



Soneri Bank

Third Quarterly Report 2009  
(Un-audited)



## CONTENTS

- 01 Corporate Information
- 02 Directors' Review
- 03 Balance Sheet
- 04 Profit and Loss Account
- 05 Statement of Comprehensive Income
- 06 Cash Flow Statement
- 07 Statement of Changes in Equity
- 08 Notes to the Financial Statements
- 15 List of Branches



# 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 Report

We are pleased to present the un-audited financial statements of your Bank for the nine months period ended on 30 September 2009.

	Nine months period ended September 30, 2009	Nine months period ended September 30, 2008
	Rupees in '000'	
Profit before provisions and taxation	1,336,289	1,737,086
Provisions	<u>(1,193,115)</u>	<u>(705,131)</u>
Profit before taxation	143,174	1,031,955
Taxation	<u>(26,557)</u>	<u>(315,141)</u>
Profit after taxation	<u>116,617</u>	<u>716,814</u>
Earnings per share	<u>0.23</u>	<u>1.43</u>

The period under the review was full of challenges for the banking industry due to stagnancy in growth, increasing defaults, down turn in industrial production and exports, issues of national security and unfavorable balance-of-payments position. This resulted in a major decline in the profitability of the banks. However, Soneri Bank is making its way forward keeping liquidity and other business risks within acceptable levels. Deposits position remained stable and increased by 10.98% over December 2008, while investments experienced a radical growth of 92% over December 2008.

The bank, under its mission to provide full range of banking services to a wider spectrum of customers even in remote areas, is pursuing a branch expansion policy. At present the bank is operating with 123 branches and has plans to add a number of new branches in the last quarter of the year 2009.

Pakistan Credit Rating Agency Limited (PACRA) has maintained Bank's long term and short term entity ratings at "AA-" and "A1+" respectively and "A+" for the Term Finance Certificates. These ratings denote a very strong capacity for the timely payment of financial commitments.

We wish to place on record our sincere thanks to the Ministry of Finance, State Bank of Pakistan and Securities & Exchange Commission of Pakistan for extending their support and continued guidance. We also take this opportunity to thank our valued customers for their trust and support and also to all our staff members for their commitment and devotion

ALAUDDIN FEERASTA  
Chairman  
Lahore: 24 October 2009

# Condensed Interim Balance Sheet

AS AT 30 SEPTEMBER 2009

Soneri Bank Limited

	Un-audited 30 September 2009	Audited 31 December 2008
	(Rupees in '000)	
<b>ASSETS</b>		
Cash and balances with treasury banks	5,777,598	5,646,755
Balances with other banks	1,607,711	3,908,859
Lendings to financial and other institutions	1,000,000	3,990,269
Investments-net	6 27,018,000	14,053,177
Advances-net	7 47,210,363	47,575,364
Operating fixed assets	3,131,445	3,126,857
Deferred tax assets-net	162,835	125,843
Other assets-net	2,951,767	2,550,130
	<b>88,859,719</b>	<b>80,977,254</b>
<b>LIABILITIES</b>		
Bills payable	2,119,808	1,254,496
Borrowings	8 7,933,629	8,441,454
Deposits and other accounts	9 68,402,439	61,634,491
Sub-ordinated loan	10 1,198,080	1,198,320
Liabilities against assets subject to finance lease	-	-
Deferred tax liabilities	-	-
Other liabilities	1,494,019	1,335,446
	<b>81,147,975</b>	<b>73,864,207</b>
<b>NET ASSETS</b>	<b>7,711,744</b>	<b>7,113,047</b>
<b>REPRESENTED BY</b>		
Share capital	5,019,351	4,114,222
Reserves	1,974,877	2,016,877
Unappropriated profit	140,993	834,650
	<b>7,135,221</b>	<b>6,965,749</b>
Surplus on revaluation of assets - net of tax	576,523	147,298
	<b>7,711,744</b>	<b>7,113,047</b>

## CONTINGENCIES AND COMMITMENTS

12

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 75% of such deficit as impairment loss in the profit and loss account out of total loss of Rs.204.422 million gross of tax. Had the remaining 25% 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.33.218 million with a corresponding decrease of Rs. 33.218 million in the profit after taxation for the period and the earning per share for the period would have been lower by Rs. 0.07 per share.

The annexed notes 1 to 16 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)

