

Samba Bank Limited
QUARTERLY REPORT
SEPTEMBER 30, 2011



SambaPhone Banking 11 11 SAMBA (72622)

www.samba.com.pk

Samba Bank Limited

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Quarterly Report



for the nine months ended September 30, 2011

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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
Board 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, II, Chundrigar Road, Karachi - 74000	
Help Line	11 11 SAMBA (72622)	
Website	www.samba.com.pk	
Credit Rating by JCR-VIS	Medium to Long Term Credit Rating Short Term Rating	A+ (A-Plus) 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
- Gulshan-e-Iqbal



LAHORE

- Mall 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



PESHAWAR

- Saddar Road

Directors' Report



On behalf of the Board of Directors, I would like to present the Directors' Review along with the financial statements for the nine months period ended September 30, 2011.

Financial Results and Overview

The financial highlights of your bank for the period ended September 30, 2011 are summarized below:

	For the Nine Month Period Ended Sep 30, 2011	For the Nine Month Period Ended Sep 30, 2010
	(Rupees in million)	
Profit / (Loss) before taxation	157.196	(123.306)
Taxation (including deferred)	(82.380)	(8.245)
Profit / (Loss) after taxation	74.816	(131.551)
Profit / (Loss) per share - in Rupees	0.05	(0.1)

	Sep 30, 2011	Dec 31, 2010
	(Rupees in million)	
Total assets	30,233	30,511
Investments	11,599	11,091
Advances	12,560	12,138
Deposits	16,888	14,872
Paid up capital & reserves (before revaluation reserve)	8,011	7,936
Surplus / (deficit) on revaluation of securities - net of tax	19	(1)

Your bank continued to grow the business and made significant progress during the period under review. As a result, profit before tax of Rs. 157.19 million was generated for the nine months ended September 30, 2011, as compared to the loss before tax of Rs. 123.3 million for the corresponding period of last year.

Net mark-up income registered a growth of Rs. 297 million, or 39% over the corresponding period of last year. This was achieved through management's rigorous efforts to reduce the cost of funds and its focused approach to building good quality and better yielding corporate loan portfolio. Likewise, non mark-up income of Rs. 135 million was generated, registering a growth of 12% over the corresponding period of last year. In spite of the growth in business volume and persisting inflation in the country, the administrative expenses have been kept under firm control and only increased marginally, by 6% over the corresponding period of last year. Furthermore, through relentless efforts, your bank was able to make recoveries, against the legacy bad loan portfolio, which resulted in the reversal of provision of Rs. 29.2 million against a charge of Rs. 26.3 million, for the corresponding period of 2010.


In spite of the generally slow corporate credit off take and seasonal nature of borrowings in some sectors, your bank grew its loan book to Rs. 12.5 billion, registering a growth of 3% compared to December 31, 2010. Also, customer deposits grew by Rs. 2 billion or 14% over December 31, 2010.

Credit Rating

JCR-VIS, a premier rating agency of the country, recognizing your bank's improvement in all key areas, upgraded the medium to long term rating of SBL from A to A+ (A to A plus) and reaffirmed its short term rating at A-1 (A-One). The outlook on the above rating has also been confirmed as stable. These short and long term ratings denote low credit risk of SBL due to adequate credit quality with reasonable safeguard and strong capability for timely payment of all financial obligations.

Future Outlook

In spite of various challenges being faced by the economy and by the



business sector, the management of your bank is confident of maintaining the growth momentum achieved during this period. The management is focused on achieving its strategic objectives by offering value-added products, acquiring new to bank customers and deepening the existing relationships to ensure sustainable business growth, while constantly improving its business economics.

Acknowledgment

Finally, I wish to thank our customers for their continuing patronage and support, State Bank of Pakistan and other regulatory authorities for their understanding and guidance, and Samba Financial Group for their commitment and support. I also thank all our staff members for

their hard work and dedication which has enabled SBL to achieve a sustainable turnaround and maintain a solid growth trajectory for the future.

