



Soneri Bank

First Quarterly Report 2009
(Un-audited)



Corporate Information

Board of Directors

Chairman

Mr. Alauddin Feerasta

Chief Executive Officer

Mr. Safarali K. Lakhani

Directors

Mr. Nooruddin Feerasta

Mr. Inam Elahi

Mr. S. Ali Zafar

Mr. Abdul Hayee

Mr. Shahid Anwar (NIT Nominee)

Mr. Manzoor Ahmed (NIT Nominee)

Company Secretary

Mr. Abdul Hayee

Audit Committee

Mr. Nooruddin Feerasta (Chairman)

Mr. S. Ali Zafar (Member)

Mr. Shahid Anwar (Member)

Mr. Abdul Hayee (Member & Secretary)

Auditors

KPMG Taseer Hadi & Co.

Chartered Accountants

Legal Advisor

Manan Associates, Advocates

Registered Office

Rupali House 241-242,

Upper Mall Scheme

Anand Road, Lahore - 54000

Registrar and Share

Transfer Agent

THK Associates (Private) Ltd.

Ground Floor,

State Life Building No. 3

Dr. Ziauddin Ahmed Road,

Karachi-75530

UAN: +9221-111-000-322

Fax: +9221-5655595



Directors' Review

We are pleased to present the un-audited financial statements of your Bank for the first quarter ended on 31 March 2009.

The results for the 1st quarter of the year 2009 are encouraging keeping in view the overall difficulties faced by the trade and industry due to bad law and order condition and shortages of electricity. Deposits position remained stable and increased over December 2008 and corresponding period last year.

The Bank is operating with 117 branches and has plans to add a number of new branches in the year 2009.

Growth in SME business and Agricultural Credit is good.

The Pakistan Credit Rating Agency Limited (PACRA) has maintained bank's credit rating at "AA-" for the long term and "A1+" for the short term and "A+" for the Term Finance Certificates reflecting bank's well maintained risk profile with preserved sound asset quality.

We take this opportunity to thank the Ministry of Finance and State Bank of Pakistan for their continued support and guidance.

We are also grateful to our valued customers for their continued patronage. The executives and staff members also deserve appreciation for their hard work and dedication.

ALAUDDIN FEERASTA

Chairman

Lahore: 23 April 2009

Condensed Interim Balance Sheet

AS AT 31 MARCH 2009

Soneri Bank Limited

	Un-audited 31 March 2009	Audited 31 December 2008
Note	(Rupees in '000)	
ASSETS		
Cash and balances with treasury banks	5,555,147	5,646,755
Balances with other banks	6,113,102	3,908,859
Lendings to financial and other institutions	3,954,912	3,990,269
Investments-net	5 21,591,754	14,053,177
Advances-net	6 44,575,764	47,575,364
Other assets-net	2,779,995	2,550,130
Operating fixed assets	3,117,564	3,126,857
Deferred tax assets	280,451	125,843
	<u>87,968,689</u>	<u>80,977,254</u>
LIABILITIES		
Bills payable	1,144,951	1,254,496
Borrowings from financial institutions	9,824,546	8,441,454
Deposits and other accounts	7 66,323,778	61,634,491
Sub-ordinated loan	8 1,198,320	1,198,320
Liabilities against assets subject to finance lease	-	-
Other liabilities	1,806,672	1,335,446
Deferred tax liabilities-net	-	-
	<u>80,298,267</u>	<u>73,864,207</u>
NET ASSETS	<u><u>7,670,422</u></u>	<u><u>7,113,047</u></u>
REPRESENTED BY		
Share capital	4,114,222	4,114,222
Reserves	2,880,006	2,016,877
Unappropriated profit	255,033	834,650
	<u>7,249,261</u>	<u>6,965,749</u>
Surplus on revaluation of assets - net of tax	421,161	147,298
	<u><u>7,670,422</u></u>	<u><u>7,113,047</u></u>