Soneri Bank Limited

FOR THE QUARTER AND NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2009

Note	For the nine months ended		For the quarter ended	
	30 September 2009	30 September 2008	30 September 2009	30 September 2008
----- (Rupees in '000) -----				
Mark-up/ return/interest earned	6,944,229	5,547,416	2,220,419	2,105,119
Mark-up/ return/interest expensed	(4,913,428)	(3,573,782)	(1,584,307)	(1,258,749)
Net mark-up/ return/interest income	2,030,801	1,973,634	636,112	846,370
Specific provision against non - performing loans and advances - net	1,070,597	708,381	229,095	370,329
(Reversal) / provision against consumer loans - general	(5,000)	2,425	-	-
Provision for diminution in the value of investments	211,627	-	33,213	-
Bad debts written off directly	-	196	-	-
	1,277,224	(711,002)	(262,308)	(370,329)
Net mark-up/ return/ interest income after provisions	753,577	1,262,632	373,804	476,041
<b>Non mark-up/interest income</b>				
Fee, commission and brokerage income	222,537	285,346	65,011	80,451
Dividend income	108,814	251,258	38,773	80,212
Income from trading in government securities	34,400	-	16,400	-
Income from dealing in foreign currencies	266,006	177,016	67,372	65,589
Other income	226,606	245,220	66,861	100,787
Total non mark-up/interest income	858,363	958,840	254,417	327,039
	1,611,940	2,221,472	628,221	803,080
<b>Non mark-up/ interest expenses</b>				
Administrative expenses	1,537,067	1,174,722	523,538	401,402
Provision / (reversal of provision) against other assets - net	15,891	(5,871)	1,391	-
Reversal of provision against off - balance sheet obligation	(100,000)	-	-	-
Other charges	15,808	20,666	6,571	7,822
Total non mark-up/ interest expenses	1,468,766	1,189,517	531,500	409,224
<b>Profit before taxation</b>	(143,174)	1,031,955	96,721	393,856
<b>Taxation - Current</b>	241,000	317,000	43,000	135,000
- Prior	82,132	10,926	-	11,363
- Deferred	(296,575)	(12,785)	(24,248)	(4,717)
	(26,557)	(315,141)	(18,752)	(141,646)
<b>Profit after taxation</b>	116,617	716,814	77,969	252,210
----- (Rupees) -----				
<b>Earnings per share - Basic and diluted</b>	13	0.23	1.43	0.16
		0.50		

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 75% of such deficit as impairment loss in the profit and loss account out of total loss of Rs.204.422 million gross of tax. Had the remaining 25% 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.33.218 million with a corresponding decrease of Rs. 33.218 million in the profit after taxation for the period and the earning per share for the period would have been lower by Rs. 0.07 per share.

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.

# Condensed Interim Statement of Comprehensive Income (Un-audited)

Soneri Bank Limited

FOR THE QUARTER AND NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2009

	For the nine months ended		For the quarter ended	
	30 September 2009	30 September 2008	30 September 2009	30 September 2008
	----- (Rupees in '000) -----			
Profit after taxation for the period	116,617	716,814	77,969	252,210
Other comprehensive income	-	-	-	-
<b>Comprehensive income transferred to equity</b>	<b>116,617</b>	<b>716,814</b>	<b>77,969</b>	<b>252,210</b>
<b>Components of comprehensive income not transferred to equity</b>				
Surplus / (deficit) on revaluation of investments - available for sale	703,978	(523,825)	69,946	(243,845)
Deferred tax on revaluation of investments - available for sale	(246,392)	183,339	(24,481)	85,346
	457,586	(340,486)	45,465	(158,499)
<b>Total comprehensive income for the period</b>	<b>574,203</b>	<b>376,328</b>	<b>123,434</b>	<b>93,711</b>

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.

# Condensed Interim Cash Flow Statement (Un-audited)

Soneri Bank Limited

FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2009

	2009	2008
	(Rupees in '000)	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	143,174	1,031,905
Less: Dividend income	<u>108,814</u>	<u>(251,258)</u>
	37,360	780,647
Adjustments		
Depreciation / amortisation	315,064	179,209
Provision against non-performing advances	1,070,597	710,806
(Reversal) / provision against consumer loans - general	(5,000)	-
Provision / (reversal of provision) against other assets	15,891	(5,871)
Other charges - Workers Welfare Fund	13,500	20,638
Reversal of provision against off - balance sheet obligations	(100,000)	-
Provision for diminution in the value of investments	211,627	-
Gain on sale of fixed assets	(4,504)	(7,608)
Bad debts writted off directly	-	196
	<u>1,517,175</u>	<u>897,370</u>
	1,551,535	1,678,017
(Increase) / decrease in operating assets:		
Lendings to financial and other institutions	2,990,269	324,312
Advances - net	(700,596)	(9,376,229)
Other assets (excluding advance taxation)	177,386	(458,271)
	<u>2,467,059</u>	<u>(9,510,188)</u>
Increase / (Decrease) in operating liabilities		
Bills payable	865,312	355,526
Borrowings	(507,825)	3,337,775
Deposits and other accounts	6,767,948	2,432,434
Other liabilities	245,072	82,171
	<u>7,370,507</u>	<u>6,207,906</u>
	11,389,101	(1,624,265)
Income tax paid	(811,776)	(279,461)
Net cash inflow / (outflow) from operating activities	<u>10,577,325</u>	<u>(1,903,726)</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Net investments in securities	(12,472,472)	5,088,937
Dividend income	108,684	217,986
Investments in operating fixed assets	(392,464)	(510,293)
Proceeds from disposal of fixed assets	8,862	9,040
Net cash in flow / (out flow) from investing activities	<u>(12,747,390)</u>	<u>4,805,670</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Sub-ordinated loans	(240)	(240)
Net cash outflow from financing activities	<u>(240)</u>	<u>(240)</u>
(Decrease) / Increase in cash and cash equivalents	(2,170,305)	2,901,704
Cash and cash equivalents at beginning of the period	9,555,614	10,210,878
Cash and cash equivalents at end of the period	<u>7,385,309</u>	<u>13,112,582</u>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>		
Cash and balances with treasury banks	5,777,598	6,447,402
Balances with other banks	1,607,711	6,665,180
	<u>7,385,309</u>	<u>13,112,582</u>

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.

