax of Rs. 22.4 million in the first quarter of 2011. This has resulted in earning per share (EPS) of Rs. 0.02 against loss per share of -0.07 at March 31, 2010.

This turnaround is a major milestone for your bank which, while strengthening internal processes and improving service quality, has grown the revenue and also rationalized its expense base.

Net mark-up income amounts to Rs. 339 million, registering growth of 51% over the corresponding period of last year. This was achieved by reducing the cost of funds and improving yield on earning assets by 72 bps, thereby resulting in improvement in spread by approx. 146 bps over the corresponding period of last year. Recovery against legacy bad loans (net of provisioning) significantly improved to Rs. 12.1 million, compared to Rs. 1.9 million over the corresponding period of last year.

Your bank's loan portfolio grew by 5%. Overall balance sheet of your bank stood at Rs.29.4 billion against Rs. 30.5 billion in December 31, 2010. The paid up capital (net of losses) is Rs. 7.9 billion, which is well above SBP's minimum capital requirement for December 2010 of Rs. 7 billion.

Credit Rating

JCR-VIS Credit Rating Agency maintained the bank's medium to long term credit rating of A (single A) and short term rating A-1 (A One). These long and short term ratings, respectively, denote the satisfactory



credit quality with reasonable safeguard and the strong capability for timely payment of its financial obligation.

Future Outlook

Year 2011 will continue to be another challenging year for Pakistan's economy. High inflation and increasing cost of doing business will continue to put pressure on the businesses. Despite these challenges, your bank expects to grow its business and widen its revenue base through new product offerings and increased business volumes by acquiring new customers and further deepening of existing relationships.

Your bank has built a solid momentum, is on a growth trajectory and, barring a major event risk, is poised to deliver consistent and sustainable financial results.

To further strengthen Samba's brand image and its innovative products and services, your bank has recently launched a comprehensive marketing campaign.

Acknowledgment

On behalf of the Board of Directors and management, I wish to express sincere gratitude to our customers, business partners and shareholders for their patronage and trust. The Board and management thank State Bank of Pakistan and other regulatory bodies for their guidance and support.

The Board of Directors also wish to place on record its deep appreciation for the hard work and dedication of our employees in turning around your bank in the face of challenging business conditions and stiff competition in the banking industry.

On behalf of Board of Directors,

Tawfiq A. Husain
President & Chief Executive Officer

Dated: April 26th, 2011
Karachi



CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2011

	Note	2011	2010
		(Un-audited) March 31	(Audited) December 31
(Rupees in thousand)			
ASSETS			
Cash and balances with treasury banks		1,101,688	1,250,011
Balances with other banks		22,559	1,195,948
Lendings to financial institutions		3,423,896	1,389,003
Investments - net	6	8,632,623	11,090,905
Advances - net	7	12,700,806	12,137,786
Operating fixed assets		973,741	1,001,413
Deferred tax assets - net		1,582,264	1,601,463
Other assets		956,548	844,591
		<u>29,394,125</u>	<u>30,511,120</u>
LIABILITIES			
Bills payable		151,989	115,759
Borrowings from financial institutions	8	5,638,980	6,534,994
Deposits and other accounts	9	14,606,002	14,871,806
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		279	279
Deferred tax liabilities		-	-
Other liabilities		1,045,898	1,062,604
		<u>21,443,148</u>	<u>22,585,442</u>
		<u>7,950,977</u>	<u>7,925,678</u>
NET ASSETS			
REPRESENTED BY:			
Share capital		14,334,734	14,334,734
Reserves		43,080	43,080
Accumulated loss		(6,419,175)	(6,441,559)
		<u>7,958,639</u>	<u>7,936,255</u>
(Deficit) / surplus on revaluation of assets - net of tax		(7,662)	(10,577)
		<u>7,950,977</u>	<u>7,925,678</u>

