

CRAFTING SUCCESS



ANNUAL REPORT 2019



Soneri Bank
Roshan Har Qadam



CRAFTING SUCCESS

We at Soneri Bank believe in the philosophy of light. Our progressive outlook towards our dynamic style of working and our transparent approach in building relationships, has been shining through and illuminating continuous success over the years. Each aspect of our business is focused on bringing value to our customers' life. Hence, all our offerings are a crystal-clear depiction of our dedication towards prosperity – Roshan Har Qadam.



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SKETCHING AMBITIONS

Our inspirations have been etched into the manifesto that Soneri Bank is proud to call its vision and mission. This motivates us to perform better every year with tenacity in all aspects of our business.

Vision

To better serve the customers; to help them and the society grow.

Mission

To provide innovative and efficient financial solutions to our customers.



PERMANENT GUIDANCE

The canvas of our business is marked with sincerity and abidance to a permanent framework. These values are the premise of our integrity with which we serve our customers. The foundations laid in our core values withstand the changing times and give us the virtue of creating legacies.

Core Values

We Are Customer Centric

We build strong long-term relationships with our customers.
We believe in exceeding our customers' expectations.
We believe in connecting with our customers through empathy and understanding.

We Have High Moral Standards

We build a culture of trust.
We are open, honest and fair in all our dealings.
We base our work on trust and integrity.

We Take Ownership

We take responsibility and accountability for what we do.
We stand up for what we believe is right.
We accept the consequences of our decisions and actions that we take.

We Are Pro-Active

We plan ahead.
We make swift and timely decisions and value time as our asset.
We strive to stay ahead by anticipating change and forecasting risk.

We Collaborate

We are one team with one vision.
We encourage and support diversity across all channels.
We value teams within and across business units.



HIGHLIGHTING PROGRESS

A display of prominence of our achievements is the testament to our dedication towards our customers. Each year we strive to yield much more, reaching greater heights and pushing further in our pursuit for success.

Key Financial Highlights

TOTAL ASSETS

Rs. 442.54
BILLION

SHAREHOLDERS' EQUITY

Rs. 20.21
BILLION

CAPITAL ADEQUACY RATIO

15.79%

ADVANCE TO DEPOSIT RATIO

70.35%

TRADE VOLUMES

Rs. 431.29
BILLION

DEPOSITS

Rs. 302.08
BILLION

EARNINGS PER SHARE

Rs. 1.73

PROFIT BEFORE TAXATION

Rs. 3.25
BILLION

NO. OF BRANCHES

308

BREAK UP VALUE PER SHARE

Rs. 18.33



DRAFTING INNOVATIONS

Innovation is the key to move forward. Organisations have always relied on technology to grow and move ahead of their times. Soneri Bank believes in the same spirit of advancement and works toward a diligent transformation for the betterment of its business and its stakeholders.

Technology



STROKES OF UNITY

With each stroke Soneri Bank paints the picture of a stronger society, building a better environment, sustaining unity and fostering our communities. Our propensity helps us add value to the very society we stem from.

Corporate Social Responsibility



CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

To ensure that the spirit of our brand promise 'Roshan Har Qadam' is spread across, we, at Soneri Bank, have aimed to enrich the society in all walks of life. In 2019, our CSR activities embodied principles of inclusiveness for the betterment of fellow beings in the field of healthcare, education, women empowerment, sports and rehabilitation.

Contribution to Healthcare

Soneri Bank has generously contributed to healthcare organisations, to serve the purpose of humanity.

The Kidney Centre (TKC)

The Kidney Centre (TKC) a non-profit organisation provides comprehensive quality renal care to patients suffering from kidney problems. Soneri Bank took the opportunity to support one of TKC's fundraising events of the year.

Lady Dufferin Hospital

Lady Dufferin Hospital is Pakistan's largest and most well known women's hospital, it provides quality healthcare to all socioeconomic groups at subsidised rates. To improve the healthcare facilities of the organisation, Soneri Bank extended its support by sponsoring its annual fundraising event for society's prosperity.

Marie Adelaide Leprosy Centre

MALC is a non-profit organisation serving the Leprosy, TB & Eye patients in Pakistan, which includes medical and surgical treatment, as well as the physical and social needs of deformed patients. Deserving cases are provided educational, vocational and socio-economic assistance for their rehabilitation and integration into their respective communities. Soneri Bank participated in a fundraiser play organised by MALC, to help in providing patients with proper access to health facilities.

LRBT

LRBT is the largest provider of free eye care for the poor in the country and a safety net for the visually impaired population in Pakistan. In order to further endorse the efforts of the institute, Soneri Bank contributed its due share through its digital campaign #PledgeForKindness, whereby the funds were donated to LRBT.

Children First Society

Children First Society is a non-profit organisation working for the ailing children by providing free treatment, medical supplies, machines and equipment. Various initiatives of cleanliness and hygiene have also been taken for the betterment of their patients. The Children First Society's child development services help children to achieve a healthy life to become healthy adults. Soneri Bank supported the cause by participating in their fundraiser event.

National Institute of Child Health (NICH) – OAKS

OAKS is the alumni association of Kinnaird College for Women. Both OAKS and NICH have a long standing relationship, in which funds have been raised for lifesaving medical equipment for the hospital, which include ventilators, incubators and special thalassemia testing machinery. Soneri Bank supported this cause by participating in the event's fundraiser brochure.

Shaukat Khanum Memorial Cancer Hospital and Research Centre

Shaukat Khanum Memorial Cancer Hospital and Research Centre is a cancer centre, serving the people of Pakistan for many years. It is the very first project of the Shaukat Khanum Memorial Trust, a charitable organisation working towards the fight against Cancer, since its inception. Soneri Bank played its part in supporting this organisation monetarily, as well as by contribution through digital campaign #PledgeForKindness

The Sindh Institute of Urology & Transplantation - SIUT

The Sindh Institute of Urology & Transplantation is a dialysis & kidney transplant centre located in Sindh. SIUT was founded by Dr. Adibul Hasan Rizvi and it is Pakistan's largest kidney disease centre, as well as Pakistan's largest public sector health organisation. Soneri Bank supported this cause through its digital campaign #PledgeForKindness, whereby funds were donated to the organisation.

The Indus Hospitals (TIHs)

The Indus Hospitals are tertiary care multidisciplinary hospitals and healthcare system in Pakistan. The unique feature of the hospital is that it is privately run, but offers services completely free of charge. It is the first ever paperless hospital established in Pakistan. Soneri Bank, through its digital campaign #PledgeForKindness contributed towards this organisation for the betterment of society.

Friends of Pink Ribbon Pakistan – United Against Breast Cancer

Pink Ribbon Pakistan – a project of Women's Empowerment Group is a non-funded, self-sustained campaign, mostly supported by contributions through public philanthropy and driven by a large number of volunteers all over the country. The mission of Pink Ribbon Pakistan is to develop Pakistan's first dedicated breast cancer hospital with state-of-the-art medical equipment, in order to fulfill the dire need of approximately 9.8 million women who are at a risk of developing breast cancer, in Pakistan. Soneri Bank pledged to this cause by contribution in the annual fundraiser event.

Empowering Education

With a focus on the field of education, Soneri Bank has generously supported and promoted various educational organisations for their development.

Family Education Services Foundation

Family Educational Services Foundation (FESF), a non-profit educational organisation, has been active in Pakistan since 1984. FESF is dedicated to enhance the quality of life for all members of the community, especially those who are disadvantaged. Soneri Bank generously supported their educational development training programs, in order to empower the needy ones to reach their full potential.

Developments in Literacy

Developments in literacy, educates and empowers underprivileged students, especially girls, by operating student-centered model schools; and provides high-quality professional development to teachers and principals across Pakistan. Soneri Bank has supported this cause by sponsoring the fundraising event for the development of education and literacy.

HEro SHEro Kids

HEro SHEro is a leadership program specifically designed for 6-12 year olds in Karachi. Their series of events, and workshops are designed to raise emotionally intelligent, confident, empathetic and socially active youngsters. Soneri Bank pledged its support to this cause by sponsoring their events.

Rehabilitation Efforts

The efforts made towards community and for rehabilitation are much valued by us. This year, Soneri Bank has played its part in uplifting organisations working in this field, as well.

NOWPDP

Network of Organisations with People with Disabilities, Pakistan (NOWPDP) raises the awareness in the society about the rights of persons with disabilities. For this noble cause, the bank has sponsored rickshaws for the people connected with NOWPDP for the well-being of the same.

The Society for the Rehabilitation of Special Children (SRSC)

To be the premier institution in Sindh that provides healthcare and specialists help in physiotherapy, occupational therapy, speech therapy, primary schooling and free dispensary. The contributions made by Soneri Bank were utilised towards the management of the ICU Ward of National Institute of Child Health Karachi, for effective treatment of patients.

Women Empowerment

It is true that women are a strong part of our society and every effort should be made to ensure their development. Soneri Bank has pledged its support to organisations working towards this cause

Attock Sahara Foundation

Attock Sahara Foundation (ASF), a welfare oriented non-profit organisation by Pakistan Centre of Philanthropy (PCP), has been serving the community since 1966. Its aim is to play a vital role in uplifting the socio-economic conditions of the surrounding communities through various welfare projects. Soneri Bank supported their mission by participating in their Annual Meena Bazaar event.

Supporting Women Entrepreneurship

Keeping true to our values and belief in women empowerment, Soneri Bank has promoted women entrepreneurship by collaborating with home based small business owners, for giveaways and gifts for its events like Women's Day celebration at office for its female staff as well as prizes for its social media contest winners. In this way, a pledge has been taken to support small businesses so that they can become big.

Promoting Sports

Continuing with our support towards sports since many years, this year Soneri Bank not only sponsored an international event held in Pakistan, but a few individual players as well.

Lahore Garrison Golf and Country Club

Garrison Golf and Country Club is a Golf and Country club in Lahore, Punjab, Pakistan. It's a reputable place among its members and visitors with its state-of-the-art sports facilities. Soneri Bank supported their cause of promoting sports by participating in their 28th Corps Commander's Cup Golf Tournament.

Alishan Table Tennis Tournament

Table Tennis is one of the prevailing sports, which needs due awareness and recognition. In this regard, Alishan & Co are making serious efforts in spreading the game among the masses, as well as training aspiring players for the game. Soneri Bank participated in this cause through its contribution in Alishan Table Tennis Tournament 2019.

All Pakistan Paper Merchants Association (APPMA)

All Pakistan Paper Merchants Association (APPMA) – The APPMA is made up of businesses, small and large, including importers, distributors, stockists, suppliers, wholesalers, retailers, brokers and indenters of Paper and Paper Board. In order to support the business community, Soneri Bank participated in APPMA Cricket Tournament.

Gilgit-Baltistan Super League 2019 Cricket Tournament

Cricket is a sport widely celebrated nationwide and is played throughout the country. The enthusiasm for the sport within the people of Gilgit-Baltistan is heartwarming. Soneri Bank contributed monetarily, towards the encouragement of the teams participating in the GB Super League 2019 Cricket Tournament.

Supporting a Golfer

In the spirit of promoting new talent and ambitious people to achieve their dreams, Soneri Bank has sponsored an inspiring golfer, to represent the Bank in various tournaments nationwide.

ILLUSTRATING COMMITMENT

With a complete palette, catering to every need of our customers, we at Soneri Bank set the tone towards going beyond our customers' expectations, adapting quickly to the changing environments with efficient financial solutions that help us to stay ahead. This, in turn, results in the customer loyalty that we are proud of.

Products and Services



PRODUCTS AND SERVICES

At Soneri Bank, we strive to offer the most vibrant range of products and services to exceed our customers' expectations. Our commitment to the customers is to leverage our brand promise "Roshan Har Qadam", by constantly innovating our products' suite to best match the personal and business needs of our customers, including Commercial, Retail, Corporate and Islamic segments. With our corporate vision "To better serve the customers to help them and the society grow", and our mission "To provide innovative and efficient financial solutions to our customers", we serve them with excellent solutions and constantly raise our performance standards.

Conventional Deposit Products

Customers can open any Current and Savings Account for their transactional needs and enjoy banking convenience offered through over 300 branches and a growing network of 300+ ATMs across the country. Our Current Accounts include:

Soneri Ikhtiar Account

Soneri Ikhtiar is the flagship Current Account, which is ideally suited for businesses in search of a convenient and feature-rich bank account, to fulfil their daily banking needs. This account offers numerous free facilities, including: Banker's Cheque Issuance, Online Banking, Cheque Books, Standard Master Debit Card and much more. In addition, Soneri Ikhtiar Account offers free Worldwide Accidental Insurance and ATM Withdrawal Coverage to help protect customers and their loved ones.



Soneri Current Account

Soneri Current Account lets the customers enjoy a host of free banking services with no restriction on number of transactions. It also provides complete peace of mind with free Worldwide Accidental Insurance and ATM Withdrawal Coverage.

Basic Banking Account

It is a non-profit bearing account with no minimum balance requirement. Initial deposit for account opening is Rs. 1,000/-. Unrestricted number of withdrawals from the account through ATMs are permissible, subject to applicable per day withdrawal limit for amounts in force.



Soneri Asaan Account

Soneri Asaan Account offers a simple and convenient way to fulfil all banking needs with minimum documentation requirement. It is offered in both Current and Savings Account types and is suitable for self-employed individuals, students, housewives and daily wagers.



Soneri Pensioners Account

Soneri Bank's branch network across Pakistan facilitates in the opening of Pensioners' Account. Branches effectively coordinate with various Pension disbursing departments to ensure hassle-free disbursement/credit of Pension in the respective Pensioner's account.



Soneri INSTA PAY Payroll Solution

It is an efficient employee payroll solution for companies. The product is a bundled proposition providing one-stop tailored solution, catering to the specific needs and requirements of the client and their employees.

Savings Accounts

Soneri Bank offers a complete range of savings products with attractive returns. These accounts are designed to cater to the specific needs of individuals, senior citizens and corporates. Our savings product suite includes:

PLS Savings Account

A basic deposit account with no minimum balance requirement. It can be opened with an initial deposit of just Rs. 100/-. The complete range of ADC services is offered on this account, including Standard Master Debit Card, Internet/Mobile Banking, Online Banking and SMS Alerts.

Soneri Savings Account

A flexible and fast growing cumulative monthly profit account. The rate of profit on this account increases with the account balance, as per the defined tiers. The complete range of ADC services is offered on this account.

Soneri Sahara Account

A Savings Account for senior citizens to meet their basic banking needs. The account can be opened singly or jointly (husband and wife), provided either of them is of 60 years or above. They can enjoy high returns on their savings every month, with the flexibility of withdrawing profits anytime.



Soneri Rupee Term Deposits

Soneri Rupee Term Deposits are for customers who intend to retain their savings for a fixed period and earn a higher rate of profit. Term Deposits allow customers to save a fixed amount in Rupees for a set period ranging from 1 month to 3 years at attractive profit rates. The depositor has the option to reinvest the deposit automatically with or without profit.

Soneri Diamond Deposits (Monthly Income Scheme)

Soneri Diamond Deposits provide investment opportunities to customers looking for additional monthly income with an attractive return. Customers will earn monthly profit on their investment for a period ranging from 1 to 3 years.

Soneri Nigehban Term Deposit

Soneri Nigehban Term Deposit is an "investment-for-profit" product for customers with a vision to provide free Life Insurance equivalent to their investments, upto Rs. 5 Million (subject to terms and conditions), along with high return on their investment. Profit pay-out on this term deposit is made on monthly basis in linked Current or Savings Account.



Soneri Roshan Munafa

Soneri Roshan Munafa is a term deposit targeted towards medium to high net worth individuals, senior citizens, housewives and commercial and corporate entities, looking for high returns to meet their financial needs. This is a 1-year term deposit, which can be booked with a minimum amount of Rs. 50,000/- and a maximum amount of Rs. 100,000,000/-. The rate currently being offered on this product will be periodically updated as per the interest rate scenario. This product also offers financing facility of upto 80% of the deposit amount.



Soneri Foreign Currency Accounts

Dealing in foreign currencies is no more a hassle. Soneri Bank offers FCY Current, Savings and Term Deposit accounts, to cater to the foreign currency transactional and saving needs of the customers, with a host of attractive features.

FCY Term Deposits

Soneri Bank's Foreign Currency Term Deposit offers competitive profit rates for any selected term of upto 1 year. It is an ideal investment to help customers save in a foreign currency and see their deposit grow over time.

Financing Products for Commercial and Retail Banking

Soneri Bank ensures meeting all banking needs of its customers, by offering a variety of financing products, to facilitate them to grow their businesses and also contribute their share towards the industrial growth of the country. The Bank is also committed to play its role towards strengthening the SME sector by encouraging quality players to avail credit facilities through our nationwide branches, empowering them to grow beyond financial limitations. In addition to our conventional financing products, including Running Finance, Cash Finance, Term/Demand Finance, Letter of Credits (LCs), Finance against Imported Merchandise (FIM), Finance against Trust Receipts (FATR), Export Finance and Letter of Guarantees (LGs), the Bank also offers the following specific financing products to help its customers to operate their businesses without worrying about funding requirements:

Soneri Speed Finance

Soneri Speed Finance is focused towards providing quick and flexible financing solutions to its customers, while keeping their savings secure. This product is offered to Individuals, Small & Medium Enterprises, Commercial and Corporate businesses to meet their business needs. It has been designed to provide hassle-free and swift financing solutions to meet both the short- and long-term financing needs of the customer. It is primarily secured against liquid security, including Soneri Bank's deposits (LCY & FCY Term Deposits, Cash Margin, Lien on Account) and Government Securities (DSC/SSC/RIC).

SBP's Incentive Schemes

In line with the initiatives of the State Bank of Pakistan to support exports and industrial growth with the ultimate objective of promoting overall economic development of the country, Soneri Bank is offering a wide range of SBP's refinancing schemes through our designated branches:

- Credit Guarantee Scheme for Small & Rural Enterprises
- SBP Refinancing Facility for Modernization of SMEs
- Refinance and Credit Guarantee Scheme for Women Entrepreneurs
- Credit Guarantee Scheme for Special Persons
- Credit Guarantee Facility for Rice Husking Mills in Sindh
- Financing Facility for Storage of Agricultural Produce
- Export Refinance Scheme
- Financing Scheme for Renewable Energy
- Refinancing Scheme for Working Capital Financing
- Long-Term Financing Facility for Plant & Machinery

Consumer Finance

Soneri Car Finance

Soneri Car Finance lets the customers control their payment plan, where they are able to select a car that is new, used or imported, at competitive mark-up rates. Car Finance facility is available upto Rs. 5 Million, repayable upto 7 years in equal monthly instalments. Processing of application is fast and hassle-free. Partial payment and early settlement options are available to lower the customer's burden at any point in time. Moreover, insurance along with tracker facility makes the facility complete, which is very lucrative for Soneri Bank's valuable clients.



Soneri Personal Finance

Soneri Personal Finance includes attractive plans, simple reimbursement alternatives and market competitive rates. It is a hassle-free way to satisfy customers' monetary needs with a maximum limit of upto Rs. 1 Million with flexible repayment tenures upto 5 years. It is an easy solution to the customers' cash/liquid needs to plan their children education, make their daughter's wedding the talk of the town, or take that dream get-away, along with their near and dear ones.

Agriculture Financing

Agriculture contributes a handsome share in the GDP of our country and the livelihood of a large number of rural populations is also based on this. SBL is offering number of Agri Finance Products for increase in agriculture produce and livelihood of the farming community as detailed below:



- Farm Production Loans – Revolving Credit Facility
- Farm Development Loans
- Tractor and Implements Loans
- Non-Farm Working Capital Loan - Dairy Farming
- Non-Farm Development Loan - Dairy Farming
- Non-Farm Working Capital Loan - Poultry Farming
- Non-Farm Development Loan - Poultry Farming
- Non-Farm Working Capital Loan - Fish Farming
- Non-Farm Development Loan - Fish Farming
- Non-Farm Working Capital Loan - Cattle Farming
- Non-Farm Development Loan - Cattle Farming
- Value Chain - Contract Farmers Financing

Home Remittance

Soneri Bank Limited (SBL) under the guidance of Pakistan Remittance Initiative (PRI) (a joint venture of State Bank, Ministry of Finance and Ministry of Overseas Pakistanis, Pakistan), started Home Remittance Payments Disbursement Initiative in July – 2012. In a very short span of time and with exceptional customer support and service delivery standards, Soneri Bank managed to make a positive contribution towards Home Remittance Business. Soneri Bank has recognised the potential in Home Remittance business and therefore brands its business with the service name of "Soneri Mehnat Wasool Remittance". Soneri Mehnat Wasool Remittance offers unmatched services for overseas Pakistanis to send money home fast and free, at no cost, across Pakistan with our branch network of over 300 branches in 130 cities. Soneri Bank has already established the relationship with many Global Exchange i.e. MoneyGram, RIA Money Transfer, Cash Express, Small World, Xpress Money, in different regions of the Gulf countries, UK, America and Canada to facilitate its customers.



Alternate Delivery Channel

ATMs

Soneri customers can withdraw cash and avail ancillary services through our ever-growing network of 300+ ATMs across the country.

Soneri Debit Card

Customers can shop at more than customers can shop at all POS enabled merchants and conveniently pay using their Soneri Debit Card and have 24/7 access to cash through cash withdrawal facility all around the world.



Mobile and Internet Banking

Customer can register for mobile and internet banking and to access services anywhere and anytime via mobile and internet for real time balances, account statements, fund transfers, mobile top-ups utility bill payments and many more services.



SMS Alerts

Customers get prompt intimation of all transactions to remain on top of their account activity.



Phone Banking:

Customers can access their accounts 24/7 through Soneri phone banking, including Debit Card Replacement, Stop Cheque Request, Banker's Cheque, ATM Debit Card Account Linking / De-Linking, Cheque Book request and E-Statement request. They can simply dial + 92-21-111-SONERI (766374) to avail easy access to their account-based services.

Protection and Coverage Products

Soneri Bank offers a variety of exclusively designed Bancassurance conventional and Takaful products that cater to the protection, savings and investment needs of its customers. Bancassurance is one of the best purchases for the future of customers' family. SBL offers advice from certified professionals with expertise to help tailor customised coverage plans for customers' family's individual needs. Few of these products are:

Sunehra Saver and Sunehra Saver Takaful

These are SBL's Bancassurance plans that encourage customers to save at an early stage of their career, to cater to the midlife family expenses. It is an affordable plan for young executives, entrepreneurs, middle aged professionals, working ladies and housewives. The plan is designed to meet the future financial needs like, wedding, education, house purchase, starting a business or expansion of an existing enterprise of the assured.

A unique medical coverage (MediPal) is offered with Sunehra Saver Plan.



Roshan Aghaz and Roshan Aghaz Takaful

These Bancassurance plans encourage parents to save money for their children's higher education and provide protection in case of an eventuality. In the unfortunate event of death of the assured parent during the savings term, the built-in "Education Continuation" benefit ensures that the targeted fund at maturity is achieved.

Roshan Takmeel

This is a savings plan especially designed for those individuals who wish to have financial independence post-retirement, who wish to retire early or who want to top-up their existing pension plans. The plan is ideal for self-employed and professionals, such as doctors, dentists, architects, lawyers, engineers and financial consultants. It is also suitable for employees having benefits of provident funds.

Karobar Muhafiz

This Bancassurance plan covers the lives of two individuals (or business partners) simultaneously, allowing business continuation/succession in case of an eventuality. It includes benefits like hospitalisation, critical illness, accidental disability and death benefits. SMEs, large enterprises and partnerships can avail this plan to ensure stability of their businesses. Professional practitioners, such as doctors, dentists, accountants, lawyers, architects, engineers etc. can also use this plan to their advantage.



Pearl and Pearl Takaful:

This Bancassurance plan covers the lives of two individuals (or business partners) simultaneously, allowing business continuation/succession in case of an eventuality. It includes benefits like hospitalisation, critical illness, accidental disability and death benefits. SMEs, large enterprises and partnerships can avail this plan to ensure stability of their businesses. Professional practitioners, such as doctors, dentists, accountants, lawyers, architects, engineers etc. can also use this plan to their advantage.



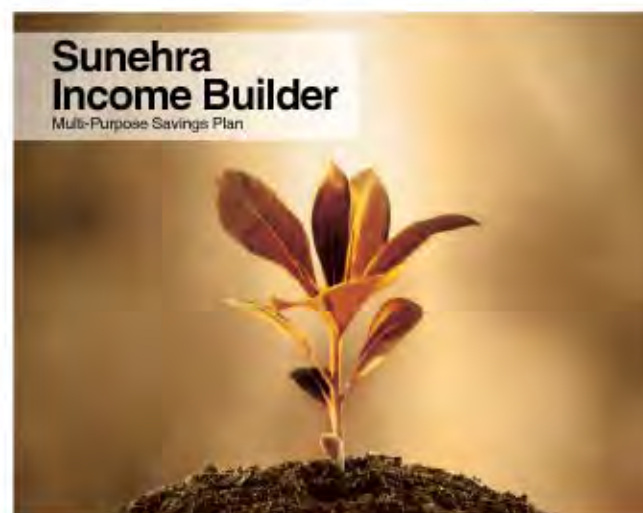
Sunehra Cash Builder

This is a regular premium Bancassurance product where the premium paid will be credited to the customer's individual account, to be invested as per the chosen investment strategy. Sunehra Cash Builder is intended for farsighted individuals who want a secure future for themselves and their loved ones at the same time, reaping benefits on their hard-earned incomes. This plan ensures that our customers achieve their respective goals even when the customer is unable to continue regular income. Customers can also choose HealthSure to avail



Sunehra Income Builder

This plan provides insurance cover in the form of a guaranteed sum assured, offering parallel returns on premium investment. Be it an objective of saving for your child's education, marriage of your progeny, building/buying a home for yourself and your family, or starting/expansion of business, Sunehra Income Builder plan is a one stop solution for all your financial needs. Customers can also choose HealthSure to avail Healthcare benefits.



Sunehra Ehad Takaful

This plan offers a unique combination of savings, investment and protection. It provides Takaful coverage that is in line with the Shariah Principles. Sunehra Ehad enables customers to build income for events like child education, daughter's marriage, building/renovation of house or planning for carefree life after retirement. Customers can also choose Sehat Afza to avail Healthcare benefits.

Capital Plus and Capital Plus Takaful

These plans are designed for High Net Worth (HNW) customers of SBL, they offer higher investment returns along with the benefit of family's financial protection (insurance coverage). Loyalty bonus starts from fifth year (commonly starts from tenth year). Customers can also choose Sehat Afza/HealthSure to avail Healthcare benefits.



Wealth Management:

Soneri Bank is constantly innovating its products suite to best match the personal and business needs of its customers. To ensure all banking needs are met, we offer a variety of investments products to facilitate our customers. The role of Wealth Management is to provide tailored investments' solutions and help the client develop, implement and monitor an entire investment portfolio, which will enable the client to manage present and future financial needs.

Our product menu comprises of a range of Mutual Funds, Voluntary Pension Schemes and Separately Managed Accounts, available in Conventional as well as Shariah Compliant variants.

Benefits of Investing in Mutual Funds:

- Tax Credit
- Diversification
- Liquidity
- Transparent and Highly Regulated
- Small Investment Size
- Professional Management

Types of Funds Offered:

Equity Scheme:

An equity scheme or equity fund is a fund that invests in Equities more commonly known as stocks. The objective of an equity fund is long-term growth through capital appreciation, although dividends and capital gain realised are also sources of revenue.

Balanced Scheme:

These funds provide investors with a single mutual fund that invests in both stocks and debt instruments. This diversification

is aimed at providing investors a balance of growth through investment in stocks and of income from investments in debt instruments.

Asset Allocation Scheme:

These Funds may invest their assets in an array of securities, at any time, in order to diversify their assets across multiple types of securities & investment styles available in the market.



Fund of Funds Scheme:

Fund of Funds are those funds, which invest in other mutual funds. These funds operate a diverse portfolio of equity, balanced, fixed income and money market funds (both open and close ended).

Shariah Compliant (Islamic) Scheme:

Islamic funds are those funds which invest in Shariah Compliant securities i.e. shares, sukuks, ijarah sukuks, etc. as may be approved by the Shariah Advisor of such funds. These funds can be offered under the same categories as those of the conventional funds.

Money Market Scheme:

Money Market Funds are among the safest and most stable of all the different types of mutual funds. These funds invest in short-term debt instruments, such as Treasury Bills and bank deposits.

Income Scheme:

These funds focus on providing investors with a steady stream of fixed income. They invest in short-term and long-term debt instruments such as TFCs, government securities such as T-Bills/PIBs, or preference shares.

Soneri Bank Wealth Management – Product Menu:

In partnership with a reliable Asset Management Company, we offer a range of Investments products

Mutual Funds

- MCB Cash Management Optimizer
- Pakistan Cash Management Fund
- Pakistan Income Fund
- MCB Pakistan Sovereign Fund
- MCB DCF Income Fund
- Pakistan Income Enhancement Fund
- MCB Pakistan Asset Allocation Fund
- MCB Pakistan Frequent Payout Fund
- Pakistan Capital Market Fund
- MCB Pakistan Stock Market Fund
- Alhamra Islamic Income Fund
- Alhamra Islamic Asset Allocation Fund
- Alhamra Islamic Stock Fund

Voluntary Pension Schemes (VPS)

- Pakistan Pension Fund
- Alhamra Islamic Pension Fund

Disclaimer:

The returns of mutual funds are not guaranteed, mutual funds' returns are subject to market risk and the price of units may go up and down based on market conditions, past performance should not be taken as a guarantee of future performance. As disclosed in the offering document available on AMC's website www.mcbah.com. MCB Arif Habib Investments Limited is the fund manager and Soneri Bank Limited is only the Distributor of these funds in Pakistan.

Soneri Mustaqeem Islamic Banking

Soneri Mustaqeem Islamic Banking offers a broad range of 100% Shariah compliant financial solutions for the customers. Our Islamic Portfolio Includes:

Deposit Products:

Current Account

Soneri Jari Account

Jari Account is a kind of Current Account (no profit and loss account) that provides the convenience of putting your money in an account and accessing it without any restrictions on withdrawal, while enjoying a host of professional conveniences from our bank. This account is based on the Islamic principle of Qardh.

Rahat Mustaqeem Account

Soneri Mustaqeem – Rahat Account is a flagship Remunerative-Current Account on the basis of Mudarabah, which is ideally suited for businesses in search of a convenient and feature-rich bank account to fulfil their daily banking needs. This account offers numerous free facilities.



Saving Accounts

Soneri Mustaqeem - Bachat Account

Bachat Account is a kind of remunerative account offered to customers with small savings and looking for a halal return on their deposits. It is based on the concept of Mudarabah, where the depositor acts as an Investor (Rab-ul-Maal) and the bank acts as the Manager (Mudarib) of the funds deposited by the customers. It also offers a wide range of services to cater to their banking needs.

Soneri Mustaqeem - Munafa Account

Soneri Mustaqeem - Munafa Account provides a regular stream of monthly income with the same convenience and service of a regular Savings Account. Through this, our valued customers can manage their short-term as well as long-term savings without any transactional restrictions.

Soneri Mustaqeem - Meaadi Account

Soneri Mustaqeem - Meaadi Account is an alternative of TDR for those customers who intend to retain their savings for a fixed period and earn a higher rate of profit. Term Deposits allow customers to save a fixed amount in Rupees for a set period ranging from 1 month to 3 years at attractive profit rates. The depositor has the option to reinvest the deposit automatically with or without the profit.

Soneri Mustaqeem - Asaan Account

Soneri Mustaqeem Asaan Account offers a simple and convenient way to fulfil all the banking needs with minimum documentation requirement. It is offered in both current and Savings Account types and is suitable for self-employed individuals, students, housewives and daily wagers.



Soneri Mustaqeem - Foreign Currency Accounts

Dealing in foreign currencies is no more a hassle. Soneri Bank offers FCY Current, Savings and Term Deposit accounts to cater to the foreign currency transactional and saving needs of the customers with a host of attractive features.

Consumer Product:

Soneri Car Ijarah

Car Ijarah is Soneri Bank's car financing product, which is interest-free car financing. It is based on the Islamic financing mode of Ijarah (leasing). This product is ideal for individuals who want to get interest-free financing for acquiring a car.

Car Ijarah works through a car rental agreement, under which the Bank purchases the car and rents it out to the customer for a period of 1 to 5 years, agreed at the time of the contract.



Corporate & Investment Banking

Soneri Bank's Corporate and Investment Banking is well equipped to meet the requirements of our Corporate clients. We have regional offices in Karachi, Lahore and Islamabad, which offer extensive coverage.

Our team, of Relationship Managers and Team Leaders, is fully geared to establish meaningful relationships with our corporate and institutional clients, including public sector entities, to become partners in their growth by acting as financial advisors, effectively catering to their financial needs and offering financial solutions through the following suite of products:

Working Capital and Trade Finance Facilities

Our corporate banking team is equipped with the required knowledge to contribute towards the sustainable growth of our clients by offering innovative, diverse and flexible solutions to meet their working capital needs, trade related solutions and expansion support.



Investment Banking

The Investment Banking Wing offers structured financial solutions and aims to establish strategic long-term relationships with our clients. This segment is well equipped to offer advisory services catering to various requirements such as Financial, M&A, Equity/Debt Capital Markets, Project Financing and Debt Syndication. Building upon Soneri Bank's established relationships within the local market, the Investment Banking Wing identifies and helps unlock greater value for the Bank's customers.

Supply Chain Management

Being a provider of financial services, we offer end-to-end supply chain financing solutions to the dealers and vendors of our corporate customers to meet their business requirements.

Cash Management

SBL's Cash Management services coupled with our next generation, web-based Cash Management System 'Soneri Trans@ct', provides our valued customers with comprehensive, one stop solution for cash flow management, i.e. Receivables and Payables Management, in the most effective and efficient manner.

Our Cash Management services, comprise of a full array of products and services, designed and tailored to enable our Corporate, Commercial and SME customers to securely exchange funds and financial information in real-time, with their trading partners, for optimal management of working capital

China Desk

China-Pakistan Economic Corridor is a framework of regional connectivity and prosperity for a bright future. CPEC will not only benefit China and Pakistan, but will have positive impact on the region. The enhancement of geographical linkages having improved road, rail and air transportation system with frequent and free exchanges of growth and people to people contact, enhancing understanding through academic, cultural and regional knowledge and culture; activity of higher volume of flow of trade and businesses, producing and moving energy to have more optimal businesses. This enhancement of co-operation will result in well connected, integrated region of shared destiny, harmony and development.



2019 was a significant year for China-Pakistan Economic Corridor. The recent visits of PM Imran Khan and his interactions with the Chinese leadership have, in true sense, broadened and enhanced the scope of future cooperation in diverse fields of agriculture, industrial and socio-economic development.

The Bank is also focused on projects related to CEPC. In addition to a Chinese Business Unit working in Islamabad the bank is going to establish one unit in Karachi and another in Lahore. These units will cater to the banking requirements of the Chinese customers.



SHARPENING UNIFORMITY

At Soneri Bank, we have sharpened ourselves to be the customer centric bank of choice. Providing standards that grant us the respect and attention of our customers, living up to our brand promise of Roshan Har Qadam; ensuring each customer's journey is paved with honesty, allowing us to enrich long lasting relationships.

Service Quality



QUALITY INITIATIVES

2019 has been an intensive customer experience journey, across the board, at Soneri Bank Limited. Together with our business and support function stakeholders, we have managed to cover significant grounds on some critical customer experiential indicators across the process, monitoring and optimisation fronts. It has also been a year which has seen noteworthy behaviour change across the board, regarding ownership of the service, health of business and a rejuvenated will to drive improvement.

To increase the visibility on complaint registration process, various initiatives have been taken, such as sending awareness SMS to all customers, declaring channels for complaint lodgement on biannual bank statements and on corporate website, social media and placement of complaint leaflets in all our branches. We have adopted various mechanisms to ensure that customer complaints are being catered to, timely and effectively. The Bank has also initiated frequent qualitative tests of complaint handling process. To enhance efficacy of service recovery and to build customer loyalty, the bank has initiated 'Goodwill Gesture' program.

Below are the key complaint statistics of Soneri Bank for the year 2019:

Total Complaints Received:
8,961

Total Complaints Resolved:
9,152
(As of December 31, 2019)

Problem Incidents' Ratio (PIR):
1.61%
(Total Incidents)

Average within TAT Resolution:
93.7%

Average Complaints' Resolution Satisfaction Ratio (CRS):
84%

Average Complaints' Resolution Time:
05 Days

As per the State Bank of Pakistan (SBP) directives via BC and CPD Circular No. 1, dated February 29, 2016, regarding Consumer Grievance Handling Mechanism (CGHM) and BC and CPD Circular No. 3, dated November 04, 2016 regarding Conduct Assessment Framework (CAF), all banks were advised to conduct Customer Satisfaction Survey in order to measure their customer satisfaction. Soneri Bank partnered with one of the leading independent research agencies, to execute the customer satisfaction survey. Approximately 3,000 customers were surveyed from different segments i.e. Agriculture Finance, Corporate and Investment Banking, Trade Finance, Treasury, Credit Finance, Cash Management, Islamic Banking, Commercial and Retail Banking Group, Auto Finance and Bancassurance. Overall the Bank's loyalty has logged at 75% and Net Promoter Score (NPS) at 45%, respectively. Soneri Bank has been rated high, mainly due to its perception of being "Fair and Honest" with its customers. This attribute has logged at 97%. The results driven from this study will be used to reinvent our Service Standards. These results will also help us to work on the irregularities or defects in the system, to identify weaknesses and evaluate possible improvements.

To instil a second homecoming experience for our customers, Soneri Bank launched 'Birthday Bash' in 2019, to celebrate our valued customers' birthdays and send greetings via cards and SMS.

Furthermore, in accordance to SBP BC and CPD Circular No. 01 dated February 14, 2018, Bank should have independent tools for capturing the customers' feedback. Soneri Bank launched a robust 'Interactive Voice Response (IVR) Feedback' mechanism for customers to rate the Phone Banking Officers in real time at the end of every call. This mechanism assists us to identify the overall Phone Banking customers' experience on real time basis.

In line with the SBP guidelines, further enhancements were made in requisite deliverables related to Financial Consumer Protection (FCP) Framework and Conduct Assessment Framework (CAF). Customer experience and Financial Consumer Protection (FCP) framework trainings were conducted for all front-end and relevant support functions across the country, the objective was to ensure that the staff is conversant with the fundamentals of customer handling, fair treatment of customers and customer retention skills. A robust financial literacy program is running through our social media and bank's website for customer awareness.

As per the BC and CPD circular No. 2, dated July 26, 2018, banks were required to incorporate Prohibited Banking Conduct guidelines in the existing Financial Consumer Protection Policy by March 31, 2019. The objective was to ensure that adequate awareness measures are in place, to educate the staff and consumers about prohibited banking conduct. As per the SBP directives, we have incorporated these guidelines in our existing Financial Consumer Protection Policy. The Bank reviews the existing products and processes in the light of these guidelines and ensure monitoring through adequate controls.

As per the guidelines for Compliance Risk Management issued vide BPRD Circular No. 07, dated August 09, 2017, by SBP Banking Policy and Regulatory Department, Banks were advised to develop/revise their existing policies in order to promote ethical behaviour in their day to day operations in the organisation. In light of these SBP guidelines, the Bank has deputed Ethical Conduct Unit under the ambit of Service Quality Department.

The Ethical practices like transparency, integrity, honesty and compliance go hand in hand when it comes to financial industry and this area has emerged to be an essential element of overall compliance culture in any Bank. There will be no compromise on ethical standards of the bank and an immoral act will not be tolerated in any case.

Green Banking Initiatives

Green Banking Office, under the ambit of Risk Management Group, has been established in line with the State Bank of Pakistan's instructions and guidelines. GB Office has successfully developed a Green Banking Policy, which has been approved by the Bank's Board of Directors.

#SoneriGoGreen is the campaign which has been successfully initiated by Green Banking Office, incorporating the Green Marketing Strategy. Soneri Go Green, awareness e-mailer was also circulated all over the bank to emphasise the need of going eco-friendly by adapting green solutions.

Green Banking Office has taken the initiative of "Plastic Free Soneri" by launching 'Cloth Bags' for Soneri Bank's employees.

Green Banking Office has also taken the initiative of e-Card Greetings for the New Years and on Eids, instead of paper based cards to promote "Save Trees Save Papers" campaign.

Green Banking Office has conducted trainings through HR, Learning & Training, to educate employees to apply own-impact reduction in their workspace. We are also emphasising our customers to use more of the digital tools, so as to discourage paper-based documents for the betterment of the environment.

Soneri Bank plans to use conservation approach throughout its branch network to help reduce environmental impacts. Going forward, we intend to convert more branches on Solar energization to emphasise using clean energy to protect the natural resources.

FOCUSING ACHIEVEMENTS

Achievements and learnings are a part of the ever-growing culture at Soneri Bank. The initiatives taken every year are the humble attempts made to reinforce the cooperative environment within the Bank and with our stakeholders.

Journey Through The Year



JOURNEY THROUGH THE YEAR

The year 2019 was a progressive year for the bank with many achievements and learning.

Transform 2019 Accept. Believe. Change

Soneri believes in transforming fundamental business change, seeking radically to improve performance by changing processes, people and technology across a whole business in order to achieve measurable improvements in efficiency, effectiveness and customer satisfaction.

As a part of this transformation, Soneri Bank collaborated with Green Peak International Pvt. Ltd for a detailed SWOT analysis in order to change the hierarchy, bringing up new innovative changes within the organization that enables the sales team to perform well. The whole idea of this transformation is to stream line the sales process and make it more effective for the customers.

Unveiling the Prized Glory PSL 2019 (Soneri Bank joins hands with Quetta Gladiators)

Keeping up with its fare for Cricket, This year Soneri Bank yet again partners with the most promising team of PSL 2019 – Quetta Gladiators as their Official Banking Partners.

Soneri Bank, with its promise of Roshan Har Qadam, has been promoting sports in Pakistan for many years and is one of the most prominent supporters of upcoming talent in the country. The brand believes in the strength of sports in uplifting a country's overall image in international market and as a result boosting our economy and well-being.

Tribute to Women by celebrating women's day at Soneri Bank

International Women's Day is celebrated in many countries around the world on the 8th of March. It is a day when women are recognized for their achievements without regard to divisions, whether national, ethnic, linguistic, cultural, economic or political.

In light of Soneri Bank's vision to promote gender equality both in society and within the bank, Women's day celebrated in Soneri Bank with great zest and gratitude. On 8th of March, the female staff was requested to wear pink or purple shades to celebrate this day. Soneri Bank distributed giveaways among the female staff as a token of appreciation for their contribution and hard work.

#Pledge for Kindness

Soneri Bank has aimed to enrich the society in all walks of life by truthfully embracing its brand promise of Roshan Har Qadam. With the spirit of the Sun that universally shines on everyone, in 2019, the major focus of Soneri Bank was in the field of health and community development. As the holy month of Ramadan arrived, Soneri Bank has undertaken the responsibility of helping the underprivileged community and make a difference by collaborating with some major hospitals including Shaukat Khanum Cancer Hospital, Indus Hospital, SIUT and LRBT. This campaign run all over the social media platforms. The people are pledged to show their support by commenting with a hashtag #pledgeforkindness and with each comment, Rs. 10 will be donated on their behalf to these hospitals.

Fight Against Breast Cancer

Soneri Bank pledged its support to SKMCH and contributed towards this cause. Not only that, but a breast cancer awareness session was held for Soneri female staff by SKMCH discussion on causes and prevention were conducted.

As social media awareness campaign ran through the entire month of October in which details on the causes, diagnosis, prevention and treatment were shared with masses along with general myth busters. #TogetherWePledge was promoted across the bank's official social channels.

Kyun Nikala Theatre Show for Sonerians

Soneri Bank sponsored a theatre show titled "Kyun Nikala" that premiered on 14th August at the Arts Council. After a gap of three years, Anwar Maqsood and Dawar Mehmood came together for their latest collaboration. The play, with a political backdrop, took Pakistan's current political scenario into account and followed the story of a Bengali cook, who is employed at a minister's house in Punjab. Employees of Soneri Bank thoroughly enjoyed the play, which was also part of their employees' engagement activity.

INKING POWER

We at Soneri Bank, look towards our Board of Directors as a symbol of guidance, comprising of seasoned industry veterans; their insights, experience, expertise and professionalism bring forth a clearer understanding of the financial landscape.

Board of Directors



BOARD OF DIRECTORS

Mr. Alauddin J. Feerasta

Chairman/Non-Executive Director

Mr. Alauddin Feerasta is the Chairman and Sponsor Director of Soneri Bank Limited. He is also the Chairman of Spintex Limited and Rupali Foods (Pvt.) Limited. He is a renowned industrialist having diverse experience of over 40 years in manufacturing and marketing of Polyester Staple Fiber, Polyester Yarn, Trading of Cotton Yarn and Commercial Banking. His expertise includes setting up of large-scale industrial plants, evaluating project feasibilities, bid evaluations and contract negotiations. He has attended various international and local seminars and training courses conducted by professional institutions, regulatory bodies from time to time.



Mr. Muhammad Rashid Zahir

Non-Executive Director

Mr. Muhammad Rashid Zahir is a Non-Executive Director of the Bank and is also the Member on the Board's Audit and Credit Committees. His banking career started in 1968. He was GM/Chief Executive of Saudi Pak Industrial and Agricultural Investment Company Limited during the period 1991-2011. He remained Chairman of the Board of Saudi Pak Commercial Bank Ltd. (now Silk Bank Limited), Saudi Pak Real Estate Ltd., Saudi Pak Insurance Company Ltd., Saudi Pak Leasing Company Ltd., Islamabad Stock Exchange (Guarantee) Limited and the Association of Development Finance Institutions in member countries of the Islamic Development Bank, Jeddah (ADFIMI). He had also assisted the Implementation Committee appointed by the President of Pakistan for re-organization of Public Sector Enterprises in 1978. Mr. Zahir is an Advisor at JCR-VIS Credit Rating Company Limited, as well as Director on the Board of Rupali Polyester Limited. He is author of a book, Legacy of a Manager. He did his MBA from Institute of Business Administration, Karachi in 1968. He has also participated in various international and local seminars on Islamisation of Economy, Advanced Management for Senior Executives, Lease Financing and Industrial Projects.



Mr. Mohammad Aftab Manzoor

President & Chief Executive Officer

Mr. Mohammad Aftab Manzoor has been the President & Chief Executive Officer since 2011. He is a seasoned professional with over three decades of diverse banking experience; strengthening, repositioning and building banks into leading market players. He holds an MBA degree from Quaid-e-Azam University, Islamabad. He has participated in various training programmes conducted by the World Bank, Washington DC; Harvard Business School and Sloan Business School, MIT. He is also a certified Director from Pakistan Institute of Corporate Governance. At Soneri, he is chairing most of the Management Committees and is a member of the Credit and Risk Management Committees of the Board.

Mr. Manzoor Ahmed

Non-Executive Director (NIT Nominee)

Mr. Manzoor Ahmed represents the interest of National Investment Trust ("NIT") as its nominee on the Board of the Bank. He has an experience of over 29 years of the Mutual Funds industry and has played key roles within NIT that includes capital market operations, investments, research and liaising with the regulatory authorities. Presently, he is the Chief Operating Officer of NIT. Mr. Ahmed is M.B.A. and also holds D.A.I.B.P. He has attended various training courses organised by local and international institutions. He is also a Certified Director from Pakistan Institute of Corporate Governance. At Soneri, he is chairing the Board's Human Resource and Remuneration and Risk Management Committees. He is also member of the Board's Credit and IT Committees. Mr. Ahmed also represents NIT as Nominee Director on the Board of Directors of leading national and multinational companies of Pakistan, including Askari Bank Ltd., General Tyre & Rubber Co. Ltd., Siemens (Pakistan) Engineering Ltd., Sui Northern Gas Pipelines Co. Ltd., Hub Power Company Ltd. and Lucky Cement Ltd.



Mr. Nooruddin Feerasta

Non-Executive Director

Mr. Nooruddin Feerasta is the Sponsor Director of the Bank. He is also managing Rupali Polyester Limited, Rupali Limited, Rupali Nylon (Pvt.) Limited and Rupali PowerGen (Pvt.) Limited as the Chairman and Chief Executive Officer. He obtained his MBA degree from the USA in 1986. He has also participated in various international and local seminars on industrial developments, marketing strategies, laws and taxation. He is a reputable industrialist with diversified experience of more than 30 years in managing industry's operational activities, such as marketing, finance, manufacturing, plant operations and legal and corporate management. He is the Chairman of Board's Credit Committee and member of the Audit Committee.



Mr. Inam Elahi

Independent Director

Mr. Inam Elahi is an Independent Director on the Board of the Bank. He has a rich banking experience of more than 43 years, during which time he has worked with various banks as President & Chief Executive Officer, provided them with the strategic leadership. He has also served as the Chairman, SBP Committee for Resolution of Disputes as well as Chairman – Finance Committee of the Institute of Bankers Pakistan ("IBP"). Currently, he is the Chairman – Provident Fund and Gratuity Fund Committee of the IBP. He is a fellow of the Institute of Bankers Pakistan and has also vast experience of attending various seminars and workshops, both local and international. He is also a Certified Director from Pakistan Institute of Corporate Governance. He is the Chairman Audit Committee, Member of the Risk Management Committee, IT Committee, Human Resource and Remuneration Committee and Committee of Independent Directors of the Board.



Mr. Amin A. Feerasta

Executive Director

Mr. Amin Feerasta is the Executive Director, with more than seventeen years of diversified commercial, corporate, investment, special assets, project finance, IT and administration experience. During his career with the Bank, he has worked in multiple departments at senior management positions, with special focus on Risk Management and Remedial Management. He received his BSC Finance degree from Santa Clara University, USA in 1999. He is a certified Director from Pakistan Institute of Corporate Governance and has attended various other seminars conducted by professional institutions, both local and international. At Soneri, he is the Chairman Board's IT Committee, as well as member of various senior level Management Committees. He is also a member of the Aga Khan Hospital and Medical College Foundation's Governing Board.

Mr. Jamil Hassan Hamdani

Independent Director

Mr. Hamdani is an Independent Director of the Bank. He has a vast banking experience of 47 years and has worked with various foreign banks. He received his Bachelor's degree in Economics from Government College University, Lahore. In 2016, he retired as Managing Director of Credit Agricole Indosuez (Suisse) SA, where he was responsible for overseeing functions pertaining to Pakistan, Bangladesh, Sri Lanka and Nepal. Presently, he is the Chairman/CEO of Pakistan France Business Alliance. He is currently Member of the Board's Audit, IT and Human Resource and Remuneration Committees. He is also the Chairman of the Committee of Independent Directors of the Board.



SHAPING GOALS

Our leadership is the cornerstone of our organisation. Their virtues of teamwork, dedication, commitment, hard-work and trust mould our work ethics into crafting an astounding banking experience for our customers.

Senior Management



SENIOR MANAGEMENT



ORGANISATIONAL STRUCTURE



CORPORATE INFORMATION

CHAIRMAN

MR. ALAUDDIN FEERASTA

CHIEF EXECUTIVE OFFICER

MR. MOHAMMAD AFTAB MANZOOR

DIRECTORS

MR. NOORUDDIN FEERASTA

MR. AMIN A. FEERASTA (EXECUTIVE DIRECTOR)

MR. MUHAMMAD RASHID ZAHIR

MR. MANZOOR AHMED (NIT NOMINEE)

MR. INAM ELAHI

MR. JAMIL HASSAN HAMDANI

CHIEF FINANCIAL OFFICER

MR. MIRZA ZAFAR BAIG

COMPANY SECRETARY

MR. MUHAMMAD ALTAH BUTT

AUDITORS

KPMG TASEER HADI & CO.

CHARTERED ACCOUNTANTS

SHARIAH BOARD

MUFTI EHSAN WAQUAR AHMAD (CHAIRMAN)

MUFTI MUHAMMAD ZAHID (RESIDENT MEMBER)

MUFTI BILAL AHMED QAZI (MEMBER)

LEGAL ADVISORS

MANAN ASSOCIATES, ADVOCATES

REGISTERED OFFICE

RUPALI HOUSE, 241-242,

UPPER MALL SCHEME,

ANAND ROAD, LAHORE - 54000

CENTRAL OFFICE

10TH FLOOR, PNSC BUILDING,

M.T. KHAN ROAD, KARACHI-74000

REGISTRAR AND SHARE TRANSFER AGENT

THK ASSOCIATES (PRIVATE) LTD.,

1ST FLOOR, 40-C,

BLOCK-6, P.E.C.H.S.,

KARACHI - 75400

UAN: (021) 111-000-322

FAX: (021) 341 68271

LIST OF COMMITTEES OF THE BOARD OF DIRECTORS

Audit Committee of the Board

1.	Mr. Inam Elahi	Chairman
2.	Mr. Nooruddin Feerasta	Member
3.	Mr. Muhammad Rashid Zahir	Member
4.	Mr. Jamil Hassan Hamdani	Member
	Mr. Muhammad Altaf Butt	Secretary

Credit Committee of the Board

1.	Mr. Nooruddin Feerasta	Chairman
2.	Mr. Alauddin Feerasta	Member
3.	Mr. Mohammad Altaf Manzoor	Member
4.	Mr. Muhammad Rashid Zahir	Member
5.	Mr. Manzoor Ahmed	Member
	Mr. Muhammad Altaf Butt	Secretary

Human Resource and Remuneration Committee of the Board

1.	Mr. Manzoor Ahmed	Chairman
2.	Mr. Inam Elahi	Member
3.	Mr. Jamil Hassan Hamdani	Member
	Mr. Muhammad Altaf Butt	Secretary

Risk Management Committee of the Board

1.	Mr. Manzoor Ahmed	Chairman
2.	Mr. Mohammad Altaf Manzoor	Member
3.	Mr. Jamil Hassan Hamdani	Member
4.	Mr. Inam Elahi	Member
	Mr. Mubarik Ali	Secretary

Committee of Independent Directors of the Board

1.	Mr. Jamil Hassan Hamdani	Chairman
2.	Mr. Inam Elahi	Member
	Mr. Muhammad Altaf Butt	Secretary

IT Committee of the Board

1.	Mr. Amin A. Feerasta	Chairman
2.	Mr. Manzoor Ahmed	Member
3.	Mr. Inam Elahi	Member
4.	Mr. Jamil Hassan Hamdani	Member
	Mr. Muhammad Salman Ali	Secretary

BOARD SUB-COMMITTEES

Audit Committee

Constitution:
Mr. Inam Elahi
Chairman

Mr. Nooruddin Feerasta
Member

Mr. Muhammad Rashid Zahir
Member

Mr. Jamil Hassan Hamdani
Member

Terms of Reference

Audit Committee is mandated the responsibilities to determine appropriateness of measures taken by the management to safeguard Bank's assets, ensure consistency of accounting policies, review financial statements and recommend appointment of the external auditors, as well as to have close coordination with them so as to comply with the statutory and CCG requirements. The Committee is inter-alia also responsible to ascertain the effectiveness of the Internal Control Systems including financial and operational controls, ensuring adequate and effective accounting and reporting structure and monitoring compliance with the best practices of the corporate governance. The other functions of the Committee include consideration of major findings of internal investigations and management's response thereto, as well as ensuring that an effective internal audit functions is in place.

Credit Committee

Constitution:
Mr. Nooruddin Feerasta
Chairman

Mr. Alauddin Feerasta
Member

Mr. Mohammad Aftab Manzoor
Member

Mr. Muhammad Rashid Zahir
Member

Mr. Manzoor Ahmed
Member

Terms of Reference

The primary functions of the Credit Committee of the Board are to ensure adherence to the lending policies, review the credit policies, systems and controlling strategies for their further strengthening and monitoring the loan portfolios regularly on an overall basis, including a periodical review of problem loans, including classified and stuck-up cases. The Committee is also required to ensure that there are adequate systems, procedures and controls in the Bank for all significant areas related to credit and that the laid down procedures/guidelines are effectively communicated down the line and put in place a reasonable setup to implement the same. The Committee is also assigned the responsibility to review the credit related activities of the Executive Credit Committee (ECC) on a quarterly basis for threshold; fund based Rs. 200.00 million and above, non-fund based Rs. 400.00 million and above and total exposure Rs. 400.00 million and above.

Risk Management Committee

Constitution:
Mr. Manzoor Ahmed
Chairman

Mr. Mohammad Aftab Manzoor
Member

Mr. Inam Elahi
Member

Mr. Jamil Hassan Hamdani
Member

Terms of Reference

The Board Risk Management Committee is primarily accountable to provide oversight and advice to the BoD of Soneri Bank Limited in relation to current and potential future risk exposures of the Bank and future risk strategy, including approval of risk appetite and tolerance. The Committee maintains an oversight about implementation of IFRS-9, as per the regulatory requirement. The Committee also ensures that an organisational culture that places a high priority required for effective risk management is established, by promoting a risk awareness culture within the Bank. It also validates that resources allocated to risk management are adequate, given the size, nature and volume of the business and managers and staff that take, monitor and control risk possess have sufficient knowledge and expertise. The Committee also monitors the development of appropriate financial models and the system used to calculate each category of risk, and ensures that the Bank has clear, comprehensive and well documented policies and procedural guidelines relating to the risk management, available at all times, and the relevant staff fully understands those policies. The Committee also ensures that the Bank's overall exposure to Credit, Market, Liquidity and Operational Risk is maintained at prudent levels and consistent with the available capital under rigorous stress tests.

Human Resource and Remuneration Committee

Constitution:
Mr. Manzoor Ahmed
Chairman

Mr. Inam Elahi
Member

Mr. Jamil Hassan Hamdani
Member

Terms of Reference

The Board Human Resource and Remuneration Committee is responsible for overseeing the Human Resources function of the Bank by ensuring development and implementation of HR strategies that include recruiting, retaining and inspiring professional excellence in employees of the Bank. It recommends human resource management policies to the Board that ensures equal opportunity, gender balance, and transparency. It also reviews the significant HR policies of the Bank and ensures that they are well aligned to the market. The Committee also spearheads the Bank-wide programme for implementation of Guidelines on Remuneration Practices, including necessary awareness and change management initiatives, review, progress against roadmap for implementation of the policy.

Committee of Independent Directors

Constitution:
Mr. Jamil Hassan Hamdani
Chairman

Mr. Inam Elahi
Member

Terms of Reference

Committee of Independent Directors is responsible for providing an independent opinion on state of affairs of the Bank and giving recommendations, if any, to the Board.

I.T. Committee

Constitution:
Mr. Amin A. Feerasta
Chairman

Mr. Manzoor Ahmed
Member

Mr. Inam Elahi
Member

Mr. Jamil Hassan Hamdani
Member

Terms of Reference

The I.T. Committee is responsible for reviewing and overseeing the I.T. Projects and for the development and implementation of I.T. policies. The Committee shall carry out its responsibilities by:

- Reviewing I.T. and digital strategies and policies before submission to the Board;
- Ensuring that risk management strategies are designed and implemented to achieve resilience;
- Acquiring regular updates from I.T. Steering Committee, to monitor all the Board approved technology related projects;
- Ensuring that technology related procurements are aligned with I.T. Strategy as approved by the Board.

BOARD AND COMMITTEES' MEETINGS

Details of the meetings of the Board of Directors and its Committees held during 2019 and the attendance by each Director/Committee member is given as under:

Sr. No.	Name of Director	Board of Directors Meetings		Board Audit Committee Meetings		Board Credit Committee Meetings		Board Human Resource and Remuneration Committee Meetings		Board Risk Management Committee Meetings		Board Independent Directors' Committee Meetings		Board I.T Committee Meetings	
		Held during the year	Attended**	Held during the year	Attended**	Held during the year	Attended**	Held during the year	Attended**	Held during the year	Attended**	Held during the year	Attended**	Held during the year	Attended**
1.	Mr. Alauddin Feerasta	9	9	*	*	4	4	*	*	*	*	*	*	*	*
2.	Mr. Mohammad Afiaz Manzoor	9	9	*	*	4	4	*	*	3	2	*	*	*	*
3.	Mr. Nooruddin Feerasta	9	5	4	3	4	3	*	*	*	*	*	*	*	*
4.	Mr. Amin A. Feerasta	9	9	*	*	*	*	*	*	3	1***	*	*	2	2
5.	Mr. Muhammad Rashid Zahir	9	9	4	4	4	4	*	*	*	*	*	*	*	*
6.	Mr. Manzoor Ahmed (NIT Nominee)	9	9	*	*	4	3	3	3	3	3	*	*	2	2
7.	Mr. Inam Elahi	9	9	4	4	*	*	3	3	3	3	1	1	2	2
8.	Mr. Jamil Hassan Hamdani	9	8	4	4	*	*	3	3	3	1***	1	1	2	2
Total Number of meetings held during the year		9		4		4		3		3		1		2	

*Represents not a member of the Committee.

**Leave of absence was granted to those directors/members, by the Board/Committee, who could not attend some of the meetings.

***During the year, the BRMC reconstituted on 10 June 2019, and Mr. Jamil Hassan Hamdani replaced Mr. Amin A. Feerasta on the Committee.

ROLES AND RESPONSIBILITIES

Board and its Committees

The Board has retained ultimate responsibility for the Strategic Direction and Control of the Bank. The Board has delegated the Senior Management team under the leadership of the Chief Executive Officer, to deliver the Strategic Direction and Goals determined by the Board. A key function of the Board is to monitor the performance of Senior Management in this function.

The Board from time-to-time establishes specialised Committees to share the load of activities and streamline the discharge of its responsibilities except for policy making. For each Board Committee, the Board adopts a formal Terms of Reference (ToRs) setting out the matters relevant to the objectives, composition, roles, functions, responsibilities, authorities and administration of such Committees. The Board has currently established the following specialised Committees:

1. Board Audit Committee
2. Board Credit Committee
3. Board Human Resource and Remuneration Committee
4. Board Risk Management Committee
5. Board Information Technology Committee
6. Board Committee of Independent Directors

The Committees' ToRs are reviewed as per their defined frequency or if any regulatory change occurs whichever is earlier. As a matter of principle, Committee Members have access to the appropriate external and professional advice needed to assist the Committee in fulfilling its role. The Board reviews the performance of these specialised Committees on a quarterly basis, where respective Committees' Chairmen brief the Board about their activities, achievements, as well as decisions taken, in compliance with the regulatory requirements.

Chairman and the Chief Executive Officer (CEO)

The Chairman and Chief Executive Officer have separate and distinct roles.

The Chairman has all the powers vested under the Banking laws, Companies Act and Code of Corporate Governance and presides over Board meetings. The principal role of the Chairman is to manage and to provide leadership to the Board of Directors of the Bank. He acts as a leading figure for both the Board of Directors as well as the management and is entrusted with numerous responsibilities and roles ranging from monitoring Board level decision making activities to safeguarding the Bank's commercial interests.

Other responsibilities include:

- Serving as a leader and driving agent of the Board of Directors (BoD), monitoring and managing all of its activities, aligning Board's goals and decisions with that of the management. The Chairman also ensures that the Board stays on the right direction with respect to achieving its objectives;
- Presiding over the Board's meetings and general meetings, and ensuring that these meetings are executed productively and key agenda is discussed along with a valuable conclusion/decision. The Chairman also oversees the Board's key decision-making activities; and
- Exercising the powers and authorities that are vested in and conferred to him under enabling laws and promoting the highest standards of corporate governance.

The Chief Executive Officer at Soneri Bank also plays a critical and significant role and is entrusted with numerous responsibilities, subject to control and supervision of the Board of Directors.

Key responsibilities include:

- Managing and administering the affairs of the Bank in accordance with the laws, rules, regulations, and the Memorandum and Articles of Association of the Bank;
- Complying with and arranging for implementation and compliance within the Bank, of all policies, procedures and manuals approved by the Board of Directors and any directives given by the Board of Directors or Board Committee(s);
- Preparation of corporate strategy for growth and expansion of the Bank's operations and submitting the same for consideration and approval of the Board of Directors;
- To appoint, promote, transfer, suspend or dismiss employees of the Bank and fix their remuneration and other entitlements in accordance with the policies and procedures approved by the Board of Directors; and
- To deal with, represent and act on behalf of the Bank before the State Bank of Pakistan, Securities and Exchange Commission of Pakistan, Federal and Provincial Ministries, Government Departments, Courts, Stock Exchange and any other competent authority.
- To evaluate asset utilisation and for redeployment in a prudent manner in line with the Board's approved Strategy.
- To make sure strong Compliance Culture and Internal Control within the organisation.

MECHANISM ADOPTED FOR BOARD'S PERFORMANCE EVALUATION

Soneri Bank Limited has put in place a mechanism whereby performance of overall Board is evaluated annually. Quantitative technique is used where a scaled questionnaire is provided to each Director to obtain their feedback. Assessment is carried out for the following categories:-

- Overall Board
- Chairman of the Bank
- CEO of the Bank
- Sponsor Directors
- Independent Directors
- Individual Directors
- Board Committees

Scale from 1 to 5 (1 being "Strongly disagree" and 5 being "Very strongly agree") is used to rate the assessment criteria given under each section. Feedback, so received, from each Director is then collated and analysed to denote performance in percentage terms against each of the abovementioned sections.

Final result of the Annual Evaluation of the Board's Performance is then presented to the Board of Directors, which it accordingly reviews and identifies any issues, weaknesses or challenges along with how these can be adequately addressed. Accordingly, the Board has reviewed its Performance Evaluation for the year 2019 in its 175th meeting convened on 13 February 2020 and the challenges identified by them have been duly noted to be addressed.

This mechanism disclosure on the evaluation process adopted by Soneri Bank Limited is being published for all the stakeholders in compliance with the BPRD Circular No. 11, dated 22 August 2016.

MANAGING CONFLICT OF INTEREST

The Board of Directors recognise that they have been entrusted with fiduciary duties of loyalty towards the Bank and its shareholders, accordingly they demonstrate due care and skill while performing in their capacity as Directors of the Bank. One of the key aspect of their responsibilities includes managing potential or actual conflict of interests arising from personal relationships, external associations and interest in material matters, which may have a bearing on their independent judgment. In order to effectively manage conflict of interest, the Board regularly monitors whether or not they are placed in position of actual or potential conflicts through the following:

Disclosure of Interest by Director:

- Every Director (including spouse and minor children) of the Bank who is in any way, whether directly or indirectly, concerned or interested in any contract or arrangement entered into, or to be entered into, by or on behalf of the Bank shall disclose the nature of his concern or interest at a meeting of the directors.
- Directors are required to disclose existing or perceived conflicts of interest at the Board meeting as per the requirements of prevailing law. Where a conflict of interest or potential conflict of interest has been disclosed, the concerned Board Member shall not take part in the Board discussion on that agenda item. The Member who has disclosed the conflict cannot vote on that agenda item.

Insider Trading:

- Board has approved Insider Trading Policy, where Directors are required not to deal directly or indirectly in the securities of the Bank; whether on their own account or their relative's account, if they are in possession of any unpublished price sensitive information concerning the Bank. Directors who are in possession of any unpublished price sensitive information shall not communicate directly or indirectly the said information to others who trade on such information.
- Where any Director or his spouse sells, buys or takes any beneficial position, whether directly or indirectly, in the shares of the Bank, he shall immediately notify the Company Secretary in writing. Such Director shall also deliver a written record of the price, number of shares, form of share certificates (i.e. whether physical or electronic within the Central Depository System) and nature of transaction to the Company Secretary. Further, no Director shall, directly or indirectly, deal in the shares of the Bank, in any manner, during the closed period as determined by the Board of Directors.

Related Party Transaction:

- Board has approved Related Party Transaction Policy, where the Bank has devised a mechanism for identification of related parties and execution of related party transaction at arm's length, which are executed in the normal course of business. Based on the statutory requirements, complete transactional details of related parties are presented before the Audit Committee for review and deliberations. The Audit Committee reviews and recommends the related party transactions to the Board and AGM, where required, for its approval.
- Moreover, as a statutory requirement, a comprehensively prepared return is submitted on half yearly interval to State Bank of Pakistan that primarily covers every related party transaction executed during the said period.

Confidentiality:

- Directors shall maintain the privacy and confidentiality of all the information acquired being Member of Board of Directors of the Bank or which has come into their knowledge and refrain from disclosing the same unless otherwise required by statutory authorities/law and Bank's own policies. All such information will remain with them as a trust and will only be used for the purpose for which it is intended and will not be used for personal benefits. Inside information about affairs of the Bank shall not be used for their own gains or for that of others, either directly or indirectly.
- Directors of the Bank are strictly prohibited to disclose the fact (that comes into their knowledge) to the customer or any other quarter that a suspicious transaction or related information is being or has been reported to any authority, except if required under the law.

Conflict of Interest:

- Avoid all such circumstances in which there is personal conflict of interest, or which may appear to be in conflict with any of the stakeholders as prescribed by the statutes and in probable case where their interest conflicts with any of the stakeholders, he/she would immediately declare such interest before the Board of Directors.
- No Director shall exploit for their own personal gain, opportunities that are discovered through use of corporate property, information or position, unless the opportunity is disclosed completely in writing to the Board of Directors of the Bank and the Board allows him to avail such opportunity.
- No interested person shall participate in the discussion or vote in the Board's proceedings or participate in any other manner in the conduct or supervision of such dealings.
- Avoid any dealing with contractors or suppliers of the Bank that compromises the ability to transact business on a professional, impartial and competitive basis or that may influence discretionary decision to be made by the Board Members/Bank.
- No Director shall hold any position or job or engage in outside business or other interest that is prejudicial to the interests of the Bank.
- No Director shall make any statement, which has the effect of adverse criticism of any policy or action of the Bank or which is capable of embarrassing the relation between the Bank and the public including all the stakeholders; provided that nothing in this clause shall apply to any statement made or views expressed by a Board Member, which are purely factual in nature and are not considered as confidential, in his official capacity or in due performance of the duties assigned to him.
- All Directors shall refrain from accepting gifts, personal favours or preferential treatment, that could, in any way, influence or appear to influence, business decisions in favour of any person or organisation with whom or with which the Bank has or is likely to have business dealings.

STAKEHOLDERS' RELATIONSHIP AND ENGAGEMENT

Steps to Encourage Minority Shareholders' Participation in AGMs

Apart from being an event for decision making on important matters, Annual General Meeting also provides a forum for two-way engagement with the shareholders, particularly the minority shareholders. Therefore, the Bank takes the following measures to ensure meaningful participation of minority shareholders in the AGM:

- We encourage our minority shareholders who qualify for election to the office of a director to file nomination papers. Minority shareholders shall be facilitated in terms of the requirements of Regulation 5 of the Listed Companies (Code of Corporate Governance) Regulations, 2019.
- Minority shareholders are facilitated and apprised about the details of the documents required to be submitted vide our Notice of AGM.
- Notice of AGM is sent to every member of the Bank at least 21 days before the meeting. The notice is also published in newspapers (both in English and Urdu) having nationwide circulation. Moreover, the notice is also circulated from the forum of Pakistan Stock Exchange Ltd.
- Annual Report of the Bank is sent to each member of the Bank before the AGM in electronic (CD/DVD) or hard copy form (on request).
- The shareholders are facilitated to appoint a proxy if they are unable to attend the AGM in person.
- During the AGM, a detailed briefing on the Bank's performance and future plans is given to the shareholders, both in English and Urdu.
- The shareholders are encouraged to raise queries and give suggestions relating to the Bank's operations.

Summary of the Analyst Briefings

Analyst briefings are interactive sessions between the management of the Bank and the investor community, whereby the Bank takes the opportunity to apprise the investors about the business environment and economic indicators of the country, explain its financial performance, competitive environment in which the Bank operates, investment decisions, challenges faced as well as business outlook.

The idea behind the Bank's investor engagement through these briefings is to give the right perspective of the business affairs of the Bank to the investors (both existing and potential), which help them in making their investment decisions.

Accordingly, the Bank's Corporate Briefing Session for the year 2019 was arranged on 28 November 2019 in compliance of the PSX requirement, conveyed vide their Notice No. PSX/92 dated 28 January 2019.

Issues Raised in the last Annual General Meeting (AGM)

No significant issue was raised in the last Annual General Meeting of the Bank held on 28 March 2019. General clarification or information sought by the shareholders including minority shareholders was duly provided by the Chief Financial Officer and Chief Executive Officer during the AGM.

SHARIAH BOARD PROFILE

Mufti Ehsan Waqar (Chairman Shariah Board)

Mufti Ehsan Waqar is among the few scholars who possess a unique combination of religious and contemporary education. He has strong communication skills combined with fluency in several languages. Graduating as a Shariah Scholar and a Mufti, he later obtained a degree of Masters in Economics and Masters in Business Administration with majors in Finance, along with Bachelors in Law and Legislation. This unique blend of educational combination gives him an edge upon many others to understand, correlate and align modern day banking practices with Shariah principles.

Mufti Ehsan Waqar has a diversified cross-functional management experience in Islamic Finance, Business Management and Operations, Project Management and Administration for more than two decades; he has hands-on experience of people and project management, with a rich experience of working with board of directors and senior management of banks, regulators, auditors and legal counsels.

Mufti Ehsan Waqar has exclusively served Islamic Financial Industry with institutions like World Bank-IFC, National Bank of Pakistan, ABL, Soneri Bank, NAFA, Askari General Insurance Company Takaful Window (AGICO), Emirates Global Islamic Bank, now Al Baraka Bank Pakistan, UBL, Yasaar Ltd., - UAE and UK, Minhaj Advisory - UAE and Arif Habib for more than a decade now. He has structured several Sukuks including the largest Sukuk in Pakistan; a hundred billion Sukuk for Neelum Jhelum Hydro Power, Fatima Fertilizer, Fauji Fertilizer, Sitara Energy, Sitara Peroxide and IBL. Besides this, he has achieved the industry's largest conversion drive of converting more than two hundred (200) conventional branches into Islamic banking branches. This was a complete transition from conventional business to Islamic operation, including development and implementation of policies, procedures and trainings.

He also served as a member of the Technical Committee for Developing Accounting and Auditing Standard for Islamic Financial Institutions at Institute of Chartered Accountants of Pakistan (ICAP). As a member of SAF at State Bank of Pakistan (SBP), he worked actively in matters pertaining to Islamic Banks, which included drafting of Shariah Standard on Shirkat-ul-Milk usually used for Housing Finance, Tawarruq, Commodity Murabahah, Treasury, Trade Finance and Agricultural Financing Products.

At ESAAC, he had the privilege to work on a project of World Bank-IFC for developing Islamic Re-Mortgage Finance. He has also worked with SECP team on Takaful Rules 2012 with its insurance division.

Besides this, he conducts courses and sessions on Islamic Banking, Capital Markets, Derivatives, Takaful and Risk Management in renowned business schools like CBM, IBA and KUBS. He has been associated with the Bank as Chairman Shariah Board since October 2015.

Mufti Bilal Ahmed Qazi (Shariah Board Member)

Mufti Bilal Ahmed Qazi has done his Al-Aalamiyyah (a degree recognised by the Higher Education Commission Pakistan as a Masters in Arabic and Islamic Studies) in 2003 from Jamia-tul-Uloom Ul-Islamiyah, Binori Town. He then completed his specialisation in Islamic Jurisprudence from Jamia Darul Uloom Karachi. He has completed his MBA from IBA (Institute of Business Administration) Karachi, Pakistan, he is a Certified Shariah Scholar and Auditor (CSAA) from AAOFI. Prior to joining SBL Islamic Banking, he had worked with Meezan Bank Ltd, as Shariah Scholar till 2006. He is also working as Shariah Board Member of Summi Islamic Bank, Al Baraka Bank Pakistan, also as Shariah advisor of TPL Life and Shaheen Window Takaful. He has been associated with the Bank as Shariah Board member since November 2015.