CHAIRMAN

PRESIDENT AND CHIEF EXECUTIVE

DIRECTOR

DIRECTOR



# Notes to and Forming Part of the Condensed Interim Financial Statements (Un-audited)

Sonari Bank Limited

FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2009

## 1 STATUS AND NATURE OF BUSINESS

Sonari Bank Limited ("the Bank") 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 exchange in Pakistan. The Bank is engaged in banking services as described in the Banking Companies Ordinance, 1962 and operates 123 branches including six Islamic Banking branches (31 December 2008: 117 including six Islamic Banking branches) in Pakistan.

## 2 STATEMENT OF COMPLIANCE

These condensed interim financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Approved accounting standards as applicable in Pakistan for interim financial reporting. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Banking Companies Ordinance, 1962, the requirements of the Companies Ordinance, 1984 and directives issued by the Securities and Exchange Commission of Pakistan and the State Bank of Pakistan (SBP). In case requirements differ, the provisions of and directives issued under the Banking Companies Ordinance, 1962, the Companies Ordinance, 1984, and the directives issued by SBP shall prevail.

SBP 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 in accordance with the requirements prescribed by SBP through various circulars.

The disclosure made in these condensed interim financial statements have, however been limited based on the format prescribed by SBP vide BSD Circular No. 2 dated 12 May 2004 and International Accounting Standard (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.

During the current period, International Accounting Standard 1 (Revised), (IAS 1) became effective from 1 January 2009, the application of this standard has resulted in certain increased disclosures only.

Other new standards, amendments and interpretations that were mandatory for accounting periods beginning on or after 1 January 2009 and are not considered to be relevant or have any significant effect on the Bank's operations, are not detailed in these condensed interim financial statements.

These condensed interim financial statements are being submitted to the shareholders in accordance with the requirements of section 245 of the Companies Ordinance, 1984 and are un-audited.

## 3 BASIS OF PRESENTATION

The condensed interim financial statements have been prepared under the historical cost convention, except that certain fixed assets are stated at revalued amounts, 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.

In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, SBP 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.

The financial results and position of the Islamic Banking branch of the Bank has 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 14 to these condensed interim financial statements.

## 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed interim financial statements are same as those applied in preparing the most recent annual financial statements of the Bank.

The financial risk management objectives and policies adopted by the Bank are consistent with that disclosed in the financial statements of the Bank for the year ended 31 December 2008.

## 5 ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of condensed interim financial statements is in conformity with approved accounting standards which requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Bank's accounting policies. The areas involving higher degree of judgement or complexity, or areas where assumptions and estimates are significant to these condensed interim financial statements are the same as those disclosed in the financial statements for the year ended 31 December 2008.

## 6 INVESTMENTS

## 6.1 Investments by types

	Note	30 September 2009			31 December 2008		
		Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total
(Rupees in '000)							
Available-for-sale investments	6.2	21,633,442	1,144,109	22,777,551	11,401,754	-	11,401,754
Held-to-maturity investments	6.3	4,706,767	-	4,706,767	3,610,092	-	3,610,092
<b>Investment at cost</b>		<b>26,340,209</b>	<b>1,144,109</b>	<b>27,484,318</b>	<b>15,011,846</b>	<b>-</b>	<b>15,011,846</b>
Provision for diminution in the value of investments		(242,327)	-	(242,327)	(30,700)	-	(30,700)
(Deficit) / Surplus on revaluation of available for sale investments		(225,042)	1,051	(223,991)	(927,969)	-	(927,969)
Investments - net of provision		<u>25,872,840</u>	<u>1,145,160</u>	<u>27,018,000</u>	<u>14,053,177</u>	<u>-</u>	<u>14,053,177</u>

## 6.2 Available-for-sale investments

Market Treasury Bills	18,125,790	1,144,109	19,269,899	7,029,831	-	7,029,831
Pakistan Investment Bonds	2,183,220	-	2,183,220	2,203,260	-	2,203,260
Fully paid-up ordinary shares	263,762	-	263,762	533,337	-	533,337
Units of Mutual Funds	1,015,249	-	1,015,249	1,583,330	-	1,583,330
Fully paid-up preference shares	45,421	-	45,421	45,421	-	45,421
Shares received against settlement of CFS lending	-	-	-	6,575	-	6,575
	<u>21,633,442</u>	<u>1,144,109</u>	<u>22,777,551</u>	<u>11,401,754</u>	<u>-</u>	<u>11,401,754</u>