On behalf of Board of Directors,

Tawfiq A. Husain
President & Chief Executive Officer

Dated: October 25, 2011
Karachi



**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2011**

	Note	2011		2010	
		(Un-audited) September 30		(Audited) December 31	
		(Rupees in thousand)			
ASSETS					
Cash and balances with treasury banks		1,375,655		1,250,011	
Balances with other banks		34,223		1,195,948	
Lendings to financial institutions		1,363,436		1,389,003	
Investments - net	9	11,598,913		11,090,905	
Advances - net	10	12,559,854		12,137,786	
Operating fixed assets	11	916,795		1,001,413	
Deferred tax assets - net		1,547,268		1,601,463	
Other assets		837,192		844,591	
		<u>30,233,336</u>		<u>30,511,120</u>	
LIABILITIES					
Bills payable		108,911		115,759	
Borrowings from financial institutions	12	4,348,239		6,534,994	
Deposits and other accounts	13	16,888,282		14,871,806	
Sub-ordinated loans		-		-	
Liabilities against assets subject to finance lease		279		279	
Deferred tax liabilities		-		-	
Other liabilities		857,667		1,062,604	
		<u>22,203,378</u>		<u>22,585,442</u>	
NET ASSETS					
		<u>8,029,958</u>		<u>7,925,678</u>	
REPRESENTED BY:					
Share capital		14,334,734		14,334,734	
Reserves		43,080		43,080	
Accumulated loss		(6,366,743)		(6,441,559)	
		<u>8,011,071</u>		<u>7,936,255</u>	
Surplus / (deficit) on revaluation of assets - net of tax		18,887		(10,577)	
		<u>8,029,958</u>		<u>7,925,678</u>	
CONTINGENCIES AND COMMITMENTS					
	14				

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

President and Chief Executive Officer

Chairman

Director

Director

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER AND NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2011

Note	Quarter ended		Nine Months ended	
	September 30, 2011	September 30, 2010	September 30, 2011	September 30, 2010
	(Rupees in thousand)			
Mark-up / return / interest earned	897,027	611,200	2,466,625	1,749,839
Mark-up / return / interest expensed	529,532	327,100	1,411,006	990,892
Net mark-up / return / interest income	367,495	284,100	1,055,619	758,947
(Reversal) / Provision against loans and advances - net	(7,301)	24,711	(29,218)	26,303
Provision for diminution in the value of investments- net	-	-	-	11,794
Bad debts written-off directly / (recoveries against debts written-off)	(196)	(551)	(1,157)	(2,913)
	(7,497)	24,160	(30,375)	35,184
Net mark-up / return / interest income after provisions	374,992	259,940	1,085,994	723,763
Non mark-up / interest income				
Fee, commission and brokerage income	14,170	10,231	47,914	49,539
Dividend income	175	-	611	8
Income from dealing in foreign currencies	7,967	(3,426)	31,514	28,995
Gain / (loss) on sale of securities	3,592	9,867	9,417	10,723
Gain / (loss) on revaluation of investments classified as held for trading	89	39	-	-
Other income	29	26,508	45,894	31,200
Total non mark-up / interest income	26,022	43,219	135,350	120,465
	401,014	303,159	1,221,344	844,228
Non mark-up / interest expenses				
Administrative expenses	335,127	330,015	1,060,809	1,003,589
Other provisions / write offs- net	(500)	-	3,302	(27,462)
Other charges	-	-	37	(8,593)
Total non mark-up / interest expenses	334,627	330,015	1,064,148	967,534
	66,387	(26,856)	157,196	(123,306)
Extraordinary items	-	-	-	-
Profit / (Loss) before taxation	66,387	(26,856)	157,196	(123,306)
Taxation - Current year	9,298	6,539	27,505	18,354
- Prior years	-	-	-	-
- Deferred	22,674	1,656	54,875	(10,109)
	31,972	8,195	82,380	8,245
Profit / (Loss) after taxation	34,415	(35,051)	74,816	(131,551)
Basic and diluted earnings / (loss) per share (Rupees)	0.02	(0.03)	0.05	(0.11)

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

 President and Chief Executive Officer

 Chairman

 Director

 Director



CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER AND NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2011

	Quarter ended		Nine Months ended	
	September 30, 2011	September 30, 2010	September 30, 2011	September 30, 2010
	(Rupees in thousand)			
Profit / (Loss) for the period	34,415	(35,051)	74,816	(131,551)
Other comprehensive income	-	-	-	-
Comprehensive income transferred to condensed interim statement of changes in equity	34,415	(35,051)	74,816	(131,551)
Components of comprehensive income / (loss) not reflected in equity				
Surplus / (deficit) on revaluation of available for sale financial assets - net of tax	43,455	(12,511)	29,464	(17,289)
Total comprehensive income / (loss) for the period	77,870	(47,562)	104,280	(148,840)