CONTINGENCIES AND COMMITMENTS

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The State Bank of Pakistan vide its BSD circular No.4 dated 13 February 2009 has given an option to banking companies to show the impairment loss, if any recognised as on 31 December 2008 due to revaluation of listed equity investments held as "Available for sale" to quoted market prices as of 31 December, 2008, which may be shown under the caption "Surplus/Deficit on revaluation of assets" on the balance sheet date. Consequently 25% of the amount so shown shall be taken to profit & loss account on quarterly basis during the calendar year ending on 31 December, 2009 after accounting for any adjustment for price movement during the quarter of calendar year 2009. Therefore the bank has recognised 25% of such deficit as impairment loss in the profit and loss account. Had the remaining 75% of such deficit been charged to profit and loss account as impairment loss, this would have resulted in a decrease in the above deficit (net of tax) by Rs.187.662 million with a corresponding decrease of Rs.187.662 million in the profit after taxation for the period and the earning per share for the period would have been lower by Rs.0.46 per share.

The annexed notes 1 to 13 form an integral part of these condensed interim financial statements.

CHAIRMAN

PRESIDENT AND CHIEF EXECUTIVE

DIRECTOR

DIRECTOR

Condensed Interim Profit and Loss Account (Un-audited)

FOR THE FIRST QUARTER ENDED 31 MARCH 2009

Soneri Bank Limited

	2009	2008
	(Rupees in '000)	
Mark-up/return/interest earned	2,402,813	1,645,852
Mark-up/return/interest expensed	(1,600,582)	(1,106,332)
Net mark-up/return/interest income	802,231	539,520
Provision / (Reversal of provision) against non-performing loans and advances-net	208,197	61,661
Provision against consumer loans	1,663	809
Provision for diminution in the value of investments	96,237	-
Bad debts written off directly	-	-
	(306,097)	(62,470)
Net-mark-up/return/interest income after provisions	496,134	477,050
Non mark-up/interest income		
Fee, commission and brokerage income	81,821	112,845
Dividend income	15,625	73,083
Income from trading in government securities	-	-
Income from dealing in foreign currencies	68,303	47,433
Other income	90,907	97,217
Total non-mark-up/interest income	256,656	330,578
	752,790	807,628
Non mark-up/interest expenses		
Administrative expenses	496,870	361,601
(Reversal of provision)/Provisions against other assets	(21,064)	(5,871)
(Reversal of provision)/Provision against off-balance sheet obligation	(91,481)	-
Other charges	12,131	271
Total non-markup/interest expenses	(396,456)	(356,001)
Extra ordinary/unusual items	-	-
Profit before taxation	356,334	451,627
Taxation -Current-for the period	402,000	138,000
-for the prior years	-	(437)
-Deferred	(311,560)	(4,715)
	(90,440)	(132,848)
Profit after taxation	265,894	318,779
Un appropriated profit brought forward	834,650	238,775
Transfer from surplus on revaluation of fixed assets-net of tax	17,618	8,761
Profit before appropriations	1,118,162	566,315
Appropriations		
-Transfer to Reserve for issue of interim bonus shares	(905,129)	-
-Transfer from General Reserve	42,000	-
	(863,129)	-
Un appropriated profit brought forward	255,033	566,315
	0.65	0.77
Earnings per share-Basic and diluted		

The State Bank of Pakistan vide its BSD circular No.4 dated 13 February 2009 has given an option to banking companies to show the impairment loss, if any recognised as on 31 December 2008 due to revaluation of listed equity investments held as "Available for sale" to quoted market prices as of 31 December, 2008, which may be shown under the caption "Surplus/Deficit on revaluation of assets" on the balance sheet date. Consequently 25% of the amount so shown shall be taken to profit & loss account on quarterly basis during the calendar year ending on 31 December, 2009 after accounting for any adjustment for price movement during the quarter of calendar year 2009. Therefore the bank has recognised 25% of such deficit as impairment loss in the profit and loss account. Had the remaining 75% of such deficit been charged to profit and loss account as impairment loss, this would have resulted in a decrease in the above deficit (net of tax) by Rs.187.662 million with a corresponding decrease of Rs.187.662 million in the profit after taxation for the period and the earning per share for the period would have been lower by Rs.0.46 per share.

The annexed notes 1 to 13 form an integral part of these condensed interim financial statements.