## 6.3 Held-to-maturity investments

Pakistan Investment Bonds	1,525,022	-	1,525,022	1,736,025	-	1,736,025
Term Finance Certificates	2,475,742	-	2,475,742	1,106,767	-	1,106,767
Sukuk Bonds	706,003	-	706,003	542,300	-	542,300
Certificates of Investment	-	-	-	225,000	-	225,000
	<u>4,706,767</u>	<u>-</u>	<u>4,706,767</u>	<u>3,610,092</u>	<u>-</u>	<u>3,610,092</u>
Investments at cost	<u>26,340,209</u>	<u>1,144,109</u>	<u>27,484,318</u>	<u>15,011,846</u>	<u>-</u>	<u>15,011,846</u>
Provision for diminution in the value of investments	(242,327)	-	(242,327)	(30,700)	-	(30,700)
(Deficit) / Surplus on revaluation of available for sale investments	(225,042)	1,051	(223,991)	(927,969)	-	(927,969)
Investments-net of provision	<u>25,872,840</u>	<u>1,145,160</u>	<u>27,018,000</u>	<u>14,053,177</u>	<u>-</u>	<u>14,053,177</u>

## 6.4 Investments by segment

30 September 2009      31 December 2008  
(Rupees in '000)

## Federal Government Securities

-Market Treasury Bills	19,269,899	7,029,831
-Pakistan Investment Bonds	3,708,242	3,939,285
-Government of Pakistan Ijara Sukuk Bonds	161,500	60,000
	<u>23,139,641</u>	<u>11,029,116</u>

## Fully paid-up ordinary shares of Rs. 10/- each

-Listed companies	233,062	502,637
-Un-listed companies	30,700	30,700
	<u>263,762</u>	<u>533,337</u>

## Fully paid-up preference shares of Rs. 10/- each

-Listed companies	45,421	45,421
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## Units of mutual funds

-Closed end	35,814	35,814
-Open ended	979,435	1,547,516
	<u>1,015,249</u>	<u>1,583,330</u>

## Term Finance Certificates, Debentures, Bonds,

## Participation Term Certificates and Certificates of Investments

-Listed Term Finance Certificates of Rs. 5,000 each	727,468	726,732
-Un-listed Term Finance Certificates of Rs. 5,000 each	1,748,274	380,035
-Sukuk Bonds (5,000 bonds of Rs. 5,000 each)	544,503	482,300
-Certificates of Investment	-	225,000
	<u>3,020,245</u>	<u>1,814,067</u>

## Shares received against settlement of CFS lendings

	-	6,575
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## Investments at cost

	<u>27,484,318</u>	<u>15,011,846</u>
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## Provision for diminution in the value of investments

	(242,327)	(30,700)
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## Deficit on revaluation of available for sale investments

	(223,991)	(927,969)
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## Investments (Net of Provisions)

	<u>27,018,000</u>	<u>14,053,177</u>
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30 September 2009      31 December 2008  
(Rupees in '000)

## 7. ADVANCES

Loans, cash credits, running finances, etc.

- In Pakistan	44,172,755	45,197,476
- Outside Pakistan	-	-
	44,172,755	45,197,476

Bills discounted and purchased [excluding treasury bills]

- In Pakistan	1,238,561	826,376
- Outside Pakistan	4,784,097	3,441,110
	6,022,658	4,267,486
	50,195,413	49,464,962

Provision against advances

- Specific	7.1	2,970,050	1,869,598
- General	7.2	15,000	20,000
		2,985,050	1,889,598
		47,210,363	47,575,364

7.1 Advances include Rs. 5,018.556 million (31 December 2008: Rs. 3,190.077 million) which have been placed under non-performing status as detailed below:

	As at 30 September 2009				
	Domestic	Overseas	Total	Provision required	Provision held
	----- (Rupees '000) -----				
<b>Category of classification</b>					
Other Assets Especially Mentioned (OAEM)	180	-	180	-	-
Substandard	558,474	-	558,474	85,854	85,854
Doubtfull	1,849,705	-	1,849,705	712,421	712,421
Loss	2,610,197	-	2,610,197	2,171,775	2,171,775
	5,018,556	-	5,018,556	2,970,050	2,970,050

  

	As at 31 December 2008				
	Domestic	Overseas	Total	Provision required	Provision held
	----- (Rupees '000) -----				
<b>Category of classification</b>					
Other Assets Especially Mentioned (OAEM)	2,103	-	2,103	-	-
Substandard	691,694	-	691,694	117,954	117,954
Doubtfull	1,166,242	-	1,166,242	425,607	425,607
Loss	1,330,038	-	1,330,038	1,326,037	1,326,037
	3,190,077	-	3,190,077	1,869,598	1,869,598

7.2 General provision includes a provision amounting to Rs. 15 million (31 December 2008: Rs. 20 million) against consumer finance portfolio as required by the Prudential Regulations issued by State Bank of Pakistan.

7.3 The State Bank of Pakistan vide BSD Circular No. 2 dated: 27 January, 2009 introduced certain amendments in the Prudential Regulations in respect of maintenance of provisioning requirements against non-performing loans and advances. During the period under review the said amendments were again revised by the State Bank of Pakistan vide BSD Circular No. 10 dated: 20 October, 2009 by which the banks have been allowed to avail the benefit of 40% (instead of 30%) of forced sales value of pledged stocks and mortgaged commercial, residential and industrial properties (previously not allowed) held as collateral against all non-performing loans for 3 years from the date of classification for calculating provisioning requirement with effect from September 30, 2009. The additional impact on profitability arising from availing the benefit of forced sales value under the revised guidelines resulted in reduction of specific provision against non-performing loans and advances of approximately Rs. 355.947 million.