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



**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2011**

CASH FLOWS FROM OPERATING ACTIVITIES

Profit / (Loss) before taxation
Less: Dividend income

Adjustments for non-cash charges:

Depreciation
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
Intangible assets written off
Gain on sale of operating fixed assets
Gain on sale of securities
Reversal of provisions against bad and doubtful other assets
Provisions against off balance sheet obligation

(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) / refund

Net cash from operating activities

	2011	2010
	Nine Months ended September 30	Nine Months ended September 30
	(Rupees in thousand)	
	157,196	(123,306)
	(611)	(8)
	<u>156,585</u>	<u>(123,314)</u>
	122,710	118,652
	4,000	4,228
	(29,218)	26,303
	-	-
	-	11,794
	-	1,125
	(44,057)	(28,242)
	(9,417)	(10,723)
	(1,750)	(7,000)
	3,302	(21,500)
	<u>45,570</u>	<u>94,637</u>
	<u>202,155</u>	<u>(28,677)</u>
	25,567	(4,911,947)
	-	-
	(392,849)	(212,008)
	(14,448)	(59,734)
	<u>(381,730)</u>	<u>(5,183,689)</u>
	(6,848)	35,883
	(2,186,755)	(1,549,455)
	2,016,476	2,732,299
	(208,239)	62,707
	<u>(385,366)</u>	<u>1,281,434</u>
	(564,941)	(3,930,932)
	(3,906)	922
	<u>(568,847)</u>	<u>(3,930,010)</u>

President and Chief Executive Officer

Chairman

Director

Director



**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2011**

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

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 the beginning of the period

Cash and cash equivalents at the end of the period

2011	2010
Nine Months ended September 30	Nine Months ended September 30
(Rupees in thousand)	
(469,806)	2,524,678
611	8
(58,441)	(47,082)
60,402	35,594
(467,234)	2,513,198
-	1,010,560
-	(27,428)
-	983,132
(1,036,081)	(433,680)
2,445,959	1,669,192
1,409,878	1,235,512

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



CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2011

	Share capital	Capital reserve	Statutory reserve*	Advance share subscription money received against proposed issue of right shares	Accumulated losses	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
Comprehensive income for the period ended September 30, 2010	-	-	-	-	(131,551)	(131,551)
Issue of Right Shares	5,565,217	-	-	(2,189,440)		3,375,777
Discount on issue of right shares	-	-	-	-	(2,365,217)	(2,365,217)
Share issue cost	-	-	-	-	(27,428)	(27,428)
Balance as at September 30, 2010	14,334,734	20,935	22,145	-	(6,453,516)	7,924,298
Comprehensive income for the Quarter ended December 31, 2010	-	-	-	-	11,957	11,957
Balance as at December 31, 2010	14,334,734	20,935	22,145	-	(6,441,559)	7,936,255
Comprehensive income for the period ended September 30, 2011	-	-	-	-	74,816	74,816
Balance as at September 30, 2011	14,334,734	20,935	22,145	-	(6,366,743)	8,011,071

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

President and Chief Executive Officer

Chairman

Director

Director



NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 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 September 30, 2011 (2010: 80.68%). The Bank operates 28 branches (December 31, 2010: 28 branches) inside Pakistan.

Based on the financial statements of the Bank for the year ended December 31, 2010, the JCR-VIS has determined the Bank's medium to long term rating as A+ 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 (SBP) has issued various circulars from time to time. Permissible forms of trade-related modes of financing include purchase of goods by banks from their customers and immediate resale to them at appropriate mark-up in price on deferred payment basis. The purchases and sales arising under these arrangements are not reflected in these financial statements as such but are restricted to the amount of facility actually utilised and the appropriate portion of mark-up thereon.

3 STATEMENT OF COMPLIANCE

- 3.1 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, 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.
- 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, 2010.



3.5 New and amended standards and interpretations that are effective in the current year:

The following standards and amendments to existing standards and interpretations have been published and are mandatory for the Bank's accounting period beginning on or after January 1, 2011:

IAS 1 (amendment), 'Presentation of financial statements'. The amendment clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial information. The management of the Bank believes that presently this amendment does not have any impact on the Bank's financial information.