CHAIRMAN

PRESIDENT AND CHIEF EXECUTIVE

DIRECTOR

DIRECTOR

Condensed Interim Cash Flow Statement (Un-audited)

FOR THE FIRST QUARTER ENDED 31 MARCH 2009

	2009	2008
	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	356,334	451,627
Less: Dividend income	<u>(15,625)</u>	<u>(73,083)</u>
	340,709	378,544
Adjustments for non-cash charges		
Depreciation	102,874	53,524
Provision / against non-performing loans and advances	209,860	62,470
Reversal of provision against off-balance sheet obligations	(91,481)	-
Reversal of provision against other assets	(21,064)	-
(Gain) on sale of operating fixed assets	(1,078)	(1,071)
Provision for diminution in the value of Investments	96,237	(5,871)
	<u>295,348</u>	<u>109,052</u>
	636,057	487,596
(Increase) / Decrease in operating assets		
Lendings to financial and other institutions	35,357	(1,391,683)
Advances	2,789,740	(4,670,641)
Other assets (excluding advance taxation)	<u>(362,044)</u>	<u>(243,837)</u>
	2,436,053	(6,306,161)
Increase / (Decrease) in operating liabilities		
Bills payable	(109,545)	(537,643)
Borrowings from financial institutions	1,383,092	452,831
Deposits and other accounts	4,689,287	3,497,543
Other liabilities (excluding current taxation)	409,595	(45,391)
	<u>6,372,429</u>	<u>3,367,340</u>
	9,471,539	(2,451,225)
Income tax paid	(103,560)	(44,890)
Net cash flow from operating activities	<u>9,367,979</u>	<u>(2,496,115)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in securities	(7,224,064)	1,450,592
Dividend income	23,540	6,054
Investments in operating fixed assets	(56,709)	(134,059)
Proceeds from disposal of fixed assets	1,889	926
Net cash in/(out) flow on investing activities	<u>(7,255,344)</u>	<u>1,323,513</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid	-	-
Sub-ordinated loans	-	-
Net cash in/(out) flow on financing activities	-	-
(Decrease) / Increase in cash and cash equivalents	2,112,635	(1,172,602)
Cash and cash equivalents at beginning of the period	<u>9,555,614</u>	<u>10,210,878</u>
Cash and cash equivalents at end of the period	<u>11,668,249</u>	<u>9,038,276</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		
Cash and balances with treasury banks	5,555,147	6,096,273
Balances with other banks	6,113,102	2,942,003
	<u>11,668,249</u>	<u>9,038,276</u>

The annexed notes 1 to 13 form an integral part of these condensed interim financial statements.

CHAIRMAN

PRESIDENT AND CHIEF EXECUTIVE

DIRECTOR

DIRECTOR

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

FOR THE FIRST QUARTER ENDED 31 MARCH 2009

	Reserves					Un-appropriated profit	Total
	Share Capital	Capital Reserves			General Reserve		
		Reserve for issue of bonus shares	Share Premium	Statutory Reserve			
	(Rupees in '000)						
Balance at 01 January 2008	4,114,222	-	1,405	1,269,054	606,210	238,775	6,229,666
Transfer from surplus on revaluation of fixed assets to unappropriated profit-net of tax	-	-	-	-	-	8,761	8,761
Profit after taxation for the three months ended 31 March 2008	-	-	1,405	1,269,054	606,210	318,779	318,779
Balance as at 31 March 2008	4,114,222	-	-	-	-	566,315	6,557,206
Profit after taxation for the nine months ended 31 December 2008	-	-	-	-	-	382,262	382,262
Transfer from surplus on revaluation of fixed assets to unappropriated profit-net of tax	-	-	-	-	-	26,281	26,281
Transfer to statutory reserve	-	-	-	140,208	-	(140,208)	-
Balance as at 31 December 2008	4,114,222	-	1,405	1,409,262	606,210	834,650	6,965,749
Balance as at 01 January 2009	4,114,222	-	1,405	1,409,262	606,210	834,650	6,965,749
Transfer from surplus on revaluation of fixed assets to unappropriated profit-net of tax	-	-	-	-	-	17,618	17,618
Transfer to reserve for issue of interim bonus shares	-	905,129	-	-	(42,000)	(863,129)	-
Profit after taxation for the three months ended 31 March 2009	-	-	-	-	-	265,894	265,894
Balance as at 31 March 2009	4,114,222	905,129	1,405	1,409,262	564,210	255,033	7,249,261