However, as per the revised circular the above additional impact on profitability arising from availing the benefit of forced sale value against pledged stocks and mortgage residential, commercial and industrial properties is not available for payment of cash or stock dividend.

Had the provision against non-performing loans and advances been determined in accordance with the previously issued BSD Circular No. 2 dated: 27 January 2009, the specific provision against non-performing loans would have been higher and consequently profit before taxation and advances (net of provisions) as at September 30, 2009 would have been lower by approximately Rs. 355.947 million. The additional profit arising from availing the benefit of forced sale value (net of tax) at 30 September 2009, which is not available for either cash or stock dividend to shareholders, amounted to approximately Rs. 231.366 million.

Soneri Bank Limited

30 September 2009 31 December 2008  
(Rupees in '000)

8. BORROWINGS

Secured

Borrowings from the State Bank of Pakistan  
- under Eport Re-finance scheme (ERF)  
- under Long Term Financing Facility (LTFF) for plant and machinery  
- under Long Term Financing - Export Oriented Projects (LTF - EOP)

5,640,962	5,138,047
177,770	66,875
827,115	843,608
6,645,847	6,048,530

Repurchase agreement borrowings

1,144,910	-
7,790,757	6,048,530

Unsecured

Call borrowings  
Overdrawn nostro accounts

-	-
142,872	2,392,924
142,872	2,392,924

7,933,629	8,441,454
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30 September 2009 31 December 2008  
(Rupees in '000)

9. DEPOSITS AND OTHER ACCOUNTS

Customers

Remunerative

Fixed deposits 27,790,970 26,276,181  
Savings deposits 27,307,902 22,703,260

Non-remunerative

Current accounts 12,152,716 11,181,272  
Call deposits 143,194 131,130  
Margin deposits 654,367 818,956  
Others 171,916 198,246  
68,221,065 61,309,045

Financial Institutions

Remunerative savings deposits 181,096 325,168  
Non-remunerative current deposits 278 278  
181,374 325,446  
68,402,439 61,634,491

9.1 Particulars of deposits and other accounts

In local currency 63,780,098 57,621,877  
In foreign currencies 4,622,341 4,012,614  
68,402,439 61,634,491

30 September 2009 31 December 2008  
(Rupees in '000)

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

Listed Term Finance Certificates 1,198,080 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

30 September 2009      31 December 2008  
(Rupees in '000)

**II. CONTINGENCIES AND COMMITMENTS****II.1 Direct Credit Substitutes****Financial guarantees issued favoring:**

- Government	77,535	46,055
- Others	86,689	79,753
	164,224	125,808

**II.2 Transaction-related Contingent Liabilities****Guarantees issued favouring:**

- Government	3,573,740	2,761,630
- Financial Institutions	17,647	73,292
- Others	1,709,268	1,546,577
	5,300,655	4,381,499

**II.3 Trade-related contingent liabilities**

Letters of credit	10,610,594	9,085,086
Acceptances	2,980,873	3,296,707

**II.4 Commitments in respect of forward lending**

Commitments to extend credit	561,000	400,000
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**II.5 Commitments in respect of forward exchange contracts****- Purchase**

From other banks	4,110,116	1,851,850
From customers	6,592,607	5,059,871

**- Sale**

To banks	9,413,824	5,896,217
To customers	-	7,115

**II.6 Tax contingency**

The Bank had filed returns under self assessment scheme as envisaged in section 120 of the Income Tax Ordinance, 2001. The income tax department have amended the assessment of tax year 2008 under section 122(5A) of the Income Tax Ordinance, 2001. The amended assessment order has been passed by adding / disallowing certain expenses / deductions resulting in additional tax liability of Rs.120.847 million million. The Bank and the Bank's tax advisor are of the view that the issues will be decided in the Bank's favour as and when these are taken up by the appellate authorities.

## 12. RELATED PARTY TRANSACTIONS

The related parties comprise of related group companies, directors and their close family members, staff retirement funds, major shareholders of the Bank holding not less than 10% of the total shareholding and key management personnel.

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.

	30 September 2009	31 December 2008
	(Rupees in '000)	
Deposits at the end of the period/ year:		
- Bank's Chief Executive / Executives	15,086	14,026
- Directors and their close family members	239,177	225,612
- Related group companies	647,582	285,141
- Major shareholders	207,185	304,385
- Staff retirement funds	171,894	88,013
	<u>1,280,924</u>	<u>917,177</u>
Loans and advances at the end of the period/year:		
- Key management personnel	<u>57,793</u>	<u>28,334</u>
	<b>Transactions for the nine months period ended</b>	
	30 September 2009	30 September 2008
	(Rupees in '000)	
Loans & advances repaid during the period	<u>11,922</u>	<u>14,411</u>
Loans & advances granted during the period	<u>41,381</u>	<u>20,024</u>
Mark-up received / accrued on loans & advances	<u>1,465</u>	<u>386</u>
Profit paid / accrued on deposits		
- Bank's Chief Executive / Executives	501	236
- Directors and their close family members	18,001	15,420
- Related group companies	33,776	44,267
- Major shareholders	21,498	13,132
- Staff retirement funds	10,781	9,997
	<u>84,557</u>	<u>83,052</u>
Contributions to employees' benefit plans	<u>36,316</u>	<u>27,260</u>
Key management personnel compensation		
- Salaries & benefits	141,888	99,223
- Post retirement benefits	4,491	3,493
	<u>146,379</u>	<u>102,716</u>