Mufti Muhammad Zahid (Resident Shariah Board Member)

Mufti Muhammad Zahid completed his dissertation in Islamic Jurisprudence with outstanding record throughout his academic career, winning numerous awards. He is well-versed in the sciences of Islamic Jurisprudence. He has completed his Al-Aalamiyyah (a degree recognised by the Higher Education Commission of Pakistan, as a Masters in Arabic and Islamic Studies) in 2005 from Jamia Darul Uloom Karachi and later studied Specialisation in Islamic Jurisprudence (Al-Takhasuss Fil Iftaa) in 2008 from the same institution i.e. Jamia Darul Uloom Karachi. Prior to joining SBL Islamic Banking, he used to work for Pak-Qatar Family Takaful Ltd. as the Head of Shariah Compliance till 2008, he has served as the Shariah Board Member of Pak-Qatar Family Takaful Ltd.

Mufti M. Zahid focuses on presenting Islamic solutions to problems related to modern existence, thereby applying his acumen in bringing the modern world abreast as per the Shariah practices. He provides Islamic Finance, Takaful and Risk Management trainings at different forums and at the same time, he is responsible as Resident Shariah Board Member (RSBM) at Soneri Bank Islamic Banking of all Shariah related activities, which have a legal bearing with respect to the Shariah. He is also working as a Shariah Board Member at TPL Life and Shaheen Window Takaful. He has been associated with the Bank as Resident Shariah Board member since October 2016.

TERMS OF REFERENCE AND MEETINGS OF THE SHARIAH BOARD

The Shariah Board (SB) of Soneri Mustaqeem Islamic Banking has been entrusted with the responsibility of directing, reviewing and supervising all Shariah related matters of the Islamic Banking and shall be accountable for all its decisions accordingly.

Prime responsibility of the SB is to facilitate the Soneri Mustaqeem Islamic Banking in devising a comprehensive Shariah Compliance Framework for all of its operations. The SB is also responsible for ensuring that all relevant procedure manuals and marketing advertisements are in conformity with the rules and principles of Shariah. Moreover, all the products or services to be offered and/or launched by the Islamic Banking shall have prior approval of the SB.

Resident Shariah Board Member (RSBM) of the Bank appointed in line with the requirements of SBP's Shariah Governance Framework, acts as the representative of the SB and oversees the procedures to be adopted for implementation of the resolutions, pronouncements and fatwas of the SB and provides guidance thereon. He is entrusted with the responsibility to provide explanation/clarification to the management and staff of Islamic Banking on products, documents, process flows and other operational Shariah related matters, in the light of decisions, rulings, fatwas, already issued by the SB. He also provides guidance regarding the Shariah aspects of new products/ideas and responds to clients' queries relating to the Islamic products and services.

Shariah Board Meetings

Details of the meetings of the Shariah Board held during the year 2019 and the attendance by each Shariah Board Member are given as under:-

Sr. No.	Name of Shariah Board Member	Shariah Board Meetings	
		Held During the Year	Attended
1.	Mufti Ehsan Waquar Ahmad	4	4
2.	Mufti Bilal Ahmed Qazi	4	4
3.	Mufti Muhammad Zahid	4	4
Total Number of Meetings Held During the Year		4	

HUMAN RESOURCE PRACTICES

The Human Resource Department at Soneri Bank acknowledges its people as the most significant resource and believes in providing a synergic work environment that fosters customer centricity and ownership in a proactive manner, while maintaining high moral standards.

We are an equal opportunity employer and are committed to hiring and retaining suitably qualified talent from across the country or abroad, through a merit-based and non-discriminatory selection process. We believe that engaged employees are more committed and deliver better results, hence we support staff retention. To improve key positions' bench-strength, Soneri Bank has a Succession Planning Policy, which identifies successors for senior roles within the organisation, thus allowing upward career mobility to the right talent and help them in fulfilling their career growth aspirations.

Our Senior Management is highly approachable and has an open-door-policy. We organise country-wide Town Halls, which provide the ideal platform for open discussions between our Management Committee and staff. In addition to increasing employee engagement, this is an event where hard-work and sound performance are recognised and awarded; acknowledgement of special contributions and alignment with the Bank's culture & values takes place. We are highly focused on maintaining positive, constructive employee relations and such meetings foster a culture of transparency and good employee communications.

Our remuneration policy is market-aligned competitive pay, making our compensation fair and consistent, ensuring internal equity. In the event of death or disability, the Bank offers life and disability insurance, through an Insurance Company, to provide financial assistance to the staff. Life Insurance coverage provides financial support to the heirs of the deceased staff in the unfortunate event of death in service, complete coverage of House Loan, if availed, will be provided to the staff. Furthermore, based on our Pay Continuity Plan, all the Bank staff (Permanent or Contract), up to age of 65 years, is covered under a comprehensive Group Life Insurance Policy; whereby the legal heirs of the deceased staff continue to receive a certain amount, agreed with insurance company, on a monthly basis, for 5 years. Currently, 14 families are benefitting from this facility.

Striving for organisational excellence, we strongly believe in investing in our people, and are therefore committed to their continuous training and development, so that they gain crucial competencies required to meet professional challenges effectively. In the year 2019, 100 Trainee Officers went through training programs, both classroom-based and on the job, equipping them for various roles in branch banking. After successful completion, these officers were placed in various functions within our branches. The banking industry benefits holistically from such initiatives. The ever-evolving landscape of the industry makes it imperative to arm the staff with modern business management practices and changing regulatory compliance requirements. Our policy provides the staff with opportunities to acquire knowledge and develop skills through training, to the mutual advantage of the Bank and the staff. In order to improve their performance in present roles and prepare them for positions of increasing responsibilities. Concurrent emphasis is placed on essential training sessions, such as Anti-Money Laundering regulations. We also use modern e-learning systems to augment the accessibility and convenience of learning opportunities. Also, we have Urdu versions of our emailers and circulars for further ease and outreach.

Since professionalism is paramount at Soneri Bank, our Code of Conduct is well-structured and in place. The Disciplinary Action policy provides an expertly designed corrective action process and a formal framework for issues to be dealt with fairly and swiftly. The policy ensures that employees are managed in a transparent manner and it also addresses instances where a staff's performance or conduct fails to meet the standards laid down by the Bank. Our proficient DA Team also deals with the staff's grievances promptly and professionally. Furthermore, a strict law-mandated harassment policy is in place along with awareness-raising and training sessions, warranting discipline in this respect.

HR has been well supported by the world of technology and we have a methodical, fully-automated performance appraisal system in place, ensuring complete transparency and accuracy of records of overall employee performance.

Our Whistleblowers' Policy corroborates our promise to give people (internal & external) a chance to voice their concerns, exposing irregularities/wrongdoings/AML/CFT/corruption related issues, helping uncover financial malpractices, preventing frauds etc, to appropriate pre-identified authority without any fear.

Over All Head Count

Total Full Time Employees	3,113
Average Head Count 2019	3,012
Total 3 rd Party Head Count	1,116
Average 3 rd Party Head Count	1,107

As of 31 December 2019

Board's Initiatives on Diversity

The Bank recognises diversity amongst its employees as one of its most important assets, we believe that diversity in its workforce helps us:

- a) attract, retain and motivate employees from the widest possible pool of talent;
- b) improve employment and career development opportunities for women; and
- c) provide people with a disability, employment opportunities and career advancements.

The Bank's Board is committed to workplace diversity, with a particular focus on supporting the representation of women at a senior level in the Bank and on the Bank's Board once the election takes place in the year 2020. The Board has approved the following policies/initiatives to promote and recognise diversity within the Bank:

- Maternity Leave for female employees as well as Paternity Leave for male employees to ensure proper care for the newborn;
- Women's Day celebrations to promote gender equality and express gratitude towards all the women in the workforce; and
- An expert Breast Cancer Awareness session for female employees by Shaikat Khanum Memorial Cancer Hospital.

Governance Trainings

Having good governance practices in place is a key focus area for the Bank. Apart from the policies and control procedures in place, the bank also invests in employee development and ensures that the importance of good Governance is understood by the senior Management and the staff alike. During 2019, one of the Bank's Independent Directors attended a training organised by Pakistan Institute of Corporate Governance on the subject, while our Shariah Board members and Head of Shariah Compliance also attended trainings on AAOIFI Code of Ethics and Governance for Islamic Finance Professionals, while frontline staff was also sent for Regulatory and Shariah Governance Framework trainings.

Information Security and Data Protection is another critical area for the Bank. Our senior members from I.T. attended trainings on Enterprise I.T. Governance leading to CGEIT certification. To ensure compliance with the governance policies, staff from Internal Control Unit was also trained on I.T. Governance Framework of SBP.

INVESTORS' GRIEVANCE

The Bank believes that its association with its investors should be given utmost priority and continuously strives to strengthen its relationship with them, which is also reflected in the mechanism deployed for addressing investor grievances. Moreover, it also promotes equitable treatment of every shareholder, whether they are majority or minority shareholders, institutional investors, or foreign shareholders.

The Bank has dedicated a section of its website solely for the provision of significant information and various documents to the investors. Accordingly, the Bank has posted essential information on its website about the Bank, Board of Directors, Management Team, External Auditors, past and current financial data, shareholding details, investor relations/grievances, as well as such other information as stipulated under the Securities and Exchange Commission of Pakistan's S.R.O. 1196(1)/2019 dated 03 October 2019.

Further, in order to facilitate our shareholders, the following information has been prominently displayed on the Bank's corporate website:

- Contact details of our Share Registrar.
- Contact information of the focal person of the Bank for dealing with investors' grievances.
- Designated email address of the Bank for addressing the queries/complaints relating to shares/dividend.
- Various documents, such as Notice of AGM, Proxy Form, Dividend Mandate Form, List of unclaimed dividends/shares and Transfer Deed, etc., for easy access of the investors.
- The Bank endeavours to investigate and resolve all the complaints and queries of the investors to their maximum satisfaction. However, in case an investor remains unsatisfied, the Bank has also shared the contact details of the SECP along with the website link of its complaint cell, providing investors an alternative course for resolution of their complaints.

WHISTLE BLOWING

OVERVIEW

Soneri Bank Limited (SBL) believes in the conduct of the affairs of its constituents in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical behaviour.

Whistle Blowing Policy (WBP) provides a framework, enabling the Bank's staff and outside parties such as shareholders, vendors, customers, etc., to report their concerns against irregularities, financial malpractices, frauds & forgeries, harassment, improper conduct or wrong doing without any fear, reprisal or adverse consequences.

SCOPE

The scope of the WBP mainly covers the cases that escape the existing normal procedures and systems. WBP is additional to the existing systems of complaint and dispute resolutions. It is part of an effort to further improve governance and accountability at SBL. The employees and outside parties are encouraged to use the guidance provided by this program for reporting wrong doing/improper conduct.

INDEPENDENCE OF WHISTLE BLOWING (WB) UNIT

To ensure the independence, WB Unit has been established at Internal Audit & RAR Group of the Bank under the ambit of the Board Audit Committee (BAC) of the Bank.

PROTECTION FOR WHISTLE BLOWERS

The Bank shall protect the identity of whistle blower. For whistle blowing and complaint handling mechanism to be effective, the concerned parties must be adequately assured that the information given will be treated in a confidential manner and above all that they will be appropriately protected against retaliation from within or outside the Bank.

REWARDS FOR WHISTLE BLOWERS

Anyone providing information leading to investigation or detection of frauds/forgeries or incidents, which may have impacted the Bank's reputation will be suitably rewarded, at the discretion of the management considering all facts and circumstances.

COMMUNICATION CHANNEL FOR LODGING COMPLAINT

- Post/Courier addressed to WB Unit on the prescribed form and address available on Bank's website.
- Dedicated email ID whistleblowing.unit@soneribank.com accessible to WB Unit Head.

NUMBER OF WHISTLE BLOWING INCIDENTS REPORTED TO BAC

Five (5) whistle blowing incidences were reported to BAC in the year 2019.

MANAGEMENT COMMITTEES

1. Management Committee

1. Mr. Mohammad Aftab Manzoor – Chairman
2. Mr. Amin A. Feerasta
3. Mr. Tariq Yar Khan
4. Mr. Shahid Abdullah
5. Mr. Ali Hassan Shah
6. Mr. Mirza Zafar Baig
7. Mr. Muhammad Qaisar Riaz
8. Mr. Masood Tyabji*
9. Mr. Abdul Aleem Qureshi
10. Mr. Muhammad Merajuddin Ahmed
11. Mr. Mubarik Ali
12. Mr. Muhammad Salman Ali
13. Mr. Hyder Rahi, Secretary

2. Executive Credit Committee

1. Mr. Mohammad Aftab Manzoor, Chairman
2. Mr. Amin A. Feerasta
3. Mr. Muhammad Qaisar Riaz
4. Mr. Masood Tyabji*
5. Mr. Abdul Aleem Qureshi
6. Mr. Mubarik Ali, Secretary

3. Assets and liability Committee

1. Mr. Mohammad Aftab Manzoor, Chairman
2. Mr. Mirza Zafar Baig
3. Mr. Muhammad Qaisar Riaz
4. Mr. Masood Tyabji*
5. Mr. Mubarik Ali
6. Mr. Abdul Aleem Qureshi
7. Mr. Muhammad Aamir
8. Mr. Shahid Abdullah, Secretary

4. Investment Committee

1. Mr. Mohammad Aftab Manzoor, Chairman
2. Mr. Shahid Abdullah
3. Mr. Mirza Zafar Baig
4. Mr. Muhammad Qaisar Riaz
5. Mr. Masood Tyabji*
6. Mr. Mubarik Ali
7. Mr. Abdul Aleem Qureshi
8. Mr. Muhammad Aamir
9. Mr. Muhammad Imran Khan, Secretary

5. I.T. Steering Committee

1. Mr. Mohammad Aftab Manzoor, Chairman
2. Mr. Amin A. Feerasta
3. Mr. Ali Hassan Shah
4. Mr. Muhammad Qaisar Riaz
5. Mr. Mirza Zafar Baig
6. Mr. Muhammad Salman Ali
7. Mr. Abdul Aleem Qureshi
8. Mr. Tariq Yar Khan
9. Mr. Qurban R. Punjiwani
10. Mr. Mubarik Ali
11. Mr. Muhammad Imran, Secretary

* Left the Bank on January 1, 2020.

6. Credit Risk Management Committee

1. Mr. Mohammad Aftab Manzoor, Chairman
2. Mr. Amin A. Feerasta
3. Mr. Masood Tyabji*
4. Mr. Mubarik Ali
5. Mr. Mirza Zafar Baig
6. Mr. Muhammad Qaisar Riaz
7. Mr. Abdul Aleem Qureshi
8. Mr. Muhammad Aamir, Member/Secretary

7. Market and Liquidity Risk Management Committee

1. Mr. Mirza Zafar Baig, Chairman
2. Mr. Shahid Abdullah
3. Mr. Muhammad Aamir
4. Mr. Mian Nadeem Aslam
5. Mr. Salman Arshad
6. Mr. Syed Adeel Ehtesham
7. Mr. Muhammad Imran Khan
8. Mian Umar Farooq, Secretary

8. Operational Risk Management Committee

1. Mr. Mohammad Aftab Manzoor, Chairman
2. Mr. Amin A. Feerasta
3. Mr. Ali Hassan Shah
4. Mr. Mubarik Ali
5. Mr. Muhammad Qaiser Riaz
6. Mr. Muhammad Salman Ali
7. Mr. Masood Tyabji*
8. Mr. Mirza Zafar Baig
9. Mr. Abdul Aleem Qureshi
10. Mr. Tariq Yar Khan
11. Mr. Muhammad Aamir Member/Secretary

9. Business Continuity Plan Steering Committee

1. Mr. Mohammad Aftab Manzoor, Chairman
2. Mr. Amin A. Feerasta
3. Mr. Ali Hassan Shah
4. Mr. Muhammad Qaisar Riaz
5. Mr. Muhammad Merajuddin Ahmed
6. Mr. Masood Tyabji*
7. Mr. Mirza Zafar Baig
8. Mr. Muhammad Salman Ali
9. Mr. Mubarik Ali
10. Mr. Abdul Aleem Qureshi
11. Mr. Tariq Yar Khan
12. Mr. Hassan Raza Khan
13. Mr. Mian Asif Iqbal
14. Mr. Muhammad Khawar Ali Shah
15. Mr. Muhammad Azizullah Abid
16. Mr. Pervaiz Ahmed Panhwar
17. Mr. Azhar Sajjad Siddiqui
18. Mr. Muhammad Aamir, Secretary

CHAIRMAN'S REVIEW



Dear Stakeholders,

On behalf of the Board of Directors, it is my privilege to present the Annual Report of Soneri Bank Limited for the financial year ended 31 December 2019.

I am pleased with the way the Bank continues to shape up and move forward - with improvements reflected across all key indicators. Our results for 2019 remained fairly positive, despite a tough operating environment. With a vision of serving the needs of our customers to the fullest, we continue to progress and serve the society at large.

At the outset of 2019, we witnessed a material slowdown in the economy. The government's refined and stringent structural reforms, coupled with a macroeconomic policy framework focusing on curbing overall aggregate demand, anchoring down inflationary pressures and building-up FX reserves led to business activity largely remaining muted. A shift towards stabilisation has nonetheless been gradually witnessed over the course of the year. Going forward, we can expect monetary policy to become less stringent, and credit growth can be expected to pick up, leading to higher sales growth, improved business margins and profitability.

I am happy to state that the Bank achieved a number of significant milestones during the course of 2019. Our branch outreach has now extended to over 300 branches across the country, and the Board has approved the opening of 40 new branches in the year 2020.

What is also heartening to note, is the fact that the Bank, for the first time in its history, was able to reach the landmark deposit number of Rs. 300 billion, with period end deposits reported at Rs. 302.083 billion. This represents a year on year growth of 15.13 percent, which parallels the growth of 15.43 percent achieved in 2018. With footprint expansion targeted going forward, I am confident that the Bank would be able to further improve on its deposits portfolio, and with mix improvement being a key feature of our branch transformation programme, we continue to target improved spreads for sustainable results in the future. As at 31 December 2019, our CASA mix has improved to 63.26 percent from 60.75 percent in 2018.

Our perpetual ADT 1 instrument issued at the end of 2018 continues to provide us room in our CAR for asset book expansion, and in line with the deposits growth, our earning assets also indicate a year on year growth of 13.68 percent. I am happy to state that with the current CAR

levels, we have sufficient room for further loan book expansion, and with the right risk management strategy, we will surely be able to improve on our capacity to lend, thereby improve profitability via volumetric growth.

The Bank posted profit before tax (PBT) of Rs. 3,247 billion and profit after tax (PAT) of Rs. 1,906 billion for the year 2019, as compared to Rs. 2,905 billion and Rs. 1,784 billion respectively in 2018, growing by 11.78 percent and 6.86 percent respectively. These results have consequently improved the Bank's EPS to Rs. 1.73 per share in 2019 from Rs. 1.62 per share in 2018.

The Board of the Bank is effective and balanced, comprising of two Independent Directors, four Non-Executive Directors, and two Executive Directors. As part of the overall governance framework, the Board with its active engagement with the stakeholders is well positioned and has participated in overseeing the implementation of the Bank's strategic objectives. The Board exhibits high standards of business, professional and ethical conduct, and has regularly provided guidance over policies and practices to the Management for achieving maximum business performance. I acknowledge the valuable contribution and performance of the Board throughout the course of their tenure.

During the course of the year, the Board approved the Bank's Remuneration Framework developed in accordance with the guidelines issued by the SBP in this regard. Through this process, the remuneration practices at the Bank shall be further aligned with global best practices, and incentives and variable components of remuneration shall be linked to performance.

I would like to congratulate the entire Management team and our dedicated employees at the Bank for their notable contribution to our accomplishments this past year.

I am confident that the bank is well equipped to take on the New Year with renewed commitment and convert past challenges into opportunities by capitalising on our strengths. We have a strong banking legacy and take pride in our core values, which continue to shape and define us. With a sound governance culture, skilled human resource, enhanced outreach, optimum customer service and renewed commitment, I am sure we are destined to achieve greater heights in the years to come. We will continue in our efforts to reaffirm the bank's position as one of the innovative financial institutions in the country, as we embark on our enhanced digital journey aimed at elevating our customer banking experience across all touch points and platforms.

In the end, I would once again like to extend my sincere gratitude to our customers, our valued shareholders, the State Bank of Pakistan, the Securities and Exchange Commission of Pakistan and other regulatory authorities for their trust, support, mentorship and continued guidance. I am confident that together, we shall all continue to contribute to our nation's progress in the years to come.

Roshan Har Qadam!

Alauddin Feerasta

Chairman

Lahore: 13 February 2020

DIRECTORS' REPORT TO SHAREHOLDERS

On behalf of the Board of Directors, we are pleased to present the Directors' Report of Soneil Bank Limited (the Bank) along with the audited Financial Statements and Auditors' report thereon for the year ended 31 December 2019.

Economic Review

The year 2019 turned out to be a challenging year in terms of economic stability and impacted the banking industry in particular throughout the year. The challenges to the macro-economy continued to persist as Pakistan eyed consolidation for future sustainable growth. Pakistan's GDP growth slowed down to 3.3 percent as compared to 5.5 percent in FY18. However, Balance of Payments improved during the year, and continues to improve in FY20. Over the past year, the exchange rate was allowed to depreciate, with a cumulative depreciation of 25.5 percent, the development budget was cut, energy prices increased, and the policy rate was raised by 575 bps in FY19. As a result, private consumption growth decelerated to 4.1 percent in FY19 from 6.8 percent in FY18 while investment contracted by 8.9 percent. On the supply side, the industrial sector growth slowed to 1.4 percent compared to 4.9 percent in FY18. The services sector grew at 4.7 percent being 1.5 percent lower than that FY18.

The Current Account Balance entered into surplus on a monthly basis in October 2019 and continued to remain muted at a deficit of US\$661 million in December 2019. The decline was primarily driven by lower growth of imports. The largest decline in imports was in transport and machinery, because of the slowdown in investment and industrial growth, followed by food items and metals. However, petroleum related imports continued to grow (5 percent), albeit at a lower rate than last year (25 percent). Exports, on the other hand, did not respond to the exchange rate depreciation, as regaining competitiveness after an extended period of an overvalued exchange rate will take time. The growth in remittances by 9.7 percent year-on-year in FY19, due to higher flows from USA, Malaysia, and GCC countries, also supported the current account.

The fiscal deficit increased to 8.8 percent of GDP in FY19 from 6.4 percent in FY18. The higher deficit was primarily due to revenue underperformance and higher interest payments. Both the federal and the provincial tax revenues stagnated at last year's level. However, during the first half of FY20, tax revenue collections showed a healthy increase of 16 percent over the same period of last year. Non-tax revenues declined by 44 percent as the exchange rate depreciation reduced the profits of the State Bank of Pakistan (SBP), resulting in lower transfers to the government. As a result, overall revenues contracted by 6.3 percent. Total expenditures increased by 11.5 percent year-on-year in FY19, as current expenditures increased by 21 percent driven by the almost 40 percent increase in interest expenditures, year-on-year. Development spending was curtailed by 25 percent year-on-year in FY19, as the federal and provincial governments attempted to adjust their fiscal balances.

The Government of Pakistan appears committed to improve performance of state owned enterprises by strengthening, monitoring and increasing transparency. Certain privatization initiatives are in the pipeline, and efforts are underway to minimize losses by way of improving operational efficiencies.

Aided by bilateral, IMF, and other multilateral flows, international reserves have started to recover. Financial flows had a boost in FY19 due to a significant increase in central bank deposits and bilateral inflows from China, UAE and Saudi Arabia. The approval of the IMF Extended Fund Facility in July 2019 coupled with the resumption of multilateral budget support have contributed to an increase in the international reserves. The gradual accumulation of reserves is also being supported by reduced pressures on the exchange rate. Despite a repayment of US\$1.0 billion international Sukuk in early December 2019, the developments have significantly improved the SBP's net international reserves (NIR) position.

A bearish trend continued to dominate the equity market over the course of CY19, barring the last couple of months. During the year, the KSE-100 index crashed to a 5-Yr low of 28,765pts on 16 Aug 2019, which was a 22 percent contraction since December 2018 and a 31 percent decline on a YoY basis. Since its low, the market indicated a remarkable rebound of 39 percent, and in effect turned the CY return positive, which is indicative of the economy entering into stabilization mode. With volatility in the exchange rate parity minimized, alongside continuous improvements on the external account, consolidation on the macroeconomic front can be viewed as a key catalyst for foreign interest in the market going forward.

Pakistan was placed on FATF's (Financial Action Task Force) grey list in June 2018. In October 2019, FATF handed out another extension to Pakistan, maintaining its status on grey list until February 2020. While significant progress has been made, certain loopholes still exist on account of the nonexistence of a formal framework to combat money laundering and eliminate terror financing.

In December 2019, Rating agency Moody's upgraded Pakistan's outlook from negative to stable, a significant sign of stabilization in the country's otherwise ailing economy. The rating agency also maintained the country's B3 rating. Pakistan's outlook had been downgraded to negative in June 2018 owing to the country's depreciating foreign reserves.

Real GDP growth is projected to decelerate to 2.4 percent in FY20 as the government tightens fiscal and monetary policies. Pakistan's adjustment entails a rebalancing from domestic to external demand. While domestic demand will slow down quickly, net exports are expected to increase gradually. Growth is expected to recover gradually to 3.0 percent in FY21 as external demand picks up, macroeconomic conditions improve, and the package of structural reforms in fiscal management and competitiveness takes effect. This recovery is conditional on relatively stable oil prices and reduced risks. Inflation is expected to increase slightly in FY20, driven by the second-round impact of exchange-rate pass-through to domestic prices. Thereafter, inflation is projected to decline gradually. The recent IBA-SBP surveys of business confidence indicate improvement in the business community's outlook for economic activity.

The Bank's Performance and Operating Results:

The Bank continued to exhibit its growth momentum during 2019 as performance remained satisfactory with all segments indicating positive growth. Despite external headwinds, NIMs continued to improve with re-pricing of the asset book gradually and continually taking effect, albeit lagged when compared to deposit cost, inline with changes to policy rates.

The highlights of the financial results for 2019 are as follows:

FINANCIAL POSITION

2019 2018
---(Rupees in millions)---

Advances – net	204,901	186,475
Investments – net	177,056	146,646
Total Assets	442,541	382,498
Total Deposits	302,083	262,379
Shareholders' Equity	20,214	17,989

FINANCIAL PERFORMANCE

2019 2018
---(Rupees in millions)---

Net Interest Income and Non Markup Income	10,787	10,213
Non Markup Expenses	8,129	7,380
Profit before tax	3,247	2,905
Profit after tax	1,906	1,784
Earnings per share – Rupees	1.7289	1.6179

Overview of the Business:

The Bank posted profit before tax (PBT) of Rs. 3,247 billion and profit after tax (PAT) of Rs. 1,906 billion in the year 2019, as compared to Rs. 2,905 billion and Rs. 1,784 billion respectively in 2018, increasing by 11.78 percent and 6.86 percent respectively. These results have consequently improved the Bank's EPS to Rs. 1.7289 per share in 2019 from Rs. 1.6179 per share in 2018.

On the revenue front, net mark up income increased by 14.00 percent to Rs. 7,926 billion in 2019 from Rs. 6,953 billion in 2018. Advances income grew by 86.75 percent year on year, with yields improving to 12.19 percent as against 7.71 percent in 2018, and average volumes increasing by Rs. 29,856 billion. Income from investments grew by 76.06 percent year on year, with yields improving to 10.81 percent from 6.83 percent in 2018.

During the year, the Bank was able to achieve the landmark target of Rs. 300 billion in deposits, with the period end number reported at Rs. 302,083 billion. This indicates a year on year growth of Rs. 39,704 billion, or 15.13 percent. Despite the lagged impact of repricing on the asset book when compared to the deposit base, the growth in revenues outpaced the increase in costs. Deposit cost increased by 120.74 percent year on year, mainly driven by rate hikes of 325 bps cumulatively, but volumetric growth on the assets side led to favorable spreads being maintained.

In spite of the negative impact of capital market losses (as against gains tapped in the prior year) arising as a result of continuous weakening of the Stock market over the course of the year, the Bank has been able to maintain and deliver sustainable earnings over the year. Non fund based income, excluding capital market gains / losses and dividend income improved by 11.37 percent to Rs. 3,052,772 million in 2019. Core Fee Income has improved by 9.89 percent,

whereas exchange income has improved by 15.46 percent year on year. Capital losses (net of dividends) of Rs. 191.610 million were booked in the current year, as against net gains of Rs. 519.065 million materialized in 2018. This swing alone, negatively impacted year on year profitability by Rs. 710.675 million. As a result, non mark-up income of the Bank for the year ended 31 December 2019 stood lower at Rs. 2,861.162 million, lower by Rs. 399.009 million as against last year. Nonetheless, the positive growth recorded in Net Mark-up income outpaced the decline in non mark-up income, and resultantly, the overall revenue of the Bank increased by 5.62 percent to Rs. 10,787.328 million in 2019 from Rs. 10,213.164 million last year.

Non Mark-up expenses increased by 10.16 percent to Rs. 8,129.481 million in 2019. Key contributors to the increase included full impact of branches opened last year, staff related costs, technology driven costs, and additional premium under SBP's Depositor Protection Scheme.

During the year, the Bank's recoveries against NPLs were recorded at Rs. 1,827.932 million, as against a charge of Rs. 1,155.305 million, leading to a net reversal in provision of Rs. 672.627 million for the year.

Additionally, in the year 2019, the Bank adopted IFRS 16 – Leases. The standard requires a change in accounting so as to bring rental arrangements in the nature of leases of assets on balance sheet. As a result of the adoption of this standard, profit before tax for the year decreased by Rs. 195.026 million.

In addition to super tax for the earnings in the year 2019, the retrospective imposition of super tax on 2017 earnings led to an increase in the Bank's effective tax rate.

On the balance sheet, the Bank's gross advances portfolio grew by 9.08 percent i.e. Rs. 17,685 billion in 2019 as compared to the previous year. Non-performing loans decreased by 4.0 percent, to Rs. 10,903 billion in 2019 from Rs. 11,357 billion in 2018. As at 31 December 2019, the Bank's coverage stood at 69.46 percent. The Bank continues to focus on high quality credit, with adequate collaterals so as to maintain an optimum risk weighted assets profile.

Our Investments book (net) also continues to grow, with year on year growth of Rs. 30.411 billion or 20.74 percent adding on to the previous year's growth of Rs. 29.217 billion or 24.88 percent. Year-end Gross investments were reported at Rs. 177.175 billion, with major composition of investments remaining largely skewed towards government securities.

During the year 2019, Deposits increased by 15.13 percent to end at Rs. 302.083 billion. In terms of average volumes, a growth of Rs. 43.46 billion was recorded. The Bank's portfolio mix in 2019 stood at a CASA percentage of 63.26 percent (2018: 60.75 percent). Average current account volumes increased by 9.04 percent year on year, to Rs. 66.327 billion from Rs. 60.830 billion in 2018. The Bank's branch transformation program was successfully rolled out at the beginning of the year. This program intends to build on the core customer base of the Bank through effective portfolio management, and modification of the sales and distribution model / structure.

The Bank's gross Advances to Deposits ratio (ADR) at the year-end was reported at 70.35 percent as against 74.26 percent in 2018.

As at 31 December 2019, there are no loans, TFCs, sukuks or any other debt instruments in which the Bank is in default or likely to default.

Capital Structure of the Bank:

The Bank remains well capitalized, with a capital base above the regulatory limits and Basel capital requirements. In the year 2018, the Bank successfully issued additional Tier-1 Capital in the form of listed, perpetual, unsecured, subordinated, non-cumulative and contingent convertible debt instruments with an issue size of Rs. 4 billion. This perpetual issue has supplemented the Bank's Tier 1 CAR and has enhanced the lending capacity of the bank. The instrument carries a long term rating of 'A' (single A) with a stable outlook.

As at 31 December 2019, the Bank's total Capital Adequacy Ratio has been reported at 15.79 percent against the requirement of 12.50 percent (including Capital Conservation Buffer of 2.50 percent). The Common Equity Tier 1 (CET-1) to total Risk Weighted Assets ratio works out to be 11.22 percent, well above the requirement of 8.50 percent, which is indicative of the quality of the Bank's capital.

Human Resource:

At Soneri Bank, we believe in providing our employees with a synergic work environment that fosters customer centricity and ownership in a proactive

manner whilst maintaining high moral standards. We take pride in our commitment towards hiring and retaining competent personnel. Our human resource selection process is merit-based and non-discriminatory. We believe that engaged employees are more committed and deliver better results. Through our succession planning policy, we identify successors for senior roles within the organization, thus allowing upward career mobility to the right talent, and help them in fulfilling their career growth aspirations.

We focus highly on maintaining positive and constructive employee relations, and believe in fostering a culture of transparency and good employee communications. Our remuneration policy is market-aligned, making our compensation fair and consistent. Besides standard insurance benefits, through our Pay Continuity Plan, all Bank staff (Permanent or Contract) up to age of 65 years are covered under a comprehensive Group Life Insurance policy whereby the legal heirs of the deceased staff continue to receive a certain amount agreed with insurance company, on a monthly basis, for 5 years.

Striving for organizational excellence, we strongly believe in investing in our people, and are therefore committed to their continuous training and development, so that they gain crucial competencies required to meet professional challenges effectively. Our policy provides staff with opportunities to acquire knowledge and develop skills through training, to the mutual advantage of the Bank and the staff, in order to improve their performance in present roles and prepare them for positions of increasing responsibilities. Concurrent emphasis is placed on essential training sessions like Anti-Money Laundering regulations. We also use modern e-learning systems to augment the accessibility and convenience of learning opportunities. Also, we have Urdu versions of our emailers and circulars for further ease and outreach.

Since professionalism is paramount at Soneri Bank, our Code of Conduct is well-structured and in place. The Disciplinary Action policy provides an expertly designed corrective action process and a formal framework for issues to be dealt with fairly and swiftly. The policy ensures that employees are managed in transparent manner and it addresses instances where a staff's performance or conduct fails to meet the standards laid down by the Bank.

In order to align the remuneration practices in Pakistan with the international standards and best practices, the SBP issued Guidelines on Remuneration Practices. In accordance with these guidelines, the Bank has developed a comprehensive Remuneration Framework. The aim of this framework is to promote an effective risk management culture, and to ensure that the remuneration practice at the Bank is in line with the Bank's objectives taking into consideration all risks that the Bank may face. As a result, a fair, objective, transparent and sound remuneration policy, aligned with risks and responsibilities of Financial Intermediation has been put in place. The framework was reviewed and recommended by the Board's Human Resource & Remuneration Committee (BHRRC) and approved by the Board of Directors (BoD) during the year.

Under the policy, all employees across the Bank who are materially responsible for risk taking - Material Risk Takers (MRTs), or risk controlling activities - Material Risk Controllers (MRCs) are identified. The remuneration of these MRTs and MRCs is dependent upon the achievement of performance measured through risk-adjusted balance scorecards which include financial and non-financial/ qualitative performance indicators including compliance with internal policies/ procedures/ controls, customer experience, as well as certain risk-adjusting factors (negative earners) such as regulatory compliance, frauds, complaints etc. All other individuals who do not fall within the criteria of MRTs and MRCs continue to be governed through the Bank's existing HR policy.

A certain portion of the variable compensation of the MRTs and MRCs shall now be made subject to mandatory deferrals for a defined period, thus creating alignment between the employees' and stakeholders' interests and reinforcing that compensation is appropriately linked to longer-term sustainable performance. Deferred remuneration, especially with risk adjustments, improves risk-taking incentives because the amount ultimately received by employees can be made to depend on risk outcomes, and shall vest proportionately over the deferral period following the year of variable remuneration award, subject to any malus trigger adjustments.

The payouts for variable compensation for the performance year 2019 for MRTs and MRCs shall be based on the revised mechanism. The deferral pool so created, shall be transferred to a fund established specifically for this purpose. The fund shall be set up outside the Bank and shall be managed by Trustees that the Bank may appoint. The process of setting up the fund is currently in process. The disclosures required under the SBP's Guidelines on Remuneration Practices are included as part of these financial statements.

Our Whistleblowers Policy corroborates our promise to give people (internal & external) a chance to voice their concerns, exposing

irregularities/wrongdoings/AML/CFT/corruption related issues, helping uncover financial malpractices, preventing frauds etc. to appropriate pre-identified authority without any fear.

Corporate Governance:

Corporate Governance at Soneri Bank refers to rights and responsibilities among different stakeholders of the Bank through a defined set of rules, policies and practices keeping focus on proper delegation, transparency and accountability in the organization as a whole. The Board of Directors is committed to ensuring that the requirements of Corporate Governance set by the Securities and Exchange Commission of Pakistan are fully met. The Bank's Board of Directors is entrusted to provide entrepreneurial leadership within a framework of prudent and effective controls which enables risk to be assessed and managed. The Bank has adopted the best practices envisioned in the Code of Corporate Governance, and the Bank's Statement of Compliance with the Code forms part of this Annual Report.

The existing Board which was elected on 28 March 2017 will complete its three years' term on 27 March 2020. The next election of the Board of Directors is scheduled to be held at the 28th Annual General Meeting scheduled to be held on 26 March 2020. Out of the members elected on 28 March 2017, Syed Ali Zafar resigned effective 17 May 2017 and in his place, Mr. Jamil Hassan Hamdani was appointed by the Board. There has been no further change in the composition of the Board of Directors post 17 May 2017 till date. The Bank will follow the nomination process of the Directors in line with applicable laws, rules and regulations as well as the Board's approved Standing Operating Procedure ("SOP") for appointment of Non-Executive Director. Retiring Directors are eligible to offer themselves for re-election.

The present composition of the Board of Directors is as under:

Total number of Directors: 08 including the President and Chief Executive Officer

Male 08
Female Nil

Category	Names
Independent Directors	Mr. Inam Elahi Mr. Jamil Hassan Hamdani
Non-Executive Directors	Mr. Alauddin Feerasta Mr. Nooruddin Feerasta Mr. Muhammad Rashid Zahir Mr. Manzoor Ahmed (NIT Nominee)
Executive Directors	Mr. Mohammad Aftab Manzoor* (President & Chief Executive Officer) Mr. Amin A. Feerasta (Chief Operating Officer)
Female Director	Nil

* Deemed director as per clause 3 of Section 188 of Companies Act, 2017.

Representation of Female Director:

The Listed Companies (Code of Corporate Governance) Regulations, 2019 has introduced a requirement whereby, the Board of Directors shall have at least one female director when it is next reconstituted after the expiry of its current term. The Bank will comply with the requirement and shall elect one female director on the Board at the election of directors in our 28th Annual General Meeting scheduled to be held on 26 March 2020.

Foreign Directors:

There is no representation of a foreign director on the Board of the Bank.

Directors' Training and Orientation:

The Board has remained fully compliant with the provision with regard to their training program. Five members of the Board of Directors have received "Certificate of Director Education" from the Pakistan Institute of Corporate Governance ("PICG").

Further, both directors Mr. Nooruddin Feerasta and Mr. Muhammad Rashid Zahir are exempted from training as per the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 provided under clause 2 of Regulation 19.

Additionally, our directors have also attended various workshops, seminars and courses. Mr. Alauddin Feerasta, Chairman and Mr. Nooruddin Feerasta, Director had participated in a three full days' workshop on "Corporate Governance & Duties Excellence" held in Malaysia. Mr. Muhammad Rashid Zahir had also attended a week long course of Institute of Directors, UK held by PICG.

Board's Performance Evaluation:

During the year 2019, in-house evaluation of the Board / Committees was carried out. Quantitative techniques were used where scaled questionnaires were provided to each director to obtain their feedback. Feedback so received was collated and analyzed, and the result was prepared in accordance with the requirements of BPRD Circular No. 11 dated 22 August 2016 and Listed Companies (Code of Corporate Governance) Regulations, 2019.

Final result of the Annual Evaluation of the Board's Performance was presented to the Board of Directors for their review. Accordingly, the Board has reviewed its Performance Evaluation for the year 2019 in its 175th meeting convened on 13 February 2020 and the challenges identified by them have been duly noted to be addressed.

Previously, The Pakistan Institute of Corporate Governance ("PICG"), a premier and independent body in the field of promoting good corporate governance practices in Pakistan, had been engaged to independently conduct the Board's Performance Evaluation for the year 2018, in line with the requirements of BPRD Circular No. 11 dated 22 August 2016 that requires for external evaluations once every three years.

Board and Committees' Meetings:

Details of the meetings of the Board of Directors and its Committees held during 2019 and the attendance by each Director/Committee member is given as under:

Sr. No.	Name of Director	Board of Directors Meetings		Board Audit Committee Meetings		Board Credit Committee Meetings		Board Human Resource and Remuneration Committee Meetings		Board Risk Management Committee Meetings		Board Independent Directors' Committee Meetings		Board I.T Committee Meetings	
		Held during the year	Attended**	Held during the year	Attended**	Held during the year	Attended**	Held during the year	Attended**	Held during the year	Attended**	Held during the year	Attended**	Held during the year	Attended**
1.	Mr. Waheed Feerasta	9	9	*	*	4	4	*	*	*	*	*	*	*	*
2.	Mr. Mohammad Atab Manzoor	9	9	*	*	4	4	*	*	3	2	*	*	*	*
3.	Mr. Nooruddin Feerasta	9	6	4	3	4	3	1	1	*	*	*	*	*	*
4.	Mr. Amin A. Feerasta	9	9	*	*	*	*	*	*	3	1***	*	*	2	2
5.	Mr. Muhammad Rashid Zahir	9	9	4	4	4	4	1	1	3	1	1	1	1	1
6.	Mr. Manzoor Ahmed (NIT Nominee)	9	9	3	3	4	3	3	3	3	3	*	*	2	2
7.	Mr. Iqbal Balh	9	9	4	4	*	*	3	3	3	3	1	1	2	2
8.	Mr. Jamil Hassan Hamdani	9	8	4	4	1	1	3	3	3	1***	1	1	2	2
Total Number of meetings held during the year		9		4		4		3		3		1		2	

*Represents not a member of the Committee.

**Leave of absence was granted to those directors/members, by the Board/Committee, who could not attend some of the meetings.

***During the year, the BRMC reconstituted on 10 June 2019, and Mr. Jamil Hassan Hamdani replaced Mr. Amin A. Feerasta on the Committee.

Note: The profiles of the Board Members and the composition of the Board/Committees and their TORs form part of this Annual Report.

Director's Remuneration:

The revised Remuneration Policy for Non-Executive Directors including Independent Directors of the Bank for attending Board / Committee meetings was approved by the Board in its 175th meeting held on 13 February 2020 in compliance of the State Bank of Pakistan's BPRD Circular No. 03 dated 17.08.2019. The scale of meeting fee for Non-Executive Directors has been approved by the Board at Rs.150,000/- for attending the Board/Committees' Meetings, and is subject to its final approval by the Shareholders in their 28th Annual General Meeting scheduled to be held on 26 March 2020.

Considering devotion of valuable time in performing extra services and providing guidance and oversight of the conduct and management of business affairs of the Bank by the Management, the remuneration for the Chairman of the Bank (for Board and Committee Meetings) and Committee's Chairmen for chairing their respective Committees was fixed at Rs. 180,000/- per meeting, which is also subject to shareholders' approval.

The Board also approved that expenses related to boarding and lodging, air ticket and pick and drop of the Non-Executive Directors shall be borne by the Bank and Hotel allowance of Rs. 15,000/- per night stay was approved to be paid to non-executive directors who don't avail the Bank's provided accommodation.

No remuneration in respect of meeting fee is paid or has been proposed to be paid to the Executive Directors. However, expenses for boarding and lodging, air ticket and usual TA/DA shall continue to be paid in accordance with the Bank's approved Travel Policy. Meeting fee paid to the non-executive Directors for the year 2019 as per the previously approved terms has been disclosed in note 41.2 to the financial statements under the "fees" category.

The Board has also recommended for shareholders' approval, administrative expenses pertaining to the office, staff and security allocated to the Chairman in line with the SBP's BPRD Circular No.03 dated 17 August 2019. In compliance of this Circular, two security guards, one driver, one personal secretary and chairman's office rent has accordingly been recommended for approval by the shareholders.

The Board also approved that no consultancy or allied work shall be awarded to a Director or to the firms/institutions/companies etc. in which he individually and/or in concert with other Directors of the Bank, holds substantial interest. Further, if any Director obtains 'unsatisfactory performance rating' evaluated as per the Guidelines issued by the SBP vide their BPRD Circular No. 11 of 2016, the matters relating to his/her performance as well as remuneration shall be decided by the Board.

Statement of Investments of Provident and Gratuity Funds

The Bank operates approved funded provident and gratuity fund schemes covering all its permanent employees. The investment balances (excluding deposit with banks) based on the latest audited Financial Statements of the funds are:

	(Rupees in #000)
Investments of Provident Fund	525,730
Investments of Gratuity Fund	144,304

Statement on Risk Management Framework:

Risk Management Framework is an integral component of Soneri Bank's strategy. The framework aims at optimizing the value for all stakeholders via identifying, measuring, monitoring and reporting multitudes of risky exposures. The risk management practices adopted by the bank are in line with procedures required by the State Bank of Pakistan and advised by the Board of Directors of the Bank, where the feedback of the later is crucial in terms of the risk appetite. The Risk Management function in the Bank is equipped with latest models, tools and systems which are regularly reviewed/updated to strengthen the Risk Management framework in the Bank.

Increased regulatory, executive, and shareholder oversight have placed a large emphasis on risk management. In addition, the broadening dimensions of risk and evolving risk management techniques have created the need to centralize all risk management functions under a Chief Risk Officer (CRO). In order to meet this challenge, CRO position was established in the Bank which was the first step towards formulation of integrated risk management.

The Bank is following a risk management strategy which provides a structured and coherent approach to identifying, assessing and managing risk. In order to effectively manage the risk across the whole banking entity, the Risk Management function in the Bank has classified the risk into three universally accepted categories; credit risk, market risk and operational risk where each category is managed by a separate unit. Besides, a dedicated IT Security Risk Management Department is also in place which is responsible for planning, directing and coordinating the bank's information security policies, setting procedures and guidelines to ensure that all information systems are functional, secure and safeguarded throughout the bank. These units furnish their risk findings to Management Committees as well as to Board Risk Management Committee through Chief Risk Officer.

Risk Management is primarily responsible to ensure that all risks are within the Risk Appetite approved by the Board. The Bank performs this task by regularly monitoring the approved Risk Appetite under Bank's Internal Capital Adequacy Assessment Process (ICAAP), which incorporates stress-testing to ensure that the Bank's capital, risk and return are within acceptable levels under stress scenarios.

In order to execute Bank's strategy, Risk Management function supervised by Chief Risk Officer (CRO) continuously ensuring that risk taking is transparent, controlled and complies the internal and external guidelines. This comprehensive risk management strategy has ensured the steady growth of Soneri Bank along with well-integrated risk management function for the interest of all stakeholders.

Statement of Internal Controls

The Management of the Bank is responsible for maintaining a sound system of internal controls to ensure efficiency and effectiveness of operations, compliance with legal requirements and reliability of financial reporting. Adequate systems, processes and controls have been put in place to identify and mitigate the risk of failure to achieve the overall objectives of the Bank. These controls encompass the policies and procedures that are approved by the Board of Directors – and their compliance and effectiveness – which is verified by an independent Internal Audit Division reporting directly to the Board Audit Committee.

Existing policies and procedures are reviewed on a regular basis and improved from time to time, when required. The Board has constituted its sub committees for oversight of the overall Risk Management framework, Finance and Strategy, which meet at regular intervals to ensure adequacy of governance.

The Board of Directors acknowledge its responsibility for ensuring that an adequate and effective internal control system covering all aspects of our banking operations is in existence and vigorously followed by senior management.

Based on our reviews of internal control system through various reports from Internal Audit Division, Compliance Control & Investigation Group and Statutory Auditors as well as various policies, procedures and other matters presented for review and approval, from time to time, we believe that the bank's existing system of Internal Control is considered reasonable in design and is being effectively implemented and monitored.

The Board endorses the management's evaluation on effectiveness of the overall internal controls, including ICFR, as detailed in the Statement of Internal Controls, presented as part of this Annual Report.

Trends and factors that could affect the Bank's future development, performance and business position

The Board is cognizant of its responsibilities in setting the overall direction of the Bank. The Board continues to diligently oversee the progress of the Bank against the defined KPIs and has regularly monitored the overall progress against objectives. The Bank's financial and operational soundness, governance structure, the effectiveness of internal controls and audit functions and risk management framework continues to be monitored regularly. The Board also continues to regularly review all significant policies as per the regulatory requirements.

Factors that may potentially affect the Bank's resources, revenues and operations are regularly focused and prioritized by the Board in setting the overall strategic direction. All these factors are considered for sensitivity analysis and at the time of objective settings and revisions to short term forecasts. These include:

- Decisions on Discount Rate / Monetary policy;
- Revisions to rate of returns on deposits;
- Repricing on loans and advances;
- Investment Strategy and time horizon;
- Geo-Political risks and uncertainties, including law and order situation;
- Government rules and regulations;
- Inflation, fuel and general commodity prices;
- Corporate taxation measures;
- Technological advancements leading to competitive advantage;
- Dividend decisions and Capital Adequacy;
- The potential impacts of changes in accounting and regulatory framework.

Amongst the significant ongoing exercises being conducted, is the impact assessment of the International Financial Reporting Standard 9, Financial Instruments, on the Bank's financial statements, the effective date for which has been set by the SBP at 01 January 2021. The Bank has engaged the services of a renowned consultant firm in facilitating this implementation at the Bank.

Furthermore, the Bank regularly reviews the potential impact assessments of changes to financial reporting standards and adoption of new standards on its financial position. While the above factors are regularly reviewed and monitored for any potential impacts, risks and uncertainties, some beyond control, do remain.

Based on the Board's current assessment, there are no significant doubts about the Bank's ability to continue as a going concern.

Financial Statements:

The financial statements of the Bank have been audited without qualification by the auditors of the Bank, M/s. KPMG Taseer Hadi & Co., Chartered Accountants and approved / authorized by the Board in its meeting held on 13 February 2020 for issuance to the shareholders.

No material changes and commitments affecting the financial position of your Bank have occurred between the end of the financial year to which these financial statements relate and the date of the Director's report.

External Auditors:

Based on the consent received from the Bank's existing auditors, M/s. KPMG Taseer Hadi and Co, Chartered Accountants, to continue to act as auditors of the Bank it so appointed, the Board Audit Committee has recommended the re-appointment of the existing auditors as statutory external auditors of the Bank for the year 2020, with a 10 percent increase in their scale of remuneration from last year. The appointment shall be subject to approval in the 28th Annual General Meeting of the Bank's shareholders.

The firm of auditors have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan, and that the firm and all their partners are compliant with the International Federation of Accountants' (IFAC) Guidelines on Code of Ethics, as adopted by the Institute of Chartered Accountants of Pakistan, and meet the requirements for appointment under all applicable laws.

On behalf of the management of the Bank and the Board, we would like to thank and appreciate the auditors for the services and support extended throughout the period of the audit.

Corporate Social Responsibility:

Soneri Bank remains firm in our commitment to actively contribute to socio-economic development. The Bank actively and regularly participates in philanthropic efforts in the field of healthcare, education and women empowerment along with other areas of community development, sports and rehabilitation. A summary of the bank's key CSR activities during the year forms part of the Annual Report.

Six Years' Operating and Financial Data:

Six years' financial performance of the bank is presented on page number 97 of this Annual Report.

Credit Rating:

The Pakistan Credit Rating Agency (PACRA) has maintained the long term credit rating of 'AA-' (Double A Minus) and short term rating of 'A1+' (A One Plus) with Stable Outlook of the Bank through its notification dated 19 December 2019 [2018: long term 'AA-' (Double A Minus); short term 'A1+' (A One Plus)]. The rating reflects bank's sustained and stable positions in the market with strong risk profiling and lending capacity.

PACRA has also maintained the credit rating of the Bank's unsecured, subordinated and listed Term Finance Certificates (TFC - 2) issue of Rs 3,000 million at 'A+' (Single A plus) with Stable Outlook through its notification dated 19 December 2019.

Furthermore, the Bank's unsecured, subordinated, rated, listed perpetual and non-cumulative Term Finance Certificates of Rs 4,000 million have been assigned a rating of 'A' with Stable Outlook by PACRA through their notification dated 19 December 2019.

Pattern of Shareholding:

The ownership structure along with the pattern of shareholding and categories of shareholders as required under section 227(2)(f) of the Companies Act, 2017 forms part of this Director's Report which has been placed at page number 204 of the Annual Report.

Related Party Transactions:

Transactions with related parties were carried out in the ordinary course of the Bank's business and were conducted at arm's length basis. Details of these transactions are disclosed in note 45 to the financial statements.

Looking ahead:

Effective risk Management remains a top priority to mitigate all potential threats. The Board reiterates its objective to remain compliant with all statutory and regulatory guidelines and policies, to promote the culture of integrity and compliance across the board.

Despite external pressures and economic headwinds, we remain optimistic about 2020. The Bank is in process of digitalizing its processes and innovating new products to remain viable in the new digital era. Digitalization comes with cyber security threats and risk. In order to address these challenges, the Bank is working towards formation of robust and effectual processes that would help its customer to enjoy carefree banking.

Dividend:

The Board of Directors of the Bank, in their meeting held on 13 February 2020, has recommended a final cash dividend (D-11) of Re. 1/- per share (i.e. 10 percent) for the year ended 31 December 2019 to be approved in the 28th Annual General Meeting of the Shareholders.

Acknowledgment:

On behalf of the Board, we would like to take this opportunity to thank the State Bank of Pakistan, the Securities and Exchange Commission of Pakistan, and other regulatory authorities for their continued guidance and support. At the same time, we would like to express our gratitude to our shareholders, our valued customers, business partners and our Bank's staff and for their patronage.

We look forward to 2020 and beyond with optimism, and remain confident that the Bank will deliver on our promise to the stakeholders, by continuing to enhance our customer experience, and building on sustainable and lasting business partnerships.

For and on behalf of the Board of Directors,

MOHAMMAD AFTAB MANZOOR
President & Chief Executive Officer

Lahore: 13 February 2020

ALAUDDIN FEERASTA
Chairman

چھ سالہ سالانہ مالیاتی اہلیت

اس سالانہ رپورٹ کے صفحہ نمبر 97 پر بینک کی چھ سالہ مالیاتی کارکردگی بیان کی گئی ہے۔

مالیاتی اہلیت (کریڈٹ ریٹنگ)

پاکستان کریڈٹ ریٹنگ ایجنسی (پاکرا) نے اپنے نوٹیفیکیشن بتاریخ 19 دسمبر کے ذریعے طویل المیعاد حوالے سے بینک کی کریڈٹ ریٹنگ کو 'AA' (ڈبل اے مائنس) اور قلیل المیعاد ریٹنگ 'A1+' (اے ون پلس) پر مستحکم اندازے کے ساتھ برقرار رکھا ہے۔ [2018: طویل المیعاد 'AA' (ڈبل اے مائنس) قلیل المیعاد 'A1+' (اے ون پلس)]۔ یہ درجہ بندی خطرات کی مضبوط پروفائل اور قرض دینے کی مستحکم صلاحیت کے ساتھ مارکیٹ میں بینک کی عمدہ اور مستحکم حیثیتوں کو ظاہر کرتی ہے۔

پاکرا نے 19 دسمبر 2019 کے نوٹیفیکیشن کے ذریعے بینک کے غیر محفوظ، ذیلی اور لمبہ ٹرم ٹرانس سرٹیفکیٹ (TFC-2) کے 3,000 ملین روپے مالیت کے اجراء کی کریڈٹ ریٹنگ بھی 'A+' (سنگل اے پلس) مستحکم منظر نامے کے ساتھ برقرار رکھی ہے۔

مزید برآں پاکرا نے بذریعہ نوٹیفیکیشن 19 دسمبر 2019، بینک کے 4,000 ملین روپے کے غیر محفوظ، ذیلی، درجہ بند، دائمی اور غیر مجموعی ٹرم ٹرانس سرٹیفکیٹ کے اجراء کو مستحکم منظر نامے کے ساتھ 'A' ریٹنگ تفویض کی ہے۔

حصص کی ملکیت کی ترتیب

کمپنیاں ایکٹ 2017 کے سیکشن (f)(2) 227 کے تحت درکار ملکیت کا ڈھانچہ، جمع حصص کی ملکیت کی ترتیب اور شیئرز ہولڈرز کی کلنگر برائے ڈائریکٹرز رپورٹ کا حصہ ہیں جو سالانہ رپورٹ کے صفحہ نمبر 204 پر موجود ہیں۔

متعلقہ فریق کے ساتھ لین دین

متعلقہ فریقین کے ساتھ لین دین بینک کی معمول کی سرگرمیوں کے مطابق اور Arm's Length Basis پر انجام دیا گیا۔ اس لین دین کی تفصیلات مالیاتی کوشاواروں کے نوٹ 45 میں دی گئی ہیں۔

مشکل کا منظر نامہ

خطروں کے منظر نامہ کا منظر نامہ تمام امکانی خطرات کو کم کرنے کیلئے بینک کی سب سے پہلی ترجیح رہی ہے۔ بورڈ قانونی اور ریگولیٹری گائیڈ لائنز اور پالیسیوں، دیانت داری اور قلیل کے پھل کے فروغ کی ترویج کے اپنے ہدف کا عزم رکھتا ہے۔ بیرونی ہواؤ اور اقتصادی رکاوٹوں کے باوجود ہم 2020 کے بارے میں مثبت امیدیں رکھتے ہیں۔ بینک اپنے طریقہ کار کو ڈھکیلا نر کرنے اور پروڈکٹس کی جدت کو یقینی بنانے میں کوشاں ہے تاکہ جدید ڈیجیٹل دور میں قابل عمل رہ سکے۔ ڈھکیلا نر بینک کے ساتھ سائبر سیکیورٹی کا ڈر اور خطرات بھی موجود ہیں۔ ان مسائل سے نمٹنے کیلئے بینک مضبوط اور مؤثر طریقہ کار وضع کرنے کیلئے کام کر رہا ہے جو کسٹمر کو بتا کسی پریکٹس کے بینکنگ کا فائدہ اٹھانے میں معاون ثابت ہوگا۔

بورڈ آف ڈائریکٹرز

بینک کے بورڈ آف ڈائریکٹرز نے 13 فروری 2020 کو منعقدہ اپنے اجلاس میں برائے اختتام سال 31 دسمبر 2019 کیلئے ایک روپیہ فی حصص (یعنی 10 فیصد) کے حتمی کیش ڈیویڈنڈ (D-11) کی سفارش کی ہے۔ جس کی منظوری حصص داران کے 28 ویں سالانہ عمومی اجلاس میں دی جائے گی۔

سازشی حتمیت

بینک کی جانب سے ہم اسٹیٹ بینک آف پاکستان، سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور دیگر ریگولیٹری اتھارٹیز کی مسلسل رہنمائی اور سرپرستی کیلئے ان کے شکر گزار ہیں۔ ساتھ ہی ہم اپنے شیئرز ہولڈرز، معزز صارفین، پرنسپلز پارٹنرز اور بینک کے عملے کے تعاون کے بھی مشکور ہیں۔

ہم 2020 اور اس کے بعد کیلئے مثبت امیدیں رکھتے ہیں اور ہم امید ہیں کہ بینک اپنے کسٹمرز میں اضافے، مسلسل اور قائم رہنے والی پرنسپلز پارٹنرشپس کے ذریعے اپنے اسٹیٹ ہولڈرز سے کئے گئے وعدے پورے کرے گا۔

منجانب بورڈ آف ڈائریکٹرز

علاء الدین قراری

چیئر مین

محمد قاسم چکوری

صدر اور چیف ایگزیکٹو آفیسر

لاہور: 13 فروری 2020

اقتصادیات، انسانی حقوق، بینکاری، ماحولیات، سماجی سہولیات، اور دیگر شعبے کی ترقی کے لیے ایف سی سی کے اقدامات

بورڈ بینک کی مجموعی سمت کا تعین کرنے میں اپنی ذمہ داریوں سے واقف ہے۔ بورڈ بیان کردہ KPIs کیلئے بینک کی پیش رفت کی مستعدی سے نگرانی کرتا ہے اور اہداف کیلئے مجموعی بہتری کو باقاعدگی سے جانچ رہا ہے۔ بینک کی مالیاتی اور آپریشنل بہتری، گورننس کے ڈھانچے، اندرونی کنٹرولز کے مؤثر ہونے اور آڈٹ کے شعبے اور خطرات کے انتظام کے دائرہ عمل کی باقاعدگی سے نگرانی کر رہا ہے۔ بورڈ تمام اہم پالیسیوں کا ریگولیٹری شرائط کے مطابق باقاعدگی سے جائزہ بھی لے رہا ہے۔ وہ عوامل جو ممکنہ طور پر بینک کے وسائل، محصولات اور کاموں کو متاثر کر سکتے ہیں بورڈ کی مرکزی توجہ کے حامل اور اس کی ترجیح ہیں تاکہ مجموعی اسٹریٹجک سمت کا تعین کیا جاسکے۔ حساسیت کے تجزیے اور اہداف کا تعین کرنے اور مختصر مدت کی پیش گوئی پر نظر ثانی کے وقت ان تمام عوامل پر غور کیا جاتا ہے۔ ان میں درج ذیل شامل ہیں:

- رعایتی شرح / زرعی پالیسی پر فیصلہ سازی؛
- ڈپازٹس پر منافع کی شرح پر نظر ثانی؛
- قرضوں اور ادائیگیوں پر مکرر نرخ بندی؛
- سرمایہ کاری کی حکمت عملی اور تمام ہاریزن؛
- جیو پالیٹیکل خطرات اور غیر یقینی صورتحال بشمول امن و امان کی صورتحال؛
- حکومت کے قواعد و ضوابط؛
- افراط زر، قبول اور عام اجناس کی قیمتیں؛
- کارپوریٹ ٹیکس کے اقدامات؛
- مسابقتی فائدے کے حصول کیلئے جدید ٹیکنالوجی؛
- ڈیویڈنڈ کے فیصلے اور سرمائے کی مؤثریت؛
- اکاؤنٹنگ اور ریگولیٹری دائرہ عمل پر امکانی اثرات

جاری اہم مشقوں میں بین الاقوامی مالیاتی رپورٹنگ اسٹینڈرڈ 9، مالیاتی دستاویزات کا بینک کی فیصلہ سازی پر اثر کا اندازہ لگانا ہے جس کی مؤثر تاریخ اسٹیٹ بینک آف پاکستان نے یکم جنوری 2021 مقرر کی ہے۔ بینک نے اس کے اطلاق کیلئے معروف کنسلٹنٹ فرم کی خدمات حاصل کی ہیں۔

مزید برآں، بینک فیصلہ سازی پر رپورٹنگ اسٹینڈرڈ میں ہونے والی تبدیلیوں کے امکانی اثرات اور اس کی مالیاتی حیثیت پر نئے معیارات کو اپنانے کا باقاعدگی سے جائزہ لیتا ہے جبکہ کسی بھی ممکنہ اثرات، خطرات اور غیر یقینی صورتحال کا باقاعدگی سے جائزہ اور جانچ کی جاتی ہے، کچھ قابو سے باہر رہتے ہیں۔

بورڈ کے حالیہ تجزیے کی بنیاد پر جاری مسائل پر بینک کی صلاحیت کے بارے میں کوئی شکوک و شبہات نہیں پائے جاتے۔

مالیاتی گمشوار

بینک آڈیٹرز کے کسی اعتراض کے بغیر بینک کے مالیاتی گوشواروں کا آڈٹ میسرز کے پی ایم جی تا شیر ہادی اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کی جانب سے کیا جاتا رہا ہے جس کی منظوری بورڈ کے شیئر ہولڈرز کو جاری کرنے کیلئے 13 فروری 2020 کو ہونے والے اجلاس میں دی گئی تھی۔

اس مالیاتی گوشوارے اور ڈائریکٹرز رپورٹ سے متعلق مالی سال کے درمیان میں بینک کی مالی کیفیت کو متاثر کرنے والی کوئی نمایاں تبدیلیاں یا معاہدے عمل میں نہیں آئے۔

حوالہ آگاہی

بینک کے موجودہ آڈیٹرز میسرز کے پی ایم جی تا شیر ہادی اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس کی جانب سے موصول ہونے والی رضامندی کی بنیاد پر، جس میں انہوں نے منظوری سے مشروط بطور بینک آڈیٹرز اپنی ذمہ داریاں جاری رکھنے کے عزم کا اعادہ کیا ہے، بورڈ آڈٹ کمیٹی نے بینک کے قانونی ہیر وئی آڈیٹرز کے طور پر سال 2020 کیلئے ان کی دوبارہ تقرری پچھلے سال سے 10 فیصد زائد معاوضہ پر کرنے کی تجویز دی ہے۔ یہ تقرری بینک کے 28 ویں سالانہ اجلاس عام میں بینک کے شیئر ہولڈرز کی منظوری سے مشروط ہے۔

آڈیٹرز فرم نے اس بات کی تصدیق کی ہے کہ انہیں انشٹیٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان کے کوآپریٹو کنٹرول کے جائزہ پر وگرام کے تحت قابل اطمینان ریٹنگ دی گئی ہے اور فرم اور اس کے تمام پارٹنرز انٹرنیشنل فیڈریشن آف اکاؤنٹنٹس (IFAC) کے ضابطہ اخلاق کی گائیڈ لائنز کی تعمیل کر رہے ہیں، جو انشٹیٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان نے اپنائی ہیں اور تمام لاگو قوانین کے تحت ترقی کی شرائط پر پورا اترتے ہیں۔

بینک مینجمنٹ اور بورڈ کی جانب سے پورے آڈٹ کی مدت میں ہم آڈیٹرز کی خدمات اور تعاون کیلئے ان کے مشکور ہیں۔

اکاؤنٹنگ، مالیاتی اور دیگر شعبے

سویری بینک سماجی و معاشی ترقی میں بھرپور حصہ لینے کے اپنے عہد سے وابستہ ہے۔ بینک صحت عامہ، تعلیم اور خواتین کو خود مختار بنانے کے شعبوں کے ساتھ ساتھ معاشرتی فروغ، بھیکوں اور بحالی کے دیگر شعبوں کے حوالے سے فلاح و بہبود کی سرگرمیوں میں باقاعدگی سے فعال انداز میں شرکت کرتا ہے۔ سال کے دوران بینک کی اہم سی ایس آر (CSR) سرگرمیوں کا خلاصہ سالانہ رپورٹ کا حصہ ہے۔

بورڈ نے یہ بھی منظور کیا ہے کہ کوئی مشاورتی خدمات یا شرابی کام کسی ڈائریکٹر یا فرما/اداروں/کمپنیوں وغیرہ کو نہیں دیا جائے گا، جس میں وہ آزادانہ طور پر اور/یا بینک کے دیگر ڈائریکٹرز کے ساتھ مل کر ملکی مفاد رکھتا ہو۔ مزید برآں اسٹیٹ بینک آف پاکستان کے 2016 کے BPR سرکلر نمبر 11 میں دی گئی ہدایات کے مطابق لگائے گئے اندازے پر کسی ڈائریکٹر کی "نا قابل اطمینان پر قارئین رینٹنگ" ہونے پر اس کی کارکردگی اور مشاہرے کے حوالے سے فیصلے کا اختیار بورڈ کو ہوگا۔

پروڈیٹ فنڈ کی سربراہی کا حوالہ

بینک اپنے تمام مستقل ملازمین کیلئے منظور شدہ پروڈیٹ اور گریجویٹ فنڈ اسکیم چلاتا ہے۔ فنڈز کے حالیہ ترین آڈٹ شدہ مالیاتی گوشواروں پر مبنی سرمایہ کاری کے میراٹے (جنگلوں میں ڈپازٹ کے علاوہ) یہ ہیں:

(روپے میں)

525,730/-

144,304/-

پروڈیٹ فنڈ کی سرمایہ کاری

گریجویٹ فنڈ کی سرمایہ کاری

الفاظ سے ختم شدہ الفاظ کا حوالہ

خطرات سے ختم شدہ دائرہ عمل سوئیری بینک کی حکمت عملی کا بنیادی جز ہے۔ ڈھانچے کا مقصد شناخت، پیمائش، جانچ اور مختلف خطرات کے انکشافات کی پرچنگ سے تمام حصص داران کی قدر میں اضافہ کرنا ہے۔ بینک کی خطرات سے ختم شدہ عملی اسٹیٹ بینک آف پاکستان کے طریقہ کار اور بینک کے بورڈ آف ڈائریکٹرز کی تجویز کے مطابق ہے جہاں خطرات کے انتظامات کیلئے ایسا کرنا ناگزیر ہو۔ بینک کا خطرات سے ختم شدہ طریقہ کار جدید ماڈل، نوٹ اور سسٹمز پر مشتمل ہے جس کا باقاعدگی سے جائزہ لیا جاتا ہے اسے اپ ڈیٹ کیا جاتا ہے تاکہ بینک میں خطرات سے ختم شدہ دائرہ عمل کو مضبوط بنایا جاسکے۔

خطرات سے ختم شدہ دائرہ عمل بڑی حد تک ضروریہ کیلئے ریگولیٹری، ایگریگیٹو اور شیئر ہولڈرز کی نگرانی میں اضافہ کیا گیا ہے۔ اس کے ساتھ ہی خطرات کی سطحوں میں وسعت اور خطرات سے ختم شدہ دائرہ عمل کے بتدریج تبدیل ہوتے طریقوں سے یہ ضرورت پیدا ہوئی کہ خطرات سے ختم شدہ دائرہ عمل کو چیف رسک آفیسر (CRO) کے تحت لایا جائے اس نتیجے کا مقابلہ کرنے کیلئے بینک میں CRO کا عہدہ رکھا گیا جو خطرات سے ختم شدہ طریقہ کار کی تشکیل کی طرف پہلا قدم تھا۔

بینک خطرات سے ختم شدہ عملی پر عمل پیرا ہے جو رسک کی نشاندہی کرنے، اس کا اندازہ لگانے اور انتظام کرنے کیلئے ایک منظم اور مربوط نقطہ نظر فراہم کرتی ہے۔ پورے بینکنگ ادارے میں خطرات سے ختم شدہ طریقہ کار کے مؤثر نظام کیلئے، بینک میں خطرات سے ختم شدہ شعبے کو عالمی طور پر قبول شدہ تین درجہ، کریڈٹ رسک، مارکیٹ رسک اور آپریشنل رسک میں تقسیم کیا گیا ہے جہاں ہر کٹگری کے انتظام کا علیحدہ پلن ہے۔ اس کے علاوہ خطرات سے ختم شدہ ایک وقف شدہ ڈی ٹی سی ڈی ڈیٹا سٹریٹجی بھی موجود ہے جو بینک کی انفارمیشن سکیورٹی پالیسی، طریقہ کار کے تعین اور بنیادی کوئی بھی بناتا ہے تاکہ پورے بینک میں تمام انفارمیشن سسٹمز فعال اور محفوظ ہوں۔ یہ پالیسی خطرات کے متنازعہ چیف رسک آفیسر کے توسط سے مینجمنٹ کمیٹیوں کے ساتھ ساتھ بورڈ رسک مینجمنٹ کمیٹی کو پیش کرتے ہیں۔

خطرات سے ختم شدہ نظام بنیادی طور پر ذمہ دار ہے کہ خطرات کے تمام تجربے بورڈ کی جانب سے منظور شدہ خطرات کے اندازے کے مطابق ہوں۔ بینک یہ کام بینک کے داخلی کنٹرول کی موزونیت کے تجرباتی عمل (ICAAP) کے تحت بینک کے منظور شدہ رسک کے تجربے کی باقاعدہ جانچ کے ذریعے انجام دیتا ہے۔ اس طریقہ کار کا مقصد تناؤ کی جانچ کو شامل کرنا ہے تاکہ بینک کا کنٹرول، خطرات اور منافع دہاؤ کی صورت حال کے تحت قابل قبول درجوں کی حد میں رہے۔

بینک کی حکمت عملی پر عمل درآمد کیلئے چیف رسک آفیسر (CRO) کے زیر نگرانی خطرات سے ختم شدہ شعبہ اس بات کو مسلسل یقینی بناتا ہے کہ خطرات لینا شفاف، کنٹرولڈ اور اندرونی اور بیرونی گائیڈ لائنز کے مطابق ہو۔ خطرات سے ختم شدہ اس جامع حکمت عملی نے تمام اسٹیک ہولڈرز کے مفاد میں سوئیری بینک کی مسلسل بہتری کو خطرات سے ختم شدہ طریقہ کار کے ساتھ یقینی بنایا ہے۔

اندرونی کنٹرول کا حوالہ

بینک کی انتظامیہ اندرونی کنٹرول کے بہتر نظام کو برقرار رکھنے کی ذمہ دار ہے تاکہ آپریشن کی استعداد اور ان کے مؤثر ہونے، قانونی شرائط کی تعمیل اور فنانس رپورٹنگ پر اعتماد کو یقینی بنایا جاسکے۔ بینک کے مجموعی اہداف کے حصول میں ناکامی کے خطرے کی نشاندہی اور اسے کم کرنے کیلئے خاطر خواہ نظام، طریقہ کار اور کنٹرول رکھے گئے ہیں۔ ان کنٹرولز میں دو پالیسیاں اور طریقہ کار شامل ہیں جو بورڈ آف ڈائریکٹرز کے ذریعے منظور شدہ ہیں اور ان کی تعمیل اور موزونیت کی توثیق خود مختار داخلی آڈٹ ڈویژن نے بورڈ آڈٹ کمیٹی کو براہ راست رپورٹ کرتے ہوئے کی ہے۔

موجودہ پالیسیوں اور طریقہ کار کا باقاعدگی سے جائزہ لیا جاتا ہے اور انہیں وقتاً فوقتاً، جب بھی ضروری ہو بہتر بنایا جاتا ہے۔ بورڈ نے خطرات کے تجربے کے مجموعی دائرہ عمل، فنانس اور اسٹریٹجی کی نگرانی کیلئے اپنی ذیلی کمیٹیاں تشکیل دی ہیں، جو باقاعدہ وقتوں میں ملتی ہیں تاکہ موزوں گورننس کو یقینی بنایا جاسکے۔

بورڈ آف ڈائریکٹرز اس ذمہ داری کو سمجھتے ہیں کہ ایسا موزوں اور مؤثر اندرونی کنٹرول کا نظام یقینی بنایا جائے جو بینک کے موجودہ آپریشنز کا احاطہ کرتا ہو اور سسٹمز مینجمنٹ اس پر مبنی طریقے سے عمل پیرا ہو۔