THE ANNEXED NOTES 1 TO 13 FORM AN INTEGRAL PART OF THESE CONDENSED INTERIM FINANCIAL STATEMENTS

1 STATUS AND NATURE OF BUSINESS

Soneri Bank Limited was incorporated in Pakistan on 28 September 1991 as a public limited company under the Companies Ordinance, 1984 with registered office in Lahore, Punjab. Its shares are quoted on all the stock exchanges in Pakistan. The bank is engaged in banking services as described in the Banking Companies Ordinance, 1962 and operates 117 branches including six Islamic banking branches (31 December 2008: 117 branches including six Islamic Banking Branches) in Pakistan.

2 BASIS OF MEASUREMENT AND PRESENTATION

- a) The condensed interim financial statements have been prepared under the historical cost convention, except that certain investments, commitments in respect of certain forward exchange contracts and derivative financial instruments have been marked to market and are carried at fair value and staff retirement benefits are carried at present value.
- b) 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. One permissible form of trade related mode of financing includes purchase of goods by the bank from its 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 condensed interim financial statements as such but are restricted to the amount of facility actually utilised and the appropriate portion of mark-up thereon.
- c) The financial results and position of the Islamic Banking branches of the bank have been consolidated in these condensed interim financial statements for reporting purposes, after eliminating material intra bank transactions / balances. The key financial figures of the Islamic Banking branches are disclosed in note 11 to these condensed interim financial statements.

3 STATEMENT OF COMPLIANCE

These condensed interim financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan and the requirements of the Companies Ordinance, 1984 and the Banking Companies Ordinance, 1962. Approved accounting standards comprise of such International Financial Reporting Standards as notified under the provisions of the Companies Ordinance, 1984. Wherever the requirements of the Companies Ordinance, 1984, Banking Companies Ordinance, 1962 or the directives issued by the Securities and Exchange Commission of Pakistan and the State Bank of Pakistan differ with requirements of these standards, the requirements of the Companies Ordinance, 1984, Banking Companies Ordinance, 1962 or the requirements of the said directives take precedence.

The State Bank of Pakistan has deferred the applicability of International Accounting Standard 39, (IAS 39), 'Financial Instruments: Recognition and Measurement' and International Accounting Standard 40, (IAS 40), 'Investment Property' for Banking Companies through BSD Circular No. 10 dated 26 August 2002. Accordingly, the requirements of these standards have not been considered in the preparation of these condensed interim financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the State Bank of Pakistan through various circulars.

The disclosures made in these condensed interim financial statements have, however, been limited based on the format prescribed by the State Bank of Pakistan vide BSD Circular No. 2 dated 12 May 2004 and International Accounting Standard 34, (IAS 34), 'Interim Financial Reporting'. They do not include all of the information required for full annual financial statements, and these condensed interim financial statements should be read in conjunction with the financial statements of the bank for the year ended 31 December 2008.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- 4.1 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 31 December 2008.