## 13. CONCENTRATION OF CREDIT AND DEPOSITS

### 13.1 Credit risk and concentration of credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Bank attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counter-parties and continually assessing the credit worthiness of counter-parties. It also obtains security where appropriate.

Concentration of credit risk arises when a number of counter-parties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the Bank's performance to developments, affecting a particular industry or geographical location. The Bank seeks to manage its credit risk exposure through diversification of lending activities to avoid undue concentration of risks with individuals or groups of customers in specific locations or business.

## 13.2 Segment by class of business

	As at 30 September 2009					
	Gross advances		Deposits		Contingencies	
	(Rupees in '000)	(Percent)	(Rupees in '000)	(Percent)	(Rupees in '000)	(Percent)
Textile and synthetic	17,840,708	35.54%	-	0.00%	3,311,923	17.38%
Food and Allied	5,810,882	11.58%	-	0.00%	-	0.00%
Financial Services	-	-	8,351,749	12.21%	-	0.00%
Individuals	-	-	23,571,500	34.46%	-	0.00%
Others - note 13.2.1	26,543,823	52.88%	36,479,190	53.33%	15,744,423	82.62%
	<u>50,195,413</u>	<u>100.00%</u>	<u>68,402,439</u>	<u>100.00%</u>	<u>19,056,346</u>	<u>100.00%</u>

  

	As at 31 December 2008					
	Gross advances		Deposits		Contingencies	
	(Rupees in '000)	(Percent)	(Rupees in '000)	(Percent)	(Rupees in '000)	(Percent)
Textile and synthetic	17,229,849	34.83%	1,541,861	2.50%	4,086,842	24.20%
Food and Allied	-	-	-	-	-	-
Financial Services	-	-	9,004,210	14.61%	-	-
Individuals	-	-	19,093,029	30.98%	-	-
Others - note 13.2.1	32,235,113	65.17%	31,995,391	51.91%	12,802,258	75.80%
	<u>49,464,962</u>	<u>100.00%</u>	<u>61,634,491</u>	<u>100.00%</u>	<u>16,889,100</u>	<u>100.00%</u>

13.2.1 All other business classes are less than ten percent of the total exposure

## 13.3 Segment by Sector

	As at 30 September 2009					
	Gross-Advances		Deposits		Contingencies	
	(Rupees in '000)	(Percent)	(Rupees in '000)	(Percent)	(Rupees in '000)	(Percent)
Public/ Government	2087,7000	4.16%	5,354,968	7.83%	665,413	3.49%
Private	48,108,413	95.84%	63,047,471	92.17%	18,390,933	96.51%
	<u>50,195,413</u>	<u>100.00%</u>	<u>68,402,439</u>	<u>100.00%</u>	<u>19,056,346</u>	<u>100.00%</u>

  

	As at 31 December 2008					
	Gross-Advances		Deposits		Contingencies	
	(Rupees in '000)	(Percent)	(Rupees in '000)	(Percent)	(Rupees in '000)	(Percent)
Public/ Government	-	-	8,403,828	13.63%	654,265	3.87%
Private	49,464,962	100.00%	53,230,663	86.37%	16,234,835	96.13%
	<u>49,464,962</u>	<u>100.00%</u>	<u>61,634,491</u>	<u>100.00%</u>	<u>16,889,100</u>	<u>100.00%</u>

## 14. ISLAMIC BANKING BUSINESS

The bank is operating six Islamic Banking branches at the end of reporting period (31 December 2008: six). The key financial figures of Islamic Banking branches at period / year end are as follows:

	30 September 2009	31 December 2008
	(Rupees in '000)	
Islamic Banking Fund	150,000	125,000
Deposits and other accounts	1,526,690	1,108,652
Investments	368,600	85,000
Financing and receivables	1,038,146	918,042
Charity Fund	13	100

## 15. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorised for issue on 24 October 2009 by the Board of Directors of

## 16. GENERAL

Corresponding figures have been re-arranged, wherever necessary for the purpose of comparison.

