Quarterly Report
March 31,
2014

Hospitality
that you can bank on

samba سامبا

Contents

Company Information

Board of Directors

Dr. Shujaat Nadeem	Chairman/Non Executive Director
Mr. Medhat Fareed Abbas Tawfik	Non Executive Director
Mr. Antoine Mojabber	Non Executive Director
Mr. Beji Tak-Tak	Non Executive Director
Mr. Zahid Zaheer	Independent Director
Mr. Farhat Abbas Mirza	Independent Director
Mr. Humayun Murad	Independent Director
Mr. Javed Iqbal	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. Shahid Sattar	Member
Mr. Antoine Mojabber	Member
Mr. Humayun Murad	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

Chief Financial Officer

Mr. Imran Butt (Acting)

Auditors

A.F. Ferguson & Co. — Chartered Accountants

Legal Advisors

Mohsin Tayebaly & Co. — Advocates & Legal Consultants

Head Office

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

Registered Office

2nd Floor Building # 13-T, F-7 Markaz, Near Post Mall, Islamabad - Pakistan

Share Registrar

Famco Associates (Pvt.) Limited
8-F, Next to Hotel Faran, Nursery, Block - 6 P.E.C.H.S. Karachi Pakistan.

Website

www.samba.com.pk

Help Line

11 11 SAMBA (72622)

Credit Rating by JCR-VIS

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

Our Branch Network

KARACHI
Bahria Complex 1
DHA Phase VI
Clifton
Bahadurabad
SMCHS
Fountain
Rashid Minhas
Shahra-e-Faisal
Gulshan-e-Iqbal
Hyderi
DHA Ittehad

LAHORE
Mall Road
DHA Lahore
Cavalry Road
New Garden Town
Sarwar Road
Gulberg
Johar Town
Allama Iqbal Town

ISLAMABAD / RAWALPINDI
Jinnah Avenue
F11
F7
Rawalpindi Cantt.

GUJRANWALA
G.T. Road

FAISALABAD
Liaquat Road

SIALKOT
Paris Road

MULTAN
Nusrat Road

PESHAWAR
Saddar Road

Directors' Review

On behalf of the Board of Directors, I would like to present the Directors' Review along with the interim condensed financial information for the quarter ended March 31, 2014.

Financial Results and Overview

The financial highlights of our bank for the period ended March 31, 2014 are summarised below:

Rupees in million

	Quarter ended March 31, 2014	Quarter ended March 31, 2013
Profit before taxation	83,843	34,417
Taxation (including deferred)	29,040	8,230
Profit after taxation	54,803	26,187
Earnings per share - in Rupees	0.07	0.03

Rupees in million

	March 31, 2014	December 31, 2013
Total assets	51,838	40,002
Investments	23,677	13,991
Advances	19,521	18,269
Deposits	26,571	24,633
Paid-up capital & reserves (including advance against issue of right shares)	10,596	10,154
Surplus/(Deficit) on revaluation of securities - net of tax	11	(23)

During the first quarter of 2014, our bank registered satisfactory results, which is evident from the fact that the bank has achieved profit before tax of Rs. 83.84 million in this quarter, which compares favourably to operating results for the full year 2013. The quarterly results are healthy and augur well for the future. Our bank continued the endeavour to explore various business opportunities without compromising on the quality of assets.

Net mark-up income has shown a significant increase of 26.7% to Rs. 396.76 million in the first quarter of 2014 from Rs. 313.21 million over the corresponding period of last year. Non mark-up income registered an increase of 18.9% over the corresponding period of last year, mainly due to higher fee/commission income and gain on government securities. Due to effective recovery efforts, our bank was able to make significant achievement towards non-performing loans, resulting in an income of Rs. 36.60 million, which justifiably exhibits our bank's commitment and focus in this matter. Despite sizable growth in business volumes and high inflationary pressures, the administrative expenses have only risen to Rs. 402.17 million representing an increase of 12.1% over the corresponding period of last year. This is also due to the fact that our bank has hired many key resources like Line/Branch Managers and other critical staff positions during this period.