CONTINGENCIES AND COMMITMENTS

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

President and Chief Executive Officer

Chairman

Director

Director



**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER ENDED MARCH 31, 2011**

	Note	
	2011	2010
	Quarter ended March 31	Quarter ended March 31
	(Rupees in thousand)	
Mark-up / return / interest earned	718,493	555,287
Mark-up / return / interest expensed	379,799	330,452
Net mark-up / return / interest income	338,694	224,835
(Reversal) / Provision against loans and advances - net	(11,442)	(1,051)
Provision for diminution in the value of investments- net	-	11,794
Bad debts written-off directly / (recoveries against debts written-off)	(634)	(905)
	(12,076)	9,838
Net mark-up / return / interest income after provisions	350,770	214,997
Non mark-up / interest income		
Fee, commission and brokerage income	17,833	20,469
Dividend income	-	8
Income from dealing in foreign currencies	6,012	16,569
Gain / (loss) on sale of securities	1,437	8
Gain / (loss) on revaluation of investments classified as held for trading	-	-
Other income	38,297	1,816
Total non mark-up / interest income	63,579	38,870
	414,349	253,867
Non mark-up / interest expenses		
Administrative expenses	362,484	323,157
Other provisions / write offs- net	3,802	(8,000)
Other charges	32	107
Total non mark-up / interest expenses	366,318	315,264
	48,031	(61,397)
Extraordinary items	-	-
Profit / Loss before taxation	48,031	(61,397)
Taxation - Current year	7,990	2,904
- Prior years	-	-
- Deferred	17,657	-
	25,647	2,904
Profit / (Loss) after taxation	22,384	(64,301)
Basic / diluted earning / (loss) per share (Rupees)	0.02	(0.07)

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

President and Chief Executive Officer

Chairman

Director

Director



CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER ENDED MARCH 31, 2011

Profit / (Loss) for the period

Other Comprehensive income

Total comprehensive income for the period

Components of comprehensive income / (loss) not reflected in equity

Deficit / surplus on revaluation of available for sale financial asset - net of tax

2011	2010
Quarter ended March 31	Quarter ended March 31
(Rupees in thousand)	
22,384	(64,301)
-	-
<hr/> 22,384	<hr/> (64,301)
2,915	(2,009)
<hr/> 25,299	<hr/> (66,310)

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



CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE QUARTER ENDED MARCH 31, 2011

CASH FLOW FROM OPERATING ACTIVITIES

Profit / (Loss) before taxation
Less: Dividend income

Adjustments for non-cash charges:

Depreciation and amortization
(Reversal) / Provision against loans and advances - net
Surplus on revaluation of investment held for trading
(Reversal) / Provision for diminution in the value of investment
Gain on sale of operating fixed assets
Gain on sale of securities
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 from operating activities

CASH FLOW FROM INVESTING ACTIVITIES

Net investments in securities
Dividend received
Investment in operating fixed assets
Proceeds from sale of fixed assets
Net cash inflow from / (outflow on) investing activities

	2011	2010
	Quarter ended March 31	Quarter ended March 31
	(Rupees in thousand)	
	48,031	(61,397)
	-	(8)
	48,031	(61,405)
	36,663	39,870
	(11,442)	(1,051)
	-	-
	-	11,794
	(38,287)	(1,799)
	(1,437)	(8)
	3,802	-
	(10,701)	48,806
	37,330	(12,599)
	(2,034,893)	1,304,637
	-	-
	(551,578)	(468,621)
	(118,857)	(71,950)
	(2,705,328)	764,066
	36,230	19,639
	(896,014)	(605,363)
	(265,804)	(841,379)
	(20,507)	17,349
	(1,146,095)	(1,409,754)
	(3,814,092)	(658,287)
	(1,091)	(203)
	(3,815,183)	(658,490)
	2,464,180	116,903
	-	8
	(19,090)	(9,847)
	48,381	5,645
	2,493,471	112,709



CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE QUARTER ENDED MARCH 31, 2011

CASH FLOW FROM FINANCING ACTIVITIES

Proceeds from issue of shares
Cost incurred on issuance of shares

Net cash used in 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

Cash and cash equivalents

Cash and balances with treasury banks
Balances with other banks

2011	2010
Quarter ended March 31	Quarter ended March 31
(Rupees in thousand)	
-	-
-	(23,261)
-	(23,261)
(1,321,712)	(569,042)
2,445,959	1,669,192
1,124,247	1,100,150
1,101,688	915,819
22,559	184,331
1,124,247	1,100,150

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



CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE QUARTER ENDED MARCH 31, 2011

	Share capital	Capital reserve	Statutory reserve	Advance share subscription money received against proposed issue of right shares	Accumulated loss	Total
(Rupees in thousand)						
Balance as at January 01, 2010	8,769,517	20,935	22,145	2,189,440	(3,929,320)	7,072,717
Loss after taxation for the quarter ended March 31, 2010	-	-	-	-	(64,301)	(64,301)
Share issue cost	-	-	-	-	(27,428)	(27,428)
Balance as at March 31, 2010	8,769,517	20,935	22,145	2,189,440	(4,021,049)	6,980,988
Issue of Right shares	5,565,217	-	-	-	-	5,565,217
Discount on issue of right shares	-	-	-	-	(2,365,217)	(2,365,217)
Loss after taxation for the nine months period ended December 31, 2010	-	-	-	-	(55,293)	(55,293)
Conversion of advance share subscription money to share capital	-	-	-	(2,189,440)	-	(2,189,440)
Balance as at December 31, 2010	14,334,734	20,935	22,145	-	(6,441,559)	7,936,255
Profit after taxation for the quarter ended March 31, 2011	-	-	-	-	22,384	22,384
Balance as at March 31, 2011	14,334,734	20,935	22,145	-	(6,419,175)	7,958,639