# LIST OF BRANCHES

Soneri Bank Limited

UAN: 111-567-890

Call Center: 0800-00500

Web Site: [www.soneribank.com](http://www.soneribank.com)

## HEAD OFFICE:

87, Shahrah-e-Quaid-e-Azam,  
P.O. Box No. 49, Lahore.  
Tel: 6368142-48, Fax: 6368138  
Swift: SONEPKALHR E-mail: [main.lahore@soneribank.com](mailto:main.lahore@soneribank.com)

## CENTRAL OFFICE:

5th Floor, Al-Rahim Tower,  
I.I. Chundrigar Road, P.O. Box No. 5856, Karachi.  
Tel: 2439562-67, 2444401-04, Fax: 2439561 / 2446661  
Swift: SONEPKAXXX E-mail: [info@soneribank.com](mailto:info@soneribank.com)

## CENTRAL REGION

### Main Branch, Lahore

Tel. No: 6368141-48 & 111-567-890

### Defence Branch, Lahore

Tel. No: 5897181-83 & 5730760-61

### Gulberg Branch, Lahore

Tel. No: 5713445-48

### Circular Road Branch, Lahore

Tel. No: 7670486 & 7670489

### Model Town Branch, Lahore

Tel. No: 5889311-12

### Akbar Chowk Branch, Lahore

Tel. No: 5177800-02 & 5221410

### Cavalry Ground Branch, Lahore

Tel. No: 6653728-29

### Qurtaba Chowk Branch, Lahore

Tel. No: 7211991-3

### Allama Iqbal Town Branch, Lahore

Tel. No: 5437613-5

### Baghbanpura Branch, Lahore

Tel. No: 6832811-13

### Thokar Niaz Baig Branch, Lahore

Tel. No: 5313651-53

### Ghazi Chowk Branch, Lahore

Tel. No: 5188505-07

### Islamic Banking New Garden Town Branch, Lahore

Tel. No: 5940611-3

### DHA Phase III Branch, Lahore

Tel. No: 5734083-5

### Chungi Amer Sadhu Branch, Lahore

Tel. No: 5808611-3

### Johar Town Branch, Lahore

Tel. No: 5204191-3

### Wahdat Road Branch, Lahore

Tel. No: 7578211-3

### Gunpat Road Branch, Lahore

Tel. No: 7361607-09

### Airport Road Branch, Lahore

Tel. No: 5700115-7

### Ravi Road Branch, Lahore

Tel. No: 7725356-57

### Shahdara Chowk Branch, Lahore

Tel. No: 7941741-43

### Manga Mandi Branch, Lahore

Tel. No: 5383517

### Badian Road Branch, Lahore

Tel. No: 5749741-42

### Mughalpura Branch, Lahore

Tel. No: 6880892-4

### Gujranwala Branch

Tel. No: 3843560-62

### Main Branch, Faisalabad

Tel. No: 2639873, 2639877-78, 2649555  
& UAN: 111-567-890

### Peoples Colony Branch, Faisalabad

Tel. No: 8555715-16

### Small Industries Estate Br., Sialkot

Tel. No: 3242607-9 & UAN: 111-567-890

### Sheikhupura Branch

Tel. No: 3613570, 3813133 & UAN: 111-567-890

### Wazirabad Branch

Tel. No: 6603703-04 & UAN: 111-567-890

### Main Branch, Multan

Tel. No: 4512884, 4519927, 4511022  
& UAN: 111-567-890

### Shah Rukn-e-Alam Branch, Multan

Tel. No: 6784052 & 4

### Bosan Road Branch, Multan

### Sahiwal Branch

Tel: 4467742-43

### Lodhran Branch

Tel: 364766 & 364767

### Rahim Yar Khan Branch

Tel: 5886042-44

### Bhawalpur Branch

Tel: 2731703-04

### Okara Branch

Tel: 2553012-4

### Sadiqabad Branch

Tel: 5702162, 5700661 & 5701461

### Sargodha Branch

Tel: 3762841-3

### Khanewal Branch

Tel: 2551561-62

### Burewala Branch

Tel: 3773110 & 3773120

### Hafizabad Branch

Tel: 541641-42

### Samanabad More Branch, Lahore

Tel. No: 7591404-7

## SOUTH REGION

### Main Branch, Karachi

Tel. No: 2436990-94 & UAN: 111-567-890

### Clifton Branch, Karachi

Tel. No: 5877773-74, 5822592 & 5824306

### Garden Branch, Karachi

Tel. No: 2232877-78

### F.B. Area Branch, Karachi

Tel. No: 6373782-83

### Korangi Ind. Area Branch, Karachi

Tel. No: 5113898, 5113899, 5113900 & 5113901

### AKUH Branch, Karachi

Tel. No: 4852252-53

### Haideri Branch, Karachi

Tel. No: 6638617 & 6630409

### Jodia Bazar Branch, Karachi

Tel. No: 2413627, 2414920 & 7090140

### Shahrah-e-Faisal Branch, Karachi

Tel. No: 4535553

### D.H.A. Branch, Karachi

Tel. No: 5852209

### Gulshan-e-Iqbal Branch, Karachi

Tel. No: 4811832

### S.I.T.E. Branch, Karachi

Tel. No: 2568213

### Zamzama Branch, Karachi

Tel. No: 5375836-37

### Gole Market Branch, Karachi

Tel. No: 6618932, 6681324 & 6618919