Balance sheet size of our bank has also grown to Rs. 51.84 billion in this quarter as compared to Rs. 40.00 billion as of December 31, 2013 depicting a healthy growth of 29.6% owing mainly to investment in government securities with better yields. Investment has risen to Rs. 23.68 billion showing an increase of Rs. 9.69 billion from December 31, 2013. Our bank's loan book continued to grow and reached Rs. 19.52 billion from Rs. 18.27 billion as of December 31, 2013, i.e., by 6.9%, which is much better than Rs. 15.80 billion as of March 31, 2013. Customer deposits have shown a growth of 7.8% from Rs. 24.63 billion as at December 31, 2013 to Rs. 26.57 billion as at March 31, 2014.

Minimum Capital Requirement

State Bank of Pakistan (SBP) has stipulated the minimum capital requirement (MCR) of Rs. 10.00 billion. Our bank initiated the process of issuance of rights shares during 2013. The principal shareholder, Samba Financial Group (SFG), Saudi Arabia, remitted in advance its share of Rs. 1.61 billion in the proposed rights issue and also consented to underwrite any portion of the rights issue remaining unsubscribed. During the current quarter, the bank completed the process with the capital now meeting the regulatory requirement.

Change of Registered Office

As per shareholders' approval obtained in their Extraordinary General Meeting held during January 2014, our bank shifted its registered office from the province of 'Sindh' to 'Federal Capital Territory' with effect from March 01, 2014.

Credit Rating

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

Future Outlook

The prevailing economic and business challenges are expected to continue during 2014. However, the management of our bank is confident that continued focus on its Board-approved strategy of growing the customer franchise through new customer-acquisition and deepening of the existing relationships, offering and cross-selling new value-added products, optimising the balance sheet, and effectively managing risk, will ensure that the growth momentum and profitability achieved in this quarter will be maintained throughout 2014.