اندرونی آڈٹ ڈویژن، کمیٹائیں کنٹرول اور انٹیلیجنٹ گروپ اور قانونی آڈیٹرز کی جانب سے پیش کی جانے والی رپورٹس کی بنیاد پر ہمارے جائزے اور مختلف پالیسیز اور طریقہ کار جنہیں وقتاً فوقتاً جائزے اور منظوری کیلئے پیش کیا جاتا ہے، کے ذریعے ہم یقین رکھتے ہیں کہ بینک کا موجودہ اندرونی کنٹرول سسٹمز ڈیٹا کے اعتبار سے موزوں ہے اور مؤثر طریقے سے اس کا اطلاق اور جانچ کی جارہی ہے۔

مجموعی اندرونی کنٹرول بشمول ICFR کے مؤثر ہونے کا مینجمنٹ کی طرف سے لگایا گیا اندازہ، جس کی تفصیل اندرونی کنٹرول کے بیان میں دی گئی، جو اس سال اندر پورٹ کا حصہ ہے، بورڈ اس کی توثیق کرتا ہے۔

بورڈ آف اکیٹس کے اجلاس

2019 کے دوران بورڈ آف ڈائریکٹرز اور اس کی کمیٹیوں کے منعقدہ اجلاس اور ڈائریکٹر/کمیٹی کے رکن کی حاضری کی تفصیلات ذیل میں دی گئی ہیں:

سے نمبر	ڈائریکٹر کا نام	بورڈ آف ڈائریکٹرز کے اجلاس		بورڈ آف اکیٹس کے اجلاس		بورڈ گریڈ کمیٹی کے اجلاس		بورڈ پورٹن رکن کے اجلاس		بورڈ رکنک کمیٹی کے اجلاس		بورڈ آف ڈائریکٹرز کے اجلاس		بورڈ آف اکیٹس کے اجلاس	
		دوران سال منعقدہ	حاضری	دوران سال منعقدہ	حاضری	دوران سال منعقدہ	حاضری	دوران سال منعقدہ	حاضری	دوران سال منعقدہ	حاضری	دوران سال منعقدہ	حاضری	دوران سال منعقدہ	حاضری
1	جناب عبداللہ بن فرات	9	9	*	*	4	4	*	*	*	*	*	*	*	*
2	جناب محمد آفتاب منگور	9	9	*	*	4	4	*	*	2	3	*	*	*	*
3	جناب نورالدین فرات	9	5	4	3	4	3	*	*	*	*	*	*	*	*
4	جناب مہناے فرات	9	9	*	*	*	*	*	*	3	3	*	*	2	2
5	جناب محمد شہد غاھر	9	9	4	4	4	4	*	*	*	*	*	*	*	*
6	جناب منظور محمد (ابن آئی ٹی نامزد)	9	9	*	*	4	3	3	3	3	3	*	*	2	2
7	جناب انعام الہی	9	9	4	4	*	*	3	3	3	3	1	1	2	2
8	جناب عیسیٰ حسن ہمدانی	9	8	4	4	*	*	3	3	3	3	1	1	2	2
دوران سال منعقدہ کل اجلاس		9	4	4	3	3	3	3	3	1	2	2	2	2	2

* ظاہر کرتا ہے کہ کمیٹی کا رکن نہیں

** کچھ اجلاسوں میں شرکت نہ کرنے والے ڈائریکٹر/ممبرز کو بورڈ آف اکیٹس کی جانب سے غیر حاضری کی اجازت دی گئی تھی۔

*** سال کے دوران BRMC کی 10 جون 2019 کو دوبارہ تشکیل کی گئی اور جناب جمیل حسن ہمدانی کو جناب امین اے فرات کی جگہ کمیٹی میں شامل کیا گیا۔

(نوٹ: بورڈ ممبرز کے پروفائل اور بورڈ آف اکیٹس کی تشکیل اور ان کے TITORS سالانہ رپورٹ کا حصہ ہیں)

بورڈ آف اکیٹس کے اجلاس

اسٹیٹ بینک آف پاکستان کے BPRD سرگرمی نمبر 03 تاریخ 17 اگست 2019 کی شرائط کی قیاس کرتے ہوئے بینک کے نان ایگزیکٹو ڈائریکٹرز بشمول آزاد ڈائریکٹرز کی بورڈ آف اکیٹس کے اجلاسوں میں شرکت کیلئے مشاہرے کی نظر ثانی شدہ پالیسی کی منظوری بورڈ نے 13 فروری 2020 کو منعقدہ ہونے والے 175 ویں اجلاس میں دی۔ نان ایگزیکٹو ڈائریکٹرز بورڈ آف اکیٹس کے اجلاسوں میں شرکت کیلئے اجلاس کی فیس کا پیمانہ بورڈ نے 150,000/- روپے منظور کیا ہے اور یہ 26 مارچ 2020 کو منعقدہ ہونے والے 28 ویں سالانہ اجلاس عام میں شیئر ہولڈرز کی جانب سے دی جانے والی منظوری سے مشروط ہے۔

اضافی خدمات کی ادائیگی میں اپنا قیمتی وقت صرف کرنے اور بینک کی مینجمنٹ کی جانب سے بینک کے معاملات کے انعقاد اور انتظامات میں رہنمائی اور نگرانی کی خدمات کو مد نظر رکھتے ہوئے، بینک کے چیئرمین (بورڈ اور کمیٹی کے اجلاس کیلئے) اور کمیٹی چیئرمینوں کو اپنی کمیٹی اجلاس کی صدارت کرنے کیلئے، ان کا معاوضہ ہر اجلاس کیلئے 180,000/- مقرر کیا گیا ہے، جو حصص داران کی منظوری سے مشروط ہے۔

بورڈ نے یہ بھی منظور کیا ہے کہ نان ایگزیکٹو ڈائریکٹرز کے قیام و طعام، ہوائی ٹکٹس اور پک اپ انڈر ڈاک کے اخراجات بھی بینک برداشت کرے گا ایسے نان ایگزیکٹو ڈائریکٹرز کو ادائیگی کیلئے ہوئے میں ایک رات قیام کا الاؤنس 15,000/- روپے منظور کیا گیا ہے، جو بینک کی فراہم کردہ قیام گاہ سے استفادہ نہیں کرتے۔

اجلاس کی فیس کے حوالے سے ایگزیکٹو ڈائریکٹرز کو کوئی معاوضہ ادا نہیں کیا جاتا نہ ہی ادائیگی کی تجویز دی گئی ہے۔ تاہم قیام و طعام، ہوائی ٹکٹس اور عمومی TA/DA بینک کی منظور شدہ سفری پالیسی کے مطابق ادا کیا جائے گا۔ سال 2019 کیلئے نان ایگزیکٹو ڈائریکٹرز کی گزشتہ منظور شدہ مدت کے مطابق اجلاس کی فیس کو مالیاتی گوشواروں میں "فیس" کی ٹیکس کی میں بیان کیا گیا ہے۔

بورڈ نے شیئر ہولڈرز کی منظوری کیلئے اسٹیٹ بینک آف پاکستان کے BPRD سرگرمی نمبر 03 تاریخ 17 اگست 2019 کے مطابق آفس، اسٹاف اور چیئرمین کیلئے مختص کردہ سکیورٹی کی بھی تجویز دی ہے۔ سرگرمی کے مطابق دو سکیورٹی گارڈز، ایک ڈرائیور، ایک پرسنل سیکریٹری اور چیئرمین آفس کے کرائے کی منظوری کی بھی شیئر ہولڈرز کو تجویز دی گئی ہے۔

کمپنری	نام
خود مختار ڈائریکٹرز	جناب انعام الہی جناب جمیل حسن ہدانی
نان ایگزیکٹو ڈائریکٹرز	جناب علاؤ الدین فراست جناب نور الدین فراست جناب محمد رشید ظاہر جناب منظور احمد
ایگزیکٹو ڈائریکٹرز	جناب محمد آفتاب منظور* (صدر اور چیف ایگزیکٹو آفیسر) جناب امین اے۔ فراست (چیف آپریٹنگ آفیسر)
خاتون ڈائریکٹر	کوئی نہیں

* کمپنیز ایکٹ، 2017 کے سیکشن 188 کی شق 3 کی رو سے ڈائریکٹر تصور کیا جاتا ہے۔

نوٹ: تمام ڈائریکٹرز کی تصاویر منسلک ہیں۔

لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کے تحت بورڈ کی موجودہ مدت ختم ہونے کے بعد، جب دوبارہ تشکیل دیا جائے تو بورڈ آف ڈائریکٹرز میں کم از کم ایک خاتون ڈائریکٹر ہونا لازمی ہے۔ بینک کے 26 مارچ 2020 کو منعقد ہونے والے انٹیکسٹو سالانہ اجلاس عام میں بورڈ اس شرط کی تکمیل کرتے ہوئے بورڈ آف ڈائریکٹرز کے انتخاب میں ایک خاتون ڈائریکٹر کو منتخب کرے گا۔

غیر ملکی ڈائریکٹر:

بینک کے بورڈ میں کسی غیر ملکی ڈائریکٹر کی نمائندگی نہیں ہے۔

ڈائریکٹرز کی تصاویر منسلک ہیں۔

بورڈ اپنے ترجمانی پروگرام کے حوالے سے شرائط کی مکمل قیام کر رہا ہے۔ بورڈ آف ڈائریکٹرز کے پانچ ممبرز کو پاکستان انشٹیٹیوٹ آف کارپوریٹ گورننس ("PICG") کی جانب سے "سرٹیفکیٹ آف ڈائریکٹر ایجوکیشن" دیا گیا ہے۔

مزید برآں، دونوں ڈائریکٹرز جناب نور الدین فراست اور جناب محمد رشید ظاہر کو لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 کی شق 2 کے ضابطہ نمبر 19 کے تحت استثناء دیا گیا ہے۔

مزید برآں ہمارے ڈائریکٹرز نے مختلف ورک شاپس، سیمینارز اور کورسز میں شرکت کی ہے۔ چیئرمین، جناب علاؤ الدین فراست اور ڈائریکٹر جناب نور الدین فراست نے "کارپوریٹ گورننس اینڈ ڈیولپمنٹ ایکٹس" پر مابینیا میں منعقد ہونے والی تین دن کی ورکشاپ میں شرکت کی تھی۔ جناب محمد رشید ظاہر نے PICG کی جانب سے منعقدہ انشٹیٹیوٹ آف ڈائریکٹرز، یو کے، کے سات دن پر مشتمل کورس میں بھی شرکت کی۔

بورڈ آف ڈائریکٹرز کی کارکردگی کا جائزہ:

سال 2019 کے دوران، بورڈ انشٹیٹیوٹ کی کارکردگی کا جائزہ لیا گیا۔ جہاں ہر ڈائریکٹر کو اس کا فیڈ بیک حاصل کرنے کیلئے جانچ کا سوالنامہ دیا گیا تھا جس میں مقامی ترقی کی استعداد کی گئیں۔ حاصل ہونے والے فیڈ بیک کا تقابل اور جائزہ لیا گیا اور نتائج BPRD سرکلر نمبر 11 بتاریخ 22 اگست 2016 اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کی شرائط کے مطابق تیار کئے گئے۔

بورڈ کی سالانہ کارکردگی کا حتمی نتیجہ بورڈ آف ڈائریکٹرز کو جائزے کیلئے پیش کیا گیا۔ اسی طرح بورڈ نے 13 فروری 2020 کو ہونے والی 175 ویں میٹنگ میں کارکردگی کے جائزے کا تجزیہ کیا اور ان کی جانب سے بتائے گئے چیلنجز کو باضابطہ نوٹ کیا اور ان کا حل تلاش کرنے کیلئے کہا۔

ماہی میں BPRD سرکلر نمبر 11 بتاریخ 22 اگست 2016 کی قیام کرتے ہوئے جس کی شرط ہے کہ ہر تین سال بعد بیرونی جائزہ لیا جائے، پاکستان انشٹیٹیوٹ آف کارپوریٹ گورننس ("PICG")، جو پاکستان میں بہترین کارپوریٹ گورننس کو آگے بڑھانے کے شعبے میں ایک اولین اور آزاد باڈی ہے، کو سال 2018 کیلئے بورڈ کی کارکردگی کا جائزہ لینے کیلئے فائز کیا۔

پاکستان میں معاوضے کے طریقوں کو بین الاقوامی معیار اور بہترین طریقوں کے مطابق ترتیب دینے کیلئے اسٹیٹ بینک نے معاوضے کے طریقوں سے متعلق رہنما اصول جاری کئے۔ ان رہنما اصولوں کے مطابق بینک نے معاوضے کا ایک جامع فریم ورک تیار کیا ہے۔ اس فریم ورک کا مقصد مؤثر رسک منجمنٹ کلچر کو فروغ دینا ہے اور اس بات کو یقینی بنانا ہے کہ بینک میں معاوضے کا طریقہ کار بینک کو درپیش تمام خطرات کو مد نظر رکھتے ہوئے بینک کے مقاصد کے مطابق ہے اس کے نتیجے میں ایک مصفا، معروضی، شفاف اور مستحکم معاوضے کی پالیسی جو مالیاتی عالمی کے خطرات اور ذمہ داریوں سے ہم آہنگ ہے، رائج ہے۔ بینک کے ہیومن ریسورس اینڈ ریفرنڈیشن کمیٹی (BHRRC) نے اس فریم ورک کا جائزہ لیا اور تجویز کیا جبکہ سال کے دوران بورڈ آف ڈائریکٹرز (BoD) نے اس کی منظوری دی۔

پالیسی کے تحت بینک کے تمام ایسے ملازمین جو مادی طور پر رسک لینے، منیجریل رسک ٹیکرز (MRTs) یا رسک کنٹرول کرنے والی سرگرمیاں، منیجریل رسک کنٹرولرز (MRCS) کے ذمہ داروں کی نشاندہی ہو چکی ہے۔ ان MRTs اور MRCS کے معاوضے کا انحصار رسک ایڈجسٹمنٹس اسکور کارڈ کے ذریعے جانچی گئی ان کی کامیابی کا کردار پر ہے جس میں مالی اور غیر مالی معیار کی کارکردگی کی نشاندہی شامل ہے بشمول داخلی پالیسی/ طریقہ کار کنٹرول، کسٹمر کا تجربہ اور ساتھ ساتھ رسک ایڈجسٹ کرنے والے عوامل (مثلی کمانے والے) جیسے ریگولیٹری سے مطابقت، دھوکہ دہی، شکایت وغیرہ، دیگر تمام افراد جو MRTs اور MRCS کے معیار میں نہیں آتے ہیں ان پر بینک کی موجودہ HR پالیسی حاکم رہے گی۔

MRTs اور MRCS کے حقیقی معاوضے کے ایک مخصوص حصے کو اب ایک مقررہ مدت کیلئے لازمی التوا کے تابع کر دیا جائے گا اس طرح ملازمین اور اسٹیک ہولڈرز کے درمیان مطابقت پیدا ہو جائے گی اور اس بات کو یقینی بنے گی کہ معاوضہ مناسب طور پر طویل مدتی پائیدار کارکردگی سے منسلک ہے۔ مؤخر معاوضہ خاص طور پر رسک ایڈجسٹمنٹ کے ساتھ، رسک کے حامل مراعات میں بہتری آئی ہے۔ کیونکہ آخر کار ملازمین کو ملنے والی رقم خطرے کے متناسب پر انحصار کرنے کیلئے کی جاسکتی ہے اور حقیقی معاوضے کی ادائیگی کے سال بعد مؤثر ہونے والے مدت کے متناسب ہونے کے بعد کسی بھی میس ٹریگر ایڈجسٹمنٹ (Malus Trigger Adjustments) کے تابع ہوگا۔

MRTs اور MRCS کیلئے کارکردگی والے سال 2019 کے حقیقی معاوضے کی ادائیگی نظر ثانی شدہ طریقہ کار کے تحت ہوگی۔ اس طرح ڈیفیل پول بننے پر اسے اس مقصد کیلئے خاص طور پر قائم کردہ فنڈ میں منتقل کیا جائے گا۔ یہ فنڈ بینک سے باہر قائم کیا جائے گا اور اس کا انتظام بینک کی جانب سے مقرر کردہ مڈل سٹینڈ لگا۔ فنڈ کے قیام کا عمل فی الحال جاری ہے۔ معاوضے کے طریقوں سے متعلق اسٹیٹ بینک کی گائیڈ لائن کے تحت مطلوبہ حقائق ان مالیاتی گوشواروں کے حصے کے طور پر شامل ہیں۔

ہماری مل بلور پالیسی لوگوں (اندرونی اور بیرونی) کو ان کے خدشات کو دور کرنے، بے ضابطگیوں/ غلطیوں/ CFT/AML/ بدعنوانی سے متعلق امور کو بے نقاب کرنے، مالی بدعنوانیوں کو سامنے لانے میں مدد دینے، دھوکہ دہی کی روک تھام وغیرہ سے بلا خوف و خطر نامزد شدہ اٹھارہ گاہکوں کے کامیاب فرام کرتی ہے۔

ایڈجسٹمنٹ گائیڈ لائنیں

سوئیری بینک میں کارپوریٹ گورننس سے متعلق بینک کے مختلف اسٹاک ہولڈرز کے مابین طے شدہ حقوق اور ذمہ داریاں ہیں جن کی وضاحت طے شدہ قوانین، پالیسیز اور طریقہ کار ہیں جو کہ پورے ادارے میں مناسب وقت، شفافیت اور محاسبہ کو مد نظر رکھتے ہوئے طے کی گئی ہیں۔ بورڈ آف ڈائریکٹرز اس بات کے لئے پرعزم ہیں کہ سیکورٹیز اینڈ ایکسچینج کمیشن کی جانب سے کارپوریٹ گورننس کی طے شدہ شرائط پر عمل درآمد کو یقینی بنائیں۔ بورڈ آف ڈائریکٹرز اس امر کے ذمہ دار ہیں کہ محتاط اور مؤثر کنٹرول کے فریم ورک کے ساتھ کاروباری قیادت فراہم کریں جو خطرات کا تجربہ اور انتظام کر سکے۔ بینک نے کوڈ آف کارپوریٹ گورننس کے بہترین طریقوں کو اپنایا ہے اور بینک کا اس کوڈ کی تعمیل کا بیان اس سالانہ رپورٹ کا حصہ ہے۔

28 مارچ 2017 کو منتخب ہونے والے بینک کے موجودہ بورڈ کی تین سالہ مدت 27 مارچ 2020 کو پوری ہو جائے گی۔ بورڈ آف ڈائریکٹرز کا اگلا انتخاب 26 مارچ 2020 کو منعقد ہونے والے بینک کے اٹھائیسویں سالانہ اجلاس عام میں ہونا طے ہے۔ 28 مارچ 2017 کو منتخب ہونے والے ممبران میں سے سید علی ظفر نے (17 مئی 2017 سے مؤثر) استعفیٰ دے دیا اور ان کی جگہ بورڈ نے جناب جمیل حسن ہمدانی کا تقرر کیا۔ 17 مئی 2017 کے بعد سے بورڈ کی تشکیل میں اب تک مزید کوئی تبدیلی نہیں ہوئی ہے۔ بینک نان ایگزیکٹو ڈائریکٹرز کے انتخاب کیلئے لاکھوائین، اصول وضوابط اور بورڈ کے منظور شدہ اسٹینڈنگ آپریٹنگ پروسیجر ("SOP") پر عمل درآمد کرے گا۔ ریٹائر ہونے والے ڈائریکٹرز دوبارہ انتخاب کیلئے خود کو پیش کرنے کے اہل ہیں۔

بورڈ آف ڈائریکٹرز کی موجودہ ساخت یہ ہے:

ڈائریکٹرز کی کل تعداد: 08 بشمول پریذیڈنٹ اور چیف ایگزیکٹو آفیسر

سرو
خواہین
08
کوئی نہیں

سال کے دوران بینک کو NPLs کی حد میں 1,155.305 ملین روپے جاری کے برخلاف 1,827.932 ملین روپے کی ریکوری ہوئی جو کہ 672.627 ملین روپے کی فراہمی میں سیٹ ریلوے کا باعث بنی۔

سال 2019 میں حاصل ہونے والی آمدنی پر پرنکس کے ساتھ 2017 کی سابقہ آمدنی پر بھی پرنکس حاکم ہونے کی وجہ سے بینک کے مؤثر نکس ریٹ میں اضافہ ہوا ہے۔

نکس شیٹ پر بینک کے مجموعی ایڈوائس پورٹ فولیو میں پچھلے سال کے مقابلے میں 9.08% یعنی 17.685 ملین روپے کا اضافہ پیش آیا۔ غیر موثر قرضوں میں 4% کمی واقع ہوئی ہے اور یہ 2018 کے 11.357 ملین روپے کے مقابلے میں کم ہو کر 10.903 ملین روپے ہوئی۔ 31 دسمبر 2019 تک بینک کی کوریج 69.46% رہی۔ بینک کی حکمت عملی نے مناسب کو لیٹرل کے ساتھ اعلیٰ معیار کے کریڈٹ پر توجہ مرکوز کیا ہوا ہے تاکہ زیادہ سے زیادہ خطرات کے حامل ایسٹ پروڈاکٹس کو برقرار رکھا جاسکے۔

ہماری انویسٹمنٹ بک (سیٹ) میں بھی ترقی جاری ہے جس میں سالانہ کی بنیاد پر 20.74% یا 30.411 ملین روپے کا اضافہ ہوا جبکہ پچھلے سال بھی اعداد 24.88% یا 29.217 ملین روپے تھے۔ بڑے پیمانے پر سرمایہ کاری کی بڑی پیمائش گورنمنٹ سیکورٹیز کی جانب رہنے کے ساتھ سال کے آخر میں مجموعی سرمایہ کاری 177,175 ملین روپے رہی۔

سال 2019 کے دوران ڈپازٹس مجموعی مالیت 15.13% اضافے کے ساتھ 302.033 ملین روپے ریکارڈ کئے گئے۔ اوسط حجم کے لحاظ سے 43.46 ملین روپے کا اضافہ ریکارڈ ہوا۔ بینک کا پورٹ فولیو یکس 2019 میں CASA کے تناسب سے 63.26% (2018 میں 60.75%) رہا۔ کرنٹ اکاؤنٹ کا اوسط حجم 2018 کے 60.830 ملین روپے کے مقابلے میں سالانہ کی بنیاد پر 9.04% بڑھ کر 66.327 ملین روپے دیکھنے میں آیا۔ بینک کے برانچ ٹرانزاکشن پر وگرام کا آغاز سال کے شروع سے ہی جاری ہے۔ اس پلان کا مقصد مؤثر پورٹ فولیو مینجمنٹ اور سیکلر اور سٹریٹیجیوں ماڈل/انسٹرکچر میں تبدیلی کے ذریعے بینک کے بنیادی کسٹمر میں اضافہ کرنا ہے۔

سال کے اختتام پر بینک کے مجموعی ایڈوائس نوٹ پائزڈ ریٹو (ADR)، سال 2018 کے 74.26% کے مقابلے میں 70.35% ریکارڈ کی گئی۔

31 دسمبر 2019 تک ایسے کوئی بھی قرضے، TFCs، سٹاک یا کسی بھی قسم کے قرضہ جات نہیں تھے جن کے تحت بینک ٹائمہندہ ہو یا نادمندگی کے خطرے کا حامل ہو۔ دیگر کوئی ڈیپٹ انشورمنٹ نہیں ہے کہ جس میں بینک ڈیفالٹ ہے یا اس کے ڈیفالٹ ہونے کا امکان ہے۔

بینک کا سرمایہ

اپنے کپٹل کو ریگولیٹری لیسس اور ورسل کپٹل (Basel Capital) کے تقاضوں سے بالاتر رکھ کر بینک اچھے کپٹل کا حامل رہا۔ سال 2018 میں بینک نے کامیابی کے ساتھ سسٹم، داخلی، غیر محفوظ، ذیلی، غیر اجماعی اور ضرورت کے تحت قابل منتقل قرضہ جاتی اثاثوں کی شکل میں ADT-1 کپٹل 4 ملین روپے کے حجم کے ساتھ جاری کیا تھا۔ اس اجراء کا مقصد بینک کے مرحلہ 1 CAR کو مدد فراہم کرنا اور بینک کے قرض کی فراہمی کے استعداد میں اضافہ کرنا تھا جسے منظم منظر نامے کے ساتھ طویل المدتی بنیاد پر رجسٹرڈ بینک میں A ریٹنگ حاصل ہے۔

31 دسمبر 2019 تک بینک کا مجموعی کپٹل ایڈیکویٹنسی ریٹو مطلوبہ حد 12.50% (بشمول کپٹل کنزرویٹن ہفر 2.50%) کے مقابلے میں 15.79% ریکارڈ کیا گیا۔ کامن انکونٹی ٹائزڈ 1 (CET-1) سے لے کر رسک کے حامل اثاثوں کا ریٹو کم سے کم مطلوبہ حد 8.50% کے مقابلے میں 11.22% رہا جو کہ بینک کے کپٹل کی کوالٹی کی نشاندہی کرتا ہے۔

سود و منافع

سود پر بینک میں ہم اپنے ملازمین کو ہم آہنگی سے کام کرنے کا ماحول فراہم کرنے پر یقین رکھتے ہیں جو اعلیٰ اخلاقی معیار کو برقرار رکھتے ہوئے صارف کی اہمیت اور خدمت کو فعال انداز میں فروغ دیتا ہے۔ ہم اہل لوگوں کی خدمات حاصل کرنے اور انہیں برقرار رکھنے کے سلسلے میں اپنے عزم پر فخر محسوس کرتے ہیں۔ بیومن ریسورس کے انتخاب کا ہمارا عمل اہمیت پر مبنی اور بلا امتیاز ہے۔ ہمارا یقین ہے کہ مصروف عمل رہنے والے ملازمین زیادہ پر عزم ہوتے ہیں اور بہتر نتائج دیتے ہیں۔ اپنی جائیداد کی منصوبہ بندی کی پالیسی (Succession Planning Policy) کے ذریعے ہم اپنے ادارے سے ہی متاثر ہو کر رہنے والے لوگوں کی نشاندہی کرتے ہیں جس سے اچھے ٹیلنٹ کو اپنے آگے بڑھنے کا موقع ملتا ہے اور اپنے کیریئر میں ترقی کرنے کے خواب کو پورا کرنے میں ان کی مدد ہوتی ہے۔

ہماری توجہ مثبت اور تحقیقی ایمپلائمنٹ ریٹیشن کو برقرار رکھنے پر مرکوز ہے اور ہم شفافیت اور اچھے ایمپلائمنٹ کی کمیونیشن کے کلچر کو فروغ دیتے ہیں۔ ہمارے معاوضے کی ادائیگی مارکیٹ کے مساوی ہے جو اس کی شفافیت کو یقینی بناتی ہے۔ معیاری انشورنس فوائد کے علاوہ، تنخواہ کی فراہمی کو جاری رکھنے والے پلان کے ذریعے 65 سال تک کی عمر تک کا تمام بینک عمل (مستقل یا کنٹریکٹ) گروپ لائف انشورنس پالیسی کے تحت کوڈ ہے جبکہ انتقال کر جانے والے اسٹاف کے قانونی وراثہ کو انشورنس کمپنی کے ساتھ منتقلی مابین 5 سال تک ملتی رہے گی۔

ادارے کی سر بلندی کیلئے ہم اپنے لوگوں کو ہموار بنانے پر یقین رکھتے ہیں اور اس وجہ سے ان کی مستقل تربیت اور ترقی کیلئے ہر عزم میں تاکہ وہ پیشہ ورانہ پختہ ہو کر مؤثر طریقے سے نکلنے کیلئے درکار اہم قابلیت حاصل کریں۔ ہماری پالیسی بینک اور اسٹاف کے باہمی فائدہ سے کیلئے، اسٹاف کو بڑھتی ہوئی ملازمتوں کے فروغ اور علم کے حصول کے مواقع فراہم کرتی ہے تاکہ وہ موجودہ پوزیشن میں اپنی کارکردگی کو بہتر بناسکیں اور بڑی ذمہ داری والی پوزیشن کیلئے خود کو تیار کرسکیں۔ حالیہ دور اخلاقی مبنی لائبریری رنگ ریگولیٹری ضروری ٹریڈنگ سیشن پر ہے۔ سمجھنے کے مواقعوں کی سہولت اور رسائی کو بڑھانے کیلئے ہم جدید ای ٹیکنالوجی استعمال کرتے ہیں۔ نیز یہ کہ جدید آسان اور رسائی کیلئے ہمارے پاس ای میلز اور سرگھڑ کے اردو ورژن بھی موجود ہیں۔

چونکہ سود پر بینک میں پیشہ ورانہ مہارت اہم ہے لہذا ہمارا ضابطہ اخلاق اچھی طرح سے منظم اور موجود ہے۔ ڈسپلری انکیشن پالیسی مہارت کے ساتھ تیار کردہ اصلاحی عمل اور معاملات کو منصفانہ اور جلدی نمٹانے کیلئے باضابطہ فریم ورک مہیا کرتی ہے۔ پالیسی یقینی بناتی ہے کہ ملازمین کا انتظام شفاف طریقے سے کیا جائے اور جب عملے کی کارکردگی یا طرز عمل بینک کے مقرر کردہ معیارات پر پورا اترنے میں ناکام ہو جائے تو ایسے واقعات کی نشاندہی کی جائے۔

بینک کی کارکردگی اور سود مارک اپ کی جائزگی

2019 میں بینک نے اپنی گروٹھ کو جاری رکھا اور اطمینان بخش کارکردگی تمام شعبوں میں مثبت اضافے کے ساتھ انتہائی مستحکم رہی۔ تمام تر بیرونی باوجود NIMs کا اضافہ کی کتاب کی قیمتوں میں آہستہ آہستہ اور مستقل طور پر اثر انداز ہونے کے ساتھ ان میں بہتری آتی رہی۔ اگرچہ پالیسی کے نرخوں میں رد و بدل کے ساتھ فائز کی لاگت سے پیچھے رہ گیا۔

2019 میں مالیاتی نتائج کے نمایاں عوامل درج ذیل ہیں:

2018	2019	مالیاتی کیلکے
186,475	204,901	خالص چھٹی ادائیگی
146,646	177,056	خالص سرمایہ کاری
382,498	442,541	مجموعی اثاثے
262,379	302,083	مجموعی دپازٹس
17,989	20,214	حصص یا فنڈنگ کی ایکویٹی

2018	2019	مالیاتی لاگتیں
10,213	10,787	خالص مارک اپ آمدنی اور بلا مارک اپ آمدنی
7,380	8,129	بلا مارک اپ اخراجات
2,905	3,247	منافع قبل از ٹیکس
1,784	1,906	منافع بعد از ٹیکس
1.6179	1.7289	فی حصص آمدنی۔ روپے میں

بازار پر کارکردگی

بینک نے سال 2019 میں منافع قبل از ٹیکس (PBT) 3,247 ملین روپے اور منافع بعد از ٹیکس (PAT) 1,906 ملین روپے حاصل کیا یعنی باترتیب 11.78% اور 6.86% کا اضافہ ہوا جو کہ 2018 میں باترتیب 2,905 ملین روپے اور 1,784 ملین روپے تھا۔ ان نتائج کے بالآخر بینک کے فی حصص آمدنی کو 2018 کے 1.6179 ملین روپے کے مقابلے میں 1.7289 ملین روپے پر پہنچا دیا۔

حصول کے محاذ پر نیٹ مارک اپ اگم 14% اضافے سے 2019 میں 7,926 ملین روپے جب کہ سال 2018 میں 6,953 ملین روپے رہی۔ ایڈوائس اگم میں سالانہ کی بنیاد پر 86.75% کا اضافہ ہوا، پیراوار میں 12.19% کا اضافہ ہوا جبکہ 2018 میں یہ 7.7% تھی اور اوسط حجم میں 29,856 ملین روپے کا اضافہ ہوا۔ انویسٹمنٹ سے حاصل ہونے والی آمدنی میں سالانہ کی بنیاد پر 76.06% کا اضافہ ہوا جبکہ پیراوار سال 2018 کے 6.83% کے مقابلے میں 10.81% رہی۔

سال کے دوران بینک نے فائز میں 300 ملین روپے کا سنگ میل عبور کیا اور مدت کے انتظام پر 302,083 ملین روپے رہی جو کہ سالانہ کی بنیاد پر 39,704 ملین روپے یا 15.13% کا اضافہ ظاہر کرتی ہے۔ فائز کے مقابلے میں ایسٹ بک پر دیگر انٹنگ کے پچھلے اثر کے باوجود ریونیوز میں اضافے نے اخراجات میں اضافے کو پیچھے چھوڑ دیا سالانہ کی بنیاد پر فائز پر فائز کی لاگت میں 120.74% کا اضافہ ہوا جس کی بنیاد پر وجہ شرح میں 325bps کا اضافہ ہے لیکن اثاثے کے حجم میں اضافے سے سازگار پھیلاؤ برقرار رہا۔

سال کے دوران اسٹاک مارکیٹ میں مستقل مندی کے نتیجے میں ہونے والے کمیشن مارکیٹ کے نقصانات (پچھلے سال کے حاصل کردہ فوائد کے خلاف) کے باوجود بینک سال کے دوران پائیدار آمدنی کو برقرار رکھنے اور فراہم کرنے میں کامیاب رہا۔ کمیشن مارکیٹ کے نقصانات اور فائدے کو چھوڑ کر تان فنانس پر آمدنی میں سال 2019 کے دوران 3,052,772 ملین روپے یعنی 11.37% کا اضافہ ہوا۔ کورنی اگم (Core Fee Income) میں 9.89% بہتری آئی ہے جبکہ پیچھے اگم میں سالانہ 15.46% کا اضافہ ہوا ہے۔ سال کے دوران 191,610 ملین روپے کا کمیشن نقصان (کل محض) ریکارڈ ہوا جو کہ سال 2018 کے 519,065 ملین روپے کے فائدے کے برخلاف ہے۔ اس تبدیلی نے تان تھا سالانہ کی بنیاد پر 710,675 ملین روپے کا نقصان پہنچایا۔ جس کے نتیجے میں 31 دسمبر 2019 کو قلم ہونے والے سال کیلئے بینک کی تان مارک اپ اگم پچھلے سال کے مقابلے میں 399,009 ملین روپے کم ہو کر 2,861,162 ملین روپے رہی۔ بہر حال نیٹ مارک اپ اگم میں ریکارڈ کی گئی گروٹھ نے تان مارک اپ اگم میں کمی کو پیچھے چھوڑ دیا جس کے نتیجے میں سال 2019 میں بینک کی مجموعی ریونیوز 5.62% بڑھ کر 10,787,328 ملین روپے پر آگئی جو کہ پچھلے سال 10,213,164 ملین روپے تھی۔

سال 2019 میں تان مارک اپ اخراجات 10.16% اضافے سے 8,129,481 ملین روپے ہو گئے اس اضافے کے بنیادی وجوہات میں پچھلے سال سے براہِ منہ کا قیام، اسٹاف سے متعلق اخراجات، بینکنگ لوجسٹکس کے باعث ہونے والے اخراجات اور SBP کے فائز پر ٹیکس اگم کے تحت اضافی پریمیم شامل ہیں۔ مزید یہ کہ بینک نے سال 2019 میں IFRS 16 ایئر بھی حاصل کی۔ معیار کیلئے اکاؤنٹنگ میں تبدیلی کی ضرورت ہوتی ہے تاکہ ٹیلیس شیٹ پراکٹس کے لیز کی نوعیت میں کرائے کے انتظامات لائیں جائیں اس معیار کو حاصل کرنے کے بعد قبل از ٹیکس منافع میں 195,026 ملین روپے کمی کی ہوئی۔

ڈائریکٹر رپورٹ

برائے مالیاتی سال 2019

ہم نہایت مسرت کے ساتھ بورڈ آف ڈائریکٹرز کی جانب سے 31 دسمبر 2019 کو ختم شدہ مالیاتی سال کیلئے، آڈٹ شدہ مالی تفصیلات اور آڈیٹرز رپورٹ کے ساتھ سوئیری بینک لیٹڈ (بینک) کی ڈائریکٹر رپورٹ پیش کر رہے ہیں۔

اتحاد بنیاد

اقتصادی استحکام کے لحاظ سے سال 2019 ایک مشکل سال رہا اور خاص طور پر سال بھر بینکنگ انڈسٹری متاثر رہی۔ میکر واکاؤ کی کوریج میں چیلنجز بدستور قائم ہیں کیونکہ پاکستان نے مستقبل کی پائیدار ترقی کیلئے استحکام پر نگاہ مرکوز کیا ہوا ہے۔ مالی سال 2018 میں 5.5% کے مقابلے میں پاکستان کی GDP گروتھ کم ہو کر 3.3% ہو گئی۔ تاہم سال کے دوران ادائیگی کے توازن میں بہتری آئی اور مالی سال 2020 میں بھی اس میں بہتری کا امکان ہے۔ پچھلے ایک سال کے دوران 25.5% کی مجموعی کمی کے ساتھ ایک پیچھے ریٹ میں کمی کی اجازت دی گئی۔ ترقیاتی بجٹ میں کمی کی گئی، توانائی کی قیمتوں میں اضافہ ہوا اور پالیسی ریٹ میں مالی سال 2019 میں 575bps اضافہ کیا گیا۔ اس کے نتیجے میں، نجی کسٹ کی مومالی سال 2019 میں 4.1% رہی جو مالی سال 2018 میں 6.8% تھی جبکہ سرمایہ کاری میں 8.9% کمی واقع ہوئی۔ سہولتی سائینڈ پیمنٹ کی شرح کی مومالی سال 2018 کے 4.9% کے مقابلے میں 1.4% ریکارڈ کیا گیا جبکہ خدمات کے شعبے کی نمو 4.7% رہی اور مالی سال 2018 کے مقابلے میں 1.5% کمی ہوئی۔

نیشنل کرنٹ اکاؤنٹ جنٹلس آکٹوبر 2019 میں ماہانہ بنیادوں پر سربس میں داخل ہو گیا اور دسمبر 2019 میں 661 ملین امریکی ڈالر کے خسارے پر رہا۔ یہ کمی بنیادی طور پر درآمدات کی کم شرح ملوکی وجہ سے واقع ہوئی۔ درآمدات میں سب سے زیادہ کمی ٹرانسپورٹ اور مشینری میں ہوئی جس کی وجہ سرمایہ کاری اور صنعتی ملو میں سست روی رہی اور اس کے بعد اشیائے خورد و نوش اور خدمات میں ہیں۔ تاہم پٹرولیم سے متعلق درآمدات میں 5% اضافہ ہوا، حالانکہ پچھلے سال (25%) سے کم شرح پر رہا جبکہ دوسری طرف برآمدات نے زرمبادلہ کی شرح میں کمی کا کوئی رد عمل ظاہر نہیں کیا کیونکہ ضرورت سے زیادہ مبادلہ کی شرح میں ایک لمبے عرصے تک توسیع کے بعد مسابقت کو دوبارہ حاصل کرنے میں وقت لگے گا۔ مالی سال 2019 میں سالانہ بنیاد پر 9.7% کا اضافہ دیکھنے میں آیا اور زیادہ تر بھادو امریکہ، ملائیشیا اور GCC ممالک کی جانب سے رہا جس کی وجہ سے کرنٹ اکاؤنٹ کو سپورٹ ملی۔

مالی سال 2019 میں مالی خسارہ GDP کے 8.8% تک بڑھ گیا جو مالی سال 2018 میں 6.4% تھا۔ زیادہ مالی خسارہ بنیادی طور پر ریونیو (محصول) میں کمی اور زیادہ شرح سود کی ادائیگی کی وجہ سے تھا۔ وفاقی اور صوبائی ٹیکس ریونیوز دونوں ہی پچھلے سال کی سطح پر برقرار رہے۔ تاہم مالی سال 2020 کی پہلی ششماہی میں ٹیکس ریونیو کمیشن میں پچھلے سال اسی مدت کے مقابلے میں 16% کا جٹ اضافہ دیکھنے میں آیا۔ ٹان ٹیکس ریونیوز میں 44% کمی واقع ہوئی ہے کیونکہ ایک پیچھے ریٹ میں کمی سے اسٹیٹ بینک آف پاکستان کے منافع میں کمی واقع ہوئی جس کے نتیجے میں حکومت کو منتقلی کم ہو گئی ہے۔ اس کے نتیجے میں مجموعی ریونیو میں 6.3% کمی واقع ہوئی۔ سال 2019 میں مالی اخراجات میں سالانہ بنیاد پر 11.5% کا اضافہ ہوا کیونکہ موجودہ اخراجات میں 21% اضافہ ہوا جو کہ سالانہ بنیاد پر سود کے اخراجات میں 140% اضافے کی وجہ سے پیش آیا۔ مالی سال 2019 میں ترقیاتی اخراجات میں سالانہ بنیاد پر 25% کمی کی گئی تھی کیونکہ وفاقی اور صوبائی حکومتوں نے اپنے مالی توازن کو ایڈجسٹ کرنے کی کوشش کی تھی۔

حکومت پاکستان ریاستی اداروں میں مانیٹرنگ کو مستحکم کر کے اور شفافیت کو بڑھا کر ان اداروں کی کارکردگی کو بہتر بنانے کیلئے پرعزم دکھائی دیتی ہے۔ نجکاری کے کچھ خاص اقدامات زبرد فور ہیں اور آپریشنل اہلیت میں بہتری لاتے ہوئے نقصانات کو کم کرنے کی کوششیں جاری ہیں۔

دوطرفہ IMF اور دیگر کثیر الجہتی جہاز کی مدد سے بین الاقوامی ذخائر کی ریکوری شروع ہو گئی ہے۔ جولائی 2019 میں IMF کے توسیعی فنڈ کی سہولت کی منظوری کے ساتھ کثیر الجہتی بجٹ کی بحالی کے بین الاقوامی ذخائر میں اضافہ ہوا ہے۔ ایک پیچھے ریٹ پر دباؤ کم ہونے کی وجہ سے ذخائر میں بتدریج اضافے کو تقویت ملی ہے۔ دسمبر 2019 کے اوائل میں بین الاقوامی سکوک کی مدد میں 1 بلین امریکی ڈالر کے باوجود اس پیشرفت سے اسٹیٹ بینک کے خالص بین الاقوامی ذخائر (NIR) کی پوزیشن میں نمایاں بہتری آئی ہے۔

سال 2019 کے آخری دو ماہ کو چھوڑ کر ایکٹیو مارکیٹ میں مندری کا رجحان غالب رہا۔ 16 اگست 2019 کو KSE-100 انڈیکس 5 سال کی کم سطح 28,765 پر آئیں جو کہ دسمبر 2018 سے 22% کم تھی اور سالانہ بنیاد پر 31% کمی دیکھی گئی۔ اس کمی کے بعد سے مارکیٹ نے 39% کی نمایاں بہتری حاصل کی اور اس کے نتیجے میں CNY مثبت ہو گئی جو کہ معیشت کے مستحکم ہونے کا عائد یہ ہے۔ ایک پیچھے ریٹ کے اتار چڑھاؤ کو برابری سے کم کیا گیا اور ساتھ ساتھ بیرونی اکاؤنٹ میں مستقل بہتری، معاشی لحاظ سے مستحکم ہونے والی مارکیٹ میں غیر ملکی دلچسپی کو اہم عوامل کے طور پر دیکھا جاسکتا ہے۔

جون 2018 میں پاکستان، فنانشل ایکشن ٹاسک فورس (FATF) کی گرے لسٹ میں موجود تھا۔ اکتوبر 2019 میں (FATF) نے فروری 2020 تک کیلئے گرے لسٹ میں رکھ کر پاکستان کو بہت دی۔ اگرچہ اہم پیش رفت ہوئی ہے لیکن ملٹی نیشنل بینک سے نمٹنے اور رجسٹر گرو کی مالی اعانت کے خاتمے کیلئے ایک باقاعدہ فریم ورک کی عدم موجودگی کی وجہ سے کچھ خامیاں اب بھی موجود ہیں۔

دسمبر 2019 میں ریٹنگ ایجنسی Moody's نے پاکستان کی حیثیت کو منفی سے مستحکم کر دیا ہے جو ملک کی کمزور معیشت میں استحکام کی ایک اہم علامت بنی۔ ریٹنگ ایجنسی نے پاکستان کی B3 ریٹنگ کو بھی برقرار رکھا ہے۔ غیر ملکی زرمبادلہ کے ذخائر میں کمی کی وجہ سے جون 2018 میں پاکستان کی حیثیت منفی ہو گئی تھی۔

حکومت کی معاشی اور مانیٹری پالیسی سخت کرنے کے بعد معاشی سال 2020 میں اصل GDP گروتھ کم ہو کر 2.4% ہو جائے گی۔ پاکستان کی ڈیویسٹک اور ایکسٹرنل ڈیماٹ میں ایڈجسٹمنٹ لازمی ہے۔ جبکہ ڈیویسٹک ڈیماٹ میں تیزی سے کمی آنے کی اور ڈیٹ ایکسپوز میں بتدریج اضافہ متوقع ہے۔ مالی سال 2021 میں ایکسٹرنل ڈیماٹ کے بڑھنے، معاشی حالات میں بہتری اور مالی انتظام اور مسابقت میں اسٹریٹجی کے کلچ کے موثر ہونے سے گروتھ میں 3% تک کی بتدریج بہتری کی توقع ہے۔ یہ بہتری تیل کی کم قیمت اور کم سے کم ریسک سے مشروط ہے۔ مالی سال 2020 میں افراط زر میں قدرے اضافے کی توقع ہے جو کہ ڈیویسٹک پرائس پرچالہ کی شرح کے دوسرے دور کے اثرات سے متاثر ہونے کی وجہ سے ہوگا۔ اس کے بعد افراط زر میں بتدریج کمی کا امکان ہے۔ کاروباری اعتماد کے حالیہ IBA-SBP سروے سے معاشی سرگرمی کیلئے کاروباری برابری کے نقطہ نظر میں بہتری کی نشاندہی ہوئی ہے۔

REPORT OF SHARIAH BOARD TO THE BOARD OF DIRECTORS

FOR THE YEAR ENDED 31 DECEMBER 2019

In the name of Allah, the Beneficent, the Merciful

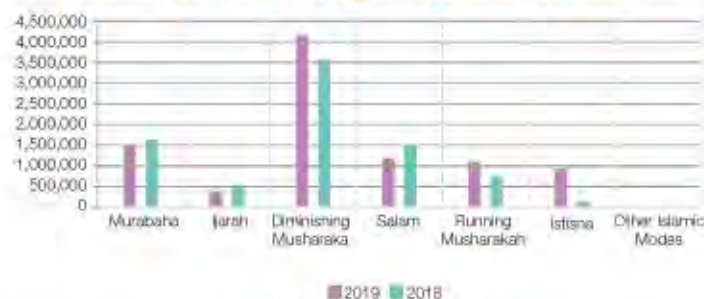
By the grace of Almighty Allah, the year under review was the 14th year of Islamic commercial banking for Soneri Bank Limited, while the Board of Directors and Executive Management are solely responsible to ensure that the operations of Soneri Bank Limited – Islamic Banking (Mustaqeem) are conducted in a manner that comply with Shariah principles at all times, we are required to submit a report on the overall Shariah Compliance environment of Soneri Bank Limited – Islamic Banking (Mustaqeem).

To form an opinion on the overall Shariah Compliance environment as required by the regulatory framework, the Shariah Compliance Department (SCD) of the bank needs to carry out reviews, on test check basis, of each class of transactions, the relevant documentation and process flows. Further, the reports of the Internal Shariah Audit and External Shariah Audit also form the basis of this report.

Asset Review:

During the year under review, the Shariah Compliance Department reviewed and structured various transactions, processes to ensure Shariah Compliance of the transactions. The asset portfolio increased by 15.15% as compare to 2018. The main modes of financing used for the bank's Islamic financing consist of Diminishing Musharakah (45%), Murabaha (16%), Salam (13%), Running Musharakah (12%), Istisna (10%) and Ijarah (4%).

Islamic Financing And Related Assets



To strengthen and broaden the functions of Shariah control, the Shariah Compliance Department supported the asset team to understand and assess the customers' business needs and give their due feedback on the process flows.

Additionally, to maintain the high level of compliance, the SCD performed random physical inspections of Islamic financing transactions.

Deposit Composite:

During the year under review, the Islamic Banking deposit increased by 42%, the composition of the deposit is dominated by savings accounts which stood at 68% of the total deposits. The same can be viewed as follows:

Deposits



Product Developments:

During the year, Shariah Board approved new products using Mudarabah, Musharakah and Wakalah modes for Islamic Treasury operations, Staff vehicle financing and Finished Goods Financing.

In addition to the above, Shariah board reviewed and approved various policies including Profit Distribution Policy for Islamic Banking Deposits based on Mudarabah and Treasury Manual as well.

Capacity Building of Islamic Staff:

It is encouraging to note that the Bank's learning and development department on our advice conducted various Islamic Banking training for almost all the employees posted in Islamic Banking Group. We are pleased to report that 588 staff from Islamic Banking and cross functional department were imparted various training including Islamic Banking through in – house training sessions. Furthermore, a total of 22 staff were sent for external trainings

including courses organized by SBP – NIBAF, IBA and other reputed training organization to enhance the overall skills of employees in Islamic Banking.

Board of Directors, Shariah Board and Executive Trainings:

Learning & Development Department organized orientation sessions for Board of Directors and Management Committee members in line with the regulatory requirement to keep them abreast with the best practices. It is pleasure to report that the Senior Management was very enthusiastic to explore Islamic Banking opportunities. These regular trainings are expected to enhance their knowledge and give them better insight.

Complying with the regulatory requirement, the Bank facilitated the participation of the Shariah Board in an international conference organized by AAOIFI in Bahrain. Furthermore, the RSBM was also nominated for various local training programs.

Shariah Compliance and Audit:

During the year under review, Shariah Compliance department under the supervision of RSBM has carried out various activities including Shariah Compliance review for the year 2019 of branches and various departments to ensure that the operations are in conformity with the guidelines laid down by the Shariah Board. Furthermore, SCD has reviewed various process flows, legal agreements, policies, procedures, and marketing materials. The SCD, in liaison with Training division, facilitated all Islamic trainings conducted by Learning & Development Department.

Based on the above, we are of the view that:

- i. The Bank has complied by and large with Shariah rules and principles in the light of fatawa, rulings and guidelines issued by its Shariah Board.
- ii. The Bank has complied with the directives, regulations, instructions and guidelines related to Shariah compliance issued by SBP in accordance with the rulings of SBP's Shariah Board.
Bank has a well-defined system in place in form of Shariah Compliance Review and Internal Shariah Audit to ensure that the earning realized from the sources or means prohibited by Shariah shall be identified.
- iii. During the year, an amount of Rupees four million seven hundred thirty one thousand three hundred ninety four only (PKR 4,731,394/-) was given as charity from various customers on account of delay in payments out of which Rupees Four Million seven hundred eighteen thousand three hundred twenty nine only (PKR 4,718,329/-) disbursed for charitable purposes as per the Charity Policy approved by Shariah Board and Board of Directors.
- iv. Based on the Shariah Compliance review and Shariah Audit report, we are of the opinion that profit distribution was generally found in conformity with Shariah rules & principles. We expect, with the automation of the pool management system, the bank will also comply with the regulatory guidelines.

Recommendation

Pool Management System

We are pleased to inform that Bank management has made serious progress to acquire Pool Management System in this regards Shariah Board has also taken demos of different local and International Pool Management systems. We hope that the earliest implementation of the Pool Management software will resolve the current issues.

Staff related Facilities:

We appreciate the Bank's management for their efforts in resolving staff related issues such as staff salary, Staff vehicle financing and medical benefits for Islamic staff. We also expect the bank to introduce Islamic staff house financing at their earliest as well.

Capacity Building:

While we recognize the efforts of SBP and Learning & Development department for capacity building directives and its implementation, we recommend that the efforts should continue with the same zeal and ensure that all staff should receive Islamic Banking training enabling them to effectively serve the customers in line with the regulatory guidelines.

The Soneri Bank Limited – Islamic Banking (Mustaqeem) has a mechanism in place to ensure Shariah compliance in their overall operations. With the expansion of the business, we hope to improve this mechanism with adequately staffed SCD.

We pray to Almighty Allah, for the success of Islamic Banking and provide us the guidance to adhere to his Shariah in day to day operations and forgive our mistakes.

And Allah knows best

Mufti Ehsan Waqar Ahmad
Chairman Shariah Board

Mufti Muhammad Zahid
Resident Shariah Board Member

Mufti Bilal Ahmed Qazi
Shariah Board Member

بدلتا ہے اور اسلام کے ساتھ ساتھ ان کی زندگی بھی بدلتی ہے!

بینک کے لرننگ اینڈ ڈیولپمنٹ ڈپارٹمنٹ کی جانب سے بورڈ آف ڈائریکٹرز اور اعلیٰ انتظامیہ کے لیے اسلامک بینکنگ سے متعلق تعارفی سیشنز کا انعقاد کیا گیا، تاکہ ان کو اسلامک بینکنگ میں ہونے والی نئی کوششوں سے آگاہ کیا جائے۔ یہ بات قابل ذکر ہے کہ بینک کی اعلیٰ انتظامیہ اسلامک بینکنگ کا دائرہ کار بڑھانے کے لئے کافی پراعتماد نظر آئی۔ ہمیں امید ہے کہ مستقل بنیادوں پر اس طرح کی ٹریننگوں کا انعقاد ان کی معلومات میں مزید اضافہ کرے گا۔

بینک نے شریعہ بورڈ کو بین الاقوامی سطح پر اسلامی بینکاری سے متعلق ہونے والی نئی کوششوں سے آگاہ کرنے کے لیے AAOIFI کی بحرین میں منعقدہ کانفرنس میں بھیجا یا۔ اس کے علاوہ ریزولٹنٹ شریعہ بورڈ ممبر کو پاکستان میں منعقد ہونے والی مختلف ٹریننگوں میں بھی بھیجا یا گیا۔

شرعیہ کماٹنس اور آڈٹ

اس سال کے دوران شریعہ کماٹنس ڈپارٹمنٹ نے ریزولٹنٹ شریعہ بورڈ ممبر کی نگرانی میں مختلف امور سرانجام دیے، جن میں سال 2019 کے دوران مختلف برانچوں اور ڈپارٹمنٹس کا شریعہ کماٹنس ریویو کیا گیا، تاکہ اس بات کو یقینی بنایا جاسکے کہ بینک کے امور شریعہ بورڈ کی دی گئی ہدایات کے مطابق سرانجام دیے جارہے ہیں۔ مزید برآں شریعہ کماٹنس ڈپارٹمنٹ نے مختلف معاملات کے عملی طریقہ کار قانونی دستاویزات، پالیسی، طریقہ کار اور قصیدی مواد کا جائزہ بھی لیا۔ شریعہ کماٹنس ڈپارٹمنٹ نے اسلامک بینکنگ کی تمام ٹریننگوں کے انعقاد میں ٹریننگ ڈیزائن کا بھرپور ساتھ دیا۔

اس جائزے کی بنیاد پر ہم اس نتیجے پر پہنچے ہیں کہ:

- (i) بینک شریعہ بورڈ کی جانب سے جاری کردہ گائیڈ لائنز، احکامات اور فتاویٰ کی روشنی میں شرعی قوانین اور اصولوں کی پیروی کر رہا ہے۔
- (ii) بینک، اسٹیٹ بینک آف پاکستان کے شریعہ بورڈ کے قوانین کے مطابق جاری کردہ شریعہ کماٹنس سے متعلق احکامات، ریگولیشنز، ہدایات اور گائیڈ لائنز پر عمل پیرا ہے۔ بینک کے پاس شریعہ کماٹنس ریویو اور انٹرئل شریعہ آڈٹ کی صورت میں ایک قابل اعتماد نظام موجود ہے جس کی بنیاد پر ممنوع یا غیر شرعی ذرائع سے حاصل ہونے والی آمدنی کی نشاندہی کی جاتی ہے۔
- (iii) اسمال مختلف سٹمرز نے لٹ منسٹ کی مدد سے مبلغ سینتالیس لاکھ اکتیس ہزار تین سو چار سو روپے (-/4,731,394) بلور چھپائی بینک کو دیے، جن میں سے مبلغ سینتالیس لاکھ اٹھارہ ہزار تین سو اکتیس روپے (-/4,718,329) شریعہ بورڈ اور بورڈ آف ڈائریکٹرز کی منظور کردہ چھپائی پالیسی کے مطابق خیراتی مقاصد میں خرچ کر دیے گئے۔
- (iv) شریعہ کماٹنس ریویو اور شریعہ آڈٹ رپورٹ کی بنیاد پر ہم نے نفع کی تقسیم کے طریقہ کار کو مجموعی طور پر شرعی اصول و ضوابط کے مطابق پایا۔ ہمیں امید ہے کہ پول منجمنٹ سسٹم کو آٹومیٹ کرنے کے بعد بینک پول منجمنٹ کی ریگولیٹری ریکوائرنمنٹ بھی پوری ہو جائے گی۔

حکومت

پول منجمنٹ سسٹم

یہ بات قابل مسرت ہے کہ بینک کی منجمنٹ نے پول منجمنٹ سسٹم لینے کے لئے سنجیدہ اقدامات لئے ہیں۔ اس سلسلے میں شریعہ بورڈ نے مختلف لوکل اور انٹرنیشنل پول منجمنٹ سسٹمز کا ابتدائی جائزہ بھی لیا۔ ہمیں امید ہے کہ پول منجمنٹ سسٹم کو سوئٹ ویئر کو بروقت بروئے کار لانے سے موجودہ مسائل حل ہو جائیں گے۔

اسلامک بینکنگ کے حوالیات

ہم اسلامک بینکنگ اسٹاف کی سہولیات سے متعلق مسائل (جیسے اسٹاف سٹری کی اکاؤنٹ کا مسئلہ، گروپ انشورنس کا مسئلہ اور اسٹاف کارفنانسنگ کا مسئلہ) حل کرانے پر بینک کی منجمنٹ کو خراج تحسین پیش کرتے ہیں۔ ہمیں امید ہے کہ منجمنٹ اسلامک اسٹاف ہاؤس فنانسنگ کا مسئلہ بھی جلد از جلد ترجیحی بنیادوں پر حل کر لے گی۔

اسلامک بینکنگ کے لئے (کچھ نئے اقدامات)

ہم جہاں اسٹیٹ بینک کی ہدایات اور اس پر عمل درآمد کے لئے لرننگ اینڈ ڈیولپمنٹ ڈپارٹمنٹ کی صلاحیت سازی کی کوششوں کو سراہتے ہیں، وہیں ہم یہ بھی تجویز کرتے ہیں کہ یہ کوششیں اسی جذبے کے ساتھ مسلسل جاری رہیں، اور اس بات کو یقینی بنایا جائے کہ تمام اسلامک بینکنگ اسٹاف کو ٹریننگ دی جائے، تاکہ وہ اس قابل ہوں کہ وہ ریگولیٹری ہدایات کے مطابق مؤثر طریقے سے صارفین کی خدمت کر سکیں۔

یہ بات یقین کے ساتھ کہی جاسکتی ہے کہ بینک میں مجموعی معاملات کو شریعت کے مطابق چلانے کا ایک مکمل نظام موجود ہے۔ اسلامک بینکنگ کے بڑھتے ہوئے بزنس کے ساتھ ہمیں امید ہے کہ ہم شریعہ کماٹنس ڈپارٹمنٹ کی افرادی قوت کو بڑھا کر اس نظام کو مزید بہتر کر سکتے ہیں۔

ہم دعا گو ہیں کہ اللہ تعالیٰ اسلامک بینکنگ کو مزید ترقی دے، اور ہمیں اپنی روزمرہ کی زندگی میں شریعت پر عمل پیرا ہونے کی توفیق دے اور ہماری کوتاہیوں سے درگزر کرے۔ آمین

واللہ اعلم بالصواب

چیرمین شریعہ بورڈ

مفتی الاسلامیہ دارالاحیاء

شرعیہ بورڈ ممبر
مفتی ابراہیم احمد قادری

ریزولٹنٹ شریعہ بورڈ ممبر
مفتی محمد زاہد

کراچی: 21 جنوری 2020

شریعی بورڈ رپورٹ برائے مالیاتی سال 2019

الحمد للہ یہ سوئیری بینک کی اسلامی بینکاری کا چودہواں کامیاب سال ہے۔ بورڈ آف ڈائریکٹرز اور اعلیٰ انتظامیہ اگرچہ اس بات کے یقینی اور حتمی ذمہ دار ہیں کہ مستقیم اسلامک بینکنگ، سوئیری بینک لمیٹڈ (جسے اس تحریر میں اب بینک کہا جائے گا) کے تمام معاملات ہمہ وقت شرعی اصولوں کے مطابق ہوں، البتہ ہم سے یہ مطلوب ہے کہ ہم مستقیم اسلامک بینکنگ، سوئیری بینک لمیٹڈ کے معاملات شریعہ کے مطابق ہونے کی مجموعی صورتحال پر رپورٹ پیش کریں۔

ریگولیٹری قوانین کی بنیاد پر بینک کے معاملات مجموعی طور پر شریعت کے مطابق ہونے پر درج ذیل رائے پیش کرنے کے لئے بینک کے شریعہ کمیٹیاں ڈپارٹمنٹ کو اس بات چیک کی بنیاد پر بینک کے ہر طرح کے متعلقہ دستاویزات اور عملی طریقہ کار کی ترسیلات کا جائزہ لینا ہوتا ہے، مزید برآں انٹرنل اور ایکسٹرنل شریعہ آڈٹ کی رپورٹ کو بھی اس رپورٹ کی بنیاد دینا جاتا ہے۔

۱۱۔ شریعت کا پابندی

اس سال شریعہ کمیٹی ڈپارٹمنٹ نے مختلف ٹرانزیکشنز کے لئے عملی ڈھانچہ اور طریقہ کار وضع کیا اور بعد میں اس کا جائزہ لیا تاکہ ان ٹرانزیکشنز کے شریعت کے مطابق ہونے کو یقینی بنایا جاسکے۔ اثاثہ جات کی مجموعی کیفیت میں بڑھوتری کا رجحان رہا۔ مجموعی طور پر پچھلے سال کے مقابلے میں اثاثہ جات میں پندرہ اعشاریہ پانچ فیصد (15.5%) اضافہ ہوا۔ عام طور پر بینک کے طریقہ حویل شریعت متناقصہ (45%)، مراہجہ (16%)، مسلم (13%)، رنک مشارکہ (12%)، احصاء (10%)، اور اجارہ (4%) پر مشتمل رہے۔

اسلامک طریقہ حویل اور مختلف اثاثہ جات



شریعت کے کنٹرولز کو ملحوظ کرنے کے لئے شریعہ کمیٹی ڈپارٹمنٹ نے بڑھ چڑھ کر اپنا کردار ادا کیا اور اس سلسلے میں بزنس ٹیم کے ساتھ مل کر کسٹمر کی ضروریات اور بزنس ماڈل کو سمجھ کر ان کی بہتر سے بہتر شرعی طریقہ حویل کی طرف رہنمائی کی۔ مزید برآں شریعہ کمیٹی ڈپارٹمنٹ نے مختلف مواقع پر بعض معاملات کی انسپکشن بھی کی۔

۱۲۔ شریعت کی صورتحال

اس سال کے دوران بینک کے مجموعی ڈپازٹ میں پالیسی فیصد (42%) بڑھوتری ہوئی۔ ڈپازٹ کا بڑا حصہ سیونگ اکاؤنٹ پر مشتمل رہا جس کی مقدار اڑسٹھ فیصد (68%) رہی، جس کی جھلک مندرجہ ذیل چارٹ میں دیکھی جاسکتی ہے:

ڈپازٹس



۱۳۔ ڈپازٹ کی پالیسی

اس سال کے دوران شریعہ بورڈ نے اسلامک ٹریڈری آپریشنز کے لئے نئی پروڈکٹس کی منظوری دی جس میں مضاربہ مشارکہ اور وکلاء الاستثمار شامل ہیں۔ مزید برآں شریعہ بورڈ نے اسٹاف کے لئے اسلامک کارپوریٹنگ اور فیکس گڈز کی فیکٹری کے لیے "تجارہ" پروڈکٹ کی منظوری بھی دی۔

اس کے ساتھ ساتھ شریعہ بورڈ نے مختلف پالیسیوں کا جائزہ لیا اور اس کی منظوری دی، جن میں مضاربہ بینکی بنیاد پر لیے گئے ڈپازٹ کے لئے فیکس کی تقسیم (پروفٹ ڈسٹری بیوٹن) کی پالیسی اور ٹریڈری کی پالیسی بھی شامل ہیں۔

اسلامک بینکنگ اسٹاف کی صلاحیتوں کی انکسچی ہنگامہ

یہ بات حوصلہ افزاء ہے کہ بینک کے رنک اینڈ ڈیپلٹمنٹ ڈپارٹمنٹ نے ہماری ہدایات کے مطابق اسلامک بینکنگ اسٹاف کے لیے اسلامک بینکنگ کی مختلف ٹریننگز کا انعقاد کرایا۔ ہمارے لیے یہ بات قابل مسرت ہے کہ مجموعی طور پر پانچ سو اٹھاسی (588) افراد کو بینک کے اندر اسلامک بینکنگ کی ٹریننگ فراہم کی گئی، جن میں اسلامک بینکنگ اسٹاف کے ساتھ ساتھ دوسرے ڈپارٹمنٹس کے لوگ بھی شامل تھے۔ اس کے علاوہ پانچس (22) افراد کو دوسرے قابل اعتماد اداروں اور نامور اداروں جیسے بناف (NIBAF)، انٹیٹ بینک آف پاکستان (SBP) اور آئی بی اے (IBA) وغیرہ سے اسلامک بینکنگ سے متعلق ٹریننگ کرائی گئی تاکہ اسلامک بینکنگ سے متعلق ان کی صلاحیتوں کو مزید بہتر کیا جاسکے۔

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

YEAR ENDED 31 DECEMBER 2019

The company has complied with the requirements of the Regulations in the following manner:

- The total number of Directors is eight (8) including the President and Chief Executive Officer as per the following:

Male	08
Female	Nil

- The composition of Board is as follows

Category	Names
Independent Directors**	Mr. Inam Elahi Mr. Jamil Hassan Hamdani
Non-Executive Directors	Mr. Alauddin Feerasta Mr. Nooruddin Feerasta Mr. Muhammad Rashid Zahir Mr. Manzoor Ahmed (NIT Nominee)
Executive Directors	Mr. Mohammad Aftab Manzoor* (President & Chief Executive Officer) Mr. Amin A. Feerasta (Chief Operating Officer)
Female Directors***	Nil

*He is a deemed Director as per the criteria given under Clause 3 of Section 188 of the Companies Act, 2017 ("the Act").

**The Independent Directors meet the criteria of independence as laid down under Section 166 of the Act.

**Fraction arrived at while calculating the one-third of Independent Directors was not rounded up to one since it was lower than one half.

***As per Regulation 7 of the CCG, the Board of Directors shall have at least one Female Director when it is reconstituted after the expiry of its current term. Accordingly, the Board will comply and shall elect one Female Director on the Board at the election of Directors in our 28th Annual General Meeting scheduled to be held on 26 March 2020.

- The Directors have confirmed that none of them is serving as a Director on more than seven listed companies, including the Bank.
- The Bank has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Bank, along with its supporting policies and procedures.
- The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Bank. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Bank.
- All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board/Shareholders as empowered by the relevant provisions of the Act and these Regulations.
- The meetings of the Board were presided over by the Chairman and, in his absence, by a Director elected by the Board for this purpose. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board.
- The Board of Directors has a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and these Regulations.
- The Board has arranged Directors' Training program for the following:

a) Directors' Training

Names of Directors	Category	Directors' Training Program
Mr. Mohammad Aftab Manzoor	President & CEO	Certificate of Director Education by PICG
Mr. Amin A. Feerasta	Executive Director	
Mr. Manzoor Ahmed	Non-Executive Director	
Mr. Inam Elahi	Independent Director	
Mr. Jamil Hassan Hamdani	Independent Director	

Further, Directors namely Mr. Nooruddin Feerasta and Mr. Muhammad Rashid Zahir duly comply with the exemption criteria provided under Clause 2 of Regulation 19 of the CCG.

Additionally, our Directors have also attended various workshops, seminars and courses. Mr. Alauddin Feerasta, Chairman and Mr. Nooruddin Feerasta, Director had participated in a three days' workshop on "Corporate Governance & Duties Excellence" held in Malaysia. Mr. Muhammad Rashid Zahir had also attended a week long course of Institute of Directors, UK held by PICG.

b) Executives' Training

Names of Executives	Designation	Directors' Training Program
Mr. Muhammad Altaf Butt	Company Secretary	Certificate in Company Direction (International) by Institute of Directors, UK
Mr. Syed Asim Ali	Head of Internal Audit	Certificate of Director Education by PICG

10. The Board has approved the appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with the relevant requirements of the Regulations.
11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board.
12. The Board has formed Committees comprising of members as given below:

a) Audit Committee of the Board

Names of Directors	Position
Mr. Inam Elahi	Chairman
Mr. Nooruddin Feerasta	Member
Mr. Muhammad Rashid Zahir	Member
Mr. Jamil Hassan Hamdani	Member

b) Credit Committee of the Board

Names of Directors	Position
Mr. Nooruddin Feerasta	Chairman
Mr. Alauddin Feerasta	Member
Mr. Mohammad Aftab Manzoor	Member
Mr. Muhammad Rashid Zahir	Member
Mr. Manzoor Ahmed	Member

c) Human Resource and Remuneration Committee of the Board*

Names of Directors	Position
Mr. Manzoor Ahmed	Chairman
Mr. Inam Elahi	Member
Mr. Jamil Hassan Hamdani	Member

* The composition of the Human Resource & Remuneration Committee (HRRC) is in line with the Revised Guidelines on Remuneration Practices 2017 issued by the State Bank of Pakistan, which allows a Non-Executive Director to be the Chairman, in case the majority members of the committee are Independent Directors. Following the guidelines, majority members of HRRC are Independent Directors, however, the Chairman of the HRRC is not an Independent Director.

d) Risk Management Committee of the Board

Names of Directors	Position
Mr. Manzoor Ahmed	Chairman
Mr. Mohammad Aftab Manzoor	Member
Mr. Jamil Hassan Hamdani	Member
Mr. Inam Elahi	Member

e) Committee of Independent Directors of the Board

Names of Directors	Position
Mr. Jamil Hassan Hamdani	Chairman
Mr. Inam Elahi	Member

f) IT Committee of the Board

Names of Directors	Position
Mr. Amin A. Feerasta	Chairman
Mr. Manzoor Ahmed	Member
Mr. Inam Elahi	Member
Mr. Jamil Hassan Hamdani	Member

13. The Terms of Reference of the aforesaid Committees have been formed, documented and advised to the Committees for compliance.
14. The frequency of meetings (quarterly/half yearly/yearly) of the Committees were as per the following:

Board's Committees	Frequency
Audit Committee	At least once every quarter of the financial year
Credit Committee	At least once every quarter of the financial year
Human Resource & Remuneration Committee	At least once every quarter of the financial year
Risk Management Committee	Minimum of four meetings in a financial year
Committee of Independent Directors	Once every financial year
IT Committee	Twice every financial year

15. The Board has set up an effective Internal Audit Function, which is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the company.
16. The statutory auditors of the Bank have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants' (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Director of the Bank.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all requirements of Regulations 3, 6, 8, 27, 32, 33 and 36 of the Regulations have been complied with except Regulation 7, which has been explained under the relevant part.

MOHAMMAD AFTAB MANZOOR
President & Chief Executive Officer

ALAUDDIN FEERASTA
Chairman

Lahore: 13 February 2020

INDEPENDENT AUDITORS' REVIEW REPORT TO THE MEMBERS ON THE STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Soneri Bank Limited ("the Bank") for the year ended 31 December 2019 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Bank. Our responsibility is to review whether the Statement of Compliance reflects the status of the Bank's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Bank's personnel and review of various documents prepared by the Bank to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Bank's corporate governance procedures and risks.

The Regulations require the Bank to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Bank's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Bank's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Bank for the year ended 31 December 2019.

Further, we highlight below instance of non-compliance with the requirements of the Regulations as reflected in the paragraph reference where these are stated in the Statement of Compliance:

Note/paragraph

Reference to the Statement of Compliance	Description
12(c)	The composition of the Human Resource & Remuneration Committee (HRRC) is in line with the Revised Guidelines on Remuneration Practices 2017 issued by the State Bank of Pakistan which allows a non-executive director to be the Chairman in case the majority members of the committee are independent directors. Following the guidelines majority members of HRRC are independent directors, however, the Chairman of the HRRC is not an Independent Director.

KPMG Taseer Hadi & Co.
Chartered Accountants
Karachi: 26 February 2020

STATEMENT OF INTERNAL CONTROLS

YEAR ENDED 31 DECEMBER 2019

This Statement of Internal Control is based on an ongoing process designed to:

- Identify the significant risks in achieving the bank's policies, aims and objectives.
- Evaluate the nature and extent of those risks.
- Manage these risks efficiently, effectively and economically.

This process was in place for the year ended December 31, 2019.

The Board of Directors have instituted an effective Internal Audit Division which not only monitors compliance with the bank's policies, procedures and controls and reports significant deviations regularly to the Board Audit Committee but also regularly reviews the adequacy of the overall Internal Control system. The observations and weaknesses pointed out by the external auditors are also addressed promptly and necessary steps are taken by the management to eliminate such weaknesses.

It is the responsibility of the bank's management to establish and maintain an adequate and effective system of internal control, to implement sound control procedures and to maintain a suitable control environment. In order to ensure implementation as well as to minimize various regulatory, reputational and compliance risks, the management conducts on site monitoring of branches through periodical visits and Off-Site monitoring through various automated tools such as SAS AML, World Check and Safe Watch Filtration system by Compliance Control & Investigation Group.

The Bank has adopted the internationally accepted COSO (Committee of Sponsoring Organizations of Treadway Commission) Internal Control- Integrated Framework. A reputable advisory firm had been appointed to provide services on implementation of SBP guidelines on Internal Controls over Financial Reporting (ICFR) in the prior years. To further strengthen controls, enhanced governance and monitoring, the management had constituted an Internal Control Unit which is also an integral part of Compliance Control & Investigation Group of the Bank.

In order to ensure consistency in the process of compliance with the relevant guidelines the Bank followed a structured roadmap. Accordingly, the Bank had completed a detailed documentation of the existing processes and controls, together with a comprehensive gap analysis of the control design and development of implemented remediation plans for the gaps in the Year 2010.

Furthermore, the bank has developed a comprehensive management testing and reporting framework for ensuring ongoing operating effectiveness of majority of key controls and has significantly addressed the design improvement opportunities identified to complete the project related initiatives.

While concerted efforts have always been made to comply with the SBP Guidelines issued, the identification, evaluation, and management of risks within each of the Bank's key activities, and their continued evaluation and changes to procedure remains an ongoing process.

In accordance with SBP directives, the Bank has completed all the stages of ICFR and upon satisfactory completion of ICFR roadmap, the SBP granted waiver from the submission of external auditor Long Form Reports effective 2012. An annual assessment report by Board Audit Committee on ICFR duly signed by chairman BAC is being submitted to SBP since then.

The Bank has also successfully completed the cycle of SBP's Internal Control over Financial Reporting exercise for the Year 2019 and report will be submitted by Board Audit Committee to the State Bank of Pakistan during the year 2020.

MOHAMMAD AFTAB MANZOR

President & Chief Executive Officer

Lahore: 13 February 2020

REPORT OF AUDIT COMMITTEE

The Audit Committee of the Board comprises of four non-executive members including two independent directors, one being Chairman of the Audit Committee. The members of the Audit Committee bring years of diversified rich experience at senior management positions and strategic roles in commercial banking, investment banking, manufacturing, insurance and leasing sectors. Detailed profile of the respective members is given on the website of the Bank.