5 INVESTMENTS

Note

	31 March 2009			31 December 2008		
	Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total
	(Rupees in '000)					
Held-for-trading investments	-	-	-	-	-	-
Available-for-sale investments	16,914,789	1,743,702	18,658,491	11,401,754	-	11,401,754
Held-to-maturity investments	3,577,419	-	3,577,419	3,610,092	-	3,610,092
Investment in associates	-	-	-	-	-	-
Investment in subsidiaries	-	-	-	-	-	-
	<u>20,492,208</u>	<u>1,743,702</u>	<u>22,235,910</u>	<u>15,011,846</u>	<u>-</u>	<u>15,011,846</u>
Provision for diminution in the value of investments	(126,936)	-	(126,936)	(30,700)	-	(30,700)
Deficit / Surplus on revaluation of available for sale investments	(516,333)	(887)	(517,220)	(927,969)	-	(927,969)
	<u>19,848,939</u>	<u>1,742,815</u>	<u>21,591,754</u>	<u>14,053,177</u>	<u>-</u>	<u>14,053,177</u>
5.1 Held-for-trading investments	-	-	-	-	-	-
5.2 Available for sale investments						
Market Treasury Bills	10,554,784	1,743,702	12,298,486	7,029,831	-	7,029,831
Pakistan Investment Bonds	2,196,808	-	2,196,808	2,203,260	-	2,203,260
Fully paid-up ordinary shares	534,446	-	534,446	533,337	-	533,337
Fully paid-up preference shares	45,421	-	45,421	45,421	-	45,421
Sukuk Bonds	2,000,000	-	2,000,000	-	-	-
Units of Mutual Funds	1,583,330	-	1,583,330	1,583,330	-	1,583,330
Shares received against settlement of CPS lending	-	-	-	6,575	-	6,575
	<u>16,914,789</u>	<u>1,743,702</u>	<u>18,658,491</u>	<u>11,401,754</u>	<u>-</u>	<u>11,401,754</u>
5.3 Held-to-maturity securities						
Pakistan Investment Bonds	1,732,034	-	1,732,034	1,736,025	-	1,736,025
Term Finance Certificates	1,107,075	-	1,107,075	1,106,767	-	1,106,767
Sukuk Bonds	688,310	-	688,310	542,300	-	542,300
Certificates of Investment	50,000	-	50,000	225,000	-	225,000
	<u>3,577,419</u>	<u>-</u>	<u>3,577,419</u>	<u>3,610,092</u>	<u>-</u>	<u>3,610,092</u>
	<u>20,492,208</u>	<u>1,743,702</u>	<u>22,235,910</u>	<u>15,011,846</u>	<u>-</u>	<u>15,011,846</u>
5.4 Associates	-	-	-	-	-	-
5.5 Subsidiaries						
	<u>20,492,208</u>	<u>1,743,702</u>	<u>22,235,910</u>	<u>15,011,846</u>	<u>-</u>	<u>15,011,846</u>
Less: Provision for diminution in the value of investments	(126,936)	-	(126,936)	(30,700)	-	(30,700)
Deficit / Surplus on revaluation of available for sale investments	(516,333)	(887)	(517,220)	(927,969)	-	(927,969)
Investments (Net of Provision)	<u>19,848,939</u>	<u>1,742,815</u>	<u>21,591,754</u>	<u>14,053,177</u>	<u>-</u>	<u>14,053,177</u>

5.6 Investments by segment

31 March 2009 31 December 2008
(Rupees in '000)

Federal Government Securities

-Market Treasury Bills

-Pakistan Investment Bonds

12,298,486	7,029,831
3,928,842	3,939,285
<u>16,227,328</u>	<u>10,969,116</u>

Fully paid-up ordinary shares

-Listed companies

-Un-listed companies

503,746	509,212
30,700	30,700
<u>534,446</u>	<u>539,912</u>

Fully paid-up preference shares

-Listed companies

45,421	45,421
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Units of mutual funds

-Closed end

-Open ended

35,814	35,814
1,547,516	1,547,516
<u>1,583,330</u>	<u>1,583,330</u>

Term Finance Certificates, Debentures, Bonds and Participation Term Certificates

-Listed Term Finance Certificates

-Un-listed Term Finance Certificates

-Sukuk Bonds

-Certificates of Investment

677,061	726,732
430,014	380,035
2,688,310	542,300
50,000	225,000
<u>3,845,385</u>	<u>1,874,067</u>

Provision for diminution in the value of investments

(Deficit) / Surplus on revaluation of available for sale investments

Investments (Net of Provisions)

(126,936)	(30,700)
(517,220)	(927,969)
<u>21,591,754</u>	<u>14,053,177</u>

1 STATUS AND NATURE OF BUSINESS

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- b) 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. One permissible form of trade related mode of financing includes purchase of goods by the bank from its 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 condensed interim financial statements as such but are restricted to the amount of facility actually utilised and the appropriate portion of mark-up thereon.
- c) The financial results and position of the Islamic Banking branches of the bank have been consolidated in these condensed interim financial statements for reporting purposes, after eliminating material intra bank transactions / balances. The key financial figures of the Islamic Banking branches are disclosed in note 11 to these condensed interim financial statements.