Acknowledgment

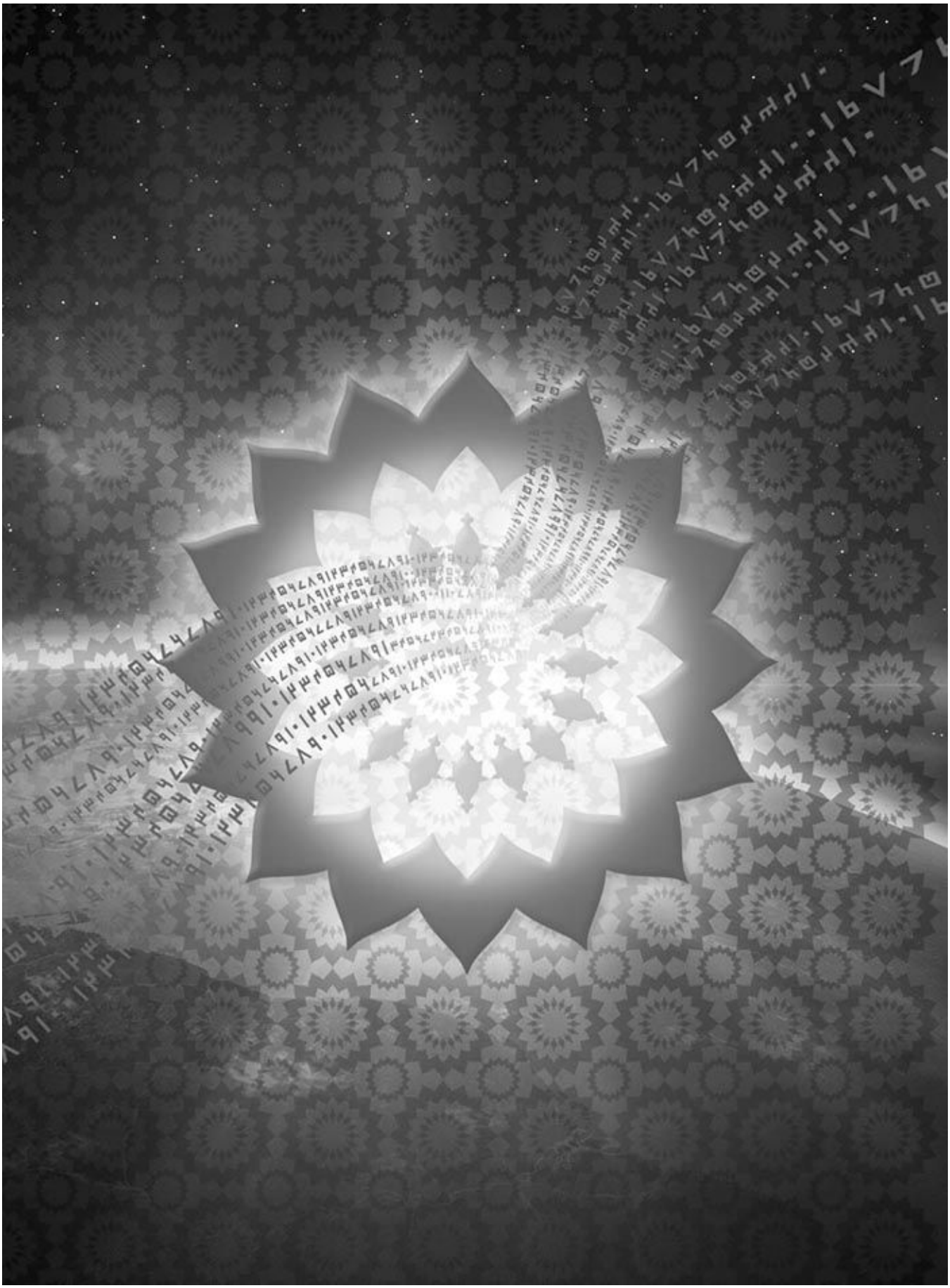
Finally, I wish to thank our customers for their continuing patronage, SBP and other regulatory authorities for their guidance, and SFG, Saudi Arabia, for their commitment and support. I would also take this opportunity to appreciate the dedication and hard work of every single member of our bank during this quarter. More importantly, I am confident that though the targets our bank has set for itself for the year 2014 are challenging and ambitious, our bank has the right momentum and talent at all levels to achieve and exceed those targets.

On behalf of Board of Directors,

Shahid Sattar
President & Chief Executive Officer
April 24, 2014

Financial Statements

For the quarter ended March 31, 2014



Condensed Interim Statement of Financial Position

AS AT MARCH 31, 2014

(Rupees in '000)

	Note	March 31, 2014	December 31, 2013
ASSETS			
Cash and balances with treasury banks		1,984,870	2,795,889
Balances with other banks		42,075	117,483
Lendings to financial institutions		2,168,553	790,672
Investments - net	9	23,676,601	13,991,462
Advances - net	10	19,520,624	18,269,396
Operating fixed assets	11	866,270	861,709
Deferred tax assets - net		1,452,219	1,483,569
Other assets		2,126,356	1,691,360
		51,837,568	40,001,540
LIABILITIES			
Bills payable		848,073	918,662
Borrowings from financial institutions	12	11,846,964	2,987,399
Deposits and other accounts	13	26,570,956	24,632,610
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities		1,964,424	1,331,691
		41,230,417	29,870,362
NET ASSETS		10,607,151	10,131,178
REPRESENTED BY:			
Share capital		10,082,386	8,082,387
Advance against issue of right shares		-	1,613,502
Reserves		178,385	167,424
Accumulated Earnings		334,933	291,091
		10,595,704	10,154,404
Surplus on revaluation of assets - net of tax		11,447	(23,226)
		10,607,151	10,131,178
CONTINGENCIES AND COMMITMENTS	14		