The following are the members of the Audit Committee:

1.	Mr. Inam Elahi	Chairman (Independent Director)
2.	Mr. Nooruddin Feerasta	Member (Non-Executive Director)
3.	Mr. Muhammad Rashid Zahir	Member (Non-Executive Director)
4.	Mr. Jamil Hassan Hamdani	Member (Independent Director)

During the year under review, the Audit Committee diligently performed its duties and responsibilities in accordance with the Charter of the Committee approved by the Board of Directors, while remaining compliant with the requirements of the Code of Corporate Governance and Prudential Regulations issued by State Bank of Pakistan ("SBP").

The Committee oversees the functions of the Internal Audit & Risk Asset Review Group (IA & RARG) and ensures that it has adequate physical, financial, technological and operational resources along with appropriate human resources who have the required skill-sets, expertise and training necessary to perform their responsibilities independently and objectively.

The Head IA and RARG reports directly to the Audit Committee. He assists the Audit Committee and the Board of Directors in the discharge of their responsibility in respect of Internal Control Systems. He periodically reviews, assesses adequacy and monitors the ongoing effectiveness of the control systems.

The Audit Committee is actively engaged in reviewing the Annual/Half-yearly/Quarterly financial statements and internal audit activities, in accordance with the Code of Corporate Governance and committee charter.

The Audit Committee also recommends the scope and appointment of external auditors, including finalisation of audit and other fees. The Audit Committee evaluates the qualifications, performance and independence of the external auditors. In doing so, the Audit Committee considers the quality and efficiency of the services provided by the external auditors, the external auditors' capabilities, technical expertise and knowledge of the Bank's operations and industry. The Audit Committee ensures compliance with relevant regulations in regard to tenure of external auditors and provisions of non-audit services by external auditors to ensure independence and objectivity of the external auditors.

The Audit Committee recommends to the Board of Directors re-appointment of M/s KPMG Taseer Hadi & Co. Chartered Accountants, as statutory auditors of the Bank for the year ending 31 December 2020, for the 2nd term, subject to approval of the Bank's shareholders in the forthcoming Annual General Meeting.

The Board evaluated Performance of the Committee for the year 2019 in light of the Board's approved Charter and adopting the process, as detailed in the "Mechanism adopted for Board's Performance Evaluation" included in this Annual Report and gave "Satisfactory Rating" to the Committee.

KEY PERFORMANCE INDICATORS

		2019	2018	Variance Compared to 2018	
				Amount	%
Financial					
Investment-Gross	Rs. In Millions	177,176	146,763	30,413	21%
Advances-Gross	*	212,516	194,831	17,685	9%
Total Assets	*	442,541	382,498	60,043	16%
Deposits	*	302,083	262,379	39,704	15%
Shareholders' Equity / Net Assets	*	20,214	17,989	2,225	12%
Net Interest Income	*	7,926	6,953	973	14%
Non Interest Income	*	2,861	3,260	(399)	-12%
Gross Income	*	10,787	10,213	574	6%
Profit Before Provisions	*	2,658	2,833	(175)	-6%
(Reversal) / Provisions and write-offs - net	*	(589)	(71)	(518)	730%
Profit Before Taxation	*	3,247	2,904	343	12%
Profit After Taxation	*	1,906	1,784	122	7%
Trade Volumes	*	431,293	367,162	64,131	17%
Non Financial					
No. of customers	Absolute	514,546	550,464	(35,918)	-7%
No. of new branches opened	*	14	5	9	180%
No. of branches closed	*	1	-	1	100%
No. of new accounts opened	*	74,480	72,079	2,381	3%
No. of MASTER cards issued	*	61,490	75,630	(14,140)	-19%
No. of permanent employees	*	3,026	2,823	203	7%
No. of virtual banking customers	*	19,841	26,839	(6,998)	-26%
No. of mobile banking customers	*	11,183	36,056	(24,873)	-69%
Key Financial Ratios					
Earnings Per Share	Rs.	1.73	1.62		
Book Value Per Share	*	18.33	16.32		
Share Price	*	9.85	12.67		
Market Capitalization	Rs. In Millions	10,859	13,968		
Price Earning Ratio	Times	5.70	7.83		
Return on Equity	%	9.98%	9.78%		
Return on Assets	%	0.46%	0.50%		
Gross Advances to deposits ratio	%	70.35%	74.26%		
Capital Adequacy Ratio	%	15.79%	14.70%		

SIX YEARS' FINANCIAL SUMMARY 2014-2019

	2019	2018	2017	2016	2015	2014
(Rs. In Millions)						
Profit & loss account						
Mark-up / Return / Interest Earned	38,790	21,600	18,504	17,524	18,320	16,906
Mark-up / Return / Non Interest Expensed	30,864	14,647	12,032	10,815	10,839	10,677
Fund based Income	7,926	6,953	6,472	6,709	7,481	6,229
Fee, Commission and exchange Income	3,016	2,694	2,016	1,711	1,926	1,990
Dividend Income and Capital Gain	(192)	519	1,399	1,131	1,284	535
Other income	37	47	41	29	57	35
Non Interest Income	2,861	3,260	3,456	2,871	3,267	2,560
Total Income	10,787	10,213	9,928	9,580	10,748	8,789
Non mark-up / interest expenses	8,129	7,380	7,003	6,454	6,098	5,744
Profit before tax and provisions	2,658	2,833	2,925	3,126	4,650	3,045
(Reversal) / Provisions and write-offs - net	(589)	(71)	78	49	1,054	603
Profit before tax	3,247	2,904	2,848	3,077	3,596	2,442
Profit after tax	1,906	1,784	1,660	1,879	2,213	1,582
Cash Dividend paid	-	1,102	827	1,378	1,378	1,102

FUND BASED INCOME
(Rs. in Millions)



NON-MARKUP INCOME
(Rs. in Millions)



PROFIT BEFORE TAX
(Rs. in Millions)



PROFIT AFTER TAX
(Rs. in Millions)



SIX YEARS' FINANCIAL SUMMARY 2014-2019

	2019	2018	2017	2016	2015	2014
(Rs. In Millions)						
Statement of Financial Position						
Paid up Capital	11,025	11,025	11,025	11,025	10,023	10,023
Reserves	2,490	2,109	1,753	1,424	1,049	934
Surplus on revaluation of assets	1,894	543	2,095	2,393	2,856	2,932
Unappropriate Profit	4,805	4,312	3,632	3,447	4,264	3,150
Shareholders' Equity / Net Assets	20,214	17,989	18,505	18,289	18,192	17,039
Total Assets	442,541	382,498	325,219	281,805	255,655	216,473
Earning Assets	383,160	337,042	288,224	248,913	224,015	184,349
Gross Advances	212,516	194,831	172,772	133,753	120,617	115,614
Advances-Net of Provisions	204,901	186,475	164,293	125,306	112,002	107,968
Non-Performing Loans (NPLS)	10,903	11,357	10,245	10,419	11,584	10,224
Investments	177,056	146,646	117,429	117,884	108,846	75,716
Total Liabilities	422,327	364,509	306,714	263,516	237,463	199,434
Deposits and other accounts	302,083	262,379	227,304	209,894	184,847	162,964
Current and Saving deposits (CASA)	191,110	159,404	158,294	142,241	126,798	110,135
Borrowings	95,705	81,963	64,584	38,905	39,876	25,825
Interest bearing liabilities	330,739	285,135	231,438	199,807	184,209	149,236
Contingent and Commitments	244,866	200,522	111,064	80,100	114,988	61,060

PAID UP CAPITAL
(Rs. in Millions)



SHAREHOLDERS' EQUITY
(Rs. in Millions)



TOTAL ASSETS
(Rs. in Millions)



GROSS ADVANCES
(Rs. in Millions)



DEPOSITS
(Rs. in Millions)



INVESTMENTS
(Rs. in Millions)



SIX YEARS' FINANCIAL SUMMARY 2014-2019

		2019	2018	2017	2016	2015	2014
FINANCIAL RATIOS							
Profit before tax ratio (PBT/total income)	%	30.09%	28.43%	28.68%	32.12%	33.46%	27.78%
Gross Spread (NIM/Interest Income)	"	20.43%	32.19%	34.98%	38.28%	40.84%	36.84%
Non interest income to total income	"	26.52%	31.92%	34.81%	29.97%	30.40%	29.13%
Income /expense ratio (excluding provisions)	Times	1.33	1.38	1.42	1.48	1.76	1.53
Return on average equity (ROE) (including surplus)	%	9.98%	9.78%	9.02%	10.30%	12.56%	10.43%
Return on average assets (ROA)	"	0.46%	0.50%	0.55%	0.70%	0.94%	0.81%
Earning Per Share (EPS before tax)	Rs.	2.94	2.63	2.58	2.79	3.26	2.44
Earning Per Share (EPS after tax)	Rs.	1.73	1.62	1.51	1.70	2.01	1.44
Gross Advances to deposit ratio	%	70.35%	74.26%	76.01%	63.72%	65.25%	70.94%
Net Advances to deposit ratio	"	67.83%	71.07%	72.28%	59.70%	60.59%	66.25%
Break up value per share (net assets based)	Rs.	18.33	16.32	16.78	16.59	18.15	17.00
Earning Assets to total assets	%	86.58%	88.12%	88.62%	88.33%	87.62%	85.16%
Earning assets to interest bearing liabilities	Times	1.16	1.18	1.25	1.25	1.22	1.24
Weighted average cost of deposits	%	9.37%	6.12%	3.78%	3.47%	4.42%	6.18%
CASA to total deposits	"	63.26%	60.75%	69.64%	67.77%	68.60%	67.58%
NPLs to total advances ratio	"	5.13%	5.83%	5.93%	7.79%	9.60%	8.84%
Coverage ratio (Specific Provisions/NPLs)	"	69.46%	73.21%	82.39%	80.58%	73.97%	74.44%
Assets to Equity	Times	21.89	21.26	17.57	15.41	14.05	12.70
Total assets per share	Times	401.40	346.94	294.98	255.61	255.07	215.98
Deposits to shareholders' equity	Times	14.94	14.59	12.28	11.48	10.16	9.56
Risk Adequacy							
Tier I Capital	Rs.in Millions	21,152	18,442	15,963	15,329	15,032	13,916
Risk Weighted Assets (RWA)	"	157,799	159,389	161,971	141,609	128,905	124,596
Tier I to RWA	%	13.40%	11.57%	9.86%	10.82%	11.66%	11.17%
Capital Adequacy Ratio	"	15.79%	14.70%	12.77%	14.12%	15.39%	12.50%
Net Return on Average RWA	"	1.20%	1.11%	1.09%	1.39%	1.75%	1.37%
Stock Dividend -%							
Cash dividend per share	%	10%*	10%	7.50%	12.50%	12.50%	10%
Share Information							
Market Value per share-31 Dec	Rs.	9.85	12.67	13.40	17.65	15.13	12.33
- High during the year	"	13.24	14.40	19.20	17.9	15.35	16.73
- Low during the year	"	9.01	11.76	12.25	12.76	10.06	9.50
Market Capitalization	Rs.in Millions	10,859	13,968	14,773	19,458	16,680	13,593
Price to book value (net assets based)	Rs.	0.54	0.78	0.80	1.06	0.83	0.73
Price to Earning Ratio	Times	5.70	7.83	8.90	10.36	7.54	8.56
Industry Share							
Deposits	%	2.06%	1.86%	1.84%	1.78%	1.99%	1.96%
Advances	"	2.51%	2.36%	2.65%	2.40%	2.52%	2.59%
Non Financial Information							
No of branches	Absolute	308	295	290	288	266	246
No of permanent employees	"	3,026	2,823	2,847	2,715	2,715	2,639
ATMs	"	323	316	313	306	274	263

* Subject to shareholders' approval in the forthcoming AGM

PER BRANCH PERFORMANCE

GROSS ADVANCES
(Rs. in Millions)



DEPOSITS
(Rs. in Millions)



CASA
(Rs. in Millions)

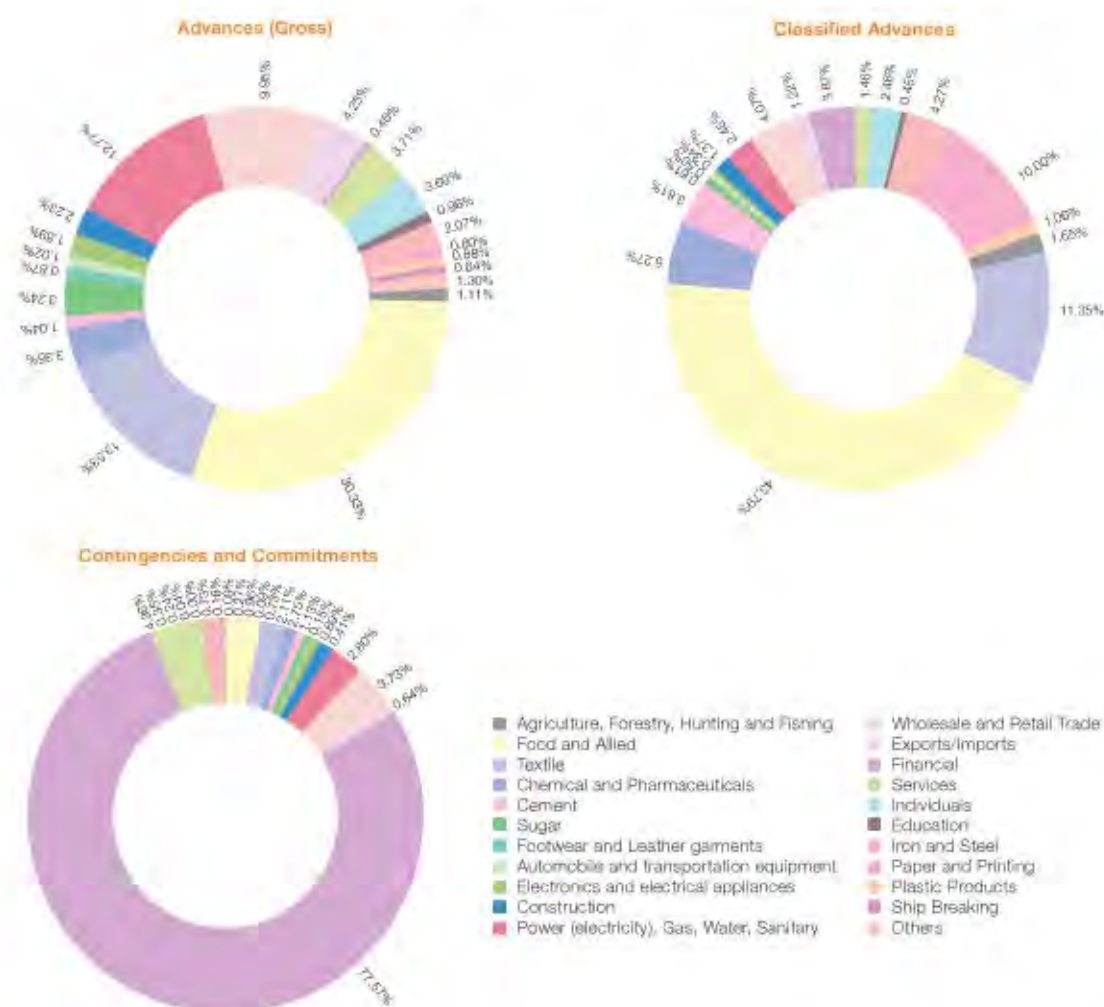


PROFIT BEFORE TAX
(Rs. in Millions)



CONCENTRATION OF ADVANCES, CLASSIFIED ADVANCES AND OFF-BALANCE SHEET ITEMS-31 DECEMBER 2019

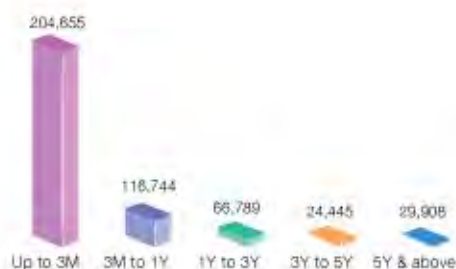
	Advances (Gross)		Classified Advances		Contingencies and Commitments	
	(Rupees in '000)	(Percent)	(Rupees in '000)	(Percent)	(Rupees in '000)	(Percent)
Agriculture, Forestry, Hunting and Fishing	2,369,292	1.11%	179,359	1.65%	216,548	0.09%
Food and Allied	64,450,550	30.33%	1,237,357	11.35%	6,862,623	2.80%
Textile	28,748,118	13.53%	4,773,782	43.79%	5,159,739	2.11%
Chemical and Pharmaceuticals	7,128,648	3.35%	574,860	5.27%	2,345,900	0.96%
Cement	2,205,011	1.04%	-	-	1,792,231	0.73%
Sugar	6,895,983	3.24%	415,539	3.81%	1,005,937	0.41%
Footwear and Leather garments	1,840,328	0.87%	66,521	0.61%	215,351	0.09%
Automobile and transportation equipment	2,173,810	1.02%	-	-	355,901	0.15%
Electronics and electrical appliances	4,014,139	1.89%	54,312	0.50%	1,701,729	0.69%
Construction	4,745,050	2.23%	36,908	0.34%	2,766,477	1.13%
Power (electricity), Gas, Water, Sanitary	27,134,901	12.77%	149,871	1.37%	6,733,032	2.75%
Wholesale and Retail Trade	21,138,428	9.95%	266,937	2.45%	9,139,680	3.73%
Exports/Imports	9,034,293	4.25%	443,490	4.07%	1,565,782	0.64%
Financial	967,098	0.46%	133,499	1.22%	189,949,268	77.57%
Services	7,887,436	3.71%	422,405	3.87%	10,686,022	4.36%
Individuals	7,649,927	3.60%	159,637	1.46%	-	-
Education	2,045,478	0.96%	-	-	104,571	0.04%
Iron & Steel	4,404,180	2.07%	267,842	2.46%	1,799,597	0.73%
Paper & Printing	1,698,585	0.80%	48,920	0.45%	854,498	0.35%
Plastic Products	1,864,674	0.88%	465,368	4.27%	657,317	0.27%
Ship Breaking	1,360,697	0.64%	1,090,746	10.00%	401,707	0.16%
Others	2,759,288	1.30%	115,245	1.06%	551,671	0.24%
	212,515,914	100.00%	10,902,598	100.00%	244,865,581	100.00%



MATURITIES OF ASSETS AND LIABILITIES 31 DECEMBER 2019 (CONTRACTUAL)

	Total	Up to 3M	3M to 1Y	1Y to 3Y	3Y to 5Y	5Y & above
	(Rupees in Millions)					
Assets						
Cash and balances with treasury banks	33,961	33,961	-	-	-	-
Balances with other banks	2,075	2,075	-	-	-	-
Lending to financial institutions	1,202	1,202	-	-	-	-
Investments - net	177,056	24,747	92,235	53,966	3,770	2,338
Advances - net	204,901	130,179	22,170	11,074	19,542	21,936
Fixed assets	8,329	217	838	1,480	1,069	4,725
Intangible assets	467	38	110	265	54	-
Other assets - net	14,550	12,236	1,391	4	10	909
	442,541	204,655	116,744	66,789	24,445	29,908
Liabilities						
Bills payable	3,961	3,961	-	-	-	-
Borrowings	95,705	67,450	26,399	68	79	1,709
Deposits and other accounts	302,083	256,024	44,225	1,537	297	-
Sub-ordinated loans	6,995	1	1	2	2,991	4,000
Deferred tax liabilities - net	951	-	951	-	-	-
Other liabilities	12,632	10,305	611	608	468	640
	422,327	337,741	72,187	2,215	3,835	6,349

ASSETS
(Rs. in Millions)



LIABILITIES
(Rs. in Millions)



KEY INTEREST BEARING ASSETS AND LIABILITIES

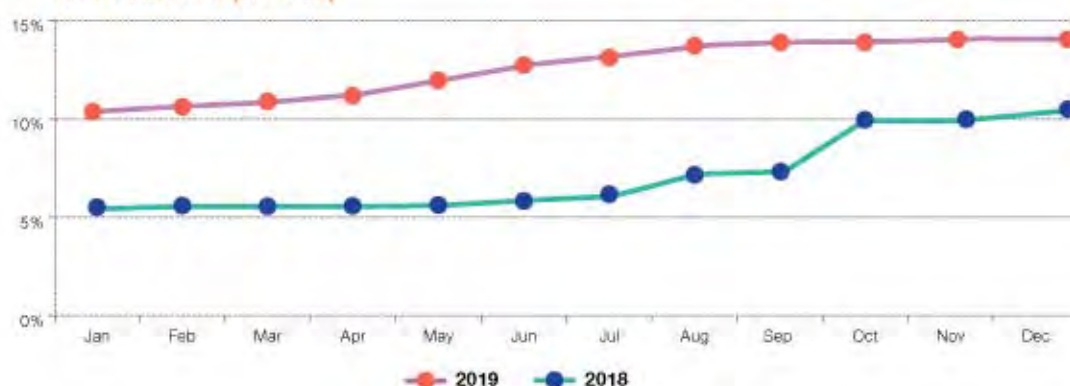
	2019			2018		
	Avg. Vol. (Rs. in Millions)	Effective Interest Rate %	Interest (Rs. in Millions)	Avg. Vol. (Rs. in Millions)	Effective Interest Rate %	Interest (Rs. in Millions)
Interest Bearing Assets						
Balance with other Banks	1,732	3.52	61	1,056	3.03	32
Lending to Financial Institutions	4,820	11.80	569	9,324	7.15	667
Advances (excluding NPLs)	192,213	12.38	23,794	163,208	7.81	12,741
Investments (excluding equity investments)	128,956	11.14	14,366	115,088	7.09	8,160
Interest Bearing Liabilities						
Deposits and other accounts	272,503	8.24	22,463	229,047	4.44	10,176
Sub-ordinated loans	6,995	13.65	955	4,180	8.74	365
Borrowings*	66,658	10.76	7,174	67,382	6.09	4,106

* Includes FCY swap cost

EFFECTIVE INTEREST RATE ON ASSETS AND LIABILITIES



KIBOR-8 MONTHS (AVERAGE)



STATEMENT OF VALUE ADDITION

Value added

Net Interest Income	7,926
Non interest income	2,861
Non-markup expenses excluding staff costs, depreciation, amortization, donation and WWF	(4,250)
Reversal/(Provision) and write off against advances, investments & others	589

Value added available for distribution

To employees

-Salaries, allowances and other benefits

To Govt

-Income tax

-Worker Welfare fund

To providers of capital

-Cash Dividends

To Society

-Donations

To expansion and growth

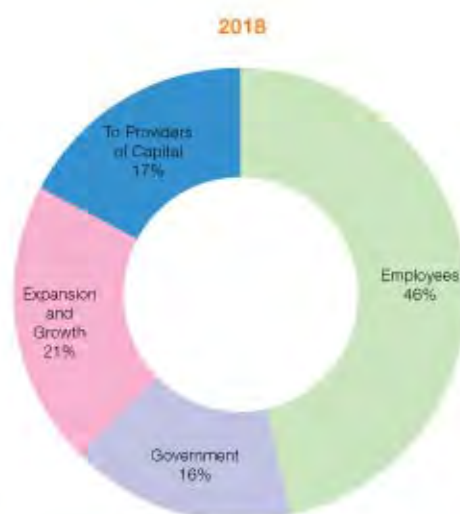
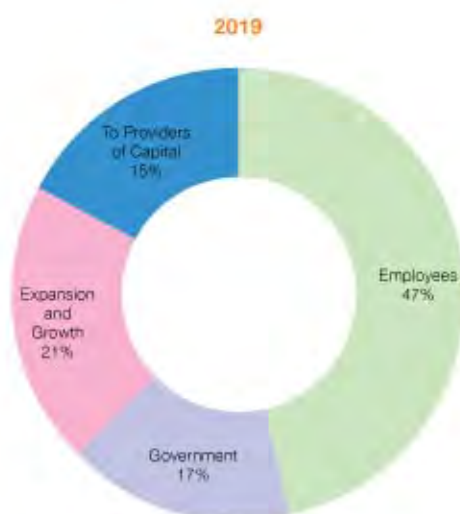
- Depreciation on Fixed Assets

- Amortization

-Retained in business

2019		2018	
(Rs. in Millions)	%	(Rs. in Millions)	%
7,926		6,953	
2,861		3,260	
(4,250)		(3,821)	
589		71	
7,126		6,463	
3,313	47%	2,990	46%
1,341	19%	1,120	17%
(121)	-2%	(61)	-1%
1,102*	15%	1,102	17%
16	0%	15	0%
534	8%	485	8%
137	2%	129	2%
804	11%	683	11%
7,126	100%	6,463	100%

* Subject to shareholders' approval in the forthcoming AGM



QUARTERLY PERFORMANCE 2019 & 2018

(Rs. In Millions)

Profit & Loss Account	2019				2018			
	4th Quarter	3rd Quarter	2nd Quarter	1st Quarter	4th Quarter	3rd Quarter	2nd Quarter	1st Quarter
Mark-up / Return / Interest Earned	11,803	11,532	7,960	7,495	6,485	5,642	4,815	4,658
Mark-up / Return / Interest Expensed	(9,845)	(9,460)	(6,124)	(5,435)	(4,397)	(4,022)	(3,252)	(2,976)
Net Mark-up Interest Income	1,958	2,072	1,836	2,060	2,088	1,620	1,563	1,682
Non-mark-up / interest income	1,139	629	427	665	790	765	775	930
Non-mark-up / interest expenses	(2,012)	(2,094)	(1,922)	(2,101)	(1,900)	(1,926)	(1,748)	(1,806)
Provisions and write offs	95	(174)	91	577	(242)	84	19	210
Profit before taxation	1,180	433	432	1,201	736	543	609	1,016
Taxation	(485)	(197)	(180)	(478)	(246)	(225)	(293)	(356)
Profit after taxation	695	236	252	723	490	318	316	660
Statement of Financial Position								
ASSETS								
Cash and balances with treasury	33,961	24,528	30,106	22,835	26,020	22,307	24,302	19,492
Balances with other banks	2,075	1,693	2,241	2,145	1,180	1,716	1,572	884
Lending to financial institutions	1,202	4,503	101	5,826	3,921	5,357	7,550	8,047
Investment-net	177,056	210,957	107,692	84,818	146,646	107,138	157,487	94,971
Advances-net	204,901	199,275	200,557	190,371	186,475	173,666	168,219	161,603
Fixed assets	8,329	8,259	8,284	6,332	6,239	6,334	6,272	6,482
Intangible assets	467	377	408	439	454	377	342	96
Other assets	14,550	14,753	15,972	13,774	11,563	11,215	9,056	8,974
Total Assets	442,541	464,345	365,361	326,540	362,498	328,110	374,800	300,549
Liabilities								
Bills payable	3,961	3,521	4,281	3,844	3,994	3,926	4,465	4,679
Borrowings	95,705	142,792	36,114	27,480	81,963	48,815	98,715	51,059
Deposits & other accounts	302,083	280,563	287,771	258,791	262,379	241,229	243,417	215,188
Sub-ordinated loans	6,995	6,995	6,995	6,996	6,996	2,996	2,997	2,997
Deferred tax liabilities -net	951	348	74	181	120	438	628	845
Other liabilities	12,632	11,562	12,315	11,473	9,057	12,533	6,375	7,550
Total Liabilities	422,327	445,781	347,550	308,765	364,509	309,937	356,597	282,318
Equity								
Share Capital	11,025	11,025	11,025	11,025	11,025	11,025	11,025	11,025
Reserves	2,490	2,351	2,304	2,253	2,109	2,011	1,948	1,884
Un-appropriated profit	4,805	954	452	688	4,312	3,897	3,625	3,418
Surplus on revaluation of assets	1,894	4,234	4,030	3,809	543	1,240	1,605	1,904
Total Equity	20,214	18,564	17,811	17,775	17,989	18,173	18,203	18,231

SIX YEARS' VERTICAL ANALYSIS STATEMENT OF FINANCIAL POSITION / PROFIT & LOSS ACCOUNT

	2019		2018		2017		2016		2015		2014	
Statement of Financial Position	Rs. in Mn	%	Rs. in Mn	%	Rs. in Mn	%	Rs. in Mn	%	Rs. in Mn	%	Rs. in Mn	%
ASSETS												
Cash and balances with treasury banks	33,961	8%	26,020	7%	19,431	6%	18,279	6%	16,718	7%	15,776	7%
Balances with other banks	2,075	0%	1,180	0%	1,151	0%	823	0%	1,635	1%	575	0%
Lending to financial institutions	1,202	0%	3,921	1%	6,503	2%	5,522	2%	3,094	1%	604	0%
Investment-net	177,056	41%	146,646	38%	117,429	36%	117,884	43%	108,846	42%	75,716	35%
Advances-net	204,901	46%	186,475	49%	164,293	51%	125,306	44%	112,002	44%	107,968	50%
Fixed assets	8,329	2%	6,239	2%	6,464	2%	4,936	2%	4,884	2%	4,953	2%
Intangible assets	467	0%	454	0%	117	0%	202	0%	73	0%	61	0%
Deferred tax assets-net	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%
Other assets	14,550	3%	11,563	3%	9,831	3%	8,853	3%	8,403	3%	10,820	5%
Total Assets	442,541	100%	382,498	100%	325,219	100%	281,805	100%	255,655	100%	216,473	100%
Liabilities and Equity												
Bills payable	3,961	1%	3,994	1%	4,895	2%	4,164	1%	3,077	1%	3,063	1%
Borrowings	95,705	22%	81,963	21%	64,584	20%	38,905	15%	39,876	16%	25,825	12%
Customer deposits	302,083	67%	262,379	69%	227,304	69%	209,894	75%	184,847	72%	162,964	75%
Subordinated debt	6,995	2%	6,996	2%	2,998	1%	2,999	1%	3,000	1%	-	0%
Deferred tax liabilities-net	951	0%	120	0%	936	0%	1,138	0%	1,417	1%	1,420	1%
Other liabilities	12,632	3%	9,057	2%	5,997	2%	6,416	2%	5,246	2%	6,162	3%
Total Liabilities	422,327	95%	364,509	95%	306,714	94%	263,516	94%	237,463	93%	199,434	92%
Share Capital	11,025	2%	11,025	3%	11,025	3%	11,025	4%	10,023	4%	10,023	5%
Reserves	2,490	1%	2,109	1%	1,753	1%	1,424	0%	1,049	0%	934	1%
Surplus on revaluation of assets	1,894	0%	543	0%	2,095	1%	2,393	1%	2,856	1%	2,932	1%
Un-appropriated profit	4,805	2%	4,312	1%	3,632	1%	3,447	1%	4,264	2%	3,150	1%
Total Equity	20,214	5%	17,989	5%	18,505	6%	18,289	6%	18,192	7%	17,039	8%
Profit & Loss account												
Interest / Return / Non Interest Income												
Mark-up / Return / Interest Earned	38,790	93%	21,600	87%	18,504	84%	17,524	86%	18,320	85%	16,906	87%
Fee, Commission and Exchange income	3,015	7%	2,694	11%	2,016	10%	1,711	8%	1,926	9%	1,990	10%
Capital Gain and Dividend Income	(192)	0%	519	2%	1,399	6%	1,131	6%	1,284	6%	535	3%
Other income	37	0%	47	0%	41	0%	29	0%	57	0%	35	0%
Total Income	41,650	100%	24,860	100%	21,960	100%	20,395	100%	21,587	100%	19,466	100%
Mark-up / Return / Non Interest Expense												
Mark-up / Return / Non Interest Expensed	30,864	74%	14,647	59%	12,032	55%	10,815	53%	10,839	50%	10,677	55%
Non mark-up / interest expenses	8,129	19%	7,380	29%	7,003	32%	6,454	32%	6,098	29%	5,744	30%
(Reversal) / Provisions and write-offs - net	(589)	-1%	(71)	0%	78	0%	49	0%	1,054	5%	603	3%
Taxation	1,340	3%	1,120	5%	1,187	5%	1,198	6%	1,383	6%	860	4%
Total Expenses	39,744	95%	23,076	93%	20,300	92%	18,516	91%	19,374	90%	17,884	92%
Profit after taxation	1,906	5%	1,784	7%	1,660	8%	1,879	9%	2,213	10%	1,582	8%

SIX YEARS' HORIZONTAL ANALYSIS STATEMENT OF FINANCIAL POSITION / PROFIT & LOSS ACCOUNT

	2019	2019 vs 2018	2018	2018 vs 2017	2017	2017 vs 2016	2016	2016 vs 2015	2015	2015 vs 2014	2014	2014 vs 2013
Statement of Financial Position	Rs. in Mn	%	Rs. in Mn	%	Rs. in Mn	%	Rs. in Mn	%	Rs. in Mn	%	Rs. in Mn	%
ASSETS												
Cash and balances with treasury banks	33,961	31%	26,020	34%	19,431	6%	18,279	9%	16,718	6%	15,776	24%
Balances with other banks	2,075	76%	1,180	3%	1,151	40%	823	-50%	1,635	184%	575	-19%
Lending to financial institutions	1,202	-69%	3,921	-40%	6,503	18%	5,522	78%	3,094	412%	604	-80%
Investment-net	177,056	21%	146,646	25%	117,429	0%	117,884	8%	108,846	44%	75,716	62%
Advances-net	204,901	10%	186,475	14%	164,293	31%	125,306	12%	112,002	4%	107,968	11%
Fixed assets	8,329	33%	6,239	-3%	6,464	31%	4,936	0%	4,884	-1%	4,953	35%
Intangible assets	467	3%	454	288%	117	-42%	202	177%	73	20%	61	-21%
Deferred tax assets-net	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	14,550	26%	11,563	18%	9,831	11%	8,853	5%	8,403	-22%	10,820	15%
Total Assets	442,541	16%	382,498	18%	325,219	15%	281,805	-10%	255,655	18%	216,473	25%
Liabilities and Equity												
Bills payable	3,961	-1%	3,994	-18%	4,895	18%	4,164	35%	3,077	0%	3,063	13%
Borrowings	95,705	17%	81,963	27%	64,584	66%	38,905	-2%	39,876	54%	25,825	146%
Customer deposits	302,083	15%	262,379	15%	227,304	8%	209,894	14%	184,847	13%	162,964	16%
Subordinated debt	6,995	0%	6,996	133%	2,998	0%	2,999	0%	3,000	0%	-	0%
Deferred tax liabilities-net	951	693%	120	-87%	936	-18%	1,138	-20%	1,417	0%	1,420	100%
Other liabilities	12,632	39%	9,057	51%	5,997	-7%	6,416	22%	5,246	-15%	6,162	-11%
Total Liabilities	422,327	16%	364,509	19%	306,714	16%	263,516	11%	237,463	19%	199,434	24%
Share Capital	11,025	0%	11,025	0%	11,025	0%	11,025	10%	10,023	0%	10,023	0%
Reserves	2,490	18%	2,109	20%	1,753	23%	1,424	36%	1,049	12%	934	51%
Surplus on revaluation of assets	1,894	249%	543	-74%	2,095	-12%	2,393	-16%	2,856	-3%	2,932	252%
Un-appropriated profit	4,805	11%	4,312	19%	3,632	5%	3,447	-19%	4,264	35%	3,150	74%
Total Equity	20,214	12%	17,989	-3%	18,505	1%	18,289	1%	18,192	7%	17,039	28%
Profit & Loss Account												
Interest / Return / Non Interest Income												
Mark-up / Return / Interest Earned	38,790	80%	21,600	17%	18,504	6%	17,524	-4%	18,320	8%	16,906	24%
Fee, Commission and Exchange income	3,015	12%	2,694	34%	2,016	18%	1,711	-11%	1,926	-3%	1,990	9%
Capital Gain and Dividend Income	(192)	-137%	519	-63%	1,399	24%	1,131	-12%	1,284	140%	535	-14%
Other income	37	-21%	47	15%	41	41%	29	-49%	57	63%	35	59%
Total Income	41,650	68%	24,860	13%	21,960	8%	20,395	-6%	21,587	11%	19,466	21%
Mark-up / Return / Non Interest Expense												
Mark-up / Return / Non Interest Expensed	30,864	111%	14,647	22%	12,032	11%	10,815	0%	10,839	2%	10,677	19%
Non mark-up / Interest expenses	8,129	10%	7,380	5%	7,003	9%	6,454	6%	6,098	6%	5,744	19%
(Reversal) / Provisions and write-offs - net	(589)	730%	(71)	-191%	78	59%	49	-95%	1,054	75%	603	-21%
Taxation	1,340	20%	1,120	-6%	1,187	-1%	1,198	-13%	1,383	61%	860	74%
Total Expenses	39,744	72%	23,076	14%	20,300	-10%	18,516	-4%	19,374	8%	17,884	19%
Profit after taxation	1,906	7%	1,784	7%	1,660	-12%	1,879	-15%	2,213	40%	1,582	53%

CASH FLOW STATEMENT DIRECT METHOD

CASH FLOW FROM OPERATING ACTIVITIES

Markup / return / interest and commission receipts
Markup / return / interest payments
Cash payments to employees, suppliers and others

(Increase) / decrease in operating assets

Lendings to financial institutions
Held-for-trading securities
Advances - net
Others assets - (excluding advance taxation)

Increase / (decrease) in operating liabilities

Bills payable
Borrowings
Deposits and other accounts
Other liabilities

Income tax paid

Net cash flow generated from operating activities

CASH FLOW FROM INVESTING ACTIVITIES

Net investments in securities
Dividend received
Investment in operating fixed assets (including intangible assets)
Proceeds from disposal of fixed assets

Net cash flow used in investing activities

CASH FLOW FROM FINANCING ACTIVITIES

Receipts / payments of subordinated debt
Dividend paid

Net cash flow (used in) / generated from financing activities

Increase in cash and cash equivalents

Cash and cash equivalents at the beginning of the period
Cash and cash equivalents at the end of the period

CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD

Cash and balances with treasury banks
Balances with other banks

2019	2018
(Rupees in '000)	
38,569,735	24,094,188
(28,731,345)	(13,028,591)
(7,465,521)	(6,813,045)
2,372,869	4,252,552
2,719,027	2,581,417
1,468,016	3,299,502
(17,869,821)	(22,210,061)
78,828	(1,280,952)
(13,603,950)	(17,610,094)
(32,568)	(901,922)
13,940,843	17,368,132
39,704,224	35,074,661
(863,313)	1,456,473
52,749,186	52,997,344
41,518,105	39,639,802
(1,092,471)	(966,397)
40,425,634	38,673,405
(29,807,564)	(34,808,501)
339,921	278,049
(848,746)	(738,604)
29,619	30,170
(30,286,770)	(35,238,886)
(1,200)	3,998,800
(1,102,463)	(826,848)
(1,103,663)	3,171,952
9,035,201	6,606,471
26,911,493	20,305,022
35,946,694	26,911,493
33,961,308	26,019,679
1,985,386	891,814
35,946,694	26,911,493

INDIRECT METHOD - SUMMARY

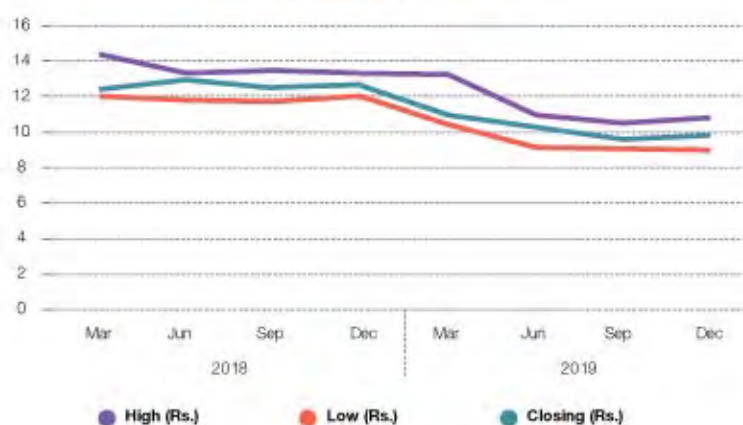
	2019	2018	2017	2016	(Rupees in Million)	
					2015	2014
Cash flow from operating activities	40,426	38,673	(5,930)	12,284	33,745	30,230
Cash flow from investing activities	(30,287)	(35,239)	8,650	(10,288)	(33,396)	(27,389)
Cash flow from financing activities	(1,104)	3,172	(1,379)	(1,379)	1,898	-
Cash and cash equivalent at the beginning of the year	26,911	20,305	18,964	18,347	16,102	13,261
Cash and cash equivalent at the end of the year	35,946	26,911	20,305	18,964	18,347	16,102



MARKET STATISTICS OF SNBL SHARES

Year	Market Share Price Trend			
	Quarter end	High (Rs.)	Low (Rs.)	Closing (Rs.)
2018	March	14.40	12.06	12.40
	June	13.35	11.78	12.97
	September	13.49	11.76	12.49
	December	13.36	12.00	12.67
2019	March	13.24	10.40	10.99
	June	11.00	9.12	10.25
	September	10.50	9.06	9.60
	December	10.80	9.01	9.85

Market Share Price Trend



Historical Trend vs KSE Index
(2014-2019)



Year ended	2014	2015	2016	2017	2018	2019
Share Price (Rs.)	12.33	15.13	17.65	13.40	12.67	9.85
KSE-100TM Index	32,131	32,812	47,807	40,471	37,067	40,735

SCRIPTING GROWTH

Every year at Soneri Bank, our progress is penned down to showcase our outcomes. These results are the reflection of our persistent pursuit of success with a prudent approach to business.

Financial Statements



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Soneri Bank Limited (the Bank), which comprise the statement of financial position as at 31 December 2019, and the profit and loss account, the statement of comprehensive income, the statement of changes in equity and cash flow statement for the year then ended, along with unaudited certified returns received from the branches except for forty branches which have been audited by us and notes to the financial statements, including a summary of significant accounting policies and other explanatory information and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the profit and loss account, the statement of comprehensive income, the statement of changes in equity and cash flow statement together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan, and, give the information required by the Banking Companies Ordinance, 1962 and the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Bank's affairs as at 31 December 2019 and of the profit, the comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key Audit Matters:

SNs	Key Audit Matters	How the matter was addressed in our audit
1	Provision against advances (Refer note 9.3 to the financial statements)	
	<p>The Bank makes provision against advances on a time based criteria that involves ensuring all nonperforming loans and advances are classified in accordance with the ageing criteria specified in the Prudential Regulations (PRs) issued by the State Bank of Pakistan (SBP).</p> <p>In addition to the above time based criteria the PRs require a subjective evaluation of the credit worthiness of borrowers to determine the classification of advances.</p> <p>The PRs also require the creation of general provision for the consumer portfolio.</p> <p>The Bank has recognized a net reversal against advances amounting to Rs. 672.6 million in the profit and loss account in the current year. As at 31 December 2019, the Bank holds a provision of Rs 7,614.6 million against advances.</p> <p>The determination of provision against advances based on the above criteria remains a significant area of judgement and estimation. Because of the significance of the impact of these judgements / estimations and the materiality of advances relative to the overall statement of financial position of the Bank, we considered the area of provision against advances as a key audit matter.</p>	<p>Our audit procedures to verify provision against advances, amongst others, included the following:</p> <ul style="list-style-type: none"> Reviewed the design and tested the operating effectiveness of key controls established by the Bank to identify loss events and for determining the extent of provisioning required against non-performing loans. <p>The testing of controls included testing of:</p> <ul style="list-style-type: none"> automated (IT system based) controls over correct classification of non-performing advances on time based criteria; controls over monitoring of advances with higher risk of default and correct classification of non-performing advances on subjective criteria; controls over accurate computation and recording of provisions; and controls over the governance and approval process related to provisions, including continuous reassessment by the management. <p>In accordance with the regulatory requirement, we sampled and tested at least sixty percent of the total advances portfolio and performed the following substantive procedures for sample loan accounts:</p>

ISBIL	Key Audit Matters	How the matter was addressed in our audit
		<ul style="list-style-type: none"> • verified repayments of loan / markup installments and checked that non-performing loans have been correctly classified and categorized based on the number of days overdue; and • examined watch list accounts and, based on review of the individual facts and circumstances, discussions with management and our assessment of financial conditions of the borrowers, formed a judgement as to whether classification of these accounts as performing was appropriate. • Checked the accuracy of specific provision made against nonperforming advances and of general provision made against consumer finance by recomputing the provision amount after considering the benefit of forced sales value, if any, in accordance with the criteria prescribed under the PRs. • Where the management has not identified indicators displaying impairment, reviewed the credit history, account movement, financial ratios, report on security maintained and challenged the management's assessment based on our view of the credit from the review of credit file.
2	Valuation of investments (Refer note 8 to the financial statements)	
	<p>The carrying value of investments held by the Bank amounted to Rs. 177,056.12 million, which constitutes 40.01% of the Bank's total assets as at 31 December 2019.</p> <p>The significant portion of the investments comprise of equity, debt and government securities. Investments are carried at cost or fair value in accordance with the Bank's accounting policy relating to their recognition and measurement. Provision against investments is made based on impairment policy of the Bank which includes both objective and subjective factors.</p> <p>We identified assessing the carrying value of the investment as a key audit matter because of its significance to the financial statements and because assessing the key impairment assumptions involves a significant degree of management judgment.</p>	<p>Our audit procedures to verify valuation of investments, amongst others, included the following:</p> <ul style="list-style-type: none"> • Assessed the design and tested operating effectiveness of the relevant controls in place relating to valuation of investments; • Checked on a test basis the valuation of investments in the portfolio, as recorded in the general ledger, to supporting documents, externally quoted market prices and break-up values including the significant and prolonged decline in fair value of equity investments for impairment; • Obtained independent confirmations for verifying the existence of the investment portfolio as at 31 December 2019 and reconciled it with the books and records of the Bank. Where such confirmations were not available, alternate procedures were performed; • Evaluated the Bank's assessment of available-for sale and held to maturity financial assets for any additional impairment in accordance with the relevant accounting standards as applicable in Pakistan and performed an independent assessment of the assumptions and conclusions; and • Considered the Bank's disclosures of investments, such as the fair value hierarchy, to the requirements of the accounting standards.
3	Compliance with Anti Money Laundering / Combating the Financing of terrorism (AML / CFT) Regulations (Refer note 16 to the financial statements)	
	<p>The carrying value of the Bank's deposits as at 31 December 2019 was Rs. 302,082.9 million.</p> <p>The State Bank of Pakistan (SBP) and other international agencies are closely monitoring the compliance with AML / CFT Regulations and identifying non-compliances with aforementioned regulations.</p>	<p>Our audit procedures to assess the compliance with the AML / CFT Regulations, amongst others, included the following:</p> <ul style="list-style-type: none"> • Reviewed the design and tested the operating effectiveness of key controls established by the Bank in relation to customers on-boarding, transaction monitoring system, alerts reporting and settlement mechanism;

S.No.	Key Audit Matters	how the matter was addressed in our audit
	We considered this area as a key audit matter due to the nature of industry / jurisdiction and high level of reputational and financial risk that the Bank is exposed, along with the possible financial impact in the event of non-compliance.	<ul style="list-style-type: none"> Reviewed the Bank's documentation and reporting and assessed the design and implementation of key controls over its compliance; Inquired with the Bank's internal and external legal advisors in respect of legal matters; and Inspected / reviewed reports and minutes of the board meetings to identify potential non-compliances and maintained high level of vigilance when carrying out audit procedures on the aforementioned regulations.

Information other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The Other Information comprises the information included in the Bank's Annual Report but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting and reporting standards as applicable in Pakistan, the requirements of Banking Companies Ordinance, 1962 and the Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

The Board of directors is responsible for overseeing the Bank's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide to the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. Based on our audit, we further report that in our opinion:

- proper books of account have been kept by the Bank / branches as required by the Companies Act, 2017 (XIX of 2017) and the returns referred above from the branches have been found adequate for the purpose of our audit;
- the statement of financial position, the profit and loss account, the statement of comprehensive income, the statement of changes in equity and the cash flow statement together with the notes thereon have been drawn up in conformity with the Banking Companies Ordinance, 1962 and the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- investments made, expenditure incurred and guarantees extended during the year were in accordance with the objects and powers of the Bank and the transactions of the Bank which have come to our notice have been within the powers of the Bank; and
- zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Bank and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

2. We confirm that for the purpose of our audit we have covered more than sixty per cent of the total loans and advances of the Bank.

Other Matter

The financial statements of the Bank for the year ended 31 December 2018 were audited by another firm of Chartered Accountants who had expressed an unmodified opinion thereon dated 1 March 2019.

The engagement partner on the audit resulting in this independent auditors' report is Aryn Malik.

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

Note	2019	2018
----- (Rupees in '000) -----		
ASSETS		
Cash and balances with treasury banks	5 33,961,308	26,019,679
Balances with other banks	6 2,074,533	1,179,612
Lendings to financial institutions	7 1,202,243	3,921,270
Investments	8 177,056,116	146,645,533
Advances	9 204,901,313	186,475,183
Fixed assets	10 8,328,905	6,238,673
Intangible assets	11 466,686	454,536
Deferred tax assets	-	-
Other assets	12 14,549,678	11,563,302
	442,540,782	382,497,788
LIABILITIES		
Bills payable	14 3,960,957	3,993,525
Borrowings	15 95,705,109	81,962,917
Deposits and other accounts	16 302,082,985	262,378,761
Liabilities against assets subject to finance lease	-	-
Subordinated debt	17 6,995,200	6,996,400
Deferred tax liabilities	18 951,458	120,054
Other liabilities	19 12,631,477	9,057,257
	422,327,187	364,508,914
NET ASSETS		
	20,213,595	17,988,874
REPRESENTED BY		
Share capital	20 11,024,636	11,024,636
Reserves	2,490,432	2,109,227
Surplus on revaluation of assets	21 1,893,455	542,637
Unappropriated profit	4,805,072	4,312,374
	20,213,595	17,988,874
CONTINGENCIES AND COMMITMENTS		
22		

The annexed notes 1 to 50 and Annexures I to III form an integral part of these financial statements.

Alauddin Feerasta
Chairman

Mohammad Aftab Manzoor
President & Chief Executive Officer

Mirza Zafar Baig
Chief Financial Officer

Nooruddin Feerasta
Director

Inam Elahi
Director

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019	2018
----- (Rupees in '000) -----			
Mark-up / return / interest earned	23	38,790,413	21,599,792
Mark-up / return / interest expensed	24	30,864,247	14,646,799
Net mark-up / interest income		7,926,166	6,952,993
Non mark-up / interest income			
Fee and commission income	25	1,874,447	1,705,716
Dividend income		332,221	258,938
Foreign exchange income		1,141,514	988,637
(Loss) / gain on securities - net	26	(523,831)	260,127
Other income	27	36,811	46,753
Total non-markup / interest Income		2,861,162	3,260,171
Total income		10,787,328	10,213,164
Non mark-up / interest expenses			
Operating expenses	28	8,190,466	7,420,176
Workers' Welfare Fund - net	29	(120,733)	(61,077)
Other charges	30	59,748	20,484
Total non mark-up / interest expenses		8,129,481	7,379,583
Profit before provisions		2,657,847	2,833,581
(Reversals) / provisions and write offs - net	31	(588,899)	(71,072)
Extraordinary / unusual items		-	-
Profit before taxation		3,246,746	2,904,653
Taxation	32	1,340,722	1,120,989
Profit after taxation		1,906,024	1,783,664
----- (Rupees) -----			
Basic earnings per share	33	1.7289	1.6179
Diluted earnings per share	34	1.7289	1.6179

The annexed notes 1 to 50 and Annexures I to III form an integral part of these financial statements.

Alauddin Feerasta
Chairman

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President & Chief Executive Officer

Mirza Zafar Baig
Chief Financial Officer

Nooruddin Feerasta
Director

Inam Elahi
Director

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019	2018
----- (Rupees in '000) -----			
Profit after taxation for the year		1,906,024	1,783,664
Other comprehensive income			
Items that may be reclassified to profit and loss account in subsequent periods:			
Movement in deficit on revaluation of investments - net of tax		1,346,104	(1,489,708)
Items that will not be reclassified to profit and loss account in subsequent periods:			
Remeasurement (loss) / gain on defined benefit obligations - net of tax	39.8.2	(985)	17,167
Movement in surplus on revaluation of non banking assets - net of tax	21.2	76,041	-
		75,056	17,167
Total comprehensive income		3,327,184	311,123

The annexed notes 1 to 50 and Annexures I to III form an integral part of these financial statements.

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President & Chief Executive Officer

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Chief Financial Officer

Nooruddin Feerasta
Director

Inam Elahi
Director

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		3,246,746	2,904,653
Less: dividend income		332,221	258,938
		2,914,525	2,645,715
Adjustments:			
Depreciation on fixed assets	10.2	533,943	485,423
Depreciation on ijarah assets		116,119	113,542
Depreciation on right-of-use assets		291,597	-
Amortisation	11	136,649	129,216
Finance charge on lease liability against right-of-use assets		271,575	-
(Reversals) / provisions and write offs - net	31	(588,899)	(71,072)
Gain on sale of fixed assets - net	27	(10,390)	(26,471)
(Reversal) / provision of Workers' Welfare Fund - net	29	(120,733)	(61,077)
Unrealised gain on revaluation of investments classified as held-for-trading	26	(2,458)	(1,145)
		627,403	568,416
		3,541,928	3,214,131
(Increase) / decrease in operating assets			
Lendings to financial institutions		2,719,027	2,581,417
Held-for-trading securities		1,468,016	3,299,502
Advances		(17,869,821)	(22,210,061)
Others assets (excluding advance taxation)		(3,255,319)	(1,933,274)
		(16,938,097)	(18,262,416)
Increase / (decrease) in operating liabilities			
Bills payable		(32,568)	(901,922)
Borrowings from financial institutions		13,940,843	17,368,132
Deposits		39,704,224	35,074,661
Other liabilities		1,301,775	3,147,143
		54,914,274	54,688,014
Income tax paid		(1,092,471)	(966,397)
Net cash flow generated from operating activities		40,425,634	38,673,332
CASH FLOWS FROM INVESTING ACTIVITIES			
Net investments in available-for-sale securities		(23,609,885)	(35,258,354)
Net investments in held-to-maturity securities		(6,197,679)	449,853
Dividend received		339,921	278,049
Investments in operating fixed assets		(848,746)	(738,604)
Proceeds from sale of fixed assets		29,819	30,243
Net cash flow used in investing activities		(30,286,770)	(35,238,813)
CASH FLOWS FROM FINANCING ACTIVITIES			
(Payments) / receipts of subordinated debt		(1,200)	3,998,800
Dividend paid		(1,102,463)	(826,848)
Net cash flow (used in) / generated from financing activities		(1,103,663)	3,171,952
Increase in cash and cash equivalents		9,035,201	6,606,471
Cash and cash equivalents at beginning of the year		26,911,493	20,305,022
Cash and cash equivalents at end of the year	36	35,946,694	26,911,493

The annexed notes 1 to 50 and Annexures I to III form an integral part of these financial statements.

Alauddin Feerasta
Chairman

Mohammad Aftab Manzoor
President & Chief Executive Officer

Mirza Zafar Baig
Chief Financial Officer

Nooruddin Feerasta
Director

Inam Elahi
Director

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

Note	Share capital	Statutory reserve (a)	Surplus / (deficit) on revaluation of		Unappropriated profit	Total
			Investments	Fixed assets / Non Banking assets		
----- (Rupees in '000) -----						
Balance as at 31 December 2017	11,024,636	1,752,494	142,972	1,952,127	3,632,370	18,504,599
Comprehensive income for the year						
- Profit after taxation for the year ended 31 December 2018	-	-	-	-	1,783,664	1,783,664
Other comprehensive income / (loss)						
- Movement in surplus / (deficit) on revaluation of investments - net of tax	-	-	(1,489,708)	-	-	(1,489,708)
- Remeasurement gain on defined benefit obligations - net of tax	-	-	-	-	17,167	17,167
	-	-	(1,489,708)	-	1,800,831	311,123
Transfer to statutory reserve	-	356,733	-	-	(356,733)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	21.1	-	-	(62,754)	62,754	-
Transactions with owners recorded directly in equity						
Final cash dividend for the year ended 31 December 2017 at Re. 0.75 per share	-	-	-	-	(826,848)	(826,848)
Balance as at 31 December 2018	11,024,636	2,109,227	(1,346,736)	1,889,373	4,312,374	17,988,874
Comprehensive income for the year						
- Profit after taxation for the year ended 31 December 2019	-	-	-	-	1,906,024	1,906,024
Other comprehensive income / (loss)						
- Movement in surplus / (deficit) on revaluation of investments - net of tax	-	-	1,346,104	-	-	1,346,104
- Remeasurement loss on defined benefit obligations - net of tax	-	-	-	-	(985)	(985)
- Movement in surplus on revaluation of non banking assets	21.2	-	-	76,041	-	76,041
	-	-	1,346,104	76,041	1,905,039	3,327,184
Transfer to statutory reserve	-	381,205	-	-	(381,205)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	21.1	-	-	(71,327)	71,327	-
Transactions with owners recorded directly in equity						
Final cash dividend for the year ended 31 December 2018 at Re 1.00 per share	49.1	-	-	-	(1,102,463)	(1,102,463)
Balance as at 31 December 2019	11,024,636	2,490,432	(632)	1,894,087	4,805,072	20,213,595

(a) This represents reserve created under section 21(f)(a) of the Banking Companies Ordinance, 1962.

(b) As explained in note 9.3.4 to these financial statements, unappropriated profit includes an amount of Rs. 1,718,033 million - net of tax as at 31 December 2019 (31 December 2018: Rs. 1,107,124 million) representing additional profit arising from availing forced sales value benefit for determining provisioning requirement which is not available for distribution either as cash or stock dividend to shareholders and bonus to employees.

The annexed notes 1 to 50 and Annexures I to III form an integral part of these financial statements.

Alauddin Feerasta
Chairman

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President & Chief Executive Officer

Mirza Zafar Baig
Chief Financial Officer

Nooruddin Feerasta
Director

Inam Elahi
Director

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

1 STATUS AND NATURE OF BUSINESS

Soneri Bank Limited ("the Bank") was incorporated in Pakistan on 28 September 1991 as a public limited Bank under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). Its registered office and central office are situated at Rupali House 241-242, Upper Mall Scheme, Anand Road, Lahore, Punjab and at 10th Floor, PNSC Building, M.T. Khan Road, Karachi respectively. The shares of the Bank are quoted on Pakistan Stock Exchange Limited. The Bank is engaged in banking services as described in the Banking Companies Ordinance, 1962 and operates with 308 branches including 25 Islamic banking branches (2018: 295 branches including 21 Islamic banking branches) in Pakistan. The credit rating of the Bank is disclosed in note 37 to the financial statements.

2 BASIS OF PRESENTATION

These financial statements have been prepared in conformity with the format of financial statements prescribed by the State Bank of Pakistan (SBP) vide BSD Circular No. 02, dated 25 January 2018.

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 appropriate portion of mark-up thereon. However, the Islamic Banking branches of the Bank have complied with the requirements set out under the Islamic Financial Accounting Standards (IFAS), issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the provisions of Companies Act, 2017.

The financial results of all Islamic banking branches of the Bank have been consolidated in these financial statements for reporting purposes, after eliminating material intra branch transactions / balances. The financial results of all Islamic banking branches are disclosed in Annexure II to these financial statements.

2.1 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards comprise of:

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the Companies Act, 2017;
- Provisions of and directives issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017; and
- Directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP) from time to time.

Whenever the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017, or the directives issued by SBP and the SECP differ with the requirements of IFRS or IFAS, the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives shall prevail.

The SBP, vide its BSD Circular Letter no. 10 dated 26 August 2002 has deferred the applicability of International Accounting Standard 39, Financial Instruments: Recognition and Measurement and International Accounting Standard 40, Investment Property, for banking companies till further instructions. Moreover, SBP vide BPRD circular no. 4, dated 25 February 2015 has deferred the applicability of Islamic Financial Accounting Standards (IFAS) 3, Profit and Loss Sharing on Deposits. Further, the SECP, through S.R.O 411(1) / 2008 dated 28 April 2008, has deferred the applicability of IFRS 7, Financial Instruments: Disclosures, to banks. Accordingly, the requirements of these standards have not been considered in the preparation of these financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars.

2.2 Standards, interpretations and amendments to published accounting and reporting standards that are effective in the current year:

IFRS 16, Leases and IFRS 15, Revenue from contracts with customers, became effective for annual reporting periods commencing on or after 1 January 2019. The impact of the adoption of these standards is disclosed in notes 4.1.1 and 4.1.2 to these financial statements.

In addition to the above, there are certain new standards, amendments and interpretations that are mandatory for the Bank's accounting periods beginning on or after 01 January 2019 but are considered not to be relevant or do not have any significant effect on the Bank's operations and are, therefore, not disclosed in these financial statements.

3.3 Standards, interpretations and amendments to published accounting and reporting standards that are not yet effective

2.9.1 The following new standards and interpretations of and amendments to existing accounting standards will be effective from the dates mentioned below against the respective standard, interpretation or amendment:

Standard, Interpretations or Amendments	Effective date (annual periods beginning on or after)
- IFRS 3 - Business Combinations (Amendments)	1 January 2020
- IAS 1 - Presentation of Financial Statements (Amendments)	1 January 2020
- IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors (Amendments)	1 January 2020
- IFRS 14 - Regulatory Deferral Accounts	1 July 2019
- Conceptual Framework for Financial Reporting	1 January 2020
- IFRS 9 - Financial Instruments: Classification and Measurement	1 January 2021

Amendment to IFRS 3 'Business Combinations' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.

Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make material judgments when preparing their general purpose financial statements in accordance with IFRS Standards.

IFRS 14 Regulatory Deferral Accounts – (effective for annual periods beginning on or after 1 July 2019) provides interim guidance on accounting for regulatory deferral accounts, while IASB considers more comprehensive guidance on accounting for the effects of rate regulation. In order to apply the interim standard, an entity has to be rate regulated – i.e. the establishment of prices that can be charged to its customers for goods or services is subject to oversight and/or approved by an authorized body. The term 'regulatory deferral account balance' has been chosen as a neutral descriptor for expense / (income) or variance account that is included or is expected to be included by the rate regulator in establishing the rate(s) that can be charged to customers and would not otherwise be recognized as an asset or liability under other IFRSs. The standard is not likely to have any effect on Bank's financial statements.

On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately and contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallise. The banks may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, banks should review those policies and apply the new guidance retrospectively as of 1 January 2020, unless the new guidance contains specific scope outs.

IFRS 9 'Financial Instruments' and amendment – Prepayment Features with Negative Compensation – the effective date of the standard has been extended to annual periods beginning on or after 1 January 2021 vide SBP circular 4 dated 23 October 2019. IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. According to SBP circular referred to above, the Banks are required to have a parallel run of IFRS 9 from 1 January 2020. The Banks are also required to prepare pro-forma financial statements which includes the impact of IFRS 9 from the year ended 31 December 2019.

2.3.2 There are certain new and amended standards and interpretations that are mandatory for the Bank's accounting periods beginning on or after 01 January 2020 but are considered not to be relevant or will not have any significant effect on the Bank's operations and are therefore not detailed in these financial statements.

3 BASIS OF MEASUREMENT

3.1 Accounting convention

These financial statements have been prepared under the historical cost convention, except that certain operating fixed assets and non-banking assets acquired in satisfaction of claims are stated at revalued amounts less accumulated depreciation, certain investments

and commitments in respect of forward exchange contracts have been marked to market and are carried at fair values and staff retirement benefits are carried at present value.

4.2 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Bank operates. These financial statements are presented in Pakistani Rupee which is the Bank's functional and presentation currency.

4.3 Critical accounting estimates and judgements

The preparation of the financial statements in conformity with the accounting and reporting standards as applicable in Pakistan, requires the management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and income and expenses. It also requires management to exercise judgement in application of its accounting policies. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

Significant accounting estimates and areas where judgements were made by the management in the application of accounting policies are as follows:

- i) classification and provisioning against investments (notes 4.5 and 8);
- ii) classification and provisioning against loans and advances (notes 4.6 and 9);
- iii) current and deferred taxation (notes 4.14, 18, 22.3.1, 22.3.3 and 32);
- iv) accounting for defined benefit plan (notes 4.11 and 39);
- v) depreciation, amortisation methods, useful lives and revaluation of fixed assets and intangibles (notes 4.7.1, 4.7.2, 4.8, 10 and 11);
- vi)jarah assets (note 4.6.1);
- vii) right of use assets and related lease liabilities (note 4.1.1);
- viii) provisions and contingent assets and liabilities (notes 4.16 and 22);
- ix) impairment of assets (note 4.15);
- x) Workers Welfare Fund (note 29);
- xi) Valuation of non-banking assets acquired in satisfaction of claims (note 4.23 and 12); and
- xii) Remuneration framework and related disclosures (note 4.11.3 and 41).

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 The significant accounting policies applied and adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented except for the change explained below:

4.1.1 Change in accounting policy – IFRS 16 – Leases

IFRS 16 - Leases' became applicable to the Banks effective 01 January 2019, IFRS 16 replaces existing guidance on accounting for leases, including 'IAS 17, Leases', 'IFRIC 4, Determining whether an Arrangement contains a Lease', 'SIC-15, Operating Leases - Incentive', and 'SIC-27, Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces single lease accounting model and requires a lessee to recognise assets and liabilities of all leases with a term of more than twelve months unless the underlying assets are of low value. A lessee recognizes a right-of-use asset representing its right of using the underlying asset and a corresponding lease liability representing its obligations to make lease payments. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as either finance or operating leases.

The Bank adopted IFRS 16 using the modified retrospective approach with the date of initial application of 01 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard being recognised at the date of initial application. The Bank has elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The Bank also elected to use the recognition exemptions for lease contracts that, at the commencement date, having a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets') which are not significant. The Bank has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and adjustments arising from the initial application of the standard are therefore recognized in the Statement of Financial Position as on 01 January 2019. This change is mentioned in note 4.1.1 below.

On adoption of IFRS 16, the Bank has recognised liabilities in respect of leases which had previously been classified as operating leases under IAS 17. These liabilities were initially measured as the present value of the remaining lease payments, discounted using the Bank's

incremental weighted average borrowing rate of 15.03% per annum at 1 January 2019. The lease liability is subsequently measured at amortised cost using the effective interest rate method.

	As at 31 December 2019	As at 01 January 2019
	----- (Rupees in '000) -----	
Lease liability recognised	2,023,516	1,834,549

On adoption of IFRS 16, the associated right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of prepaid lease payments recognised in the statement of financial position immediately before the date of initial application.

The right-of-use assets recognised subsequent to the adoption are measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred. The right-of-use assets are depreciated on a straight line basis over the lease term (ranging from 3 years to 17 years) as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use assets are reduced by impairment losses, if any, and adjusted for certain remeasurements of lease liability.

	As at 31 December 2019	As at 01 January 2019
	----- (Rupees in '000) -----	
The recognised right-of-use assets relate to the following types of assets:		
Right of Use Asset - Property	1,943,868	1,944,125

The effect of the change in accounting policy is as follows:

Impact on Statement of Financial Position

Increase in fixed assets - RoU assets	1,943,868	1,944,125
Decrease in other assets - advances, deposits, advance rent and prepayments	(115,378)	(109,576)
Increase in other assets - advance taxation	76,060	-
	1,904,550	1,834,549
Increase in other liabilities - lease liability in respect of RoU assets	(2,023,516)	(1,834,549)
(Decrease) / increase in net assets	(118,966)	-

For the year
ended 31
December
2019
(Rupees in '000)

Impact on Profit and Loss Account

Increase in mark-up expense - lease liability against RoU asset	(271,575)
(Increase) / decrease in administrative expenses:	
- Depreciation of RoU assets	(291,597)
- Rent expense	368,146
Decrease in profit before tax	(195,026)
Decrease in taxation	76,060
Decrease in profit after tax	(118,966)

Earnings per share for the year ended 31 December 2019 are Rs. 0.1079 per share lower as a result of the adoption of IFRS 16.

While implementing IFRS 16, the Bank has used a single discount rate methodology for a portfolio of leases with similar characteristics. The Bank has opted not to recognise right-of-use assets for leases of low value. The payments associated with such leases are recognised as an expense on a straight line basis over the lease term.

4.1.2 Change in accounting policy - IFRS 15 - Revenue from contracts with customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations.

The Bank initially applied IFRS 15 on 1 January 2019 retrospectively in accordance with IAS 8 without any practical expedients. The timing or amount of the Bank's fee, commission and brokerage income from contract with customers was not impacted by the adoption of IFRS 15. These are disclosed in note 4.13.

4.2 Additional / amended disclosures effective from the accounting year ending 31 December 2019.

The State Bank of Pakistan (SBP) through its letter BPRD/R&PD/2018/17232 had relaxed the implementation and disclosure requirements under the revised framework for Governance and Remuneration practices. The implementation of the risk adjusted remuneration framework, as described in the guidelines across the converged business areas and MRTs / MRCs was made effective from 01 January 2019, while the disclosures were made effective from 31 December 2019. Accordingly, the information as required under the said framework and as required under the revised format of annual financial statements by SBP through BPRD Circular No. 02 of 2018 dated 25 January 2018, have been presented and disclosed in note 4.11.3, note 28.1 and note 41 to these financial statements.

4.3 Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement represent cash in hand and balances with treasury banks, balances with other banks in current and deposit accounts, national prize bonds, if any, and overdrawn nostro accounts.

4.4 Lendings to / borrowings from financial and other institutions

The Bank enters into repurchase agreements (repo) and reverse repurchase agreements (reverse repo) at contracted rates for a specified period of time. These are recorded as under:

(a) Sale of securities under repurchase agreements

Securities sold subject to a repurchase agreement (repo) are retained in the financial statements as investments and the counter party liability is included in borrowings. The differential in sale and repurchase value is recognised over the period of the contract and recorded as an expense.

(b) Purchase of securities under resale agreements

Securities purchased under agreement to resell (reverse repo) are included in lendings to financial institutions. The underlying security is not recognised as a separate asset in the financial statements. The difference between the contracted price and resale price is recognised over the period of the contract and recorded as income.

Securities held as collateral are not recognized in the financial statements, unless these are sold to third parties, in which case the obligation to return them is recorded at fair value as a trading liability under borrowings from financial institutions.

(c) Lending under margin trading system

Securities purchased under margin financing are recorded as "lendings to financial and other institutions" at the fair value of the consideration given. All margin financing transactions are accounted for on the transaction date. Income on margin financing is accrued over the period of the contract.

(d) Call lendings / placements

Call lendings / placements with financial institutions are stated net of provision. Return on such lending is accrued to the profit and loss account on a time proportion basis except for mark-up on impaired / delinquent lendings, which is recognized on receipt basis.

(e) Borrowings

These are recorded at the proceeds received. Mark-up on such borrowings is charged on a time proportion basis to the profit and loss account over the period of borrowings.

(f) Bai Muajjal

Bai Muajjal transactions are reported as part of lendings to financial institutions, except for transactions with the Government of Pakistan

through SBP, which are reported as part of investments. In the case of Bai Muajjal transactions, the Bank sells shariah compliant instruments on credit to customers. The credit price is agreed at the time of sale and such proceeds are received at the end of the credit period. The difference between the deferred payment amount receivable and carrying value at the time of sale is accrued and recorded as income over the life of the transaction.

4.5 Investments

The Bank classifies its investments as follows:

(a) Held for trading

These represent securities, which are either acquired for the purpose of generating profit from short-term fluctuations in market prices, interest rates or dealer's margin or are securities included in the portfolio in which a pattern of short-term profit making exists.

(b) Held to maturity

These are securities with fixed or determinable payments and maturity, which the Bank has the positive intent and ability to hold till maturity.

(c) Available for sale

These are investments, other than those in subsidiaries and associates, if any, that do not fall under the held for trading or held to maturity categories.

Initial measurement

Investments other than those categorised as held for trading are initially recognised at fair value which includes transaction costs associated with the investment. Investments categorised as held for trading are initially recognised at fair value, and transaction costs are expensed in the profit and loss account.

All purchases and sales of investments that require delivery within the time frame established by regulations or market conventions are recognised at the trade date. Trade date is the date on which the Bank commits to purchase or sell the investment.

Subsequent measurement

Held for trading

These are measured at subsequent reporting dates at fair value. Gains and losses on re-measurement are included in the profit and loss account.

Held to maturity

These are measured at amortized cost using the effective interest rate method, less any impairment loss recognized to reflect irrecoverable amounts.

Available for sale

Quoted securities classified as available for sale investments are measured at subsequent reporting dates at fair value. Any surplus or deficit arising thereon is kept in a separate account shown in the statement of financial position as part of the equity and is taken to the profit and loss account when realized upon disposal or when the investment is considered to be impaired.

Unquoted equity securities are valued at the lower of cost and break-up value. The break-up value of these securities is calculated with reference to the net assets of the investee Bank as per the latest available audited financial statements. A decline in the carrying value is charged to the profit and loss account. A subsequent increase in the carrying value, upto the cost of the investment, is credited to the profit and loss account. Investments in other unquoted securities are valued at cost less impairment, if any.

Provisions for diminution in the value of term finance certificates and Sukuks are made as per the ageing criteria prescribed by the Prudential Regulations issued by the SBP. Provisions for diminution in the value of other securities are made for impairment, if any.

4.6 Advances

Advances are stated net of specific and general provisions. Specific provision for advances are made in accordance with the requirements of the Prudential Regulations and other directives issued by SBP and charged to the profit and loss account. General provision against consumer and small enterprises financings portfolio is maintained as per the requirements of the Prudential Regulations issued by SBP.

Advances are written off when there is no realistic prospect of recovery. In addition to conventional products, the Bank also offers various Islamic financing products which mainly include the following:

4.6.1 Islamic financings and related assets

Murabaha

Murabaha financings are reflected as receivables at the invoiced amount. Actual sales and purchases are not reflected, as the goods are purchased by the customer as an agent of the Bank and all documents relating to purchase are in the customer's name. However, the profit on that sale revenue not due for payment is deferred and is recognised on a time proportion basis. Funds disbursed under Murabaha financing arrangements for purchase of goods are recorded as "Advance Against Murabaha" in advances.

Salam

Salam financings are reflected as receivables at the invoiced amount. Profit not due for payment is deferred and is recognised on a time proportion basis. Funds disbursed under Salam financing arrangements for purchase of goods are recorded as "Advance Against Salam" in advances.

Diminishing Musharaka

In Diminishing Musharaka financing, the Bank enters into Musharaka based on Shirkat-ul-mulk for financing an agreed share of fixed asset (e.g. house, land, plant or machinery) with its customers. The customers pay periodic profit as per the agreement for the utilisation of the Bank's Musharaka share and also periodically purchase the Bank's share over the tenure of the transaction.

Istisna

In Istisna financing, the Bank places an order to purchase some specific goods / commodities from its customers to be delivered to the Bank within an agreed time. The goods are then sold by the customer on behalf of the bank and the amount hence financed along with profit is paid back to the Bank.

Ijarah assets

Ijarah assets are stated at cost less accumulated depreciation and impairment losses, if any. Depreciation is charged from the date of recognition of Ijarah assets on a straight line basis over the period of Ijarah. Impairment of Ijarah assets is determined on the same basis as that of operating fixed assets.