3 STATEMENT OF COMPLIANCE

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The State Bank of Pakistan has deferred the applicability of International Accounting Standard 39, (IAS 39), 'Financial Instruments: Recognition and Measurement' and International Accounting Standard 40, (IAS 40), 'Investment Property' for Banking Companies through BSD Circular No. 10 dated 26 August 2002. Accordingly, the requirements of these standards have not been considered in the preparation of these condensed interim financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the State Bank of Pakistan through various circulars.

The disclosures made in these condensed interim financial statements have, however, been limited based on the format prescribed by the State Bank of Pakistan vide BSD Circular No. 2 dated 12 May 2004 and International Accounting Standard 34, (IAS 34), 'Interim Financial Reporting'. They do not include all of the information required for full annual financial statements, and these condensed interim financial statements should be read in conjunction with the financial statements of the bank for the year ended 31 December 2008.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- 4.1 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 31 December 2008.

5 INVESTMENTS

Note

	31 March 2009			31 December 2008		
	Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total
	(Rupees in '000)					
Held-for-trading investments	5.1	-	-	-	-	-
Available-for-sale investments	5.2	16,914,789	1,743,702	18,658,491	11,401,754	-
Held-to-maturity investments	5.3	3,577,419	-	3,577,419	3,610,092	-
Investment in associates	5.4	-	-	-	-	-
Investment in subsidiaries	5.5	-	-	-	-	-
		20,492,208	1,743,702	22,235,910	15,011,846	-
Provision for diminution in the value of investments		(126,936)	-	(126,936)	(30,700)	-
		20,492,208	1,743,702	22,235,910	15,011,846	-
Deficit / Surplus on revaluation of available for sale investments		(516,333)	(887)	(517,220)	(927,969)	-
		19,848,939	1,742,815	21,591,754	14,053,177	-
5.1 Held-for-trading investments		-	-	-	-	-
5.2 Available for sale investments						
Market Treasury Bills		10,554,784	1,743,702	12,298,486	7,029,831	-
Pakistan Investment Bonds		2,196,808	-	2,196,808	2,203,260	-
Fully paid-up ordinary shares		534,446	-	534,446	533,337	-
Fully paid-up preference shares		45,421	-	45,421	45,421	-
Sukuk Bonds		2,000,000	-	2,000,000	-	-
Units of Mutual Funds		1,583,330	-	1,583,330	1,583,330	-
Shares received against settlement of CPS lending		-	-	-	6,575	6,575
		16,914,789	1,743,702	18,658,491	11,401,754	-
5.3 Held-to-maturity securities						
Pakistan Investment Bonds		1,732,034	-	1,732,034	1,736,025	-
Term Finance Certificates		1,107,075	-	1,107,075	1,106,767	-
Sukuk Bonds		688,310	-	688,310	542,300	-
Certificates of Investment		50,000	-	50,000	225,000	-
		3,577,419	-	3,577,419	3,610,092	-
		20,492,208	1,743,702	22,235,910	15,011,846	-
5.4 Associates		-	-	-	-	-
5.5 Subsidiaries		-	-	-	-	-
		20,492,208	1,743,702	22,235,910	15,011,846	-
Less: Provision for diminution in the value of investments		(126,936)	-	(126,936)	(30,700)	-
		20,492,208	1,743,702	22,235,910	15,011,846	-
Deficit / Surplus on revaluation of available for sale investments		(516,333)	(887)	(517,220)	(927,969)	-
Investments (Net of Provision)		19,848,939	1,742,815	21,591,754	14,053,177	-

5.6 Investments by segment

Federal Government Securities

- Market Treasury Bills
- Pakistan Investment Bonds

12,298,486	7,029,831
3,928,842	3,939,285
16,227,328	10,969,116

Fully paid-up ordinary shares

- Listed companies
- Un-listed companies

503,746	509,212
30,700	30,700
534,446	539,912

Fully paid-up preference shares

- Listed companies

45,421	45,421
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Units of mutual funds