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

President & Chief Executive Officer | Chairman | Director | Director

Condensed Interim Profit And Loss Account

FOR THE QUARTER ENDED MARCH 31, 2014

(Rupees in '000)

	Note	March 31, 2014	March 31, 2013
Mark-up / return / interest earned		933,772	730,832
Mark-up / return / interest expensed		537,012	417,624
Net mark-up / return / interest income		396,760	313,208
(Reversal) / Provision against loans and advances - net		(28,392)	(35,665)
Provision for diminution in the value of investments- net		-	-
Recoveries against debts written-off		(3,458)	(170)
		(31,850)	(35,835)
Net mark-up / return / interest income after provisions		428,610	349,043
Non mark-up / interest income			
Fee, commission and brokerage income		32,317	15,985
Dividend income		-	-
Income / (loss) from dealing in foreign currencies		(5,871)	27,754
Gain / (loss) on sale of securities		9,002	(486)
Gain / (loss) on revaluation of investments classified as held for trading		13,666	(208)
Other income		3,546	1,255
Total non mark-up / interest income		52,660	44,300
		481,270	393,343
Non mark-up / interest expenses			
Administrative expenses		402,172	358,895
Other provisions / write offs- net		(4,745)	31
Other charges		-	-
Total non mark-up / interest expenses		397,427	358,926
		83,843	34,417
Extraordinary items		-	-
Profit before taxation		83,843	34,417
Taxation - Current year		16,064	3,857
- Prior years		-	-
- Deferred		12,976	4,373
		29,040	8,230
Profit after taxation		54,803	26,187
Accumulated profit / (losses) brought forward		291,091	(6,011,639)
Transfer to statutory reserve		(10,961)	(5,237)
Accumulated profit / (losses) carried forward		334,933	(5,990,689)
Earnings per share - Basic & Diluted (Rupees)	15	0.07	0.03

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

President & Chief Executive Officer	Chairman	Director	Director

Condensed Interim Statement Of Comprehensive Income

FOR THE QUARTER ENDED MARCH 31, 2014

(Rupees in '000)

	Quarter ended March 31, 2014	Quarter ended March 31, 2013
Profit for the period	54,803	26,187
Other Comprehensive income	-	-
Total comprehensive income for the period	54,803	26,187
Components of comprehensive income / (loss) not reflected in equity		
(Deficit) / surplus on revaluation of available for sale financial assets - net of tax	34,673	(24,049)
Total comprehensive income for the period	89,476	2,138

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

President & Chief Executive Officer | Chairman | Director | Director

Condensed Interim Cash Flow Statement

FOR THE QUARTER ENDED MARCH 31, 2014

(Rupees in '000)

	Quarter ended March 31, 2014	Quarter ended March 31, 2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	83,843	34,417
Adjustments for non-cash charges:		
Depreciation	23,436	28,084
Amortization	1,889	1,748
Reversal against loans and advances - net	(28,392)	(35,665)
(Gain) / Loss on revaluation of investment held for trading	(13,666)	208
(Gain) / Loss on sale of operating fixed assets	(3,546)	(1,255)
(Gain) / Loss on sale of securities	-	486
Other provisions / write offs - net	(4,745)	31
	(25,024)	(6,363)
	58,819	28,054
(Increase) / decrease in operating assets		
Lendings to financial institutions	(1,377,881)	31,586
Held for trading securities	(3,451,848)	(5,131,345)
Advances	(1,222,836)	(318,427)
Other assets (excluding advance & current taxation)	(449,643)	(11,764)
	(6,502,208)	(5,429,950)
Increase / (decrease) in operating liabilities		
Bills payable	(70,589)	76,658
Borrowings from financial institutions	8,859,565	2,908,648
Deposits and other accounts	1,938,346	(1,677,045)
Other liabilities	637,478	53,722
	11,364,800	1,361,983
	4,921,411	(4,039,913)
Income tax paid	(1,415)	(1,221)
Net cash flows from operating activities	4,919,996	(4,041,134)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investments in securities	(6,166,577)	(83,723)
Investment in operating fixed assets	(33,487)	(22,813)
Proceeds from sale of fixed assets	7,144	1,649
Net cash flows from investing activities	(6,192,920)	(104,887)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	386,497	1,613,502
Cost incurred on issuance of shares	-	-
Net cash flows from financing activities	386,497	1,613,502
Increase / (Decrease) in cash and cash equivalents	(886,427)	(2,532,519)
Cash and cash equivalents at the beginning of the period	2,913,372	4,342,485
Cash and cash equivalents at the end of the period	2,026,945	1,809,966