Ijarah income is recognised in income on an accrual basis as and when the rental becomes due. Impairment of Ijarah rental is determined in accordance with the requirements of the Prudential Regulations and other directives issued by SBP and charged to the profit and loss account.

4.7 Fixed assets and depreciation

4.7.1 Tangible assets - owned

Fixed assets (other than land and building) are stated at cost less accumulated depreciation and impairment losses, if any. Building is carried at revalued amount less any accumulated depreciation and subsequent impairment losses, if any. Land is carried at revalued amount less subsequent impairment losses, if any.

Depreciation on all fixed assets (excluding land which is not depreciated) is charged using the straight line method in accordance with the rates specified in note 10.2 to the financial statements after taking into account residual values, if significant. The residual values and useful lives are reviewed and adjusted, if appropriate, at each reporting date. Depreciation on additions is charged from the month the assets are available for use while in the case of assets disposed of, it is charged upto the date of disposal.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. All other repair and maintenance expenditure are charged to the profit and loss account as and when incurred.

Land and buildings are revalued by independent, professionally qualified valuers with sufficient regularity to ensure that the net carrying amount does not differ materially from their fair value. An increase arising on revaluation is credited to the surplus on revaluation of fixed assets account. A decrease arising on revaluation of fixed assets is adjusted against the surplus of that asset or, if no surplus exists, is charged to the profit and loss account as an impairment of the asset. A surplus arising subsequently on an impaired asset is reversed through the profit and loss account up to the extent of the original impairment.

Surplus on revaluation of fixed assets (net of associated deferred tax) to the extent of the incremental depreciation charged on the related assets is transferred to unappropriated profit.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal of fixed assets are credited / charged to the profit and loss account currently, except that the related surplus on revaluation of fixed assets (net of deferred taxation) is transferred directly to unappropriated profit.

4.7.2 Capital work in progress

Capital work-in-progress is stated at cost less accumulated impairment losses, if any. All expenditure connected with specific assets incurred during installation and construction / development period are carried under this head. These are transferred to specific assets as and when assets become available for use.

4.8 Intangible assets and amortisation

Intangible assets having a definite useful lives are stated at cost less accumulated amortisation and impairment losses, if any. Intangible assets are amortised from the month, when these assets are available for use, using the straight line method, whereby the cost of the intangible asset is amortised on the basis of the estimated useful life over which economic benefits are expected to flow to the Bank. The residual values, useful lives and amortisation method are reviewed and adjusted, if appropriate, at each reporting date.

Subsequent costs are included in the asset's carrying amounts or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably.

Intangible assets having an indefinite useful life are stated at acquisition cost less accumulated impairment losses, if any.

Gains and losses on disposals, if any, are taken to the profit and loss account in the period in which they arise.

4.9 Borrowings / deposits and their cost

Borrowings / deposits are recorded at the proceeds received. Borrowing / deposit costs are recognised as an expense in the period in which these are incurred to the extent that they are not directly attributable to the acquisition of or construction of qualifying assets. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) are capitalised as part of the cost of the asset.

4.9.1 Deposits - Islamic Banking

Islamic Banking deposits are generated on the basis of two modes i.e. Qard and Mudaraba. Deposits taken on Qard basis are classified as 'Current Account' and Deposits generated on Mudaraba basis are classified as 'Savings Account' and 'Fixed Deposit Accounts'. No profit or loss is passed on to current account depositors. Profits realised in investment pools are distributed in pre-agreed profit sharing ratio. Rab-ul-Maal (customer) share is distributed among depositors according to weightages assigned at the inception of profit calculation period. Mudarib (Bank) can distribute its share of profit to Rab-ul-Maal upto a specified percentage of its profit. Profits are distributed from the pool so the depositors (remunerative) only bear the risk of assets in the pool during the profit calculation period. Asset pools are created at the Bank's discretion and the Bank can add, amend, transfer an asset to any other pool in the interests of the deposit holders. In case of loss in a pool during the profit calculation period, the loss is distributed among the depositors (remunerative) according to their ratio of Investments.

4.10 Sub-ordinated debt

Sub-ordinated debt is initially recorded at the amount of proceeds received. Mark-up on sub-ordinated debt is charged to the profit and loss account over the period on an accrual basis and is recognised as part of other liabilities.

4.11 Employee benefits

4.11.1 Defined benefit plan

The Bank operates an approved funded gratuity scheme for its permanent employees. The Bank's net obligation in respect of defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Bank, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Re-measurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in OCI. The Bank determines the net interest expense (income) on the net defined benefit liability (asset) for the year by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the year as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit and loss account.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit and loss. The Bank recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Gratuity is payable to employees on completion of the prescribed qualifying period of service under the scheme.

4.11.2 Defined contribution plan

The Bank operates an approved funded provident fund scheme for all its permanent employees. Equal monthly contributions are made, both by the Bank and its employees, to the Fund at the rate of 8.33% of basic salaries of the employees.

4.11.3 Remuneration framework

In order to align the remuneration practices in Pakistan with the international standards and best practices, the SBP issued Guidelines on Remuneration Practices through its BPRD circular no. 02 dated March 03, 2016, which were subsequently revised through BPRD Circular No. 01 dated 25 January 2017.

In accordance with these guidelines, the Bank has developed a comprehensive remuneration framework. The aim of this framework is to promote an effective risk management culture, and to ensure that the remuneration practice at the Bank is in line with the Bank's objectives taking into consideration all risks that the Bank may face. As a result, a fair, objective, transparent and sound remuneration policy, aligned with risks and responsibilities of Financial Intermediation has been put in place. The framework was reviewed and recommended by the Board's Human Resource & Remuneration Committee (BHRRC) and approved by the Board of Directors (BoD) during the year.

Under the policy, all employees across the Bank who are materially responsible for risk taking – Material Risk Takers (MRTs), or risk controlling activities – Material Risk Controllers (MRCs) are identified. The remuneration of these MRTs and MRCs is dependent upon the achievement of performance measured through risk-adjusted balance scorecards which include financial and non-financial/ qualitative performance indicators including compliance with internal policies/ procedures/ controls, customer experience, as well as certain risk-adjusting factors (negative earners) such as regulatory compliance, frauds, complaints etc. All other individuals who do not fall within the criteria of MRTs and MRCs continue to be governed through the Bank's existing HR policy. The features of total compensation i.e. fixed remuneration as well as variable remuneration offered through performance bonuses have been disclosed in note 41.1 to these financial statements.

A certain portion of the variable compensation of the MRTs and MRCs shall now be made subject to mandatory deferrals for a defined period, thus creating alignment between the employees' and stakeholders' interests and reinforcing that compensation is appropriately linked to longer-term sustainable performance. Deferred remuneration, especially with risk adjustments, improves risk-taking incentives because the amount ultimately received by employees can be made to depend on risk outcomes, and shall vest proportionately over the deferral period following the year of variable remuneration award, subject to any malus trigger adjustments. Under the Bank's framework, the deferral percentages range between 10 to 15 percent while the deferral period is set at three years.

The payouts for variable compensation for the performance year 2019 for MRTs and MRCs shall be based on the revised mechanism which takes into consideration factors (such as position within the organization, roles and responsibilities, risk alignment, and performance against KPIs) for differentiating the variable pays across employees or group of employees under the framework. Furthermore, the balanced scorecards to be used for performance assessment shall also take into consideration that MRCs are remunerated independently of the functions they oversee. The deferral pool so created, shall be transferred to a fund established specifically for this purpose. The fund shall be set up outside the Bank and shall be managed by Trustees that the Bank may appoint. The process of setting up the fund is currently in process. The disclosures required under the SBP's Guidelines on Remuneration Practices are included as part of these financial statements.

4.12 Foreign currencies

4.12.1 Foreign currency transactions

Foreign currency transactions are translated into rupees at the exchange rates prevailing on the date of the transaction. Monetary assets and liabilities in the foreign currencies are expressed in rupee terms at the exchange rates ruling on the reporting date. Outstanding forward foreign exchange contracts and foreign bills purchased are valued at the forward rates applicable to the respective maturities. Exchange gains and losses are included in the profit and loss account.

4.12.2 Translation gains and losses

Translation gains and losses are included in the profit and loss account.

4.12.3 Commitments

Commitments for outstanding forward foreign exchange contracts are disclosed in the financial statements at the contracted rates. Contingent liabilities / commitments for letters of credit and letters of guarantee denominated in foreign currencies are expressed in rupee terms at the rates of exchange ruling on the reporting date.

4.13 Revenue recognition

- Mark-up income / interest on advances and returns on investments are recognised on a time proportion basis using the effective yield on the arrangement / instrument except that mark-up / return on non-performing advances and investments is recognised on receipt basis. Interest / return / mark-up on rescheduled / restructured advances and investments is recognised as permitted by SBP except where, in the opinion of the management, it would not be prudent to do so.
- Fee, commission and brokerage income is recognised upon performance of obligations. Fees for ongoing account management are charged to the customer's account on monthly basis. Transaction based fees are charged to the customer's account when the transaction takes place.
- Dividend income from investments is recognised when the Bank's right to receive the dividend is established.
- Premium or discount on acquisition of investments is amortised using effective yield method and taken to profit and loss account.
- Gains and losses on disposal of investments and certain operating fixed assets are taken to the profit and loss account in the year in which they arise.
- Profits on Bai Muajjal lendings are recognised on a straight line basis.

4.14 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

4.14.1 Current

Provision for current taxation is based on taxable income for the year determined in accordance with the prevailing laws and at the prevailing rates for taxation on income earned by the Bank. The amount of current tax payable is the best estimate of the tax amount expected to be paid that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends. Current tax assets and liabilities are offset only if certain criteria are met.

4.14.2 Deferred

Deferred tax is recognised using the balance sheet liability method on all temporary differences between the carrying amounts of assets and liabilities used for financial reporting purposes and amounts used for taxation purposes. Deferred tax is calculated at the rates that are expected to apply to the period when the differences are expected to reverse based on tax rates that have been enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

The carrying amount of deferred tax asset is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilised.

The Bank also recognises deferred tax asset / liability on deficit / surplus on revaluation of operating fixed assets, non-banking assets and securities which is adjusted against the related deficit / surplus in accordance with the requirements of International Accounting Standard (IAS) 12, 'Income Taxes'.

4.15 Impairment

4.15.1 Impairment on investments

Impairment loss in respect of investments categorised as available for sale (except term finance certificates and sukuk) and held to maturity is recognised based on management's assessment of objective evidence of impairment as a result of one or more events that may have an impact on the estimated future cash flows of the investments. A significant or prolonged decline in the fair value of a listed equity investment below its cost is also considered an objective evidence of impairment. Provision for diminution in the value of term finance certificates and sukuk is made as per the requirements of the Prudential Regulations issued by SBP. In case of impairment of available for sale securities, the cumulative loss that has been recognised in surplus / deficit on revaluation of securities in the statement of changes in equity is transferred to the profit and loss account. For investments categorised as held to maturity, the impairment loss is recognised in the profit and loss account.

4.15.2 Impairment on non financial assets

At each reporting date, the Bank reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that is largely independent of the cash inflows of other assets or CGUs. The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

The Bank's corporate assets do not generate separate cash inflows and are used by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGUs to which the corporate assets are allocated.

Impairment losses are recognised in profit and loss account reducing the carrying amounts of the non financial assets in the CGU on a pro rata basis.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

4.16 Provisions and contingent assets and liabilities

Provisions are recognised when the Bank has a legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and are adjusted to reflect the current best estimate.

Contingent assets are not recognised and are also not disclosed unless an inflow of economic benefits is probable. Contingent liabilities are not recognised but disclosed unless the probability of an outflow of resources embodying economic benefits are remote.

4.17 Provision for guarantee claims and other off balance sheet obligations

Provision for guarantee claims and other off-balance sheet obligations are recognised when intimated and where reasonable certainty exists for the Bank to settle the obligation. Charge to profit and loss account is stated net of expected recoveries.

4.18 Acceptances

Acceptances comprise undertakings by the Bank to pay bills of exchange drawn on customers. The Bank expects most acceptances to be simultaneously settled with the reimbursement from the customers. As required by the State Bank of Pakistan through the amended format for financial statements for Banks, acceptances are accounted for as on-balance sheet transactions and are reported in "other assets" and "other liabilities" simultaneously.

4.19 Financial instruments

4.19.1 Financial assets and liabilities

Financial instruments carried on the balance sheet include cash and balances with treasury banks, balances with other banks, lendings to financial institutions, investments, advances, certain receivables, bills payable, borrowings from financial institutions, deposits and other

accounts, sub-ordinated debt and other payables. The particular recognition methods adopted for significant financial assets and financial liabilities are disclosed in the individual policy statements associated with them.

4.19.2 Derivative financial instruments

Derivative financial instruments, if any, are initially recognised at fair value on the date on which a derivative contract is entered into and are, subsequently, remeasured at fair value using appropriate valuation techniques. All derivative financial instruments are carried as assets when fair value is positive and liability when fair value is negative. Any change in the fair value of derivative financial instruments is taken to the profit and loss account.

4.19.3 Off-setting

Financial assets and financial liabilities are off-set and the net amount is reported in the financial statements when there exists a legally enforceable right to set-off and the Bank intends either to settle on a net basis or to realise the assets and to settle the liabilities simultaneously. Income and expense items of such assets and liabilities are also off-set and the net amount is reported in the financial statements.

4.20 Basic and diluted earnings per share

The Bank presents basic and diluted earnings per share (EPS) for its shareholders. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.

4.21 Dividend and appropriation to reserves

Dividend and appropriation to reserves after the reporting date, except appropriations which are required by law are recognised as liability in the Bank's financial statements in the year in which these are approved.

4.22 Segment reporting

A segment is a distinguishable component of the Bank that is engaged either in providing product or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. Segments are reported as per the Bank's functional structure and are as follows:

(i) Business segments

(i) Retail

It includes all retail related lendings and banking services (including staff, consumer and SME financing) as well as deposits mobilized from Retail branches.

(ii) Corporate

Corporate banking includes financing and services provided to corporate customers including services in connection with mergers and acquisitions, underwriting, privatisation, securitisation, syndication, Initial Public Offers (IPOs), etc. It also includes deposits mobilized from Corporate branches.

(iii) Islamic

This includes Islamic branches income and expenses.

(iv) Trading and sales

It includes fixed income, equity, foreign exchanges, lendings and repos.

(v) Others

It includes the Bank's head office related activities and other activities not specifically tagged to the segments above.

(ii) Geographical segment

The operations of the Bank are currently based only in Pakistan. Therefore, geographical segment is not relevant.

4.23 Non-banking assets acquired in satisfaction of claims

*Non-banking assets acquired in satisfaction of claims are initially recorded at cost. These assets are revalued at each year end date of the statement of financial position. An increase in market value over the acquisition cost is recorded as a surplus on revaluation. A decline in the market value is adjusted against the surplus of that asset, if any, or if no surplus exists, is charged to the profit and loss account as an impairment. A subsequent increase in the market value of an impaired asset is reversed through the profit and loss account up to the extent of the original impairment. All direct costs of acquiring title to the asset are charged immediately to the profit and loss account. However, this revaluation surplus shall not be admissible for calculating bank's/DFI's Capital Adequacy Ratio (CAR) and exposure limits under Prudential Regulations. The surplus can be adjusted upon realization of sale proceeds.

Depreciation on non-banking assets acquired in satisfaction of claims is charged to the profit and loss account in line with depreciation charged on fixed assets.

These assets are generally intended for disposal. Gains and losses realised on the disposal of such assets are disclosed separately from gains and losses realised on the disposal of operating fixed assets. If such asset is subsequently used by the Bank for its own operations, the assets, along with any related surplus, are transferred to fixed assets.

5 CASH AND BALANCES WITH TREASURY BANKS

	Note	2019 ----- (Rupees in '000) -----	2018
In hand			
Local currency		6,752,627	4,801,197
Foreign currencies		2,141,905	3,897,197
		8,894,532	8,698,394
With State Bank of Pakistan in			
Local currency current accounts	5.1	18,318,273	11,253,545
Foreign currency current accounts	5.2	1,069,225	990,087
Local currency deposit account		-	-
Foreign currency deposit accounts against foreign currency deposits mobilised	5.3	2,952,655	2,877,854
		22,340,153	15,121,486
With National Bank of Pakistan in			
Local currency current accounts		2,618,837	2,185,378
Prize bonds		107,786	14,421
		33,961,308	26,019,679

- 5.1 The local currency current accounts are maintained with SBP as per the requirements of Section 36 of the State Bank of Pakistan Act, 1956. This section requires banking companies to maintain a local currency cash reserve in current accounts opened with SBP at a sum not less than such percentage of its time and demand liabilities as may be prescribed by SBP.

5.2 This represents cash reserve account maintained with SBP at an amount equivalent to at least 5% of the Bank's foreign currency deposits mobilised under FE-25 scheme and carry NIL return. (2018: NIL return).

5.3 These represent special cash reserve maintained with SBP at an amount equivalent to at least 15% of the Bank's foreign currency deposits mobilised under FE-25 scheme which carry mark-up at the rates ranging from 0.7% to 1.51% and 6% special cash reserve requirement on FE-25 deposits maintained by Islamic banking branches.

6 BALANCES WITH OTHER BANKS

Note	2019	2018
	(Rupees in '000)	
In Pakistan		
In current accounts	12,036	12,022
In deposit accounts	181,203	184,908
	193,239	196,930
Outside Pakistan		
In current accounts	6.1 1,881,294	982,682
	2,074,533	1,179,612

6.1 This includes Rs. 691,243 million (2018: Rs. 430,724 million) eligible for Automated Investment Plans. This balance is current in nature with no return on balance. However, if balance is increased over a specified amount, it entitles the Bank to earn interest income from the correspondent banks at agreed rates.

7 LENDINGS TO FINANCIAL INSTITUTIONS

Note	2019	2018
	(Rupees in '000)	
Repurchase agreement lendings (reverse repo)	7.2 -	3,921,270
Bai Muajjal receivable		
- with other financial institutions	7.3 & 7.6 501,861	-
Letters of placements	7.4 500,000	-
Lending under margin trading system	7.5 200,382	-
	1,202,243	3,921,270
7.1 Particulars of lendings		
In local currency	1,202,243	3,921,270
In foreign currencies	-	-
	1,202,243	3,921,270

7.2 Securities held as collateral against lendings to financial institutions

	2019			2018		
	Held by Bank	Further given as collateral	Total	Held by Bank	Further given as collateral	Total
	(Rupees in '000)					
Market Treasury Bills	-	-	-	1,998,324	-	1,998,324
Pakistan Investment Bonds	-	-	-	1,922,946	-	1,922,946
Total	-	-	-	3,921,270	-	3,921,270

7.2.1 The market value of securities held as collateral against repurchase agreement lendings amounted to Rs. Nil (2018: Rs 3,922,610 million).

7.3 Bai Muajjal receivable

	2019	2018
	(Rupees in '000)	
Bai Muajjal receivable		
- with other financial institutions	504,527	-
less: deferred income		
- with other financial institutions	(2,666)	-
Bai Muajjal receivable - net	501,861	-

7.4 This represents lending in letters of placement with a financial institution which carries mark-up at 11% per annum (2018: NIL) and is due to mature on 16 January 2020.

7.5 These represent lendings under margin trading securities which carry mark-up at rates ranging from 10% to 21.65% per annum (2018: NIL) and are due to mature latest by 24 February 2020.

7.6 This represents Bai Muajjal placement entered into with a financial institution where by the Bank has sold sukuk having carrying value of Rs. 499.02 million (2018: Rs. Nil) on deferred payment basis. The average return on this transaction is 13% per annum (2018: Nil).

8 INVESTMENTS

8.1 Investments by type:

	2019				2018			
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
	(Rupees in '000)							
Held-for-trading securities								
Federal Government securities	5,700,007	-	5,453	5,705,460	7,225,664	-	21	7,225,685
Shares	57,662	-	(3,314)	54,348	-	-	-	-
	5,757,669	-	2,139	5,759,808	7,225,664	-	21	7,225,685
Available-for-sale securities								
Federal Government securities	154,435,450	-	33,003	154,468,453	130,337,353	-	(1,574,373)	128,762,980
Shares	3,673,391	(33,537)	(48,421)	3,591,433	4,471,440	(31,503)	(565,970)	3,873,967
Non-Government debt securities	3,365,350	-	23,745	3,389,095	3,011,459	-	117,559	3,129,018
Units of mutual funds	215,213	-	(9,299)	205,914	259,267	-	(49,118)	210,149
	161,689,404	(33,537)	(972)	161,654,895	138,079,519	(31,503)	(2,071,902)	135,976,114
Held-to-maturity securities								
Federal Government securities	9,592,335	-	-	9,592,335	3,306,438	-	-	3,306,438
Non Government debt securities	135,172	(86,094)	-	49,078	223,390	(86,094)	-	137,296
	9,727,507	(86,094)	-	9,641,413	3,529,828	(86,094)	-	3,443,734
Total investments	177,174,580	(119,631)	1,167	177,056,116	148,835,011	(117,597)	(2,071,881)	146,645,533

8.2 Investments by segments:

	2019				2018			
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
(Rupees in '000)								
Federal Government securities:								
Market Treasury Bills	106,708,835	-	36,628	106,745,463	96,248,954	-	(5,889)	96,243,065
Pakistan Investment Bonds	60,294,997	-	5,678	60,300,675	42,145,713	-	(1,561,303)	40,584,410
Bai Muajjal with Government of Pakistan (GoP)	2,338,960	-	-	2,338,960	2,074,788	-	-	2,074,788
Ijarah sukuk	385,000	-	(3,850)	381,150	400,000	-	(7,160)	392,840
	169,727,792	-	38,456	169,766,248	140,869,455	-	(1,574,352)	139,295,103
Units of mutual funds	215,213	-	(9,299)	205,914	259,267	-	(49,118)	210,149
Shares:								
Listed companies	3,714,253	(27,837)	(51,735)	3,634,681	4,454,640	(25,803)	(565,970)	3,862,867
Unlisted companies	16,800	(5,700)	-	11,100	16,800	(5,700)	-	11,100
	3,731,053	(33,537)	(51,735)	3,645,781	4,471,440	(31,503)	(565,970)	3,873,967
Non-Government debt securities								
Listed	696,499	(16,269)	398	680,628	622,794	(16,269)	4,096	610,621
Unlisted	2,804,023	(69,825)	23,347	2,757,545	2,612,055	(69,825)	113,463	2,655,693
	3,500,522	(86,094)	23,745	3,438,173	3,234,849	(86,094)	117,559	3,266,314
Total investments	177,174,580	(119,631)	1,167	177,056,116	148,835,011	(117,597)	(2,071,881)	146,645,533

8.2.1 Investments given as collateral - market value

	2019	2018
	(Rupees in '000)	
Market Treasury Bills	31,281,591	48,850,834
Pakistan Investment Bonds	39,808,381	11,518,661
	71,089,972	60,369,495

8.3 Bai Muajjal with Government of Pakistan

Bai Muajjal investment	2,855,000	2,855,000
Less: deferred income	(516,040)	(780,212)
Bai Muajjal investment - net	2,338,960	2,074,788

8.4 Provision for diminution in the value of investments

Opening balance	117,597	117,452
Charge for the year	2,034	145
Closing balance	119,631	117,597

8.5 Particulars of provision against debt securities

Category of classification	2019		2018	
	Non- Performing Investments	Provision	Non- Performing Investments	Provision
(Rupees in '000)				
Loss	86,094	86,094	86,094	86,094
Total	86,094	86,094	86,094	86,094

8.6 Quality of available-for-sale securities

Details regarding quality of available-for-sale (AFS) securities are as follows:

Federal Government Securities - Government guaranteed

Market Treasury Bills
Pakistan Investment Bonds
Bai Muajjal with Government of Pakistan (GOP)
Ijarah Sukuks

2019	2018
Cost/Amortized Cost	
(Rupees in '000)	
102,198,954	89,023,290
49,512,536	38,839,275
2,338,960	2,074,788
385,000	400,000
154,435,450	130,337,353

Shares

Listed companies

- Cable & Electric Goods
- Cement
- Chemical
- Commercial Banks
- Engineering
- Fertilizer
- Insurance
- Oil & Gas Exploration Companies
- Oil & Gas Marketing Companies
- Paper & Board
- Pharmaceuticals
- Power Generation & Distribution
- Real Estate Investment Trust
- Technology & Communication
- Textile Composite

-	77,055
-	464,929
147,481	29,805
795,571	919,206
146,357	193,525
405,340	845,870
79,795	87,866
398,626	458,000
453,217	106,875
-	65,355
93,736	38,407
560,876	567,131
148,709	26,196
120,232	-
306,651	574,420
3,656,591	4,454,640

Unlisted companies

ISE Towers REIT Management Company Limited
DHA Cogen Limited
Pakistan Export Finance Guarantee Agency Limited

2019		2018	
Cost	Break-up value	Cost	Break-up value
(Rupees in '000)			
11,100	43,979	11,100	42,522
-	-	-	-
5,700	-	5,700	-
16,800	43,979	16,800	42,522

Non-Government debt securities

Listed

- AAA
- AA+, AA, AA-
- A+, A, A-

2019	2018
Cost/Amortized Cost	
(Rupees in '000)	
240,000	-
415,231	550,000
25,000	-
680,231	550,000

Unlisted

- AAA
- AA+, AA, AA-
- A+, A, A-

1,218,750	1,406,250
1,444,941	1,023,066
21,428	32,143
2,685,119	2,461,459
3,365,350	3,011,459

Equity securities

Listed

	Note	2019 Cost/Amortized Cost (Rupees in '000)	2018 Cost/Amortized Cost (Rupees in '000)
Agritech Limited [851,560 (2018: 851,560) shares]		29,805	29,805
Adamjee Insurance Company Limited [2,170,500 (2018: 1,600,000) shares]		79,795	87,866
AGP Limited [1,200,000 (2018: 478,000) shares]		93,736	38,407
Aisha Steel Mills Limited [13,700,000 (2018: 7,500,000) shares]		146,357	105,486
Altern Energy Limited [5,707,500 (2018: 4,750,500) shares]		183,261	192,029
Amreli Steels Limited [NIL (2018: 1,303,500) shares]		-	88,039
Askari Bank Limited [6,800,000 (2018: 8,548,500) shares]		152,138	201,280
Bank Alfalah Limited [2,700,000 (2018: 1,000,000) shares]		122,834	48,057
Cherat Cement Company Limited [NIL (2018: 2,976,000) shares]		-	279,856
Dawood Lawrencepur Limited [NIL (2018: 282,000) shares]		-	53,863
Dolmen City REIT [13,000,000 (2018: 2,150,000) shares]		148,709	26,196
Engro Fertilizers Limited [5,000,000 (2018: 8,000,000) shares]		342,482	547,971
Fauji Fertilizer Bin Qasim Limited [3,000,000 (2018: 7,450,000) shares]		62,858	297,899
Habib Bank Limited [1,000,000 (2018: NIL) shares]		160,267	-
Hub Power Company Limited [4,000,000 (2018: 3,846,000) shares]	8.10	377,815	375,102
Kohinoor Textile Mills Limited [700,000 (2018: 1,100,000) shares]		21,515	49,163
Lotte Chemicals Pakistan Limited [7,750,000 (2018: NIL) shares]		117,676	-
Lucky Cement Limited [NIL (2018: 305,050) shares]		-	185,073
MCB Bank Limited [1,700,000 (2018: 1,600,000) shares]		360,332	351,198
Nishat Chunian Limited [6,400,000 (2018: 5,500,000) shares]		265,135	301,115
Nishat Mills Limited [NIL (2018: 1,358,600) shares]		-	170,278
Oil and Gas Development Company Limited [2,100,000 (2018: 3,000,000) shares]		317,085	458,000
Packages Limited [NIL (2018: 133,000) shares]		-	65,355
Pak Elektron Limited [2,312,000 (2018: 2,312,000) shares]		-	77,055
Pakistan Petroleum Limited [700,000 (2018: NIL) shares]		81,541	-
Pakistan State Oil Company Limited [585,000 (2018: NIL) shares]		115,600	-
Pakistan Telecommunication Company Limited [12,000,000 (2018: NIL) shares]		120,232	-
Sui Northern Gas Company Limited [4,175,000 (2018: 1,028,000) shares]		337,618	106,875
United Bank Limited [NIL (2018: 2,000,000) shares]		-	318,672
		3,656,591	4,454,640

Unlisted

DHA Cogen Limited [5,853,822 (2018: 5,853,822) shares]	8.11	-	-
ISE Towers REIT Management Company Limited [3,034,603 (2018: 3,034,603) shares]	8.12	11,100	11,100
Pakistan Export Finance Guarantee Agency Limited [569,958 (2018: 569,958) shares]	8.13	5,700	5,700
		16,800	16,800

8.7 Particulars relating to held-to-maturity securities are as follows:

Federal Government Securities - Government guaranteed

Pakistan Investment Bonds	2019 Cost (Rupees in '000)	2018 Cost (Rupees in '000)
	9,592,335	3,306,438

Non Government debt Securities

Listed

- AA+, AA, AA-	-	56,525
- Unrated	16,269	16,269
	16,269	72,794

Unlisted

- A+, A, A-	49,078	80,771
- Unrated	69,825	69,825
	118,903	150,596

Non Government debt Securities - Total

2019	2018
135,172	223,390

- 8.7.1** The market value of securities classified as held-to-maturity as at 31 December 2019 amounted to Rs. 9,597.332 million (31 December 2018 : Rs. 3,189,450 million).
- 8.8** Investments include certain approved government securities which are held by the Bank to comply with the Statutory Liquidity Requirement determined on the basis of the Bank's demand and time liabilities as set out under section 29 of the Banking Companies Ordinance, 1962.
- 8.9** Federal Government Securities include Pakistan Investment Bonds having book value of Rs. 18,400 million (2018: Rs. 30,700 million) pledged with the State Bank of Pakistan and National Bank of Pakistan to facilitate T. T. discounting facility for the branches of the Bank. Market Treasury Bills and Pakistan Investment Bonds under Federal Government Securities, are eligible for discounting with the State Bank of Pakistan.
- 8.10** As at 31 December 2019, 1,500,000 shares (31 December 2018: 800,000 shares) of Hub Power Company Limited have been pledged by the Bank with National Clearing Company of Pakistan Limited as security against its exposure margins in terms of Circular No. 11 dated 23 October 2007 issued by the Securities and Exchange Commission of Pakistan.
- 8.11** DHA Cogen Limited shares were received under the enforcement of a pledge of third party shares by the consortium banks. These shares were recorded at NIL value as the break-up value of these shares as per the latest available audited financial statements is Rs. (29.10).
- 8.12** This denotes shares of ISE Towers REIT Management Company Limited, [formerly Islamabad Stock Exchange Limited (ISEL)], acquired in pursuance of corporatisation and demutualisation of ISEL as a public company limited by shares.
- 8.13** This investment is fully provided. As per the "shares subscription agreement", it can only be sold to an existing investor.
- 8.14** This included 4,000 sukuk certificates of WAPDA. These certificates were purchased by the Bank on 29 September 2009 through a market based transaction for a cash consideration of Rs. 19.8 million having a face value of Rs. 20 million. These certificates were available in the seller's CDC account and on completion of the transaction were transferred to the Bank's CDC account. A periodic Ijarah rental was due on 22 October 2009 which was not paid to the Bank on the plea that certain discrepancies in the Central Depository Register were the reason for non-payment.

The Bank through a legal notice clarified the position that it had purchased the aforesaid sukuk certificates from the market for a valuable consideration when these sukuk certificates were already entered in the CDC's Register of seller's account. However, the Bank has made full provision against the same. The Bank has filed a recovery suit which is pending before the Honourable High Court of Sindh, Karachi.

9	ADVANCES	Performing		Non-performing		Total	
		2019	2018	2019	2018	2019	2018
		(Rupees in '000)					
	Loans, cash credits, running finances, etc.	185,839,786	170,877,658	10,222,302	11,278,991	196,062,088	182,156,649
	Islamic financing and related assets	8,671,248	8,008,498	579,396	69,059	9,250,644	8,077,557
	Bills discounted and purchased	7,102,282	4,587,917	100,900	9,082	7,203,182	4,596,999
	Advances - gross	201,613,316	183,474,073	10,902,598	11,357,132	212,515,914	194,831,205
	Provision against advances:						
	- Specific	-	-	(7,673,063)	(8,314,484)	(7,673,063)	(8,314,484)
	- General	(41,538)	(41,538)	-	-	(41,538)	(41,538)
		(41,538)	(41,538)	(7,673,063)	(8,314,484)	(7,614,601)	(8,356,022)
	Advances - net of provision	201,571,778	183,432,535	3,329,535	3,042,648	204,901,313	186,475,183
9.1	Particulars of advances (Gross)					2019	2018
						(Rupees in '000)	
	In local currency					202,463,690	191,180,048
	In foreign currencies					10,052,224	3,651,157
						212,515,914	194,831,205

- 9.2** Advances include Rs.10,902,598 million (31 December 2018 Rs. 11,357,132 million) which have been placed under non-performing status as detailed below:

Category of Classification	Note	2019		2018	
		Non-performing loans	Provision	Non-performing loans	Provision
		(Rupees in '000)			
Other Assets Especially Mentioned	9.2.1	23,420	-	45,674	1,418
Substandard		571,577	18,851	550,195	27,568
Doubtful		376,992	50,014	1,672,610	436,066
Loss		9,930,609	7,504,198	9,068,653	7,849,430
		10,902,598	7,573,063	11,357,132	8,314,484

9.2.1 The 'Other Assets Especially Mentioned' category pertains to agriculture finance, small enterprise finance and consumer finance amounting to Rs. 10,690 million (31 December 2018: Rs. 14,456 million), Rs.1,500 million (31 December 2018: Rs. 14,179 million) and Rs. 11,230 million (31 December 2018: Rs. 17,039 million) respectively.

9.3 Particulars of provision against advances

	Note	2019			2018		
		Specific	General	Total	Specific	General	Total
		(Rupees in '000)					
Opening balance		8,314,484	41,538	8,356,022	8,440,840	38,675	8,479,515
Charge for the year		1,155,305	-	1,155,305	899,550	2,863	902,413
Reversals		(1,827,932)	-	(1,827,932)	(988,162)	-	(988,162)
		(672,627)	-	(672,627)	(88,612)	2,863	(85,749)
Amounts written off	9.4	(68,794)	-	(68,794)	(37,744)	-	(37,744)
Transfers		-	-	-	-	-	-
Closing balance		7,573,063	41,538	7,614,601	8,314,484	41,538	8,356,022

9.3.1 The general provision against consumer financing is required to be maintained at varying percentages based on the non-performing loan ratio present in the portfolio. These percentages range from 1% to 2.5% for secured and 4% to 7% for unsecured portfolio.

9.3.2 The Bank has maintained general provision against housing finance portfolio at the rate of 0.50% of the performing portfolio. The State Bank of Pakistan vide its circular no. 9 of 2017 dated 22 December 2017 abolished the requirement of maintaining general reserve of 1% against secured Small Enterprise (SE) portfolio, while general reserve to be maintained against unsecured SE portfolio has been reduced from 2% to 1%. Currently, the Bank does not have any unsecured SE portfolio.

9.3.3 Particulars of provision against advances

	2019			2018		
	Specific	General	Total	Specific	General	Total
(Rupees in '000)						
In local currency	7,573,063	41,538	7,614,601	8,314,484	41,538	8,356,022
In foreign currency	-	-	-	-	-	-
Total	7,573,063	41,538	7,614,601	8,314,484	41,538	8,356,022

9.3.4 The Bank has availed the benefit of forced sale value of pledged stocks, mortgaged residential and commercial properties held as collateral against non-performing advances as allowed under the Prudential Regulations issued by the State Bank of Pakistan. Had the benefit not been taken by the Bank, the specific provision against non-performing advances would have been higher by Rs. 2,643,128 million (31 December 2018: Rs. 1,703,268 million). The additional profit arising from availing this benefit - net of the tax amounts to Rs. 1,718,033 million (31 December 2018: Rs. 1,107,124 million). The FSV benefit is not available for distribution either as cash or stock dividend to shareholders and bonus to employees.

9.3.5 The SBP has granted relaxation in provisioning requirements in respect of exposures in Dewan Mushtaq Group (DMG). Had this relaxation not been available, provision against loans and advances would have been higher by Rs 44,930 million (2018: Rs 44,930 million).

- 9.3.6 The Bank has made provision against its non-performing portfolio as per the category of classification of the loans. However, the Bank still holds enforceable collateral realisable through litigation. This enforceable collateral includes mortgage charge etc. against various tangible assets of the borrower including land, building and machinery, stock in trade, etc.

	Note	2019 (Rupees in '000)	2018
9.4 Particulars of write offs:			
9.4.1 Against provisions	9.3	68,794	37,744
Directly charged to profit and loss account		199	-
		<u>68,993</u>	<u>37,744</u>
9.4.2 Write offs of Rs. 500,000/- and above	9.5	68,927	37,605
Write offs of below Rs. 500,000/-		66	139
		<u>68,993</u>	<u>37,744</u>

9.5 Details of loan write off of Rs. 500,000/- and above

In terms of sub-section (3) of Section 33A of the Banking Companies Ordinance, 1962 the statement in respect of written-off loans or any other financial relief of five hundred thousand rupees or above allowed to a person(s) during the year ended 31 December 2019 is given in Annexure - I to the financial statements. However, these write offs do not affect the Bank's right to recover the outstanding debts from these customers, unless the write off / waiver has been mutually agreed between the borrower and the Bank as part of the settlement terms.

	Note	2019 (Rupees in '000)	2018
10 FIXED ASSETS			
Capital work-in-progress	10.1	219,375	155,841
Property and equipment	10.2	6,165,662	6,082,832
Right-of-use assets	4.1.1	1,943,868	-
		<u>8,328,905</u>	<u>6,238,673</u>
10.1 Capital work-in-progress			
Civil works		129,310	87,397
Advances to suppliers and contractors		79,269	63,762
Consultant's fee and other charges		10,796	4,662
		<u>219,375</u>	<u>155,841</u>

10.2 Property and equipment

	2019							
	Freehold land	Leasehold land	Building on Freehold land	Building on Leasehold land	Leasehold Improvements	Furniture and fixtures	Electrical, office and computer equipment	Vehicles
	(Rupees in '000)							
At 01 January 2019								
Cost / revalued amount	1,333,280	349,047	195,097	3,811,425	1,345,199	434,835	2,591,509	261,977
Accumulated depreciation	-	-	(54,181)	(1,486,314)	(357,593)	(255,000)	(1,899,607)	(186,842)
Net book value	1,333,280	349,047	140,916	2,325,111	987,606	179,835	691,902	75,135
Year ended 31 December 2019								
Opening net book value	1,333,280	349,047	140,916	2,325,111	987,606	179,835	691,902	75,135
Additions	-	-	36,415	11,042	102,649	41,175	419,063	26,049
Movement in surplus on assets revalued during the year	-	-	-	-	-	-	-	-
Disposals / write-offs	-	-	-	-	(14,987)	(777)	(3,780)	(96)
Depreciation charge	-	-	(7,323)	(113,718)	(66,715)	(36,677)	(277,039)	(30,471)
Other adjustments / transfers	-	-	-	-	-	-	-	-
Closing net book value	1,333,280	349,047	170,008	2,222,435	1,006,553	183,556	830,166	70,617
At 31 December 2019								
Cost / revalued amount	1,333,280	349,047	231,512	3,822,961	1,423,541	469,863	2,895,759	267,236
Accumulated depreciation	-	-	(61,504)	(1,600,526)	(416,988)	(286,307)	(2,065,593)	(196,619)
Net book value	1,333,280	349,047	170,008	2,222,435	1,006,553	183,556	830,166	70,617
Rate of depreciation (percentage)	-	-	3 - 7	3 - 7	5	10	20 - 33	20

	2018								
	Freehold land	Leasehold land	Building on Freehold land	Building on Leasehold land	Leasehold Improvements	Furniture and fixtures	Electrical, office and computer equipment	Vehicles	Total
	(Rupees in '000)								
At 01 January 2018									
Cost / revalued amount	1,255,970	349,047	187,546	3,808,770	1,300,554	419,952	2,375,457	251,188	9,948,484
Accumulated depreciation	-	-	(46,078)	(1,373,201)	(299,345)	(220,214)	(1,785,826)	(179,037)	(3,905,701)
Net book value	1,255,970	349,047	139,468	2,435,569	1,001,209	199,738	589,631	72,151	6,042,783
Year ended 31 December 2018									
Opening net book value	1,255,970	349,047	139,468	2,435,569	1,001,209	199,738	589,631	72,151	6,042,783
Additions	77,310	-	7,551	2,946	61,667	16,651	338,478	33,090	537,693
Movement in surplus on assets revalued during the year	-	-	-	-	-	-	-	-	-
Disposals / write-offs	-	-	-	-	(8,963)	(205)	(3,053)	-	(12,221)
Depreciation charge	-	-	(6,103)	(113,113)	(66,588)	(36,349)	(233,154)	(30,106)	(485,423)
Other adjustments / transfers	-	-	-	(291)	291	-	-	-	-
Closing net book value	1,333,280	349,047	140,916	2,325,111	987,606	179,835	691,902	75,135	6,082,832
At 31 December 2018									
Cost / revalued amount	1,333,280	349,047	195,097	3,811,425	1,345,199	434,835	2,591,509	261,977	10,322,369
Accumulated depreciation	-	-	(54,181)	(1,486,314)	(357,593)	(255,000)	(1,899,607)	(186,842)	(4,239,537)
Net book value	1,333,280	349,047	140,916	2,325,111	987,606	179,835	691,902	75,135	6,082,832
Rate of depreciation (percentage)	-	-	3 - 7	3 - 7	5	10	20 - 33	20	

10.2.1 The cost of fully depreciated property and equipment still in use amounts to Rs. 1,602.437 million (2018: Rs. 1,551.390 million).

10.2.2 The Bank's freehold / leasehold land and building on freehold / leasehold land were last revalued in the year 2017, by M/s Harvester Services (Private) Limited (Valuation and Engineering Consultants) on the basis of their professional assessment of the present market value. As a result of revaluation, the market value of freehold / leasehold land was determined at Rs.1,605.017 million and building on freehold / leasehold land was determined at Rs. 2,574.086 million.

Had there been no revaluation, the carrying amount of freehold / leasehold land and building on freehold / leasehold land as at 31 December 2019 would have been Rs.1,010.140 million and Rs. 485.561 million respectively (2018: Rs. 1,010.140 million and Rs. 509.310 million respectively).

10.2.3 Details of disposals / write offs of property and equipment to executives and other persons with original cost or book value in excess of Rs. 1 million or Rs. 250,000/- respectively (whichever is less) are given in Annexure - III which is an integral part of these financial statements. No disposals of fixed assets have been made to any related party during the year.

11 INTANGIBLE ASSETS

	2019		
	Computer software	Trademark	Total
	(Rupees in '000)		
At 01 January 2019			
Cost	1,173,188	6,084	1,179,272
Accumulated amortisation	(719,059)	(5,677)	(724,736)
Net book value	454,129	407	454,536
Year ended 31 December 2019			
Opening net book value	454,129	407	454,536
Additions:			
- directly purchased	148,568	231	148,799
Amortisation charge	(136,238)	(411)	(136,649)
Closing net book value	466,459	227	466,686
At 31 December 2019			
Cost	1,321,756	6,315	1,328,071
Accumulated amortisation	(855,297)	(6,088)	(861,385)
Net book value	466,459	227	466,686
Rate of amortisation (percentage)	20 to 33.33	33.33	
Useful life	3 to 5	3	

At 01 January 2018

	Computer software	Trademark	Total
	(Rupees in '000)		
Cost	706,223	6,084	712,307
Accumulated amortisation	(590,476)	(5,044)	(595,520)
Net book value	115,747	1,040	116,787

Year ended 31 December 2018

Opening net book value	115,747	1,040	116,787
Additions:			
- directly purchased	466,965	-	466,965
Amortisation charge	(128,583)	(633)	(129,216)
Closing net book value ⁴	454,129	407	454,536

At 31 December 2019

Cost	1,173,188	6,084	1,179,272
Accumulated amortisation	(719,059)	(5,677)	(724,736)
Net book value	454,129	407	454,536

Rate of amortisation (percentage) 20 to 33.33 33.33

Useful life 3 to 5 3

11.1 The cost of fully amortised intangible assets still in use amounts to Rs. 688.847 million (2018: Rs. 476.635 million).

12 OTHER ASSETS

	Note	2019	2018
		(Rupees in '000)	
Income / mark-up accrued in local currency		7,665,866	4,239,379
Income / mark-up accrued in foreign currencies		22,929	1,629
Dividend receivable		-	7,700
Advances, deposits, advance rent and other prepayments		256,151	369,791
Advance taxation (payments less provisions)		1,269,290	1,410,432
Non-banking assets acquired in satisfaction of claims	12.1.2	919,880	76,027
Branch adjustment account		8,994	9,548
Mark to market gain on forward foreign exchange contracts		-	335,045
Cash margin against margin trading		60,000	-
Stationery and stamps on hand		35,783	38,945
Due from the State Bank of Pakistan		58,794	194,330
Advance against subscription of shares		50,000	50,000
Advance against subscription of sukuk / term finance certificates		25,000	125,000
Acceptances		3,999,235	4,489,160
Claims against fraud and forgeries	12.2	143,443	143,443
Others		271,473	228,950
Other assets - total		14,786,838	11,719,379
Less: provision held against other assets	12.3	(237,160)	(156,077)
Other assets - net of provision		14,549,678	11,563,302
12.1 Market value of non-banking assets acquired in satisfaction of claims	12.1.1	922,908	76,989

12.1.1 The non-banking assets acquired in satisfaction of claims by the Bank were revalued by independent and professional valuers in December 2019. The valuations were carried out by M/s Harvester Services (Pvt) Ltd, M/s Arch-e-Decon, M/s. K.G. Traders, M/s. Oceanic Surveyors, M/s Indus Surveyors, M/s Al Hadi Financial and Legal Consultants and M/s Asrem (Private) Limited on the basis of professional assessment of present market values.

12.1.2	Non-banking assets acquired in satisfaction of claims	Note	2019	2018
			(Rupees in '000)	
	Opening balance		76,027	-
	Acquired during the year	12.1.3	770,840	76,989
	Revaluation		76,041	-
	Depreciation		(3,028)	(962)
	Closing balance		919,880	76,027
12.1.3	This includes a property of Rs. 700 million acquired in the current year, under a debt swap arrangement entered with a delinquent borrower. The benefit of the forced sale value of the property has also been utilized while calculating provision for non performing exposure of the said borrower in prior years.			
12.2	This represents amount in respect of fraud and forgery claims relating to cash embezzlement made in the Bank. The Bank has initiated legal proceedings against the alleged and has also taken necessary steps to further strengthen its internal control system.			
12.3	Provision held against other assets	Note	2019	2018
			(Rupees in '000)	
	Provision held against receivable against fraud and forgeries		143,443	143,443
	Others		93,717	12,634
			237,160	156,077
12.3.1	Movement in provision held against other assets			
	Opening balance		156,077	156,077
	Charge for the year	22.3.1(b)	81,083	-
	Closing balance		237,160	156,077
13	CONTINGENT ASSETS			
	There were no contingent assets as at the balance sheet date.			
14	BILLS PAYABLE			
	In Pakistan		3,960,957	3,993,525
	Outside Pakistan		-	-
			3,960,957	3,993,525
15	BORROWINGS			
	Secured			
	Borrowings from State Bank of Pakistan			
	Under export refinance scheme	15.2.1	14,153,891	11,322,048
	Long term financing facility for plant and machinery	15.2.2	1,699,827	1,139,389
	Modernisation of SME-Rice Husking	15.2.3	7,848	15,810
	Financing facility for storage of agriculture produce	15.2.4	152,528	-
	Repurchase agreement borrowings	15.2.5	41,310,410	44,865,048
			57,324,504	57,342,295
	Repurchase agreement borrowings - other banks	15.2.6	4,968,895	3,931,220
	Borrowings from other financial institutions - local	15.2.7	24,116,589	11,860,880
	Borrowings from other financial institutions - foreign	15.2.8	4,800,276	7,519,499
	Total secured		91,210,264	80,653,894
	Unsecured			
	Call borrowings	15.2.9	4,405,698	1,021,225
	Overdrawn nostro accounts		89,147	287,798
	Total unsecured		4,494,845	1,309,023
			95,705,109	81,962,917

15.1	Particulars of borrowings with respect to currencies	2019	2018
		(Rupees in '000)	
	In local currency	90,815,686	74,155,620
	In foreign currencies	4,889,423	7,807,297
		<u>95,705,109</u>	<u>81,962,917</u>
15.2.1	The Bank has entered into an agreement with SBP for extending export finance to its customers. Borrowings under the export refinance scheme of SBP carry interest at rates ranging from 1.00% to 2.50% per annum (2018: 1.00% to 2.50% per annum). These are secured against demand promissory notes and are due to mature latest by 29 June 2020 (2018: latest by 26 June 2019).		
15.2.2	These represent borrowings from SBP under scheme for long-term financing facility at rates ranging from 3.00% to 6.00% per annum (2018: 3.00% to 6.00% per annum) and have varying long term maturities due by 20 June 2028 (2018: due by 20 June 2028). Under the agreement, SBP has a right to recover the outstanding amount from the Bank at the respective maturity dates of each finance by directly debiting the current account of the Bank maintained with SBP.		
15.2.3	These represent borrowings from SBP under the scheme for Modernisation of SME Rice Husking Mills in Sindh at the rates ranging from 4.25% to 6.25% per annum (2018: 4.25% to 6.25% per annum) and are due to mature latest by 29 September 2023 (2018: latest by 29 September 2023).		
15.2.4	These represent borrowings from SBP under the scheme for Finance Facility for Storage of Agricultural Produce at the rates of 6.50% (2018: NIL) and are due to mature latest by 28 March 2026 (2018: NIL).		
15.2.5	These represent repurchase agreements borrowings executed with SBP which carry mark up at the rate of 13.38% per annum (2018: 10.16% per annum) and are due to mature latest by 03 January 2020 (2018: latest by 04 January 2019). The market value of securities given as collateral against these borrowings as given in note 8.2.1.		
15.2.6	These represent repurchase agreements borrowings executed with local financial institutions at the rate ranging from 13.30% to 13.80% per annum (2018: 10.15% per annum) and are due to mature latest by 06 January 2020 (2018: latest by 04 January 2019). The market value of securities given as collateral against these borrowings as given in note 8.2.1.		
15.2.7	These represent borrowings executed with the local financial institutions secured against government securities which carry mark up at rates ranging between 12.50% to 13.50% per annum (2018: ranging from 6.28% to 8.15% per annum) and are due to mature latest by 08 September 2020 (2018: latest by 18 April 2019). The market value of securities given as collateral against these borrowings as given in note 8.2.1.		
15.2.8	These represent borrowings against foreign bills from various foreign banks at rates ranging from 3.29% to 3.50% per annum (2018: 3.41% to 4.19% per annum) and are due to mature latest by 23 Jun 2020 (2018: latest by 20 May 2019).		
15.2.9	These represent borrowings executed with the local financial institutions secured against government securities which carry mark up at the rate ranging from 12.30% to 12.60% per annum (2018: 9.80% per annum) and are due to mature latest by 30 April 2020 (2018: latest by 21 January 2019).		

16	DEPOSITS AND OTHER ACCOUNTS	2019			2018		
		In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
		(Rupees in '000)					
	Customers						
	Current deposits	62,024,716	6,980,411	69,005,127	54,008,141	5,908,167	59,916,308
	Savings deposits	78,036,025	5,947,992	83,984,017	73,435,215	6,325,280	79,760,495
	Term deposits	98,240,692	6,491,247	104,731,939	89,046,247	1,183,916	90,230,163
	Others*	3,799,191	-	3,799,191	5,158,255	-	5,158,255
		<u>242,100,624</u>	<u>19,419,650</u>	<u>261,520,274</u>	<u>221,647,858</u>	<u>13,417,363</u>	<u>235,065,221</u>
	Financial Institutions						
	Current deposits	690,437	549,922	1,240,359	854,351	274,092	1,128,443
	Savings deposits	33,080,927	-	33,080,927	13,440,369	-	13,440,369
	Term deposits	6,241,425	-	6,241,425	12,744,728	-	12,744,728
		<u>40,012,789</u>	<u>549,922</u>	<u>40,562,711</u>	<u>27,039,448</u>	<u>274,092</u>	<u>27,313,540</u>
		<u>282,113,413</u>	<u>19,969,572</u>	<u>302,082,985</u>	<u>248,687,306</u>	<u>13,691,455</u>	<u>262,378,761</u>

* This includes deposits in respect of import margin, guarantee margin and security deposits

16.1 Composition of deposits

	2019	2018
	(Rupees in '000)	
- Individuals	116,173,214	102,211,257
- Government (Federal and Provincial)	36,304,593	34,276,428
- Public Sector Entities	38,817,695	32,916,933
- Banking Companies	8,243,502	705,549
- Non-Banking Financial Institutions	15,012,349	27,509,858
- Private Sector	87,531,632	64,758,736
	<u>302,082,985</u>	<u>282,378,761</u>

16.2 Deposits eligible under Insurance arrangements

In 2018, the SBP had set up a fully owned subsidiary – the Deposit Protection Corporation (DPC), with an aim to provide protection to small depositors of banks operating in Pakistan. The Corporation has been set up through promulgation of the Deposit Protection Corporation Act, 2016, (the Act) and commenced its business with effect from 01 June 2018. Membership of the Deposit Protection Corporation is compulsory for all banks scheduled under sub-section (2) of section 37 of the State Bank of Pakistan Act, 1956. Under the arrangement, the objective of DPC would be to protect the depositors to the extent of the guaranteed amount, in case a member bank is notified as a failed institution by SBP.

The framework provided by DPC lays down the methodology for arriving at Eligible Deposits, as well as determining the premium amount payable under the regulations. The premium amount so determined are required to be deposited by all banks with DPC on a quarterly basis.

As at 31 December 2019, the deposits eligible to be covered under insurance arrangements amount to Rs. 122,965 million. (2018 : Rs. 106,280 million).

	Note	2019	2018
		(Rupees in '000)	
17 SUBORDINATED DEBT			
Listed Term Finance Certificates - Additional Tier I	17.1	4,000,000	4,000,000
Listed Term Finance Certificates - Tier II	17.2	2,995,200	2,996,400
		<u>6,995,200</u>	<u>6,996,400</u>

17.1 Listed Term Finance Certificates - Additional Tier I

This denotes rated, listed and unsecured Term Finance Certificates (TFCs) issued as instrument of redeemable capital of Rs. 4,000 million issued under Section 66 of the Companies Act, 2017. The funds raised by the Bank through the issuance of these TFCs have contributed towards the Bank's Additional Tier 1 Capital for meeting its capital adequacy requirements as per Basel III Guidelines set by SBP under BPRD Circular Number 6 dated 15 August 2013. The instrument is sub-ordinated as to the payment of principal and profit to all other indebtedness of the Bank (including the listed term finance certificates - Tier II previously issued by the Bank) and is not redeemable before maturity without prior approval of SBP. Furthermore, these funds are intended to be utilized for the Bank's ongoing business operations in accordance with the Bank's Memorandum and Articles of Association. The key features of the issue are as follows:

Issue amount	Rs. 4,000 million
Issue date	06 December 2018
Maturity date	Perpetual
Rating (Note 37)	"A" by PACRA on 19 December 2019
Security	Unsecured
Profit payment frequency	Semi-annually
Redemption	No fixed or final redemption date
Mark-up	6 Months KIBOR + 2.00% per annum

Call option	The Bank may call the TFCs (either partially or in full), after five (5) years from the date of issuance with the prior approval of SBP. Moreover, and as per Clause iv(b) of Annexure 2 of the Basel III Circular, the Issuer shall not exercise a call option unless the called instrument is replaced with capital of same or better quality. The Call must be subject to a prior notice of not less than 60 days given by SNBL to the investors. The Call Option once announced will not be revocable.
Lock-in-clause (if any)	The TFCs contain a lock-in clause which stipulates that no profit payments would be made if such payments result in a shortfall in the Bank's Minimum Capital Requirement (MCR) or Capital Adequacy Requirement (CAR) or increase any existing shortfalls in MCR and / or CAR.
Loss absorbency clause	The TFCs are also subject to loss absorbency and / or any other requirements under SBP's Basel III Capital Rules. Upon the occurrence of a Point of Non-Viability event as defined by SBP's Basel III Capital Rule, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank and / or have them immediately written off (either partially or in full). Number of shares to be issued to TFC Holders at the time of conversion will be equal to the 'Outstanding Face Value of the TFC' divided by market value per share of the Bank's common equity on the date of trigger of the non-viability event as declared by SBP, subject to a cap of 360,000,000 shares.

17.2 Listed Term Finance Certificates - Tier II

This denotes rated, listed and unsecured Term Finance Certificates (TFCs) issued as instrument of redeemable capital with a tenor of 8 years. The instrument is sub-ordinated as to the payment of principal and profit to all other indebtedness of the Bank, except Listed Term Finance Certificates - Additional Tier I as recently issued; and is not redeemable before maturity without prior approval of SBP. The key features of the issue are as follows:

Issue amount	Rs. 3,000 million
Issue date	07 July 2015
Maturity date	07 July 2023
Rating (Note 37)	"A+" by PACRA on 19 December 2019
Security	Unsecured
Profit payment frequency	Semi-annually
Redemption	Principal is redeemable semi-annually in such a way that 0.30% of the principal will be redeemed in the first 90 months and the remaining principal of 99.70% at maturity at the end of the 96th month in July 2023.
Mark-up	6 Months KIBOR + 1.35% per annum
Call option (if any)	The Bank may call the TFCs, in part or full, on any profit payment date from the 60th month from last day of public subscription and on all subsequent profit payment dates, subject to SBP's approval and not less than 45 days prior notice being given to the Trustee.
Lock-in-clause (if any)	The TFCs contain a lock-in clause which stipulates that neither interest nor principal may be paid (even at maturity) if such payments will result in shortfall in the Bank's Minimum Capital Requirement (MCR) or Capital Adequacy Requirement (CAR) or increase any existing shortfall in MCR and CAR.
Loss absorbency clause	The instrument will be subject to loss absorbency and / or any other requirements under SBP's Basel III Capital Rules. Upon the occurrence of a Point of Non-Viability event as defined by SBP's Basel III Capital Rule, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank and / or have them immediately written off (either partially or in full). Number of shares to be issued to TFC Holders at the time of conversion will be equal to the 'Outstanding Face Value of the TFC' divided by market value per share of the Bank's common equity on the date of trigger of the non-viability event as declared by SBP, subject to the cap of 225,000,000 shares.

DEFERRED TAX LIABILITIES

Deductible temporary differences on:

- Post retirement employee benefits
- Deficit on revaluation of investments
- Provision against advances, off balance sheet etc.

Taxable temporary differences on:

- Surplus on revaluation of fixed assets
- Accelerated tax depreciation

2019			
At 1 January 2019	Recognised in the profit and loss account	Recognised in OCI	At 31 December 2019
(Rupees in '000)			
(13,941)	-	(530)	(14,471)
(725,166)	-	724,826	(340)
(193,973)	138,666	-	(55,307)
(933,080)	138,666	724,296	(70,116)
683,807	(38,406)	-	645,401
369,327	6,849	-	376,176
1,053,134	(31,557)	-	1,021,577
120,054	107,109	724,296	951,459

Deductible temporary differences on:

- Post retirement employee benefits
- Deficit on revaluation of investments
- Provision against advances, off balance sheet etc.

Taxable temporary differences on:

- Surplus on revaluation of fixed assets
- Accelerated tax depreciation

2018			
At 1 January 2018	Recognised in the profit and loss account	Recognised in OCI	At 31 December 2018
(Rupees in '000)			
(23,185)	-	9,244	(13,941)
76,984	-	(802,150)	(725,166)
(192,567)	(1,406)	-	(193,973)
(138,768)	(1,406)	(792,906)	(933,080)
717,598	(33,791)	-	683,807
356,881	12,446	-	369,327
1,074,479	(21,345)	-	1,053,134
935,711	(22,751)	(792,906)	120,054

OTHER LIABILITIES

Mark-up / return / interest payable in local currency
 Mark-up / return / interest payable in foreign currencies
 Unearned commission and income on bills discounted
 Accrued expenses
 Acceptances
 Unclaimed dividends
 Mark to market loss on forward foreign exchange contracts
 Charity fund balance
 Payable to workers' welfare fund
 Lease liability against right-of-use assets
 Sundry deposits
 Others

Note	2019	2018
(Rupees in '000)		
	4,653,543	2,528,112
	91,281	83,810
	96,134	64,409
	476,539	476,078
	3,999,235	4,489,160
	66,579	55,079
	49,196	-
	13	-
29.1	260,045	380,778
4.1.1	2,023,516	-
	451,534	511,533
	463,862	468,298
	12,631,477	9,057,257

20	SHARE CAPITAL				
20.1	Authorized Capital				
	2019	2018	Note	2019	2018
	----- (Number of shares) -----			----- (Rupees in '000) -----	
	1,800,000,000	1,800,000,000	Ordinary shares of Rs. 10 /- each	18,000,000	18,000,000
20.2	Issued, subscribed and paid-up capital				
	2019	2018			
	----- (Number of shares) -----				
			Ordinary shares		
	387,397,655	387,397,655	Fully paid in cash	3,873,977	3,873,977
	715,065,828	715,065,828	Issued as bonus shares	7,150,859	7,150,859
	1,102,463,483	1,102,463,483		11,024,636	11,024,636
21	SURPLUS / (DEFICIT) ON REVALUATION OF ASSETS				
	Surplus / (deficit) on revaluation of:				
	- Available-for-sale securities	8.1	(972)	(2,071,902)	
	- Fixed assets	21.1	2,463,447	2,573,180	
	- Non-banking assets acquired in satisfaction of claims	21.2	76,041	-	
			2,538,516	501,278	
	Deferred tax on surplus / (deficit) on revaluation of:				
	- Available-for-sale securities		340	725,166	
	- Fixed assets	21.1	(645,401)	(683,807)	
			(645,061)	41,359	
			1,893,455	542,637	
21.1	Surplus on revaluation of fixed assets				
	Surplus on revaluation of fixed assets as at 01 January				
	Recognised during the year		2,573,180	2,669,725	
	Realised on disposal during the year - net of deferred tax		-	-	
	Transferred to unappropriated profit in respect of incremental depreciation charged during the year - net of deferred tax		-	-	
	Related deferred tax liability on incremental depreciation charged during the year		(71,327)	(62,754)	
	Related deferred tax liability on surplus realised on disposal		(38,406)	(33,791)	
	Surplus on revaluation of fixed assets as at 31 December		-	-	
			2,463,447	2,573,180	
	Less: related deferred tax liability on:				
	- revaluation as at 01 January		(683,807)	(717,598)	
	- revaluation recognised during the year		-	-	
	- surplus realised on disposal during the year		-	-	
	- incremental depreciation charged during the year		38,406	33,791	
			(645,401)	(683,807)	
			1,818,046	1,889,373	
21.2	Surplus on revaluation of non-banking assets acquired in satisfaction of claims				
	Surplus on revaluation as at 01 January				
	Recognised during the year		-	-	
	Realised on disposal during the year - net of deferred tax		76,041	-	
	Surplus on revaluation as at 31 December		-	-	
			76,041	-	

		Note	2019	2018
			(Rupees in '000)	
22	CONTINGENCIES AND COMMITMENTS			
	-Guarantees	22.1	18,230,691	17,619,705
	-Commitments	22.2	223,141,435	180,624,314
	-Other contingent liabilities	22.3	3,493,455	2,278,386
			<u>244,865,581</u>	<u>200,522,405</u>
22.1	Guarantees:			
	-Financial guarantees		5,937,448	2,413,133
	-Performance guarantees		11,889,655	13,536,585
	-Other guarantees		403,590	1,669,987
			<u>18,230,691</u>	<u>17,619,705</u>
22.2	Commitments:			
	Documentary credits and short-term trade-related transactions			
	- letters of credit		26,348,782	23,117,645
	Commitments in respect of:			
	- forward foreign exchange contracts	22.2.1	187,259,290	152,359,696
	- forward lending	22.2.2	5,378,806	3,056,954
	Commitments for acquisition of:			
	- operating fixed assets		94,274	81,102
	- intangible assets		17,401	39,971
	Other commitments	22.2.3	4,042,882	1,968,946
			<u>223,141,435</u>	<u>180,624,314</u>
22.2.1	Commitments in respect of forward foreign exchange contracts			
	Purchase		96,944,495	80,729,599
	Sale		90,314,795	71,630,097
	The maturities of the above contracts are spread over a period of one year.			
22.2.2	Commitments in respect of forward lending			
	Undrawn formal standby facilities, credit lines and other commitments to lend	22.2.2.1	5,378,806	3,056,954
22.2.2.1	These represent commitments that are irrevocable because they cannot be withdrawn at the discretion of the Bank without the risk of incurring significant penalty or expense. The Bank has certain other commitments to extend credit that represent revocable commitments and do not attract any significant penalty or expense in case the facility is withdrawn unilaterally.			
22.2.3	Commitment in respect of forward government securities transactions		2019	2018
			(Rupees in '000)	
	Sale		4,042,882	1,968,946
22.3	Other contingent liabilities		3,493,455	2,278,386
22.3.1	(a) The Income tax returns of the Bank have been filed up to Tax Year 2019 (accounting year ended 31 December 2018). The Income tax authorities have issued amended assessment orders for tax years 2011, 2015, 2016 and 2018 thereby creating additional tax demands of Rs. 749.99 million which have been paid as required under the law. The Bank has filed appeals before various appellate forums against these amendments. Assessments from Tax Year 2001 up to Tax Year 2010 have been decided at the level of Appellate Tribunal Inland Revenue. The department has filed tax references in respect of certain matters with the Honourable Lahore High Court which are currently pending. In case of any adverse decision an additional tax liability of Rs. 617,120 million (which includes impact of certain timing differences as well) may arise. Further, assessments for tax years 2012, 2013, 2014 and 2017 have been decided at the level of Commissioner Inland Revenue (Appeals). The department has filed appeals for tax years 2012 and 2013 with Appellate Tribunal Inland Revenue which are currently pending and in case of any adverse decision an additional tax liability of Rs. 866.384 million (which include impact of certain timing differences as well) may arise. The Bank has decided to file appeal for Tax Year 2014			

with Appellate Tribunal Inland Revenue, which in case of any adverse decision may create an additional tax liability of Rs. 60.67 million. However, the management is confident that these matters will be ultimately decided in favor of the Bank and the Bank may not be exposed to any additional tax liability in such matters.

- (b) Tax Authorities have passed orders for Tax Years 2008 to 2012 levying Federal Excise Duty on certain items. The Bank has filed appeals against these assessments which are pending before Appellate Tribunal Inland Revenue. The aggregate net amount involved is Rs. 81.083 million. The management of the Bank is confident that the appeals will be decided in the favor of the Bank based on the advice of Bank's consultant. However, on the recommendation of the State Bank of Pakistan, the management has created a provision to the extent of the amount involved during the current year.
- (c) Tax Authorities have passed orders for withholding tax monitoring for Tax Years 2014, 2015, 2016 and 2017 under section 161/205 of the Income Tax Ordinance 2001, creating demands of Rs. 106.685 million, Rs. 67.672 million, Rs. 43.52 million and Rs. 42.13 million respectively for non-deduction of tax at source. Against the said demands, the Bank has already filed appeals before the Commissioner Inland Revenue (Appeals), which are currently pending. However, the management is confident that these matters will be ultimately decided in favor of the Bank and the Bank may not be exposed to any additional tax liability in such matters.
- (d) Punjab Revenue Authority has passed an order for the year 2015 under section 14 and 19 of the Punjab Sales Tax on Services Act, 2012, creating demand of Rs. 144,668 million, on non-deduction of withholding tax. The Bank has filed appeal before Commissioner Inland Revenue (Appeals) against this order, which is currently pending. However, the management is confident that this matter will be ultimately decided in favor of the Bank and the Bank may not be exposed to any additional tax liability on this account.
- (e) Sindh Revenue Board has passed an order for the year 2012 under section 23 of the Sindh Sales Tax on Services Act, 2011, creating demand of Rs. 213.43 million on non-deduction of Sindh Sales Tax. The Bank has filed appeal before Commissioner Inland Revenue (Appeals) against this order, which is currently pending. However, the management is confident that this matter will be ultimately decided in favor of the Bank and the Bank may not be exposed to any additional tax liability on this account.
- (f) The Income tax authorities in Azad Jammu & Kashmir region have issued amended assessment orders for Tax Years 2013 to Tax Year 2016, thereby creating additional tax demands which have been paid by the Bank as required under the law. The Bank has filed appeals before Commissioner Inland Revenue (Appeals) against the same. In case of any adverse decision, an additional tax liability of Rs. 271.853 million may arise. However, the management is confident that these matters will ultimately be decided in favor of the Bank and the Bank may not be exposed to any additional tax liability in such matters.

22.3.2 Claims against the Bank which are not acknowledged as debts amounted to Rs. 8.133 million (31 December 2018: Rs. 9.760 million).

22.3.3 The Assistant Commissioner, Inland Revenue vide orders under section 182/140 of the Income Tax Ordinance, 2001 has levied penalties against staff of the Bank amounting to Rs. 30 million. The action taken by the Bank in this case was backed by legal opinion of the customers' lawyer / stay order of the Islamabad High Court. Currently, the matter is pending before Commissioner Inland Revenue (Appeals) subsequent to appeal filed by the staff. In case of any adverse decision in appeals, the Bank reserves the right of recourse on customers for re-imbursement. However, the management is confident that these matters will be ultimately decided in favor of the Bank and the Bank may not be exposed to any additional tax liability on this account.

22.3.4 A penalty of Rs. 50 million had been imposed by the Competition Commission of Pakistan ("the Commission") on the Bank on account of uncompetitive behaviour and imposing uniform cost on cash withdrawal from ATM transactions. The Bank along with other Banks had filed a constitutional petition before the Competition Appellate Tribunal which has set aside the order of the Commission. Against the said order of the Competition Appellate Tribunal, the Commission has filed an appeal before the Supreme Court of Pakistan, the hearing of which is currently pending. The management of the Bank is confident that the appeal will be decided in favor of the Bank.

22.3.5 Through the Finance Act, 2008 an amendment was made in the Employees Old Age Benefits Act, 1976 whereby the exemption available to banks and their employees was withdrawn by omission of clause (e) of Section 47 of the said Act and banks and their employees were made liable for contribution to Employee Old Age Benefit Institution. The Lahore High Court, subsequently, nullified the amendments made through the Finance Act, 2008.

Subsequently, several other banks also filed the Constitutional Petition before the Sindh High Court which decided the matter in favor of the banks. As a result of the decision of the Lahore High Court and Sindh High Court, the Bank stopped EOBI contribution w.e.f. February 2012. An appeal was filed by the EOBI in the Supreme Court of Pakistan which has been disposed of by the Honorable Court vide its order dated 10 November 2016 in favor of the Banks. However, EOBI has filed review Petition on 07 March 2019 before the Supreme Court of Pakistan which is currently pending.

In case of any adverse decision by the Supreme Court of Pakistan, a contribution of Rs.183,788 million (upto 31 December 2018: Rs.155,426 million) will become payable by the Bank to the EOBI. The said amount of Rs. 183,788 million has not been provided in these financial statements as the Bank is confident that the case may be decided in the Bank's favour.

		Note	2019	2018
			(Rupees in '000)	
23	MARK-UP / RETURN / INTEREST EARNED			
	Loans and advances		23,794,082	12,740,891
	Investments		14,366,048	8,159,912
	Lendings to financial institutions		466,336	263,141
	Balances with banks		61,443	32,129
	Placement and call lendings		91,132	352,007
	Income on bai muajjal placements		11,372	51,712
			<u>38,790,413</u>	<u>21,599,792</u>
24	MARK-UP / RETURN / INTEREST EXPENSED			
	Deposits		22,463,083	10,176,039
	Borrowings		6,474,014	3,863,197
	Subordinated debt		955,174	365,123
	Cost of foreign currency swaps against foreign currency deposits / borrowings	24.1	700,391	242,440
	Finance cost of lease liability	4.1.1	271,575	-
			<u>30,864,247</u>	<u>14,646,799</u>
24.1	A corresponding income of the same amount is recognised in foreign exchange income.			
25	FEE & COMMISSION INCOME			
	Branch banking customer fees		460,135	374,352
	Consumer finance related fees		45,260	35,841
	Debit card related fees		93,088	108,109
	Investment banking / arrangement fees		57,820	177,799
	Commission on trade		654,947	512,730
	Commission on guarantees		76,955	76,809
	Commission on cash management		7,563	8,464
	Commission on remittances including home remittances		17,916	19,005
	Commission on bancassurance		159,049	179,368
	Rebate income		227,842	163,711
	Others		73,872	49,528
			<u>1,874,447</u>	<u>1,705,716</u>
26	(LOSS) / GAIN ON SECURITIES			
	Realised	26.1	(526,289)	258,982
	Unrealised - held for trading	8.1	2,139	21
	Unrealised - forward sale of government securities		319	1,124
			<u>(523,831)</u>	<u>260,127</u>
26.1	Realised gain / (loss) on:			
	Federal Government securities		48,857	195,330
	Shares		(551,240)	84,385
	Mutual funds		(23,906)	(733)
			<u>(526,289)</u>	<u>258,982</u>
27	OTHER INCOME			
	Gain on sale of fixed assets-net		10,390	26,471
	Insurance claim recovered		9,562	5,905
	Staff notice period and other recoveries		16,859	14,377
			<u>36,811</u>	<u>46,753</u>

OPERATING EXPENSES

	Note	2019	2018
		(Rupees in '000)	
Total compensation expense	28.1	3,312,917	2,990,429
Property expense			
Rent & taxes	4.1.1	390,554	711,922
Insurance		23,855	23,330
Utilities cost		355,279	309,612
Security (including guards)	28.2	319,789	294,688
Repair & maintenance (including janitorial charges)	28.2	225,237	206,116
Depreciation on right-of-use assets	4.1.1	291,597	-
Depreciation on fixed assets other than computer equipments	10.2	189,752	185,813
		1,796,063	1,731,481
Information technology expenses			
Software maintenance		240,071	242,223
Hardware maintenance		127,126	79,581
Depreciation on computer equipments	10.2	169,979	122,792
Amortisation of intangibles	11	136,649	129,216
Network charges		212,398	188,200
Others		85,666	79,636
		971,889	841,848
Other operating expenses			
Directors' fees and allowances		16,469	13,375
Fees and allowances to Shariah Board		5,100	6,791
Legal & professional charges		60,346	97,336
Outsourced services costs	28.2 & 38.1	136,366	153,732
Travelling & conveyance		32,966	39,612
NIFT clearing charges		39,578	39,080
Depreciation	10.2	174,212	176,818
Training & development		13,551	15,550
Postage & courier charges		69,838	60,293
Communication		60,832	58,488
Stationery & printing		208,764	178,603
Marketing, advertisement & publicity		66,060	92,145
Donations	28.3	16,000	15,000
Auditors' Remuneration	28.4	8,794	20,176
Brokerage and commission		27,943	16,414
Entertainment		195,462	174,131
Fees and subscription		62,874	58,575
Motor vehicles running expenses		212,953	172,711
Service charges		115,961	90,635
Insurance		86,355	63,752
Repair & maintenance		167,535	119,072
Deposit protection insurance premium	28.5	170,047	80,006
Others		161,791	113,923
		2,109,597	1,856,418
		8,190,466	7,420,176

28.1	Total compensation expense	Note	2019 ----- (Rupees in '000) -----	2018
	Fees and Allowances etc.		-	-
	Managerial Remuneration			
	i) Fixed		1,755,098	1,575,563
	ii) Variable			
	a) Cash Bonus / Awards etc.	28.1.1	225,614	205,684
	b) Bonus & Awards in Shares etc.		-	-
	Charge for defined benefit plan		96,881	94,683
	Contribution to defined contribution Plan		127,229	116,457
	Rent & house maintenance		681,709	616,495
	Staff Car Allowance		158,091	138,361
	Utilities		3,079	2,352
	Medical		166,799	150,683
	Conveyance		31	32
	Entertainment		24,108	19,175
	Group Insurance		69,895	68,552
	Staff Welfare		3,404	1,749
	Others		979	643
	Sub-total		3,312,917	2,990,429
	Sign-on Bonus		-	-
	Severance Allowance		-	-
	Grand Total		3,312,917	2,990,429

28.1.1 This represents bonus accrual in respect of current performance year (net of reversal), payout for which shall be made in the following year. The aggregate amount of bonus paid in the current year out of accrual held till last year to Directors and Key Management Personnel has been disclosed in note 41.1 to these financial statements.