IAS 24 (revised), 'Related party disclosures', issued in November 2009. It supersedes IAS 24, 'Related party disclosures', issued in 2003. The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. The management of the Bank believes that this amendment does not have any impact on the Bank's financial information.

IFRIC 14 (amendments), 'Prepayments of a minimum funding requirement'. The amendments correct an unintended consequence of IFRIC 14, 'IAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction'. Without the amendments, entities are not permitted to recognise as an asset some voluntary prepayments for minimum funding contributions. This was not intended when IFRIC 14 was issued, and the amendments correct this. The amendments are effective for annual periods beginning January 1, 2011. Earlier application is permitted. The amendments should be applied retrospectively to the earliest comparative period presented. The amendment does not have any impact on the Bank's financial information as the Bank currently does not operate any defined benefit scheme.

IFRIC 19, 'Extinguishing Financial Liabilities with Equity Instruments' (effective for annual periods beginning on or after July 1, 2010). This interpretation provides guidance on the accounting for debt for equity swaps. This interpretation has no impact on the Bank's financial information.

There are other new and amended standards and interpretations that are mandatory for accounting periods beginning on or after January 1, 2011 but are considered not to be relevant or do not have any significant effect on the Bank's operations and are therefore not detailed in these financial information.

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 PRESENTATION CURRENCY

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

6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation of balances adopted in the preparation of this condensed interim financial information are same as those applied in the preparation of the annual financial statements of the Bank for the year ended December 31, 2010.

7 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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, 2010.



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, 2010.

9 INVESTMENTS

Note	September 30, 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	10,189,835	1,218,420	11,408,255	6,442,051	4,486,612	10,928,663
Held to maturity securities	311,138	-	311,138	315,061	-	315,061
Associates / Associated companies	103,383	-	103,383	103,381	-	103,381
	10,604,356	1,218,420	11,822,776	6,860,493	4,486,612	11,347,105
Provision for diminution in the value of investments	(237,176)	-	(237,176)	(240,729)	-	(240,729)
Deficit on revaluation held for trading securities	-	-	-	-	-	-
Deficit on revaluation of available for sale securities	13,187	126	13,313	(13,321)	(2,150)	(15,471)
Investments-net	10,380,367	1,218,546	11,598,913	6,606,443	4,484,462	11,090,905
9.1 Available-for-sale securities						
Market Treasury Bills	9,722,110	1,218,420	10,940,530	6,153,707	4,486,612	10,640,319
Pakistan Investment Bonds	310,052	-	310,052	117,117	-	117,117
Sukuk Bond	-	-	-	10,000	-	10,000
Ordinary shares and certificates - listed	85,817	-	85,817	85,818	-	85,818
Ordinary shares - unlisted	61,856	-	61,856	65,409	-	65,409
Preference shares - listed	10,000	-	10,000	10,000	-	10,000
	10,189,835	1,218,420	11,408,255	6,442,051	4,486,612	10,928,663
9.2 Held-to-maturity securities						
Pakistan Investment Bonds	311,138	-	311,138	315,061	-	315,061
9.3 Associates						
Ordinary shares - listed	103,383	-	103,383	103,381	-	103,381



	Note	2011		2010	
		(Un-audited) September 30		(Audited) December 31	
(Rupees in thousand)					
9.4 Particulars of provision for diminution in the value of investments		240,729		416,424	
Opening balance		-		11,794	
Charge for the period / year		(3,553)		(187,489)	
Reversals		-		-	
Provision written off during the period		-		-	
Closing balance		237,176		240,729	
10 ADVANCES - NET					
Loans, cash credits, running finances, etc.		14,590,796		14,160,908	
- In Pakistan					
Net investment in finance lease		474,086		491,583	
- In Pakistan					
Bills discounted and purchased (excluding government treasury bills)					
- Payable in Pakistan		46,608		46,608	
- Payable outside Pakistan		9,725		48,222	
Advances gross		15,121,215		14,747,321	
Less: Provision for loans and advances:					
- Specific provision		(2,546,161)		(2,581,434)	
- General provision	10.2	(15,200)		(28,101)	
		(2,561,361)		(2,609,535)	
		12,559,854		12,137,786	

10.1 Advances include Rs 2,640.850 million(December 31, 2010: Rs. 2,711.299 million) which have been placed under non-performing status as detailed below:

September 30, 2011 (Un-audited)					
Category of classification	Classified Advances		Total	Provision Required	Provision Held
	Domestic	Overseas			
(Rupees in thousand)					
Substandard	46,971	-	46,971	11,743	11,743
Doubtful	2,661	-	2,661	-	-
Loss	2,591,218	-	2,591,218	2,534,418	2,534,418
	2,640,850	-	2,640,850	2,546,161	2,546,161
December 31, 2010 (Audited)					
Category of classification	Classified Advances		Total	Provision Required	Provision Held
	Domestic	Overseas			
(Rupees in thousand)					
Substandard	87,352	-	87,352	21,087	21,087
Doubtful	2,098	-	2,098	1,049	1,049
Loss	2,621,849	-	2,621,849	2,559,298	2,559,298
	2,711,299	-	2,711,299	2,581,434	2,581,434



10.2 The general provision amounting to Rs 15.2 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.

11 OPERATING FIXED ASSETS

Additions during the period - including transfers from capital work-in-progress (at cost)

Disposals during the period (at cost)

12 BORROWINGS FROM FINANCIAL INSTITUTIONS

Secured

Borrowings from SBP under export refinance scheme

Borrowing from SBP under LTFF

Repurchase agreement borrowings

Unsecured

Call money borrowings

Bankers Equity Limited (under liquidation)

13 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

14 CONTINGENCIES AND COMMITMENTS

14.1 Direct credit substitutes

Favouring government

Favouring Banks and other financial institutions

Favouring others

	2011 (Un-audited) September 30	2010 (Un-audited) September 30
(Rupees in thousand)		
	86,712	85,796
	<u>24,610</u>	<u>29,867</u>
	2011 (Un-audited) September 30	2010 (Audited) December 31
(Rupees in thousand)		
	2,170,231	1,075,216
	68,878	78,718
	1,951,793	4,858,724
	<u>4,190,902</u>	<u>6,012,658</u>
	135,000	500,000
	22,336	22,336
	157,336	522,336
	<u>4,348,239</u>	<u>6,534,994</u>
	7,672,889	6,318,286
	3,375,469	3,850,144
	5,688,434	4,304,634
	6,196	9,946
	<u>16,742,988</u>	<u>14,483,010</u>
	90,406	367,917
	54,888	20,879
	145,294	388,796
	<u>16,888,282</u>	<u>14,871,806</u>
	400,000	800,000
	71,365	312,914
	219,116	214,502
	<u>690,481</u>	<u>1,327,416</u>



	Note	2011	2010
		(Un-audited) September 30	(Audited) December 31
(Rupees in thousand)			
14.2	Transaction-related contingent liabilities /commitments		
	Contingent liabilities in respect of performance bonds, bid bonds, warranties, etc. given favouring		
	Government	223,862	216,918
	Others	123,782	-
		<u>347,644</u>	<u>216,918</u>
14.3	Trade-related contingent liabilities		
	Favouring Banks and other financial institutions	-	184,535
	Favouring others	4,048,249	-
		<u>4,048,249</u>	<u>184,535</u>
14.4	Other Contingencies		
	Claims against the Bank not acknowledged as debt	161,733	180,535
14.5	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.

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.

	2011	2010
	(Un-audited) September 30	(Audited) December 31
(Rupees in thousand)		
14.7	Commitments in respect of forward foreign exchange contracts	
	Purchase	10,353,227
	Sale	8,097,341
		<u>9,609,086</u>
		<u>7,198,402</u>



14.8 Capital Commitments

Commitments for capital expenditure as at September 30, 2011 amounted to Rs. 19.075 million (December 31, 2010: Rs. 7.686 million).

15 PROFIT / (LOSS) PER SHARE - Basic & Diluted

Profit / (Loss) after taxation attributable to ordinary shareholders

Weighted average number of shares outstanding during the period

Profit / (Loss) per share - Basic & diluted

2011 (Un-audited) September 30	2010 (Un-audited) September 30
(Rupees in thousand)	
74,816	(131,551)
Number of Shares	
1,433,473,414	1,156,231,815
Rupees	
0.05	(0.11)

16 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:

	September 30, 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	15,899	-	-	-	16,287	-	-	-
Repaid during the period	(4,773)	-	(4,000)	-	(8,050)	-	-	-
Adjustments	(6,533)	-	-	-	(10,568)	-	-	-
At September 30 / December 31	67,391	-	41,500	-	62,798	-	45,500	-