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

President and Chief Executive Officer

Chairman

Director

Director



NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE QUARTER ENDED MARCH 31, 2011

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 March 31, 2011 (2010: 80.68%). The Bank operates 28 branches (December 31, 2010: 28 branches) inside Pakistan.

2 BASIS OF PRESENTATION

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

3 STATEMENT OF COMPLIANCE

- (a) These condensed interim financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the requirements of the Companies Ordinance, 1984, Banking Companies Ordinance, 1962 or the directives issued by the Securities and Exchange Commission of Pakistan (SECP) and the State Bank of Pakistan (SBP). Wherever the requirements of the Companies Ordinance, 1984, Banking Companies Ordinance, 1962 or the directives issued by the SECP and SBP differ with the requirements of IFRS, the requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 or the requirements of the said directives prevail.
- (b) The SBP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and International Accounting Standard (IAS) 40, 'Investment Property' for Banking Companies through BSD Circular Letter No. 10 dated August 26, 2002 till further instructions. Further, the SECP has deferred the applicability of International Financial Reporting Standard (IFRS) 7 'Financial Instruments: Disclosures' through its notification S.R.O 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.
- (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, 2010.

4 BASIS OF MEASUREMENT

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

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the bank for the year ended December 31, 2010



6 INVESTMENTS

Note

	March 31, 2011 (Un-audited)			December 31, 2010 (Audited)		
	Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total
(Rupees in thousand)						
Available for sale securities	5,313,867	3,153,316	8,467,183	6,442,051	4,486,612	10,928,663
Held to maturity securities	313,799	-	313,799	315,061	-	315,061
Associates / Associated companies	103,383	-	103,383	103,381	-	103,381
	<u>5,731,049</u>	<u>3,153,316</u>	<u>8,884,365</u>	<u>6,860,493</u>	<u>4,486,612</u>	<u>11,347,105</u>
Provision for diminution in the value of investments	(240,729)	-	(240,729)	(240,729)	-	(240,729)
Deficit on revaluation of available for sale securities	(11,691)	678	(11,013)	(13,321)	(2,150)	(15,471)
Investments-net	<u>5,478,629</u>	<u>3,153,994</u>	<u>8,632,623</u>	<u>6,606,443</u>	<u>4,484,462</u>	<u>11,090,905</u>
6.1 Available-for-sale securities						
Market Treasury Bills	5,025,013	3,153,316	8,178,329	6,153,707	4,486,612	10,640,319
Pakistan Investment Bonds	117,627	-	117,627	117,117	-	117,117
Sukuk Bond	10,000	-	10,000	10,000	-	10,000
Ordinary shares and certificates - listed	85,817	-	85,817	85,818	-	85,818
Ordinary shares - unlisted	65,410	-	65,410	65,409	-	65,409
Preference shares - listed	10,000	-	10,000	10,000	-	10,000
	<u>5,313,867</u>	<u>3,153,316</u>	<u>8,467,183</u>	<u>6,442,051</u>	<u>4,486,612</u>	<u>10,928,663</u>
6.2 Held-to-maturity securities						
Pakistan Investment Bonds	313,799	-	313,799	315,061	-	315,061
	<u>313,799</u>	<u>-</u>	<u>313,799</u>	<u>315,061</u>	<u>-</u>	<u>315,061</u>
6.3 Associates						
Ordinary shares - listed	103,383	-	103,383	103,381	-	103,381
	<u>103,383</u>	<u>-</u>	<u>103,383</u>	<u>103,381</u>	<u>-</u>	<u>103,381</u>



7 ADVANCES - NET

Loans, cash credits, running finances, etc. - in Pakistan
 Net Investment in finance lease - in Pakistan
 Bills discounted and purchased (excluding government treasury bills)
 Advances gross
 Less: Provision for loans and advances
 Specific provision
 General provision

Note

	2011 (Un-audited) March 31	2010 (Audited) December 31
(Rupees in thousand)		
	14,750,571	14,160,908
	487,634	491,583
	54,826	94,830
	<u>15,293,031</u>	<u>14,747,321</u>
	(2,567,525)	(2,581,434)
	(24,700)	(28,101)
	<u>(2,592,225)</u>	<u>(2,609,535)</u>
	<u>12,700,806</u>	<u>12,137,786</u>