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

President & Chief Executive Officer	Chairman	Director	Director

Condensed Interim Statement Of Changes In Equity

FOR THE QUARTER ENDED MARCH 31, 2014

	(Rupees in '000)					
	Share capital	Capital reserve	Statutory reserve	Advance against proposed issue of right shares	Unappropriated profit / (losses)	Total
Balance as at January 01, 2013	14,334,734	20,935	129,626	-	(6,011,639)	8,473,656
Advance share subscription money received against proposed issue of right shares	-	-	-	1,613,502	-	1,613,502
Comprehensive income for the period ended March 31, 2013	-	-	-	-	26,187	26,187
Transfer to statutory reserve	-	-	5,237	-	(5,237)	-
Balance as at March 31, 2013	14,334,734	20,935	134,863	1,613,502	(5,990,689)	10,113,345
Accumulated losses adjusted against reduction of share capital	(6,252,347)	-	-	-	6,252,347	-
Capital reduction and right share issuance cost	-	-	-	-	(17,067)	(17,067)
Comprehensive income for the nine months ended December 31, 2013	-	-	-	-	58,126	58,126
Transfer to statutory reserve	-	-	11,626	-	(11,626)	-
Balance as at December 31, 2013	8,082,387	20,935	146,489	1,613,502	291,091	10,154,404
Transfer of advance subscribtion to share capital	1,613,502	-	-	(1,613,502)	-	-
Issue of right shares	386,497	-	-	-	-	386,497
Comprehensive income for the period ended March 31, 2014	-	-	-	-	54,803	54,803
Transfer to statutory reserve	-	-	10,961	-	(10,961)	-
Balance as at March 31, 2014	10,082,386	20,935	157,450	-	334,933	10,595,704

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

President & Chief Executive Officer	Chairman	Director	Director

Notes to the Condensed Interim Financial Information

FOR THE QUARTER ENDED MARCH 31, 2014

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. The principal office of the Bank is located at 6th Floor, Sidco Avenue Centre, Maulana Deen Muhammad Wafai Road, Karachi. However, the registered office of the Bank is located at 2nd floor, Building No. 13-T, F-7 Markaz, Near Post Mall, Islamabad. The Bank is a subsidiary of SAMBA Financial Group of Saudi Arabia, which holds 84.51% (2013: 80.68%) shares of the Bank as at March 31, 2014 . The Bank operates 28 branches (December 31, 2013: 28 branches) inside Pakistan.

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

2 BASIS OF PRESENTATION

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

3 STATEMENT OF COMPLIANCE

3.1 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, 2013.

4 BASIS OF MEASUREMENT

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

5 FUNCTIONAL AND 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, 2013.

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, 2013.

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, 2013.