28.2 Total cost for the year relating to outsourcing activities included in other operating activities is Rs. 639.604 million (2018: Rs. 605.781 million) being paid to companies incorporated in Pakistan. The material outsourcing arrangement as specifically disclosed in note 28 along with their nature of services is as follows:

Name of company	Nature of Service	2019 ----- (Rupees in '000) -----	2018
Prime Human Resource Services	Business Development Services	136,366	153,732

28.3 Details of the donations given during the year are as follows:

Donee	2019	2018
The Aga Khan Education Service, Pakistan	15,000	15,000
Layton Rahmatullah Benevolent Trust	500	-
Pakistan Red Crescent Society	500	-
	16,000	15,000

28.3.1 Directors or their spouse have no interest in any of the donee in current and prior year.

28.4 Auditors' remuneration

Audit fee	2,200	2,200
Fee for other statutory certifications	4,139	4,461
Fee for audit of employee funds	143	143
Special certifications and sundry advisory services	1,322	6,180
Tax services	-	6,242
Out-of-pocket expenses	990	950
	8,794	20,176

28.5 This represents the insurance premium paid to the State Bank of Pakistan's Depositors Protection Corporation (DPC) during the year. The premium amount was worked out in accordance with the mechanism specified by DPC during the year, based on eligible deposits position of the Bank as at 31 December 2018. The premium amount payable for the financial year ending 2020 is determined in accordance with the eligible deposits (note 16.2) as at 31 December 2019 and amounts to Rs. 196.77 million (2018: Rs. 170.47 million).

	Note	2019 ----- (Rupees in '000) -----	2018
29 WORKERS' WELFARE FUND - NET			
Workers' Welfare Fund - net	29.1	(120,733)	(61,077)
29.1	This includes reversal of provision for worker welfare fund (WWF) aggregating to Rs. 154.93 million (2018: Rs. 120 million). This provision was previously held being attributable to the branches located in provinces of Pakistan other than Sindh, and accumulated over the years 2013 to 2018. In the current period, provision for Sindh Workers Welfare Fund (SWWF) is computed and recognized under Workers Welfare Fund, on estimated profits earned in the province of Sindh only.		
30 OTHER CHARGES		2019 ----- (Rupees in '000) -----	2018
Penalties imposed by State Bank of Pakistan (SBP)		59,748	20,484
30.1	On 25 July 2019, the SBP imposed a penalty of Rs. 55.48 million for violation of rules and regulations related to Anti Money Laundering (AML) and Know Your Customer (KYC), Asset Quality and Forex operations.		
31 (REVERSAL) / PROVISIONS & WRITE OFFS - NET	Note	2019 ----- (Rupees in '000) -----	2018
Provisions for diminution in the value of investments	8.4	2,034	145
(Reversal) / provisions against loans & advances	9.3	(672,627)	(85,749)
Fixed assets written off		412	8,449
Provision against other assets	12.3.1	81,083	-
Unreconciled balances written off		-	6,083
Bad debts written off directly	9.4	199	-
		(588,899)	(71,072)
32 TAXATION			
Current	32.1	1,114,113	1,143,743
Prior years	32.2	119,500	-
Deferred		107,109	(22,754)
		1,340,722	1,120,989
32.1	The Finance Act, 2019 has carried forward the amendments introduced in Finance Act, 2018 relating to taxation of banking companies. These amendments required that, super tax at the rate of 4 percent of the taxable income is levied for tax year 2020 (accounting year ended 31 December 2019). Accordingly, an amount of Rs. 113.972 million (2018: Rs. 117.845 million) has been recognised in these financial statements.		
32.2	This represents the super tax charge for the Tax Year 2018 as imposed by the Finance Supplementary (Second Amendment) Bill, 2019 at the rate of 4% of taxable income for the accounting year ended December 31, 2017. Tax related contingencies are disclosed in note 22.3.1 to these financial statements.		
32.3 Relationship between tax expense and accounting profit		2019 ----- (Rupees in '000) -----	2018
Profit before taxation		3,246,746	2,904,653
Tax at the applicable tax rate of 35% (2018: 35%)		1,136,361	1,016,629
Tax effect on permanent differences		(23,801)	(14,208)
Super tax / prior years		233,472	117,845
Others		(5,310)	723
		1,340,722	1,120,989

33	BASIC EARNINGS PER SHARE	2019 ----- (Rupees in '000) -----	2018 ----- (Rupees in '000) -----
	Profit for the year	1,906,024	1,783,664
	Weighted average number of ordinary shares	1,102,463,483	1,102,463,483
	Basic earnings per share	1.7289	1.6179

34	DILUTED EARNINGS PER SHARE	----- (Rupees in '000) -----	----- (Rupees in '000) -----
	Profit for the year	1,906,024	1,783,664
	Weighted average number of ordinary shares (adjusted for the effects of all dilutive potential ordinary shares)	1,102,463,483	1,102,463,483
	Diluted earnings per share	1.7289	1.6179

35	NET DEBT RECONCILIATION	Sub-Ordinated Loans	Other Liabilities + Mark-up Payable*
	Net debt as at 01 January 2019	6,996,400	157,932
	Other non-cash movements		
	Mark-up accrued	-	955,174
	Cash Flows		
	Principal paid	(1,200)	-
	Issuance of new debt	-	-
	Mark-up paid	-	(858,624)
	Net debt as at 31 December 2019	6,995,200	254,482

* Mark-up is covered under cash flow from operating activities.

36	CASH AND CASH EQUIVALENTS	Note	2019 ----- (Rupees in '000) -----	2018 ----- (Rupees in '000) -----
	Cash and balances with treasury banks	5	33,961,308	26,019,679
	Balance with other banks	6	2,074,533	1,179,612
	Overdrawn nostro accounts	15	(89,147)	(287,798)
			35,946,694	26,911,493

37 CREDIT RATING

The Pakistan Credit Rating Agency (PACRA) has maintained the long term credit rating of 'AA-' (Double A Minus) and short term rating of 'A1+' (A One Plus) with Stable Outlook of the Bank through its notification dated 19 December 2019 [2018: long term 'AA-' (Double A Minus); short term 'A1+' (A One Plus)].

PACRA has also maintained the credit rating of the Bank's unsecured, subordinated and listed Term Finance Certificates (TFC - 2) issue of Rs 3,000 million at 'A+' (Single A plus) with Stable Outlook through its notification dated 19 December 2019.

Furthermore the Bank's unsecured, subordinated, rated, listed perpetual and non-cumulative Term Finance Certificates of Rs 4,000 million have been assigned a rating of 'A' (single A) with Stable Outlook by PACRA through their notification dated 19 December 2019.

		2019	2018
		-- (Number of employees) --	
38	STAFF STRENGTH		
	Permanent	3,026	2,823
	On Bank contract	87	34
	Bank's own staff strength at the end of the year	3,113	2,857
38.1	In addition to the above, 403 (2018: 470) employees of outside contractor / agency were posted in the Bank as at the end of the year to perform services other than guarding and janitorial services.		
38.2	Further, 713 (2018: 683) employees of outside contractor / agency were posted in the Bank as at the end of the year to perform janitorial services.		
39	DEFINED BENEFIT PLAN		
39.1	General description		
	As mentioned in note 4.11.1, the Bank operates an approved funded gratuity scheme for all its permanent employees. The benefits under the gratuity scheme are payable on retirement at the age of 60 or earlier cessation of service, in lump sum. The benefit (for all employees other than the President) is equal to one month's last drawn basic salary for each year of eligible service with the Bank subject to a minimum qualifying period of service of five years. For the President, the benefit is determined as per the terms of his employment. The plan assets and defined benefit obligations are based in Pakistan. For deceased cases, the qualifying period is at least one year in service.		
39.2	Number of employees under the scheme		
	The number of employees covered under the following defined benefit schemes are:		
		2019	2018
		-- (Number of employees) --	
	- Gratuity fund	3,031	2,831
39.3	Principal actuarial assumptions		
	The actuarial valuation was carried out as at 31 December 2019 using the following significant assumptions:		
		2019	2018
		----- (Per annum) -----	
	Discount rate	12%	10%
	Expected rate of return on plan assets	12%	10%
	Expected rate of salary increase	10%	8%
	Mortality rates (for death in service)	SLIC	SLIC
		(2001-05)-1	(2001-05)-1
	Rate of employee turnover	Special	Special
39.4	Reconciliation of payable to defined benefit plan		
		2019	2018
		----- (Rupees in '000) -----	
	Present value of obligation	819,805	729,104
	Fair value of plan assets	(819,805)	(729,104)
		-	-
39.5	Movement in defined benefit obligation		
		2019	2018
	Obligation at the beginning of the year	729,104	694,310
	Current service cost	96,881	94,683
	Interest cost	71,820	53,198
	Benefits paid by the Bank	(71,987)	(72,000)
	Re-measurement loss / (gain)	(6,013)	(41,087)
	Obligation at the end of the year	819,805	729,104

39.6	Movement in fair value of plan assets	Note	2019	2018
			----- (Rupees in '000) -----	
	Fair value at the beginning of the year		729,104	694,310
	Interest income on plan assets		71,820	53,198
	Contribution by the Bank - net		26,408	(3,728)
	Re-measurements: net return on plan assets			
	over interest income gain / (loss)	39.8.2	(7,527)	(14,676)
	Fair value at the end of the year		819,805	729,104
39.7 Movement in payable under defined benefit schemes				
	Opening balance		-	-
	Charge for the year		96,881	94,683
	Contribution by the Bank - net		(98,395)	(68,272)
	Re-measurement loss / (gain) recognised in other comprehensive income during the year	39.8.2	1,514	(26,411)
	Closing balance		-	-
39.8 Charge for defined benefit plan				
39.8.1 Cost recognised in profit and loss				
	Current service cost		96,881	94,683
	Net interest on defined benefit asset / liability		71,820	53,198
	Expected return on plan assets		(71,820)	(53,198)
			96,881	94,683
39.8.2 Re-measurement recognised in other comprehensive income during the year				
	Loss / (gain) on obligation			
	-Demographic assumptions		-	-
	-Financial assumptions		5,205	(34,664)
	-Experience adjustment		(11,218)	(6,423)
	Return on plan assets over interest income		7,527	14,676
	Total re-measurements recognised in other comprehensive income		1,514	(26,411)
39.9 Components of plan assets				
	Cash and cash equivalents - net		451,969	573,544
	Mutual funds		175,453	100,536
	Government securities		120,078	6,109
	Shares		36,935	48,915
	Term Finance Certificates		33,370	-
			819,805	729,104
39.9.1 The funds primarily invests in government securities (Market Treasury Bills, Pakistani Investment Bonds and Special Savings Certificates) and accordingly do not carry any credit risk. These are subject to interest rate risk based on market movements. Equity securities and units of mutual funds are subject to price risk whereas non-Government debt securities are subject to credit risk and interest rate risk. These risks are regularly monitored by Trustees of the employee fund.				
39.10 Sensitivity analysis on significant assumptions: Actuarial Liability				
			2019	2018
			----- (Rupees in '000) -----	
	1% increase in discount rate		(37,652)	(33,844)
	1% decrease in discount rate		41,471	37,349
	1 % increase in expected rate of salary increase		43,815	39,478
	1 % decrease in expected rate of salary increase		(40,421)	(36,360)

39.11 The expected gratuity expense / contribution to the fund for the next year commencing 01 January 2020 works out to be Rs. 109.956 million (2018: Rs 96.881 million).

39.12	Gratuity expense for the year ended 31 December 2020	—Rupees in '000—
	Service Cost	109,956
	Net interest on the net defined benefit liability / (asset)	
	(i) Interest cost on defined benefit obligation	97,610
	(ii) Interest income on plan assets	(97,610)
	(iii) Net interest cost	-
	Gratuity cost to be recognised in the profit and loss account	109,956

39.13	Maturity profile	2019	2018
	The weighted average duration of the obligation (in years)	4.81	4.87

39.14 Funding Policy

The Bank's funding policy for the scheme is given in note 4.11.1

39.15 The Gratuity scheme exposes the bank to the following risks:

Mortality risks

This is the risk that the actual mortality experience is different. The effect depends on the beneficiaries' service / age distribution and the benefit.

Investment risks

This is the risk of the investment underperforming and not being sufficient to meet the liabilities.

Final salary risks

This is the risk that the final salary at the time of cessation of service is greater than what was assumed. Since the benefit is calculated on the final salary, the benefit amount increases similarly.

Withdrawal risks

This is the risk of higher or lower withdrawal experience than assumed. The final effect could go either way depending on the beneficiaries' service / age distribution and the benefit.

40 DEFINED CONTRIBUTION PLAN

The Bank operates an approved funded provident fund scheme for all its permanent confirmed employees. Equal monthly contributions are made, both by the Bank and its employees, to the fund at the rate of 8.33 percent (2018: 8.33 percent) of basic salaries of the employees. The contribution made by the Bank during the year amounted to Rs. 127.229 million (2018: Rs. 116.457 million). The total number of employees as at 31 December 2019 eligible under the scheme were 2,573 (2018: 2,450 employees).

41 COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

41.1 Total Compensation Expense

Items	2019						
	Directors			Members Shariah Board	President / CEO	Key Management Personnel	Other Material Risk Takers/ Controllers
	Chairman	Executives (other than CEO)	Non- Executives				
(Rupees in '000)							
Fees and Allowances etc. Managerial Remuneration	8,125	-	8,345	5,100	-	-	-
i) Fixed	-	14,812	-	1,784	36,062	76,336	168,156
ii) Variable	-	5,000	-	75	7,000	21,100	30,904
a) Cash Bonus / Awards	-	-	-	-	-	-	-
b) Bonus & Awards in Shares	-	5,000	-	75	7,000	21,100	30,904
Charge for defined benefit plan	-	1,143	-	149	4,562	7,106	14,336
Contribution to defined contribution plan	-	1,234	-	149	3,023	6,359	13,873
Rent & house maintenance	-	5,925	-	714	16,228	30,534	68,488
Car allowance	-	2,796	-	192	-	28,643	93,216
Utilities	-	1,377	-	-	1,702	-	-
Medical	-	1,749	-	178	510	7,634	16,816
Entertainment allowance	-	1,037	-	25	1,225	5,343	11,771
Others	-	131	-	123	49	601	3,609
Total	8,125	35,204	8,345	8,489	70,361	183,656	421,169
Number of Persons	1	1	5	3	1	14	81

Items	2018						
	Directors			Members Shariah Board	President / CEO	Key Management Personnel	Other Material Risk Takers/ Controllers
	Chairman	Executives (other than CEO)	Non- Executives				
(Rupees in '000)							
Fees and Allowances etc. Managerial Remuneration	6,250	-	7,125	4,650	-	-	-
i) Fixed	-	13,715	-	1,512	34,345	68,486	132,583
ii) Variable	-	5,000	-	80	7,000	21,950	29,504
a) Cash Bonus / Awards	-	-	-	-	-	-	-
b) Bonus & Awards in Shares	-	5,000	-	80	7,000	21,950	29,504
Charge for defined benefit plan	-	1,143	-	126	4,345	6,019	12,414
Contribution to defined contribution plan	-	1,142	-	126	2,838	5,259	10,917
Rent & house maintenance	-	5,486	-	605	15,455	27,394	53,975
Car allowance	-	2,653	-	163	-	22,067	69,956
Utilities	-	600	-	-	1,752	-	-
Medical	-	1,943	-	151	511	6,849	13,259
Entertainment allowance	-	980	-	108	1,113	4,794	9,281
Others	-	277	-	23	57	741	3,474
Total	6,250	32,919	7,125	7,542	67,416	183,559	335,363
Number of Persons	1	1	5	3	1	15	74

In addition to the above, all Directors and Key Management Personnel are entitled to ticketing / boarding and lodging for official travel, the expenses of which are borne by the Bank. Furthermore, the Bank also provides Club membership fee to its President / Chief Executive

Officer, Executive Director and certain key management personnel. The amount charged in respect of club membership fee during the year amounted to Rs. 0.780 million (2018: Rs. 1.387 million).

Also, the Bank's President and Chief Executive Officer and Executive Director are also provided with free use of the Bank maintained car in accordance with their entitlements.

Key Management Personnel include all Group Heads, EVPs, and Executives having a direct reporting line to the President and Chief Executive Officer or the Executive Director.

The MRT / MRC inclusion criteria has been developed in accordance with the Bank's approved Remuneration Guidelines and applicable best practices and has been approved by the BHRC. The inclusion is based on qualitative as well as quantitative criteria and includes the Chief Executive Officer, Executive Director, Key Management Personnel, members of critical management committees and heads of critical functions responsible for managing business, risks and controls, that subject the Bank to significant risks. In addition, the Bank carries out detailed assessment of individuals subjecting the Bank to significant risks, the materiality which is determined through an approved quantitative criteria for each major risk type. The aggregate remuneration paid during the year to executives as defined under the Companies Act, 2017 amounted to Rs. 1,193,182 million (2018: Rs. 1,038,305 million). The remuneration framework policy has been detailed in note 4.11.3 to these financial statements.

41.2 Remuneration paid to Directors for participation in Board and Committee Meetings

2019								
Meeting Fees and Allowances Paid								
For Board Committee Meetings								
Sr. No.	Name of Director	For Board Meetings	Board Audit Committee	Board Credit Committee	Board Human Resource and Remuneration Committee	Board Risk Management Committee	Committee of Independent Directors	Board Information Technology Committee
(Rupees in '000)								
1	Mr. Alauddin Feerasta	5,625	-	2,500	-	-	-	-
2	Mr. Nooruddin Feerasta	469	281	281	-	-	-	-
3	Mr. Muhammad Rashid Zahr	844	375	375	-	-	-	-
4	Mr. Manzoor Ahmed	844	-	281	281	281	-	188
5	Mr. Inam Elahi	844	375	-	281	281	94	188
6	Mr. Jamil Hassan Hamdani	750	375	-	281	94	94	188
Total Amount Paid		9,375	1,406	3,422	562	656	188	564
2018								
Meeting Fees and Allowances Paid								
For Board Committee Meetings								
Sr. No.	Name of Director	For Board Meetings	Board Audit Committee	Board Credit Committee	Board Human Resource and Remuneration Committee	Board Risk Management Committee	Committee of Independent Directors	Board Information Technology Committee
(Rupees in '000)								
1	Mr. Alauddin Feerasta	3,750	-	2,500	-	-	-	-
2	Mr. Nooruddin Feerasta	375	188	188	-	-	-	-
3	Mr. Muhammad Rashid Zahr	563	375	375	-	-	-	-
4	Mr. Manzoor Ahmed	656	-	375	375	375	-	-
5	Mr. Inam Elahi	656	375	-	375	375	94	-
6	Mr. Jamil Hassan Hamdani	563	375	-	375	-	94	-
Total Amount Paid		6,563	1,312	3,438	1,125	750	188	-

41.3 Remuneration paid to Shariah Board Members

Basis	2019			2018		
	Chairman	Resident Member	Non-Resident Member	Chairman	Resident Member	Non-Resident Member
(Rupees in '000)						
a. Meeting Fees and Allowances	2,700	-	2,400	2,375	-	2,275
b. Remuneration (note 41.1)	-	3,389	-	-	2,893	-
Total Amount Paid	2,700	3,389	2,400	2,375	2,893	2,275
Total Number of Persons	1	1	1	1	1	1

The Chairman and the Non Resident Member are entitled to Consultancy Allowance, while the resident member is under regular employment.

42 FAIR VALUE MEASUREMENTS

The fair value of quoted securities other than those classified as held to maturity, is based on quoted market price. Quoted securities classified as held to maturity are carried at cost. The fair value of unquoted equity securities is determined on the basis of the break-up value of these investments as per their latest available audited financial statements.

The fair value of unquoted debt securities, fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to the absence of a current and active market for these assets and liabilities and reliable data regarding market rates for similar instruments.

In the opinion of the management, the fair value of the remaining financial assets and liabilities are not significantly different from their carrying values since these are either short term in nature or, in the case of customer loans and deposits, are frequently repriced.

42.1 Fair value of financial assets:

The Bank measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

The table below analyses financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

	2019			
	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
On balance sheet financial instruments:				
Financial assets - measured at fair value				
Investments				
Federal Government securities	-	180,173,913	-	180,173,913
Shares - listed	3,634,681	-	-	3,634,681
Non-Government debt securities	-	3,389,095	-	3,389,095
Units of mutual fund	-	205,914	-	205,914
Financial assets - disclosed but not measured at fair value				
Investments				
Federal Government securities	-	9,478,123	-	9,478,123
Non-Government debt securities	-	119,209	-	119,209
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	95,155,941	-	95,155,941
Forward sale of foreign exchange	-	88,575,437	-	88,575,437
Forward sale of government securities	-	4,042,563	-	4,042,563
Non - Financial Assets				
Land and Buildings (operating fixed assets & non banking assets)*	-	-	4,994,650	4,994,650
	3,634,681	361,140,195	4,994,650	369,769,526

* The Bank carries out periodic valuation of these assets for reasons disclosed in note 4.7.1 to these financial statements.

	2016			
	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
On balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
Federal Government securities	-	135,988,665	-	135,988,665
Shares - listed	3,862,867	-	-	3,862,867
Non-Government debt securities	-	3,129,018	-	3,129,018
Units of mutual fund	-	210,149	-	210,149
Financial assets - disclosed but not measured at fair value				
Investments				
Federal Government securities	-	3,050,630	-	3,050,630
Non-Government debt securities	-	138,820	-	138,820
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	83,572,972	-	83,572,972
Forward sale of foreign exchange	-	74,138,425	-	74,138,425
Forward sale of government securities	-	1,967,822	-	1,967,822
Non - Financial Assets				
Land and Buildings (operating fixed assets & non banking assets)*	-	-	4,224,381	4,224,381
	3,862,867	302,196,501	4,224,381	310,283,749

* The Bank carries out periodic valuation of these assets for reasons disclosed in note 4.7.1 to these financial statements.

The Bank's policy is to recognise transfers into and out of the different fair value hierarchy levels at the date the event or change in circumstances that caused the transfer occurred. There were no transfers between levels 1 and 2 during the year.

(a) Financial instruments in level 1

Financial instruments included in level 1 comprise of investments in listed ordinary shares.

(b) Financial instruments in level 2

Financial instruments included in level 2 comprise of GoP Ijarah Sukuks, Pakistan Investment bonds, Market Treasury bills, Corporate bonds, Term Finance certificates, Sukuk certificates and units of mutual funds.

(c) Financial instruments in level 3

Financial instruments included in level 3 comprise of land and buildings (operating fixed assets & non banking assets).

Valuation techniques and inputs used in determination of fair values:

Item	Valuation techniques and input used
Fully paid-up ordinary shares	Fair values of investments in listed equity securities are valued on the basis of closing quoted market prices available at the stock exchange.
Pakistan Investment Bonds / Market Treasury Bills	Fair values of Pakistan Investment Bonds and Treasury Bills are determined on the basis of rates / prices sourced from Reuters.
Government of Pakistan - Ijarah Sukuks	Fair values of GoP Ijarah Sukuks are derived using the PKISRV rates announced by the Financial Market Association (FMA) through Reuters. These rates denote an average of quotes received from pre-defined / approved dealers / brokers.
Term Finance, Bonds and Sukuk certificates	Investments in debt securities (comprising term finance certificates, bonds, sukuk certificates and any other security issued by a company or a body corporate for the purpose of raising funds in the form of redeemable capital) are valued on the basis of the rates announced by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the Securities and Exchange Commission of Pakistan. In the determination of the rates, MUFAP takes into account the holding pattern of these securities and categorises them as traded, thinly traded and non-traded securities.
Units of mutual funds	Fair values of investments in units of mutual funds are determined based on their net asset values as published at the close of each business day.
Land and Buildings (operating fixed assets & non-banking assets)	Land and buildings are revalued on a periodic basis using professional valuers. The valuation is based on their assessment of the market value of the assets. The effect of changes in the unobservable inputs used in the valuations cannot be determined with reasonable certainty. Accordingly, a qualitative disclosure of sensitivity has not been presented in these financial statements.

42.2 The following table presents the changes in level 3 items for the years ended 31 December 2018 and 31 December 2019 for recurring fair value measurements:

	Freehold land	Leasehold land	Building on freehold land	Building on leasehold land	Non-banking assets	Total
	(Rupees in '000)					
Opening balance 1 January 2018	1,255,970	349,047	139,468	2,435,569	-	4,180,054
Acquisitions	77,310	-	7,551	2,946	76,989	164,796
Amounts recognised in the profit and loss for depreciation and impairment	-	-	(6,103)	(113,113)	(962)	(120,178)
Other adjustments / transfers	-	-	-	(291)	-	(291)
Closing balance 31 December 2018	1,333,280	349,047	140,916	2,325,111	76,027	4,224,381
Acquisitions	-	-	36,415	11,042	770,840	818,297
Amounts recognised in the profit and loss for depreciation and impairment	-	-	(7,323)	(113,718)	(3,028)	(124,069)
Gain recognized in "surplus on revaluation of non banking assets"	-	-	-	-	76,041	76,041
Closing balance 31 December 2019	1,333,280	349,047	170,008	2,222,435	919,880	4,994,650

2019

Retail Banking	Corporate	Islamic	Trading and Sales	Others	Total
(Rupees in '000)					

43 SEGMENT INFORMATION

43.1 Segment details with respect to business activities

Profit and loss

Net mark-up / return / profit	(12,841,977)	13,858,612	437,634	7,462,098	(990,202)	7,926,165
Inter segment revenue - net	19,310,019	(11,926,745)	-	(9,211,031)	1,827,757	-
Non mark-up / return / interest income	1,683,056	355,588	92,115	1,201,145	(470,741)	2,861,163
Total income	8,151,098	2,287,455	529,749	(547,788)	366,814	10,787,328
Segment direct expenses	5,162,384	192,052	377,011	146,849	2,251,205	8,129,481
Inter segment expense allocation	196,193	2,913	11,509	400	(211,015)	-
Total expenses	5,358,557	194,965	388,520	147,249	2,040,190	8,129,481
(Reversal) / Provision	(811,973)	136,406	5,585	-	81,083	(588,899)
Profit before tax	3,604,514	1,956,084	136,644	(695,037)	(1,754,459)	3,246,746

Balance sheet

Cash & bank balances	29,871,014	3,047,352	1,564,720	1,552,755	-	36,035,841
Investments	-	25,278	5,163,153	171,867,685	-	177,056,116
Net inter segment lending	193,930,193	-	-	(209,605,120)	15,674,927	-
Lendings to financial institutions	-	-	1,001,861	200,382	-	1,202,243
Advances - performing	49,859,753	139,121,580	8,671,254	-	3,919,191	201,571,778
- non-performing	1,880,149	855,267	545,530	-	48,589	3,329,535
Others	4,974,762	2,401,247	3,263,772	3,038,727	9,666,761	23,345,269
Total assets	280,515,871	145,450,724	20,210,290	(32,945,571)	29,309,468	442,540,782
Borrowings	8,853,307	6,795,807	364,979	79,691,016	-	95,705,109
Subordinated debt	-	-	-	-	6,995,200	6,995,200
Deposits & other accounts	260,916,663	23,803,470	17,362,852	-	-	302,082,985
Net inter segment borrowing	-	111,911,617	1,699,361	(113,610,978)	-	-
Others	10,745,901	2,939,830	783,098	974,391	2,100,673	17,543,893
Total liabilities	280,515,871	145,450,724	20,210,290	(32,945,571)	9,095,873	422,327,187
Equity	-	-	-	-	20,213,595	20,213,595
Total equity & liabilities	280,515,871	145,450,724	20,210,290	(32,945,571)	29,309,468	442,540,782
Contingencies & commitments						
In respect of letter of credit / guarantees	27,410,443	16,116,715	1,052,315	-	-	44,579,473
In respect of forward foreign exchange contracts	-	-	-	187,259,290	-	187,259,290
In respect of forward lendings	-	5,378,806	-	-	-	5,378,806
In respect of fixed assets	-	-	-	-	111,675	111,675
In respect of government securities	-	-	-	4,042,882	-	4,042,882
In respect of other contingencies	-	-	-	-	3,493,455	3,493,455
Total	27,410,443	21,495,521	1,052,315	191,302,172	3,605,130	244,865,581

2018

Retail Banking	Corporate	Islamic	Trading and Sales	Others	Total
(Rupees in '000)					

Profit and loss

Net mark-up / return / profit	(4,389,054)	6,839,105	389,664	4,324,875	(211,597)	6,952,993
Inter segment revenue - net	9,206,762	(5,692,953)	-	(4,342,436)	828,627	-
Non mark-up / return / interest income	1,463,187	467,876	59,905	1,708,834	(439,631)	3,260,171
Total income	6,280,895	1,614,028	449,569	1,691,273	177,399	10,213,164
Segment direct expenses	4,740,093	216,871	309,233	127,375	1,986,011	7,379,583
Inter segment expense allocation	177,206	3,171	11,089	543	(192,009)	-
Total expenses	4,917,299	220,042	320,322	127,918	1,794,002	7,379,583
(Reversal) / Provision	(239,041)	167,913	56	-	-	(71,072)
Profit before tax	1,602,637	1,226,073	129,191	1,563,355	(1,616,603)	2,904,653

Balance sheet

Cash & bank balances	22,442,200	2,875,362	1,218,456	663,273	-	27,199,291
Investments	-	67,917	5,147,722	141,429,894	-	146,645,533
Net inter segment lending	153,247,434	-	-	(189,745,870)	16,498,436	-
Lendings to financial institutions	-	-	-	3,921,270	-	3,921,270
Advances - performing	56,246,103	115,614,636	7,964,587	-	3,607,209	183,432,535
- non-performing	2,277,440	663,081	40,778	-	61,349	3,042,648
Others	5,002,428	4,558,699	398,221	2,200,309	6,096,854	18,256,511
Total assets	239,215,605	123,779,695	14,769,764	(21,531,124)	26,263,848	382,497,788

	2018				
	Retail Banking	Corporate	Islamic	Trading and Sales	Others
	(Rupees in '000)				
Borrowings	7,555,688	4,693,322	328,236	69,485,671	-
Subordinated debt	-	-	-	-	6,996,400
Deposits & other accounts	224,726,717	25,414,862	12,237,182	-	-
Net inter segment borrowing	-	89,921,290	1,779,539	(91,700,829)	-
Others	6,933,200	3,850,221	424,807	684,034	1,278,574
Total liabilities	239,215,605	123,779,695	14,769,764	(21,531,124)	8,274,974
Equity	-	-	-	-	17,988,874
Total equity & liabilities	239,215,605	123,779,695	14,769,764	(21,531,124)	26,263,848
Contingencies & commitments					
In respect of letter of credit / guarantees	24,119,784	14,961,883	1,655,703	-	-
In respect of forward foreign exchange contracts	-	-	-	152,359,696	-
In respect of forward lendings	-	3,056,954	-	-	-
In respect of fixed assets	-	-	-	-	121,073
In respect of government securities	-	-	-	1,968,946	-
In respect of other contingencies	-	-	-	-	2,278,386
Total	24,119,784	18,018,817	1,655,703	154,328,642	2,399,459

43.1.1 The operations of the Bank are currently based only in Pakistan, therefore, geographical segment is not relevant.

44 TRUST ACTIVITIES

The Bank commonly acts as a trustee and in other fiduciary capacity that results in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions. These are not the assets of the Bank and, therefore, are not included in the Statement of Financial Position. The following is the list of assets held under trust:

Category	Type	No. of IPS accounts		Face Value	
		2019	2018	2019	2018
		(Rupees in '000)			
Asset Management Companies	Ijarah Sukuk 3 years	-	1	-	1,000
Asset Management Companies	PIB 3 years	-	-	1,750,000	-
Asset Management Companies	PIB 5 years	-	-	50,000	-
Asset Management Companies	PIB 10 years	2	-	200,000	-
Asset Management Companies	MTB 6 months	-	-	1,000,000	-
Asset Management Companies	MTB 12 months	-	-	1,450,000	-
Employee Funds / NGO's	PIB 3 years	-	1	147,000	133,500
Employee Funds / NGO's	PIB 5 years	5	-	1,451,500	58,000
Employee Funds / NGO's	PIB 10 years	-	3	3,216,000	560,000
Employee Funds / NGO's	MTB 3 months	-	2	-	500,000
Employee Funds / NGO's	MTB 6 months	1	-	50,000	-
Employee Funds / NGO's	MTB 12 months	-	-	50,000	-
Individuals	MTB 3	1	5	36,000	35,500
Individuals	MTB 6	1	-	9,000	-
Individuals	PIB 5 years	3	1	45,500	5,000
Individuals	PIB 10 years	1	1	5,400	5,400
Individuals	PIB 20 years	1	1	10,000	10,000
Corporate	MTB 3 months	-	1	-	500,000
Staff retirement funds - related parties	PIB 3 years	-	-	250,000	-
Staff retirement funds - related parties	PIB 15 years	2	2	-	8,000
Staff retirement funds - related parties	PIB 20 years	-	-	10,000	10,000
		17	18	9,730,400	1,826,400

RELATED PARTY TRANSACTIONS

The Bank has related party transactions with its parent, subsidiaries, associates, joint ventures, employee benefit plans and its directors and key management personnel.

The Bank enters into transactions with related parties in the ordinary course of business and on substantially the same terms as for comparable transactions with person of similar standing. Contributions to and accruals in respect of staff retirement benefits and other benefit plans are made in accordance with the actuarial valuations / terms of the contribution plan. Remuneration to the executives / officers is determined in accordance with the terms of their appointment.

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

Particulars	2019			2018		
	Directors (a)	Key* management personnel (a)	Other related parties	Directors (a)	Key* management personnel (a)	Other related parties
(Rupees in '000)						

Statement of financial position

Investments

Opening balance	-	-	259,268	-	-	240,000
Investment made during the year	-	-	69,263	-	-	50,005
Investment redeemed / disposed during the year	-	-	(113,318)	-	-	(30,737)
Closing balance	-	-	215,213	-	-	259,268

Advances

Opening balance	3,000	169,576	-	3,500	111,729	-
Addition during the year	65,000	90,327	-	500	85,361	-
Repaid during the year	(3,000)	(77,581)	-	(1,000)	(33,235)	-
Transfer in / (out) - net	-	(5,327)	-	-	5,721	-
Closing balance	65,000	176,995	-	3,000	169,576	-

Other assets

Interest / mark-up accrued	1,136	64	-	167	-	-
Other receivable	-	-	-	-	-	-
- against E-banking settlement	-	-	234,818	-	-	115,100
- against investment	-	-	50,000	-	-	50,000

Deposits and other accounts

Opening balance	247,127	25,704	4,993,206	235,344	46,327	4,323,175
Received during the year	2,870,469	506,179	126,202,027	1,196,771	380,449	76,961,727
Withdrawn during the year	(2,514,802)	(523,748)	(125,769,693)	(1,184,988)	(375,081)	(76,291,696)
Transfer in / (out) - net	-	2,883	-	-	(25,991)	-
Closing balance	602,994	11,018	5,425,540	247,127	25,704	4,993,206

Other liabilities

Interest / mark-up payable	9,331	139	64,483	2,204	98	41,278
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Contingencies and Commitments

Guarantees	-	-	-	-	-	2,267
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Profit and loss account

Income

Mark-up / return / interest earned	1,182	11,804	-	252	10,192	-
Fee and commission income	36	98	281	41	136	257

Expense

Mark-up / return / interest paid	34,680	636	583,261	13,756	1,208	210,376
Rent expense	-	-	12,195	-	-	10,863
ATM and ADC charges	-	-	15,934	-	-	11,036

* Including President and CEO

(a) including their relatives

2019
----- (Rupees in '000) -----

2018

Minimum Capital Requirement (MCR):

Paid-up capital (net of losses)

11,024,636 11,024,636

Capital Adequacy Ratio (CAR):

Eligible Common Equity Tier 1 (CET 1) Capital

17,710,250 15,359,095

Eligible Additional Tier 1 (ADT 1) Capital

3,441,320 3,082,678

Total Eligible Tier 1 Capital

21,151,570 18,441,773

Eligible Tier 2 Capital

3,767,475 4,995,354

Total Eligible Capital (Tier 1 + Tier 2)

24,919,045 23,437,127

Risk Weighted Assets (RWAs):

Credit Risk

132,201,073 133,719,523

Market Risk

8,492,414 8,246,679

Operational Risk

17,105,251 17,422,308

Total

157,798,738 159,388,510

Common Equity Tier 1 Capital Adequacy ratio

11.22% 9.64%

Tier 1 Capital Adequacy Ratio

13.40% 11.57%

Total Capital Adequacy Ratio

15.79% 14.70%

National minimum capital requirements prescribed by SBP

CET1 minimum ratio

6.00% 6.00%

Tier 1 minimum ratio

7.50% 7.50%

Total capital minimum ratio

12.50% 11.90%

Leverage Ratio (LR):

Eligible Tier-1 Capital

21,151,570 18,441,773

Total Exposures

563,696,550 515,189,170

Leverage Ratio - percentage

3.75% 3.58%

Liquidity Coverage Ratio (LCR):

Total High Quality Liquid Assets

124,011,789 107,190,086

Total Net Cash Outflow

107,742,026 92,037,670

Liquidity Coverage Ratio - percentage

115.10% 116.46%

Net Stable Funding Ratio (NSFR):

Total Available Stable Funding

224,485,675 204,605,129

Total Required Stable Funding

206,869,663 164,874,965

Net Stable Funding Ratio - percentage

108.52% 124.10%

- 46.1 The Bank follows the below mentioned approach for determining credit risk, market risk and operational risk exposures in the capital adequacy calculation:

Risk Type	Approach adopted by Bank
Credit Risk	Standardized Approach
Market Risk	Standardized Approach
Operational Risk	Basic Indicator Approach

46.2 Capital Management

The Bank's policy is to maintain a strong capital base so as to maintain investor, depositor, creditor and market confidence and to sustain future development of the business, while providing adequate returns to shareholders.

The SBP sets and monitors capital requirements for the Bank as a whole. The SBP, through BSD Circular No. 07 dated April 15, 2009 has required that Banks should maintain a minimum paid-up capital of Rs. 10 billion (net of accumulated losses). The paid-up capital of the

Bank as at 31 December 2019 stood at Rs 11.025 billion (2018: Rs. 11.025 billion) and is in compliance with the SBP requirements. The Bank is also required to maintain the following minimum Capital Adequacy Ratios (CAR) as at 31 December 2019:

- Common Equity Tier 1 (CET1) ratio of 8.50% including Capital Conservation Buffer (CCB) of 2.50%
- Tier 1 ratio of 10.00% including CCB of 2.50%
- Total Capital Adequacy Ratio (CAR) of 12.50% including CCB of 2.50%

The Bank and its individually regulated operations have complied with all capital requirements throughout the year.

The Bank's regulatory capital is classified as follows:

- Tier 1 capital comprises of Common Equity Tier 1 (CET 1) and Additional Tier 1 (AT 1) capital.
 - CET1 capital includes fully paid-up capital, balance in share premium account, reserves (excluding foreign exchange translation reserves) and unappropriated profits meeting the eligibility criteria.
 - AT 1 capital includes instruments meeting the prescribed SBP criteria e.g. perpetual non-cumulative preference shares.
- Tier 2 capital includes general provisions for loan losses, surplus on revaluation of fixed assets and investments, foreign exchange translation reserves and subordinated debts (meeting the eligibility criteria).

Banking operations are categorised as either trading book or banking book, and risk-weighted assets are determined according to specified requirements that seek to reflect the varying levels of risk attached to on and off-balance sheet exposures.

- On and off-balance sheet exposures in the banking book are segregated into various asset classes for the calculation of credit risk. Ratings for assets reflecting the credit worthiness of counterparties are applied using various External Credit Assessment Institutions (ECAIs) and aligned with appropriate risk buckets. Collateral, if any, is used as an outflow adjustment. Risk weights notified, are applied to arrive at net adjusted exposure. Eligible collateral used includes Government of Pakistan guarantees for advances, investments in GOP / PSE, bank guarantees, deposits / margins, lien on deposits and saving certificates.
- The Bank calculates capital requirements for market risk in its trading book based on the methodology provided by the SBP which takes account of specific and general market risk, capital charge for interest rate risk using the maturity method, foreign exchange risk and equity position risk.

46-3 The full disclosures on the capital adequacy, leverage ratio and liquidity requirements as per SBP instructions issued from time to time are available on the Bank's website at the following address:

https://www.soneribank.com/wp-content/uploads/2020/04/additional_information.pdf

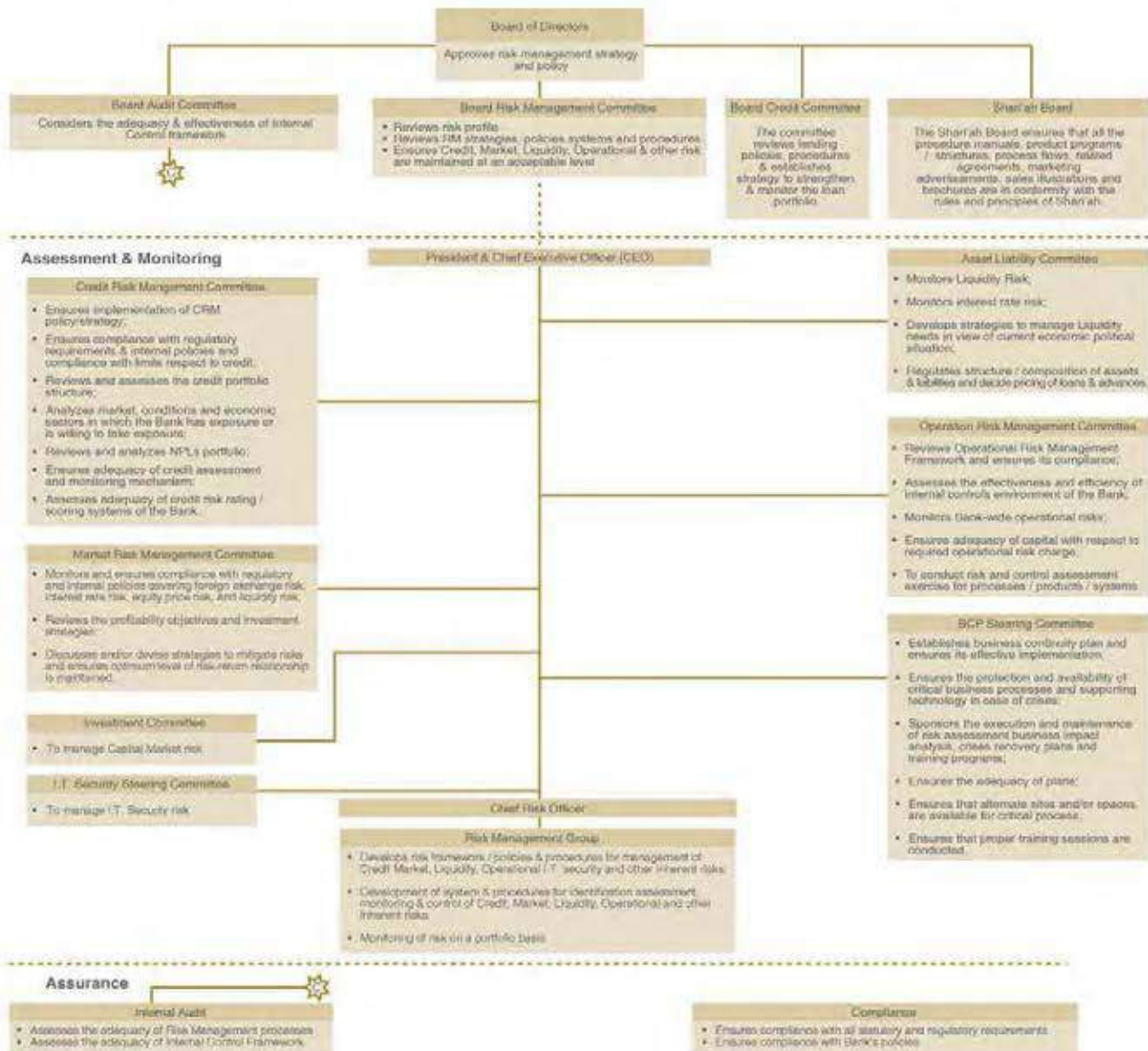
47 RISK MANAGEMENT

The primary goal of risk management is to identify, assess and monitor risks inherent in the activities of the Bank and take adequate measures to manage and control these risks on a timely basis. This will help in achieving sustainable business growth, financial and non-financial targets with better protection and soundness. The Bank's aim is to achieve an appropriate balance between risk and return and to minimize potential adverse effects on the Bank's financial performance.

The Bank's risk management framework encompasses the culture, processes and structure and is directed towards the effective management of potential opportunities and threats to the Bank. The prime objective of the Bank's risk management strategy is to abandon the traditional approach of 'managing risk by silos' and to put in place integrated risk and economic capital management capabilities that will enable the Bank to achieve integrated view of risks across its various business operations and to gain strategic advantage from its risk management capabilities.

The Board of Directors (BOD) keeps an oversight on the Bank-wide risk management framework and approves the risk management strategy and policies of the Bank. The Board Risk Management Committee (BRMC), ensures that the Bank maintains a complete and prudent integrated risk management framework at all times and ensures that the risk exposures are maintained within acceptable levels. Moreover, the Credit Risk Management Committee (CRMC), Market Risk Management Committee (MRMC) and the Operational Risk Management Committee (ORMC) and all other senior management committees are mainly responsible for ensuring the compliance of the BOD approved risk management policy and for monitoring and managing risk levels in relevant areas of the Bank.

The Bank's risk management policy, formulated on regulatory guidelines, covers all major types of risk that the Bank is exposed to. The policy is laid down on key risk management principles which includes management oversight and control culture, risk recognition and assessment, control activities and segregation of duties, information and communication and monitoring activities and correcting deficiencies



The Bank has a well-established risk management structure, with an active Board of Directors and Board Risk Management Committee supported by an experienced senior management team and a centralized risk management group which is independent of the business lines.

RISK MANAGEMENT FUNCTION



47.1 Credit risk

The Bank has undertaken a number of initiatives in the areas of assessment, measurement and monitoring of credit risk, market risk, funding liquidity risk, operational risk and IT security risks. These measures are providing competitive advantage to the Bank besides preparing the Bank for the full implementation of Basel-III.

The Bank has undertaken a number of initiatives in the areas of assessment, measurement and monitoring of credit risk, market risk, funding liquidity risk, operational risk and IT security risks. These measures are providing competitive advantage to the Bank besides preparing the Bank for the full implementation of Basel-III.

Credit Risk Management Objectives and Organisation

Lending of money is the core business activity, a major source of revenue and a significant exposure for the Bank. Lendings are mainly funded from depositors' money. Therefore, in order to protect the stakeholders' wealth, the Bank has deployed considerable resources and adequate controls to manage, monitor and control credit risk throughout the Bank.

The main objective of the credit risk management process is to identify, assess, measure and monitor credit risk in all the financial exposures of the Bank. The Bank has established a rigorous credit risk management framework to timely and effectively manage credit risk in each and every credit transaction as well as at portfolio level. In addition to this, the Enterprise Risk Management (ERM) solution of SAS provides information / analysis in making better credit decisions, measured risk-taking, better loan pricing and efficient capital allocation thereagainst thus resulting in efficient and effective use of funds and increase in profitability of the Bank.

The Bank has an organisational structure for managing credit risk, established on internal control environment and equipped with adequate level of expertise and resources.

CREDIT RISK MANAGEMENT STRUCTURE



Credit Approval Authorities and Credit Standards

The Board of Directors has delegated lending powers to different tiers of credit approving authorities, constituted at central and regional levels. Extension of credit is executed, in strong internal control environment, in the light of the Bank's credit policies and procedures and regulatory requirements. The approval mechanism also accounts for Internal Rating of the borrower, thus high risk clients are only approved at senior level.

Credit Portfolio Management

Besides managing credit risk at transaction level, the Bank regularly monitors credit risk at portfolio level and ensures that no undue concentration of risk is present in the overall credit exposure at Bank level. The Bank has a well established and rigorous management information set-up which allows efficient and effective assessment, monitoring and management of its credit risk profile in various dimensions.

Credit Risk Rating

The Credit risk Rating System provides solid grounds for the assessment and measurement of credit risk against each obligor in addition to fulfilling regulatory requirements. The SAS based Internal Obligor Risk Rating System for Agriculture, Corporate, ME/SE and Consumer borrowers have been approved by the BoD of the Bank. This rating system is an empirical risk rating system which will help to assess the Probability of Default (PD) of these obligors; risk based pricing, risk diversification and portfolio management as per the requirement of SBP/Basel Accords and also has the capability to track historical defaults and loss experiences.

These Credit Risk Rating Systems are now incorporated with Bank's Credit Approval Processing Systems (CAPs) for its Corporate, SE/ME, Agri and Consumer borrowers; resultantly this facility would reduce the TAT in Credit Risk Review process and approvals and establish a single platform for initiation and monitoring the Bank's portfolio.

The ORR assigns risk grades to customers, in accordance with the regulatory requirements, in twelve grades, out of which top nine grades refer to regular customers whereas remaining three grades pertain to defaulted ones. Whereas, FRR assigns each loan facility in six categories, in accordance with regulatory requirements. Business Units assign credit risk rating to every customer and loan facility as an integral part of the Bank's credit approval process.

Credit Risk Management Policy

A sound credit risk management framework forms part of the overall business strategy and credit operations of the Bank. The principles for credit risk management have been laid down in the Bank's credit policy, credit manual, and credit risk procedural manual. The policy has been developed in accordance with the requirements of the State Bank of Pakistan and is reviewed and updated (where required) on a periodic basis.

Credit Risk Assessment

The Bank has a well established and rigorous pre-approval evaluation process of credit risk embedded in each credit transaction executed by the Business Units. The entire process broadly encompasses, gathering relevant information on the borrower, credit investigations and visits, detailed credit appraisal and credit risk assessment / measurement.

Credit Risk Limit Structure

In addition to monitoring credit limits specified in the Prudential Regulations of the State Bank of Pakistan, the credit limit structure of the Bank includes internal limits as established by the senior management and the BOD. Internal limits include limits with respect to BOD approved risk appetite, industry / sector, credit approval authority, large exposures limits, linkage ratio limits for corporate borrowers, exposure with banks and NBFIs, exposure with insurance companies and foreign countries. All these limits are monitored on a regular basis and any exceptions are reported to the relevant authorities for their timely action where necessary.

Collateral

Collateral act as mitigants in case of default by the borrower. Therefore, most of the facilities extended by the Bank are backed by appropriate and quality collaterals. Similarly, lendings to financial institutions and DFIs are backed by securities viz., Treasury Bills and Pakistan Investment Bonds. Clean facilities are provided, under strict control environment, only to the extent permissible under the Prudential Regulations of the State Bank of Pakistan. The credit manual of the Bank contains list of approved collaterals that the Bank can take and internal control standards for the management of collaterals obtained against credit facilities.

Early Warning System

The Bank has an effective early warning system which enables the Business Units / credit managers / credit administration personnel to identify and report problem loans on a prompt basis. Reports are received from Business Units on a regular basis, which are escalated to the concerned authority for necessary action on a timely basis.

Remedial Management and allowances for impairment

The Bank has standards for identification and classification of credit facilities, restructuring as well as related provisioning requirements and write-off policy, with clear responsibilities pertaining to all processes that are required to be followed.

Non-performing loans beyond certain aging / classification category are required to be referred to Remedial Management Group which initiates recovery proceedings against the borrowers in accordance with the applicable laws.

Particulars of Bank's significant on-balance sheet and off-balance sheet credit risk in various sectors are analysed as follows:

47.1.1 Lendings to financial institutions

Credit risk by public / private sector

	Gross lendings		Non-performing lendings		Provision held	
	2019	2018	2019	2018	2019	2018
	(Rupees in '000)					
Public / Government	-	-	-	-	-	-
Private	1,202,243	3,921,270	-	-	-	-
	1,202,243	3,921,270	-	-	-	-

47.1.2 Investment in debt securities

Credit risk by industry sector

	Gross investments		Non-performing investments		Provision held	
	2019	2018	2019	2018	2019	2018
	(Rupees in '000)					
Textile	52,234	52,234	52,234	52,234	52,234	52,234
Chemical and Pharmaceuticals	7,440	63,965	7,440	7,440	7,440	7,440
Services	470,000	248,085	-	-	-	-
Construction	6,560	6,560	6,560	6,560	6,560	6,560
Power (electricity), Gas, Water, Sanitary	1,539,814	1,932,075	19,860	19,860	19,860	19,860
Transport, Storage and Communication	-	-	-	-	-	-
Financial	171,214,467	140,344,592	-	-	-	-
	173,290,515	142,647,511	86,094	86,094	86,094	86,094

Credit risk by public / private sector

	Gross investments		Non-performing investments		Provision held	
	2019	2018	2019	2018	2019	2018
	(Rupees in '000)					
Public / Government	171,014,218	140,835,167	-	-	-	-
Private	2,276,297	1,812,344	86,094	86,094	86,094	86,094
	173,290,515	142,647,511	86,094	86,094	86,094	86,094

47.1.3 Advances

Credit risk by industry sector

	Gross advances		Non-performing advances		Provision held	
	2019	2018	2019	2018	2019	2018
	(Rupees in '000)					
Agriculture, Forestry, Hunting and Fishing	2,369,292	2,954,115	179,359	190,437	149,682	157,411
Food and Allied	64,450,550	52,744,361	1,237,357	787,583	263,390	298,684
Textile	28,748,118	32,951,049	4,773,782	6,148,322	4,127,279	5,437,884
Chemical and Pharmaceuticals	7,128,648	5,581,578	574,860	570,410	543,795	533,250
Cement	2,205,011	2,189,801	-	-	-	-
Sugar	6,895,983	5,825,569	415,539	85,704	144,420	85,704
Footwear and Leather garments	1,840,328	1,384,893	66,521	76,521	66,521	76,521
Automobile and transportation equipment	2,173,810	1,425,438	-	13,510	-	13,510
Electronics and electrical appliances	4,014,139	3,085,517	54,312	64,214	54,312	64,214
Construction	4,745,050	4,606,404	36,908	36,067	34,757	34,726
Power (electricity), Gas, Water, Sanitary	27,134,901	25,833,620	149,871	149,871	149,871	149,871
Wholesale and Retail Trade	21,138,428	15,277,029	266,937	360,428	156,109	178,190
Exports/Imports	9,034,293	8,903,912	443,490	213,250	125,606	84,933
Financial	967,098	1,488,929	133,499	138,959	133,499	138,959
Balance Carried Forward	182,845,649	164,252,215	8,332,435	8,835,274	5,949,241	7,253,857

Balance Brought Forward

	Gross advances		Non-performing advances		Provision held	
	2019	2018	2019	2018	2019	2018
	(Rupees in '000)					
Balance Brought Forward	182,845,649	164,252,215	8,332,435	8,835,274	5,949,241	7,253,857
Services	7,887,436	7,774,723	422,405	422,063	362,620	297,883
Individuals	7,649,927	7,711,834	159,637	139,616	91,698	70,584
Education	2,045,478	1,648,882	-	-	-	-
Iron & Steel	4,404,180	5,601,775	267,842	356,225	215,456	181,963
Paper & Printing	1,698,585	1,635,406	48,920	100,538	48,920	100,538
Plastic Products	1,864,674	1,500,142	465,368	257,848	236,748	15,648
Ship Breaking	1,360,697	2,573,619	1,090,746	1,123,746	585,608	288,546
Others	2,759,288	2,132,609	115,245	121,822	82,772	105,465
	212,515,914	194,831,205	10,902,598	11,357,132	7,573,063	8,314,484

Credit risk by public / private sector

	Gross advances		Non-performing advances		Provision held	
	2019	2018	2019	2018	2019	2018
	(Rupees in '000)					
Public/ Government	78,503,801	61,447,095	-	-	-	-
Private	134,012,113	133,384,110	10,902,598	11,357,132	7,573,063	8,314,484
	212,515,914	194,831,205	10,902,598	11,357,132	7,573,063	8,314,484

47.1.4 Contingencies and Commitments**Credit risk by industry sector**

	2019	2018
	(Rupees in '000)	
Agriculture, Forestry, Hunting and Fishing	216,548	73,351
Food and Allied	6,862,623	6,730,238
Textile	5,159,739	4,605,311
Chemical and Pharmaceuticals	2,345,900	2,329,627
Cement	1,792,231	1,762,543
Sugar	1,005,937	394,216
Footwear and Leather garments	215,351	129,023
Automobile and transportation equipment	355,901	741,419
Electronics and electrical appliances	1,701,729	1,978,209
Construction	2,766,477	2,768,186
Power (electricity), Gas, Water, Sanitary	6,733,032	4,496,121
Wholesale and Retail Trade	9,139,680	7,204,398
Exports/Imports	1,565,782	1,679,084
Financial	189,949,268	154,900,953
Services	10,686,022	6,433,354
Education	104,571	104,571
Iron & Steel	1,799,597	1,591,983
Paper & Printing	854,498	462,564
Plastic Products	657,317	1,201,663
Ship Breaking	401,707	105,284
Others	551,671	830,307
	244,865,581	200,522,405

Credit risk by public / private sector

	2019	2018
Public / Government	1,693,865	1,877,150
Private	243,171,716	198,645,255
	244,865,581	200,522,405

47.1.5 Concentration of advances

The Bank's top 10 exposures on the basis of total (funded and non-funded exposures) aggregated to Rs. 87,780 million (2018: Rs. 67,792 million) and are as following:

	2019	2018
	----- (Rupees in '000) -----	
Funded	85,048,475	65,759,617
Non-funded	2,731,441	2,032,210
Total exposure	87,779,916	67,791,827

The sanctioned limits against these top 10 exposures aggregated to Rs. 104,950 million (2018: Rs. 90,236 million)

Total funded classified therein	2019		2018	
	Amount	Provision held	Amount	Provision held
	----- (Rupees in '000) -----			
QAEM	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	-	-	-	-
Total	-	-	-	-

47.1.6 Advances - province / region-wise disbursement & utilization

		2019						
Province / region		Disbursements	Utilization					
			Punjab	Sindh	KPK including FATA	Balochistan	AJK including Gilgit-Baltistan	Islamabad
		----- (Rupees in '000) -----						
Punjab		252,936,960	239,416,246	3,930,613	2,776,470	-	1,117,573	5,096,058
Sindh		231,706,076	5,777,430	211,057,343	401,167	2,656,962	-	11,813,174
KPK including FATA		3,748,769	53,580	-	3,695,209	-	-	-
Balochistan		124,065	-	-	-	124,065	-	-
AJK including Gilgit-Baltistan		2,859,644	-	-	21,906	-	2,837,738	-
Islamabad		47,527,305	17,193,197	6,623,192	7,613,013	-	-	16,097,913
Total		538,902,839	262,440,443	221,611,148	14,507,765	2,761,027	3,955,311	33,607,145

		2018						
Province / region		Disbursements	Utilization					
			Punjab	Sindh	KPK including FATA	Balochistan	AJK including Gilgit-Baltistan	Islamabad
		----- (Rupees in '000) -----						
Punjab		267,448,556	263,723,813	1,540,194	527,863	-	1,656,686	-
Sindh		215,995,540	1,305,120	205,349,147	-	103,673	-	9,237,600
KPK including FATA		4,092,180	58,077	-	4,034,103	-	-	-
Balochistan		202,415	-	-	-	202,415	-	-
AJK including Gilgit-Baltistan		4,931,314	-	-	-	-	4,931,314	-
Islamabad		51,181,258	3,134,360	-	3,338,633	-	-	44,708,265
Total		543,851,263	268,221,370	206,889,341	7,900,599	306,088	6,588,000	53,945,865

Disbursements mean the amounts disbursed by banks either in Pak Rupee or in foreign currency against loans.

"Disbursements of Province/Region wise" refers to the place from where the funds are being issued by scheduled banks to the borrowers.

"Utilization of Province/Region wise" refers to the place where the funds are being utilized by borrower.

47.2 Market Risk

47.2.1 Market risk is the risk that the value of on and off-balance sheet positions of a financial institution will be adversely affected by movements in market rates or prices such as interest rates, foreign exchange rates, equity prices and / or commodity prices resulting in a loss to earnings and capital.

Market risk management objective and organisation

The Risk Management Framework requires that strong risk management practices are integrated in key strategic, capital and financial planning processes and day-to-day business processes across the Bank.

The Bank has established a rigorous market risk management framework to efficiently and effectively monitor and manage market risk in every transaction as well as on a portfolio level.

The Bank has a sound organisation structure for managing market risk, established on strong internal control environment and equipped with adequate level of expertise and resources. The Risk Management Committee (RMC), a BOD level sub-committee, is primarily responsible to monitor and manage market risk in all the financial exposures of the Bank, supported by senior management committees namely Asset and Liability Management Committee (ALCO) and Market Risk Management Committee (MRMC).

MARKET RISK MANAGEMENT STRUCTURE



Market Risk Monitoring

The Bank's market risk policies set out risk management parameters, governance and control frameworks as well as reporting arrangements for key risk indicators. The Bank has a well-established structure of internal limits with respect to its treasury and investment operations. The Treasury Middle Office (TMO), within the Market Risk Management Department, monitors each and every transaction executed through treasury, monitors risk limits, reports breaches, off market rates, rate reasonability against benchmark rates, tolerance PV01 limits and assesses market risk in money market transactions, investments in equity securities, monitors impairments in equity securities and its stop loss limit and foreign exchange transactions. In order to mitigate unnecessary risk and ensure minimum business losses, Earmarking Policy has also been implemented to ensure risk migration from high risk to low risk transactions.

Portfolio Analysis and Management

Besides managing market risk at transaction level, the Bank regularly monitors market risk at portfolio level and ensures that no undue concentration of risk and adverse correlation is present in the overall financial exposures at the Bank level. The Bank has a well established management information set-up which allows efficient and effective assessment, monitoring and management of its market risk profile in various dimensions.

Marking-to-Market

The Bank is marking-to-market (MTM) its investment in tradable and available for sale securities, i.e., equity securities, debt securities and foreign exchange ready and forward transactions, on a regular basis. The same is independently reviewed by the Risk Management Group.

Market Risk Assessment and Measurement

The Bank is assessing and measuring market risk in all of its financial exposures using various types of measurement and analytical tools like Value at Risk (VaR), duration and convexity, interest rate gap and duration gap. The Bank is using Standardized Approach for exposures in its balance sheet, to calculate market risk capital charge and risk weighted asset for Capital Adequacy Ratio (CAR) calculation purposes.

The Bank's principle market risk measurement methodology are VAR and stress testing. Historical financial market rates, prices and volatility serve as the basis for the statistical VAR model underlying the potential loss estimation. The Bank uses ten days as well as 30 days holding period at 99% confidence level to model risk in different portfolios. The main assumptions and scenarios of our stress analysis includes:

1. Parallel shift in yield curve by 2%, 3% and 4%.
2. Change in the slope of yield curve by changing short-term, medium-term and long-term maturities by different rates.
3. Gain or loss depending on net long or net short position in foreign currency exposure.
4. Fall in general equity price upto 50%.

47.2.2 Statement of financial position split by trading and banking books

	2019			2018		
	Banking book	Trading book	Total	Banking book	Trading book	Total
--- (Rupees in '000) ---						
Cash and balances with treasury banks	33,961,308	-	33,961,308	26,019,679	-	26,019,679
Balances with other banks	2,074,533	-	2,074,533	1,179,612	-	1,179,612
Lendings to financial institutions	1,202,243	-	1,202,243	3,921,270	-	3,921,270
Investments	167,510,061	9,546,055	177,056,116	135,346,832	11,298,701	146,645,533
Advances	204,901,313	-	204,901,313	186,475,183	-	186,475,183
Fixed assets	8,328,905	-	8,328,905	6,238,673	-	6,238,673
Intangible assets	466,686	-	466,686	454,536	-	454,536
Other assets	14,549,678	-	14,549,678	11,220,557	342,745	11,563,302
	432,994,727	9,546,055	442,540,782	370,856,342	11,641,446	382,497,788

47.2.3 Foreign exchange risk

Foreign exchange risk is the probability of loss resulting from adverse movements in exchange rates. Exchange position arising from trading activities is monitored through foreign exchange limits on aggregate and individual currency basis. Hedging strategies and mark-to-market valuations are used to mitigate exchange risk resulting from open position. Overall exchange position risk is maintained in accordance with the regulatory requirements prescribed by the State Bank of Pakistan.

	2019				2018			
	Foreign Currency Assets	Foreign Currency Liabilities	Off-balance sheet items	Net foreign currency exposure	Foreign Currency Assets	Foreign Currency Liabilities	Off-balance sheet items	Net foreign currency exposure
	(Rupees in '000)							
Pakistan rupee	420,590,750	394,159,322	(6,270,258)	20,161,170	366,450,360	339,111,012	(9,434,638)	17,904,710
United States dollar	20,014,429	24,724,332	4,738,536	28,633	13,849,073	22,468,408	8,651,808	32,473
Great Britain pound	616,799	2,357,868	1,744,678	3,609	716,961	2,010,353	1,295,544	2,152
Japanese Yen	15,916	21,126	6,415	1,205	3,434	36	(2,143)	1,255
Euro	1,138,012	907,806	(222,625)	7,581	1,303,631	903,326	(399,936)	369
Chinese Yuan	137,875	136,705	(1)	1,169	145,266	4,636	(101,451)	39,179
Other currencies	27,001	20,028	3,255	10,228	29,083	11,143	(9,184)	8,736
	442,540,782	422,327,187	-	20,213,595	362,497,788	364,508,914	-	17,968,874

Impact of 1% change in foreign exchange rates on

- Profit and loss account
- Other comprehensive income

	2019		2018	
	Banking book	Trading book	Banking book	Trading book
	(Rupees in '000)			
	-	524	-	842
	-	-	-	-

47.2.4 Equity position risk

The Bank invests mainly in blue chip securities depending upon market mispricing through arbitrage. Further, the risk arising from investments in equity securities lies in both its banking and trading books which is measured and assessed using the Value at Risk (VaR) approach. The VaR of the portfolio is reported to the BRMC, ALCO/MRMC and other authorities on a periodical basis.

Impact of 5% change in equity prices on

- Profit and loss account
- Other comprehensive income

	2019		2018	
	Banking book	Trading book	Banking book	Trading book
	(Rupees in '000)			
	-	-	-	-
	-	192,030	-	203,651

47.2.5 Yield / Interest rate risk in the Banking book (IRRBB) - Basel II Specific

Interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in interest rates, including changes in the shape of the yield curve.

Interest rate risk is inherent in the Bank's business and arises due to the mismatches in the contractual maturities or repricing of on- and off-balance sheet assets and liabilities. The Bank is exposed to interest rate risk in both the Trading and Banking Books. The Bank uses duration gap models to measure and monitor the interest rate sensitivity on the potential earnings and the Bank's economic value of equity. Overall potential impact of the mismatches on the earnings in short term is not material and is being managed within the tolerance limits approved by the Board.

Impact of 1% change in interest rates on

- Profit and loss account
- Other comprehensive income

	2019		2018	
	Banking book	Trading book	Banking book	Trading book
	(Rupees in '000)			
	1,312,209	75,839	730,511	10,519
	-	-	-	-

47.2.6 Mismatch of Interest Rate Sensitive Assets and Liabilities

Yield risk is the risk of decline in earnings due to adverse movement of the yield curve. Interest rate risk represents the risk that value of financial instruments will fluctuate due to change in market interest rates. The Bank is exposed to yield / interest rate risk as a result of mismatches or gaps in the amounts of assets and liabilities and off-balance sheet instruments that mature or re-price in a given period. The Bank manages this risk by matching the re-pricing of assets and liabilities and off-balance sheet instruments. The Bank's yield / interest rate sensitivity position for on-balance sheet instruments is based on the earlier of contractual re-pricing or maturity date and for off-balance sheet instruments is based on settlement date. The Bank quantifies the yield curve risk via duration, PVBP and convexity for rate sensitive assets and liabilities held in banking and trading book. The bank also measure impact on net worth depending on duration gap of rate sensitive assets and liabilities.

2018											
Effective Yield/ Interest rate	Total	Exposure to Yield/Interest risk								Non-Interest bearing Financial instruments	
		Within 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years		Above 10 Years
Figures in '000											
On-balance sheet financial instruments											
Assets											
Cash and balances with treasury banks	0.06%	31,901,308	2,947,077	-	-	-	-	-	-	-	31,914,231
Balances with other banks	2.44%	2,074,533	191,263	-	-	-	-	-	-	-	1,883,330
Lending to financial institutions	11.47%	1,202,240	1,020,239	192,064	-	-	-	-	-	-	-
Investments	11.09%	177,056,136	6,094,541	20,414,422	20,137,752	73,372,086	46,630,377	2,780,558	3,010,225	854,480	3,951,865
Advances	12.38%	204,901,313	162,175,780	18,154,949	11,232,718	3,149,105	66,516	139,026	497,190	2,059,036	3,025,526
Other assets	0.00%	12,229,364	-	-	-	-	-	-	-	-	12,229,364
		431,434,877	173,380,800	38,752,775	31,370,470	76,521,191	46,696,890	2,949,584	3,507,418	2,910,546	3,045,025
											32,318,155
Liabilities											
Bills payable	0.00%	3,900,967	-	-	-	-	-	-	-	-	3,900,967
Borrowings	9.78%	96,705,109	55,337,121	12,030,784	13,579,056	13,023,278	21,630	46,519	71,209	1,709,246	89,147
Deposits and other accounts	15.89%	302,060,065	117,144,988	64,634,963	12,727,272	21,497,729	403,703	1,053,662	297,300	-	74,044,678
Liabilities against assets subject to finance lease	0.00%	-	-	-	-	-	-	-	-	-	-
Subordinated debt	13.65%	6,966,300	2,905,300	-	4,000,000	-	-	-	-	-	-
Other liabilities	0.00%	12,258,221	-	-	-	-	-	-	-	-	12,258,221
		421,032,472	175,479,399	76,664,947	30,100,328	44,521,007	306,333	1,100,170	368,629	1,709,246	90,353,003
											32,318,155
On-balance sheet gap		10,402,405	-2,098,599	38,114,872	1,267,142	32,000,184	46,163,560	1,849,414	3,138,789	1,201,300	3,045,025
											32,318,155
Non-Interest bearing assets		9,791,190	-	-	-	-	-	-	-	-	-
Total net assets		20,193,595	-	-	-	-	-	-	-	-	-
Off-balance sheet financial instruments											
Documentary credits and short-term trade-related transactions		44,579,473	15,377,940	12,672,781	2,942,070	3,675,182	2,881,147	2,229,621	1,256,771	508,583	3,065,545
Commitments in respect of:											
- forward foreign exchange contracts purchase		96,944,435	27,202,159	35,717,779	28,215,261	5,899,297	-	-	-	-	-
- forward foreign exchange contracts sale		(90,314,796)	(24,940,359)	(34,119,802)	(20,188,012)	(1,027,025)	-	-	-	-	-
- forward government securities transactions		4,042,882	4,542,882	-	-	-	-	-	-	-	-
- forward lending		5,378,806	-	-	-	5,378,806	-	-	-	-	-
- acquisition of fixed assets		94,274	-	-	-	94,274	-	-	-	-	-
- acquisition of intangibles		17,401	-	-	-	17,401	-	-	-	-	-
Off-balance sheet gap		62,743,536	21,842,629	14,471,757	969,259	12,947,204	2,881,147	2,229,621	1,256,771	508,583	3,065,545
Total yield/interest risk sensitivity gap		19,546,540	(2,042,215)	52,586,629	2,236,401	45,947,388	49,044,707	4,079,035	4,395,560	1,709,883	6,110,570
Consolidated yield/interest risk sensitivity gap		19,546,540	(4,081,775)	(1,857,374)	44,330,144	62,904,851	56,963,796	101,379,356	105,989,219	109,199,789	-

2019														
Effective Yield/ Interest rate	Exposed to Yield/ Interest risk										Non-interest bearing financial instruments			
	Total	Up to 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years				
(Rupees in '000)														
On-balance sheet financial instruments														
Assets														
Cash and balances with treasury banks	0.43%	26,019,679	2,740,860	-	-	-	-	-	-	-	-	23,278,829		
Balances with other banks	4.28%	1,179,612	184,908	-	-	-	-	-	-	-	-	994,704		
Lending to financial institutions	7.08%	3,921,270	3,921,270	-	-	-	-	-	-	-	-	-		
Investments	6.93%	140,645,533	31,940,426	64,835,464	14,930,851	9,801,334	9,315,447	11,552,611	-	105,263	-	4,064,117		
Advances	7.80%	180,475,183	147,998,015	16,089,088	8,589,388	5,604,238	98,919	172,932	366,313	1,595,758	2,847,903	3,042,648		
Other assets	0.00%	11,218,113	-	-	-	-	-	-	-	-	-	11,218,113		
		375,459,390	186,785,469	80,924,552	23,530,219	15,545,572	9,414,366	11,725,543	366,313	1,701,042	2,847,903	42,616,411		
Liabilities														
Bills payable	0.00%	3,993,525	-	-	-	-	-	-	-	-	-	3,993,525		
Borrowings	5.41%	81,962,917	52,577,019	16,032,933	9,590,547	320,549	43,364	27,006	93,035	982,667	-	287,796		
Deposits and other accounts	6.06%	262,378,761	81,719,291	91,889,501	12,261,452	9,685,540	373,662	256,309	-	-	-	66,203,006		
Liabilities against assets subject to finance lease	0.00%	-	-	-	-	-	-	-	-	-	-	-		
Subordinated debt	8.74%	6,996,400	600	-	6,995,800	-	-	-	-	-	-	-		
Other liabilities		8,992,846	-	-	-	-	-	-	-	-	-	8,992,846		
		364,324,440	134,296,910	109,922,434	28,845,709	10,006,088	417,026	283,315	93,035	982,667	-	79,477,175		
On-balance sheet gap		11,134,941	52,488,559	(28,997,882)	(5,315,580)	5,539,484	8,997,340	11,442,228	273,278	718,375	2,847,903	(36,658,764)		
Non financial net assets		8,653,933	-	-	-	-	-	-	-	-	-	-		
Total net assets		17,988,874	-	-	-	-	-	-	-	-	-	-		
Off-balance sheet financial instruments														
Documentary credits and short-term trade-related transactions		40,737,350	7,880,038	9,744,300	6,604,501	5,780,361	1,851,905	2,695,314	2,471,614	306,629	3,201,688	-		
Commitments in respect of:														
- forward foreign exchange contracts purchase		80,729,599	15,527,504	40,523,300	24,315,291	63,414	-	-	-	-	-	-		
- forward foreign exchange contracts sale		(71,630,097)	(20,368,691)	(19,961,073)	(31,280,343)	-	-	-	-	-	-	-		
- forward government securities transactions		1,908,940	1,908,940	-	-	-	-	-	-	-	-	-		
- forward lending		3,056,964	-	-	-	3,056,964	-	-	-	-	-	-		
- acquisition of fixed assets		81,102	-	-	-	81,102	-	-	-	-	-	-		
- acquisition of intangibles		39,971	-	-	-	39,971	-	-	-	-	-	-		
Off-balance sheet gap		54,883,825	5,287,807	30,306,617	(180,651)	9,021,832	1,851,905	2,695,314	2,471,614	306,629	3,201,688	-		
Total yield/ interest risk sensitivity gap		57,776,366	1,309,735	(5,476,131)	14,561,286	10,649,245	14,138,542	2,744,892	1,025,004	6,049,591	(36,658,764)			
Cumulative yield / interest risk sensitivity gap		67,776,366	59,085,101	53,608,970	68,170,256	79,019,501	93,158,043	95,902,935	96,927,939	102,977,530				

- (a) The effective interest rate is a historical rate (for December month) for a fixed rate instrument carried at amortised cost and a current market rate for a floating rate instrument.
- (b) The effective interest rate has been computed by excluding non-performing advances.
- (c) The effective interest rate has been computed by excluding non-remunerative deposits.