- Closed end
- Open ended

35,814	35,814
1,547,516	1,547,516
1,583,330	1,583,330

Term Finance Certificates, Debentures, Bonds and Participation Term Certificates

- Listed Term Finance Certificates
- Un-listed Term Finance Certificates
- Sukuk Bonds
- Certificates of Investment

677,061	726,732
430,014	380,035
2,688,310	542,300
50,000	225,000
3,845,385	1,874,067

Provision for diminution in the value of investments

(126,936) (30,700)

(Deficit) / Surplus on revaluation of available for sale investments

(517,220) (927,969)

Investments (Net of Provisions)**21,591,754** **14,053,177**

31 March 2009 31 December 2008
(Rupees in '000)

	31 March 2009	31 December 2008
	(Rupees in '000)	
6. ADVANCES		
Loans, cash credits, running finances, etc.		
In Pakistan	42,691,865	45,197,476
Outside Pakistan	-	-
	<u>42,691,865</u>	<u>45,197,476</u>
Net investment in finance lease		
Inside Pakistan	-	-
Outside Pakistan	-	-
Bills discounted and purchased [excluding treasury bills]		
-Payable in Pakistan	937,339	826,376
-Payable outside Pakistan	3,046,018	3,441,110
	<u>3,983,357</u>	<u>4,267,486</u>
	<u>46,675,222</u>	<u>49,464,962</u>
Provision against advances		
-Specific	6.1 2,079,458	1,869,598
-General	6.2 20,000	20,000
	<u>(2,099,458)</u>	<u>(1,889,598)</u>
	<u>44,575,764</u>	<u>47,575,364</u>

6.1 Advances include Rs. 3,430,842 million (31 December 2008: Rs. 3,190,077 million) which have been placed under non-performing status as detailed below:

Category of classification	Domestic	Overseas	Total	Provision required	Provision held
	(Rupees '000)				
OAEM	939	-	939	-	-
Substandard	685,116	-	685,116	116,153	116,153
Doubtful	1,100,904	-	1,100,904	477,054	477,054
Loss	1,643,883	-	1,643,883	1,486,251	1,486,251
	<u>3,430,842</u>	<u>-</u>	<u>3,430,842</u>	<u>2,079,458</u>	<u>2,079,458</u>

6.2 The general provision includes a provision amounting to Rs. 20,000 million (31 December 2008: Rs. 20,000 million) against consumer finance portfolio as required by the Prudential Regulations issued by the State Bank of Pakistan.

	31 March 2009	31 December 2008
	(Rupees in '000)	
7. DEPOSITS AND OTHER ACCOUNTS		
Customers		
Remunerative		
Fixed deposits	28,623,141	26,276,181
Savings deposits	25,120,557	22,703,260
Non-remunerative		
Current accounts	11,276,318	11,181,272
Call deposits	99,245	131,130
Margin deposits	726,733	818,956
Special exporter account	-	-
Others	179,797	198,246
	<u>66,025,791</u>	<u>61,309,045</u>
Financial Institutions		
Remunerative savings deposits	297,709	325,168
Remunerative fixed deposits	-	-
Non-remunerative current deposits	278	278
	<u>297,987</u>	<u>325,446</u>
	<u>66,323,778</u>	<u>61,634,491</u>
7.1 Particulars of deposits and other accounts		
In local currency	62,107,631	57,621,877
In foreign currencies	4,216,147	4,012,614
	<u>66,323,778</u>	<u>61,634,491</u>

31 March 2009 31 December 2008
(Rupees in '000)

8. SUB-ORDINATED LOANS - UNSECURED (NON-PARTICIPATORY)

Listed Term Finance Certificates

1,198,320 1,198,320

Liability against Term Finance Certificate is stated at nominal amount. The liability is subordinated as to payment of principal and profit to all other indebtedness of the bank (including deposits) and is not redeemable before maturity without prior approval of the State Bank of Pakistan. Rate of mark-up on the liability is based on the floating rate of six months KIBOR prevailing immediately preceding the date before the start of each six month period for the profit due at the end of the semi-annual period plus 1.6% (subject to no floor and caps) per annum payable semi annually.