9 INVESTMENTS

(Rupees in '000)

	Note	March 31, 2014			December 31, 2013		
		Held by Bank	Given as collateral	Total	Held by Bank	Given as collateral	Total
Held for trading securities	9.1	2,470,031	3,889,398	6,359,429	2,414,194	493,386	2,907,580
Available for sale securities	9.2	4,274,263	4,321,338	8,595,601	7,224,563	-	7,224,563
Held to maturity securities	9.3	8,804,013	-	8,804,013	4,014,414	-	4,014,414
		15,548,307	8,210,736	23,759,043	13,653,171	493,386	14,146,557
Provision for diminution in the value of investments		(106,974)	-	(106,974)	(112,914)	-	(112,914)
Surplus / (Deficit) on revaluation of held for trading securities		12,706	(130)	12,576	(838)	(251)	(1,089)
Surplus / (Deficit) on revaluation of available for sale securities		19,212	(7,256)	11,956	(41,092)	-	(41,092)
Investments-net		15,473,251	8,203,350	23,676,601	13,498,327	493,135	13,991,462
9.1 Held-for-trading securities							
Market Treasury Bills		1,844,536	3,889,398	5,733,934	2,414,194	493,386	2,907,580
Pakistan Investment Bonds		625,495	-	625,495	-	-	-
		2,470,031	3,889,398	6,359,429	2,414,194	493,386	2,907,580
9.2 Available-for-sale securities							
Market Treasury Bills		537,776	4,321,338	4,859,114	4,754,303	-	4,754,303
Pakistan Investment Bonds		3,606,694	-	3,606,694	2,333,302	-	2,333,302
Units of open ended mutual funds		9,082	-	9,082	9,082	-	9,082
Ordinary shares and certificates - listed		68,365	-	68,365	75,530	-	75,530
Ordinary shares - unlisted		52,346	-	52,346	52,346	-	52,346
		4,274,263	4,321,338	8,595,601	7,224,563	-	7,224,563
9.3 Held-to-maturity securities							
Market Treasury Bills		-	-	-	59,200	-	59,200
Pakistan Investment Bonds		8,804,013	-	8,804,013	3,955,214	-	3,955,214
		8,804,013	-	8,804,013	4,014,414	-	4,014,414

10 ADVANCES - NET

(Rupees in '000)

	Note	March 31, 2014	December 31, 2013
Loans, cash credits, running finances, etc.			
- In Pakistan		20,922,692	19,484,574
Net Investment in finance lease			
- In Pakistan		426,512	452,650
Bills discounted and purchased (excluding government treasury bills)			
- Payable in Pakistan		253,350	102,302
- Payable outside Pakistan		170,184	522,348
Advances - gross		21,772,738	20,561,874
Less: Provision for loans and advances			
- Specific provision		(2,247,773)	(2,288,336)
- General provision	10.2	(4,341)	(4,142)
		(2,252,114)	(2,292,478)
		19,520,624	18,269,396

10.1 Advances include Rs 2,296.445 million (December 31, 2013: Rs. 2,340.626 million) which have been placed under non-performing status as detailed below:

(Rupees in '000)

Category of classification	March 31, 2014				
	Classified Advances		Total	Provision required	Provision held
	Domestic	Overseas			
Substandard	1,794	-	1,794	449	449
Doubtful	-	-	-	-	-
Loss	2,294,651	-	2,294,651	2,247,324	2,247,324
	2,296,445	-	2,296,445	2,247,773	2,247,773

(Rupees in '000)

Category of classification	December 31, 2013				
	Classified Advances		Total	Provision required	Provision held
	Domestic	Overseas			
Substandard	1,292	-	1,292	323	323
Doubtful	-	-	-	-	-
Loss	2,339,334	-	2,339,334	2,288,013	2,288,013
	2,340,626	-	2,340,626	2,288,336	2,288,336

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)

	March 31, 2014	March 31, 2013
Additions during the period - including transfers from capital work-in-progress (at cost)	33,487	20,220
Disposals during the period (at cost)	10,145	8,973

12 BORROWINGS FROM FINANCIAL INSTITUTIONS

(Rupees in '000)