47.2.7 Liquidity risk

Liquidity risk is the potential inability to meet contractual and contingent financial obligations, either on or off balance sheet, as they become due. Primary liquidity objective of the Bank is to provide adequate funding for businesses throughout market cycles, including periods of financial stress.

Liquidity Management

Day to day funding, is managed by Treasury Division through net cash flows from payment systems, fresh deposits mobilised by branches, maturing money market deposits, etc.

The Bank maintains a portfolio of highly marketable assets viz., Market Treasury Bills and Pakistan Investment Bonds, that can either be sold in the open market or funds can be arranged there against under repo arrangements. This is further supported by investments in short term securities viz., Certificate of Investments etc. In line with its liquidity risk management policy, the Bank maintains a cushion over and above the minimum statutory liquidity requirement prescribed by SBP for maintaining liquidity reserves to ensure continuity of cash flows.

Liquidity risk monitoring

The Bank monitors its liquidity risk through various liquidity ratios and liquidity risk indicators and any deviations or breaches are reported to the relevant authorities for timely action. Moreover, Asset and Liability Management Committee (ALCO), a senior management committee, also reviews the liquidity position of the Bank on at least monthly basis and takes appropriate measures where required.

Liquidity risk assessment

The Bank uses liquidity gap ladder to assess the liquidity gaps and liquidity needs in different time buckets, under normal and stressed scenarios. Whereas, the Contingency Funding Plan (CFP) of the Bank is also tested on the basis of the results of liquidity stress testing.

Sources of liquidity are regularly reviewed / monitored by the Asset and Liability Management Committee (ALCO). The ALCO reviews the current economic situation, projected cash flows and asset / liability mix and approves strategy for managing appropriate liquidity. The liquidity risk management policy of the Bank encompasses liquidity contingency plan for actions to be taken in case of liquidity crises.

Mandatory stress tests of SBP are conducted, on a periodic basis, to test the adequacy of liquidity contingency plan and to identify the extent of liquidity stress that the Bank is able to take in current conditions.

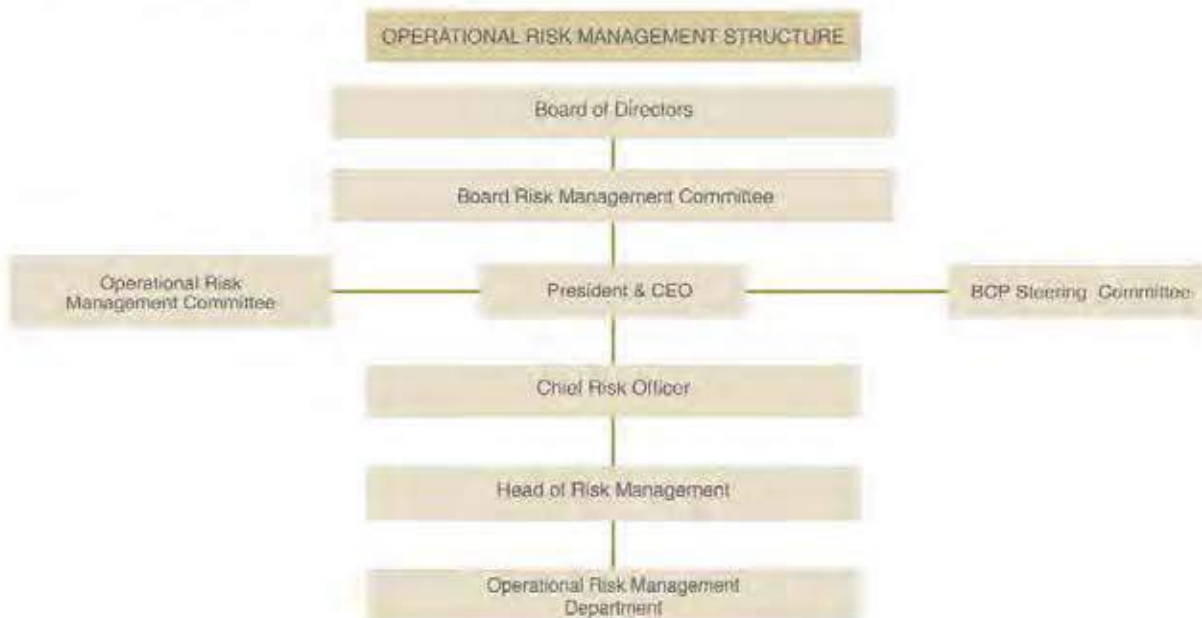
Liquidity management framework allows the Bank to run stress analysis on the balance sheet and off-balance positions, which include, but are not limited to, the following:


1. Significant withdrawals from corporate clients deposits.
2. Withdrawal of top ten, top fifteen, and top twenty deposits.
3. Loss in the funding value of unencumbered assets.
4. Availability of secure lending is subject to significant over collateralisation.

47.2.8 Operational risk

Operational risk 'OpRisk' is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or external events. This includes legal risk as well as the reputational consequences of failures in operational risk management. The Bank uses Basic Indicator approach for assessing capital charge for operational risk.

Operational Risk Management Objective and Organisation





The main objective of the operational risk management is to minimise expected and unexpected losses arising out of operational activities of the Bank.

The Bank has established a rigorous operational risk management framework to efficiently and effectively monitor and manage operational risk in each business and support activity of the Bank as well as those arising from external events like from natural disasters, outsourcing, etc.

The Bank has a sound organisation structure for managing operational risk, established on strong internal control environment and equipped with adequate level of expertise and resources. The Bank has also formed an Operational Risk Management Committee (ORMC), a senior management committee to assist the Board Risk Management Committee (RMC), to ensure the compliance of BoD approved operational risk management framework, supported by the Risk Management Division (RMD)

Operational risk assessment

The Bank has been conducting risk and control self assessment (RCSA) exercise for each business and support function of the Bank in order to identify and assess operational risks inherent in existing activities, processes and systems. Through the RCSA exercise, the Bank has been able to develop inventory of risks, controls and key risk indicators (KRI) and has identified gaps in its operating activities which are rectified on a priority basis.

Operational risk monitoring

Operational risk monitoring is conducted through KRIs, identified in the RCSA exercise for each process. All branches, offices, Groups / departments furnish KRI reports on a periodical basis to the Operational Risk Management Department (within the Risk Management Group).

Operational risk measurement

The Bank keeps a detailed track of its operational loss events and maintains a database. This helps the Bank to step towards advanced approach of Basel II accord and also allows the Bank to formulate strategy to rectify the gap of re-occurrence of the incident. The Bank has, in compliance of BPRD Circular No. 04 of 2014 "Implementation of Operational Risk Management Framework" created separate Op-Loss general ledgers in the Bank's system which are being used for reporting of operational losses and are bifurcated into 7 operational loss categories as per the requirement of Basel II accord. The Bank also gathers external loss events occurring in the banking industry and designs strategies to prevent occurrence of similar incidents in the Bank.

Operational risk assessment for new products and services

Operational risk in all new products, systems and processes are identified and assessed by the RMG so that risk associated can be mitigated to an acceptable level. Assessment comprises of:

- review of new process flows and their control activities;
- conduct RCSA exercise; and
- identification, adequate assessment and ranking of all risks and controls.

Business Continuity Plan

In order to ensure continuity of the Bank's operations, the Bank has in place a well developed, BoD approved Business Continuity Plan (BCP) which has been implemented across the Bank. The BCP has been well communicated down the line and regular trainings and testing is conducted across the country. Permanent back up sites have also been established and related testing carried out by critical staff to their designated back up sites. The BCP Steering Committee, a senior management committee, is responsible to ensure the adequacy of the BCP of the Bank as well as to ensure its effective implementation and compliance. The committee reports to the Board Risk Management Committee.

47.2.9 Maturities of Assets and Liabilities - based on contractual maturity of the assets and liabilities of the Bank

2019													
Total	Up to 1 Day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 to 9 Months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 years	Over 5 years
(Figures in '000)													
Assets													
Cash and balances with treasury banks	33,961,308	33,961,308	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	2,074,533	2,074,533	-	-	-	-	-	-	-	-	-	-	-
Lending to financial institutions	1,222,243	-	435	-	1,019,804	182,304	-	-	-	-	-	-	-
Investments	177,096,116	-	-	-	5,688,805	4,882,345	14,155,960	15,688,088	51,689,881	21,867,367	48,948,791	4,017,510	3,789,525
Advances	304,901,313	101,378,869	1,895,404	2,582,937	4,143,440	11,812,725	8,385,818	15,900,754	3,814,018	2,548,485	3,500,690	7,573,281	19,540,474
Fixed assets	8,328,905	1,513	9,088	10,800	51,300	72,530	72,208	208,632	206,041	422,882	714,863	705,136	1,089,076
Intangible assets	466,686	416	2,463	2,887	7,036	12,800	12,355	36,823	36,778	36,743	142,330	122,231	53,784
Other assets	14,548,678	8,607,808	240,405	410,641	1,085,394	1,253,416	636,367	154,314	16,785	1,269,810	2,078	2,078	10,384
	442,540,782	146,024,447	2,147,815	2,987,078	11,976,432	18,256,750	23,282,896	34,824,638	65,774,384	26,145,351	54,388,652	12,430,239	34,445,163
Liabilities													
Bills payable	3,960,357	3,960,357	-	-	-	-	-	-	-	-	-	-	-
Borrowings	95,705,108	88,147	47,305,844	7,185,942	946,824	4,337,915	7,688,022	13,097,095	13,275,640	26,589	21,630	46,518	79,177
Deposits and other accounts	302,082,965	191,169,266	8,236,583	3,230,479	14,872,088	17,324,823	23,070,800	12,777,273	27,051,950	4,446,779	489,703	1,053,652	297,300
Subordinated debt	6,995,200	-	600	-	-	-	-	-	600	-	1,200	1,200	2,391,000
Deferred tax liabilities	251,459	-	-	-	-	-	-	-	-	251,459	-	-	-
Other liabilities	12,601,417	6,801,436	240,371	410,632	1,111,472	1,278,886	662,037	180,723	83,174	208,678	307,715	300,060	488,465
	422,327,187	291,649,806	53,782,708	10,806,933	16,920,374	22,941,424	31,417,659	26,005,590	45,421,384	5,760,813	814,248	1,401,433	3,826,542
Net assets	20,213,595	55,816,359	21,404,883	7,633,945	4,952,732	4,665,674	8,154,969	8,819,519	15,352,920	20,384,548	53,554,604	11,218,603	20,618,621
Share capital	11,024,636	-	-	-	-	-	-	-	-	-	-	-	-
Reserves	2,490,430	-	-	-	-	-	-	-	-	-	-	-	-
Surplus on revaluation of assets	1,690,455	-	-	-	-	-	-	-	-	-	-	-	-
Unappropriated profit	4,808,072	-	-	-	-	-	-	-	-	-	-	-	-
	20,213,595	55,816,359	21,404,883	7,633,945	4,952,732	4,665,674	8,154,969	8,819,519	15,352,920	20,384,548	53,554,604	11,218,603	20,618,621

2018													
Total	Up to 1 Day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 to 9 Months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 years	Over 5 years
(Figures in '000)													
Assets													
Cash and balances with treasury banks	26,019,679	26,019,679	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	1,179,612	1,179,612	-	-	-	-	-	-	-	-	-	-	-
Lending to financial institutions	3,921,270	-	3,921,270	-	-	-	-	-	-	-	-	-	-
Investments	146,645,330	-	31,812,111	28,262	100,052	64,400,863	41,612	15,911,621	3,625,895	6,438,904	12,968,900	11,329,297	735,188
Advances	196,475,183	88,182,742	1,627,891	1,578,547	3,587,296	8,746,656	11,041,276	13,808,440	6,084,588	2,519,698	2,312,682	4,715,482	23,963,977
Fixed assets	6,233,673	1,344	8,093	9,407	22,847	41,515	41,386	123,582	122,056	274,959	431,057	969,631	551,786
Intangible assets	484,538	431	2,358	3,447	8,372	15,265	15,554	30,720	25,266	28,520	104,783	98,733	121,400
Other assets	11,563,302	5,964,788	118,587	74,511	748,306	313,804	680,082	1,696,237	360,009	1,854,018	-	-	6,227
	382,497,788	121,378,656	37,485,677	1,684,474	4,447,505	73,548,286	11,734,941	31,373,580	10,264,964	12,896,288	13,517,382	17,113,113	25,388,628
Liabilities													
Bills payable	3,960,325	3,960,325	-	-	-	-	-	-	-	-	-	-	-
Borrowings	81,962,917	287,788	49,490,578	5,626	3,080,815	6,504,889	11,526,234	9,508,347	93,750	226,788	43,364	27,006	30,000
Deposits and other accounts	262,378,761	180,970,890	7,258,507	6,813,132	19,679,088	19,213,133	26,075,896	12,251,452	3,748,281	6,436,259	373,682	256,309	-
Subordinated debt	6,995,400	-	600	-	-	-	-	-	600	-	1,200	1,200	2,391,000
Deferred tax liabilities	120,054	-	-	-	-	-	-	-	-	120,054	-	-	-
Other liabilities	9,057,257	4,328,462	118,587	74,511	748,306	313,804	680,082	1,696,237	360,009	790,026	-	-	-
	364,528,814	189,580,777	56,868,272	6,895,269	23,528,801	26,021,806	38,194,053	23,549,236	3,736,640	7,573,637	418,226	284,515	3,088,805
Net assets	17,968,974	40,202,121	19,378,585	14,988,795	10,920,248	47,516,480	36,489,142	7,824,344	6,528,324	5,322,452	13,094,159	16,828,598	22,312,793
Share capital	11,024,636	-	-	-	-	-	-	-	-	-	-	-	-
Reserves	2,109,227	-	-	-	-	-	-	-	-	-	-	-	-
Surplus on revaluation of assets	542,637	-	-	-	-	-	-	-	-	-	-	-	-
Unappropriated profit	4,312,374	-	-	-	-	-	-	-	-	-	-	-	-
	17,968,974	40,202,121	19,378,585	14,988,795	10,920,248	47,516,480	36,489,142	7,824,344	6,528,324	5,322,452	13,094,159	16,828,598	22,312,793

47.2.10 Maturities of assets and liabilities - based on expected maturities of the assets and liabilities of the Bank

2019										
Total	Up to 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years	
(Rupees in '000)										
Assets										
Cash and balances with treasury banks	33,961,308	15,947,919	7,107,893	3,902,896	7,002,800	-	-	-	-	-
Balances with other banks	2,074,533	2,074,533	-	-	-	-	-	-	-	-
Lending to financial institutions	1,202,243	1,020,239	182,004	-	-	-	-	-	-	-
Investments	177,056,116	5,668,806	19,078,195	18,668,086	73,567,242	49,948,791	4,017,313	3,769,525	2,338,159	-
Advances	204,901,313	37,100,445	37,669,789	33,288,003	30,656,686	17,104,995	7,573,281	19,542,474	11,917,906	10,017,735
Fixed assets	5,328,905	72,597	144,738	208,632	629,023	774,963	705,136	1,069,016	1,543,039	3,181,761
Intangible assets	466,686	12,832	25,184	36,823	73,622	142,330	122,231	53,764	-	-
Other assets	14,549,678	10,344,776	1,889,983	104,314	1,286,575	2,078	2,078	10,354	10,391	899,097
	442,540,782	72,242,148	66,117,786	56,218,554	113,216,848	67,973,157	12,420,039	24,445,163	16,809,494	14,098,503
Liabilities										
Bills payable	3,980,957	3,980,957	-	-	-	-	-	-	-	-
Borrowings	95,705,109	55,426,268	12,030,784	13,376,056	13,023,278	21,630	46,518	71,329	1,709,246	-
Deposits and other accounts	302,082,965	59,956,365	61,357,309	33,669,157	60,450,115	41,246,782	17,275,343	26,105,914	-	-
Subordinated debt	6,995,200	600	-	-	600	1,200	1,200	2,991,600	4,000,000	-
Deferred tax liabilities	951,459	-	-	-	951,459	-	-	-	-	-
Other liabilities	12,631,477	8,363,879	1,940,923	180,723	430,180	307,715	300,089	488,465	639,553	-
	422,327,187	127,708,069	75,329,016	47,245,936	74,855,602	41,579,327	17,623,130	31,637,308	6,348,799	-
Net assets	20,213,595	(55,465,921)	(9,211,230)	8,972,618	38,360,246	26,393,830	(5,203,091)	(7,192,145)	9,460,695	14,098,503
Share capital										
Share capital	11,024,636	-	-	-	-	-	-	-	-	-
Reserves	2,490,432	-	-	-	-	-	-	-	-	-
Surplus on revaluation of assets	1,893,455	-	-	-	-	-	-	-	-	-
Unappropriated profit	4,805,072	-	-	-	-	-	-	-	-	-
	20,213,595	-	-	-	-	-	-	-	-	-

2018										
Total	Up to 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years	
(Rupees in '000)										
Assets										
Cash and balances with treasury banks	26,019,679	14,575,736	6,027,005	2,572,187	2,844,751	-	-	-	-	-
Balances with other banks	1,179,612	1,179,612	-	-	-	-	-	-	-	-
Lending to financial institutions	3,921,270	3,921,270	-	-	-	-	-	-	-	-
Investments	146,645,533	31,940,425	64,472,565	15,911,621	10,074,899	10,068,900	11,829,297	755,186	1,492,636	-
Advances	186,475,183	35,375,754	35,391,884	28,900,932	30,231,146	9,980,195	4,715,452	23,963,977	9,491,121	8,424,722
Fixed assets	6,238,673	41,661	82,901	123,562	397,055	431,057	369,631	551,786	958,005	3,282,015
Intangible assets	454,536	15,265	25,819	30,720	57,786	104,763	98,733	121,450	-	-
Other assets	11,583,302	6,926,824	903,987	1,699,237	2,027,027	-	-	6,227	-	-
	382,487,788	93,976,547	106,904,161	49,238,259	45,632,664	20,584,915	17,113,113	25,398,628	11,942,764	11,706,737
Liabilities										
Bills payable	3,993,525	3,993,525	-	-	-	-	-	-	-	-
Borrowings	61,962,917	52,864,817	18,032,933	9,598,547	320,548	43,364	27,006	93,035	982,667	-
Deposits and other accounts	262,378,761	56,499,016	58,080,238	24,787,307	27,413,916	25,445,372	19,494,509	30,507,384	20,151,019	-
Subordinated debt	6,995,400	600	-	-	600	1,200	1,200	2,992,800	4,000,000	-
Deferred tax liabilities	120,054	-	-	-	120,054	-	-	-	-	-
Other liabilities	9,057,257	5,270,498	903,987	1,699,237	1,183,535	-	-	-	-	-
	384,508,914	118,828,456	77,017,158	36,085,091	29,038,653	25,489,936	19,522,715	33,593,219	25,133,686	-
Net assets	17,988,874	(24,851,909)	29,887,003	13,153,168	16,594,011	(4,905,021)	(2,409,602)	(8,184,591)	(13,190,922)	11,706,737
Share capital										
Share capital	11,024,636	-	-	-	-	-	-	-	-	-
Reserves	2,109,227	-	-	-	-	-	-	-	-	-
Surplus on revaluation of assets	542,637	-	-	-	-	-	-	-	-	-
Unappropriated profit	4,312,374	-	-	-	-	-	-	-	-	-
	17,988,874	-	-	-	-	-	-	-	-	-

48 GENERAL

48.1 Comparative

Comparative information has been re-classified, re-arranged or additionally incorporated in these financial statements, wherever necessary to facilitate comparison and better presentation. There were no significant reclassifications during the current year.

48.2 Figures have been rounded off to the nearest thousand rupees unless otherwise stated.

49 EVENTS AFTER THE REPORTING DATE

49.1 The Board of Directors in its meeting held on 13 February 2020 has proposed a cash dividend in respect of the year ended 31 December 2019 of Rs. 1.00 per share (2018: Rs. 1.00 per share). This appropriation will be approved in the forthcoming Annual General Meeting. The financial statements for the year ended 31 December 2019 do not include the effect of this appropriation which will be accounted for in the financial statements of the Bank for the year ending 31 December 2020.

50 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on 13 February 2020 by the Board of Directors of the Bank.

Alauddin Feerasta
Chairman

Mohammad Aftab Manzoor
President & Chief Executive Officer

Mirza Zafar Baig
Chief Financial Officer

Nooruddin Feerasta
Director

Inam Elahi
Director

STATEMENT SHOWING WRITTEN-OFF LOANS OR ANY OTHER FINANCIAL RELIEF OF FIVE HUNDRED THOUSAND RUPEES AND ABOVE PROVIDED

DURING THE YEAR ENDED DECEMBER 31, 2019

(Rs. in million)

S. No.	Name and address of borrower	Name of individual partner/ partners (with CNIC No.)	Father/Husband's Name	Debtors' liability at beginning of the year				Principal Written-off	Sick-up Written-off Waived	Other Financial Relief Provided	Total
				Wage	Mark-up	Other	Total				
1	2	3	4	5	6	7	8	9	10	11	12 (Sum 9+10+11)
1	Sanaullah Chemicals Industries (Pvt) Ltd 78-B, Small Industrial Estate, Gujranwala	Mr. Zahir Mahmood Burti CNC No. 34101-6562454-9 Mr. Azhar Mahmood CNC No. 34101-9925476-3 Mr. Faruk Mahmood CNC No. 34101-8761210-3 Sheikh Asad Salam NIC No. 270-88-144477 Mr. Nasim Iqbal NIC No. 211-43-135501 Mrs. Lubna Asad NIC No. 270-60-006021	Mr. Muhammad Sanaullah Mr. Muhammad Sanaullah Mr. Muhammad Sanaullah Sheikh Asad Salam Mr. Muhammad Iqbal W/O. Sheikh Asad Salam	-	26,230	0.464	26,694	-	17,162	-	17,162
2	Fatima Food Industries (Pvt) Ltd 18-KM, Ferozpur Road, Lahore	Sheikh Asad Salam NIC No. 270-88-144477 Mr. Nasim Iqbal NIC No. 211-43-135501 Mrs. Lubna Asad NIC No. 270-60-006021	Sheikh Asad Salam Mr. Muhammad Iqbal W/O. Sheikh Asad Salam	15,644	22,848	0.241	38,731	15,644	22,848	0.241	38,731
3	Al-Sadiq Rice (Pvt) Ltd 18-KM, Sheikhupura Road, Muridke	Mr. Usman Haidar CNC No. 91509-0100713-7 Mr. Ghulam Hussain CNC No. 35202-2693329-7	Chaudhry Ghulam Hussain Mr. Muhammad Sadiq	15,357	48,741	0.599	62,897	15,357	48,741	0.599	62,897
4	Shama Exports (Pvt) Ltd P-238, Sector Mindi, Faisalabad	Mr. Iftikhar ul Din CNC No. 33100-3943854-9 Sheikh Akbar Ali Mujahid CNC No. 33100-9009463-7 Mr. Shah Jahan CNC No. 35201-9071578-5	Mr. Ali ul Din Mr. Muhammad Ali Mr. Abdul Mujahid	21,235	176,316	-	197,551	21,235	176,316	-	197,551
5	SJ Agricultural Services Thakurpally Stop Main Road, Lahore	Mr. Shah Jahan CNC No. 35201-9071578-5	Mr. Abdul Mujahid	-	2,297	0.158	2,455	-	1,320	0.158	1,478
6	S. Mart House No. 34, Street No. 1, Agil Colony Main Bazar Karachi Chung Amer Sidihi	Ch. Shaukat Ali Noorhali CNC No. 35201-2973910-3	Mr. Nasir Ahmed	-	0.619	0.045	0.664	-	0.619	0.045	0.664
7	Atlas Rubber & Plastic Industries (Pvt) Ltd Room No. 62, 9th Floor, Textile Plaza, Munir Hussain Road, Karachi	Mr. A. Arman Javed CNC No. 42201-0430580-9 Sheikh Anshad Javed CNC No. 42201-0255323-3 Sheikh Asad Javed CNC No. 42201-3395330-5 Sheikh Danish Javed CNC No. 42201-0255324-7 Mr. Shahzad Ali CNC No. 39901-4362066-7	Sheikh Anshad Javed Sheikh Nazir Hussain Sheikh Anshad Javed Sheikh Anshad Javed	2,982	8,021	0.151	12,064	2,982	8,021	0.151	12,064
8	Mili Shoes Rail Bazar, Burewala	Mr. Shahzad Ali CNC No. 39901-4362066-7	Mr. Muhammad Yaseen	0.199	0.634	0.162	0.995	0.199	0.634	0.162	0.995
9	Trufit Shoes Bunglow No. 59, Block-B, Unit-2, Larkana, Hyderabad	Mr. Khalid Mahmood Sheikh CNC No. 41304-6186668-9	Sheikh Abdul Razaq	-	3,493	-	3,493	-	3,493	-	3,493
10	Tamikal CNG Filling Station H. No. 373, Ward-B, Patel Para, Tando Allahyar	Mr. Zahir Ullah Yousoofi CNC No. 42201-2877232-1	Mr. Abdul Aziz	-	3,979	0.015	3,994	-	1,097	-	1,097
11	Rajab Ali Panjwani Plot No. G-5, Hilde Residency, Bath Island Clifton, Karachi	Mr. Rajab Ali Panjwani CNC No. 42201-0979342-1	Mr. Karam Ali	-	7,373	1.571	8,944	-	7,373	1.571	8,944
12	Punjab Engineering Services (Pvt) Ltd Plot No. 06 Street, No. PB-12, Rambagh Quarters, Karachi	Sheikh Abdul Hakeem CNC No. 42201-7311703-1 Sheikh Abdul Hamid CNC No. 42201-8062824-3 Mr. Javed Aziz Sheikh CNC No. 42201-8672115-5 Mr. Dawan Abdul Rehman Farooqi CNC No. 42201-0882043-3 Mr. Asim M. Farooqi CNC No. 42201-4507084-9 Mr. Dawan Zia Ul Rehman Farooqi CNC No. 61101-1738570-1 Mr. Dawan Muhammad Raza Farooqi CNC No. 42201-6948978-9 Mr. Dawan Abdulrahman Farooqi CNC No. 42201-7511974-1 Mrs. Khadija Farooqi CNC No. 42201-0638767-0 Mr. Sikander Ali CNC No. 45504-4004028-7	Sheikh Abdul Mujahid Sheikh Abdul Mujahid Sheikh Abdul Aziz Mr. Muhammad Salim Farooqi Mr. Dawan M. Umar Farooqi Mr. Dawan M. Umar Farooqi Mr. Dawan M. Umar Farooqi Mr. Dawan M. Umar Farooqi W/O. Dawan M. Umar Farooqi	0.356	34,992	0.719	36,067	-	34,992	0.719	35,711
13	Delta Innovations Limited Dewan Centre, 3-A Larkana Beach Luxury Hotel Road, Karachi	Mr. Dawan Abdul Rehman Farooqi CNC No. 42201-0882043-3 Mr. Asim M. Farooqi CNC No. 42201-4507084-9 Mr. Dawan Zia Ul Rehman Farooqi CNC No. 61101-1738570-1 Mr. Dawan Muhammad Raza Farooqi CNC No. 42201-6948978-9 Mr. Dawan Abdulrahman Farooqi CNC No. 42201-7511974-1 Mrs. Khadija Farooqi CNC No. 42201-0638767-0 Mr. Sikander Ali CNC No. 45504-4004028-7	Mr. Muhammad Salim Farooqi Mr. Dawan M. Umar Farooqi Mr. Dawan M. Umar Farooqi Mr. Dawan M. Umar Farooqi Mr. Dawan M. Umar Farooqi W/O. Dawan M. Umar Farooqi	13,510	24,571	1.405	39,578	13,510	24,571	1.405	39,578
14	Sikander Ali & Sons Shop No. 60-61, Barrage Road, Chakrabarti, Sukkur	Mr. Sikander Ali CNC No. 45504-4004028-7	Mr. Fathim Khan Lark	-	0.609	-	0.609	-	0.609	-	0.609
15	Ali Enterprises Suite No. 147, Riva Center, 1st Floor, Saddar, Karachi	Mr. Muhammad Ali CNC No. 42000-0527534-5	Mr. Siddique Khan	10,906	2,013	0.423	13,432	-	2,013	0.423	2,439
16	Muhammad Amjad Tufail Tanky Bazar Saner, Rahimyar Khan	Mr. Muhammad Amjad Tufail CNC No. 31304-2119706-3	Mr. Tufail Muhammad	0.600	0.614	0.054	1,268	-	0.564	-	0.564
17	Raza Brothers General Store Opp LESCO Office, Thokar Niaz Bag, Lahore	Mr. Javed Hussain CNC No. 35202-2612535-3 Mr. Meesood Raza CNC No. 35202-9132754-1 Mr. Daro Hussain CNC No. 35202-3757221-1 Mr. Rashid Akram CNC No. 36902-7397904-5	Mr. Muhammad Bashir Mr. Rai Muhammad Sharif Mr. Rai Farzand Ali Chaudhary Muhammad Akram	-	0.971	0.165	1,136	-	0.969	-	0.969
18	Qasim Zari Services Alama Iqbal Market, Mails	Mr. Nasser Ahmed CNC No. 33100-5049339-1 Mrs. Robina Kaiser CNC No. 33100-6928794-2 Mrs. Almas Begum CNC No. 33100-9081782-4	Mr. Nisar Ahmed W/O. Nasser Ahmed W/O. Nisar Ahmed	-	0.815	0.038	0.853	-	0.815	0.038	0.853
19	NR Textile Mills (Pvt) Ltd Kashmir Bridge 2KM 208 Chak Road, Faisalabad	Mr. Nasser Ahmed CNC No. 33100-5049339-1 Mrs. Robina Kaiser CNC No. 33100-6928794-2 Mrs. Almas Begum CNC No. 33100-9081782-4	Mr. Nisar Ahmed W/O. Nasser Ahmed W/O. Nisar Ahmed	-	5,977	0.163	6,140	-	5,977	0.163	6,140

											(Rs. in million)
S. No.	Name and address of borrower	Name of individual(s) partner(s)/ directors (with CNIC No.)	Father/ Husband's Name	Outstanding liabilities at beginning of the year				Principal Waiver of	Mark-up Written off/ Waived	Other Financial Relief Provided	Total
				Principal	Mark-up	Other	Total				
1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12=5+6+7+8+10+11
20	Zain Builders Off # 15, Sky Centre, Kaim Block, Commercial Zone, Alam Iqbal Town, Lahore	Mr. Riaz Ahmed CNIC No. 35202-9014563-1	Chaudhry Mehar Din	0.395	1.516	0.210	2.121	-	1.516	-	1.516
21	Akram Bhatti Karyana Store Hospital Road, Mango Mandi, Lahore	Mr. Muhammad Akram CNIC No. 35202-0464984-7	Mr. Noor Muhammad	-	0.476	0.338	0.814	-	0.476	0.282	0.758
22	Mechallah Dairy Farm & Building Material Store Peer Madrasa Shah Pur Dak Khana, Kariga	Mr. Muhammad Rafique CNIC No. 35202-4338124-1	Mr. Muhammad Ali	-	0.646	0.080	0.726	-	0.646	0.080	0.726
23	Crispy Food & Bakers H # 13/C, Main Bazar, Chowk Feroze, Sadiqabad	Mr. Raul Akbar CNIC No. 31304-4761796-9 Mr. Muhammad Afzal CNIC No. 31304-2089033-7 Mr. Zubair Adnan CNIC No. 31304-8241469-9 Mr. Shahid Iqbal CNIC No. 35201-8109688-9	Chaudhry Mehar Ali Chaudhry Mehar Ali Chaudhry Muhammad Afzal	1.931	0.645	0.139	2.715	-	0.645	-	0.645
24	Adam Jee Estate G-8, Commercial Area, Phase-I, DHA, Lahore	Mr. Adnan Iqbal Sheikh CNIC No. 34603-7768060-5	Mr. Muhammad Sharif	-	7.408	0.350	7.758	-	6.385	-	6.385
25	Bimsha International 72-C, Model Town, Lahore	Mr. Adnan Iqbal Sheikh CNIC No. 34603-7768060-5	Sheikh Muhammad Iqbal	-	1.861	0.277	2.138	-	1.861	0.277	2.138
26	Madni Motors Clarkson Wala Chowk, Bahawalpur	Mr. Saleem Nawaz CNIC No. 36301-4880857-7	Mr. Saqib Muhammad	1.902	1.638	-	3.540	-	1.067	-	1.067
27	Fardos Textile Industries P-439, Jinnahwala Road, Naimat Colony No-2 Faisalabad	Mr. Saqib Saad CNIC No. 33100-9180246-7 Mrs. Marina Saqib CNIC No. 33102-7175022-0 Mr. Waqas Ahmed CNIC No. 35201-1511892-5	Mr. Muhammad Saad W/O. Saqib Saad	15.000	6.964	0.225	22.189	-	6.189	-	6.189
28	Waqas Ahmed H. No. 7, St. 7-B, Harbanspura, Lahore	Mr. Waqas Ahmed CNIC No. 35201-1511892-5	Mr. Shahid Iqbal	3.999	1.560	0.265	5.824	-	1.560	0.264	1.824
29	International Link (Pvt) Ltd 7-C, Lane No. 12, Bukhari Commercial Area, Phase-VI, DHA, Karachi	Mr. Muhammad Fehad Adam Chowdhry CNIC No. 35203-8005325-7 Mrs. Rani Farah Chowdhry CNIC No. 35201-4657118-2 Mr. Zahoor Hussain CNIC No. 36302-8968634-1	Mr. Muhammad Adam Chowdhry W/O. Muhammad Adam Chowdhry	-	1.133	-	1.133	-	1.133	-	1.133
30	Hamza & Co Pasche Street, Chowk BCG, Multan	Mr. Muhammad Fehad Adam Chowdhry CNIC No. 35203-8005325-7 Mrs. Rani Farah Chowdhry CNIC No. 35201-4657118-2 Mr. Zahoor Hussain CNIC No. 36302-8968634-1	Mr. Malik Ashiq Muhammad	0.802	1.048	0.164	2.014	-	1.048	-	1.048
31	Muhammad Ahsan Khan Bosla Gali, Totak Khabra Piora, Dist. Lodhran, Bahawalpur	Mr. Muhammad Ahsan Khan CNIC No. 36202-0910318-7	Mr. Muhammad Agha Khan	2.997	1.418	0.062	4.477	-	1.418	0.062	1.480
32	Muhammad Fahad 4-D, 1/B, Nazimabad, Karachi	Mr. Muhammad Fehad CNIC No. 42101-8145864-9	Mr. Kabir Ahmed	8.009	1.701	-	9.710	-	0.572	-	0.572
TOTAL				115.914	396.025	8.573	522.512	68.927	381.568	6.730	487.225

ISLAMIC BANKING BUSINESS

The Bank is operating with 25 Islamic Banking branches (31 December 2018: 21). The statement of financial position and profit and loss account of these branches (including Islamic Banking Division) are as follows:

BSD circular letter No. 03 dated January 22, 2013 requires all Islamic Banks and Banks with Islamic Banking Branches to present all financing, advances for assets under Islamic modes of financing and any other related items pertaining to Islamic mode of financing under the caption Islamic Financing and Related Assets in the Statement of Financial Position.

	Note	2019 ----- (Rupees in '000) -----	2018
ASSETS			
Cash and balances with treasury banks		1,243,184	887,183
Balances with other banks		321,536	331,273
Due from financial institutions	1	1,001,861	-
Investments	2	5,163,153	5,147,722
Islamic financing and related assets- net	3	9,199,707	8,005,364
Fixed assets		406,055	208,419
Intangible assets		-	-
Due from head office	4	2,405,243	-
Other assets		452,474	189,802
Total assets		20,193,213	14,769,763
LIABILITIES			
Bills payable		328,765	161,871
Due to financial institutions		364,979	328,236
Deposits and other accounts	5	17,362,852	12,237,182
Due to head office	6	-	165,587
Other liabilities		437,256	97,349
Total liabilities		18,493,852	12,990,225
NET ASSETS		1,699,361	1,779,538
REPRESENTED BY:			
Islamic banking fund		1,500,000	1,500,000
Accumulated profit *	8	135,644	129,190
Surplus on revaluation of assets - net of tax		63,717	150,348
	9	1,699,361	1,779,538
CONTINGENCIES AND COMMITMENTS			

The profit and loss account of the Bank's Islamic banking branches for the year ended 31 December 2019 is as follows:

	Note	2019 ----- (Rupees in '000) -----	2018
Profit / return earned	10	1,793,786	1,014,741
Profit / return expensed	11	1,356,152	636,273
Net profit / return		437,634	378,468
Other income			
Fee and commission Income		61,843	48,607
Foreign exchange income		29,160	21,472
Loss on securities		(238)	(49)
Other income		1,350	1,070
Total other income		92,115	71,100
Other expenses			
Operating expenses		387,978	320,231
Other charges		542	91
Total other expenses		388,520	320,322
Profit before provisions		141,229	129,246
(Provisions) / reversals and write-offs - net		(5,585)	(56)
Profit before tax		135,644	129,190

* This represents profit for the year, as last year's profit is remitted back to the head office at the start of the year.

1 Due from Financial Institutions

	2019			2018		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
(Rupees in '000)						
Bai Mujaal receivable from other financial institutions	500,000	-	500,000	-	-	-
Bai Mujaal receivable from State Bank of Pakistan (SBP)	-	-	-	-	-	-
Mudharaba placement	-	-	-	-	-	-
Musharaka placement	501,861	-	501,861	-	-	-
	1,001,861	-	1,001,861	-	-	-

2 Investments by segments:

	2019				2018			
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
(Rupees in '000)								
Federal Government securities:								
-Ijarah sukuk	385,000	-	(3,850)	381,150	400,000	-	(7,160)	392,840
-Bai mujaal from Government of Pakistan (GoP)	2,338,960	-	-	2,338,960	2,074,788	-	-	2,074,788
	2,723,960	-	(3,850)	2,720,110	2,474,788	-	(7,160)	2,467,628
Non-Government debt securities								
-Listed	250,000	-	1,477	251,477	406,525	-	4,096	410,621
-Unlisted	2,183,610	(19,860)	27,816	2,191,566	2,174,194	(19,860)	115,139	2,269,473
	2,433,610	(19,860)	29,293	2,443,043	2,580,719	(19,860)	119,235	2,680,094
Total Investments	5,157,570	(19,860)	25,443	5,163,153	5,055,507	(19,860)	112,075	5,147,722

3 Islamic financing and related assets

	Note	2019	2018
		(Rupees in '000)	
Ijarah	3.1	381,302	423,793
Murabaha	3.2	1,092,299	880,480
Musharaka		1,093,421	735,531
Diminishing Musharaka		4,156,980	3,540,549
Istisna		427,358	-
Salam		73,268	72,015
Other Islamic modes		5	-
Advances against Islamic assets			
Murabaha		381,981	754,348
Ijarah		6,897	58,193
Diminishing musharakah		-	13,471
Salam		1,106,862	1,405,323
Istisna		513,200	150,000
Gross Islamic financing and related assets		9,233,573	8,033,703
Less: Provision against Islamic financing			
- Specific		33,866	28,339
- General		-	-
Islamic financing and related assets - net of provision		9,199,707	8,005,364

3.1 Ijarah

	2019					
	Cost			Depreciation		
	As at 01 January 2019	Additions/ (deletions)/ adjustment	As at 31 December 2019	As at 01 January 2019	Charge for the year	As at 31 December 2019
(Rupees in 000)						
Plant & Machinery	24,961	-	-	17,864	-	-
		(24,961)			(17,864)	
Vehicles	596,087	155,974	558,863	179,391	126,402	177,561
		(193,198)			(128,232)	
Total	621,048	155,974	558,863	197,255	126,402	177,561
		(218,159)			(146,096)	

	2018					
	Cost			Depreciation		
	As at 01 January 2018	Additions/ (deletions)/ adjustment	As at 31 December 2018	As at 01 January 2018	Charge for the year	As at 31 December 2018
(Rupees in 000)						
Plant & Machinery	54,072	-	24,961	30,753	13,311	17,864
		(29,111)			(26,200)	
Vehicles	381,633	247,873	596,087	103,403	100,232	179,391
		(33,419)			(24,244)	
Total	435,705	247,873	621,048	134,156	113,543	197,255
		(62,530)			(50,444)	

3.1.1 Future ijarah payments receivable

	2019				2018			
	Not later than 1 year	Later than 1 year and less than 5 years	Over five years	Total	Not later than 1 year	Later than 1 year and less than 5 years	Over five years	Total
(Rupees in 000)								
Ijarah rental receivables	50,916	330,386	-	381,302	19,019	303,285	-	322,304

3.2 Murabaha

	Note	2019	2018
		(Rupees in '000)	
Murabaha financing	3.2.1	1,092,299	880,480
Advances for Murabaha		381,981	754,348
		1,474,280	1,634,828
Murabaha receivable - gross	3.2.2	1,109,376	924,334
Less: Deferred murabaha income	3.2.4	17,077	43,854
Murabaha financings		1,092,299	880,480

3.2.2 The movement in Murabaha financing during the year is as follows:

	2019	2018
	----- (Rupees in '000) -----	
Opening balance	924,334	573,685
Sales during the year	2,813,605	3,383,881
Adjusted during the year	(2,628,563)	(3,033,232)
Closing balance	1,109,376	924,334
3.2.3 Murabaha sale price	2,813,605	3,383,881
Murabaha purchase price	(2,688,515)	(3,294,569)
	125,090	89,292
3.2.4 Deferred murabaha income		
Opening balance	43,854	11,959
Arising during the year	125,090	89,292
Less: Recognised during the year	(151,867)	(57,397)
Closing balance	17,077	43,854
4 Due from Head Office	2,405,243	-

5 Deposits and other accounts

	2019			2018		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	----- (Rupees in '000) -----					
Customers						
Current deposits	1,742,827	375,743	2,118,570	1,811,955	348,471	2,160,426
Savings deposits	4,124,869	-	4,124,869	3,817,937	-	3,817,937
Other	255,224	-	255,224	676,152	-	676,152
Term deposits	2,249,802	-	2,249,802	641,477	-	641,477
	8,372,722	375,743	8,748,465	6,947,521	348,471	7,295,992
Financial Institutions						
Current deposits	23,366	47,085	70,471	15,205	7,094	22,299
Savings deposits	7,599,416	-	7,599,416	4,718,891	-	4,718,891
Term deposits	944,500	-	944,500	200,000	-	200,000
	8,567,302	47,085	8,614,387	4,934,096	7,094	4,941,190
	16,940,024	422,828	17,362,852	11,881,617	355,565	12,237,182

5.1 Composition of deposits

- Individuals
- Government / Public Sector Entities
- Banking Companies
- Non-Banking Financial Institutions
- Private Sector

2019	2018
----- (Rupees in '000) -----	
4,489,659	4,555,290
2,039,805	992,940
33	5,280
6,005,008	4,935,908
4,828,347	1,747,764
17,362,852	12,237,182

5.2 This includes deposits eligible to be covered under insurance arrangements amounting to Rs. 8,461 million (2018: 5,725 million) .

	2019	2018
	----- (Rupees in '000) -----	
6 Due to Head Office	-	165,587

7	Charity Fund	2019	2018
		----- (Rupees in '000) -----	
	Opening balance	-	-
	Additions during the year	-	-
	Received from customers on account of delayed payment	4,731	-
		4,731	-
	Payments / utilization during the year		
	Health	4,718	-
		4,718	-
	Closing balance	13	-
8	Islamic Banking Business - Unappropriated Profit		
	Opening balance	129,190	160,665
	Add: Islamic Banking profit for the year	135,644	129,190
	Less: Transferred / remitted to Head Office	(129,190)	(160,665)
	Closing balance	135,644	129,190
9	CONTINGENCIES AND COMMITMENTS		
	-Guarantees	421,517	435,565
	-Other contingent liabilities	630,798	1,220,138
		1,052,315	1,655,703
10	Profit / Return Earned of Financing, Investments and Placement		
	Profit earned on:		
	Financing	1,145,635	377,838
	Investments	356,269	325,049
	Placements	291,882	311,854
		1,793,786	1,014,741
11	Profit on Deposits and Other Dues Expensed		
	Deposits and other accounts	1,271,527	625,556
	Due to financial institutions	2,983	1,361
	Others	81,642	9,356
		1,356,152	636,273

- 11.1 Deposits and other accounts include redeemable capital of Rs. 14,918.586 million (31 December 2018: Rs. 9,378.305 million) and deposits on Qard basis of Rs. 2,444.26 million (31 December 2018: Rs. 2,858.877 million). Remunerative deposits which are on Mudaraba basis are considered as Redeemable capital and non-remunerative deposits are classified as being on Qard basis.

	2019			2018		
	Normal Pool	Special Pool	Total	Normal Pool	Special Pool	Total
	(Rupees in '000)					
Chemical and Pharmaceuticals	1,126,285	-	1,126,285	924,782	56,526	981,308
Textile	453,889	-	453,889	632,739	62,654	695,393
Cement	157,168	-	157,168	-	232,842	232,842
Sugar	1,109,818	-	1,109,818	497,336	270,000	767,336
GOP Bai Muajal / Ijarah Sukuk	-	2,720,110	2,720,110	-	2,467,628	2,467,628
Automobile and transportation equipment	8,806	-	8,806	23,096	-	23,096
Financial	40,496	473,597	514,093	424,840	501,184	926,024
Electronics and electrical appliances	285,805	-	285,805	201,024	-	201,024
Production and transmission of energy	2,548,883	1,499,447	4,048,330	37,331	4,146,182	4,183,513
Exports Imports	109,896	-	109,896	120,148	-	120,148
Wholesale & Retail Trade	88,919	-	88,919	52,296	-	52,296
Construction	266,673	-	266,673	181,905	-	181,905
Food and allied	1,194,355	-	1,194,355	600,702	-	600,702
Services	1,214,019	470,000	1,684,019	281,161	948,084	1,229,245
Iron & Steel	400,000	-	400,000	400,000	-	400,000
Individual	-	-	-	-	-	-
Others	196,476	-	196,476	421,899	-	421,899
	9,199,468	5,163,154	14,362,622	4,799,259	8,685,100	13,484,359

Musharaka investments from the SBP under Islamic Export Refinance Scheme (IERS) are channelled towards the export sector of the economy and other financings as per SBP guidelines.

12.1 Key features and risk and reward characteristics of all pools

The 'Mudaraba Pool' for Local Currency caters to all Soneri Bank Limited - Islamic Banking depositors and provides profit / loss based on Mudaraba.

The IERS Pool caters to the 'Islamic Export Refinance' requirements based on the guidelines issued by the SBP.

The risk characteristic of each pool mainly depends on the asset and liability profile of each pool.

Jointly financed by the Bank and unrestricted investments / PLS deposit account holders

This represents all earning assets of the Bank except those tagged to the Islamic Export Refinance Scheme. Major categories include:

	Funded Income	Expenses	Gains / (loss) on sale of securities	Total
	(Rupees in '000)			
Islamic financing and related assets	1,141,543	-	-	1,141,543
Investments	620,441	-	-	620,441
Due from financial institutions	27,710	-	-	27,710
Others	92,353	(27,543)	(238)	64,572
	1,862,047	(27,543)	(238)	1,834,266

12.2 Incentive profits (Hiba)

The Bank paid an aggregate amount of Rs. 147,668 million as incentive profits (Hiba), which includes Rs. 12,558 million for normal pool and Rs. 135,110 million for special pool during the year ended 31 December 2019. The following guidelines are approved by the Bank's Shariah Advisor for determination of incentive profits (Hiba):

- Special weightage deposits in designated tiers / slabs in Mudaraba Pool shall be offered extra weightages outside the Mudaraba Pool, provided the specified parameters are met;
- The deposit deal shall be at least of Rs. 100 thousands;
- In case a Term Deposit is pre-maturely encashed, profit shall be paid at the expected rate of completed tenor;
- The payment of Hiba on deposits will be at the sole discretion of the Bank and could be decreased or / and removed any time during the tenure of the deposit, under intimation to the customer, if the customer fails to meet the prerequisites at any time during the tenure of the deposit and / or the profit rate no longer remains sustainable from Bank's share; and
- The Bank shall ensure that all the operational procedures and controls to the satisfaction of Shariah are in place.

12.3 Contractual maturities of mudaraba based deposit accounts

Particulars	2019							
	Total	Up to 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years
(Rupees in '000)								
Fixed Deposits	3,194,302	886,801	1,443,852	172,050	605,535	77,800	8,263	-
Savings Deposits	10,528,567	10,528,567	-	-	-	-	-	-
Current Account - Remunerative	1,195,718	1,195,718	-	-	-	-	-	-
	14,918,587	12,611,086	1,443,852	172,050	605,535	77,800	8,263	-

Profit / (loss) distribution to depositor's pool

General Remunerative Depositor's Pools	Profit Sharing Ratio (Depositor: Mudarib)	Profit rate return earned	Mudarib Share transferred to the Depositors through Hiba (Rs. in '000)	Mudarib Share transferred to the Depositors through Hiba (Percentage)	Mudarib share Net of Hiba (Rs. in '000)	Mudarib share Net of Hiba Percent	Profit rate and weightage announcement period	Profit rate return distributed
Mudaraba Pool								
Normal Pool	75.25%	5.13%	12,558	41.68%	24,087	11.54%	Monthly	4.22%
Special Pool	78.22%	12.93%	135,110	51.19%	128,822	10.57%	Monthly	11.47%
Total	78.22%	11.04%	147,668	50.22%	152,909	10.68%	Monthly	9.71%

IERS Musharaka Pool	Ratio of weightage of Bank to SBP	Share of profit to SBP (Rupees in '000)	HIBA (Rupees in '000)	Profit rate and weightage announcement period	Profit rate return earned by SBP
	0.1134	1,221	-	Quarterly	1.57%
	0.1086	621	-	Quarterly	1.30%
	0.1124	448	-	Quarterly	1.36%
	0.1088	1,375	-	Quarterly	1.62%

Musharaka Pool SBP's Islamic Export Refinance Scheme

0.1134	1,221	-	Quarterly	1.57%
0.1086	621	-	Quarterly	1.30%
0.1124	448	-	Quarterly	1.36%
0.1088	1,375	-	Quarterly	1.62%

Parameters used for allocation of profit, charging expenses and provisions, etc. along with a brief description of their major components:

Income generated from relevant assets, calculated at the end of each month is first set aside for the Musharaka pool arrangement between the Bank and the State Bank of Pakistan. It is then allocated between the participants of the pool as per the agreed weightages and rates.

The Mudaraba Pool profit is divided between the Bank and depositors in the ratio of Bank's average equity (pertaining to Islamic banking branches) and average depositors balances commingled in each pool on a pro-rata basis. The depositors' share of profit is allocated amongst them on the basis of weightages declared before start of each month, after deduction of a mudarib fee. During the year ended 31 December 2019, the Bank charged 25% (2018: 25%) of the profit as Mudarib fee. These weightages are declared by the Bank in compliance with the requirements of the SBP and Shariah.

The allocation (of income and expenses to different pools) is made on a pre-defined basis and accounting principles / standards. Provisions against any non-performing assets of the pool are not passed on to the pool.

12.4 Allocation of Income and Expenses to Depositors' Pools

a) Following are material items of revenues, expenses, gains and losses:

	2019 ----- (Rupees in '000) -----	2018
Profit / return earned on financings, investments and placements	1,789,694	1,013,446
Other income (including other charges)	92,115	71,100
Directly related costs attributable to pool	(27,543)	(3,281)
	<u>1,854,266</u>	<u>1,081,265</u>

b) Following weightages have been assigned to different products under the Mudaraba Pool during the year:

	Percentage of total Mudaraba based deposits	Minimum weightage	Maximum weightage
Savings - Soneri Munafa Account	70%	0.4656	0.9761
Savings - Soneri Bachat Account	1%	0.4432	0.4432
Savings - Assan Account	0%	0.4432	0.4432
Current Account - Remunerative	8%	0.0083	0.0083
Time Deposits - Soneri Meadi	21%	0.4432	1.1216

The Bank shares all its revenue generated through banking operations with the deposit account (pertaining to Islamic Operation) holders.

Disposal of fixed assets (refer note 10.2.3)

Disposals / deletions of property and equipment with original cost or book value in excess of rupees one million or two hundred fifty thousand respectively (whichever is less):

Particulars	Cost	Book value	Sale price/ insurance proceeds	Mode of settlement / disposal	Particulars of buyers / insurance companies
----- (Rupees in '000) -----					
Leasehold improvement					
----- do -----	4,309	1,964	256	Tender	Muhammad Irshad Hussain
----- do -----	3,235	1,057	226	Tender	Syed Imran Haider
----- do -----	1,355	618	80	Tender	Muhammad Irshad Hussain
----- do -----	1,265	1,019	18	Tender	Mr. Mohammad Aslam
----- do -----	1,159	982	15	Tender	Mr. Shahzaib
----- do -----	1,098	885	15	Tender	Mr. Mohammad Aslam
----- do -----	894	757	12	Tender	Mr. Shahzaib
----- do -----	786	666	10	Tender	Mr. Shahzaib
----- do -----	663	534	9	Tender	Mr. Mohammad Aslam
----- do -----	944	531	362	Insurance Claim	Jubilee General Insurance
----- do -----	700	514	42	Tender	Muhammad Irshad Hussain
----- do -----	610	491	9	Tender	Mr. Mohammad Aslam
----- do -----	563	477	7	Tender	Mr. Shahzaib
----- do -----	555	470	7	Tender	Mr. Shahzaib
----- do -----	461	391	6	Tender	Mr. Shahzaib
----- do -----	439	372	6	Tender	Mr. Shahzaib
----- do -----	490	355	191	Insurance Claim	Jubilee General Insurance
----- do -----	432	348	6	Tender	Mr. Mohammad Aslam
----- do -----	427	344	6	Tender	Mr. Mohammad Aslam
----- do -----	324	274	4	Tender	Mr. Shahzaib
----- do -----	334	269	5	Tender	Mr. Mohammad Aslam
----- do -----	451	260	208	Insurance Claim	Jubilee General Insurance
Items with WDV of below Rs. 250,000/- and cost of less than Rs. 1,000,000	2,319	1,409	138	various	various
	23,813	14,987	1,638		

Furniture and fixtures

Items with WDV of below Rs. 250,000/-
and cost of less than Rs. 1,000,000

6,128	777	604	various	various
6,128	777	604		

**Electrical office and
computer equipment**

----- do -----	3,230	-	187	Tender	Rajab Ali and Co.
----- do -----	1,398	-	422	Tender	Rajab Ali and Co.
----- do -----	1,333	-	402	Tender	Rajab Ali and Co.
----- do -----	1,275	-	385	Tender	Rajab Ali and Co.
----- do -----	322	251	240	Insurance Claim	Jubilee General Insurance
Items with WDV of below Rs. 250,000/- each and cost of less than Rs. 1,000,000	107,296	3,529	9,921	various	various
	114,854	3,780	11,557		

Particulars	Cost	Book value	Sale price/ insurance proceeds	Mode of settlement / disposal	Particulars of buyers / insurance companies
(Rupees in '000)					
Motor vehicles					
do	1,552	-	1,218	Tender	Mr. Hafiz Muhammad Umais
do	1,542	-	1,351	Tender	Mr. Waseem Raza
do	1,497	-	1,177	Tender	Mr. Muhammad Aamir Khan
do	1,399	-	874	Tender	Mr. Asim Hussain Siddiqi
do	1,325	-	1,125	Tender	Mr. Hafiz Muhammad Umais
do	1,072	-	873	Tender	Mr. Zahid Qadir
do	1,054	96	790	Tender	Mr. Akber Amin
Items with WDV of below Rs. 250,000/- each and cost of less than Rs. 1,000,000	11,359	-	8,412	various	various
	20,790	96	15,820		
	165,585	19,640	29,619		

NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given that Twenty Eighth (28th) Annual General Meeting ("AGM") of Soneri Bank Limited will be held at Avari Hotel, Lahore on Thursday, 26 March 2020 at 9:00 a.m. to transact the following business:

Ordinary Business

- 1) To confirm the minutes of last Annual General Meeting held on 28 March 2019.
- 2) To receive, consider and adopt Annual Audited Accounts together with the Directors' and Auditors' Reports thereon for the year ended 31 December 2019.
- 3) To approve and declare the final cash dividend of Re.1.00/- per share (i.e. 10%) for the financial year ended 31 December 2019, as recommended by the Board of Directors in its 175th meeting held on 13 February 2020.
- 4) To elect Directors of the Bank in accordance with the provisions of Section 159(1) of the Companies Act, 2017. The number of Directors to be elected pursuant to Section 159(1) of the Companies Act, 2017 has been fixed at seven (7) for a term of three years by the Board of Directors including one female Director in compliance with Clause 7 of the Listed Companies (Code of Corporate Governance) Regulations, 2019, commencing from 28 March 2020. Following are the retiring Directors, who are eligible to offer themselves for re-election, subject to approval of State Bank of Pakistan:-

i. Mr. Alauddin J. Feerasta	ii. Mr. Nooruddin Feerasta
iii. Mr. Amin A. Feerasta	iv. Mr. Muhammad Rashid Zahir
v. Mr. Inam Elahi	vi. Mr. Manzoor Ahmed (NIT Nominee)
vii. Mr. Jamil Hassan Hamdani	
- 5) To appoint Auditors of the Bank for the year ending 31 December 2020 till the conclusion of next Annual General Meeting and fix their remuneration. The retiring auditors, M/s. KPMG Taseer Hadi & Company, Chartered Accountants, being eligible, have offered themselves for re-appointment.
- 6) To transact such other ordinary business as may be placed before the meeting with the permission of the Chair.

Special Business

- 7) To consider and approve Remuneration Policy for Non-Executive Directors in compliance of the State Bank of Pakistan's BPRD Circular No.03 dated 17 August 2019 and if thought fit to pass the following resolution as Ordinary Resolution:

RESOLVED THAT on recommendation of the Board of Directors made in its 175th meeting convened on 13 February 2020, Remuneration Policy for Non-Executive Directors be and is hereby approved with effect from 12.02.2020, in compliance of the State Bank of Pakistan's BPRD Circular No.03 dated 17.08.2019.

FURTHER RESOLVED THAT Board of Directors are hereby entrusted with the authority to determine, alter or revise the scale of remuneration approved by the Shareholders for Non-Executive Directors by abiding the maximum thresholds prescribed by the State Bank of Pakistan vide their Circular referred above."

Statements under Section 166(3) for Item No.4 and under Section 134(3) of the Companies Act, 2017 in respect of the special business contained in Item No.7, are annexed to the Notice of AGM.

BY ORDER OF THE BOARD

Muhammad Altaf Butt
Company Secretary

Lahore: 13 February 2020

NOTES:

1. Share Transfer Books of Soneri Bank Limited ("the Bank") will remain closed from 19 March 2020 to 26 March 2020 (both days inclusive). Transfers received in order at the office of our Shares Registrar M/s. THK Associates (Pvt.) Ltd, 1st Floor, 40-C, Block-6, P.E.C.H.S. Karachi, by the close of business on 18 March 2020 will be considered in time for the purpose of attending and voting in the Annual General Meeting as well as entitled to the payment of cash dividend.
2. 2.1. In accordance with Section 159 (1) of the Companies Act, 2017 ("the Act"), the number of Directors to be elected has been fixed as seven (7).The retiring Directors are eligible to offer themselves for re-election. The President/Chief Executive Officer shall continue to be a deemed Director in terms of Article 54 of the Articles of Association of the Bank read with Sub-section (3) of Section 188 of the Act.
2.2. Any person/member desirous to contest the election of Directors shall file the following with Company Secretary of the Bank at its Central Office located at 10th Floor, PNSC Building, M.T. Khan Road, Karachi, not later than 14 days before the day of the above said meeting:

- (a) Notice of his/her intention to offer himself/herself for the election in terms of Section 159(3) of the Act. He/She should also confirm that:
 - (i) He/She is not ineligible to become a Director of the Bank in terms of Section 153 and 177 of the Companies Act, 2017 issued by the Securities and Exchange Commission of Pakistan ("SECP") as well as other applicable Laws, Rules and Regulations of the State Bank of Pakistan and Pakistan Stock Exchange.
 - (ii) Neither he/she nor his/her spouse is engaged in the business of brokerage or is a sponsor, Director or officer of a corporate brokerage house.
 - (iii) He/She is not serving as a Director or nominated including as an alternate Director in more than seven listed companies simultaneously in terms of Regulation (3) of the Listed Companies (Code of Corporate Governance) Regulations, 2019 ("the CCG") read with Section 155 of the Act.
 - (iv) In case of Independent Director, a declaration of independence in terms of requirements of Section 166(2) of the Act read with Regulation 6(3) of the CCG as well as criteria laid down under the BPRD Circular No.15 dated 28 December 2016 should be provided.
- (b) Consent to act as Director in Form 28 under Section 167 of the Act.
- (c) A detailed profile of the Candidate including his/her office address (the same shall be placed on the Bank's website as per requirements of SECP's notification S.R.O.1196 (I)/2019 dated 3 October 2019).
- (d) Fit and Proper Test proforma, affidavit on non-judicial stamp paper, declarations and questionnaire as per the requirement of SBP's BPRD Circular No.4 dated 23 April 2007, BPRD Circular No.5 dated 12 March 2015 and BPRD Circular No.9 dated 18 October 2018.

2.3 Any person who seeks to contest the election to the office of a Director, whether he is a retiring Director or otherwise, shall undertake and confirm to the Bank in addition to confirmations made under Para 2.2 (a) above, that such person fulfils all the requirements and criteria for being elected to the office of a Director of the Bank and that such person does not violate any of the provisions or conditions prescribed by SBP for holding such office and further that such person shall fully comply with all the SBP directives issued or to be issued by the SBP in the form of circulars, notifications, directions, letters, instructions and other orders. In addition, he/she will also be evaluated on the basis of the Bank's Standing Operating Procedure ("SOP") for appointment of Non-Executive Director on the Board of the Bank and may be asked to provide such further information, as may be deemed necessary.

It is also pertinent to highlight that under SBP regulations, a person is not permitted to be a Director of more than one financial institutions (save for NIT nominee), and that the Directors shall not assume the charge of their respective offices until their appointments are approved in writing or specific permission is granted by SBP.

Further, the minority members who qualify criteria as enlisted in above paras shall be encouraged to contest election of Directors and shall be facilitated in terms of the requirements of Regulation 5 of the CCG.

A copy of the relevant documents may be obtained from the office of the Company Secretary of the Bank or may be downloaded from the websites of SECP and SBP.

3. A member of the Bank entitled to attend and vote at this meeting may appoint another member as his/her proxy to attend and vote on his/her behalf. Proxies, in order to be effective, must be received at the Registered Office of the Bank located at 241-242 Upper Mall Scheme, Anand Road, Lahore, not less than 48 hours before the time of the meeting. Proxy form shall be duly signed and stamped and witnessed by two persons whose names, addresses and Computerised National Identity Card ("CNIC") numbers shall be mentioned on the form. Proxy form, both in English and Urdu language is being separately sent to the shareholders, along with Notice of AGM.
4. The CDC account/sub account holders shall have to produce their original CNIC or original passport at the time of attending the meeting for identification purpose, along with the participant's I.D. number and their Account number in CDS.

In case of Corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee together with the original proxy form duly filled in must be received at the registered office of the Bank not less than 48 hours before the time of holding the meeting. The nominees shall produce their original CNIC or original passport at the time of attending the meeting for identification purpose.

5. Shareholders are requested to notify change in their addresses, if any, to our Share Registrar, M/s. THK Associates (Pvt.) Ltd, 1st Floor, 40-C, Block-6, P.E.C.H.S. Karachi.
6. **CNIC/NTN Number on Electronic Dividend (Mandatory)**

As per S.R.O.631(I)/2012 dated 05 July 2012 issued by SECP, the electronic Dividend should also bear the CNIC number of the registered shareholder.

As per Regulation No.6 of S.R.O.1145(I)/2017 dated 06 November 2017, the Bank shall be constrained to withhold the payment of dividend to the shareholders, in case of non-availability of identification number (CNIC or National Tax Number) of the shareholder or the authorised person.

Accordingly, the shareholders, who have not yet submitted copy of their valid CNIC or NTN are once again requested to immediately submit the same to the Share Registrar.

7. Transmission of Audited Financial Statements & Notice of Annual General Meeting through E-Mail and CD/DVD

SECP through its Notification No.S.R.O.787(1)2014 dated 08 September 2014, has allowed companies to circulate their annual balance sheet and profit & loss account, auditor's report and directors' report etc. ("Audited Financial Statements") along with Notice of Annual General Meeting ("Notice") to their shareholders through email. The shareholders who wish to receive Annual Audited Financial Statements and Notice of AGM through email are requested to fill the consent form given in the link mentioned below and return it to our Share Registrar.
<https://www.soneribank.com/about-us/investor-relations/shareholders-information/>

In terms of SECP S.R.O. No. 470(I)/ 2016 dated 31 May 2016 and its subsequent approval in the 25th Annual General Meeting of the Bank held on 28 March 2017, the Annual Report is being transmitted to shareholders through CD/DVD instead of sending in book form/hard copy. However, the Bank will provide one hard copy free of cost to the requesting shareholder at their registered address within one week of the request.

8. Increase in Withholding Tax on Dividend Income for Non-Fileers and Payment of Cash Dividend through Electronic Mode

The shareholders are hereby informed that pursuant to amendments in Section 150 of the Income Tax Ordinance, 2001 through Finance Act, 2019, Income Tax will be deducted at source @15% for person appearing in ATL and @30% for person not appearing in ATL (determined as per "Active Taxpayers List (ATL)" available on Federal Board of Revenue's website) from the dividend amount, if any.

In case of joint account, each holder is to be treated individually, as either a filer or non-filer, and tax will be deducted on the basis of shareholding of each joint holder as may be notified by the shareholder, in writing as follows, to our Share Registrar. In case no such notification is received by us, equal deduction of tax will be made where proportionate holding is not available with us.

Bank Name	Folio/CDS A/c No.	Total Shares	Principal Shareholder		Joint Shareholder	
			Name and CNIC No.	Shareholding Proportion (No. of Shares)	Name and CNIC No.	Shareholding Proportion (No. of Shares)

The CNIC number/NTN details are now mandatory and are required for checking the tax status as per the Active Taxpayers List ("ATL") issued by Federal Board of Revenue (FBR) from time to time.

9. Payment of Cash Dividend through Electronic Mode (Mandatory)

In terms of Section 242 of the Act and Companies (Distribution of Dividends) Regulations, 2017, every listed company is required to pay dividend, if any, to their shareholders compulsorily through electronic mode by directly crediting the same in their bank account.

In this respect, the Bank has previously communicated this requirement to the shareholders individually along with newspaper publications requesting to provide the International Bank Account Number ("IBAN"); however response from a few shareholders was received.

Shareholders are again requested to update their record. In this connection, CDC shareholders may submit their IBAN details to their investor account services or their brokers where shares are placed electronically. In case of physical holding, the shareholders are requested to submit their bank mandate details to the Bank's Share Registrar. For providing the Bank Mandate details to CDC/Share Registrar, the requisite form may be downloaded from the Bank's website, direct link of which is:

http://www.soneribank.com/wp-content/uploads/2017/10/Dividend_Mandate_form.pdf

10. Unclaimed Dividend and Shares

Pursuant to Section 244 of the Act, any shares issued or dividends declared by the Bank, which remain unclaimed or unpaid for a period of three years from the date they became due and payable shall rest with the Federal Government after compliance of procedures prescribed under the Act. In this respect, we had already initiated the process and concerned shareholders were advised vide our letter dated 04 October 2017 to claim their unclaimed dividends/shares. However, only a few shareholders have claimed their pending entitlements so far. Statement of such unclaimed dividends/shares is available on the Bank's website, which may be accessed by surfing the link:

<http://www.soneribank.com/about-us/investor-relations/shareholders-information/>

Shareholders are again advised to approach the Bank's Share Registrar to claim their pending dividends/shares at the earliest, failing which the Bank shall proceed ahead in terms of requirement of Section 244(2) (a) & (b) of the Act.

11. Deposit of Physical Shares into CDC Account

The shareholders having shares in physical form are advised to open CDC sub-account with any of the brokers or Investor Account directly with the CDC, to place their shares in scrip-less form, this will facilitate them in many ways, including safe custody and sale of shares at any time they want, as the trading of physical shares is not permitted as per existing regulations of Pakistan Stock Exchange Limited.

Further, Section 72 of the Act states that after the commencement of this Act from a date notified by the Commission, a company having share capital, shall have shares in book-entry form only. Every existing company shall be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the Commission, within a period not exceeding four years from the commencement of this Act.

12. Video Conference Facility for Attending Annual General Meeting

The members who wish to attend AGM via video conference, may send their consent on the below format to the Bank at its registered office address.

If the Bank receives consent from members holding in aggregate 10% or more shareholding residing at a geographical location, to participate in the meeting through video conference at least seven (7) days prior to date of the meeting, the Bank will arrange video conference facility in that city subject to availability of such facility in that city.

The Bank will intimate members regarding venue of video-link facility at least five(5) days before the date of the AGM along with complete information necessary to enable them to access such facility.

Consent Form for Video Conference Facility	
"We _____ of _____, being a member of Soneri Bank Limited, holder of _____ Ordinary shares as per registered Folio/CDC Account No. _____ hereby opt for video conference facility at _____ (geographical location).	
<div style="text-align: right;">_____ Signature of Member</div>	

13. Requirement of Companies (Postal Ballot) Regulations, 2018

Pursuant to Companies (Postal Ballot) Regulations, 2018, for any other agenda item subject to the requirements of Section 143 and 144 of the Act, members present in person, through video-link or by proxy, and having not less than one-tenth of the total voting power can also demand a poll and exercise their right of vote through postal ballot, that is voting by post or through any electronic mode, in accordance with requirements and procedure contained in the aforesaid regulations.

14. Placement of AGM Notice on the Bank's Website

Notice of 28th AGM has also been made available on the Bank's website www.soneribank.com, in addition to its dispatch to the shareholders through CD/DVDs as well as publication in the newspapers.

Statement under Section 166(3) of the Companies Act, 2017

Agenda Item No. 4

Election of Directors of the Bank in accordance with the provisions of Section 159(1) of the Companies Act, 2017

Statement under Section 166(3) of the Companies Act, 2017 in respect of Election of Independent Directors of the Bank:

Independent Directors will be elected through the process of election of Directors in terms of Section 159 of the Companies Act, 2017 and they shall meet the criteria laid down under BPRD Circular No.15 dated 28 December 2016 issued by SBP as well as the criteria laid down under Section 166(1 & 2) of the Companies Act, 2017.

Statement under Section 134(3) of the Companies Act, 2017


This statement sets out the material facts concerning the special business to be transacted at Twenty Eighth (28th) Annual General Meeting of Soneri Bank Limited to be held on 28 March 2020.

Agenda Item No. 7

Approval of Remuneration Policy for Non-Executive Directors

The Remuneration Policy for Non-Executive Directors was approved by the Board of Directors in its 175th meeting convened on 13 February 2020 in compliance of the State Bank of Pakistan's BPRD Circular No.03 dated 17 August 2019. This Policy is being presented to the shareholders for their approval in terms of requirement of above referred Circular. Salient features of this Policy are provided below.

This Policy is aimed at adequately remunerating the Non-Executive Directors including the Chairman as well as Independent Directors of the Bank for devoting their valuable time in providing guidance and oversight to the Bank as well as in framing Policies for smooth functioning of the Bank. It also reflects the Bank's objectives of good Corporate Governance and sustained, long-term value creation for our shareholders and also aims to promote sound and effective risk management.



The scale of Meeting Fee for Non-Executive Directors including Independent Directors was approved by the Board at Rs. 150,000/- for attending the Board/Committees' Meetings. Considering devotion of valuable time in performing extra services and providing guidance and oversight of the conduct and management of business affairs of the Bank by the Management, Meeting Fee of Rs.180,000/- per meeting shall be paid to the Chairman of the Bank (for Board and Committee Meetings) and Committee's Chairmen for chairing their respective Committees. The Board also approved that expenses related to boarding and lodging, air ticket and pick and drop of the Non-Executive Directors shall be borne by the Bank and if the Director travels by own car from Islamabad to Lahore and return, he will be paid Rs. 10,000/- per travel in lieu of air ticket to cover for the travelling costs. Further, hotel allowance of Rs. 15,000/- per night stay was approved to be paid to Non-Executive Directors who don't avail the Bank's provided accommodation.

Board also recommended for shareholders' approval administrative expenses pertaining to the office, staff and security allocated to the Chairman of the Bank, in line with the SBP's BPRD Circular No.03 dated 17 August 2019. In compliance of this Circular, two security guards, one driver, one personal secretary and chairman's office rent was accordingly recommended for approval by the shareholders.

Further, as per the Policy no such remuneration shall be paid to the Executive Directors. However, expenses for boarding and lodging, air ticket and usual TADA shall be paid in accordance with the Bank's approved Travel Policy.

Board also approved that no consultancy or allied work shall be awarded to a Director or to the firms/institutions/companies, etc. in which he individually and/or in concert with other Directors of the Bank, holds substantial interest. Further, if any Director obtains 'unsatisfactory performance rating' evaluated as per the Guidelines issued by the SBP vide their BPRD Circular No. 11 of 2016, the matters relating to his/her performance as well as remuneration shall be decided by the Board.

Inspection of Documents:

The copies of the latest annual audited financial statements, Memorandum & Articles of Association, Remuneration Policy for Non-Executive Directors and other documents/information have been kept at the registered office of the Bank, which may be inspected on any working day during business hours till the date of 28th Annual General Meeting.