The major redemption will commence from 78th month of the issue in the following manner:-

Month	Redemption
-November 2011	25% of the issue amount
-May 2012	25% of the issue amount
-November 2012	25% of the issue amount
-May 2013	25% of the issue amount

31 March 2009 31 December 2008
(Rupees in '000)

9. CONTINGENCIES AND COMMITMENTS

9.1 Direct Credit Substitutes

Financial guarantees issued favoring:

- Government	55,433	46,055
- Others	117,860	79,753
	173,293	125,808

9.2 Transaction-related Contingent Liabilities

Guarantees issued favouring:

- Government	3,095,582	2,761,630
- Financial Institutions	74,645	73,292
- Others	1,507,516	1,546,577
	4,677,743	4,381,499

9.3 Trade-related Contingent Liabilities

Letters of credit	10,344,175	9,085,086
Acceptances	3,642,774	3,296,707

9.4 Commitments in respect of forward lending

Commitments to extend credit	200,000	400,000
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9.5 Commitments in respect of forward exchange contracts

- Purchase		
From other banks	5,523,574	1,851,850
From customers	4,443,285	5,059,871
- Sale		
To banks	11,201,022	5,896,217
To customers		7,115

The maturities of above contracts are spread over a period of one year

10. RELATED PARTY TRANSACTIONS

The related parties comprise related group companies, directors and their close family members, staff retirement funds, executives and major shareholders of the bank holding not less than ten percent of the total shareholding.

Usual transactions with related parties other than executives include deposits, advances, acceptances and provision of other banking services. Transactions with executives are undertaken at terms in accordance with employment agreements and service rules and include provision of advances on terms softer than those offered to the customers of the bank.

The details of transactions with related parties during the period/year other than those which have been disclosed elsewhere in these financial statements, are as follows:

	31 March 2009	31 December 2008
	(Rupees in '000)	
Deposits at the end of the period/ year:		
- Bank's Chief Executive/ Executives	12,295	14,026
- Directors and their close family members	232,332	225,612
- Related group companies	408,080	285,141
- Major shareholders	300,137	304,385
- Staff retirement funds	132,510	88,013
	<u>1,085,354</u>	<u>917,177</u>
Loans and advances at the end of the period/year:		
- Key management personnel	<u>28,530</u>	<u>28,334</u>

	31 March 2009	31 March 2008
	(Rupees in '000)	
Loans & advances repaid during the period	<u>2,205</u>	<u>2,251</u>
Loans & advances granted during the period	<u>2,401</u>	<u>638</u>
Mark-up received / accrued on loans & advances	<u>300</u>	<u>314</u>
Profit paid / accrued on deposits		
- Bank's Chief Executive / Executives	204	30
- Directors and their close family members	5,108	6,132
- Related group companies	6,308	17,725
- Major shareholders	7,091	5,547
- Staff retirement funds	2,521	3,333
	<u>21,232</u>	<u>32,767</u>
Contributions to employees' benefit plan	<u>10,124</u>	<u>8,447</u>
Key management personnel compensation		
- Salaries & benefits	34,136	23,869
- Post retirement benefits	1,054	899
	<u>35,190</u>	<u>24,768</u>

11. ISLAMIC BANKING BUSINESS

The bank is operating six Islamic Banking branches at the end of reporting period. The key financial figures of Islamic Banking branches at period / year end are as follows:

	31 March 2009	31 December 2008
	(Rupees in '000)	
Islamic Banking Fund	125,000	125,000
Deposits and other accounts	1,419,165	1,108,652
Investment	348,800	85,000
Financing and receivables	837,994	918,042
Charity Fund	-	100

12. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorised for issue on 23 April 2009 by the Board of Directors of the Bank.

13. GENERAL

Corresponding figures have been rearranged, wherever necessary for the purpose of comparison.

CHAIRMAN PRESIDENT AND CHIEF EXECUTIVE DIRECTOR DIRECTOR