	March 31, 2014	December 31, 2013
Secured		
Borrowings from SBP under export refinance scheme	2,213,431	2,430,431
Borrowings from SBP under LTFF	427,575	41,664
Repurchase agreement borrowings	8,690,357	492,968
	11,331,363	2,965,063
Unsecured		
Call money borrowings	493,265	-
Bankers Equity Limited (under liquidation)	22,336	22,336
	515,601	22,336
	11,846,964	2,987,399

13 DEPOSITS AND OTHER ACCOUNTS

Customers		
Fixed deposits	12,535,315	10,448,161
Savings deposits	8,452,089	9,052,421
Current accounts - non-remunerative	5,256,132	4,834,168
Others - non-remunerative	55,485	53,840
	26,299,021	24,388,590
Banks and Financial Institutions		
Remunerative deposits	237,604	72,482
Non-remunerative deposits	34,331	171,538
	271,935	244,020
	26,570,956	24,632,610

14 CONTINGENCIES AND COMMITMENTS

14.1 **Direct credit substitutes**		
Favouring government	-	-
Favouring Banks and other financial institutions	298,849	111,080
Favouring others	246,796	263,816
	545,645	374,896
14.2 **Transaction-related contingent liabilities / commitments**		
Contingent liabilities in respect of performance bonds, bid bonds, warranties, etc. given favouring		
- Government	2,459,991	2,369,085
- Others	79,843	83,099
	2,539,834	2,452,184
14.3 **Trade-related contingent liabilities**		
Favouring Banks and other financial institutions	-	-
Favouring others	5,894,710	5,965,633
	5,894,710	5,965,633
14.4 **Other contingencies**		
Claims against the Bank not acknowledged as debt	125,456	156,590

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

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.

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. 1,101.176 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)

	March 31, 2014	December 31, 2013
Purchase	13,845,997	21,281,001
Sale	12,500,905	19,703,449

14.8 **Capital Commitments**

Commitments for capital expenditure as at March 31, 2014 amounted to Rs. 26.348 million (December 31, 2013: Rs. 34.583 million).

15 EARNINGS PER SHARE - Basic & Diluted

(Rupees in '000)

	March 31, 2014	March 31, 2013
Profit after taxation attributable to ordinary shareholders	54,803	26,187
	(Number of Shares)	
Weighted average number of shares outstanding during the period	810,460,870	808,238,648
	(Rupees)	
Earnings per share - Basic & diluted	0.07	0.03

16 RELATED PARTY TRANSACTIONS

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

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

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

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

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

(Rupees in '000)

	March 31, 2014			December 31, 2013		
	Key management personnel	Parent Company	Others	Key management personnel	Parent Company	Others
BALANCE OUTSTANDING - GROSS						
Advances						
At January 01	71,647	-	-	26,205	-	-
Given during the period / year	1,455	-	-	50,902	-	-
Repaid during the period / year	(3,628)	-	-	(5,460)	-	-
Adjustments	(10,626)	-	-	-	-	-
At March 31 / December 31	58,848	-	-	71,647	-	-
Deposits						
At January 01	79,639	-	3,104	118,733	-	6,851
Received during the period / year	143,203	-	26,596	1,060,216	-	318,771
Withdrawn during the period / year	(143,277)	-	(26,866)	(1,021,294)	-	(322,518)
Adjustments	(956)	-	-	(78,016)	-	-
At March 31 / December 31	78,609	-	2,834	79,639	-	3,104
Others						
Guarantees	-	15,385	-	-	15,385	-
Balances in nostro accounts	-	15,638	-	-	14,703	-
Sundry payable (including Group Shared Service cost)	-	294,544	-	-	310,576	-
Balances in vostro accounts	-	25,854	-	-	158,964	-

(Rupees in '000)