Interest of Directors:

The Directors of the Bank have no direct or indirect interest in the above mentioned special business that would require further disclosure except to the extent of their meeting fee as well as shareholding in the Bank.

FINANCIAL CALENDAR

2019

- | | |
|---------------------------------------------|------------------|
| • 1st Quarter Results issued on | 24 April 2019 |
| • 2nd Quarter Results issued on | 28 August 2019 |
| • 3rd Quarter Results issued on | 24 October 2019 |
| • Annual Results issued on | 13 February 2020 |
| • 28th Annual General Meeting scheduled for | 26 March 2020 |

2018

- | | |
|---------------------------------------|------------------|
| • 1st Quarter Results issued on | 20 April 2018 |
| • 2nd Quarter Results issued on | 28 August 2018 |
| • 3rd Quarter Results issued on | 26 October 2018 |
| • Annual Results issued on | 22 February 2019 |
| • 27th Annual General Meeting held on | 28 March 2019 |

FORM 34 PATTERN OF HOLDING OF THE SHARES HELD BY THE SHAREHOLDERS AS ON 31 DECEMBER 2019

No. of Shareholders	From	To	Total Shares Held	Percentage
956	1	100	33,205	0.0030
1274	101	500	354,407	0.0321
1032	501	1000	814,417	0.0739
2029	1001	5000	4,630,235	0.4200
1397	5001	10000	11,428,820	1.0367
582	10001	15000	6,842,556	0.6207
140	15001	20000	2,422,480	0.2197
62	20001	25000	1,394,317	0.1265
40	25001	30000	1,103,237	0.1001
34	30001	35000	1,118,783	0.1015
16	35001	40000	597,925	0.0542
12	40001	45000	512,662	0.0465
12	45001	50000	580,002	0.0526
19	50001	55000	997,111	0.0904
10	55001	60000	571,248	0.0518
8	60001	65000	495,029	0.0449
7	65001	70000	471,465	0.0428
5	70001	75000	361,314	0.0328
9	75001	80000	696,416	0.0632
4	80001	85000	328,280	0.0298
3	85001	90000	259,397	0.0235
2	90001	95000	183,516	0.0166
6	95001	100000	590,834	0.0536
1	100001	105000	102,948	0.0093
3	105001	110000	322,414	0.0292
4	110001	115000	448,563	0.0407
3	115001	120000	351,233	0.0319
3	120001	125000	366,526	0.0332
1	130001	135000	132,724	0.012
1	135001	140000	137,875	0.0125
2	140001	145000	283,664	0.0257
2	145001	150000	297,502	0.027
3	150001	155000	462,000	0.0419
1	155001	160000	159,550	0.0145
4	160001	165000	657,056	0.0596
1	165001	170000	170,000	0.0154
1	170001	175000	170,940	0.0155
1	185001	190000	189,835	0.0172
4	195001	200000	800,000	0.0726
1	200001	205000	203,002	0.0184
1	210001	215000	214,864	0.0195
1	230001	235000	232,268	0.0211
1	235001	240000	235,962	0.0214
1	240001	245000	243,269	0.0221
1	250001	255000	255,000	0.0231
2	280001	285000	566,493	0.0514
1	285001	290000	287,342	0.0261
2	290001	295000	584,735	0.0530
1	295001	300000	295,838	0.0268
1	350001	355000	353,709	0.0321
1	360001	365000	364,500	0.0331

No. of Shareholders	From	To	Total Shares Held	Percentage
1	365001	370000	366,300	0.0332
1	395001	400000	400,000	0.0363
2	405001	410000	812,134	0.0737
1	510001	515000	514,500	0.0467
1	570001	575000	571,046	0.0518
2	600001	605000	1,208,661	0.1096
1	605001	610000	608,000	0.0551
1	635001	640000	636,427	0.0577
1	695001	700000	699,000	0.0634
1	995001	1000000	1,000,000	0.0907
1	1095001	1100000	1,100,000	0.0998
1	1125001	1130000	1,129,647	0.1025
1	1260001	1265000	1,262,150	0.1145
1	1495001	1500000	1,500,000	0.1361
1	2095001	2100000	2,100,000	0.1906
1	2765001	2770000	2,766,216	0.2509
1	3440001	3445000	3,441,416	0.3122
1	3590001	3595000	3,591,580	0.3258
1	4645001	4650000	4,649,000	0.4217
1	4650001	4655000	4,650,500	0.4218
1	5490001	5495000	5,494,500	0.4984
2	5745001	5750000	11,500,000	1.0431
1	7995001	8000000	8,000,000	0.7256
1	8430001	8435000	8,430,985	0.7647
1	9475001	9480000	9,477,018	0.8596
1	12885001	12890000	12,886,000	1.1688
1	13545001	13550000	13,546,734	1.2268
1	14955001	14960000	14,960,000	1.3570
1	19395001	19400000	19,398,000	1.7596
1	22290001	22295000	22,291,500	2.0220
1	24630001	24635000	24,631,642	2.2342
1	37280001	37285000	37,280,242	3.3815
1	37505001	37510000	37,508,988	3.4023
1	43045001	43050000	43,049,500	3.9048
1	43070001	43075000	43,072,005	3.9069
1	51385001	51390000	51,386,588	4.6811
1	54880001	54885000	54,884,500	4.9784
1	86005001	86010000	86,008,806	7.8015
1	103460001	103465000	103,461,549	9.3846
1	109085001	109090000	109,085,193	9.8947
1	307425001	307430000	307,425,706	27.8853
Total	7752		1,102,463,481	100.0000

Categories of Shareholders	No. of Shareholders	Shares Held	Percentage
Directors, Chief Executive Officer and their spouses and minor children			
DIRECTORS			
Mr. Alauddin Feerasta	2	10,080,679	0.9144
Mr. Nooruddin Feerasta	1	14,048	0.0013
Mr. Amin A. Feerasta	1	5,401	0.0005
Mr. Muhammad Rashid Zahir	1	10,065	0.0009
Mr. Jamil Hassan Hamdani	1	1,000	0.0001
Mr. Inam Elahi	1	626	0.0001
CHIEF EXECUTIVE OFFICER			
Mr. Mohammad Aftab Manzoor		-	-
DIRECTORS' SPOUSES AND MINOR CHILDREN			
Mrs. Aziza A. Feerasta w/o Mr. Alauddin Feerasta	1	5,401	0.0005
Mrs. Amyna N. Feerasta w/o Mr. Nooruddin Feerasta	1	7,021	0.0006
Mrs. Salima A. Feerasta w/o Mr. Amin A. Feerasta	1	5,401	0.0005
	10	10,129,642	0.9188
Associated Companies, undertakings and related parties			
Trustees Alauddin Feerasta Trust	2	393,434,512	35.6869
Trustees Feerasta Senior Trust	2	160,471,781	14.5557
Trustees Alnu Trust	2	80,352,247	7.2884
Mr. Amir Feerasta	2	62,140,630	5.6365
Executives (shares held by the executive reported under Director's Category)		-	-
National Investment Trust Limited (NIT) and ICP	2	104,160,549	9.4480
NIT	1	733	0.0001
ICP			
Banks, Development Financial Institutions	10	22,433,268	2.0348
Non Banking Financial Institutions	3	13,562,912	1.2302
Insurance Companies	2	1,792	0.0002
Modarabas			
Mutual Funds			
Safeway Mutual Fund Ltd.	1	6,620	0.0006
First Tri-Star Modaraba	1	86	0.0000
Tri-Star Mutual Fund Ltd.	1	276	0.0000
Crescent Standard Business Mgt. (Pvt.) Ltd.	1	1	0.0000
Joint Stock Companies	47	161,274,933	14.6286
Foreign Companies	7	100,236	0.0091
Others	9	8,871,558	0.8047
General Public:			
a) Local	6,486	77,256,867	7.0077
b) Foreign	1,163	8,264,618	0.7497
Total:	7,752	1,102,463,481	100.0000

Shareholders Holding Five Percent or More Voting Interest in the Bank

	Shares Held	Percentage
Trustees Alauddin Feerasta Trust	393,434,512	35.6869%
Trustees Feerasta Senior Trust	160,471,781	14.5557%
National Investment Trust Limited (NIT) and ICP	104,160,549	9.4480%
Trustees Alhu Trust	80,352,247	7.2884%
Mr. Amir Feerasta*	62,140,630	5.6365%

* Voting rights on shares are restricted up to five percent only.

Trading in shares during the year 2019:

During the year the following shareholders purchased/(sold) shares of the Bank:

M/s. Trustees Alauddin Feerasta Trust	6,047,952
M/s. Trustees Feerasta Senior Trust	32,465,772
M/s. Trustees Alhu Trust	16,285,242

** Apart from the above, there has been no trade in the shares of the Bank carried out by its Directors, CEO, CFO, HOA, Company Secretary, Executives, their spouses and minor children, and substantial shareholders.

*** For the purposes of clause 5.6.1(a) and 5.6.1(d) of the Rule Book of Pakistan Stock Exchange Ltd. (PSX), the expression "executive" means the CEO, Chief Operating Officer, Chief Financial Officer, Head of Internal Audit and Company Secretary by whatever name called, and other employees of the Bank with banking grade EVP and above.

CODE OF CONDUCT

(SUMMARIZED VERSION)

This Code of Conduct (Code) outlines the principles, policies and laws that govern the activities of Soneri Bank Limited (Bank), and to which the Board members, employees and others who work with the Bank, or represent the Bank directly or indirectly must adhere. All employees are required to read, understand, sign and follow the Code of Conduct.

OBJECTIVE

Soneri Bank Limited (Bank) expects all of its employees to act in full compliance with the policies and guidelines set forth in this Code of Conduct. It is the employee's responsibility to make oneself familiar with the following and other policies related to their own business unit:

1. OUTSIDE BUSINESS INTEREST

No employees shall engage directly or indirectly, in any other business but shall faithfully and diligently, perform the duties entrusted to him/her from time to time and devote maximum time and attention to work of the Bank, and ensure his/her best endeavours to promote its interest and welfare. No employee shall take up any activity which will bring him/her any reward or remuneration or benefit, directly or indirectly other than from the job at the Bank.

2. FINANCIAL INTEREST

No employee or his/her immediate family shall enter into speculative and trading activity in stocks, shares, bonds, or any other securities or commodities, either on his/her own account or that of any other person, firm, company, nor shall involve in other speculative activity (ies) including betting/gambling. Further, an employee and his/her immediate family shall not derive any benefit or assist others to derive any benefit from the access to and possession of information about the Bank, which is not in the public domain and thus constitutes inside information. All the employees are required to comply with the applicable company law on prevention of insider trading.

3. ANTI BRIBERY AND CORRUPTION

No employee shall accept any presents either in cash or kind from Bank clients, suppliers, vendors and contractors or others, by way of illegal gratification or otherwise. Any such instance where business judgment has been compromised due to such monetary or non-monetary gifts will be considered as a violation of this code. Accepting gifts and benefits that may appear as engaging others in bribery or influencing for a consideration for an official or business favour is prohibited.

No employee shall give or take bribes or engage in any form of corruption.

4. VIOLATION OF LAW

No payment or transaction should be made or undertaken, by an employee or authorized or instructed to be made or undertaken by any other person or the Bank if the consequence of that transaction or payment would be the violation of any law in force.

5. POLITICAL PARTICIPATION

No employee shall take part in, subscribe in any aid of, assist in or take part in any political activity whatsoever. No employee shall canvass or otherwise, interfere or use his/her influence in connection with or take part in any election to a legislative or local body, whether in Pakistan or elsewhere. Provided that a Bank employee who is qualified to vote at such elections may exercise his/her right to vote.

6. PROTECTING BANKS RESOURCES

An employee must not peruse such outside business activity(ies) and relationships using Banks resources (including but not limited to physical space, office supplies, office communication equipment or time) or allow any outside business, civic or charitable activities to interfere with his/her job performance. Employees must never compromise on integrity, either for personal or professional benefit. Each employee is also personally responsible for the integrity of the information, reports and records under his/her control.

7. ACT OF MISCONDUCT

Employee shall not commit any act of subversion or misconduct or misbehaviour; and will also not act in any manner, which could be prejudicial or detrimental to the interest of the Bank. The Bank shall be entitled to dispense with the services of any employee, any time per the law of his/her employment and/or repeated negligence, disobedience, dishonesty, breach of trust, acts of any other misconduct or subversion without any notice.

8. DATA SECURITY AND CONFIDENTIALITY

All employees shall avoid, during his/her employment or thereafter to disclose or divulge to any person whomsoever any information relating to the Bank or its customers, suppliers, employees or any confidential information which he/she may have access to while being in the service of the Bank. All employees shall be bound to protect the confidentiality of the non-public information at all times.

9. ABIDANCE OF LAWS OF THE LAND

Notwithstanding anything contained hereinabove every employee will abide by all the laws of the land including Labour Laws where applicable.

10. PUNCTUALITY

Employees are expected to be at work on time every business day. In the event that employee is absent or late due to illness, accident or personal reasons, he/she is required to inform his/her supervisor as soon as possible so that the department may make other arrangements for substitute help while the employee is away.

11. SEPARATION FROM THE BANK

In case of resignation every employee will have to attend his/her duties until the resignation is accepted and employee is relieved

by the competent authority. In case he/she fails to attend his/her duty after tendering resignation, the resignation will not be considered and he/she may be dealt according to the relevant HR Policy.

Employees at the time of separation from Bank should return Bank assets, facilities (blackberry, laptop, mobile etc.), visiting and identity cards, stamps etc.

12. ETHICS, DISCRIMINATION OR HARASSMENT

All employees are expected to comply with ethical standards as a critical element of their responsibilities. It is encouraged to raise possible ethical issues and Bank prohibits any retaliatory action against any individual for raising legitimate concerns regarding ethics, discrimination or harassment matters or for reporting suspected violations. In case of any issue that has been reported, investigation/inquiry shall be held, and appropriately authorized internal or external investigations.

13. DRESS CODE AND PERSONAL HYGIENE

Employees are expected to dress in a manner consistent with the nature of work performed. While at work, all employees are expected to dress neatly and appropriately in normal office as per the Dress code policy of the Bank.

All employees are expected to abide with the personal hygiene requirements.

14. PROTECTING BANK RESOURCES

All employees are responsible for safeguarding the tangible and intangible assets of the Bank and its customers, suppliers and distributors that are under their control. Bank assets may be used only for proper company purpose. Misappropriation, carelessness or waste of Bank assets is a breach of one's duty to the Bank and should be avoided at all cost.

15. FRAUD, THEFT OR ILLEGAL ACTIVITY

An employee must not:

- steal, embezzle or misappropriate money, funds or anything of value from the Bank, doing so shall subject him/her to potential disciplinary action according to the Bank policy
- use Bank's assets for personal gain or advantage
- remove Bank's assets from their premises and facilities unless properly authorized by the relevant competent authority
- use Bank's stationery or corporate documents, Bank's brand name for non official purposes since such implies endorsement from Soneri Bank

16. EMPLOYEE IDENTIFICATION AND SECURITY

If employees are supplied with an identification card, this must be worn visibly when on Bank's premises. Each employee is also responsible for the safekeeping of his/her ID card.

17. PASSWORD SECURITY

All employees are responsible to safeguard their password and ensure that they maintain honesty and integrity at all times. Password is unique to an individual and its sharing is strictly prohibited. In an event where it is reported that employees have shared their login credentials (User ID/Password) with other employees, both the parties would be accountable and liable to strict disciplinary action which may result in termination from employment.

18. USE OF COMMUNICATION TOOLS

Bank's telephone, e-mail, voice-mail, computer, systems etc are primarily for business purposes. Employees may not use these systems in a manner that could be harmful or embarrassing to the Bank. Personal communications using these systems must be kept to a minimum. In case of his/her separation from the Bank, all rights to property and information generated or obtained as part of an employment relationship remains the exclusive property of the Bank only.

An employee must never use Bank systems to transmit or receive electronic images or text of a sexual nature or containing ethnic slurs, racial epithets or any other material of a harassing, offensive or lewd nature.

19. RECORD MANAGEMENT

Records are very important business assets. The Bank is committed to managing its records in a consistent, systematic and reliable manner; records provide evidence for business activities and decisions and are often required to meet legal and regulatory requirements. Employees are required to retain the records in accordance with their importance and applicable statutory record retention requirements and Bank policies.

20. TAXATION

The Bank is also committed to accuracy in tax related records and tax reporting in compliance with the overall intent and applicable laws. Tax returns must be filed on a timely basis and taxes due paid in time.

21. WORKFORCE DIVERSITY

The Bank believes that diversity in the staff is critical to its success and is fully committed to equal employment opportunity, compliance with fair employment practices and non discrimination laws. The Bank prohibits sexual or any other kind of discrimination, harassment or intimidation, whether committed by or against a supervisor, co-worker, customer, vendor or visitor.

22. RELATED STAFF MEMBERS

Where husbands, wives or other relatives are employed in the same or related areas, no employee should allow personal and/or domestic circumstances to impinge upon or affect either working relationships or the breach of Bank's employment regulations regarding confidentiality and fidelity.

23. DRUG FREE WORKPLACE

Selling, manufacturing, distributing, possessing, using or being under the influence of illegal drugs on the job is prohibited.

24. HEALTH AND SAFETY

To protect the well being of the Bank's valued customers and employees, smoking and eating betel leaf within the premises of Bank is strictly prohibited.

25. UNFAIR DEALING PRACTICES

No employee may take unfair advantage of anyone through manipulation, concealment, abuse of confidential information, misrepresentation of facts or other unfair dealing practices.

26. MEDIA AND PUBLIC SPEAKING

No employee other than the authorized personnel is allowed to publish, make speech, give interviews or make public appearance that are connected to Bank's business interests, else an approval is required from Head of HR, Head of Compliance and President.

27. VENDOR RELATIONSHIP

Employees responsible for buying assets on Bank's behalf should purchase all goods and services on the basis of quality, price, availability, terms and service. Employees responsible for customer relationship must never lead a supplier or customer to believe that they can inappropriately influence any procurement decisions at Bank. Employees shall ensure to abide by all the provisions of the Fixed Asset Management and Expenditure Control Policies of the Bank.

28. CONFLICT OF INTEREST

Real or perceived conflicts of interest in any process or form should be disclosed and avoided. An employee or any of his/her relatives/associates should not derive any undue personal benefit or advantage by virtue of his/her position or relationship with the Bank. Any dealings with a related party must be conducted in such a way that no preferential treatment is given and adequate disclosures are made as required by the law and as per the applicable policies of the Bank.

Employees must be sensitive to any activities, interests or relationships that might interfere with or even appear to interfere with his/her ability to act in the best interests of the Bank and its customers.

An employee must notify an authorized person or HR of any business relationship or proposed business transaction Bank may have with any company in which he/she or a related party has a direct or indirect interest or from which he/she or related party may derive a benefit. Even if related party or relative is employed, this may raise conflict of interest. Therefore, it should be avoided.

29. ACCESS TO BUSINESS INFORMATION

Employees should also take steps to ensure that business related paper work and documents are produced, copied properly filed and stored or if not needed, should be properly discarded to minimize the risk that an unauthorized person might obtain access to confidential information. Access to work areas and systems should also be properly controlled.

30. CUSTOMER CONFIDENTIALITY

Employees of the Bank are strictly prohibited to disclose the fact to the customer or any other quarter that a suspicious transaction or related information is being or has been reported to any authority, except if required by law.

31. PERSONAL INVESTMENTS

If any personal investment that affects or appears to affect an employee's ability to make an unbiased business decision for Bank, should be avoided.

32. PERSONAL FINANCIAL NEEDS

Bank employee and their families are encouraged to use the Bank for their personal financial services needs.

33. MODIFICATIONS AND AMENDMENTS

The Code of Conduct is subject to variances, modifications, and amendments, from time to time through the resolution of the Board of Directors.

34. BREACH OF CODE OF CONDUCT

In case of the breach of any of the above "Code of Conduct", the employee shall be liable to disciplinary action. This shall be without prejudice, to any other rights and remedies of the Bank.

Failure to observe these policies may result in a disciplinary action, up to and including immediate termination of employment or any other relationship with the Bank. Furthermore, violations of this Code may also be violations of the law and may result in civil or criminal penalties.

If an employee has any questions about these policies or would like to report violation of the Code of Conduct, he/she may approach Head of Compliance Division for further guidance and advice.

LIST OF BRANCHES

AS AT 31 DECEMBER 2019

REGISTERED OFFICE

Rupali House, 241-242
Upper Mall Scheme, Anand Road
Lahore-54000 - Pakistan
Tel. No.: (042) 35713101-2 & 35792180

CENTRAL REGION

1. **Main Branch, Lahore**
Tel. No.: (042) 36368141-8 &
(042) 111-567-890
2. **Defence Branch, Lahore**
Tel. No.: (042) 35730760-1, 3574616 &
(042) 35691037-9
3. **Gulberg Branch, Lahore**
Tel. No.: (042) 35713445-8, 35759273
& (042) 35772294-5
4. **Circular Road Branch, Lahore**
Tel. No.: (042) 37670483, 86, 89 &
(042) 37379319
5. **Model Town Branch, Lahore**
Tel. No.: (042) 35889311-2 & 35915666
6. **Peco Road Branch, Lahore**
Tel. No.: (042) 35222306-7,
(042) 35203050-1, 35177804 &
(042) 35173392
7. **Cavalry Ground Branch, Lahore**
Tel. No.: (042) 36653728-30 &
(042) 36619702
8. **Islamic Banking
Temple Road Branch, Lahore**
Tel. No.: (042) 36376341, 2 & 6
9. **Allama Iqbal Town Branch, Lahore**
Tel. No.: (042) 37812395-7
10. **Baghbanpura Branch, Lahore**
Tel. No.: (042) 36832811-3
11. **Thokar Niaz Baig Branch, Lahore**
Tel. No.: (042) 35313651, 3 & 4
(0317-4484542-3)
12. **Ghazi Chowk Branch, Lahore**
Tel. No.: (042) 35188505-7 &
(042) 35185661-3
13. **Islamic Banking
New Garden Town Branch, Lahore**
Tel. No.: (042) 35940611-616
14. **DHA Phase-III Branch, Lahore**
Tel. No.: (042) 35734081, 2, 3 & 5
15. **Chungi Amer Sadhu Branch, Lahore**
Tel. No.: (042) 35922182, 184 & 186
16. **Johar Town Branch, Lahore**
Tel. No.: (042) 35204191-3
17. **Wahdat Road Branch, Lahore**
Tel. No.: (042) 37424821-7 &
(042) 37420591
18. **Gurpat Road Branch, Lahore**
Tel. No.: (042) 37361607-9

19. **Airport Road Branch, Lahore**
Tel. No.: (042) 35700115-8
20. **Timber Market Branch, Lahore**
Tel. No.: (042) 37725353-8
21. **Shahdara Branch, Lahore**
Tel. No.: (042) 37920085, 37941741-3 &
(042) 37921743-8
22. **Manga Mandi Branch, Lahore**
Tel. No.: (042) 35383515-9
23. **Badli Road Branch, Lahore**
Tel. No.: (042) 37165390-2
24. **Mughalpura Branch, Lahore**
Tel. No.: (042) 36880892-4
25. **Upper Mall Branch, Lahore**
Tel. No.: (042) 35780346, 49, 51 & 55
26. **Islampura Branch, Lahore**
Tel. No.: (042) 37214394-7
27. **Gardi Shohu Branch, Lahore**
Tel. No.: (042) 36294201-3 &
(042) 36376096
28. **Zarrar Shaheed Road Branch, Lahore**
Tel. No.: (042) 36635167-6
29. **Hamdard Chowk Kot Lakhpat
Branch, Lahore**
Tel. No.: (042) 35140261-3
30. **Kana Kacha Branch, Lahore**
Tel. No.: (042) 35472222 &
(0316-8226316-8)
31. **Sabzar Branch, Lahore**
Tel. No.: (042) 37830881-6
32. **DHA Phase-IV Branch, Lahore**
Tel. No.: (042) 35694156-7
33. **Azam Cloth Market Branch, Lahore**
Tel. No.: (042) 37662203-7
34. **Jail Road Branch, Lahore**
Tel. No.: (042) 35408936-8
35. **Badami Bagh Branch, Lahore**
Tel. No.: (042) 37731601, 2 & 4
36. **Montgomery Road Branch, Lahore**
Tel. No.: (042) 36291013-4
37. **Islamic Banking DHA Phase-VI
Branch, Lahore**
Tel. No.: (042) 37180635-7
38. **Bahria Town Branch, Lahore**
Tel. No.: (042) 35976354 &
(0316-8226346-9)
39. **Expo Centre Branch, Lahore**
Tel. No.: (042) 35314087, 88, 90 & 91

CENTRAL OFFICE

10th Floor, PNSC Building, M. T. Khan Road
Karachi
Tel. No.: (021) 32444401-5 & 111-567-890
Swift: SONEPKKAXXX

40. **Wapda Town Branch, Lahore**
Tel. No.: (042) 35187611-2
41. **Shah Alam Market Branch, Lahore**
Tel. No.: (042) 37378213-4 &
(0316-8226277-8)
42. **DHA Phase-V Branch, Lahore**
Tel. No.: (042) 35695678 &
(0316-8226322-3)
43. **Chauburji Branch, Lahore**
Tel. No.: (042) 37112228 &
(0316-8226325-7)
44. **Walton Road Branch, Lahore**
Tel. No.: (042) 36672305 &
(0316-8226339, 40 & 41)
45. **Faisal Town Branch, Lahore**
Tel. No.: (042) 35170540 &
(0316-8226335, 7 & 8)
46. **Karim Block Branch, Lahore**
Tel. No.: (042) 35417757 &
(0316-8226412, 3 & 4)
47. **Defence Road Branch, Lahore**
Tel. No.: (0316-8226415-8)
48. **Safari Garden Branch, Lahore**
Tel. No.: (0317-4484537-9)
49. **Rahwind Branch, Lahore**
Tel. No.: (042) 35399861-2 &
(0317-4484562-4)
50. **Main Boulevard Branch, Gulberg,
Lahore**
Tel. No.: (042) 35759924-5 &
(0316-8226086-9)
51. **Islamic Banking
Township Branch, Lahore**
Tel. No.:
52. **Muridke Branch**
Tel. No.: (042) 37166511-4 &
(042) 37981100
53. **Main Branch, Gujranwala**
Tel. No.: (055) 3843560-2 &
(055) 111-567-890
54. **Islamic Banking
Gujranwala Cantt. Branch, Gujranwala**
Tel. No.: (055) 3861931-3 & 5
55. **Wapda Town Branch, Gujranwala**
Tel. No.: (055) 4291138-7
56. **Kamoke Branch, District
Gujranwala**
Tel. No.: (055) 6813501-6
57. **Main Branch, Faisalabad**
Tel. No.: (041) 2639873, 7-8 &
(041) 111-567-890

58. **Peoples Colony Branch, Faisalabad**
Tel. No.: (041) 8555714 & 8555720

59. **Ghulam Muhammadabad Branch, Faisalabad**
Tel. No.: (041) 2890114, 110 & 117

60. **Islamic Banking East Canal Road Branch, Faisalabad**
Tel. No.: (041) 2421381-2

61. **Civil Lines Branch, Faisalabad**
Tel. No.: (041) 2648105, 8 & 11

62. **Medina Town Branch, Faisalabad**
Tel. No.: (041) 8735551-2 & 0316-8226451-3

63. **Jaranwala Branch, District Faisalabad**
Tel. No.: (041) 4312201-6

64. **Samundri Branch, District Faisalabad**
Tel. No.: (041) 3423983-4

65. **Painsera Branch, District Faisalabad**
Tel. No.: (041) 2557100-11 & 2574300

66. **Khurrianwala Branch**
Tel. No.: (041) 4360701-2

67. **Chiniot Branch**
Tel. No.: (047) 6333840-4

68. **Jhang Branch**
Tel. No.: (047) 7851601-2

69. **Small Industrial Estate Branch, Sialkot**
Tel. No.: (052) 3242607-9

70. **Pasrur Road Branch, Sialkot**
Tel. No.: (052) 3521655, 755 & 855 & (052) 3611655 & 755

Islamic Banking
71. **Sialkot Cantt Branch, Sialkot**
Tel. No.: (052) 4560023-7

72. **Godhpur Branch, Sialkot**
Tel. No.: (052) 4563932-3

73. **Daska Branch, District Sialkot**
Tel. No.: (052) 6617847-8

74. **Daska Road Branch, Addah, District Sialkot**
Tel. No.: (052) 3525337 & 9

75. **Sheikhupura Branch**
Tel. No.: (056) 3810933 & 3813133

76. **Nankana Sahib Branch**
Tel. No.: (056) 2876342-3

77. **Wazirabad Branch**
Tel. No.: (055) 6603703-4 & 6608555

78. **Ghakkhar Mandi Branch**
Tel. No.: (055) 3832611-2

79. **Main Branch, Multan**
Tel. No.: (061) 4504018, 4504118, (061) 4519927 & 4512884

Islamic Banking
80. **Shah Rukn-e-Alam Branch, Multan**
Tel. No.: (061) 6784051-4 & 6782081

81. **Bosan Road Branch, Multan**
Tel. No.: (061) 6210690-2

82. **Mumtazabad Branch, Multan**
Tel. No.: (061) 6760212-4

83. **Gulgasht Colony Branch, Multan**
Tel. No.: (061)-6222701 & 0316-8226393-5

84. **Wapda Town Branch, Multan**
Tel. No.: (061) 6213011 & 0316-8226441-2

85. **Azmat Road Branch, Dera Ghazi Khan**
Tel. No.: (064) 2471630-6

86. **Lodhran Branch**
Tel. No.: (0608) 364766-7

87. **Rahim Yar Khan Branch**
Tel. No.: (068) 5886042-4

88. **Liaquatpur Branch, District Rahim Yar Khan**
Tel. No.: (068) 5792041-4

89. **Sadiqabad Branch**
Tel. No.: (068) 5702162, 5800161, (068) 5800661 & 5801161

90. **Bahawalpur Branch**
Tel. No.: (062) 2731703-1

91. **Ahmedpur Sharqia Branch District Bahawalpur**
Tel. No.: (062) 2271345 & 0316-8226404, 6 & 8

92. **Hasilpur Branch**
Tel. No.: (062) 2441481-7 & 2441478

93. **Club Road Branch, Sargodha**
Tel. No.: (048) 3726021-3

94. **Pull-111 Branch, District Sargodha**
Tel. No.: (048) 3791403-4 & 0316-8226449 & 50

95. **Jauharabad Branch, District Khushab**
Tel. No.: (0454) 723011-2

96. **Khushab Branch, District Khushab**
Tel. No.: (0454) 710294, 5 & 6

97. **Bhalwal Branch**
Tel. No.: (048) 6642224 & 0316-8226331-2

98. **Khanewal Branch**
Tel. No.: (065) 2551560-3

99. **Kabirwala Branch, District Khanewal**
Tel. No.: (065) 2400910-3

100. **Abdul Hakeem Branch, District Khanewal**
Tel. No.: (065) 2441888 & 0316-8226310-2

101. **Mian Channu Branch**
Tel. No.: (065) 2662201-2

102. **Depalpur Branch**
Tel. No.: (044) 4541341-2

103. **Okara Branch**
Tel. No.: (044) 2553012-4 & 2552200

104. **Hujra Shah Mugeem Branch District Okara**
Tel. No.: (044) 4860401-3 & 0316-8226419-21

105. **Haveli Lakha Branch**
Tel. No.: (044) 4775412-3

106. **Sahiwal Branch**
Tel. No.: (040) 4467742-3

107. **Chichawatni Branch, District Sahiwal**
Tel. No.: (040) 5484852-3

108. **Layyah Branch**
Tel. No.: (060) 6414205-7

109. **Kharoor Pacca Branch**
Tel. No.: (0608) 341041-2

110. **Muzafargarh Branch**
Tel. No.: (066) 2422901, 3 & 5

111. **Fazal Garh Sanawan Branch, District Muzafargarh**
Tel. No.: (068) 2250214-5

112. **Sheikho Sugar Mills Branch District Muzafargarh**
Tel. No.: 0345-8530242-4

113. **Shahbaz Khan Road Branch, Kasur**
Tel. No.: (0492) 764890-3

114. **Jalalpur Bhattian Branch, District Hafizabad**
Tel. No.: (0547) 500848-50

115. **Hafizabad Branch**
Tel. No.: (0547) 541641-4

116. **Pattoki Branch**
Tel. No.: (049) 4422435-6

117. **Ellahabad Branch**
Tel. No.: (049) 4751130

118. **Khudian Branch**
Tel. No.: (049) 2791595-6

119. **Sambrial Branch**
Tel. No.: (052) 6523451-3

120. **Gagoo Mandi Branch, District Vehari**
Tel. No.: (057) 3500311-2

121. **Mailsi Branch, District Vehari**
Tel. No.: (057) 3750140-5

122. **Burewala Branch, District Vehari**
Tel. No.: (057) 3773110 & 20 & (067) 3355779

123. **Mandi Bahauddin Branch**
Tel. No.: (0546) 507602, 3 & 8

124. **Bahawalnagar Branch**
Tel. No.: (063) 2274795-6

125. **Haroonabad Branch, District Bahawalnagar**
Tel. No.: (063) 2251664-5

126. Toba Tek Singh Branch
Tel. No.: (046) 2513203-4
127. Gojra Branch, District Toba Tek Singh
Tel. No.: (046) 3516392 & 3515577
128. Kamalia Branch, District Toba Tek Singh
Tel. No.: (046) 3411405-6
129. Pir Mahal Branch
Tel. No.: (046) 3361690 & 5
130. Gujrat Branch
Tel. No.: (053) 3520591, 2 & 4
131. Kotla Arab Ali Khan, District Gujrat
Tel. No.: (053) 7575501 & 3
132. Kharian Branch
Tel. No.: (053) 7802904, 5 & 7
133. Pak Pattan Branch, District Pak Pattan
Tel. No.: (0457) 371781-5
134. Arif wala Branch, District Pak Pattan
Tel. No.: (0457) 834013, 5 & 6
135. Chishtian Branch
Tel. No.: (063) 2501141-2 & 0316-8226304-6
136. Khanpur Branch
Tel. No.: (068) 5577719-20 & 0316-8226307-9
137. Narowal Branch
Tel. No.: (0542) 411405 & 0316-8226328-30
138. Rajanpur Branch
Tel. No.: (0604) 688108 & 0316-8226396
- SOUTH REGION**
139. Main Branch, Karachi
Tel. No.: (021) 32436990 & 32444401-5 & (021) 111-567-890
140. Clifton Branch, Karachi
Tel. No.: (021) 35877773-4, 35861286 & (021) 35375448
141. Garden Branch, Karachi
Tel. No.: (021) 32232877-8
142. F. B. Area Branch, Karachi
Tel. No.: (021) 36373782-3 & (021) 36811646
143. Korangi Industrial Area Branch, Karachi
Tel. No.: (021) 35113898-9, (021) 35113900-1 & 0316-8226189-92
144. AKU Branch, Karachi
Tel. No.: (021) 34862251-3 & (021) 33102498-9
145. Haldery Branch, Karachi
Tel. No.: (021) 36838617, (021) 36630409-410 & 0316-8226231-8
146. Jodia Bazar Branch, Karachi
Tel. No.: (021) 32441786, 32442208 & (021) 32463894 & 0316-8226202-10
147. Shahrah-e-Faisal Branch, Karachi
Tel. No.: (021) 34316128, 34316395, (021) 34322150, 34399430 & (021) 34535545-46, 53-54
148. OHA Branch, Karachi
Tel. No.: (021) 35852209, 35845211 & (021) 35340825
149. Gulshan-e-Iqbal Branch, Karachi
Tel. No.: (021) 34811830-33 & 0316-8226239-45
150. SITE Branch, Karachi
Tel. No.: (021) 32568330, 32550997 & (021) 32550903-4
151. Zamzama Branch, Karachi
Tel. No.: (021) 35375835 & 35293435
152. Gole Market Branch, Karachi
Tel. No.: (021) 36618932, 36618925 & 0316-8226154-62
153. Gulistan-e-Jauhar Branch, Karachi
Tel. No.: (021) 34020943-5
154. M. A. Jinnah Road Branch, Karachi
Tel. No.: (021) 32213972 & 32213498
155. Gulbahar Branch, Karachi
Tel. No.: (021) 36607744 & 0316-8226434-5
156. North Karachi Branch, Karachi
Tel. No.: (021) 36920140-5 & 0316-8226171-2
157. Block-7 Gulshan-e-Iqbal Branch, Karachi
Tel. No.: (021) 34815811-2, 34833728 & 777
- Islamic Banking**
158. Cloth Market Branch, Karachi
Tel. No.: (021) 32442961 & 32442977
159. Paria Street Kharadar Branch, Karachi
Tel. No.: (021) 32201059, 60 & 61
160. Suparco Branch, Karachi
Tel. No.: (021) 34970560, 34158325-6, (021) 37060610 & 0316-8226457
161. Chandni Chowk Branch, Karachi
Tel. No.: (021) 34937933 & 34141295
162. Allama Iqbal Road Branch, Karachi
Tel. No.: (021) 34387673-4
163. Nishlar Road Branch, Karachi
Tel. No.: (021) 32239711-3 & 32239678
- Islamic Banking**
164. Waterpump Branch, Karachi
Tel. No.: (021) 36312113 & 36312108, (021) 36312349 & 36311908
165. Apwa Complex Branch, Karachi
Tel. No.: (021) 32253143 & 32253216
166. Clifton Block-2 Branch, Karachi
Tel. No.: (021) 35361115-7
167. Malir Branch, Karachi
Tel. No.: (021) 34517982-3
168. Bahadurabad Branch, Karachi
Tel. No.: (021) 34135842-3
169. New Chalti Branch, Karachi
Tel. No.: (021) 32625246 & 32625279
170. Shah Faisal Colony Branch, Karachi
Tel. No.: (021) 34602446-7
171. Zaibunissa Street Saddar Branch, Karachi
Tel. No.: (021) 35220025-7
172. Lisquatabad Branch, Karachi
Tel. No.: (021) 34860723-25
173. Lee Market Branch, Karachi
Tel. No.: (021) 32526193-4
174. Korangi Township No. 2 Branch, Karachi
Tel. No.: (021) 35068041 & 35071181
175. North Karachi Ind. Area Branch, Karachi
Tel. No.: (021) 36962851, 52 & 55
176. F. B. Industrial Area Branch, Karachi
Tel. No.: (021) 36829961-4
177. Napier Road Branch, Karachi
Tel. No.: (021) 32713539-40
178. Gulshan-e-Hadeed Branch, Karachi
Tel. No.: (021) 34710252 & 256
179. Metroville Branch, Karachi
Tel. No.: (021) 36752206-7
180. Defence Phase-II Extension Branch, Karachi
Tel. No.: (021) 35386910-12
181. North Karachi Township Branch, Karachi
Tel. No.: (021) 36968604-7
182. Stock Exchange Branch, Karachi
Tel. No.: (021) 32414003-4 & (021) 32415927-8
183. Gulshan-e-Jamal Branch, Karachi
Tel. No.: (021) 34682682-4
184. Alyabad Branch, Karachi
Tel. No.: (021) 36826727 & 36332517
185. Saudabad Branch, Malir, Karachi
Tel. No.: (021) 34111901-5
186. Shireen Jinnah Colony Branch, Karachi
Tel. No.: (021) 34166262-4
- Islamic Banking**
187. Al-Tiqrah Centre Branch, Karachi
Tel. No.: (021) 34169251-3
188. Barkat-e-Haidery Branch, Karachi
Tel. No.: (021) 36645668-9
189. Shadman Town Branch, Karachi
Tel. No.: (021) 36903038-9
190. Enquiry Office Nazimabad No. 2 Branch, Karachi
Tel. No.: (021) 36601502-5

- Islamic Banking**
191. Rashid Minhas Road Branch, Karachi
 Tel. No.: (021) 34983878 & 34837443-4
- 192. Timber Market Branch, Karachi**
 Tel. No.: (021) 32742491-2
- 193. Khayaban-e-Itehad Branch, Karachi**
 Tel. No.: (021) 35347413-6
- 194. Bahria Complex-III Branch, Karachi**
 Tel. No.: (021) 35640731-6 35640235-7
- 195. New M. A. Jinnah Road Branch, Karachi**
 Tel. No.: (021) 34894941-3
- 196. DHA Phase-IV Branch, Karachi**
 Tel. No.: (021) 35311491-2 & 0316-8226285-7
- 197. Gulberg Branch, Karachi**
 Tel. No.: (021) 36340553, 549 & 0316-8226291-2
- 198. New Sabzi Mandi Branch, Karachi**
 Tel. No.: (021) 36870506-7 & 0316-8226409-11
- 199. Clifton Block-08 Branch, Karachi**
 Tel. No.: (021) 35867435-6 & 0316-8226425-7
- 200. Block-02 Gulshan-e-Iqbal Branch, Karachi**
 Tel. No.: (021) 34988781-2
- 201. Garden Market Branch, Karachi**
 Tel. No.: (021) 32244195-6 & 0316-8226431-3
- 202. Block-N North Nazimabad Branch, Karachi**
 Tel. No.: (021) 36641623-4 & 0316-8226436-38
- 203. Marriot Road Branch, Karachi**
 Tel. No.: (021) 32461840-42 & 0316-8226426-30
- 204. Gulshan-e-Maymar Branch, Karachi**
 Tel. No.: (021) 36881235-6 & 0316-8226445-47
- 205. Shersha Branch, Karachi**
 Tel. No.: (021) 32583001-3 & 0317-4484534-6
- 206. DHA Phase-VIII Branch, Karachi**
 Tel. No.: 0315-4979285, 328 & 445
- 207. Main Branch, Hyderabad**
 Tel. No.: (022) 2781528-9, 2782347 & (022) 111-567-890
- 208. F. J. Road Branch, Hyderabad**
 Tel. No.: (022) 2728131 & 2785997 (022) 2780205
- 209. Latifabad Branch, Hyderabad**
 Tel. No.: (022) 3816309 & 3816625
- 210. Qasimabad Branch, Hyderabad**
 Tel. No.: (022) 2651968 & 70

- Islamic Banking**
211. Isra University Branch, District Hyderabad
 Tel. No.: (022) 2032322 & 2030161-4
- 212. Prince Ali Road Branch, Hyderabad**
 Tel. No.: (022) 2638514 & 2622122
- 213. S.I.T.E. Branch, Hyderabad**
 Tel. No.: (022) 3886861-2
- 214. Faqir Jo Pir Branch, Hyderabad**
 Tel. No.: (022) 2612685-6
- 215. Auto Bhan Road Branch, Hyderabad**
 Tel. No.: (022) 2100062-3 & 0316-8226313-4
- 216. Malyari Branch, District Malyari**
 Tel. No.: (022) 2760125-6
- 217. Tando Allah Yar Branch**
 Tel. No.: (022) 3890260-4
- 218. Sultanabad Branch, District Tando Allah Yar**
 Tel. No.: (022) 3404101-2
- 219. Tando Muhammad Khan Branch**
 Tel. No.: (022) 3340371-2 & 0316-8226267-8
- 220. Sukkur Branch**
 Tel. No.: (071) 5622382, 5622925 & 0316-8226055-63
- 221. Sanghar Branch, District Sanghar**
 Tel. No.: (0235) 543376-7 & 0316-8226246-7
- 222. Tando Adam Branch, District Sanghar**
 Tel. No.: (0235) 571640-44
- 223. Shahdadpur Branch, District Sanghar**
 Tel. No.: (0235) 841982-4
- 224. Shahpur Chakar Branch, District Sanghar**
 Tel. No.: (0235) 846010-12
- 225. Golarchi Branch, District Badin**
 Tel. No.: (0297) 853192-4
- 226. Talhar Branch, District Badin**
 Tel. No.: (0297) 830387-9
- 227. Deh. Sonhar Branch, District Badin**
 Tel. No.: (0297) 870729 & 870781-3
- 228. Matti Branch**
 Tel. No.: (0297) 840171-2
- 229. Tando Bago Branch, District Badin**
 Tel. No.: (0297) 854554-6
- 230. Buhara Branch, District Thatta**
 Tel. No.: 0316-8226439-40
- 231. Dhabeji Branch, District Thatta**
 Tel. No.: (021) 34420030, 31 & 39
- 232. Makli Branch, District Thatta**
 Tel. No.: (0298) 581807, 8 & 9
- 233. Hub Branch, District Lasbela**
 Tel. No.: (0853) 310225-7

- 234. Umerkot Branch**
 Tel. No.: (0238) 571350 & 356
- 235. Nawabshah Branch**
 Tel. No.: (0244) 363918-9
- 236. Mirpurkhas Branch**
 Tel. No.: (0233) 821221 & 821317-8
- 237. Larkana Branch**
 Tel. No.: (074) 4058211-13
- 238. Panjhatti Branch**
 Tel. No.: (0243) 552183-6
- 239. Ghotki Branch**
 Tel. No.: (0723) 680305-6
- 240. Deharki Branch**
 Tel. No.: (0723) 644156, 158 & 160
- 241. Thuli Branch**
 Tel. No.: (0722) 610153-4
- 242. Kandkhot Branch**
 Tel. No.: (0722) 572883-6
- 243. Jacobabad Branch**
 Tel. No.: (0722) 654041-5
- 244. Shahdadkot Branch, District Gamber Shahdadkot**
 Tel. No.: (074) 4012401-2
- 245. Dadu Branch**
 Tel. No.: (025) 4711417-8 & 0316-8226294-6
- 246. Bhan Sayedabad Branch, District Jamshoro**
 Tel. No.:
- 247. Shikarpur Branch**
 Tel. No.: (0726) 540381-3 & 0316-8226319-21
- 248. Main Branch, Quetta**
 Tel. No.: (081) 2821610 & 2821641
- Islamic Banking**
249. Shahrah-e-Iqbal Branch, Quetta
 Tel. No.: (081) 2820227-30 & 37
- 250. Chamman Branch**
 Tel. No.: (0826) 613685 & 0316-8226342-4
- 251. Khuzdar Branch**
 Tel. No.: (0848) 412861-3 & 0316-8226466-68
- 252. Gawadar Branch**
 Tel. No.: (0864) 211103-5 & 0316-8226454, 5 & 6
- NORTH REGION**
- 253. Main Branch, Peshawar**
 Tel. No.: (091) 5277914-8 & 5277394
- 254. Chowk Yadgar Branch, Peshawar**
 Tel. No.: (091) 2573335-7 & 2220006
- Islamic Banking**
255. Khyber Bazar Branch, Peshawar
 Tel. No.: (091) 2566811-3

256. Main Branch, Rawalpindi
Tel. No.: (051) 5123123, 4, 5 & 8 &
(051) 5123136-7
257. Chandni Chowk Branch, Rawalpindi
Tel. No.: (051) 4571160, 63, 86 & 87 &
(051) 4571301
258. 22 Number Chungi Branch,
Rawalpindi
Tel. No.: (051) 5563576-7
259. Muslim Town Branch, Rawalpindi
Tel. No.: (051) 5405506 & 4931112-3
260. Pindora Branch, Rawalpindi
Tel. No.: (051) 4419020-22
261. Gulraiz Branch, Rawalpindi
Tel. No.: (051) 5595148-9 & 5974073
- Islamic Banking
262. Peshawar Road Branch, Rawalpindi
Tel. No.: (051) 5460113-7
263. Bahria Town Branch, Rawalpindi
Tel. No.: (051) 5733772-3 & 5733768-9
- Islamic Banking
264. Chaklata Scheme-II Branch,
Rawalpindi
Tel. No.: (051) 5766345-7
265. Adynia Road Branch, Rawalpindi
Tel. No.: (051) 5569091, 96, 97 & 99
266. Bewal Branch, District Rawalpindi
Tel. No.: (051) 3360274-5
267. Wahi Cantt. Branch, District
Rawalpindi
Tel. No.: (051) 4511140-1 &
0317-4484551-3
268. Kallar Syedan Branch, District
Rawalpindi
Tel. No.: (051) 3570903 &
0316-8226106
269. Main Branch, Islamabad
Tel. No.: (051) 2348174 & 78 &
(051) 111-567-890
270. G-9 Markaz Branch, Islamabad
Tel. No.: (051) 2850171-3
- Islamic Banking
271. I-10 Markaz Branch, Islamabad
Tel. No.: (051) 4101733-5
272. I-9 Markaz Branch, Islamabad
Tel. No.: (051) 4858101-3
273. E-11 Branch, Islamabad
Tel. No.: (051) 2228757-8
274. DHA Phase-II Branch, Islamabad
Tel. No.: (051) 5161967-9 &
(051) 5161970-72
- Islamic Banking
275. F-8 Markaz Branch, Islamabad
Tel. No.: (051) 2818019-21
276. G-11 Markaz Branch, Islamabad
Tel. No.: (051) 2363366-68
277. F-11 Markaz Branch, Islamabad
Tel. No.: (051) 2101076-7 &
0316-8226282-4
278. F-6 Branch, Islamabad
Tel. No.: (051) 2826573-4 &
0316-8226303
279. PWD Branch, Islamabad
Tel. No.: (051) 5708789, 90 & 91
280. Lathra Road Branch, Tarlai,
District Islamabad
Tel. No.: (051) 2241661-5
281. Soan Garden Branch, District
Islamabad
Tel. No.: (051) 5738940-2
282. Gujjar Khan Branch
Tel. No.: (051) 3516328, 29 & 30
283. Waise Branch, District Attock
Tel. No.: (057) 2651068-9
- Islamic Banking
284. Swabi Branch, District Swabi
Tel. No.: (0338) 221741-45
285. Mirpur Branch, (AJK)
Tel. No.: (05827) 444488 & 448044
286. Islamabad Branch, (AJK)
Tel. No.: (05827) 423081-2
287. Jattian Branch, District Mirpur (AJK)
Tel. No.: (05827) 403591-4
288. Gilgit Branch
Tel. No.: (05811) 453749, 450504,
(05811) 450496 & 451838
289. NLI Market (Sub Branch), Gilgit
Tel. No.: (05811) 450802, 4 & 5
290. Deryore Branch, District Gilgit
Tel. No.: (05811) 459986-7
291. Jutial Branch, District Gilgit
Tel. No.: (05811) 457233-5
292. Aliabad Branch, Hunza
Tel. No.: (05813) 455000, 455001 &
(05813) 455022
293. Gahkuch Branch
Tel. No.: (05814) 450409-10
294. Skardu Branch
Tel. No.: (05815) 450327 & 450188-9
295. Abbottabad Branch
Tel. No.: (0902) 385231-3 & 383073-75
296. Jhelum Branch
Tel. No.: (0544) 625794-5
297. Chitral Branch, District Chitral
Tel. No.: (0943) 412078-9
298. Chakwal Branch
Tel. No.: (0543) 543128-30 &
0316-8226045
299. Mardan Branch
Tel. No.: (0937) 864753-7
300. Muzaffarabad Branch
Tel. No.: (0582) 2920025-6
- Islamic Banking
301. Chillas Branch, District Diamer
Tel. No.: (05812) 450631-2
- Islamic Banking
302. Mingora Branch, Swat
Tel. No.: (0946) 714355, 714400 &
0316-8226273-75
303. Battagram Branch
Tel. No.: (0997) 311044-6
304. Mansehra Branch
Tel. No.: (0997) 301931-6
- Islamic Banking
305. Dera Ismail Khan Branch
Tel. No.: (0908) 718010-4
306. Kohat Branch, District Kohat
Tel. No.: (0922) 511011 & 511033
- Islamic Banking
307. Nowshera Branch, District Nowshera
Tel. No.: (0923) 611545-8
- Islamic Banking
308. Shakes Branch, District Khyber
Agency
Tel. No.: 0316-8226101 &
0316-8226091, 92 & 99

FOREIGN CORRESPONDENTS

Country	Name of Bank
Argentina	Banco Credicoop Cooperativo Limitado Banco De Galicia Y Buenos Aires
Australia	Citigroup Pty Limited, Sydney Commonwealth Bank Of Australia Jpmorgan Chase Bank, N.A., Sydney Branch National Australia Bank Limited Standard Chartered Bank, Australia
Austria	Rste Bank Der Oesterreichischen Sparkassen Ag Erste Group Bank Ag Oberbank Ag Raiffeisen Bank International Ag
Bahrain	Al Baraka Islamic Bank B.S.C Closed Allied Bank Limited, Wholesale Banking Branch Bank Al Habib Limited Bank Alfalah Limited Bahrain Habib Bank Ltd. Standard Chartered Bank United Bank Limited
Bangladesh	Bank Alfalah Limited (Bangladesh - Dhaka Branch) Brac Bank Limited Eastern Bank Ltd. Habib Bank Ltd. Jamuna Bank Limited Southeast Bank Limited Standard Chartered Bank United Commercial Bank Ltd
Belgium	Belfius Bank Sa/nv Byblos Bank Europe S.A. Commerzbank Ag,the,brussels Branch Deutsche Bank A.G. Kbc Bank Nv
Brazil	Banco Do Brasil S.A. Banco Fibra S.A. Itau Unibanco S/a (Successor Of Banco Itau Bba S.A.)
Bulgaria	Citibank Europe Plc, Bulgaria Branch Unicredit Bulbank Ad
Canada	Canadian Imperial Bank Of Commerce Federation Des Caisses Desjardins Du Quebec Habib Canadian Bank Royal Bank Of Canada
Chile	Banco De Credito E Inversiones
China	Agricultural Bank Of China, The Agricultural Development Bank Of China, The Bank Of Beijing Bank Of China Bank Of Communications Bank Of Jiangsu Co Ltd Bank Of Ningbo Bank Of Shanghai Changshu Rural Commercial Bank China Citic Bank China Construction Bank Corporation China Everbright Bank

Country

Name of Bank

China Merchants Bank
 Citibank (China) Co., Ltd.
 Commerzbank Ag
 Hsbc Bank (China) Company Limited
 Hua Xia Bank
 Industrial And Commercial Bank Of China
 Jiangsu Jiangyin Rural Commercial Bank
 Jiangsu Suzhou Rural Commercial Bank Co., Ltd (Formerly Jiangsu Wujiang Rural Commercial Bank)
 Jinan Rural Commercial Bank Co., Ltd (Formerly Shandong Jinan Runfeng Rural Cooperative Bank)
 Jp Morgan Chase Bank (China) Company Limited
 Jpmorgan Chase Bank (China) Company Limited Beijing Branch
 Jpmorgan Chase Bank (China) Company Limited, Shanghai Branch
 Kbc Bank Nv
 Qilu Bank Co., Ltd.
 Shandong Zhangdian Rural Commercial Bank
 Shanghai Pudong Development Bank
 Standard Chartered Bank (China) Limited
 Sumitomo Mitsui Banking Corporation (China) Limited Hangzhou Branch
 Weifang Rural Commercial Bank Co., Ltd
 Zhejiang Tailong Commercial Bank
 Zhejiang Xiaoshan Rural Commercial Bank Company Limited

Colombia

Bancolombia S.A.

Cyprus

Bank Of Cyprus Public Company Limited
 Hellenic Bank Public Company Ltd.

Czechia

Ceskoslovenska Obchodni Banka, A.S.
 Citibank Europe Plc, Organizacni Slozka
 Commerzbank Ag
 Unicredit Bank Czech Republic And Slovakia, A.S.

Denmark

Danske Bank A/s

Egypt

Banque Misr
 Citibank Cairo
 Mashreq Bank

Ethiopia

Dashen Bank S.C.

Finland

Danske Bank A/s, Finland Branch
 Op Corporate Bank Plc

France

Banque Palatine
 Cm - Cic Banques
 Credit Du Nord
 Credit Mutuel - Cic Banques
 National Bank Of Pakistan
 Societe Generale

Germany

Commerzbank Ag
 Commerzbank Ag (Formerly Dresdner Bank Ag)
 Danske Bank
 Db Privat-und Firmenkundenbank Ag (Formerly Deutsche Bank Pkg Ag)
 Deutsche Bank Ag
 Dz Bank Ag (Formerly Wgz Bank Ag)
 Hamburg Commercial Bank Ag
 Hamburger Sparkasse Ag
 Jp Morgan Ag
 Landesbank Baden-wuerttemberg
 M.M.Warburg U. Co (Ag U. Co.) Kgaa
 National Bank Of Pakistan, Frankfurt
 Sparkasse Dortmund

Country

Name of Bank

Greece

Sparkasse Krefeld - Zweckverbandssparkasse Der Stadt Krefeld Und Des Kreises Viersen -
Sparkasse Westmuensterland
Standard Chartered Bank Ag

Hong Kong

Alpha Bank Ae
Citibank Europe Plc Greece Branch
Piraeus Bank Sa

Banco Santander, S.A. Hong Kong Branch (A Public Ltd Liability Co Incorporated In Spain)
Bank Of America, N.A. Hong Kong
Cimb Bank Berhad Hong Kong Branch
Citibank N.A.
Commerzbank Ag
Deutsche Bank Ag
Habib Bank Zurich (Hong Kong) Limited
Hongkong And Shanghai Banking Corporation Limited, The
Jpmorgan Chase Bank, N.A., Hong Kong Branch (Organized Under The Laws Of U.S.A. With Limited Liability)
Kbc Bank Nv, Hong Kong
Mashreqbank Psc., Hong Kong Branch
National Bank Of Pakistan Hong Kong
Shinhan Bank, Hong Kong Branch
Standard Chartered Bank (Hong Kong) Limited
Sumitomo Mitsui Banking Corporation
The Bank Of New York Mellon, Hong Kong Branch
Unicredit Bank Ag Hong Kong Branch Incorporated In Germany With Limited Liability
Wells Fargo Bank, N.A., Hong Kong Branch (Organized Under The Laws Of U.S.A. With Limited Liability)

Hungary

Cib Bank Ltd. (Formerly Central-european Int.bank Ltd.)
Raiffeisen Bank Zrt.
Unicredit Bank Hungary Zrt.

India

Citibank N.A.
Deutsche Bank Ag
Icici Bank Limited
Indusind Bank Limited
Jpmorgan Chase Bank, N.A., Mumbai Branch
Mashreq Bank
Punjab National Bank
Standard Chartered Bank
The Kalapur Commercial Co-operative Bank Limited

Indonesia

Bank Mandiri (Persero), Pt
Citibank, N.A.
Jpmorgan Chase Bank, N.A., Jakarta Branch
Muft Bank, Ltd. Jakarta Branch
Pt Bank Hsbc Indonesia
Standard Chartered Bank

Ireland

Citibank Europe Plc
Danske Bank A/s

Italy

Banca Carige Spa - Cassa Di Risparmio Di Genova E Imperia
Banca Di Credito Popolare
Banca Popolare Di Sondrio
Banca Ubae Spa
Banco Bpm Spa
Bper Banca S.P.A.
Cassa Di Risparmio Di Fermo Spa
Commerzbank Ag
Credito Valtellinese
Deutsche Bank S.P.A.
Iccrea Banca - Istituto Centrale Del Credito Cooperativo
Intesa Sanpaolo Spa

Country

Name of Bank

	Ubi Banca S.P.A. Unicredit S.P.A. Unipol Banca Spa
Japan	Citibank N.A., Tokyo Branch Jpmorgan Chase Bank, N.A., Tokyo Branch Mizuho Bank, Ltd. Mufg Bank, Ltd. National Bank Of Pakistan Resona Bank, Ltd., Tokyo Saitama Resona Bank, Limited Standard Chartered Bank Sumitomo Mitsui Banking Corporation
Jordan	Citibank N.A.
Kenya	Kcb Bank Kenya Limited
Korea Republic	Busan Bank Citibank Korea Inc Daegu Bank, Ltd.,The Industrial Bank Of Korea Jpmorgan Chase Bank, N.A., Seoul Branch Keb Hana Bank Kookmin Bank National Bank Of Pakistan, Seoul Branch Korea Nonghyup Bank (Formerly Known As National Agricultural Cooperative Federation) Shinhan Bank Standard Chartered Bank Korea Limited Suhyup Bank Woori Bank, Seoul
Kuwait	Citibank N.A. Commercial Bank Of Kuwait Kpsc,the National Bank Of Kuwait S.A.K.P.
Latvia	Jsc Citadele Banka
Lebanon	Banque Libano Francaise Citibank Na-beirut Branch
Malaysia	Alliance Bank Malaysia Berhad Citibank Berhad Hong Leong Bank Berhad Jp Morgan Chase Bank Berhad Mufg Bank (Malaysia) Berhad Standard Chartered Bank Malaysia Berhad
Mauritius	Habib Bank Ltd Mauritius Standard Chartered Bank (Mauritius) Ltd The Mauritius Commercial Bank Limited
Mexico	Banco Nacional De Mexico S.A.
Morocco	Attijariwafa Bank (Formerly Banque Commerciale Du Maroc) Citibank Maghreb
Nepal	Himalayan Bank Ltd.
Netherlands	Abn Amro Bank N.V. Citibank Europe Plc Netherlands Branch Commerzbank Ag Kantoor Amsterdam Deutsche Bank Ag

Country**Name of Bank**

New Zealand	Bank Of New Zealand
Norway	Danske Bank A/s Dnb Bank Asa
Oman	Bank Dhofar (S.A.O.G.) Habib Bank Oman Oman Arab Bank Saoc Sohar International Bank S.A.O.G Standard Chartered Bank
Panama	BanESCO S.A.
Philippines	Asian Development Bank Mufg Bank, Ltd., Manila Branch Standard Chartered Bank
Poland	Bank Handlowy W Warszawie Sa
Portugal	Banco Bpi Sa Caixa Central Credito Agricola Mutuo
Qatar	Barwa Bank Doha Bank Mashreq Bank Standard Chartered Bank The Commercial Bank (Q.S.C) United Bank Limited, Doha
Romania	Banca Comerciala Romana S.A Citibank Europe Plc, Dublin-sucursala Romania Unicredit Bank Sa
Russian Federation	Credit Bank Of Moscow (Public Joint Stock Company)
Saudi Arabia	Al Inma Bank Alawwal Bank Bank Al Bilad Bank Al-jazira Emirates Nbd Pjsc Jpmorgan Chase Bank, N.A. Riyadh National Bank Of Pakistan National Commercial Bank, The Riyad Bank Samba Financial Group
Serbia	Unicredit Bank Srbija A.D.
Singapore	Abn Amro Bank N.V. Singapore Branch Bank Mandiri (Persero)tbk. Pt Bank Of America, N.A. Singapore Citibank,n.a. Commerzbank Ag, Singapore Branch Credit Suisse Ag, Singapore Private Banking Deutsche Bank Ag Habib Bank Limited Intesa Sanpaolo S.P.A. Singapore Branch Jpmorgan Chase Bank, N.A. Kbc Bank N.V. Singapore Branch Mizuho Bank, Ltd. Singapore Branch Mufg Bank, Ltd. Standard Chartered Bank Standard Chartered Bank (Singapore) Limited

Country

Name of Bank

Sumitomo Mitsui Banking Corporation
The Hongkong And Shanghai Banking Corporation Limited
Toronto Dominion Bank
Wells Fargo Bank, Na

Slovakia

Ceskoslovenska Obchodna Banka, A.S.

Slovenia

Unicredit Banka Slovenija D.D.

South Africa

Citibank South Africa
Firststrand Bank Limited
Hbz Bank Limited
Standard Chartered Bank

Spain

Banco De Sabadell, S.A.
Banco Santander S.A.
Bankia S.A.
Caixabank, S.A.
Citibank Europe Plc Spain Branch
Commerzbank Ag
Deutsche Bank Sociedad Anonima Espanola
Kutxabank, S.A.

Sri Lanka

Bank Of Ceylon
Commercial Bank Of Ceylon Plc
Habib Bank Ltd.
Hatton National Bank Plc
Mcb Bank Ltd.
People's Bank,head Office
Standard Chartered Bank

Sweden

Danske Bank
Svenska Handelsbanken Ab

Switzerland

Arab Bank (Switzerland) Ltd
Banque Cantonale Vaudoise
Banque De Commerce Et De Placements S.A.
Barclays Bank (Suisse) S.A.
Ca Indosuez (Switzerland) Sa
Habib Bank Ag Zurich
Luzerner Kantonalbank
Ubl (Switzerland) Ag
Ubs Ag
Ubs Switzerland Ag
Zuercher Kantonalbank

Taiwan

Citibank Taiwan Limited
Hsbc Bank (Taiwan) Limited
Jpmorgan Chase Bank, N.A., Taipei Branch
Mizuho Bank, Ltd., Taipei Branch
Standard Chartered Bank (Taiwan) Limited
Standard Chartered Bank, Taipei Branch

Tajikistan

Nbp Pakistan Subsidiary Bank

Thailand

Bank Of Ayudhya Public Company Limited
Bank Of Ayudhya Public Company Limited, Bangkok Office
Citibank N.A.
Jpmorgan Chase Bank, N.A., Bangkok Branch
Kasikornbank Public Company Limited
Krung Thai Bank Public Company Limited
Mizuho Bank, Ltd., Bangkok Branch
Siam Commercial Bank Pcl., The

Country

Name of Bank

	Standard Chartered Bank (Thai) Plc Sumitomo Mitsui Banking Corporation
Tunisia	Tunis International Bank
Turkey	Akbank T.A.S. Aktif Yatirim Bankasi A.S. Albaraka Turk Participation Bank Alternatifbank A.S. Citibank A.S. Habib Bank Ltd. Kuveyt Turk Katilim Bankasi A.S. Qnb Finansbank A.S. Turkiye Cumhuriyeti Ziraat Bankasi A.S. Turkiye Finans Katilim Bankasi A.S. Turkiye Garanti Bankasi A.S. Turkiye Vakiflar Bankasi T.A.O. Yapi Ve Kredi Bankasi A.S.
United Arab Emirates	Abu Dhabi Commercial Bank Bank Alfalah Limited (Dubai Branch) Citibank N.A. Deutsche Bank Ag Dubai Islamic Bank Emirates Islamic Bank Emirates Nbd Bank Pjsc First Abu Dhabi Bank Pjsc Habib Bank Ag Zurich Habib Bank Limited Mashreqbank Psc. Mcb Bank Limited National Bank Of Fujairah National Bank Of Ras Al-khaimah, The Standard Chartered Bank United Bank Ltd.
United Kingdom	Bank Of America, N.A. London Bank Of Ireland (Trade Finance Belfast) Bank Of Ireland (Uk) Plc Citibank N.A. Danske Bank Deutsche Bank Ag Emirates Nbd Bank (P.J.S.C) Habib Bank Zurich Plc Hbl Bank Uk Limited Hsbc Bank Plc Hsbc Uk Bank Plc Jpmorgan Chase Bank, N.A. Mashreq Bank Psc Northern Bank Limited (Trading As Danske Bank) Santander Uk Plc Standard Chartered Bank United National Bank
United States Of America	Bank Of America, N.A. Bokf, Na Branch Banking And Trust Company Capital One, N.A. Citibank N.A. Citizens Bank, Na Comerica Bank Deutsche Bank Trust Company Americas East-west Bank

Country

Name of Bank

First Tennessee Bank N.A.
 Habib American Bank
 International Finance Corporation
 Jpmorgan Chase Bank, N.A.
 Keybank National Association
 Mashreqbank Psc., New York Branch
 Mufg Bank Ltd.
 Mufg Union Bank N.A.
 National Bank Of Pakistan
 New York Community Bank
 Peoples United Bank, N.A.
 Pnc Bank, N.A.
 Regions Bank
 Standard Chartered Bank
 The Bank Of New York Mellon
 U.S. Bank N.A.
 Wells Fargo Bank, N.A.

Viet Nam


Asia Commercial Bank
 Citibank N.A.
 Jpmorgan Chase Bank, N.A., Ho Chi Minh City Branch
 Kookmin Bank / Ho Chi Minh City Branch
 Shinhan Bank Vietnam Limited
 Standard Chartered Bank (Vietnam) Limited
 Vietnam Export Import Commercial Joint-stock Bank





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
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Soneri Bank
Roshan Har Qadam

PROXY FORM

28th Annual General Meeting

I/We _____ of _____
being member(s) of SONERI BANK LIMITED
and holder of _____ ordinary shares.

Register Folio No.: _____

CDC Participant I.D. No.: _____

Sub-Account No.: _____

CNIC No.:

or Passport No.: _____

hereby appoint _____ of _____ or failing him/her
_____ of _____ who is/are also member(s) of
SONERI BANK LIMITED as my/our proxy to attend and vote for me/our behalf at the 28th Annual General
Meeting of the Bank to be held on 28 March 2020 or at any adjournment thereof.

Atlix Rs. 5
Revenue
Stamp

(Signatures should agree with the
specimen signature registered
with the Bank)

Dated this _____ day of _____ 2020

Signature of Shareholder _____

Signature of Proxy _____

1. WITNESS

Signature: _____

Name: _____

Address: _____

CNIC No.:

or Passport No.: _____

2. WITNESS

Signature: _____

Name: _____

Address: _____

CNIC No.:

or Passport No.: _____

IMPORTANT:

1. This Proxy Form, duly completed and signed, must be received at the Registered Office of the Bank at SONERI BANK LIMITED, Rupali House, 241-242, Upper Mall Scheme, Anand Road, Lahore-54000, not less than 48 hours before the time of holding the meeting.
2. No person shall act as Proxy unless he/she himself/herself is a member of the Company, except that a corporation may appoint a person who is not a member.
3. If a member appoints more than one proxy and more than one instruments of proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.
4. CDC Shareholders and their Proxies should attach an attested photocopy of their Computerised National Identity Card (CNIC) or Passport with the Proxy Form before submission to the Company. (Original CNIC/Passport is required to be produced at the time of the meeting).
5. In case of corporate entity, the Board of Directors' Resolution/Power of Attorney with specimen signature of the nominee shall be submitted along with the Proxy Form to the Company.

Soneri Bank Limited

AFFIX
CORRECT
POSTAGE

The Company Secretary
Soneri Bank Limited
Rupali House 241-242
Upper Mall Scheme
Anand Road
Lahore-54000

**Soneri Bank**

روشن ہر قدم!

پراکسی فارم

انٹانیمسواں سالانہ عام اجلاس

میں منشی اسماء

شعبہ

بحیثیت ممبر سونی ری بینک لمیٹڈ اور حق ملکیت رکھتے ہوئے

عام حصص کی جس کا اندراج:

رجسٹرڈ فوئی نمبر:

سی ڈی سی پارٹنر شپ نمبر:

شناختی کارڈ نمبر:

منشی اسماء

سب اکاؤنٹ نمبر:

چیک سپورٹ نمبر:

ساکن:

ساکن:

یا ان کے نہ جانے پر، منشی اسماء

جو خود بھی سونی ری بینک کا اسکے رکن ہے، اچیں، کو بطور پراکسی مقرر کرتا ہوں اگر تے ہیں تاکہ وہ میری اہماری جگہ اور میری اہماری طرف سے بینک کے انٹانیمسواں سالانہ عام اجلاس جو بتاریخ ۲۶ مارچ ۲۰۲۰ کو منعقد ہو رہا ہے۔ اس میں یا اس کے کسی ملوثی شدہ اجلاس میں شرکت کرنے اور ووٹ ڈالے۔

(دستخط کا بینک میں رجسٹرڈ نمونے سے
مطابقت رکھنا ضروری ہے)

پانچ روپے کا
رجسٹرڈ اسٹیپ

تاریخ ۲۰۲۰

دستخط حصص داران

دستخط پراکسی

۲۔ گواہی

دستخط:

نام:

پتہ:

شناختی کارڈ نمبر:

چیک سپورٹ نمبر:

۱۔ گواہی

دستخط:

نام:

پتہ:

شناختی کارڈ نمبر:

چیک سپورٹ نمبر:

نوٹ:

۱۔ یہ مکمل پُر کردہ اور دستخط شدہ پراکسی فارم، ہمارے رجسٹرڈ آفس سونی ری بینک لمیٹڈ، ۳۳۱-۳۳۲، آپر مال انکسپرم، آئندہ روڈ، لاہور ۵۳۰۰۰ پر اجلاس کے انعقاد سے ۳۸ گھنٹے قبل موصول ہونا لازمی ہے۔

۲۔ کوئی بھی شخص، کسی دوسرے شخص کی پراکسی کے طور پر نمائندگی نہیں کر سکتا جب تک خود بھی کوئی کامبرہ ہو سوائے کارپوریٹ ادارے کے جو کسی نام ممبر کو بھی پراکسی منتخب کر سکتے ہیں۔

۳۔ اگر ایک رکن ایک سے زائد پراکسی مقرر کرتا ہے اور کچھ کے پاس رکن کی طرف سے پراکسی فارم کی ایک سے زائد دستاویزات جمع کروائی جاتی ہیں تو پراکسی کی ایسی تمام دستاویزات کا عدم تصور ہوں گی۔

۴۔ سی ڈی سی حصص داران اور ان کے نامزد اشخاص کے لیے ضروری ہوگا کہ وہ اپنا پراکسی فارم جمع کروانے سے قبل اس کے ساتھ اپنا تصدیق شدہ کپیڈر انڈوسٹری قومی شناختی کارڈ یا چیک سپورٹ کی کاپی منسلک کریں۔ (تاہم نامزد شخص کو شناخت کی غرض سے اجلاس میں شرکت کے وقت اپنا اصل قومی شناختی کارڈ یا اصل چیک سپورٹ منسلک کرنا ہوگا۔)

۵۔ کارپوریٹ ادارہ ہونے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد اختیار نامہ نامزد شخص کے دستخط کے ساتھ پراکسی فارم کو بھی جمع کروانا ہوگا۔

سونیری بینک لمیٹڈ

درست رتم کا
ٹکٹ چسپاں کریں

کمپنی سیکریٹری
سونیری بینک لمیٹڈ
روپالی ہاؤس ۲۴۱-۲۴۲
آپر مال اسکیم،
آئینہ روڈ
لاہور-۵۴۰۰۰۰



Soneri Bank
Roshan Har Qadam

Bank Mandate Form

I Mr./Ms./Mrs. _____ s/o, d/o, w/o, _____ hereby
authorise Soneri Bank Limited to send/directly credit cash dividends declared by it, in my
bank account as detailed below:

(i) Shareholder's Information	
Name of Shareholder	
Folio No./Participant & Account No./CDC Investor No.	
CNIC No.	
NTN	
Passport No. (in case of foreign shareholder)	
Address	
Cell Number	
Landline Number	
Email ID	

(ii) Dividend Mandate Information	
Title of Bank Account	
International Bank Account Number (IBAN) - Mandatory	
Bank's Name	
Bank's Address	

It is stated that the above particulars given by me are correct to the best of my knowledge and I shall keep the Company/Share Registrar informed in case of any changes in the said particulars in future.

Shareholder's signature

Note: Bank Mandate details must be verified by the concerned Bank Branch to avoid any error. Shareholders holding shares in physical form should send this form to Share Registrar, THK Associates (Pvt.) Ltd. Whereas CDC Shareholders should send it to Investor Account Services or Broker where shares are placed in electronic form, along with legible photocopy of valid CNIC.





Soneri Bank




Roshan Har Qadam

Registered Office: Rupali House, 241-242,
Upper Mall Scheme, Anand Road, Lahore - 54000, Pakistan
Tel: (042) 35713101-04

Central Office: 10th Floor, PNSC Building,
M.T. Khan Road, Karachi - 74000, Pakistan
UAN: (021) 111-567-890

 **24/7 Phone Banking:** 021-111-766-374 (SONERI)

 300+ Branches and ATMs

 www.soneribank.com  SoneriBankPK  SoneriBank_Pk