7.2

7.1 Advances include Rs 2,670.044 million (December 31, 2010: Rs. 2711.299 million) which have been placed under non-performing status as detailed below:

March 31, 2011 (Un-audited)				
Classified Advances		Total	Provision required	Provision Held
Domestic	Overseas			
(Rupees in thousand)				
53,464	-	53,464	12,616	12,616
-	-	-	-	-
2,616,580	-	2,616,580	2,554,909	2,554,909
<u>2,670,044</u>	<u>-</u>	<u>2,670,044</u>	<u>2,567,525</u>	<u>2,567,525</u>

Category of classification

Substandard
 Doubtful
 Loss

7.2 The general provision amounting to Rs 24.7 million (December 31, 2010: Rs. 28.101 million) has been made against consumer financing portfolio as required by the Prudential Regulations issued by the SBP.



8 BORROWINGS FROM FINANCIAL INSTITUTIONS

Secured

Borrowings from SBP under export refinance scheme
 Borrowing from SBP under LTF-EOP
 Repurchase agreement borrowings

Unsecured

Call money borrowing
 Bankers Equity Limited (under liquidation)

2011 (Un-audited) March 31	2010 (Audited) December 31
(Rupees in thousand)	
1,400,216	1,075,216
78,718	78,718
4,137,710	4,858,724
5,616,644	6,012,658
-	500,000
22,336	22,336
22,336	522,336
5,638,980	6,534,994

9 DEPOSITS AND OTHER ACCOUNTS

Customers

Fixed deposits
 Savings deposits
 Current accounts - non-remunerative
 Others - non-remunerative

Banks and Financial Institutions

Remunerative deposits
 Non-remunerative deposits

6,363,525	6,318,286
3,534,404	3,850,144
4,338,881	4,304,634
8,322	9,946
14,245,132	14,483,010
289,333	367,917
71,537	20,879
360,870	388,796
14,606,002	14,871,806

10 CONTINGENCIES AND COMMITMENTS

10.1 Direct credit substitutes

Favouring government
 Favouring Banks and other financial institutions
 Favouring others

800,000	800,000
158,199	312,914
213,809	214,502
1,172,008	1,327,416



10.2 Transaction-related contingent liabilities /commitments

Contingent liabilities in respect of performance bonds, bid bonds, warranties, etc. given favouring

- Government
- Others

10.3 Trade-related contingent liabilities

Favouring Banks and other financial institutions
Favouring others

10.4 Other Contingencies

Claim against the Bank not acknowledged as debt

10.5 Contingencies in respect of taxation

The Income tax department has raised demands 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.

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 these financial statements in respect of the above mentioned demands of Rs 1,072.124 million raised by the income tax authorities.

10.6 Commitments to extend credit

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

2011 (Un-audited) March 31	2010 (Audited) December 31
(Rupees in thousand)	
222,260	216,918
-	-
222,260	216,918
-	184,535
163,846	-
163,846	184,535
161,733	180,535



10.7 Commitments in respect of forward foreign exchange contracts

Purchase

Sale

2011 (Un-audited) March 31	2010 (Audited) December 31
(Rupees in thousand)	
11,446,095	8,097,341
10,850,225	7,198,402

10.8 Capital Commitments

Commitments for capital expenditure as at March 31, 2011 amounted to Rs. 6.597 million (December 31, 2010: Rs. 7.686 million).

11 EARNING / LOSS PER SHARE - Basic & Diluted

Profit / (Loss) after taxation attributable to ordinary shareholders

Weighted average number of shares outstanding during the period

Earning / (Loss) per share - Basic & diluted

2011 (Un-audited) March 31	2010 (Un-audited) March 31
(Rupees in thousand)	
22,384	(64,301)
Number of Shares	
1,433,473,414	876,951,675
Rupees	
0.02	(0.07)

12 RELATED PARTY TRANSACTIONS

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

Banking transactions with the related parties are executed substantially on the same terms, including mark-up rates and collateral, as those prevailing at the time for comparable transactions with unrelated parties and do not involve more than a normal risk. Transactions with the executives are undertaken at terms in accordance with employment agreements and services rules and includes 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. Remuneration to the executives are determined in accordance with the term 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 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:

	March 31, 2011 (Un-audited)				December 31, 2010 (Audited)			
	Key management personnel	Parent Company	Associates	Others	Key management personnel	Parent Company	Associates	Others
(Rupees in thousand)								
BALANCE OUTSTANDING - GROSS								
Advances								
At January 01	62,798	-	45,500	-	65,129	-	45,500	-
Given during the period	428	-	-	-	16,287	-	-	-
Repaid during the period	(1,251)	-	-	-	(8,050)	-	-	-
Adjustments	(6,533)	-	-	-	(10,568)	-	-	-
At March 31 / December 31	55,442	-	45,500	-	62,798	-	45,500	-
Provision held against advances	-	-	45,500	-	-	-	45,500	-
Deposits								
At January 01	133,707	-	3,222	122,679	102,926	-	3,222	92,650
Received during the period	105,565	-	-	114,117	440,260	-	-	55,759
Withdrawn the period	(102,064)	-	-	(201,487)	(417,465)	-	-	(25,730)
Adjustments	(99)	-	-	-	7,986	-	-	-
At March 31 / December 31	137,109	-	3,222	35,309	133,707	-	3,222	122,679
Others								
Guarantees	-	38,463	3,733	-	-	38,463	3,733	-
Provision against guarantees	-	-	3,733	-	-	-	3,733	-
Balances in nostro accounts	-	10,066	-	-	-	9,803	-	-
Investment in shares	-	-	103,383	-	-	-	103,381	-
Sundry receivables	-	-	32,791	-	-	-	32,791	-
Sundry payable	-	167,072	-	-	-	168,490	-	-
Group service cost	-	126,403	-	-	-	100,000	-	-
Other Liability	-	-	5,000	-	-	-	5,000	-
Balances in vostro accounts	-	51,897	-	-	-	10,659	-	-
Provision against diminution in the value of investments	-	-	98,383	-	-	-	98,383	-



	January-March 2011 (Un-audited)				January-March 2010 (Un-audited)			
	Key management personnel	Parent Company	Associates	Others	Key management personnel	Parent Company	Associates	Others
	(Rupees in thousand)							
Transactions for the period								
Remuneration and benefits	29,699	-	-	-	25,768	-	-	-
Directors fee	-	-	-	-	1,078	-	-	-
Comission on guarantee	-	-	-	-	-	50	-	-
Counter confirmation charges on guarantees	-	5,042	-	-	-	-	-	-
Mark-up / return / interest expensed	1,016	-	-	4,578	1,768	-	-	3,292
Mark-up / return / interest income	584	-	-	-	551	-	-	-
Disposal of fixed assets	-	-	-	-	537	-	-	-
Group Services cost	-	26,403	-	-	-	-	-	-

13 BUSINESS SEGMENTS

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

Particulars	For the quarter ended March 31, 2011 (Un-audited)				
	Corporate finance	Trading & sales	Retail banking	Commercial banking	Total
	(Rupees in thousand)				
Total income (net of interest expense and provisions)	2,000	134,680	179,697	94,169	410,547
Total operating expenses	(2,195)	(32,036)	(259,506)	(68,780)	(362,516)
Net Profit (before tax)	(195)	102,644	(79,809)	25,389	48,031

Particulars	For the quarter ended March 31, 2010 (Un-audited)				
	Corporate finance	Trading & sales	Retail banking	Commercial banking	Total
	(Rupees in thousand)				
Total income (net of interest expense and provisions)	1,000	24,277	72,036	164,554	261,867
Total operating expenses	(3,094)	(18,883)	(271,888)	(29,399)	(323,264)
Net loss (before tax)	(2,094)	5,394	(199,852)	135,155	(61,397)



As at March 31, 2011 (Un-audited)					
Particulars	Corporate finance	Trading & sales	Retail banking	Commercial banking	Total
(Rupees in thousand)					
Segment assets	22,418	14,378,319	2,387,542	15,537,645	32,325,925
Segment non-performing loans	-	-	723,030	1,947,014	2,670,044
Segment provision held	-	(244,137)	(692,947)	(1,994,716)	(2,931,800)
Segment liabilities	249	4,344,292	12,965,178	4,133,429	21,443,148

As at December 31, 2010 (Audited)					
Particulars	Corporate finance	Trading & sales	Retail banking	Commercial banking	Total
(Rupees in thousand)					
Segment assets	23,511	16,196,025	2,459,696	14,780,997	33,460,229
Segment non-performing loans	-	-	762,438	1,948,861	2,711,299
Segment provision held	-	(244,117)	(703,591)	(2,001,401)	(2,949,109)
Segment liabilities	1,368	5,599,764	12,590,309	4,394,001	22,585,442

14 GENERAL

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

Figures have been rounded off to the nearest thousand rupees.

15 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on April 26, 2011 by the Board of Directors of the bank.

President and Chief Executive Officer

Chairman

Director

Director