	For the quarter Ended March 31, 2014			For the quarter Ended March 31, 2013		
	Key management personnel	Parent Company	Others	Key management personnel	Parent Company	Others
Transactions for the period						
Remuneration and benefits	29,090	-	-	27,229	-	-
Directors fee	2,649	-	-	1,731	-	-
Mark-up / return / interest expensed	1,421	-	61	1,266	-	61
Mark-up / return / interest income	614	-	-	2,089	-	-
Disposal of fixed assets	726	-	-	-	-	-
Group Services cost	-	22,207	-	-	19,032	-
Sale of government securities	-	-	17,100	-	-	-
Purchase of government securities	4,308	-	-	-	-	-
Proceeds against issue of right shares	-	386,429	-	-	1,613,502	-

Forex transactions during the period (January - March 2014) - Samba Financial Group

(Currency in '000)

2014				
CURRENCY	READY / SPOT / TOM		FORWARD	
	BUY	SELL	BUY	SELL
AED	700	-	-	-
AUD	-	-	-	-
CAD	10	-	-	-
CHF	-	-	-	-
EUR	4,000	1,696	850	950
GBP	480	2,535	1,210	410
JPY	108,770	-	-	-
SAR	-	-	-	-
SGD	25	-	-	-
USD	21,844	7,528	1,980	3,158

Forex deals outstanding as at March 31, 2014

(Currency in '000)

2014				
CURRENCY	READY / SPOT / TOM		FORWARD	
	BUY	SELL	BUY	SELL
EUR	-	-	-	-
GBP	-	-	-	-
SAR	-	-	-	-
USD	-	-	153	-

Forex transactions during the period (January - March 2013) - Samba Financial Group

(Currency in '000)

2013				
CURRENCY	READY / SPOT / TOM		FORWARD	
	BUY	SELL	BUY	SELL
AED	1,150	-	-	-
AUD	-	-	-	-
CAD	1,430	1,030	-	-
CHF	20	-	-	-
EUR	1,300	3,590	1,730	1,000
GBP	1,500	2,725	1,400	-
JPY	4,429	-	-	-
SAR	-	-	-	-
SEK	-	-	-	-
USD	35,231	5,723	1,279	4,438

Forex deals outstanding as at the year end December 31, 2013

(Currency in '000)

2013				
CURRENCY	READY / SPOT / TOM		FORWARD	
	BUY	SELL	BUY	SELL
EUR	-	-	250	-
GBP	-	-	600	-
SAR	-	-	-	-
USD	-	-	-	1,320

17 BUSINESS SEGMENTS

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

Particulars	For the quarter ended March 31, 2014				
	Corporate finance	Trading & sales	Retail banking	Commercial banking	Total
Total income (net of interest expense and provisions)	-	121,230	205,829	158,956	486,015
Total operating expenses	(3,308)	(33,705)	(277,684)	(87,475)	(402,172)
Net (loss) / income (before tax)	(3,308)	87,525	(71,855)	71,481	83,843

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

Particulars	As at March 31, 2014				
	Corporate finance	Trading & sales	Retail banking	Commercial banking	Total
Segment assets	7,100	29,923,113	1,948,774	22,495,083	54,374,070
Segment non-performing loans	-	-	604,191	1,692,254	2,296,445
Segment provision held	-	(112,128)	(610,272)	(1,814,102)	(2,536,502)
Segment liabilities	556	10,240,836	25,530,822	5,458,203	41,230,417

Particulars	As at December 31, 2013				
	Corporate finance	Trading & sales	Retail banking	Commercial banking	Total
Segment assets	7,347	19,179,565	1,903,730	21,494,150	42,584,792
Segment non-performing loans	-	-	612,337	1,728,289	2,340,626
Segment provision held	-	(118,252)	(617,967)	(1,847,033)	(2,583,252)
Segment liabilities	55	882,879	22,578,649	6,408,779	29,870,362

18 GENERAL

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

18.2 Numbers as of and for the period ended March 31, 2014 and 2013, whereever used in this condensed interim financial information are unaudited numbers; however numbers as of and for the period relating to December 2013 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 April 24, 2014 by the Board of Directors of the bank.

President & Chief Executive Officer	Chairman	Director	Director