	September 30, 2011 (Un-audited)				December 31, 2010 (Audited)			
	Key management personnel	Parent Company	Associates	Others	Key management personnel	Parent Company	Associates	Others
	(Rupees in thousand)							
Provision held against advances	-	-	41,500	-	-	-	45,500	-
Deposits								
At January 01	133,707	-	3,222	122,678	102,926	-	3,222	92,650
Received during the period	398,670	-	-	233,492	440,260	-	-	55,759
Withdrawn during the period	(381,053)	-	-	(346,477)	(417,465)	-	-	(25,730)
Adjustments	155	-	-	-	7,986	-	-	-
At September 30 / December 31	151,479	-	3,222	9,693	133,707	-	3,222	122,678
Others								
Guarantees	-	38,463	3,733	-	-	38,463	3,733	-
Provision against guarantees	-	-	3,733	-	-	-	3,733	-
Balances in nostro accounts	-	12,537	-	-	-	9,803	-	-
Investment in shares	-	-	103,383	-	-	-	103,382	-
Sundry receivables	-	-	32,791	-	-	-	32,791	-
Sundry payable	-	191,948	-	-	-	168,490	-	-
Group service cost	-	112,471	-	-	-	100,000	-	-
Other Liability	-	-	5,000	-	-	-	5,000	-
Balances in vostro accounts	-	29,213	-	-	-	10,659	-	-
Provision against diminution in the value of investments	-	-	98,383	-	-	-	98,383	-
	Nine months ended September 30, 2011 (Un-audited)				Nine months ended September 30, 2010 (Un-audited)			
Transactions for the period								
Remuneration and benefits	116,966	-	-	-	103,758	-	-	-
Directors fee	3,034	-	-	-	4,476	-	-	-
Commission on guarantee	-	94	-	-	-	50	-	-
Counter confirmation charges on guarantees	-	9,867	-	-	-	8,886	-	-
Mark-up / return / interest expensed	7,237	-	-	5,151	5,576	-	-	7,987
Mark-up / return / interest income	1,893	-	-	-	1,906	-	-	-
Disposal of fixed assets	-	-	-	-	537	-	-	-
Group Services cost	-	12,471	-	-	-	30,000	-	-
Received against unsubscribed portion of right issue	-	-	-	-	-	1,010,184	-	-
Share Capital Issued (net of discount)	-	-	-	-	-	3,199,624	-	-



17 BUSINESS SEGMENTS

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

For the nine month period ended September 30, 2011 (Un-audited)					
Particulars	Corporate finance	Trading & sales	Retail banking	Commercial banking	Total
(Rupees in thousand)					
Total income (net of interest expense and provisions)	5,000	167,259	652,487	393,296	1,218,042
Total operating expenses	(8,293)	(98,191)	(732,678)	(221,684)	(1,060,846)
Net Profit (before tax)	(3,293)	69,068	(80,191)	171,611	157,196

For the nine month period ended September 30, 2010 (Un-audited)					
Particulars	Corporate finance	Trading & sales	Retail banking	Commercial banking	Total
(Rupees in thousand)					
Total income (net of interest expense and provisions)	13,144	213,630	293,481	351,435	871,690
Total operating expenses	(9,152)	(92,683)	(721,436)	(171,725)	(994,996)
Net loss (before tax)	3,992	120,947	(427,955)	179,710	(123,306)

As of September 30, 2011 (Un-audited)					
Particulars	Corporate finance	Trading & sales	Retail banking	Commercial banking	Total
(Rupees in thousand)					
Segment assets	17,572	15,205,129	2,487,055	15,419,213	33,128,969
Segment non-performing loans	-	-	718,213	1,922,637	2,640,850
Segment provision held	-	(240,576)	(674,901)	(1,980,155)	(2,895,632)
Segment liabilities	253	2,168,554	13,438,743	6,595,828	22,203,378



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

18 GENERAL

Corresponding figures have been re-arranged, reclassified and additionally incorporated in this condensed interim financial information, wherever necessary, to facilitate comparison. However, no significant rearrangements or reclassifications have been made in this condensed interim financial information other than the following:

Reclassification from component	Reclassification to component	(Rupees '000)
Income from dealing in foreign currencies	Mark-up / return / interest expensed - Others	67,202

Figures have been rounded off to the nearest thousand rupees.

19 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on October 25, 2011 by the Board of Directors of the Bank.

President and Chief Executive Officer

Chairman

Director

Director