### Gulistan-e-Jauhar Branch, Karachi

Tel. No: 4020944-45

### M. A. Jinnah Rd. Branch, Karachi

Tel. No: 2213972 & 2634293

### Gulbahar Branch, Karachi

Tel. No: 6607744

### North Karachi Branch, Karachi

Tel. No: 6920140-41, 42-64806-7

### B-7, Gulshan-e-Iqbal Branch, Karachi

Tel. No: 4815811-12

### Islamic Banking Cloth Market Branch, Karachi

Tel. No: 2442995, 2442977 & 2442961

### Paria Street Kharadar Br., Karachi

Tel. No: 2201059-60

### Suparco Branch, Karachi

Tel. No: 4970560, 7080810

### Chandni Chowk Branch, Karachi

Tel. No: 4937933

### Allama Iqbal Rd. Branch, Karachi

Tel. No: 4387673-4

### Nishtar Road Branch, Karachi

Tel. No: 2239711 & 13

### Waterpump Branch, Karachi

Tel. No: 6312108 & 6312113

### APWA Complex Branch, Karachi

Tel. No: 2255143 & 2253216

### Clifton Block-2 Branch, Karachi

Tel. No: 5361115 & 6

### Malir Branch, Karachi

Tel. No: 4518730

### Bahadurabad Branch, Karachi

Tel. No: 4135842-43

### New Challi Branch, Karachi

Tel. No: 2625246 & 2625279

### Shah Faisal Colony Branch, Karachi

Tel. No: 4602446-7

**NORTH REGION**

**Zaibunissa Street Saddar Branch, Karachi**  
Tel. No: 5220026

**Liaquatabad Branch, Karachi**  
Tel. No: 4860723-26 & 4860725

**Lea Market Branch, Karachi**  
Tel. No: 2526193-94

**Korangi Township No. 3 Branch, Karachi**  
Tel. No: 6007572

**North Karachi Ind. Area Branch, Karachi**  
Tel. No: 6962855

**F.B. Industrial Area Branch, Karachi**  
Tel. No: 6829961-3

**Napier Road Branch, Karachi**  
Tel. No: 2713538-9

**Gulshan-e-Hadeed Branch, Karachi**  
Tel. No: 4710252 & 4710256

**Metroville Branch, Karachi**  
Tel. No: 6752205 & 7

**Defence Phase-II Extension Br., Karachi**  
Tel. No: 5386910 & 1

**North Karachi Township Branch, Karachi**  
Tel. No: 6968605, 6 & 7

**Main Branch, Quetta**  
Tel. No: 2821610 & 2821641  
UAN: 111-567-890

**Islamic Banking Hazar  
Gunji Branch, Quetta**

**Main Branch, Hyderabad**  
Tel. No: 2781528-29 & UAN: 111-567-890

**F. J. Road Branch, Hyderabad**  
Tel. No: 2728131, 2785997 & 2729233

**Latifabad Branch, Hyderabad**  
Tel. No: 3816309

**Islamic Banking  
Isra University Branch, Hyderabad**  
Tel. No: 2032322, 2030161-4

**Prince Ali Road Branch, Hyderabad**  
Tel. No: 2638514,5 & 6

**Sukkur Branch**  
Tel. No: 5622382 & 5622925  
UAN: 111-567-890

**Gawadar Branch**  
Tel. No: 4211702-3

**Hub Branch, Distt. Lasbela**  
Tel. No: 310225-7

**Golarchi Branch, Distt. Badin**  
Tel. No: 853193-4

**Bohara Branch, Distt. Thatta**  
Tel. No: 608301

**Jati Town Branch, Distt. Thatta**

**Karachi Stock Exchange Road Branch**  
Tel. No: 2414003-4

**Main Branch, Peshawar**  
Tel. No: 5277914-16 & 5277394, 5277917  
& UAN: 111-567-890

**Chowk Yadgar Branch, Peshawar**  
Tel. No: 2573335-36

**Islamic Banking,  
Khyber Bazar Branch, Peshawar**  
Tel. No: 2566812-13

**Mirpur Branch (AK)**  
Tel. No: 44488, 44588 & 48044

**Gilgit Branch**  
Tel. No: 53749

**Main Branch, Rawalpindi**  
Tel. No: 5522901-03

**Chandni Chowk Branch, Rawalpindi**  
Tel. No: 4455071-2

**Main Branch, Islamabad**  
Tel. No: 2277551, 2272460 & 2824993  
UAN: 111-567-890

**G-9 Markaz Branch, Islamabad**  
Tel. No: 2850171-3

**Islamic Banking,  
I-10 Markaz Branch, Islamabad**  
Tel. No: 4101733

**Aliabad Branch, Hunza**  
Tel. No: 55000

**Skardu Branch**  
Tel. No: 50327

**Mansehra Road Branch, Abbottabad**  
Tel. No: 385231-3 & 383075-6

**Gahkuch Branch**  
Tel. No: 50408-10

**Gujar Khan Branch**  
Tel. No: 3516327 & 9, 3516331

**Islamgarh Branch (AJK)**  
Tel. No: 43981-82

**Jhelum Branch**  
Tel. No: 625794-95

**Booni Branch, Distt. Chitral**  
Tel. No: 470413-14

**Swabi Branch, Distt. Swabi**  
Tel. No: 221742-5

**I-9 Markaz Branch, Islamabad**  
Tel. No: 4858101-3

**22 Number Chungi Branch, Rawalpindi**  
Tel. No: 5563577